Section 1: 10-Q (10-Q)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-38731

SIRIUS INTERNATIONAL INSURANCE GROUP, LTD.

(Exact name of registrant as specified in its charter)

Bermuda
(State or other jurisdiction of incorporation or organization)

98-0529995
(I.R.S. Employer Identification No.)

14 Wesley Street, Hamilton HM 11, Bermuda
(Address of principal executive offices)

(441) 278-3140
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common shares, par value $0.01 per share	SG	Nasdaq Global Select Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☒ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At October 31, 2019, there were 115,299,342 Common Shares, $0.01 par value per share, of the registrant outstanding.

SIRIUS INTERNATIONAL INSURANCE GROUP, LTD.

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PART I. FINANCIAL INFORMATION

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements about the future financial condition, results of operations and operating activities of Sirius International Insurance Group, Ltd. (the "Company" and, together with its subsidiaries, "Sirius Group"). Forward-looking statements are typically identified by words such as "plan," "believe," "expect," "anticipate," "intend," "outlook," "estimate," "forecast," "project," "target," "continue," "could," "may," "might," "will," "possible," "potential," "predict," "should," "would," "seeks," "likely" and other similar words and expressions, but the absence of these words does not mean that a statement is not forward-looking. The forward-looking statements are based on the current expectations of the management of the Company and speak only as of the date of this Quarterly Report on Form 10-Q. There can be no assurance that future developments will be those that have been anticipated. These forward-looking statements involve a number of risks, uncertainties or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, the following:

- Sirius Group's exposure to unpredictable catastrophic and casualty events and unexpected accumulations of attritional losses;
- increased competition from existing insurers and reinsurers and from alternative capital providers, such as insurance-linked funds and collateralized special purpose insurers;
- decreased demand for Sirius Group's insurance or reinsurance products, consolidation and cyclical changes in the insurance and reinsurance industry;
- the inherent uncertainty of estimating loss and loss adjustment expenses reserves, including asbestos and environmental reserves, and the possibility that such reserves may be inadequate to cover Sirius Group's ultimate liability for losses;
- a decline in Sirius Group's operating subsidiaries' ratings with rating agencies;
- the exposure of Sirius Group's investments to interest rate, credit, equity risks and market volatility, which may limit Sirius Group's net income and may affect the adequacy of its capital and liquidity;
- the impact of various risks associated with transacting business in foreign countries, including foreign currency exchange-rate risk and political risks on investments in, and revenues from, Sirius Group's operations outside the U.S.;
- the possibility that Sirius Group may become subject to additional onerous governmental or regulatory requirements or fail to comply with applicable regulatory and solvency requirements;
- Sirius Group's significant deferred tax assets may become materially impaired as a result of insufficient taxable income or a reduction in applicable corporate tax rates or other change in applicable tax law;
- a decrease in the fair value of Global A&H and/or Sirius Group's intangible assets may result in future impairments;
- CMIG International Holding Pte. Ltd.'s status as a controlling shareholder, including its affiliates' liquidity issues;
- the limited liquidity and trading of the Company's securities;
- Sirius Group's status as a publicly traded company, foreign private issuer and controlled company; and
- risks identified elsewhere in this Quarterly Report on Form 10-Q, the Company's Annual Report on Form 10-K for the year ended December 31, 2018 and in the Company's other filings with the U.S. Securities and Exchange Commission.

Should one or more of these risks or uncertainties materialize, or should any of the assumptions made by the management of the Company prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. Except to the extent required by applicable law or regulation, Sirius Group undertakes no obligation to update these forward-looking statements to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q.

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

Sirius International Insurance Group, Ltd.
Consolidated Balance Sheets
As at September 30, 2019 and December 31, 2018

(Expressed in millions of U.S. dollars, except share information)	September 30, 2019	December 31, 2018
	Unaudited	
Assets		
Fixed maturity investments, trading, at fair value (*Amortized cost 2019: $1,702.1; 2018: $1,952.9*)	$ 1,771.4	$ 1,949.2
Short-term investments, at fair value *(Amortized cost 2019: $981.5; 2018: $716.1)*	989.3	715.5
Equity securities, trading, at fair value (C*ost 2019: $359.4; 2018: $409.4*)	384.3	380.0
Other long-term investments, at fair value *(Cost 2019: $332.6; 2018: $337.6)*	368.4	365.0
Cash	145.8	119.4
Restricted cash	14.0	12.8
Total investments and cash	3,673.2	3,541.9
Accrued investment income	11.5	14.1
Insurance and reinsurance premiums receivable	842.6	630.6
Reinsurance recoverable on unpaid losses	392.9	350.2
Reinsurance recoverable on paid losses	55.2	55.0
Funds held by ceding companies	236.8	186.8
Ceded unearned insurance and reinsurance premiums	173.8	159.8
Deferred acquisition costs	155.2	141.6
Deferred tax asset	162.8	202.5
Accounts receivable on unsettled investment sales	12.9	5.0
Goodwill	400.4	400.6
Intangible assets	183.8	195.6
Other assets	164.0	124.0
Total assets	**$ 6,465.1**	**$ 6,007.7**
Liabilities		
Loss and loss adjustment expense reserves	$ 2,186.4	$ 2,016.7
Unearned insurance and reinsurance premiums	807.7	647.2
Ceded reinsurance payable	250.4	206.9
Funds held under reinsurance treaties	135.9	110.6
Deferred tax liability	208.6	237.4
Debt	670.3	696.8
Accounts payable on unsettled investment purchases	34.7	3.2
Other liabilities	189.1	150.5
Total liabilities	**4,483.1**	**4,069.3**
Commitments and contingencies (see Note 18)		
Mezzanine equity		
Series B preference shares	**236.0**	**232.2**
Common shareholders' equity		
Common shares (*shares issued and outstanding, 2019: 115,299,342; 2018: 115,151,251*)	1.2	1.2
Additional paid-in surplus	1,097.0	1,089.1
Retained earnings	915.8	816.6
Accumulated other comprehensive (loss)	(271.4)	(202.4)
Total common shareholders' equity	**1,742.6**	**1,704.5**
Non-controlling interests	**3.4**	**1.7**
Total equity	**1,746.0**	**1,706.2**
Total liabilities, mezzanine equity, and equity	**$ 6,465.1**	**$ 6,007.7**

See Notes to Consolidated Financial Statements

Sirius International Insurance Group, Ltd.
Consolidated Statements of Income
For the three months and nine months ended September 30, 2019 and 2018
Unaudited

(Expressed in millions of U.S. dollars, except share and per share information)	Three months ended September 30, 2019	2018	Nine months ended September 30, 2019	2018
Revenues				
Net earned insurance and reinsurance premiums	$ 374.2	$ 321.1	$ 1,056.8	$ 914.5
Net investment income	22.8	21.8	67.3	51.8
Net realized investment gains	15.3	3.9	39.9	8.0
Net unrealized investment gains (losses)	53.9	(11.7)	143.4	29.0
Net foreign exchange gains (losses)	4.9	(0.4)	9.4	21.7
Other revenue	16.3	17.0	51.3	96.0
Total revenues	**487.4**	**351.7**	**1,368.1**	**1,121.0**
Expenses				
Loss and loss adjustment expenses	348.6	260.4	810.5	552.8
Insurance and reinsurance acquisition expenses	75.1	59.2	215.4	189.0
Other underwriting expenses	35.4	35.7	106.2	117.1
General and administrative expenses	28.0	19.5	80.6	58.0
Intangible asset amortization expenses	3.9	3.9	11.8	11.8
Interest expense on debt	7.7	7.6	23.3	23.1
Total expenses	**498.7**	**386.3**	**1,247.8**	**951.8**
Pre-tax (loss) income	**(11.3)**	**(34.6)**	**120.3**	**169.2**
Income tax benefit (expense)	3.7	6.9	(15.6)	(55.4)
Net income (loss)	**(7.6)**	**(27.7)**	**104.7**	**113.8**
Income attributable to non-controlling interests	(0.4)	(0.3)	(1.6)	(0.9)
(Loss) income attributable to Sirius Group	**(8.0)**	**(28.0)**	**103.1**	**112.9**
Change in carrying value of Series B preference shares	5.3	—	(3.9)	—
Accrued dividends on Series A redeemable preference shares	—	—	—	(2.6)
Net (loss) income attributable to Sirius Group's common shareholders	**$ (2.7)**	**$ (28.0)**	**$ 99.2**	**$ 110.3**
Net (loss) income per common share and common share equivalent				
Basic earnings per common share and common share equivalent	$ (0.02)	$ (0.23)	$ 0.78	$ 0.88
Diluted earnings per common share and common share equivalent	$ (0.06)	$ (0.23)	$ 0.78	$ 0.88
Weighted average number of common shares and common share equivalents outstanding:				
Basic weighted average number of common shares and common share equivalents outstanding	115,251,853	120,000,000	115,225,942	120,000,000
Diluted weighted average number of common shares and common share equivalents outstanding	127,153,523	120,000,000	115,619,222	120,000,000

See Notes to Consolidated Financial Statements

Sirius International Insurance Group, Ltd.
Consolidated Statements of Comprehensive Income
For the three months and nine months ended September 30, 2019 and 2018
Unaudited

(Expressed in millions of U.S. dollars)	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Comprehensive (loss) income				
Net (loss) income	$ (7.6)	$ (27.7)	$ 104.7	$ 113.8
Other comprehensive (loss) income				
Change in foreign currency translation, net of tax	(42.3)	4.7	(69.0)	(57.2)
Total other comprehensive (loss) income	**(42.3)**	**4.7**	**(69.0)**	**(57.2)**
Comprehensive (loss) income	**(49.9)**	**(23.0)**	**35.7**	**56.6**
Net (income) attributable to non-controlling interests	(0.4)	(0.3)	(1.6)	(0.9)
Comprehensive (loss) income attributable to Sirius Group	**$ (50.3)**	**$ (23.3)**	**$ 34.1**	**$ 55.7**

See Notes to Consolidated Financial Statements

Sirius International Insurance Group, Ltd.
Consolidated Statements of Shareholders' Equity
For the three months and nine months ended September 30, 2019 and 2018
Unaudited

	Three months ended September 30,		Nine months ended September 30,	
(Expressed in millions of U.S. dollars)	**2019**	**2018**	**2019**	**2018**
Common shares				
Balance at beginning and end of period	$ 1.2	$ 1.2	$ 1.2	$ 1.2
Additional paid-in surplus				
Balance at beginning of period	1,093.5	1,199.3	1,089.1	1,197.9
Share-based compensation	3.4	—	7.9	—
Capital contribution from former parent	—	—	—	1.4
Other, net	0.1	—	—	—
Balance at end of period	1,097.0	1,199.3	1,097.0	1,199.3
Retained earnings				
Balance at beginning of period	918.5	998.2	816.6	858.4
Cumulative effect of an accounting change	—	—	—	1.6
Balance at beginning of period, as adjusted	918.5	998.2	816.6	860.0
Net (loss) income	(7.6)	(27.7)	104.7	113.8
Income attributable to non-controlling interests	(0.4)	(0.3)	(1.6)	(0.9)
Change in carrying value of Series B preference shares	5.3	—	(3.9)	—
Accrued dividends on Series A redeemable preference shares	—	—	—	(2.6)
Other, net	—	—	—	(0.1)
Balance at end of period	915.8	970.2	915.8	970.2
Accumulated other comprehensive (loss)				
Balance at beginning of period	(229.1)	(202.4)	(202.4)	(140.5)
Accumulated net foreign currency translation (losses)				
Balance at beginning of period	(229.1)	(202.4)	(202.4)	(140.5)
Net change in foreign currency translation	(42.3)	4.7	(69.0)	(57.2)
Balance at the end of period	(271.4)	(197.7)	(271.4)	(197.7)
Balance at the end of period	(271.4)	(197.7)	(271.4)	(197.7)
Total common shareholders' equity	**$ 1,742.6**	**$ 1,973.0**	**$ 1,742.6**	**$ 1,973.0**
Non-controlling interests	3.4	1.1	3.4	1.1
Total equity	**$ 1,746.0**	**$ 1,974.1**	**$ 1,746.0**	**$ 1,974.1**

See Notes to Consolidated Financial Statements

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Sirius International Insurance Group, Ltd.
Consolidated Statements of Cash Flows
For the nine months ended September 30, 2019 and 2018
Unaudited

(Expressed in millions of U.S. dollars)	Nine months ended September 30, 2019	2018
Cash flows from operations:		
Net income	$ 104.7	$ 113.8
Adjustments to reconcile net income to net cash provided from operations:		
Net realized and unrealized investment (gains)	(183.3)	(37.0)
Amortization of premium on fixed maturity investments	(4.7)	5.9
Amortization of intangible assets	11.8	11.8
Depreciation and other amortization	6.3	7.1
Share-based compensation	7.9	—
Other operating items:		
Net change in loss and loss adjustment expense reserves	274.1	76.1
Net change in reinsurance recoverable on paid and unpaid losses	(82.0)	(69.7)
Net change in funds held by ceding companies	(61.5)	(40.9)
Net change in unearned insurance and reinsurance premiums	212.4	311.8
Net change in ceded reinsurance payable	73.3	113.0
Net change in ceded unearned insurance and reinsurance premiums	(32.4)	(106.3)
Net change in insurance and reinsurance premiums receivable	(269.4)	(271.9)
Net change in deferred acquisition costs	(22.5)	(39.2)
Net change in funds held under reinsurance treaties	33.1	37.1
Net change in current and deferred income taxes, net	(4.8)	38.6
Net change in other assets and liabilities, net	24.9	(42.9)
Net cash provided from operations	**87.9**	**107.3**
Cash flows from investing activities:		
Net change in short-term investments	(285.8)	(157.6)
Sales of fixed maturities and convertible fixed maturity investments	430.7	1,149.9
Maturities, calls, and paydowns of fixed maturity and convertible fixed maturity investments	239.4	69.0
Sales of common equity securities	212.6	247.9
Distributions, redemptions, and maturities of other long-term investments	53.6	62.1
Contributions to other long-term investments	(46.5)	(131.3)
Purchases of common equity securities	(174.9)	(392.4)
Purchases of fixed maturities and convertible fixed maturity investments	(504.4)	(1,062.9)
Purchases of consolidated subsidiaries, net of cash acquired	—	(7.9)
Net change in unsettled investment purchases and sales	23.7	18.6
Other, net	0.8	(3.4)
Net cash (used for) investing activities	**(50.8)**	**(208.0)**
Cash flows from financing activities:		
Change in collateral held on Interest Rate Cap	(0.1)	—
Capital contribution from former parent	—	1.4
Net cash (used for) provided from financing activities	**(0.1)**	**1.4**
Effect of exchange rate changes on cash	(9.4)	(9.8)
Net (decrease) in cash during period	27.6	(109.1)
Cash and restricted cash balance at beginning of period	132.2	230.6
Cash and restricted cash balance at end of period	**$ 159.8**	**$ 121.5**

See Notes to Consolidated Financial Statements

Sirius International Insurance Group, Ltd.
Notes to Consolidated Financial Statements
Unaudited

Note 1. General

Sirius International Insurance Group, Ltd. (the "Company") is a Bermuda exempted company whose principal businesses are conducted through its wholly and majority owned insurance subsidiaries (collectively with the Company, "Sirius Group"). Sirius Group provides insurance, reinsurance, and insurance services on a worldwide basis.

Note 2. Summary of significant accounting policies

Basis of presentation

The accompanying Unaudited Consolidated Financial Statements at September 30, 2019, have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for interim financial information. The accompanying Unaudited Consolidated Financial Statements present the consolidated results of operations, financial condition, and cash flows of the Company and its subsidiaries and those entities in which the Company has control and a majority economic interest as well as those variable interest entities ("VIEs") that meet the requirements for consolidation. All intercompany transactions have been eliminated in consolidation.

These Unaudited Consolidated Financial Statements do not include all disclosures normally included in annual financial statements prepared in accordance with GAAP and should be read in conjunction with the Audited Consolidated Financial Statements and the related notes for the year ended December 31, 2018. The consolidated financial information as of December 31, 2018 included herein has been derived from the Audited Consolidated Financial Statements as of December 31, 2018.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of management, the accompanying Unaudited Consolidated Financial Statements reflect all adjustments (consisting of normally recurring accruals) necessary for a fair statement of results on an interim basis. Tabular dollar amounts are in millions, with the exception of share and per share amounts. All amounts are reported in U.S. dollars, except where noted otherwise.

Recently adopted changes in accounting principles

Leases

Effective January 1, 2019, Sirius Group adopted Accounting Standards Update ("ASU") 2016-2, *Leases* (Accounting Standards Codification ("ASC") 842) which requires lessees to recognize lease assets and liabilities on the balance sheet for both operating and financing leases, with the exception of leases with an original term of 12 months or less. Under previous guidance, recognition of lease assets and liabilities was not required for operating leases. The new guidance requires that lease assets and liabilities to be recognized and measured initially based on the present value of the lease payments. Sirius Group adopted the new guidance using the simplified transition option that allows companies to apply the new lease standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption. Sirius Group also made the following elections:

- Sirius Group elected the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs for all leases upon transition.
- Sirius Group did not elect the hindsight practical expedient upon transition, for all leases.
- Sirius Group elected the short-term lease measurement and recognition exemption, resulting in lease payments being recorded as an expense on a straight-line basis over the lease term.
- Sirius Group elected to include both lease and non-lease components as a single component for all leases.
- Sirius Group did not elect the land easement practical expedient as it was not applicable.

Sirius International Insurance Group, Ltd.
Notes to Consolidated Financial Statements
Unaudited

As a result of the adoption of the new guidance, Sirius Group recognized a lease liability of $36.8 million, which represents the present value of our remaining lease payments and a right-of-use asset of $34.4 million as of January 1, 2019. The adoption of this guidance did not materially impact our results of operations or cash flows. Due to the adoption of the standard using the retrospective cumulative-effect adjustment method, there are no changes to our previously reported results prior to January 1, 2019. Lease expense is not expected to change materially as a result of the adoption of the new guidance. (See **Note 18**.)

Premium amortization on callable debt securities

Effective January 1, 2019, Sirius Group adopted ASU 2017-8, *Premium Amortization on Purchased Callable Debt Securities* (ASC 310-20), which changes the amortization period for certain purchased callable debt securities. Under the new guidance, for investments in callable debt securities held at a premium, the premium will be amortized over the period to the earliest call date. The new guidance does not change the amortization period for callable debt securities held at a discount. The adoption of this guidance did not have a significant effect on our financial statements.

Recent accounting pronouncements

Credit losses

In June 2016, the Financial Accounting Standards Board issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments* (ASC 326), which establishes new guidance for the recognition of credit losses for financial assets measured at amortized cost. The new guidance, which applies to financial assets that have the contractual right to receive cash, including reinsurance receivables and recoverables, requires reporting entities to estimate the credit losses expected over the life of a credit exposure using historical information, current information and reasonable and supportable forecasts that affect the collectability of the financial asset. The new guidance is effective for annual and interim periods beginning after December 15, 2019. Sirius Group is evaluating the expected impact of this new guidance.

Note 3. Significant transactions

Easterly Acquisition Corp.

On November 5, 2018, the Company completed the transactions contemplated by the definitive Agreement and Plan of Merger ("Merger Agreement"). Under the terms of the Merger Agreement, Easterly Acquisition Corp. ("Easterly") merged with Sirius Acquisitions Holding Company III and became a wholly-owned subsidiary of the Company (the "Merger"). Upon the closing of the Merger, Easterly's common stock was exchanged for the Company's common shares at an exchange ratio (the "Exchange Ratio") calculated as (i) the amount of cash per public share of Easterly common stock in Easterly's trust account (the "Trust Account") immediately prior to the closing of the Merger divided by (ii) (x) 1.05 multiplied by (y) Sirius Group's adjusted diluted book value per common share as of September 30, 2018 ("Sirius Group September 30 Adjusted DBVPS"). Based on the Sirius Group September 30 Adjusted DBVPS, estimated as of September 30, 2018, and funds in the Trust Account on November 5, 2018, the Exchange Ratio was equal to 0.609. Following the Merger, the Company's common shares are traded on the Nasdaq Global Select Market under the symbol "SG."

Easterly held a special meeting of Easterly stockholders on November 2, 2018 to approve the completion of the transactions contemplated by the Merger Agreement. Easterly Acquisition Sponsor, LLC (the "Sponsor") and Easterly's other stockholders approved each of the proposals presented at the special meeting. After the special meeting, but prior to the consummation of the Merger, certain Easterly public stockholders exercised their redemption rights as provided for by Easterly's charter. In total, out of the Trust Account balance of $149.0 million, there were $109.7 million of redemptions by Easterly public stockholders, which decreased the amount of cash in the Trust Account available for general corporate purposes following the Merger. After the redemption of shares held by Easterly's public stockholders, there was $39.3 million in the Trust Account. This resulted in the issuance of 2,280,241 common shares to Easterly public stockholders.

Pursuant to the letter agreement among Easterly, the Sponsor and the Company (the "Sponsor Letter"), the private placement warrants issued to the Sponsor at the closing of the Merger were cancelled. Pursuant to the Merger Agreement, each issued and outstanding public warrant was converted into a warrant exercisable for Company common shares. The number of Company common shares subject to converted warrants was equal to the number of shares of Easterly common stock subject to each Easterly warrant immediately prior to the closing of the Merger multiplied by the Exchange Ratio, and each converted warrant had an exercise price per Company common share equal to the exercise price per share of Easterly common stock subject to such Easterly warrant immediately prior to the closing of the Merger divided by the Exchange Ratio. This resulted in the issuance of 6,088,535 converted warrants.

Sirius Group Private Placement

In connection with the closing of the Merger, the Company completed a private placement of Series B preference shares, common shares, and warrants (the "Sirius Group Private Placement") at a price per share equal to (i) 1.05 multiplied by (ii) the Sirius Group September 30 Adjusted DBVPS, or $17.22447. Investors in the Sirius Group Private Placement included affiliated funds of Gallatin Point Capital, The Carlyle Group, Centerbridge Partners, L.P. and Bain Capital Credit (the "Preference Share Investors"), together with certain employees, directors and "friends & family". The Sirius Group Private Placement raised proceeds of $226.1 million, resulting in the purchase of:

- 11,901,670 Series B preference shares with a cost basis of $195.8 million,
- 1,225,954 of Common shares with a cost basis of $20.8 million,
- 5,418,434 warrants that are exercisable for common shares for a period of five years after the Merger at a strike price equal to 125% of the per share purchase price, or $21.53 with a cost basis of $9.6 million.
- Issuance costs of $2.0 million.

ESPP

In connection with the Merger, Sirius Group implemented the Employee Share Purchase Plan ("ESPP"), which provided all employees of Sirius Group with a one-time opportunity to purchase between 100 and 1,000 Company common shares at a price equal to 85% of market value for the first 100 shares and 100% of market value for the next 900 shares. For this purpose, market value of the Company common shares was equal to 1.05 times the Sirius Group September 30 Adjusted DBVPS. Employees had the option of paying for the shares upfront or, in the case of employees who are not executive officers, through a loan that is repaid over a two-year period through payroll deductions. Through the ESPP, 405 employees purchased 149,236 Company common shares prior to the consummation of the Merger, with a cost basis of $2.6 million.

Gross proceeds of the cash in the Easterly Trust Account assumed by Sirius Group upon the closing of the Merger, the Sirius Group Private Placement, and the ESPP sum to $268.0 million.

Common shares redemption agreement

In connection with the Merger, the Company and CM Bermuda Ltd. ("CM Bermuda"), the sole holder of the Company's common shares prior to the Merger, entered into a redemption agreement, dated November 2, 2018 (the "CM Bermuda Redemption Agreement"), pursuant to which, effective as of the closing of the Merger, the Company redeemed 9,519,280 of the Company's common shares at a price per share equal to $17.22447 for $164.0 million, which was paid on November 16, 2018.

Also in connection with the Merger, on November 16, 2018 the Company completed a post-closing adjustment of $1.6 million that was settled in cash with CM Bermuda based on the reported book value per share of $16.44 as of September 30, 2018, pursuant to the Merger Agreement.

Sirius Group incurred certain contractual costs associated with the Merger of $9.0 million and $7.1 million of various legal, advisory, and other consulting costs for the Merger and the Sirius Group Private Placement that were charged to Additional paid-in surplus.

Series A preference shares redemption agreement

In connection with the Merger, the Company, IMG Acquisition Holdings, LLC ("IMGAH") and Sirius Acquisitions Holding Company II completed the transactions contemplated by its previously announced redemption agreement and the Company redeemed all of the outstanding Series A redeemable preference shares, which were held by IMGAH, for $95.0 million in cash. Effective as of the completion of the redemption, the parties terminated the registration rights agreement and the shareholder's agreement between the Company and IMGAH. In addition, the parties agreed that any remaining contingent consideration in respect of the IMG acquisition, will be paid in cash, not in Series A redeemable preference shares as previously contemplated in the agreement in respect of the IMG acquisition.

WRM America Indemnity Company, Inc.

On August 16, 2018, Sirius Group acquired 100% ownership of WRM America Indemnity Company, Inc. ("WRM America") from WRM America Indemnity Holding Company, LLC for $16.9 million in cash. WRM America is a New York-domiciled insurer with a run-off book of business mainly comprised of general liability, educator's legal liability, automobile liability and physical damage, property and excess catastrophe liability. As part of the purchase of WRM America, Sirius Group acquired $3.1 million of indefinite lived intangible assets related to insurance licenses.

Note 4. Segment information

Sirius Group classifies its business into four reportable segments – Global Property, Global A&H, Specialty & Casualty, and Runoff & Other. The accounting policies of the reportable segments are the same as those used for the preparation of the Company's consolidated financial statements.

The Company's Global Property, Global A&H, Specialty & Casualty, and Runoff & Other reportable segments each have managers who are responsible for the overall profitability of their respective segments and who are directly accountable to the Company's chief operating decision maker, the Chief Executive Officer ("CEO") of the Company. The CEO assesses segment operating performance, allocates capital, and makes resource allocation decisions based on Technical profit (loss), Underwriting profit (loss), and Underwriting profit (loss), including net service fee revenue.

Segment results are shown prior to corporate eliminations. Corporate eliminations are shown to reconcile to consolidated Technical profit (loss), consolidated Underwriting profit (loss) and consolidated Underwriting profit (loss), including net service fee revenue.

Sirius Group does not allocate its assets by segment, with the exception of goodwill and intangible assets, and, accordingly, investment income is not allocated to each segment.

Global Property

Global Property consists of Sirius Group's underwriting lines of business that offer other property insurance and reinsurance, property catastrophe excess reinsurance, and agriculture reinsurance on a worldwide basis:

Other Property—Sirius Group participates in the broker market for property reinsurance treaties written on a proportional and excess of loss basis. For Sirius Group's international business, the book consists of treaty, written on both a proportional and excess of loss basis, facultative, and primary business, primarily in Europe, Asia and Latin America. In the United States, the book predominantly centers on significant participations on proportional and excess of loss treaties mostly in the excess and surplus lines segment of the market.

Property Catastrophe Excess—Property catastrophe excess of loss reinsurance treaties cover losses from catastrophic events. Sirius Group writes a worldwide book with the largest concentration of exposure in Europe and the United States. The U.S. book written in Bermuda has a national account focus supporting principally the lower and/or middle layers of large capacity programs. Additionally, Stockholm writes a U.S. book mainly consisting of select small regional and standard lines carriers. The exposures written in the international book are diversified across many countries, regions, perils and layers.

Agriculture—Sirius Group provides stop-loss reinsurance coverage to companies writing U.S. government-sponsored multi-peril crop insurance ("MPCI"). Sirius Group's participation is net of the government's stop-loss reinsurance protection. Sirius Group also provides coverage for crop-hail and certain named perils when bundled with MPCI business. Sirius Group also writes agriculture business outside of the United States.

Global A&H

The Global A&H operating segment consists of Sirius Group's insurance, reinsurance, and managing general underwriting ("MGU") units (which include Armada and IMG) that offer accident and health products on a worldwide basis:

Accident and Health insurance and reinsurance—Sirius Group is an insurer of accident and health insurance business in the United States, either on an admitted or surplus lines basis, as well as international business written through wholly-owned IMG. Armada business is written on an admitted basis. Sirius Group also writes proportional and excess reinsurance treaties covering employer medical stop-loss for per person (specific) and per employer (aggregate) exposures. In addition, Sirius Group writes some medical, health, travel and personal accident coverages written on a treaty, facultative and primary basis.

Specialty & Casualty

Specialty & Casualty consists of Sirius Group's insurance and reinsurance underwriting units which offer specialty & casualty product lines on a worldwide basis. Specialty lines represent unique risks where the more difficult and unusual risks are underwritten. Because specialty lines tend to be the more unusual or higher risks, much of the market is characterized by a high degree of specialization:

Aviation & Space provides aviation insurance that covers loss of or damage to an aircraft and the aircraft operations' liability to passengers, cargo and hull as well as to third parties. Additionally, liability arising out of non-aircraft operations such as hangars, airports and aircraft products can be covered. Space insurance primarily covers loss of or damage to a satellite during launch and in orbit. The book consists of treaty, written on both a proportional and excess of loss basis, facultative, and primary business.

Marine provides marine reinsurance, primarily written on an excess of loss and proportional basis. Coverage offered includes damage to ships and goods in transit, marine liability lines, and offshore energy industry insurance. Sirius Group also writes yacht business, both on reinsurance and a primary basis. The marine portfolio is diversified across many countries and regions.

Trade Credit writes credit and bond reinsurance worldwide. The bulk of the business is traditional short-term commercial credit insurance, covering pre-agreed domestic and export sales of goods and services with typical coverage periods of 60 to 120 days. Losses under these policies are correlated to adverse changes in a respective country's gross national product.

Contingency underwrites contingency insurance for event cancellation and non-appearance, primarily on a primary policy and facultative reinsurance basis. Additionally, coverage for liabilities arising from contractual bonus, prize redemption and over-redemption is also offered. The contingency portfolio is diversified across many countries and regions.

Casualty underwrites a cross section of all casualty lines, including general liability, umbrella, auto, workers compensation, professional liability, and other specialty classes, written on a proportional, excess of loss, and primary basis.

Surety underwrites commercial surety bonds, including non-construction contract bonds, in a broad range of business segments in the United States.

Environmental underwrites a pure environmental insurance book in the United States consisting of four core products that revolve around pollution coverage, which are premises pollution liability, contractor's pollution liability, contractor's pollution and professional liability.

Runoff & Other

Runoff & Other includes the results of Sirius Global Solutions Holding Company ("Sirius Global Solutions"), which specializes in the acquisition and management of runoff liabilities for insurance and reinsurance companies, both in the United States and internationally, as well as asbestos risks, environmental risks and other long-tailed liability exposures.

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The following tables summarize the segment results for the three months ended September 30, 2019 and 2018:

	For the three months ended September 30, 2019					
(Expressed in millions of U.S. dollars)	Global Property	Global A&H	Specialty & Casualty	Runoff & Other	Corporate Elimination	Total
Gross written premiums	$ 153.6	$ 137.4	$ 120.6	$ 2.1	$ —	$ 413.7
Net written premiums	$ 103.7	$ 104.6	$ 113.2	$ 0.8	$ —	$ 322.3
Net earned insurance and reinsurance premiums	$ 159.9	$ 115.1	$ 98.7	$ 0.5	$ —	$ 374.2
Loss and allocated LAE[(1)]	(184.4)	(63.6)	(85.5)	(0.9)	—	(334.4)
Insurance and reinsurance acquisition expenses	(29.2)	(32.5)	(27.1)	(0.1)	13.8	(75.1)
Technical profit	**(53.7)**	**19.0**	**(13.9)**	**(0.5)**	**13.8**	**(35.3)**
Unallocated LAE[(2)]	(5.5)	(2.0)	(3.0)	(0.2)	(3.5)	(14.2)
Other underwriting expenses	(14.7)	(6.8)	(8.8)	(1.4)	(3.7)	(35.4)
Underwriting income	**(73.9)**	**10.2**	**(25.7)**	**(2.1)**	**6.6**	**(84.9)**
Service fee revenue[(3)]	—	31.0	—	—	(14.6)	16.4
Managing general underwriter unallocated LAE	—	(4.3)	—	—	4.3	—
Managing general underwriter other underwriting expenses	—	(3.7)	—	—	3.7	—
General and administrative expenses, MGU + Runoff & Other[(4)]	—	(15.1)	—	(1.2)	—	(16.3)
Underwriting income (loss), including net service fee income	**(73.9)**	**18.1**	**(25.7)**	**(3.3)**	**—**	**(84.8)**
Net investment income						22.8
Net realized investment (losses) gains						15.3
Net unrealized investment (losses) gains						53.9
Net foreign exchange gains (losses)						4.9
Other revenue[(5)]						(0.1)
General and administrative expenses[(6)]						(11.7)
Intangible asset amortization expenses						(3.9)
Interest expense on debt						(7.7)
Pre-tax income						**$ (11.3)**
Underwriting Ratios						
Loss ratio	118.8%	57.0%	89.7%	NM	NM	93.2%
Acquisition expense ratio	18.3%	28.2%	27.5%	NM	NM	20.1%
Other underwriting expense ratio	9.2%	5.9%	8.9%	NM	NM	9.5%
Combined ratio[(7)]	146.3%	91.1%	126.1%	NM	NM	122.8%
Goodwill and intangible assets[(8)]	$ —	$ 576.1	$ —	$ 8.1	$ —	$ 584.2

[(1)]*Loss and allocated loss adjustment expenses ("LAE") are part of Loss and loss adjustment expenses on the Consolidated Statements of Income (the sum of Loss and allocated LAE and Unallocated LAE is equal to Loss and loss adjustment expenses on the Consolidated Statements of Income).*

[(2)]*Unallocated LAE are part of Loss and loss adjustment expenses on the Consolidated Statements of Income (the sum of Loss and allocated LAE and Unallocated LAE is equal to Loss and loss adjustment expenses on the Consolidated Statements of Income).*

[(3)]*Service fee revenue is part of Other revenue on the Consolidated Statements of Income (the sum of Service fee revenue and Other revenue is equal to Other revenue on the Consolidated Statements of Income).*

[(4)]*General and administrative expenses, MGU + Runoff & Other is part of General and administrative expenses on the Consolidated Statements of Income (the sum of General and administrative expenses, MGU + Runoff & Other and General and administrative expenses is equal to General and administrative expenses on the Consolidated Statements of Income).*

[(5)]*Other revenue is presented net of Service fee revenue and is comprised mainly of a change in contingent consideration (see* ***Note 8****) and gains from derivatives (see* ***Note 11****) (the sum of Service fee revenue and Other revenue is equal to Other revenue on the Consolidated Statements of Income).*

[(6)]*General and administrative expenses are presented net of General and administrative expenses, MGU + Runoff & Other (the sum of General and administrative expenses, MGU + Runoff & Other and General and administrative expenses is equal to General and administrative expenses on the Consolidated Statements of Income).*

[(7)]*Ratios considered not meaningful ("NM") to Runoff & Other and Corporate Elimination.*

[(8)]*Sirius Group does not allocate its assets by segment, with the exception of goodwill and intangible assets.*

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(Expressed in millions of U.S. dollars)	Global Property	Global A&H	Specialty & Casualty	Runoff & Other	Corporate Elimination	Total
	For the three months ended September 30, 2018					
Gross written premiums	$ 203.7	$ 117.1	$ 76.5	$ 0.7	$ —	$ 398.0
Net written premiums	$ 144.9	$ 87.9	$ 72.6	$ 0.3	$ —	$ 305.7
Net earned insurance and reinsurance premiums	$ 172.7	$ 89.6	$ 58.4	$ 0.4	$ —	$ 321.1
Loss and allocated LAE[(1)]	(173.2)	(51.3)	(34.1)	10.2	—	(248.4)
Insurance and reinsurance acquisition expenses	(30.1)	(26.7)	(16.2)	(0.1)	13.9	(59.2)
Technical profit	**(30.6)**	**11.6**	**8.1**	**10.5**	**13.9**	**13.5**
Unallocated LAE[(2)]	(3.3)	(1.7)	(1.6)	(0.7)	(4.7)	(12.0)
Other underwriting expenses	(17.5)	(6.4)	(8.4)	(1.4)	(2.0)	(35.7)
Underwriting income	**(51.4)**	**3.5**	**(1.9)**	**8.4**	**7.2**	**(34.2)**
Service fee revenue[(3)]	—	29.3	—	—	(13.9)	15.4
Managing general underwriter unallocated LAE	—	(4.7)	—	—	4.7	—
Managing general underwriter other underwriting expenses	—	(2.0)	—	—	2.0	—
General and administrative expenses, MGU + Runoff & Other[(4)]	—	(13.8)	—	(0.8)	—	(14.6)
Underwriting income (loss), including net service fee income	**(51.4)**	**12.3**	**(1.9)**	**7.6**	**—**	**(33.4)**
Net investment income						21.8
Net realized investment (losses) gains						3.9
Net unrealized investment (losses) gains						(11.7)
Net foreign exchange gains (losses)						(0.4)
Other revenue[(5)]						1.6
General and administrative expenses[(6)]						(4.9)
Intangible asset amortization expenses						(3.9)
Interest expense on debt						(7.6)
Pre-tax income						**$ (34.6)**
Underwriting Ratios						
Loss ratio	102.2%	59.2%	61.1%	NM	NM	81.1%
Acquisition expense ratio	17.4%	29.8%	27.7%	NM	NM	18.4%
Other underwriting expense ratio	10.1%	7.1%	14.4%	NM	NM	11.1%
Combined ratio[(7)]	129.7%	96.1%	103.2%	NM	NM	110.6%
Goodwill and intangible assets[(8)]	$ —	$ 600.1	$ —	$ 8.1	$ —	$ 608.2

[(1)]*Loss and allocated LAE are part of Loss and loss adjustment expenses on the Consolidated Statements of Income (the sum of Loss and allocated LAE and Unallocated LAE is equal to Loss and loss adjustment expenses on the Consolidated Statements of Income).*

[(2)]*Unallocated LAE are part of Loss and loss adjustment expenses on the Consolidated Statements of Income (the sum of Loss and allocated LAE and Unallocated LAE is equal to Loss and loss adjustment expenses on the Consolidated Statements of Income).*

[(3)]*Service fee revenue is part of Other revenue on the Consolidated Statements of Income (the sum of Service fee revenue and Other revenue is equal to Other revenue on the Consolidated Statements of Income).*

[(4)]*General and administrative expenses, MGU + Runoff & Other is part of General and administrative expenses on the Consolidated Statements of Income (the sum of General and administrative expenses, MGU + Runoff & Other and General and administrative expenses is equal to General and administrative expenses on the Consolidated Statements of Income).*

[(5)]*Other revenue is presented net of Service fee revenue and is comprised mainly of gains from derivatives (see **Note 11**) (the sum of Service fee revenue and Other revenue is equal to Other revenue on the Consolidated Statements of Income).*

[(6)]*General and administrative expenses are presented net of General and administrative expenses, MGU + Runoff & Other (the sum of General and administrative expenses, MGU + Runoff & Other and General and administrative expenses is equal to General and administrative expenses on the Consolidated Statements of Income).*

[(7)]*Ratios considered not meaningful ("NM") to Runoff & Other and Corporate Elimination.*

[(8)]*Sirius Group does not allocate its assets by segment, with the exception of goodwill and intangible assets.*

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The following tables summarize the segment results for the nine months ended September 30, 2019 and 2018:

	For the nine months ended September 30, 2019					
(Expressed in millions of U.S. dollars)	Global Property	Global A&H	Specialty & Casualty	Runoff & Other	Corporate Elimination	Total
Gross written premiums	$ 720.5	$ 459.5	$ 338.4	$ 4.7	$ —	$ 1,523.1
Net written premiums	$ 536.6	$ 360.1	$ 310.6	$ 1.5	$ —	$ 1,208.8
Net earned insurance and reinsurance premiums	$ 463.9	$ 330.0	$ 261.7	$ 1.2	$ —	$ 1,056.8
Loss and allocated LAE[(1)]	(378.3)	(198.6)	(194.4)	(4.4)	—	(775.7)
Insurance and reinsurance acquisition expenses	(82.2)	(95.1)	(72.2)	(2.6)	36.7	(215.4)
Technical profit	**3.4**	**36.3**	**(4.9)**	**(5.8)**	**36.7**	**65.7**
Unallocated LAE[(2)]	(10.2)	(5.5)	(7.1)	(0.9)	(11.1)	(34.8)
Other underwriting expenses	(47.9)	(18.8)	(23.7)	(4.6)	(11.2)	(106.2)
Underwriting income (loss)	**(54.7)**	**12.0**	**(35.7)**	**(11.3)**	**14.4**	**(75.3)**
Service fee revenue[(3)]	—	97.6	—	—	(39.3)	58.3
Managing general underwriter unallocated LAE	—	(13.7)	—	—	13.7	—
Managing general underwriter other underwriting expenses	—	(11.2)	—	—	11.2	—
General and administrative expenses, MGU + Runoff & Other[(4)]	—	(46.3)	—	(3.0)	—	(49.3)
Underwriting income (loss), including net service fee income	**(54.7)**	**38.4**	**(35.7)**	**(14.3)**	**—**	**(66.3)**
Net investment income						67.3
Net realized investment (losses) gains						39.9
Net unrealized investment (losses) gains						143.4
Net foreign exchange gains (losses)						9.4
Other revenue[(5)]						(7.0)
General and administrative expenses[(6)]						(31.3)
Intangible asset amortization expenses						(11.8)
Interest expense on debt						(23.3)
Pre-tax income						**$ 120.3**
Underwriting Ratios						
Loss ratio	83.7%	61.8%	77.0%	NM	NM	76.7%
Acquisition expense ratio	17.7%	28.8%	27.6%	NM	NM	20.4%
Other underwriting expense ratio	10.3%	5.7%	9.1%	NM	NM	10.0%
Combined ratio[(7)]	111.7%	96.3%	113.7%	NM	NM	107.1%
Goodwill and intangible assets[(8)]	$ —	$ 576.1	$ —	$ 8.1	$ —	$ 584.2

[(1)]*Loss and allocated LAE are part of Loss and loss adjustment expenses on the Consolidated Statements of Income (the sum of Loss and allocated LAE and Unallocated LAE is equal to Loss and loss adjustment expenses on the Consolidated Statements of Income).*

[(2)]*Unallocated LAE are part of Loss and loss adjustment expenses on the Consolidated Statements of Income (the sum of Loss and allocated LAE and Unallocated LAE is equal to Loss and loss adjustment expenses on the Consolidated Statements of Income).*

[(3)]*Service fee revenue is part of Other revenue on the Consolidated Statements of Income (the sum of Service fee revenue and Other revenue is equal to Other revenue on the Consolidated Statements of Income).*

[(4)]*General and administrative expenses, MGU + Runoff & Other is part of General and administrative expenses on the Consolidated Statements of Income (the sum of General and administrative expenses, MGU + Runoff & Other and General and administrative expenses is equal to General and administrative expenses on the Consolidated Statements of Income).*

[(5)]*Other revenue is presented net of Service fee revenue and is comprised mainly of a change in contingent consideration (see **Note 8**) and (losses) from derivatives (see **Note 11**) (the sum of Service fee revenue and Other revenue is equal to Other revenue on the Consolidated Statements of Income).*

[(6)]*General and administrative expenses are presented net of General and administrative expenses, MGU + Runoff & Other (the sum of General and administrative expenses, MGU + Runoff & Other and General and administrative expenses is equal to General and administrative expenses on the Consolidated Statements of Income).*

[(7)]*Ratios considered not meaningful ("NM") to Runoff & Other and Corporate Elimination.*

[(8)]*Sirius Group does not allocate its assets by segment, with the exception of goodwill and intangible assets.*

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(Expressed in millions of U.S. dollars)	Global Property	Global A&H	Specialty & Casualty	Runoff & Other	Corporate Elimination	Total
	For the nine months ended September 30, 2018					
Gross written premiums	$ 875.7	$ 375.0	$ 252.9	$ 14.6	$ —	$ 1,518.2
Net written premiums	$ 569.1	$ 286.2	$ 228.3	$ 11.8	$ —	$ 1,095.4
Net earned insurance and reinsurance premiums	$ 476.3	$ 258.4	$ 168.3	$ 11.5	$ —	$ 914.5
Loss and allocated LAE[(1)]	(311.8)	(138.0)	(87.4)	12.3	—	(524.9)
Insurance and reinsurance acquisition expenses	(93.5)	(82.3)	(44.9)	(2.3)	34.0	(189.0)
Technical profit	**71.0**	**38.1**	**36.0**	**21.5**	**34.0**	**200.6**
Unallocated LAE[(2)]	(7.7)	(4.3)	(4.5)	(1.6)	(9.8)	(27.9)
Other underwriting expenses	(53.0)	(20.7)	(24.3)	(5.2)	(13.9)	(117.1)
Underwriting income	**10.3**	**13.1**	**7.2**	**14.7**	**10.3**	**55.6**
Service fee revenue[(3)]	—	89.5	—	—	(34.0)	55.5
Managing general underwriter unallocated LAE	—	(9.8)	—	—	9.8	—
Managing general underwriter other underwriting expenses	—	(13.9)	—	—	13.9	—
General and administrative expenses, MGU + Runoff & Other[(4)]	—	(37.5)	—	(2.9)	—	(40.4)
Underwriting income (loss), including net service fee income	**10.3**	**41.4**	**7.2**	**11.8**	**—**	**70.7**
Net investment income						51.8
Net realized investment (losses) gains						8.0
Net unrealized investment (losses) gains						29.0
Net foreign exchange gains (losses)						21.7
Other revenue[(5)]						40.5
General and administrative expenses[(6)]						(17.6)
Intangible asset amortization expenses						(11.8)
Interest expense on debt						(23.1)
Pre-tax income						**$ 169.2**
Underwriting Ratios						
Loss ratio	67.1%	55.1%	54.6%	NM	NM	60.4%
Acquisition expense ratio	19.6%	31.8%	26.7%	NM	NM	20.7%
Other underwriting expense ratio	11.1%	8.0%	14.4%	NM	NM	12.8%
Combined ratio[(7)]	97.8%	94.9%	95.7%	NM	NM	93.9%
Goodwill and intangible assets[(8)]	$ —	$ 600.1	$ —	$ 8.1	$ —	$ 608.2

[(1)]*Loss and allocated LAE are part of Loss and loss adjustment expenses on the Consolidated Statements of Income (the sum of Loss and allocated LAE and Unallocated LAE is equal to Loss and loss adjustment expenses on the Consolidated Statements of Income).*

[(2)]*Unallocated LAE are part of Loss and loss adjustment expenses on the Consolidated Statements of Income (the sum of Loss and allocated LAE and Unallocated LAE is equal to Loss and loss adjustment expenses on the Consolidated Statements of Income).*

[(3)]*Service fee revenue is part of Other revenue on the Consolidated Statements of Income (the sum of Service fee revenue and Other revenue is equal to Other revenue on the Consolidated Statements of Income).*

[(4)]*General and administrative expenses, MGU + Runoff & Other is part of General and administrative expenses on the Consolidated Statements of Income (the sum of General and administrative expenses, MGU + Runoff & Other and General and administrative expenses is equal to General and administrative expenses on the Consolidated Statements of Income).*

[(5)]*Other revenue is presented net of Service fee revenue and is comprised mainly of the right of indemnification (see **Note 10**), (losses) from derivatives (see **Note 11**), and the termination of the call option to purchase The Phoenix Holdings, Ltd. (the sum of Service fee revenue and Other revenue is equal to Other revenue on the Consolidated Statements of Income).*

[(6)]*General and administrative expenses are presented net of General and administrative expenses, MGU + Runoff & Other (the sum of General and administrative expenses, MGU + Runoff & Other and General and administrative expenses is equal to General and administrative expenses on the Consolidated Statements of Income).*

[(7)]*Ratios considered not meaningful ("NM") to Runoff & Other and Corporate Elimination.*

[(8)]*Sirius Group does not allocate its assets by segment, with the exception of goodwill and intangible assets.*

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The following tables provide summary information regarding net premiums written by client location and underwriting location by reportable segment for the three months ended September 30, 2019 and 2018:

	For the three months ended September 30, 2019				
(Expressed in millions of U.S. dollars)	**Global Property**	**Global A&H**	**Specialty & Casualty**	**Runoff & Other**	**Total**
Net written premiums by client location:					
United States	$ 44.0	$ 87.6	$ 83.1	$ 0.7	$ 215.4
Europe	14.6	5.8	15.1	(0.1)	35.4
Canada, the Caribbean, Bermuda and Latin America	19.7	3.7	4.8	0.1	28.3
Asia and Other	25.4	7.5	10.2	0.1	43.2
Total net written premium by client location for the three months ended September 30, 2019	**$ 103.7**	**$ 104.6**	**$ 113.2**	**$ 0.8**	**$ 322.3**
Net written premiums by underwriting location:					
United States	$ 7.5	$ 36.9	$ 12.7	$ 0.7	$ 57.8
Europe	45.0	68.1	51.2	—	164.3
Canada, the Caribbean, Bermuda and Latin America	42.3	(0.6)	49.0	—	90.7
Asia and Other	8.9	0.2	0.3	0.1	9.5
Total written premiums by underwriting location for the three months ended September 30, 2019	**$ 103.7**	**$ 104.6**	**$ 113.2**	**$ 0.8**	**$ 322.3**

	For the three months ended September 30, 2018				
(Expressed in millions of U.S. dollars)	**Global Property**	**Global A&H**	**Specialty & Casualty**	**Runoff & Other**	**Total**
Net written premiums by client location:					
United States	$ 62.4	$ 71.4	$ 45.3	$ (0.1)	$ 179.0
Europe	22.8	7.4	15.8	0.1	46.1
Canada, the Caribbean, Bermuda and Latin America	24.7	2.6	2.8	—	30.1
Asia and Other	35.0	6.5	8.7	0.3	50.5
Total net written premium by client location for the three months ended September 30, 2018	**$ 144.9**	**$ 87.9**	**$ 72.6**	**$ 0.3**	**$ 305.7**
Net written premiums by underwriting location:					
United States	$ 12.6	$ 27.7	$ 5.8	$ —	$ 46.1
Europe	61.3	52.7	36.1	—	150.1
Canada, the Caribbean, Bermuda and Latin America	53.8	7.3	30.5	—	91.6
Asia and Other	17.2	0.2	0.2	0.3	17.9
Total written premiums by underwriting location for the three months ended September 30, 2018	**$ 144.9**	**$ 87.9**	**$ 72.6**	**$ 0.3**	**$ 305.7**

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The following tables provide summary information regarding net premiums written by client location and underwriting location by reportable segment for the nine months ended September 30, 2019 and 2018:

	For the nine months ended September 30, 2019				
(Expressed in millions of U.S. dollars)	**Global Property**	**Global A&H**	**Specialty & Casualty**	**Runoff & Other**	**Total**
Net written premiums by client location:					
United States	$ 209.2	$ 301.2	$ 214.9	$ 1.0	$ 726.3
Europe	154.3	18.9	53.4	0.1	226.7
Canada, the Caribbean, Bermuda and Latin America	58.8	10.7	11.4	0.1	81.0
Asia and Other	114.3	29.3	30.9	0.3	174.8
Total net written premium by client location for the nine months ended September 30, 2019	**$ 536.6**	**$ 360.1**	**$ 310.6**	**$ 1.5**	**$ 1,208.8**
Net written premiums by underwriting location:					
United States	$ 20.0	$ 136.0	$ 37.8	$ 1.0	$ 194.8
Europe	269.7	190.1	140.3	0.2	600.3
Canada, the Caribbean, Bermuda and Latin America	203.6	33.4	130.8	—	367.8
Asia and Other	43.3	0.6	1.7	0.3	45.9
Total written premiums by underwriting location for the nine months ended September 30, 2019	**$ 536.6**	**$ 360.1**	**$ 310.6**	**$ 1.5**	**$ 1,208.8**

	For the nine months ended September 30, 2018				
(Expressed in millions of U.S. dollars)	**Global Property**	**Global A&H**	**Specialty & Casualty**	**Runoff & Other**	**Total**
Net written premiums by client location:					
United States	$ 241.0	$ 229.5	$ 119.6	$ 11.4	$ 601.5
Europe	148.4	25.1	76.0	0.1	249.6
Canada, the Caribbean, Bermuda and Latin America	69.7	8.6	7.4	—	85.7
Asia and Other	110.0	23.0	25.3	0.3	158.6
Total net written premium by client location for the nine months ended September 30, 2018	**$ 569.1**	**$ 286.2**	**$ 228.3**	**$ 11.8**	**$ 1,095.4**
Net written premiums by underwriting location:					
United States	$ 28.8	$ 81.0	$ 9.3	$ 11.5	$ 130.6
Europe	271.5	164.5	132.8	—	568.8
Canada, the Caribbean, Bermuda and Latin America	224.0	40.1	84.3	—	348.4
Asia and Other	44.8	0.6	1.9	0.3	47.6
Total written premiums by underwriting location for the nine months ended September 30, 2018	**$ 569.1**	**$ 286.2**	**$ 228.3**	**$ 11.8**	**$ 1,095.4**

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Note 5. Reserves for unpaid losses and loss adjustment expenses

The following table summarizes the loss and LAE reserve activities of Sirius Group for the three months and nine months ended September 30, 2019 and 2018:

	Three months ended September 30,		Nine months ended September 30,	
(Millions)	**2019**	**2018**	**2019**	**2018**
Gross beginning balance	**$ 2,023.3**	**$ 1,827.1**	**$ 2,016.7**	**$ 1,898.5**
Less beginning reinsurance recoverable on unpaid losses	(357.4)	(358.3)	(350.2)	(319.7)
Net loss and LAE reserve balance	1,665.9	1,468.8	1,666.5	1,578.8
Losses and LAE incurred relating to:				
Current year losses	342.2	270.5	723.6	575.8
Prior years losses	6.4	(10.1)	86.9	(23.0)
Total net incurred losses and LAE	**348.6**	**260.4**	**810.5**	**552.8**
Foreign currency translation adjustment to net loss and LAE reserves	(15.3)	(5.4)	(15.3)	(20.9)
Acquisitions (See Note 3)	—	0.2	—	0.2
Accretion of fair value adjustment to net loss and LAE reserves	—	0.1	0.1	0.1
Loss and LAE paid relating to:				
Current year losses	97.7	80.5	254.8	152.5
Prior years losses	108.0	101.6	413.5	416.5
Total loss and LAE payments	**205.7**	**182.1**	**668.3**	**569.0**
Net ending balance	1,793.5	1,542.0	1,793.5	1,542.0
Plus ending reinsurance recoverable on unpaid losses	392.9	349.0	392.9	349.0
Gross ending balance	**$ 2,186.4**	**$ 1,891.0**	**$ 2,186.4**	**$ 1,891.0**

Loss and LAE development - Three Months Ended September 30, 2019

For the three months ended September 30, 2019, Sirius Group had net unfavorable loss reserve development of $6.4 million. Increases in loss reserve estimates were primarily recorded in Specialty & Casualty ($10.2 million) due to higher than expected claims activity in the Casualty Reinsurance book. These increases were partially offset by favorable loss reserve development in Global A&H ($5.8 million).

Loss and LAE development - Three Months Ended September 30, 2018

For the three months ended September 30, 2018, Sirius Group had net favorable loss reserve development of $10.1 million. The major reductions in loss reserve estimates were recorded in Runoff & Other ($10.6 million), Specialty & Casualty ($7.3 million), and Global A&H ($3.0 million). The reduction in Runoff & Other was primarily due to decrease in runoff casualty reserves from older accident years, whereas Specialty & Casualty was due to favorable loss reserve development across all business lines in more recent accident years. These reductions were partially offset by increases in Global Property loss reserve development of $10.8 million resulting from higher than expected reporting from recent accident years.

Loss and LAE development - Nine Months Ended September 30, 2019

For the nine months ended September 30, 2019, Sirius Group had net unfavorable loss reserve development of $86.9 million. Increases in loss reserve estimates were recorded in Global Property ($67.9 million), Specialty & Casualty ($14.8 million), and Runoff & Other ($5.4 million). The unfavorable loss reserve development in Global Property was primarily attributable to prior year catastrophe events, including Typhoon Jebi and Hurricanes Michael, Florence, and Irma. These reductions were partially offset by a decrease in Global A&H ($1.3 million).

Loss and LAE development - Nine Months Ended September 30, 2018

For the nine months ended September 30, 2018, Sirius Group had net favorable loss reserve development of $23.0 million. The major reductions in loss reserve estimates were recorded in Runoff & Other ($22.6 million), Specialty & Casualty ($17.7 million), and Global A&H ($11.4 million). Favorable loss reserve development for Runoff & Other included reduction in World Trade Center claims in response to revised information received by the Company in addition to favorable loss reserve development in runoff casualty reserves. In addition, Specialty & Casualty had favorable loss reserve development across all business lines, in particular Aviation & Space with $12.0 million. These reductions were partially offset by increases in Global Property loss reserve development of $28.7 million resulting from higher than expected reporting from recent accident years, including $7.4 million of increases from natural catastrophes, including the 2017 North American natural catastrophes. Also, in Other Property, there was loss deterioration from recent accident years reported in client account statements received, which accounted for the remainder of Global Property unfavorable loss development in the nine months ended September 30, 2018.

Note 6. Third party reinsurance

In the normal course of business, Sirius Group seeks to protect its businesses from losses due to concentration of risk and losses arising from catastrophic events by reinsuring with third-party reinsurers. Sirius Group remains liable for risks reinsured in the event that the reinsurer does not honor its obligations under reinsurance contracts.

At September 30, 2019, Sirius Group had reinsurance recoverables on paid losses of $55.2 million and reinsurance recoverables of $392.9 million on unpaid losses. At December 31, 2018, Sirius Group had reinsurance recoverables on paid losses of $55.0 million and reinsurance recoverables of $350.2 million on unpaid losses. Because retrocessional reinsurance contracts do not relieve Sirius Group of its obligation to its insureds, the collectability of balances due from Sirius Group's reinsurers is important to its financial strength. Sirius Group monitors the financial strength and ratings of retrocessionaires on an ongoing basis. Uncollectible amounts historically have not been significant.

Note 7. Investment securities

Sirius Group's invested assets consist of investment securities and other long-term investments held for general investment purposes. The portfolio of investment securities includes fixed maturity investments, short-term investments, equity securities, and other-long term investments which are all classified as trading securities. Realized and unrealized investment gains and losses on trading securities are reported in pre-tax revenues.

Net investment income

Sirius Group's net investment income is comprised primarily of interest income along with associated amortization of premium and accretion of discount on Sirius Group's fixed maturity investments, dividend income from its equity investments, and interest income from its short-term investments.

Net investment income for the three months and nine months ended September 30, 2019 and 2018 consisted of the following:

	For the three months ended September 30,		For the nine months ended September 30,	
(Millions)	**2019**	**2018**	**2019**	**2018**
Fixed maturity investments	$ 12.8	$ 14.2	$ 40.0	$ 37.8
Short-term investments	4.1	2.4	12.0	3.7
Equity securities	2.7	5.9	12.5	14.2
Other long-term investments	5.2	2.7	12.3	5.2
Total investment income	**24.8**	**25.2**	**76.8**	**60.9**
Investment expenses	(2.0)	(3.4)	(9.5)	(9.1)
Net investment income	**$ 22.8**	**$ 21.8**	**$ 67.3**	**$ 51.8**

Net realized and unrealized investment gains (losses)

Net realized and unrealized investment gains (losses) for the three months and nine months ended September 30, 2019 and 2018 consisted of the following:

	For the three months ended September 30,		For the nine months ended September 30,	
(Millions)	**2019**	**2018**	**2019**	**2018**
Gross realized gains	$ 22.1	$ 11.3	$ 63.1	$ 31.7
Gross realized (losses)	(6.8)	(7.4)	(23.2)	(23.7)
Net realized gains on investments[(1)(2)]	**15.3**	**3.9**	**39.9**	**8.0**
Net unrealized gains (losses) on investments[(3)(4)]	53.9	(11.7)	143.4	29.0
Net realized and unrealized gains (losses) on investments	**$ 69.2**	**$ (7.8)**	**$ 183.3**	**$ 37.0**

(1) Includes $14.0 and $4.7 of realized gains due to foreign currency for the three months ended September 30, 2019 and 2018, respectively.

(2) Includes $34.5 and $10.7 of realized gains due to foreign currency for the nine months ended September 30, 2019 and 2018, respectively.

(3) Includes $33.9 and $(5.5) of unrealized (losses) gains due to foreign currency for the three months ended September 30, 2019 and 2018, respectively.

(4) Includes $51.7 and $43.1 of unrealized gains due to foreign currency for the nine months ended September 30, 2019 and 2018, respectively.

Net realized investment gains

Net realized investment gains for the three months and nine months ended September 30, 2019 and 2018 consisted of the following:

	For the three months ended September 30,		For the nine months ended September 30,	
(Millions)	**2019**	**2018**	**2019**	**2018**
Fixed maturity investments	$ 7.5	$ 4.2	$ 22.4	$ 5.0
Equity securities	1.7	(0.6)	(0.1)	(0.4)
Short-term investments	6.5	—	9.7	—
Derivative instruments	(0.7)	—	(1.5)	—
Other long-term investments	0.3	0.3	9.4	3.4
Net realized investment gains	**$ 15.3**	**$ 3.9**	**$ 39.9**	**$ 8.0**

Net unrealized investment gains (losses)

Net unrealized investment gains (losses) for the three months and nine months ended September 30, 2019 and 2018 consisted of the following:

	For the three months ended September 30,		For the nine months ended September 30,	
(Millions)	**2019**	**2018**	**2019**	**2018**
Fixed maturity investments	$ 31.4	$ (8.6)	$ 72.1	$ 12.2
Equity securities	12.0	0.9	50.4	2.1
Short-term investments	4.6	—	6.4	—
Derivative instruments	0.9	—	0.2	—
Other long-term investments	5.0	(4.0)	14.3	14.7
Net unrealized investment gains (losses)	**$ 53.9**	**$ (11.7)**	**$ 143.4**	**$ 29.0**

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The following table summarizes the amount of total gains (losses) included in earnings attributable to unrealized investment gains (losses) for Level 3 investments for the three months and nine months ended September 30, 2019 and 2018:

	For the three months ended September 30,		For the nine months ended September 30,	
(Millions)	2019	2018	2019	2018
Fixed maturity investments	$ —	$ 0.1	$ —	$ (2.0)
Other long-term investments	(0.3)	(1.6)	10.1	6.1
Total unrealized investment (losses) gains – Level 3 investments	**$ (0.3)**	**$ (1.5)**	**$ 10.1**	**$ 4.1**

Investment holdings

Fixed maturity investments

The cost or amortized cost, gross unrealized investment gains (losses), net foreign currency gains (losses), and fair value of Sirius Group's fixed maturity investments as of September 30, 2019 and December 31, 2018, were as follows:

	September 30, 2019				
(Millions)	Cost or amortized cost	Gross unrealized gains	Gross unrealized (losses)	Net foreign currency gains (losses)	Fair value
Corporate debt securities	$ 517.7	$ 6.3	$ (0.3)	$ 24.0	$ 547.7
Asset-backed securities	501.4	1.1	(1.9)	6.6	507.2
Residential mortgage-backed securities	365.9	11.9	(0.8)	14.5	391.5
U.S. government and government agency	157.6	1.7	—	3.0	162.3
Commercial mortgage-backed securities	102.0	1.2	(0.4)	1.8	104.6
Non-U.S. government and government agency	37.8	0.3	(0.1)	0.4	38.4
Preferred stocks	18.0	0.1	(0.1)	(0.1)	17.9
U.S. States, municipalities and political subdivision	1.7	—	—	0.1	1.8
Total fixed maturity investments	**$ 1,702.1**	**$ 22.6**	**$ (3.6)**	**$ 50.3**	**$ 1,771.4**

	December 31, 2018				
(Millions)	Cost or amortized cost	Gross unrealized gains	Gross unrealized (losses)	Net foreign currency gains (losses)	Fair value
Corporate debt securities	$ 694.1	$ 1.4	$ (7.3)	$ 7.6	$ 695.8
Asset-backed securities	496.3	0.1	(3.8)	1.9	494.5
Residential mortgage-backed securities	413.0	1.7	(7.1)	5.9	413.5
U.S. government and government agency	163.9	0.3	(0.5)	4.2	167.9
Commercial mortgage-backed securities	117.7	0.2	(2.7)	0.7	115.9
Non-U.S. government and government agency	50.6	—	(0.2)	(0.1)	50.3
Preferred stocks	14.5	0.6	(6.8)	0.2	8.5
U.S. States, municipalities and political subdivision	2.8	—	—	—	2.8
Total fixed maturity investments	**$ 1,952.9**	**$ 4.3**	**$ (28.4)**	**$ 20.4**	**$ 1,949.2**

The weighted average duration of Sirius Group's fixed income portfolio as of September 30, 2019 was approximately 1.6 years, including short-term investments, and approximately 2.5 years excluding short-term investments.

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The cost or amortized cost and fair value of Sirius Group's fixed maturity investments as of September 30, 2019 and December 31, 2018 are presented below by contractual maturity. Actual maturities could differ from contractual maturities because borrowers may have the right to call or prepay certain obligations with or without call or prepayment penalties.

	September 30, 2019		December 31, 2018	
(Millions)	Cost or amortized cost	Fair value	Cost or amortized cost	Fair value
Due in one year or less	$ 155.5	$ 162.6	$ 249.6	$ 254.6
Due after one year through five years	487.3	513.6	635.6	636.4
Due after five years through ten years	40.8	41.7	26.2	25.7
Due after ten years	31.2	32.3	0.1	0.1
Mortgage-backed and asset-backed securities	969.3	1,003.3	1,026.9	1,023.9
Preferred stocks	18.0	17.9	14.5	8.5
Total	**$ 1,702.1**	**$ 1,771.4**	**$ 1,952.9**	**$ 1,949.2**

The following table summarizes the ratings and fair value of fixed maturity investments held in Sirius Group's investment portfolio as of September 30, 2019 and December 31, 2018:

(Millions)	September 30, 2019	December 31, 2018
AAA	$ 573.5	$ 602.0
AA	740.8	818.0
A	257.9	290.5
BBB	120.4	167.4
Other	78.8	71.3
Total fixed maturity investments[1]	**$ 1,771.4**	**$ 1,949.2**

(1)Credit ratings are assigned based on the following hierarchy: 1) Standard & Poor's ("S&P") and 2) Moody's Investors Service ("Moody's").

At September 30, 2019, the above totals included $50.0 million of sub-prime securities. Of this total, $26.1 million was rated AAA, $19.8 million rated AA, $3.9 million rated A and $0.2 million classified as Other. At December 31, 2018, the above totals included $42.6 million of sub-prime securities. Of this total, $17.1 million was rated AAA, $9.8 million rated AA, $6.0 million rated A, $4.7 million rated BBB and $5.0 million classified as Other.

Equity securities and Other long-term investments

The cost or amortized cost, gross unrealized investment gains and losses, net foreign currency gains, and fair values of Sirius Group's equity securities and other long-term investments as of September 30, 2019 and December 31, 2018, were as follows:

	September 30, 2019				
(Millions)	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Net foreign currency gains	Fair value
Equity securities	$ 359.4	$ 46.8	$ (35.2)	$ 13.3	$ 384.3
Other long-term investments	$ 332.6	$ 52.7	$ (29.7)	$ 12.8	$ 368.4

	December 31, 2018				
(Millions)	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Net foreign currency gains	Fair value
Equity securities	$ 409.4	$ 17.8	$ (50.8)	$ 3.6	$ 380.0
Other long-term investments	$ 337.6	$ 32.6	$ (13.5)	$ 8.3	$ 365.0

Equity securities at fair value consisted of the following as of September 30, 2019 and December 31, 2018:

(Millions)	September 30, 2019	December 31, 2018
Investment grade fixed income mutual funds	$ 150.9	$ 157.7
Common stocks	231.8	222.3
Other	1.6	—
Total Equity securities	**$ 384.3**	**$ 380.0**

Other long-term investments at fair value consisted of the following as of September 30, 2019 and December 31, 2018:

(Millions)	September 30, 2019	December 31, 2018
Hedge funds and private equity funds	$ 287.7	$ 301.4
Limited liability companies and private equity securities	80.7	63.6
Total other long-term investments	**$ 368.4**	**$ 365.0**

Hedge Funds and Private Equity Funds

Sirius Group holds investments in hedge funds and private equity funds, which are included in other long-term investments. The fair value of these investments has been estimated using the net asset value of the funds. As of September 30, 2019, Sirius Group held investments in 9 hedge funds and 29 private equity funds. The largest investment in a single fund was $52.3 million as of September 30, 2019 and $54.8 million as of December 31, 2018.

The following table summarizes investments in hedge funds and private equity interests by investment objective and sector as of September 30, 2019 and December 31, 2018:

	September 30, 2019		December 31, 2018	
(Millions)	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Hedge funds:				
Long/short multi-sector	$ 50.6	$ —	$ 41.0	$ —
Distressed mortgage credit	52.3	—	54.8	—
Private Credit	21.2	—	20.0	—
Other	1.5	—	2.5	—
Total hedge funds	**125.6**	**—**	**118.3**	**—**
Private equity funds:				
Energy infrastructure & services	64.2	41.4	93.7	54.2
Multi-sector	10.4	7.9	9.0	0.7
Healthcare	31.9	10.8	31.7	15.6
Life settlement	25.7	—	23.7	—
Manufacturing/Industrial	27.8	3.8	23.6	10.4
Private equity secondaries	0.6	0.8	1.1	1.1
Real estate	0.3	—	0.3	—
Other	1.2	2.5	—	—
Total private equity funds	**162.1**	**67.2**	**183.1**	**82.0**
Total hedge and private equity funds included in other long-term investments	**$ 287.7**	**$ 67.2**	**$ 301.4**	**$ 82.0**

Redemption of investments in certain hedge funds is subject to restrictions including lock-up periods where no redemptions or withdrawals are allowed, restrictions on redemption frequency, and advance notice periods for redemptions. Amounts requested for redemptions remain subject to market fluctuations until the redemption effective date, which generally falls at the end of the defined redemption period.

The following summarizes the September 30, 2019 fair value of hedge funds subject to restrictions on redemption frequency and advance notice period requirements for investments in active hedge funds:

	Notice Period				
Redemption Frequency (Millions)	30-59 days notice	60-89 days notice	90-119 days notice	120+ days notice	Total
Monthly	$ —	$ 35.7	$ —	$ —	$ 35.7
Quarterly	0.8	—	—	—	0.8
Semi-annual	—	0.3	—	—	0.3
Annual	—	14.9	52.7	21.2	88.8
Total	**$ 0.8**	**$ 50.9**	**$ 52.7**	**$ 21.2**	**$ 125.6**

Certain of the hedge fund and private equity fund investments in which Sirius Group is invested are no longer active and are in the process of disposing of their underlying investments. Distributions from such funds are remitted to investors as the fund's underlying investments are liquidated. As of September 30, 2019, no distributions were outstanding from these investments. Investments in private equity funds are generally subject to a "lock-up" period during which investors may not request a redemption. Distributions prior to the expected termination date of the fund may be limited to dividends or proceeds arising from the liquidation of the fund's underlying investments.

In addition, certain private equity funds provide an option to extend the lock-up period at either the sole discretion of the fund manager or upon agreement between the fund and the investors.

As of September 30, 2019, investments in private equity funds were subject to lock-up periods as follows:

(Millions)	1 - 3 years	3 – 5 years	5 – 10 years	Total
Private Equity Funds – expected lock up period remaining	$ 10.3	$ 3.3	$ 148.5	$ 162.1

Investments held on deposit or as collateral

As of September 30, 2019 and December 31, 2018 investments of $797.8 million and $792.4 million, respectively, were held in trusts required to be maintained in relation to various reinsurance agreements. Sirius Group's reinsurance operations are required to maintain deposits with certain insurance regulatory agencies in order to maintain their insurance licenses. The fair value of such deposits that are included within total investments totaled $817.5 million and $801.2 million as of September 30, 2019 and December 31, 2018, respectively.

As of September 30, 2019, Sirius Group held $0.2 million of collateral in the form of short-term investments associated with Interest Rate Cap agreements. (See **Note 11**.)

Unsettled investment purchases and sales

As of September 30, 2019 and December 31, 2018 Sirius Group reported $34.7 million and $3.2 million, respectively, in Accounts payable on unsettled investment purchases.

As of September 30, 2019 and December 31, 2018, Sirius Group reported $12.9 million and $5.0 million, respectively, in Accounts receivable on unsettled investment sales.

Note 8. Fair value measurements

Fair value measurements are categorized into a hierarchy that distinguishes between inputs based on market data from independent sources ("observable inputs") and a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable ("unobservable inputs"). Quoted prices in active markets for identical assets or liabilities have the highest priority ("Level 1"), followed by observable inputs other than quoted prices, including prices for similar but not identical assets or liabilities ("Level 2"), and unobservable inputs, including the reporting entity's estimates of the assumptions that market participants would use, having the lowest priority ("Level 3").

The availability of observable inputs can vary from financial instrument to financial instrument and is affected by a wide variety factors including, for example, the type of financial instrument, whether the financial instrument is new and not yet established in the marketplace, and other characteristics particular to the instrument. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires significantly more judgment.

Accordingly, the degree of judgment exercised by management in determining fair value is greatest for instruments categorized in Level 3. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This may lead the Company to change the selection of the valuation technique (for example, from market to cash flow approach) or to use multiple valuation techniques to estimate the fair value of a financial instrument. These circumstances could cause an instrument to be reclassified between levels within the fair value hierarchy. Investments valued using Level 1 inputs include fixed maturity investments, primarily investments in U.S. Treasuries Bills and Notes, equity securities, and short-term investments. Investments valued using Level 2 inputs are primarily comprised of fixed maturity investments, which have been disaggregated into classes, including U.S. government and government agency, corporate debt securities, mortgage-backed and asset-backed securities, non-U.S. government and government agency, U.S. state and municipalities and political subdivision and preferred stocks. Investments valued using Level 2 inputs also include certain exchange-traded funds that track U.S. stock indices such as the S&P 500 but are traded on foreign exchanges. Fair value estimates for investments that trade infrequently and have few or no observable market prices are classified as Level 3 measurements. Sirius Group determines when transfers between levels have occurred as of the beginning of the period.

Valuation techniques

Sirius Group uses outside pricing services to assist in determining fair values for its investments. For investments in active markets, Sirius Group uses the quoted market prices provided by outside pricing services to determine fair value. The outside pricing services Sirius Group uses have indicated that they will only provide prices where observable inputs are available. In circumstances where quoted market prices are unavailable or are not considered reasonable, Sirius Group estimates the fair value using industry standard pricing models and observable inputs such as benchmark yields, reported trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers, prepayment speeds, reference data including research publications, and other relevant inputs. Given that many fixed maturity investments do not trade on a daily basis, the outside pricing services evaluate a wide range of fixed maturity investments by regularly drawing parallels from recent trades and quotes of comparable securities with similar features. The characteristics used to identify comparable fixed maturity investments vary by asset type and take into account market convention.

The valuation process above is generally applicable to all of Sirius Group's fixed maturity investments. The techniques and inputs specific to asset classes within Sirius Group's fixed maturity investments for Level 2 securities that use observable inputs are as follows:

U.S. government and government agency

U.S. government and government agency securities consist primarily of debt securities issued by the U.S. Treasury and mortgage pass-through agencies such as the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and the Government National Mortgage Association. Fixed maturity investments included in U.S. government and government agency securities are primarily priced by pricing services. When evaluating these securities, the pricing services gather information from market sources and integrate other observations from markets and sector news. Evaluations are updated by obtaining broker-dealer quotes and other market information including actual trade volumes, when available. The fair value of each security is individually computed using analytical models that incorporate option-adjusted spreads and other daily interest rate data.

Non-U.S. government and government agency

Non-U.S. government and government agency securities consist of debt securities issued by non-U.S. governments and their agencies along with supranational organizations (also known as sovereign debt securities). Securities held in these sectors are primarily priced by pricing services that employ proprietary discounted cash flow models to value the securities. Key quantitative inputs for these models are daily observed benchmark curves for treasury, swap, and high issuance credits. The pricing services then apply a credit spread for each security, which is developed by in-depth and real-time market analysis. For securities in which trade volume is low, the pricing services utilize data from more frequently traded securities with similar attributes. These models may also be supplemented by daily market and credit research for international markets.

Corporate debt securities

Corporate debt securities consist primarily of investment-grade debt of a wide variety of U.S. and non-U.S. corporate issuers and industries. The corporate fixed maturity investments are primarily priced by pricing services. When evaluating these securities, the pricing services gather information from market sources regarding the issuer of the security and obtain credit data, as well as other observations, from markets and sector news. Evaluations are updated by obtaining broker-dealer quotes and other market information including actual trade volumes, when available. The pricing services also consider the specific terms and conditions of the securities, including any specific features that may influence risk.

Mortgage-backed and asset-backed securities

The fair value of mortgage and asset-backed securities is primarily priced by pricing services using a pricing model that utilizes information from market sources and leveraging similar securities. Key inputs include benchmark yields, reported trades, underlying tranche cash flow data and collateral performance, plus new issue data, as well as broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including issuer, vintage, loan type, collateral attributes, prepayment speeds, default rates, recovery rates, cash flow stress testing, credit quality ratings, and market research publications.

U.S. states, municipalities and political subdivisions

The U.S. states, municipalities and political subdivisions portfolio contains debt securities issued by U.S. domiciled state and municipal entities. These securities are generally priced by independent pricing services using the techniques described for U.S. government and government agency securities described above.

Preferred stocks

The fair value of preferred stocks is generally priced by independent pricing services using an evaluated pricing model that calculates the appropriate spread over a comparable security for each issue. Key inputs include exchange prices (underlying and common stock of the same issuer), benchmark yields, reported trades, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including sector, coupon, credit quality ratings, duration, credit enhancements, early redemption features, and market research publications.

Level 3 investments

Level 3 valuations are generated from techniques that use assumptions not observable in the market. These unobservable assumptions reflect Sirius Group's assumptions about what market participants would use in valuing the investment. Generally, certain securities may start out as Level 3 when they are originally issued but, as observable inputs become available in the market, they may be reclassified to Level 2.

Sirius Group employs a number of procedures to assess the reasonableness of the fair value measurements for its other long-term investments, including obtaining and reviewing the audited annual financial statements of hedge funds and private equity funds and periodically discussing each fund's pricing with the fund manager. However, since the fund managers do not provide sufficient information to evaluate the pricing inputs and methods for each underlying investment, the inputs are considered to be unobservable.

The fair values of Sirius Group's investments in private equity securities and private debt instruments have been classified as Level 3 measurements. They are carried at fair value and are initially valued based on transaction price. Their valuation is subsequently estimated based on available evidence such as a market transaction in similar instruments and other financial information for the issuer.

Investments measured using net asset value

The fair value of Sirius Group's investments in hedge funds and private equity funds has been determined using net asset value ("NAV"). The hedge fund's administrator provides quarterly updates of fair value in the form of Sirius Group's proportional interest in the underlying fund's NAV, which is deemed to approximate fair value, generally with a three month delay in valuation. The fair value of investment in hedge funds is measured using the NAV practical expedient and therefore has been not categorized within the fair value hierarchy. The private equity funds provide quarterly or semi-annual partnership capital statements with a three or six month delay which are used as a basis for valuation. These private equity investments vary in investment strategies and are not actively traded in any open markets. Due to a lag in reporting, some of the fund managers, fund administrators, or both, are unable to provide final fund valuations as of the Company's reporting date. In these circumstances, Sirius Group estimates the return of the current period and uses all credible information available. This includes utilizing preliminary estimates reported by its fund managers and using other information that is available to Sirius Group with respect to the underlying investments, as necessary.

Fair value measurements by level

The following tables summarize Sirius Group's financial assets and liabilities measured at fair value as of September 30, 2019 and December 31, 2018 by level:

	September 30, 2019			
(Millions)	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Assets measured at fair value				
Fixed maturity investments:				
U.S. Government and government agency	$ 162.3	$ 160.9	$ 1.4	$ —
Corporate debt securities	547.7	—	547.7	—
Residential mortgage-backed securities	391.5	—	391.5	—
Asset-backed securities	507.2	—	507.2	—
Commercial mortgage-backed securities	104.6	—	104.6	—
Non-U.S. government and government agency	38.4	21.3	17.1	—
Preferred stocks	17.9	—	0.9	17.0
U.S. States, municipalities, and political subdivision	1.8	—	1.8	—
Total fixed maturity investments	**1,771.4**	**182.2**	**1,572.2**	**17.0**
Equity securities:				
Investment grade fixed income mutual funds	150.9	150.9	—	—
Common stocks	231.8	231.8	—	—
Other	1.6	—	1.6	—
Total equity securities	**384.3**	**382.7**	**1.6**	**—**
Short-term investments	989.3	978.8	10.5	—
Other long-term investments(1)	80.7	—	—	80.7
Total investments	**$ 3,225.7**	**$ 1,543.7**	**$ 1,584.3**	**$ 97.7**
Derivative instruments	6.3	1.6	—	4.7
Total assets measured at fair value	**$ 3,232.0**	**$ 1,545.3**	**$ 1,584.3**	**$ 102.4**
Liabilities measured at fair value				
Contingent consideration liabilities	$ 26.0	$ —	$ —	$ 26.0
Derivative instruments	6.9	—	—	6.9
Total liabilities measured at fair value	**$ 32.9**	**$ —**	**$ —**	**$ 32.9**

(1) Excludes fair value of $287.7 associated with hedge funds and private equity funds which fair value is measured using NAV practical expedient.

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(Millions)	December 31, 2018 Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets measured at fair value				
Fixed maturity investments:				
U.S. Government and government agency	$ 167.9	$ 164.7	$ 3.2	$ —
Corporate debt securities	695.8	—	695.8	—
Asset-backed securities	494.5	—	494.5	—
Residential mortgage-backed securities	413.5	—	413.5	—
Commercial mortgage-backed securities	115.9	—	115.9	—
Non-U.S. government and government agency	50.3	42.9	7.4	—
Preferred stocks	8.5	—	3.1	5.4
U.S. States, municipalities, and political subdivision	2.8	—	2.8	—
Total fixed maturity investments	**1,949.2**	**207.6**	**1,736.2**	**5.4**
Short-term investments	715.5	679.3	36.2	—
Equity securities:				
Investment grade fixed income mutual funds	157.7	157.7	—	—
Common stocks	222.3	222.3	—	—
Total equity securities	**380.0**	**380.0**	**—**	**—**
Other long-term investments(1)	63.6	—	—	63.6
Total investments	**$ 3,108.3**	**$ 1,266.9**	**$ 1,772.4**	**$ 69.0**
Derivative instruments	4.1	—	—	4.1
Total assets measured at fair value	**$ 3,112.4**	**$ 1,266.9**	**$ 1,772.4**	**$ 73.1**
Liabilities measured at fair value				
Contingent consideration liabilities	$ 28.8	$ —	$ —	$ 28.8
Derivative instruments	5.1	0.5	—	4.6
Total liabilities measured at fair value	**$ 33.9**	**$ 0.5**	**$ —**	**$ 33.4**

(1) Excludes fair value of $301.4 associated with hedge funds and private equity funds which fair value is measured using NAV practical expedient.

Rollforward of Level 3 fair value measurements

The following tables present changes in Level 3 for financial instruments measured at fair value for the three months ended September 30, 2019 and September 30, 2018:

	For the three months ended September 30, 2019			
(Millions)	**Fixed Maturities**	**Other long-term investments**(1)	**Derivative instruments assets & (liabilities)**	**Contingent consideration (liabilities)**
Balance at June 30, 2019	$ —	$ 88.0	$ (3.6)	$ (30.8)
Total realized and unrealized gains (losses)	—	(0.3)	(2.0)	(2.1)
Foreign currency gains (losses) through Other Comprehensive Income	—	(1.0)	—	—
Purchases	17.0	—	—	—
Sales/Settlements	—	(6.0)	3.4	6.9
Balance at September 30, 2019	**$ 17.0**	**$ 80.7**	**$ (2.2)**	**$ (26.0)**

(1) Excludes fair value of $287.7 associated with hedge funds and private equity funds which fair value is measured using NAV practical expedient.

	For the three months ended September 30, 2018			
(Millions)	**Fixed Maturities**	**Other long-term investments**(1)	**Derivative instruments assets & (liabilities)**	**Contingent consideration (liabilities)**
Balance at June 30, 2018	$ 6.0	$ 69.0	$ (5.8)	$ (42.8)
Total realized and unrealized gains (losses)	0.1	(1.6)	1.7	—
Foreign currency gains (losses) through Other Comprehensive Income	—	0.1	—	—
Purchases	2.4	0.2	—	—
Sales/Settlements	—	(0.2)	(0.7)	0.9
Balance at September 30, 2018	**$ 8.5**	**$ 67.5**	**$ (4.8)**	**$ (41.9)**

(1) Excludes fair value of $281.5 associated with hedge funds and private equity funds which fair value is measured using NAV practical expedient.

The following tables present changes in Level 3 for financial instruments measured at fair value for the nine months ended September 30, 2019 and September 30, 2018:

	For the nine months ended September 30, 2019			
(Millions)	Fixed Maturities	Other long-term investments[1]	Derivative instruments assets & (liabilities)	Contingent consideration (liabilities)
Balance at December 31, 2018	$ 5.4	$ 63.6	$ (0.5)	$ (28.8)
Total realized and unrealized gains (losses)	—	10.6	(7.7)	(4.1)
Foreign currency gains (losses) through Other Comprehensive Income	—	(1.5)	—	—
Purchases	17.0	15.8	—	—
Sales/Settlements	(5.4)	(7.8)	6.0	6.9
Balance at September 30, 2019	**$ 17.0**	**$ 80.7**	**$ (2.2)**	**$ (26.0)**

(1) Excludes fair value of $287.7 associated with hedge funds and private equity funds which fair value is measured using NAV practical expedient.

	For the nine months ended September 30, 2018			
(Millions)	Fixed Maturities	Other long-term investments[1]	Derivative instruments assets & (liabilities)	Contingent consideration (liabilities)
Balance at December 31, 2017	$ 8.0	$ 64.2	$ (6.1)	$ (42.8)
Total realized and unrealized gains (losses)	(2.0)	7.7	7.3	—
Foreign currency gains (losses) through Other Comprehensive Income	—	(1.5)	—	—
Purchases	3.0	1.2	—	—
Sales/Settlements	(0.5)	(4.1)	(6.0)	0.9
Balance at September 30, 2018	**$ 8.5**	**$ 67.5**	**$ (4.8)**	**$ (41.9)**

(1) *Excludes fair value of $281.5 associated with hedge funds and private equity funds which fair value is measured using NAV practical expedient.*

Fair value measurements – transfers between levels

There were no transfers between Level 3 and Level 2 measurements during the three and nine months ended September 30, 2019 and 2018.

Significant unobservable inputs

The table below presents information about the significant unobservable inputs used for recurring fair value measurements for certain Level 3 instruments as of September 30, 2019 and December 31, 2018, and includes only those instruments for which information about the inputs is reasonably available to Sirius Group, such as data from independent third-party valuation service providers and from internal valuation models.

(Millions, except share prices)	September 30, 2019			
Description	**Valuation Technique(s)**	**Fair value**	**Unobservable input**	
Private equity securities[1]	Share price of recent transaction	$ 32.5	Purchase share price	$ 40.63
Preferred stock[1]	Share price of recent transaction	$ 17.5	Purchase price	$ 7.74
Preferred stock[1]	Purchase price of recent transaction	$ 12.2	Purchase price	$ 12.2
Private equity securities[1]	Multiple of GAAP book value	$ 16.6	Book value multiple	1.0X
Private debt instrument[1]	Purchase price of recent transaction	$ 7.8	Purchase price	$ 9.0
Private equity securities[1]	Share price of recent transaction	$ 5.1	Purchase price	$ 7.74
Preferred stock[1]	Purchase price of recent transaction	$ 4.8	Purchase price	$ 4.8
Weather derivatives[2]	Third party appraisal	$ 4.0	Broker quote	$ 4.0
Private equity securities[1]	Purchase price of recent transaction	$ 1.0	Purchase price	$ 10.0
Equity warrants	Option pricing model	$ 0.7	Strike price	$ 0.2
Private equity securities[1]	Purchase price of recent transaction	$ 0.2	Purchase price	$ 0.2
Currency swaps[1]	Third party appraisal	$ (1.2)	Broker quote	$ (1.2)
Currency forwards[1]	Third party appraisal	$ (5.7)	Broker quote	$ (5.7)
Contingent consideration	External valuation model	$ (26.0)	Discounted future payments	$ (26.0)

(1) As of September 30, 2019, each asset type consists of one security.

*(2) See **Note 11** for discussion of derivative instruments.*

(Millions, except share prices)	December 31, 2018			
Description	**Valuation Technique(s)**	**Fair value**	**Unobservable input**	
Private equity securities[1]	Share price of recent transaction	$ 32.5	Purchase share price	$ 40.63
Private equity securities[1]	Multiple of GAAP book value	$ 14.7	Book value multiple	0.9X
Private debt instrument[1]	Purchase price of recent transaction	$ 9.0	Purchase price	$ 9.0
Private debt instrument[1]	Purchase price of recent transaction	$ 6.0	Purchase price	$ 6.0
Preferred stock[1]	Share price of recent transaction	$ 4.6	Purchase price	$ 1.88
Weather derivatives[2]	Third party appraisal	$ 3.9	Broker quote	$ 3.9
Private equity securities([1]	Purchase price of recent transaction	$ 0.9	Purchase price	$ 1.88
Preferred stock[1]	Share price of recent transaction	$ 0.8	Purchase price	$ 0.8
Private equity securities[1]	Share price of recent transaction	$ 0.3	Purchase price	$ 10.0
Private debt instrument[1]	Purchase price of recent transaction	$ 0.2	Purchase price	$ 0.2
Interest rate cap[2]	Third party appraisal	$ 0.2	Broker quote	$ 0.2
Currency swaps[2]	Third party appraisal	$ (4.6)	Broker quote	$ (4.6)
Contingent consideration	External valuation model	$ (28.8)	Discounted future payments	$ (28.8)

(1) As of December 31, 2018, each asset type consists of one security.

*(2) See **Note 11** for discussion of derivative instruments.*

Financial instruments disclosed, but not carried at fair value

Sirius Group uses various financial instruments in the normal course of its business. The carrying values of Cash, Accrued investment income, certain other assets, Accounts payable on unsettled investment purchases, certain other liabilities, and other financial instruments not included in the table below approximated their fair values at September 30, 2019 and December 31, 2018, due to their respective short maturities. As these financial instruments are not actively traded, their respective fair values are classified within Level 3. The following table includes financial instruments for which the carrying value differs from the estimated fair values at September 30, 2019 and December 31, 2018:

	September 30, 2019		December 31, 2018	
(Millions)	**Fair Value(1)**	**Carrying Value**	**Fair Value(1)**	**Carrying Value**
Liabilities, Mezzanine equity, and Non-controlling interest:				
2017 SEK Subordinated Notes	$ 279.8	$ 276.5	$ 309.5	$ 303.6
2016 SIG Senior Notes	$ 397.3	$ 393.8	$ 347.6	$ 393.2
Series B preference shares	$ 195.0	$ 236.0	$ 191.7	$ 232.2

(1) Fair value estimated by internal pricing and considered a Level 3 measurement.

Note 9. Debt and standby letters of credit facilities

Sirius Group's debt outstanding as of September 30, 2019 and December 31, 2018 consisted of the following:

(Millions)	**September 30, 2019**	**Effective Rate (1)**	**December 31, 2018**	**Effective Rate (1)**
2017 SEK Subordinated Notes, at face value	$ 280.2	4.0%	$ 307.6	3.8%
Unamortized issuance costs	(3.7)		(4.0)	
2017 SEK Subordinated Notes, carrying value	276.5		303.6	
2016 SIG Senior Notes, at face value	400.0	4.7%	400.0	4.7%
Unamortized discount	(2.4)		(2.6)	
Unamortized issuance costs	(3.8)		(4.2)	
2016 SIG Senior Notes, carrying value	393.8		393.2	
Total debt	**$ 670.3**		**$ 696.8**	

(1) Effective rate considers the effect of the debt issuance costs.

2017 SEK Subordinated Notes

On September 22, 2017, Sirius Group issued floating rate callable subordinated notes denominated in Swedish kronor ("SEK") in the amount of SEK 2,750.0 million (or $346.1 million on date of issuance) at a 100% issue price ("2017 SEK Subordinated Notes"). The 2017 SEK Subordinated Notes were issued in an offering that was exempt from the registration requirements of the Securities Act of 1933 (the "Securities Act"). The 2017 SEK Subordinated Notes bear interest on their principal amount at a floating rate equal to the applicable Stockholm Interbank Offered Rate ("STIBOR") for the relevant interest period plus an applicable margin, payable quarterly in arrears on March 22, June 22, September 22, and December 22 in each year commencing on December 22, 2017, until maturity in September 2047.

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Beginning on September 22, 2022, the 2017 SEK Subordinated Notes may be redeemed, in whole or in part, at Sirius Group's option. In addition, within 90 days following the occurrence of a Specified Event (as defined below), the 2017 SEK Subordinated Notes may be redeemed, in whole but not in part, at Sirius Group's option. "Specified Event" means (a) an "Additional Amounts Event" in connection with a change in laws, rules or regulations as a result of which Sirius Group is obligated to pay additional amounts on the notes in respect of any withholding or deduction for taxes, (b) a "Tax Event" in connection with a change in laws, rules or regulations as a result of which interest on the notes is no longer fully deductible by Sirius Group for income tax purposes in the applicable jurisdiction (to the extent that such interest was so deductible as of the time of such Tax Event), (c) a "Rating Methodology Event" in connection with a change in, or clarification to, the rating methodology of Standard & Poor's or Fitch that results in a materially unfavorable capital treatment of the notes, or (d) a "Regulatory Event" in connection with a change in, or clarification to, applicable supervisory regulations that results in the notes no longer qualifying as Tier 2 Capital.

Sirius Group incurred $4.6 million in expenses related to the issuance of the 2017 SEK Subordinated Notes (including SEK 27.5 million, or $3.5 million, in underwriting fees), which have been deferred and are being recognized into interest expense over the life of the 2017 SEK Subordinated Notes. For the three months ended September 30, 2019 and 2018, Sirius Group recognized $15.9 million and $(1.6) million, respectively, of foreign currency exchange gains (loss) on the remeasurement of the 2017 SEK Subordinated Notes into USD from SEK. For the nine months ended September 30, 2019 and 2018, Sirius Group recognized $27.2 million and $26.2 million, respectively, of foreign currency exchange gains on the remeasurement of the 2017 SEK Subordinated Notes into USD from SEK.

Taking into effect the amortization of all underwriting and issuance expenses, and applicable STIBOR, the 2017 SEK Subordinated Notes yielded an effective rate of approximately 4.1% and 3.5% annualized for the three months ended September 30, 2019 and 2018, respectively. The effective rate for the nine months ended September 30, 2019 and 2018 were 4.0% and 3.5% annualized, respectively. Sirius Group recorded $3.0 million and $2.9 million of interest expense, inclusive of amortization of issuance costs on the 2017 SEK Subordinated Notes for the three months ended September 30, 2019 and 2018, respectively. Sirius Group recorded $8.9 million and $8.8 million of interest expense, inclusive of amortization of issuance costs on the 2017 SEK Subordinated Notes for the nine months ended September 30, 2019 and 2018, respectively.

2016 SIG Senior Notes

On November 1, 2016, Sirius Group issued $400.0 million face value of senior unsecured notes ("2016 SIG Senior Notes") at an issue price of 99.209% for net proceeds of $392.4 million after taking into effect both deferrable and non-deferrable issuance costs. The 2016 SIG Senior Notes were issued in an offering that was exempt from the registration requirements of the Securities Act. The 2016 SIG Senior Notes bear an annual interest rate of 4.6%, payable semi-annually in arrears on May 1, and November 1, in each year commencing on May 1, 2017, until maturity in November 2026.

Sirius Group incurred $5.1 million in expenses related to the issuance of the 2016 SIG Senior Notes (including $3.4 million in underwriting fees), which have been deferred and are being recognized into interest expense over the life of the 2016 SIG Senior Notes.

Taking into effect the amortization of the original issue discount and all underwriting and issuance expenses, the 2016 SIG Senior Notes yield an effective rate of approximately 4.7% per annum. Sirius Group recorded $4.8 million, inclusive of amortization of issuance costs on the 2016 SIG Senior Notes, for both three month periods ended September 30, 2019 and 2018. Sirius Group recorded $14.3 million of interest expense, inclusive of amortization of issuance costs on the 2016 SIG Senior Notes, for both the nine months ended September 30, 2019 and 2018.

Standby letter of credit facilities

On November 9, 2018, Sirius International Insurance Corporation ("Sirius International"), a wholly owned subsidiary of the Company, renewed two standby letter of credit facility agreements totaling $160 million to provide capital support for Lloyd's Syndicate 1945. The first letter of credit is a renewal of a $125 million facility with Nordea Bank Finland Abp, London Branch, which is issued on an unsecured basis. The second letter of credit is a $35 million facility with DNB Bank ASA, Sweden Branch, $25 million of which is issued on an unsecured basis. Each facility is renewable annually. The above referenced facilities are subject to various affirmative, negative and financial covenants that the Company considers to be customary for such borrowings, including certain minimum net worth, maximum debt to capitalization standards, and change in control provisions.

Sirius International has other secured letter of credit and trust arrangements with various financial institutions to support its insurance operations. As of September 30, 2019 and December 31, 2018, these secured letter of credit and trust arrangements were collateralized by pledged assets and assets in trust of SEK 2.9 billion and SEK 2.9 billion, respectively, or $300.5 million and $321.3 million, respectively (based on the September 30, 2019 and December 31, 2018 SEK to USD exchange rates). As of September 30, 2019 and December 31, 2018, Sirius America Insurance Company's trust arrangements were collateralized by pledged assets and assets in trust of $57.5 million and $56.2 million, respectively. As of September 30, 2019 and December 31, 2018, Sirius Bermuda's trust arrangements were collateralized by pledged assets and assets in trust of $350.6 million and $319.7 million, respectively.

Revolving credit facility

In February 2018, Sirius Group, through its indirectly wholly-owned subsidiary Sirius International Group, Ltd. entered into a three-year, $300 million senior unsecured revolving credit facility (the "Facility"). The Facility provides access to loans for working capital and general corporate purposes, and letters of credit to support obligations under insurance and reinsurance agreements and retrocessional agreements. The Facility is subject to various affirmative, negative and financial covenants that Sirius Group considers to be customary for such borrowings, including certain minimum net worth, maximum debt to capitalization, financial strength rating standards, and change in control provisions. As of September 30, 2019, there were no outstanding borrowings under the Facility.

Debt and standby letter of credit facility covenants

As of September 30, 2019, Sirius Group was in compliance with all of the covenants under the 2017 SEK Subordinated Notes, the 2016 SIG Senior Notes, the Nordea Bank Finland Abp, London Branch facility, and the DNB Bank ASA, Sweden Branch facility. In addition, as of September 30, 2019, Sirius Group was in compliance with all of the covenants under the Facility.

Interest

Total interest expense incurred by Sirius Group for its indebtedness for the three months ended September 30, 2019 and 2018 was $7.7 million and $7.6 million, respectively. Total interest expense incurred by Sirius Group for its indebtedness for the nine months ended September 30, 2019 and 2018 was $23.3 million and $23.1 million, respectively. Total interest paid by Sirius Group for its indebtedness for the three months ended September 30, 2019 and 2018 was $2.8 million and $2.9 million, respectively. Total interest paid by Sirius Group for its indebtedness for the nine months ended September 30, 2019 and 2018 was $17.7 million and $17.9 million, respectively.

Note 10. Income taxes

The Company and its Bermuda-domiciled subsidiaries are not subject to Bermuda income tax under current Bermuda law. In the event there is a change in the current law such that taxes are imposed, the Company and its Bermuda-domiciled subsidiaries would be exempt from such tax until March 31, 2035, pursuant to the Bermuda Exempted Undertakings Tax Protection Act of 1966. The Company has subsidiaries and branches that operate in various other jurisdictions around the world that are subject to tax in the jurisdictions in which they operate. The jurisdictions in which the Company's subsidiaries and branches are subject to tax are Australia, Belgium, Canada, Denmark, Germany, Gibraltar, Hong Kong (China), Luxembourg, Malaysia, the Netherlands, Shanghai (China), Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

Sirius Group reported an income tax expense (benefit) of $(3.7) million and $(6.9) million during the three months ended September 30, 2019 and 2018, respectively, on pre-tax income (loss) of $(11.3) million and $(34.6) million, respectively. Sirius Group reported an income tax expense of $15.6 million and $55.4 million during the nine months ended September 30, 2019 and 2018, respectively, on pre-tax income of $120.3 million and $169.2 million, respectively. The effective tax rate for the nine months ended September 30, 2019 was 13.0%, which was lower than the Swedish statutory rate of 21.4% (the rate at which the majority of Sirius Group's worldwide operations are taxed) primarily because of income recognized in jurisdictions with lower rates than Sweden. The effective tax rate for the nine months ended September 30, 2018 was 32.7%, which was higher than the Swedish statutory rate of 22% (the rate at which the majority of Sirius Group's worldwide operations are taxed) primarily because of non-recurring adjustments to Sirius Group's deferred tax assets which resulted from various internal restructurings and changes in Sirius Group's accounting for uncertain tax positions. In arriving at the effective tax rate for the nine month periods ended September 30, 2019 and 2018, Sirius Group forecasted all income and expense items including the change in unrealized investment gains (losses) and realized investment gains (losses) for the years ending December 31, 2019 and 2018.

The Tax Cuts and Jobs Act (the "TCJA") was enacted into law in the U.S. in December 2017. The Company previously applied Staff Accounting Bulletin 118 ("SAB 118"), which provided guidance on accounting for the tax effects of the TCJA. SAB 118 addresses situations where accounting for certain income tax effects of the TCJA under ASC 740, Income Taxes ("ASC 740"), may be incomplete upon issuance of an entity's financial statements and provides a one-year measurement period from the enactment date to complete the accounting under ASC 740. The Company has completed its accounting for all material tax effects of the TCJA and recognized adjustments as of December 31, 2018.

The TCJA includes a new Base Erosion and Anti-Abuse Minimum Tax ("BEAT") provision, which is essentially a minimum tax that is potentially applicable to certain otherwise deductible payments made by U.S. entities to non-U.S. affiliates, including cross-border interest payments and reinsurance premiums. The statutory BEAT rate is 10% in 2019-2025, and then rises to 12.5% in 2026 and thereafter. The TCJA also includes provisions for Global Intangible Low-Taxed Income ("GILTI") under which taxes on foreign income are imposed on the excess of a deemed return on tangible assets of certain foreign subsidiaries. Consistent with accounting guidance, Sirius Group will treat BEAT as an in period tax charge when incurred in future periods for which no deferred taxes need to be provided and has made an accounting policy election to treat GILTI taxes in a similar manner. No provision for income taxes related to BEAT or GILTI was recorded as of September 30, 2019 and December 31, 2018.

Sirius Group has capital and liquidity in many of its subsidiaries, some of which may reflect undistributed earnings. If such capital or liquidity were to be paid or distributed to the Company or Sirius Group's subsidiaries, as dividends or otherwise, they may be subject to income or withholding taxes. Sirius Group generally intends to operate, and manage its capital and liquidity, in a tax-efficient manner. However, the applicable tax laws in relevant countries are still evolving, including in response to guidance from the Organisation for Economic Cooperation and Development. Accordingly, such payments or earnings may be subject to income or withholding tax in jurisdictions where they are not currently taxed or at higher rates of tax than currently taxed, and the applicable tax authorities could attempt to apply income or withholding tax to past earnings or payments.

Deferred tax asset, net of valuation allowance

Sirius Group's net deferred tax liability, net of the valuation allowance as of September 30, 2019 is $45.8 million. Of the $45.8 million, $33.6 million relates to net deferred tax assets in U.S. subsidiaries, $118.5 million relates to net deferred tax assets in Luxembourg subsidiaries, $13.6 million relates to net deferred tax assets in United Kingdom subsidiaries, $208.6 million relates to net deferred tax liabilities in Sweden subsidiaries, and $2.9 million relates to other net deferred tax liability.

Sirius Group records a valuation allowance against deferred tax assets if it becomes more likely than not that all or a portion of a deferred tax asset will not be realized. Changes in valuation allowances from period to period are included in income tax expense in the period of change. In determining whether or not a valuation allowance, or change therein, is warranted, Sirius Group considers factors such as prior earnings history, expected future earnings, carryback and carryforward periods and strategies that if executed would result in the realization of a deferred tax asset. It is possible that certain planning strategies or projected earnings in certain subsidiaries may not be feasible to utilize the entire deferred tax asset, which could result in material changes to Sirius Group's deferred tax assets and tax expense.

Uncertain tax positions

Recognition of the benefit of a given tax position is based upon whether a company determines that it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. In evaluating the more likely than not recognition threshold, Sirius Group must presume that the tax position will be subject to examination by a taxing authority with full knowledge of all relevant information. If the recognition threshold is met, then the tax position is measured at the largest amount of benefit that is more than 50% likely of being realized upon ultimate settlement.

As of September 30, 2019, the total reserve for unrecognized tax benefits is $59.1 million. If Sirius Group determines in the future that its reserves for unrecognized tax benefits on permanent differences and interest and penalties are not needed, the reversal of $58.9 million of such reserves as of September 30, 2019 would be recorded as an income tax benefit and would impact the effective tax rate. If Sirius Group determines in the future that its reserves for unrecognized tax benefits on temporary differences are not needed, the reversal of $0.2 million of such reserves as of September 30, 2019 would not impact the effective tax rate due to deferred tax accounting but would accelerate the payment of cash to the taxing authority. The vast majority of Sirius Group's reserves for unrecognized tax benefits on temporary differences relate to deductions for loss reserves where the timing of the deductions is uncertain.

The Swedish Tax Authority ("STA") has denied deductions claimed by two of the Company's Swedish subsidiaries in certain tax years for interest paid on intra-group debt instruments. Sirius Group has challenged the STA's denial in court based on the technical merits. In October 2018, one of the Swedish subsidiaries received an adverse decision from Sweden's Administrative Court, which Sirius Group has appealed. Sirius Group has taken into account this and other relevant developments in applicable Swedish tax law and has established a reserve for this uncertain tax position. As of September 30, 2019, the total amount of such reserve was $56.2 million.

In connection with this matter, Sirius Group has also taken into account the Stock Purchase Agreement ("SPA") by which Sirius Group was sold to CMIG International Holding Pte. Ltd ("CMIG International") in 2016 and has recorded an indemnification asset. Pursuant to the SPA, the seller agreed to indemnify the buyer and Sirius Group for, among other things, (1) any additional tax liability in excess of Sirius Group's accounting for uncertain tax positions for tax periods prior to the sale of Sirius Group to CMIG International, and (2) an impairment in Sirius Group's net deferred tax assets resulting from a final determination by a tax authority. While Sirius Group intends to continue challenging the STA's denial based on the technical merits (including appealing the adverse court decision received in October 2018), the ultimate resolution of these tax disputes is uncertain and no assurance can be given that there will be no material changes to Sirius Group's operating results or balance sheet in connection with these uncertain tax positions or the related indemnification.

With few exceptions, Sirius Group is no longer subject to U.S. federal, state or non-U.S. income tax examinations by tax authorities for years before 2014.

Note 11. Derivatives

Interest Rate Cap

Sirius Group entered into an interest rate swap ("Interest Rate Cap") with two financial institutions where it paid an upfront premium and in return receives a series of quarterly payments based on the 3-month London Interbank Offered Rate at the time of payment. The Interest Rate Cap does not qualify for hedge accounting. Changes in fair value are recognized as unrealized gains or losses and are presented within Other revenue. The fair value of the interest rate cap has been estimated using a single broker quote and, accordingly, has been classified as a Level 3 measurement as of September 30, 2019 and December 31, 2018. Collateral held is recorded within short-term investments with an equal amount recognized as a liability to return collateral. Sirius Group's liability to return that collateral is based on the amounts provided by the counterparties and investment earnings thereon. As at September 30, 2019 and December 31, 2018, Sirius Group held collateral balances of $0.2 million and $0.3 million, respectively.

Foreign currency swaps

Sirius Group executes foreign currency swaps to manage foreign currency exposure. The foreign currency swaps have not been designated or accounted for under hedge accounting. Changes in fair value are recognized as unrealized gains or losses and are presented within Net foreign exchange gains (losses). The fair value of the foreign currency swaps has been estimated using a single broker quote and, accordingly, has been classified as a Level 3 measurement as of September 30, 2019 and December 31, 2018. Sirius Group does not provide or hold any collateral associated with the swaps.

Foreign currency forward

Sirius Group executes foreign currency forwards to manage currency exposure against a foreign currency investment. The foreign currency forwards are not designated or accounted for under hedge accounting. Changes in fair value are recognized as unrealized gains or losses and are presented within Net foreign exchange gains (losses). The fair value of the foreign currency forwards are estimated using a single broker quote and accordingly, classified as a Level 3 measurement. Sirius Group did not provide or hold any collateral associated with the forwards.

Weather derivatives

Sirius Group holds assets and assumes liabilities related to weather and weather contingent risk management products. Weather and weather contingent derivative contracts are entered into with the objective of generating profits in normal climatic conditions. Accordingly, Sirius Group's weather and weather contingent derivatives are not designed to meet the criteria for hedge accounting under GAAP. Sirius Group receives payment of premium at the contract inception in exchange for bearing the risk of variations in a quantifiable weather index. Changes in fair value are recognized as unrealized gains or losses and are presented within Other revenue. The fair value of the weather derivatives was estimated using a broker quote. Because of the significance of the unobservable inputs used to estimate the fair value of Sirius Group's weather risk contracts, the fair value measurements of the contracts are deemed to be Level 3 measurements in the fair value hierarchy as of September 30, 2019 and December 31, 2018. Sirius Group does not provide or hold any collateral associated with the weather derivatives.

Equity futures contracts

Sirius Group executes trades in equity futures contracts to hedge against long positions in Common equities. The equity futures contracts are not designated or accounted for under hedge accounting. Changes in fair value are presented within Net realized investment gains (losses). The fair value of the equity put options is widely available and have quoted prices in active markets and accordingly, were classified as a Level 1 measurement.

Equity put options

Sirius Group executes trades in equity put options to hedge against long positions in Common equities. The equity put options are not designated or accounted for under hedge accounting. Changes in fair value are presented within Net unrealized investment (losses) gains. The fair value of the equity put options is widely available and have quoted prices in active markets and accordingly, were classified as a Level 1 measurement.

Equity warrants

Sirius Group holds restricted equity warrants as part of its investment strategy. The equity warrants are not designated or accounted for under hedge accounting. Changes in fair value are presented within Net unrealized investment (losses) gains. The fair value of the equity warrants is estimated using a single broker quote and accordingly, classified as a Level 3 measurement. Sirius Group did not provide or hold any collateral associated with the equity warrants.

The following tables summarize information on the classification and amount of the fair value of derivatives not designated as hedging instruments within the Company's Consolidated Balance Sheets as at September 30, 2019 and December 31, 2018:

(Millions)	September 30, 2019			December 31, 2018		
Derivatives not designated as hedging instruments	**Notional Value**	**Asset derivative at fair value(1)**	**Liability derivative at fair value(2)**	**Notional Value**	**Asset derivative at fair value(1)**	**Liability derivative at fair value(2)**
Interest rate cap	$ 250.0	$ —	$ —	$ 250.0	$ 0.2	$ —
Foreign currency swaps	$ 90.0	$ —	$ 1.2	$ 45.0	$ —	$ 4.6
Foreign currency forwards	$ (5.0)	$ —	$ 5.7	$ —	$ —	$ —
Weather derivatives	$ 95.5	$ 4.0	$ —	$ 150.5	$ 3.9	$ —
Equity futures contracts	$ 1.8	$ —	$ —	$ —	$ —	$ —
Equity put options	$ 23.4	$ 1.9	$ 0.3	$ 6.2	$ —	$ 0.5
Equity warrants	$ 0.7	$ 0.7	$ —	$ —	$ —	$ —

(1) Asset derivatives are classified within Other assets within the Company's Consolidated Balance Sheets at September 30, 2019 and December 31, 2018.

(2) Liability derivatives are classified within Other liabilities within the Company's Consolidated Balance Sheets at September 30, 2019 and December 31, 2018.

The following table summarizes information on the classification and net impact on earnings, recognized in the Company's Consolidated Statements of Income relating to derivatives during the three months and nine months ended September 30, 2019 and 2018:

(Millions)		For the three months ended September 30,		For the nine months ended September 30,	
Derivatives not designated as hedging instruments	**Classification of gains (losses) recognized in earnings**	**2019**	**2018**	**2019**	**2018**
Interest rate cap	Other revenues	$ —	$ —	$ (0.2)	$ 0.2
Foreign currency swaps	Net foreign exchange gains	$ 3.7	$ (0.1)	$ 6.1	$ 2.9
Foreign currency forwards	Net foreign exchange gains (losses)	$ (7.8)	$ —	$ (10.8)	$ —
Weather derivatives	Other revenues	$ 1.9	$ 1.8	$ (3.6)	$ 4.2
Equity futures contracts	Net realized investment gains (losses)	$ 0.1	$ —	$ (0.7)	$ —
Equity futures contracts	Net unrealized investment gains	$ (0.5)	$ —	$ (0.6)	$ —
Equity put options	Net realized investment gains (losses)	$ (0.8)	$ —	$ (0.8)	$ —
Equity put options	Net unrealized investment gains	$ 0.7	$ —	$ 0.2	$ —
Equity warrants	Net unrealized investment gains	$ 0.3	$ —	$ 0.7	$ —

Note 12. Share-based compensation

Sirius Group's employee compensation plans include grants for various types of share-based and non-share-based compensation awards to key employees of Sirius Group. As at September 30, 2019, Sirius Group's share-based compensation awards consist of performance shares units, restricted share units, restricted stock and options.

For the three and nine months ended September 30, 2019, Sirius Group granted members of the Board of Directors of the Company 2,424 restricted shares and 37,039 restricted shares, respectively. For the three months ended September 30, 2019, Sirius Group granted 7,059 performance share units, 16,471 restricted share units, and 2,424 restricted shares. For the nine months ended September 30, 2019, Sirius Group granted 408,370 performance share units, 1,428,185 restricted share units, 1,374,944 officer stock options and 37,039 restricted shares.

During the three months ended September 30, 2019, Sirius Group employees forfeited 43,230 performance share units and 25,936 restricted share units. During the nine months ended September 30, 2019, Sirius Group employees forfeited 57,565 performance share units and 71,988 restricted share units.

As at September 30, 2019 there were $27.1 million of unrecognized share-based compensation costs, which are expected to be recognized over the next two to three years. There were no unrecognized share-based compensation costs as at September 30, 2018.

Note 13. Common shareholder's equity, mezzanine equity, and non-controlling interests

Common shareholder's equity

The authorized share capital of the Company consists of 500,000,000 Common shares, $0.01 par value per share, and 100,000,000 Preference shares, $0.01 par value per share.

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The following table presents changes in the Company's issued and outstanding Common shares as of September 30, 2019 and 2018, respectively:

	Three months ended September 30,		Nine months ended September 30,	
(Millions)	**2019**	**2018**	**2019**	**2018**
Common shares:				
Shares issued and outstanding, beginning of period	115,296,918	120,000,000	115,151,251	120,000,000
Issuance of shares to directors and employees	2,424	—	148,091	—
Shares issued and outstanding, end of period	**115,299,342**	**120,000,000**	**115,299,342**	**120,000,000**

Dividends

The Company did not pay dividends to common shareholders during the three and nine months ended September 30, 2019 and 2018.

Mezzanine equity

Series B Preference Shares

On November 5, 2018, in connection with the closing of the Merger, Sirius Group issued 11,901,670 of the 15,000,000 designated Series B preference shares, with a par value of $0.01 per share, as part of the Sirius Group Private Placement. (See **Note** 3.)

The Series B preference shares rank senior to common shares with respect to dividend rights, rights of liquidation, winding-up, or dissolution of the Company and junior to all of the Company's existing and future policyholder obligations and debt obligations. Without the consent of the holders of the Series B preference shares, the Company may not issue any class or series of shares that rank senior or pari passu with the Series B preference shares as to the payment of dividends or as to distribution of assets upon any voluntary or involuntary liquidation, winding-up or dissolution of the Company, if the aggregate gross proceeds from the issuance of all such senior or pari passu shares equals or exceeds $100 million.

The Company adjusts the carrying value of the Series B preference shares to equal the redemption value at the end of each reporting period. At September 30, 2019 and December 31, 2018, the balance of the Series B preference shares was $236.0 million and $232.2 million, respectively.

Series A Redeemable Preference Shares

In connection with the acquisition of IMG, the Company issued mandatorily convertible stock in the form of Series A redeemable preference shares as a portion of the consideration paid. The Company issued 100,000 of the 150,000 authorized Series A redeemable preference shares to the seller of IMG. Each Series A redeemable preference share has a liquidation preference per share of $1,000.

On November 5, 2018, in connection with the closing of the Merger, the Company redeemed the 100,000 outstanding shares of Series A redeemable preference shares for $95.0 million. Sirius Group recorded a $13.8 million gain on the redemption of the Series A redeemable preference shares.

Non-controlling interests

Non-controlling interests consist of the ownership interests of non-controlling shareholders in consolidated entities and are presented separately on the balance sheet. At September 30, 2019 and December 31, 2018 Sirius Group's balance sheet included $3.4 million and $1.7 million, respectively, in non-controlling interests.

The following tables show the change in non-controlling interest for the three months and nine months ended September 30, 2019 and 2018:

(Millions)	For the three months ended September 30, 2019	For the three months ended September 30, 2018
Non-controlling interests, beginning of the period	**$ 3.0**	**$ 1.0**
Net income attributable to non-controlling interests	0.4	0.3
Other, net	—	(0.2)
Non-controlling interests, end of the period	**$ 3.4**	**$ 1.1**

(Millions)	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Non-controlling interests, beginning of the period	**$ 1.7**	**$ 0.2**
Net income attributable to non-controlling interests	1.6	0.9
Other, net	0.1	—
Non-controlling interests, end of the period	**$ 3.4**	**$ 1.1**

Alstead Re

As of September 30, 2019 and December 31, 2018, Sirius Group recorded non-controlling interest of $3.3 million and $1.7 million, respectively, in Alstead Re Insurance Company ("Alstead Re"). (See **Note 16**.)

Note 14. Earnings per share

Basic earnings per share is computed by dividing net income available to Sirius Group common shareholders by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net income (loss) available to Sirius Group common shareholders on a diluted basis by the weighted-average number of common shares outstanding adjusted to give effect to potentially dilutive securities.

The Series B preference shares and the Series A redeemable preference shares both qualify as participating securities, which requires the application of the two-class method to compute both basic and diluted earnings per share. The two-class method is an earnings allocation formula that treats participating securities as having rights to earnings that would otherwise have been available to common shareholders. The Series B preference shares and the Series A redeemable preference shares have no obligation to absorb losses of the Company in periods of net loss.

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The following table sets forth the computation of basic and diluted earnings per common share for the three months and nine months ended September 30, 2019 and 2018:

	For the three months ended September 30,		For the nine months ended September 30,	
(Millions, except share and per share information)	**2019**	**2018**	**2019**	**2018**
Basic earnings per share				
Numerator:				
Net income	$ (7.6)	$ (27.7)	$ 104.7	$ 113.8
Less: Income attributable to non-controlling interests	(0.4)	(0.3)	(1.6)	(0.9)
Less: Change in carrying value of Series B preference shares	5.3	—	(3.9)	—
Less: Accrued dividends on Series A redeemable preference shares	—	—	—	(2.6)
Net income available for dividends out of undistributed earnings	$ (2.7)	$ (28.0)	$ 99.2	$ 110.3
Less: Earnings attributable to Series B preference shares	—	—	(9.3)	—
Less: Earnings attributable to Series A redeemable preference shares	—	—	—	(4.5)
Net income available to Sirius Group common shareholders	$ (2.7)	$ (28.0)	$ 89.9	$ 105.8
Denominator:				
Weighted average shares outstanding for basic earnings per share	115,251,853	120,000,000	115,225,942	120,000,000
Basic earnings per share	$ (0.02)	$ (0.23)	$ 0.78	$ 0.88
Diluted earnings per share				
Numerator:				
Net income available to Sirius Group common shareholders	$ (2.7)	$ (28.0)	$ 89.9	$ 105.8
Add: Change in carrying value of Series B preference shares	(5.3)	—	—	—
Net income available to Sirius Group common shareholders on a diluted basis	$ (8.0)	$ (28.0)	$ 89.9	$ 105.8
Denominator:				
Weighted average shares outstanding for basic earnings per share	115,251,853	120,000,000	115,225,942	120,000,000
Add: Series B preference shares	11,901,670	—	—	—
Add: Unvested performance share units and restricted share units	—	—	393,280	—
Weighted average shares outstanding for diluted earnings per share[1]	127,153,523	120,000,000	115,619,222	120,000,000
Diluted earnings per share	$ (0.06)	$ (0.23)	$ 0.78	$ 0.88

(1)For the three months ended September 30, 2019, there were a total of 19,537,270 potentially dilutive securities excluded from the calculation of Diluted earnings per share. For the nine months ended September 30, 2019, there were a total of 31,045,660 potentially dilutive securities excluded from the calculation of Diluted earnings per share. As at September 30, 2018, there were no potentially dilutive securities excluded from the calculation of Diluted earnings per share.

Note 15. Investments in unconsolidated entities

Sirius Group's investments in unconsolidated entities are included within Other long-term investments and consist of investments in common equity securities or similar instruments, which give Sirius Group the ability to exert significant influence over the investee's operating and financial policies ("equity method eligible unconsolidated entities"). Such investments may be accounted for under either the equity method or, alternatively, Sirius Group may elect to account for them under the fair value option.

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The following table presents the components of Other long-term investments as of September 30, 2019 and December 31, 2018:

(Millions)	September 30, 2019	December 31, 2018
Equity method eligible unconsolidated entities, at fair value	$ 143.5	$ 169.4
Other unconsolidated investments, at fair value[1]	224.9	195.6
Total Other long-term investments[2]	**$ 368.4**	**$ 365.0**

(1)Includes Other long-term investments that are not equity method eligible.

(2)There were no investments accounted for using the equity method as of September 30, 2019 and December 31, 2018

Equity method eligible unconsolidated entities, at fair value

Sirius Group has elected the fair value option to account for its equity method eligible investments accounted for as part of Other long-term investments for consistency of presentation with the rest of its investment portfolio. The following table presents Sirius Group's investments in equity method eligible unconsolidated entities as of September 30, 2019 and December 31, 2018 with ownership interest greater than 20%:

	Ownership interest at		
Investee	September 30, 2019	December 31, 2018	Instrument Held
BE Reinsurance Limited	25.0%	25.0%	Common shares
BioVentures Investors (Offshore) IV LP	73.0%	73.0%	Units
Camden Partners Strategic Fund V (Cayman), LP	36.3%	36.4%	Units
NEC Cypress Buyer LLC[1]	13.3%	13.3%	Units
New Energy Capital Infrastructure Credit Fund LP	23.3%	22.9%	Units
New Energy Capital Infrastructure Offshore Credit Fund LP	56.2%	54.9%	Units
Scion G7, LP	28.8%	28.8%	Units
Tuckerman Capital V LP	48.2%	47.6%	Units
Tuckerman Capital V Co-Investment I LP	47.7%	47.7%	Units

(1)The ownership percentage of NEC Cypress Buyer LLC is less than 20% at September 30, 2019 and December 31, 2018, but is included in the table as it is a subsidiary investment within the New Energy Capital Credit Funds, which are equity method eligible.

Note 16. Variable interest entities

Sirius Group consolidates the results of operations and financial position of every voting interest entity ("VOE") in which it has a controlling financial interest and VIEs in which it is considered to be the primary beneficiary. The consolidation assessment, including the determination as to whether an entity qualifies as a VOE or VIE, depends on the facts and circumstances surrounding each entity.

Sirius Group has determined that Alstead Re is a VIE for which Sirius Group is the primary beneficiary and is required to consolidate it. The following table presents Alstead Re's assets and liabilities, as classified in the Consolidated Balance Sheets as at September 30, 2019 and December 31, 2018:

(Millions)	September 30, 2019	December 31, 2018
Assets:		
Fixed maturity investments, trading at fair value	$ 3.9	$ 4.0
Short-term investments, at fair value	0.5	0.3
Cash	0.1	0.2
Total investments	4.5	4.5
Insurance and reinsurance premiums receivable	(0.3)	0.1
Funds held by ceding companies	4.6	3.7
Deferred acquisition costs	0.3	5.2
Other assets	0.1	0.9
Total assets	**$ 9.2**	**$ 14.4**
Liabilities		
Loss and loss adjustment expense reserves	$ 0.8	$ 4.6
Unearned insurance and reinsurance premiums	0.6	3.7
Other liabilities	0.1	—
Total liabilities	**$ 1.5**	**$ 8.3**

Sirius Group is a passive investor in certain third-party-managed hedge and private equity funds, some of which are VIEs. Sirius Group is not involved in the design or establishment of these VIEs, nor does it actively participate in the management of the VIEs. The exposure to loss from these investments is limited to the carrying value of the investments at the balance sheet date.

Sirius Group calculates maximum exposure to loss to be (i) the amount invested in the debt or equity of the VIE, (ii) the notional amount of VIE assets or liabilities where Sirius Group has also provided credit protection to the VIE with the VIE as the referenced obligation, and (iii) other commitments and guarantees to the VIE. Sirius Group does not have any VIEs that it sponsors nor any VIEs where it has recourse to it or has provided a guarantee to the VIE interest holders.

The following table presents total assets of unconsolidated VIEs in which Sirius Group holds a variable interest, as well as the maximum exposure to loss associated with these VIEs:

		Maximum Exposure to Loss		
(Millions)	Total VIE Assets	On-Balance Sheet	Off-Balance Sheet	Total
September 30, 2019				
Other long-term investments[1]	$ 278.8	$ 114.2	$ 17.9	$ 132.1
Total at September 30, 2019	**$ 278.8**	**$ 114.2**	**$ 17.9**	**$ 132.1**
December 31, 2018				
Other long-term investments[1]	$ 209.1	$ 103.1	$ 32.0	$ 135.1
Total at December 31, 2018	**$ 209.1**	**$ 103.1**	**$ 32.0**	**$ 135.1**

(1)Comprised primarily of hedge funds and private equity funds.

Note 17. Transactions with related parties

(Re)insurance contracts

In the normal course of business, Sirius Group enters into insurance and reinsurance contracts with certain of its insurance and MGU affiliates, or their subsidiaries. During the three and nine months ended September 30, 2019, these contracts resulted in gross written premiums of $21.7 million and $70.7 million, respectively. During the three and nine months ended September 30, 2018, these contracts resulted in gross written premiums of $14.0 million and $52.2 million, respectively. As at September 30, 2019 and December 31, 2018, Sirius Group had total receivables due from affiliates of $24.1 million and $14.3 million, respectively. As at September 30, 2019 Sirius Group had total payables due to affiliates of $0.4 million. At December 31, 2018, Sirius Group did not have any payables due to affiliates.

Other

Meyer "Sandy" Frucher ("Mr. Frucher") is the Company's Interim Chairman of the board of directors and is also Vice Chairman of Nasdaq, Inc. ("Nasdaq"). The Company is traded on the Nasdaq Global Select Market and has business transactions that are related to its listing on the exchange under the normal course of business. (See **Note 3**.) On October, 21, 2019, Nasdaq announced Mr. Frucher will conclude his tenure as Vice Chairman of Nasdaq and will assume the role of Strategic Advisor, effective January 1, 2020.

Note 18. Commitments and contingencies

Legal Proceedings

Sirius Group, and the insurance and reinsurance industry in general, are routinely subject to claims related litigation and arbitration in the normal course of business, as well as litigation and arbitration that do not arise from, or are directly related to, claims activity. Sirius Group estimates of the costs of settling matters routinely encountered in claims activity are reflected in the reserves for unpaid loss and LAE. (See **Note 5**.)

Sirius Group considers the requirements of ASC 450, *Contingencies* ("ASC 450"), when evaluating its exposure to non-claims related litigation and arbitration. ASC 450 requires that accruals be established for litigation and arbitration if it is probable that a loss has been incurred and it can be reasonably estimated. ASC 450 also requires that litigation and arbitration be disclosed if it is probable that a loss has been incurred or it there is a reasonable possibility that a loss may have been incurred.

Leases

Sirius Group leases office space and equipment under various noncancelable operating lease agreements. The average life of the office leases is 7 years and the equipment leases is 3 years.

During the three and nine months ended September 30, 2019, Sirius Group recognized operating lease expense of $3.4 million and $9.3 million, respectively, including property taxes and routine maintenance expense as well as rental expenses related to short term leases. As at September 30, 2019, Sirius Group had $28.8 million operating lease right-of-use assets included in Other assets. As at September 30, 2019, Sirius Group had $30.7 million operating lease liability included in Other liabilities.

The following table presents the lease balances within the Consolidated Balance Sheets as at September 30, 2019:

(millions)	**Balance Sheet Classification**	**September 30, 2019**
Operating lease right-of-use assets	Other assets	$28.8
Current lease liabilities	Other liabilities	$8.5
Non-current lease liabilities	Other liabilities	$22.2

The following table presents weighted average remaining lease term and weighted average discount rate as at September 30, 2019:

Weighted average lease term (years) as at September 30, 2019	
Leased offices	7 years
Leased equipment	3 years
Weighted average discount rate:	
Leased offices	3.7%
Leased equipment	3.4%

The following table presents future annual minimum rental payments required under non-cancellable leases and the present value discount to arrive at total lease liability as at September 30, 2019:

(Millions)		**Future Payments**
2019	$	2.5
2020		9.0
2021		7.8
2022		6.9
2023		4.3
2024 and after		2.8
Total future annual minimum rental payments as at September 30, 2019		33.3
Less: present value discount		(2.6)
Total lease liability as at September 30, 2019	**$**	**30.7**

As of September 30, 2019, the Company's future operating lease obligations that have not yet commenced are immaterial.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is management's discussion and analysis ("MD&A") of the Company's unaudited consolidated results of operations for the three and nine months ended September 30, 2019 and 2018 and the Company's consolidated financial condition, liquidity and capital resources as of September 30, 2019 and December 31, 2018. This discussion and analysis should be read in conjunction with our historical consolidated financial statements and the related notes appearing in our Annual Report on Form 10-K for the year ended December 31, 2018 (our "2018 Annual Report"), filed with the Securities and Exchange Commission ("SEC") on March 14, 2019, and the Company's Unaudited Consolidated Financial Statements and related notes included elsewhere in this Quarterly Report on Form 10-Q. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP").

The following MD&A includes forward-looking statements, which are subject to risks, uncertainties and other factors that could cause our actual results to differ materially from those expressed or implied by our forward-looking statements. See "**Cautionary Note Regarding Forward-Looking Statements**".

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Overview

Sirius Group is a Bermuda exempted company whose principal businesses are conducted through its insurance and reinsurance subsidiaries and other affiliates. Sirius Group's subsidiaries, including Sirius Bermuda Insurance Company Ltd. ("Sirius Bermuda"), Sirius International Insurance Corporation ("Sirius International"), Sirius America Insurance Company ("Sirius America") and Lloyd's Syndicate 1945 ("Syndicate 1945"), provide insurance, reinsurance and insurance services on a worldwide basis. Sirius Group writes treaty and facultative reinsurance, as well as primary insurance. In recent years, Sirius Group expanded its accident and health primary business capabilities in the U.S. via the acquisitions of International Medical Group Acquisition, Inc. ("IMG") and ArmadaCorp Capital, LLC ("Armada") in 2017. In addition to growing in accident and health insurance, Sirius Group further expanded its primary insurance platform launching its primary Surety and Environmental insurance platforms in the U.S. in late 2017. In mid-2018, Sirius Group began writing primary Casualty insurance through Pie Insurance Holdings, Inc. ("Pie Insurance"), a start-up specializing in a data driven approach to workers compensation insurance. Sirius Group also has a minority investment in Pie Insurance and carrier relationship. In addition to these primary insurance platforms, Sirius Group re-entered the U.S. Casualty reinsurance market in early 2017.

Reportable Segments

Sirius Group provides insurance and reinsurance products for property lines and agriculture ("Global Property"), accident and health ("Global A&H"), and specialty lines including Aviation & Space, Marine, Trade Credit, Contingency, Casualty, Surety, and Environmental ("Specialty & Casualty"), which together with Runoff & Other, constitute its four reportable segments.

- Global Property—The Global Property segment consists of Sirius Group's underwriting lines of business that offer other property insurance and reinsurance, property catastrophe excess reinsurance and agriculture reinsurance on a worldwide basis.

- Global A&H—The Global A&H segment consists of Sirius Group's Global A&H insurance and reinsurance underwriting unit along with two managing general underwriters ("MGUs") (IMG and Armada). As part of Global A&H, Sirius Group provides supplemental healthcare and medical travel insurance products as well as related administration services through its MGU subsidiaries.

- Specialty & Casualty—The Specialty & Casualty segment offers insurance and reinsurance specialty & casualty product lines on a worldwide basis. Specialty lines represent unique risks where the more difficult and unusual risks are underwritten. Because specialty lines tend to be the more unusual or high risks, much of the market is characterized by a higher degree of specialization. Specialty & Casualty consists of Aviation & Space, Marine, Trade Credit, Contingency, Casualty, Surety, and Environmental specialty lines.

- Runoff & Other—The Runoff & Other segment includes the results of Sirius Global Solutions Holding Company ("Sirius Global Solutions"), which specializes in the acquisition and management of runoff liabilities for insurance and reinsurance companies, both in the U.S. and internationally, as well as asbestos risks, environmental risks and other long-tailed liability exposures.

Executive Summary

Three Months Ended September 30, 2019 and 2018

Sirius Group ended the third quarter of 2019 with net (loss) attributable to common shareholders of $(3) million. Basic earnings per share was $(0.02) and diluted earnings per common share of $(0.06). This compares to net (loss) attributable to common shareholders of $(28) million and basic and diluted earnings per common share of $(0.23) for the third quarter of 2018. The increase was primarily due to higher net realized and unrealized investment gains, partially offset by higher catastrophe losses and net unfavorable prior year loss reserve development. During the three months ended September 30, 2019, Sirius Group recorded catastrophe losses, net of reinsurance and reinstatement premiums, of $109 million compared to $77 million for the three months ended September 30, 2018. Catastrophe losses, net of reinsurance and reinstatement premiums, for the three months ended September 30, 2019 included $52 million for Typhoon Faxai and $44 million for Hurricane Dorian whereas catastrophe losses, net of reinsurance and reinstatement premiums, for the three months ended September 30, 2018 included $48 million for Typhoon Jebi, $9 million for Hurricane Florence, and $7 million for the Kerala Floods. Our Faxai loss estimate implies an industry loss of around $9 billion and our Dorian loss estimate is consistent with an industry loss of $8.5 billion. The three months ended September 30, 2019 included $6 million of net unfavorable prior year loss reserve development compared to $10 million of net favorable prior year loss reserve development for the three months ended September 30, 2018.

Sirius Group's combined ratio was 123% for the three months ended September 30, 2019 compared to 111% for the three months ended September 30, 2018. The increase in the combined ratio from the prior period was driven primarily by higher catastrophe losses, higher current accident year losses, and net unfavorable prior year loss reserve development. Sirius Group's combined ratio included 29 points of catastrophe losses for the three months ended September 30, 2019 compared to 24 points for the three months ended September 30, 2018. The combined ratio for the three months ended September 30, 2019 was impacted by 2 points of net unfavorable prior year loss reserve development compared to 3 points of net favorable prior year loss reserve development for the three months ended September 30, 2018.

Nine Months Ended September 30, 2019 and 2018

Sirius Group ended the first nine months of 2019 with net income attributable to common shareholders of $99 million and basic and diluted earnings per common share of $0.78. This compares to net income attributable to common shareholders of $110 million and basic and diluted earnings per common share of $0.88 for the nine months ended September 30, 2018. The decrease was primarily due to net unfavorable prior year loss reserve development and higher catastrophe losses, partially offset by higher net realized and unrealized investment gains. The nine months ended September 30, 2019 included $87 million of net unfavorable prior year loss reserve development compared to $23 million of net favorable prior year loss reserve development for the nine months ended September 30, 2018. During the nine months ended September 30, 2019, Sirius Group recorded catastrophe losses, net of reinsurance and reinstatement premiums, of $119 million compared to $80 million for the nine months ended September 30, 2018.

Sirius Group's combined ratio was 107% for the nine months ended September 30, 2019 compared to 94% for the nine months ended September 30, 2018. The increase in the combined ratio was driven primarily by net unfavorable prior year loss reserve development, higher catastrophe losses, and higher current accident year losses in the Specialty & Casualty segment. The combined ratio for the nine months ended September 30, 2019 was impacted by 8 points of net unfavorable prior year loss reserve development compared to 3 points of net favorable prior year loss reserve development for the nine months ended September 30, 2018. Sirius Group's combined ratio included 11 points of catastrophe losses for the nine months ended September 30, 2019 compared to 9 points for the nine months ended September 30, 2018.

Book Value Per Common Share

Sirius Group ended the first nine months of 2019 with book value per common share of $15.11 compared to $14.80 as of December 31, 2018, an increase of 2.1% due to comprehensive income of $34 million recognized for the nine months ended September 30, 2019. Total common shareholders' equity at the end of the third quarter of 2019 was $1,743 million compared to $1,704 million as of December 31, 2018.

Return On Equity

Return On Equity ("ROE"), calculated by dividing Net (loss) income attributable to Sirius Group's common shareholders for the period by beginning common shareholders' equity, was (0.2)% for the three months ended September 30, 2019 compared to (1.4)% for the three months ended September 30, 2018 due to a lower net (loss) recognized.

ROE was 5.8% for each of the nine months ended September 30, 2019 and 2018.

Adjusted Book Value Per Share

Sirius Group ended the first nine months of 2019 with Adjusted book value per share, which assumes that the Series B preference shares will convert into common shares on a one-for-one basis, and also incorporates the impact of dilution arising from share-based compensation programs, of $15.47 compared to $15.24 as of December 31, 2018, an increase of 1.5% due to the comprehensive income recognized. For the nine months ended September 30, 2019, Adjusted book value and Adjusted book value per share include the earned effects of share-based compensation awards issued during 2019.

See "Non-GAAP Financial Measures" for an explanation and calculation of Adjusted book value and Adjusted book value per share.

Adjusted Tangible Book Value Per Share

Sirius Group ended the first nine months of 2019 with Adjusted tangible book value per share, which is derived by subtracting Goodwill, Intangible assets, and Net deferred tax liability on intangible assets from Adjusted book value, and also incorporates the impact of dilution arising from share-based compensation programs, of $11.10 compared to $10.76 as of December 31, 2018, an increase of 3.2% due to the comprehensive income recognized.

See "Non-GAAP Financial Measures" for an explanation and calculation of Adjusted tangible book value and Adjusted tangible book value per share.

Operating (loss) income attributable to common shareholders

For the three months ended September 30, 2019, Operating (loss) attributable to common shareholders was $(65) million compared to $(21) million for the three months ended September 30, 2018, primarily due to a higher net underwriting (loss) recognized in the third quarter of 2019.

For the nine months ended September 30, 2019, Operating (loss) income attributable to common shareholders was $(66) million compared to $50 million for the nine months ended September 30, 2018, primarily due to the net underwriting (loss) recognized for the nine months ended September 30, 2019.

See "Non-GAAP Financial Measures" for an explanation and calculation of Operating (loss) income attributable to common shareholders.

Consolidated Results of Operations – Three and Nine Months Ended September 30, 2019 and 2018

(Expressed in millions of U.S. dollars, except ratios, share and per share information)

	Three months ended September 30,		Nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
Revenues				
Gross written premiums	$ 413.7	$ 398.0	$ 1,523.1	$ 1,518.2
Net written premiums	$ 322.3	$ 305.7	$ 1,208.8	$ 1,095.4
Net earned insurance and reinsurance premiums	$ 374.2	$ 321.1	$ 1,056.8	$ 914.5
Net investment income	22.8	21.8	67.3	51.8
Net realized investment gains	15.3	3.9	39.9	8.0
Net unrealized investment gains (losses)	53.9	(11.7)	143.4	29.0
Net foreign exchange gains (losses)	4.9	(0.4)	9.4	21.7
Other revenue	16.3	17.0	51.3	96.0
Total revenues	**487.4**	**351.7**	**1,368.1**	**1,121.0**
Expenses				
Loss and loss adjustment expenses ("LAE")	348.6	260.4	810.5	552.8
Insurance and reinsurance acquisition expenses	75.1	59.2	215.4	189.0
Other underwriting expenses	35.4	35.7	106.2	117.1
General and administrative expenses	28.0	19.5	80.6	58.0
Intangible asset amortization expenses	3.9	3.9	11.8	11.8
Interest expense on debt	7.7	7.6	23.3	23.1
Total expenses	**498.7**	**386.3**	**1,247.8**	**951.8**
Pre-tax (loss) income	**(11.3)**	**(34.6)**	**120.3**	**169.2**
Income tax benefit (expense)	3.7	6.9	(15.6)	(55.4)
Net (loss) income	**(7.6)**	**(27.7)**	**104.7**	**113.8**
Income attributable to non-controlling interests	(0.4)	(0.3)	(1.6)	(0.9)
Net (loss) income attributable to Sirius Group	**(8.0)**	**(28.0)**	**103.1**	**112.9**
Change in carrying value of Series B preference shares	5.3	—	(3.9)	—
Accrued dividends on Series A redeemable preference shares	—	—	—	(2.6)
Net (loss) income attributable to Sirius Group's common shareholders	**$ (2.7)**	**$ (28.0)**	**$ 99.2**	**$ 110.3**
Comprehensive (loss) income				
Net (loss) income	$ (7.6)	$ (27.7)	$ 104.7	$ 113.8
Other comprehensive (loss) income, net of tax				
Change in foreign currency translation, net of tax	(42.3)	4.7	(69.0)	(57.2)
Total other comprehensive (loss) income	**(42.3)**	**4.7**	**(69.0)**	**(57.2)**
Comprehensive (loss) income	**(49.9)**	**(23.0)**	**35.7**	**56.6**
Income attributable to non-controlling interests	(0.4)	(0.3)	(1.6)	(0.9)
Comprehensive (loss) income attributable to Sirius Group	**$ (50.3)**	**$ (23.3)**	**$ 34.1**	**$ 55.7**
Ratios:				
Loss ratio(1)	93.2 %	81.1 %	76.7%	60.4%
Acquisition expense ratio(2)	20.1 %	18.4 %	20.4%	20.7%
Other underwriting expense ratio(3)	9.5 %	11.1 %	10.0%	12.8%
Combined ratio(4)	**122.8 %**	**110.6 %**	**107.1%**	**93.9%**
Selected financial data:				
Basic earnings per common share and common shares equivalent	$ (0.02)	$ (0.23)	$ 0.78	$ 0.88
Diluted earnings per common share and common shares equivalent	$ (0.06)	$ (0.23)	$ 0.78	$ 0.88
Basic weighted average number of common shares and common share equivalents outstanding	115,251,853	120,000,000	115,225,942	120,000,000
Diluted weighted average number of common shares and common share equivalents outstanding	127,153,523	120,000,000	115,619,222	120,000,000
Return on equity(5)	(0.2)%	(1.4)%	5.8%	5.8%
Operating (loss) income attributable to common shareholders(6)	$ (65.4)	$ (21.4)	$ (65.9)	$ 50.0

(1) *The loss ratio is calculated by dividing loss and LAE expenses by net earned insurance and reinsurance premiums.*

(2) *The acquisition expense ratio is calculated by dividing insurance and reinsurance acquisition expenses by net earned insurance and reinsurance premiums.*

(3) *The other underwriting expense ratio is calculated by dividing other underwriting expenses by net earned insurance and reinsurance premiums.*

(4) *The combined ratio is calculated by combining the loss ratio, the acquisition expense ratio, and the other underwriting expense ratio.*

(5) *Return on equity is calculated by dividing Net (loss) income attributable to Sirius Group's common shareholders for the period by beginning common shareholders' equity.*

(6) *Operating (loss) income attributable to common shareholders is a non-GAAP financial measure. See "Non-GAAP Financial Measures" for an explanation and calculation of Operating (loss) income attributable to common shareholders.*

	As of September 30, 2019	As of December 31, 2018
Selected balance sheet data:		
Book value per common share [1]	$ 15.11	$ 14.80
Adjusted book value per share [2]	$ 15.47	$ 15.24
Adjusted tangible book value per share [2]	$ 11.10	$ 10.76

(1) *Book value per common share is calculated by dividing Total common shareholders' equity by the total number of Common shares outstanding.*

(2) *Adjusted book value per share and Adjusted tangible book value per share are non-GAAP financial measures. See "Non-GAAP Financial Measures" for an explanation and calculation of Adjusted book value per share and Adjusted tangible book value per share.*

Three and Nine Months Ended September 30, 2019 and 2018

Gross written premiums – Gross written premiums for the three months ended September 30, 2019 were $414 million, an increase of $16 million or 4% compared to gross written premiums of $398 million for the three months ended September 30, 2018, with Specialty & Casualty up 57%, Global A&H up 17%, and Global Property down 25%. Absent the effect of a single fronting arrangement within the Global Property segment, gross written premiums increased 9% compared to the prior period. See "*Results of Reportable Segments*" below.

Gross written premiums for the nine months ended September 30, 2019 were $1,523 million, an increase of $5 million or 0.3% compared to gross written premiums of $1,518 million for the nine months ended September 30, 2018, with Specialty & Casualty up 34%, Global A&H up 23%, and Global Property down 18%. Absent the effect of a single fronting arrangement within the Global Property segment, gross written premiums increased 7% compared to the prior period. See "*Results of Reportable Segments*" below.

Net written premiums – Net written premiums for the three months ended September 30, 2019 were $322 million, an increase of $16 million or 5% compared to net written premiums of $306 million for the three months ended September 30, 2018, with Specialty & Casualty up 55%, Global A&H up 19%, and Global Property down 28%. See "*Results of Reportable Segments*" below.

Net written premiums for the nine months ended September 30, 2019 were $1,209 million, an increase of $114 million or 10% compared to net written premiums of $1,095 million for the nine months ended September 30, 2018, with Specialty & Casualty up 36% Global A&H up 26%, and Global Property down 6%. See "*Results of Reportable Segments*" below.

Net earned insurance and reinsurance premiums – Net earned insurance and reinsurance premiums for the three months ended September 30, 2019 were $374 million, an increase of $53 million or 17% compared to net earned premiums of $321 million for the three months ended September 30, 2018, with Specialty & Casualty up 71%, Global A&H up 28% and Global Property down 8%. See "*Results of Reportable Segments*" below.

Net earned insurance and reinsurance premiums for the nine months ended September 30, 2019 were $1,057 million, an increase of $142 million or 16% compared to net earned premiums of $915 million for the nine months ended September 30, 2018, with Specialty & Casualty up 56%, Global A&H up 28%, and Global Property down 3%. See "*Results of Reportable Segments*" below.

Net investment income, Net realized investment gains, Net unrealized investment gains (losses) and Net foreign exchange gains (losses) – Net investment income increased 5% to $23 million for the three months ended September 30, 2019 from $22 million for the three months ended September 30, 2018. Sirius Group reported net realized investment gains of $15 million for the three months ended September 30, 2019, which included $14 million of net realized foreign currency gains, compared to net realized investment gains of $4 million for the three months ended September 30, 2018, which included $5 million of net realized foreign currency gains. Net unrealized investment gains were $54 million for the three months ended September 30, 2019, which included $34 million of net unrealized foreign currency gains, compared to net unrealized investment (losses) of $(12) million for the three months ended September 30, 2018, which included $(6) million of net unrealized foreign currency losses. See "*Summary of Investment Results"* below. Additionally, Sirius Group recorded $5 million of non-investment related foreign exchange gains for the three months ended September 30, 2019 compared to less than $(1) million of non-investment related foreign exchange (losses) for the three months ended September 30, 2018. Included in the amount for the three months ended September 30, 2019 is $16 million of favorable currency movement compared to $(2) million of unfavorable currency movement for the three months ended September 30, 2018 on the 2017 SEK Subordinated Notes. See "*Foreign Currency Translation*" below.

Net investment income increased 29% to $67 million for the nine months ended September 30, 2019 from $52 million for the nine months ended September 30, 2018 due primarily to a higher interest rate environment. Sirius Group reported net realized investment gains of $40 million for the nine months ended September 30, 2019, which included $35 million of net realized foreign currency gains, compared to net realized investment gains of $8 million for the nine months ended September 30, 2018, which included $11 million of net realized foreign currency gains. Net unrealized investment gains were $143 million for the nine months ended September 30, 2019, which included $52 million of net unrealized foreign currency gains, compared to net unrealized investment gains of $29 million for the nine months ended September 30, 2018, which included $43 million of net unrealized foreign currency gains. See *"Summary of Investment Results"* below. Additionally, Sirius Group recorded $9 million of non-investment related foreign exchange gains for the nine months ended September 30, 2019 compared to $22 million of non-investment related foreign exchange gains for the nine months ended September 30, 2018. Included in the nine months ended September 30, 2019 amount is $27 million of favorable currency movement compared to $26 million of favorable foreign currency movement for the nine months ended September 30, 2018 on the 2017 SEK Subordinated Notes. See "*Foreign Currency Translation*" below.

Other revenue – Other revenue decreased to $16 million for the three months ended September 30, 2019 from $17 million for the three months ended September 30, 2018.

Other revenue decreased to $51 million for the nine months ended September 30, 2019 from $96 million for the nine months ended September 30, 2018. The decrease in other revenue was primarily attributable to management's estimate of a right of indemnification against a third party in connection with an uncertain tax position that was recorded in other revenue in the second quarter of 2018.

Loss and loss adjustment expenses – Loss and loss adjustment expenses increased 34% to $349 million for the three months ended September 30, 2019 from $260 million for the three months ended September 30, 2018 primarily due to higher catastrophe losses, net unfavorable prior year loss reserve development, and increased net earned insurance and reinsurance premiums for the three months ended September 30, 2019. See "*Results of Reportable Segments*" below.

Loss and loss adjustment expenses increased 47% to $811 million for the nine months ended September 30, 2019 from $553 million for the nine months ended September 30, 2018 primarily due to net unfavorable prior year loss reserve development, higher catastrophe losses, and increased net earned insurance and reinsurance premiums for the nine months ended September 30, 2019. See "*Results of Reportable Segments*" below.

Insurance and reinsurance acquisition expenses – Insurance and reinsurance acquisition expenses increased 27% to $75 million for the three months ended September 30, 2019 from $59 million for the three months ended September 30, 2018 primarily due to an increase in net earned insurance and reinsurance premiums for Specialty & Casualty and Global A&H for the three months ended September 30, 2019. See "*Results of Reportable Segments*" below.

Insurance and reinsurance acquisition expenses increased 14% to $215 million for the nine months ended September 30, 2019 from $189 million for the nine months ended September 30, 2018 primarily due to an increase in net earned insurance and reinsurance premiums and higher acquisition expenses for Specialty & Casualty and Global A&H partially offset by lower acquisition expenses for Global Property, primarily due to business mix, for the nine months ended September 30, 2019. See "*Results of Reportable Segments*" below.

Other underwriting expenses – Other underwriting expenses decreased 3% to $35 million for the three months ended September 30, 2019 from $36 million for the three months ended September 30, 2018. See "*Results of Reportable Segments*" below.

Other underwriting expenses decreased 9% to $106 million for the nine months ended September 30, 2019 from $117 million for the nine months ended September 30, 2018 primarily due to lower variable incentive compensation expense. See "*Results of Reportable Segments*" below.

General and administrative expenses – General and administrative expenses increased 40% to $28 million for the three months ended September 30, 2019 from $20 million for the three months ended September 30, 2018 primarily due to an increase in professional fees.

General and administrative expenses increased 40% to $81 million for the nine months ended September 30, 2019 from $58 million for the nine months ended September 30, 2018 primarily due to an increase in expenses related to IMG and professional fees.

Summary of Investment Results

Pre-Tax Return on Investments

Total return on investments includes investment income, net realized gains and losses and the change in unrealized gains and losses generated by the investment portfolio including equity method investments for which we have made fair value election and net income or loss in investments in unconsolidated affiliates. Total return is calculated on a pre-tax basis and includes the impact of investment related foreign exchange gains or losses whether reflected in pre-tax income or other comprehensive income, unless otherwise noted. Returns are calculated on average investments for the period displayed and presented gross of separately managed account fees as well as internal expenses in order to produce a better comparison to benchmark returns which exclude an expense load.

Sirius Group maintains an equity portfolio that consists of equity securities and other long-term investments, including hedge funds, private equity funds and direct investments in privately held common equity securities investments. From time to time, Sirius may also invest in exchange-traded funds ("ETFs") and mutual funds. For return purposes, investments in fixed-income ETFs and mutual funds are included in the fixed income results and excluded from equity portfolio results. Returns exclude the impact of third-party currency forwards and/or swaps.

A summary of Sirius Group's total pre-tax net investment results and performance metrics for the three and nine months ended September 30, 2019 and 2018, respectively, follows:

	Three months ended September 30,		Nine months ended September 30,	
(Millions)	**2019**	**2018**	**2019**	**2018**
Pre-tax investment results				
Net investment income	$ 22.8	$ 21.8	$ 67.3	$ 51.8
Net realized and unrealized investment gains (losses) (1)	69.2	(11.5)	183.3	47.0
Change in foreign currency translation on investments recognized through other comprehensive income(2)	(67.8)	6.4	(109.6)	(92.6)
Net pre-tax investment gains	**$ 24.2**	**$ 16.7**	**$ 141.0**	**$ 6.2**

(1) *Includes foreign exchange gains (losses) for the three months ended September 30, 2019 and 2018 of $47.9 million and $(4.5) million, respectively, and for the nine months ended September 30, 2019 and 2018 of $86.2 million and $63.8 million, respectively.*

(2) *Excludes non-investment related foreign exchange gains (losses) for the three months ended September 30, 2019 and 2018 of $4.9 million and $(1.7) million, respectively, and for the nine months ended September 30, 2019 and 2018 of $9.4 million and $35.4 million, respectively.*

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Performance metrics				
Total fixed income investment returns:				
In U.S. dollars	0.4%	0.6 %	2.8%	0.2%
In local currencies	0.8%	0.5 %	3.4%	1.0%
Bloomberg Barclays US Agg 1-3 Year Total Return Value Unhedged USD	*0.7 %*	*0.3 %*	*3.4 %*	*0.4 %*
OMX Stockholm OMRX Total Bond Index	*0.6 %*	*(0.5)%*	*2.6 %*	*0.6 %*
Bloomberg Barclays Pan-European Aggregate: Corp 1-3 Years Total Return	*0.3 %*	*0.1 %*	*1.8 %*	*0.4 %*
Total equity securities and other long-term investments returns:				
In U.S. dollars	2.4%	0.5 %	11.7%	2.1%
In local currencies	2.8%	0.5 %	11.5%	3.3%
S&P 500 Index (total return)	*1.7 %*	*7.7 %*	*20.6 %*	*10.6 %*
Total consolidated portfolio				
In U.S. dollars	0.8%	0.6 %	4.4%	0.4%
In local currencies	1.2%	0.5 %	4.8%	1.3%

Three and nine months ended September 30, 2019 and 2018

Sirius Group's pre-tax total gross return on invested assets was 0.8% for the three months ended September 30, 2019 compared to 0.6% for the three months ended September 30, 2018. The result for the three months ended September 30, 2019 included foreign currency (losses) on investments, which decreased the total pre-tax return by (0.4)%. The 2018 result included foreign currency gains on investments, which increased the total pre-tax return by 0.1%. The currency (loss) for the third quarter of 2019 was generated mainly from our Swedish kronor, Euro, and Canadian dollar holdings as these currencies weakened by (5.7)%, (4.4)%, and (1.1)%, respectively, versus the U.S. dollar. The currency gains for the third quarter of 2018 were generated mainly from our Swedish kronor holdings as this currency strengthened 0.5%, versus the U.S. dollar.

For the nine months ended September 30, 2019, Sirius Group's pre-tax total gross return on invested assets was 4.4% versus 0.4% for the same period in 2018. Currency reduced the nine months ended September 30, 2019 investment result by (0.4)%. The investment result for the nine months ended September 30, 2018 was adversely impacted by the strengthening of the U.S. dollar which reduced our return by (0.9)%.

Net investment income was $23 million for the three months ended September 30, 2019 compared to $22 million for the three months ended September 30, 2018. Net investment income was $67 million for the nine months ended September 30, 2019 compared to $52 million for the nine months ended September 30, 2018. The increase for the nine months ended September 30, 2019 was driven by higher earned income from our fixed income securities and other long term investments; in addition, the increase for the nine months ended September 30, 2019 was driven by a higher interest rate environment at the time of reinvestment.

Net realized and unrealized investment gains (losses), excluding foreign currency, were $21 million for the three months ended September 30, 2019 compared to $(7) million for the three months ended September 30, 2018. For the nine months ended September 30, 2019, net realized and unrealized investment gains (losses), excluding foreign currency, were $97 million compared to $(17) million for the nine months ended September 30, 2018. The increase in both periods was driven by unrealized investment gains consistent with overall market performance.

Fixed income results (including short-term investments)

As of September 30, 2019, the fixed income portfolio duration was approximately 1.6 years compared to 1.7 years as of December 31, 2018. The average credit quality of the fixed income portfolio, including short term investments, was AA at September 30, 2019 which is unchanged from December 31, 2018. As of September 30, 2019 and December 31, 2018, Sirius Group held $324 million and $361 million, respectively, of non-U.S. denominated fixed income securities.

The fixed income portfolio gained 0.4% on a U.S. dollar basis and 0.8% in local currencies for the three months ended September 30, 2019. Our U.S. portfolio returned 0.9% versus the Barclays 1-3 Year Aggregate ("***BarcAg1-3***") of 0.7%. Our non-U.S. portfolio returned 0.1% in local currencies, which compares to the OMX Stockholm OMRX Total Return Bond Index ("***OMRX***") of 0.6% and the Bloomberg Barclays Pan-European Aggregate: Corp 1-3 Years Total Return ("***BarcAg1-3 EUR***") of 0.3%. The fixed income portfolio returned 0.6% on a U.S. dollar basis and returned 0.5% in local currencies for the three months ended September 30, 2018. Our U.S. portfolio returned 0.6% versus the BarcAg1-3 of 0.3%. Our non-U.S. portfolio returned 0.0% in local currencies which compares to the OMRX of (0.5)%.

The fixed income portfolio gained 2.8% on a U.S. dollar basis and 3.4% in local currencies for the nine months ended September 30, 2019. Our U.S. portfolio returned 3.7% versus the BarcAg1-3 of 3.4%. Our non-U.S. portfolio returned 0.9% in local currencies which compares to the OMRX of 2.6% and the BarcAg1-3 EUR of 1.8%. For the three and nine months ended September 30, 2019, the duration of the comparative indices was longer versus our portfolio. The lower duration of our portfolio adversely impacted our return versus the indices due to the decreasing interest rate environment. The return for the nine months ended September 30, 2018 was 0.2% on a U.S. dollar basis and 1.0% in local currencies. Our U.S. portfolio returned 0.9% versus the BarcAg1-3 of 0.4%. The outperformance was due to a lower concentration in treasuries in our portfolio compared to the BarcAg1-3. Our non-U.S. portfolio returned 0.8% in local currencies which compares to the OMRX of 0.6%, due to a market-driven strong performance of our Canadian dollar fixed income investments.

Equity securities and other long-term investments results

As of September 30, 2019, the equity and other long-term investments portfolio included $491 million of U.S. dollar denominated securities compared to $439 million of U.S. dollar denominated securities as of December 31, 2018. As of September 30, 2019 and December 31, 2018, Sirius Group held $183 million and $149 million, respectively, of non-U.S. denominated equity and other long-term investments.

For the three months ended September 30, 2019, the equity portfolio gained 2.4% on a U.S. dollar basis and gained 2.8% in local currencies. The S&P 500 gained 1.7% for the same period. For the three months ended September 30, 2018, the equity portfolio gained 0.5% on a U.S. dollar basis and in local currencies. The S&P 500 gained 7.7% for the same period.

For the nine months ended September 30, 2019, the equity portfolio returned 11.7% on a U.S. dollar basis and 11.5% in local currencies versus the S&P 500 of 20.6%. Performance lagged the S&P 500 due to the market neutral strategy of a large portion of our equity and other long-term investments portfolio. For the nine months ended September 30, 2018, the equity portfolio returned 2.1% on a U.S. dollar basis and 3.3% in local currencies versus the S&P 500 of 10.6%.

Foreign Currency Translation

Impact of Foreign Currency Translation

The U.S. dollar is the functional currency for Sirius Group's businesses except for Sirius International, Syndicate 1945, several subsidiaries of IMG, and the Canadian reinsurance operations of Sirius America. Sirius Group also invests in securities denominated in foreign currencies. Assets and liabilities recorded in these foreign currencies are translated into U.S. dollars at exchange rates in effect at the balance sheet date, and revenues and expenses are converted using the average exchange rates for the period. Net foreign exchange gains and losses arising from the translation of functional currencies into U.S. dollars are reported in common shareholders' equity under the caption Other comprehensive (loss). As of September 30, 2019 and December 31, 2018, Sirius Group had net unrealized foreign currency translation (losses) of $(271) million and $(202) million, respectively, recorded in Accumulated other comprehensive (loss) on its Consolidated Balance Sheets.

Assets and liabilities relating to foreign operations are remeasured into the functional currency using current exchange rates; revenues and expenses are remeasured into the functional currency using the weighted average exchange rate for the period. The resulting exchange gains and losses are reported as a component of net income in the period in which they arise within Net realized investment gains, Net unrealized investment gains (losses), and Net foreign exchange gains (losses).

The following rates of exchange for the U.S. dollar have been used for translation of investments whose functional currency is not the U.S. dollar as of September 30, 2019 and December 31, 2018:

Currency	Closing Rate September 30, 2019	Closing Rate December 31, 2018
Swedish kronor	9.8155	8.9397
British pound	0.8121	0.7850
Euro	0.9173	0.8734
Canadian dollar	1.3243	1.3614

Sirius International holds a large portfolio of investments that are denominated in U.S. dollars, but its functional currency is the Swedish kronor. When Sirius International prepares its stand-alone GAAP financial statements, it remeasures its U.S. dollar-denominated investments to the Swedish kronor and recognizes the related foreign currency remeasurement gains or losses through pre-tax income. When Sirius Group consolidates Sirius International, it translates Sirius International's stand-alone GAAP financial statements to U.S. dollars and recognizes the related foreign currency translation gains or losses through other comprehensive income (loss). Since Sirius Group reports its financial statements in U.S. dollars, there is no net effect to book value per common share or to investment returns from foreign currency translation on its U.S. dollar-denominated investments at Sirius International. However, net realized and unrealized investment gains (losses), other revenues, net income (loss), earnings per share, and other comprehensive income (loss) can be significantly affected during periods of high volatility in the foreign exchange rate between the U.S. dollar and other currencies, especially the Swedish kronor.

A summary of the impact of foreign currency translation on Sirius Group's consolidated financial results for the three and nine months ended September 30, 2019 and 2018 follows:

	Three months ended September 30,		Nine months ended September 30,	
(Millions)	2019	2018	2019	2018
Net realized investment gains - foreign currency[1]	$ 14.0	$ 4.7	$ 34.5	$ 10.7
Net unrealized investment gains (losses) - foreign currency[2]	33.9	(5.5)	51.7	43.1
Net realized and unrealized investment gains (losses) - foreign currency	47.9	(0.8)	86.2	53.8
Net foreign exchange gains (losses) - foreign currency translation gains (losses) [3]	9.0	(0.4)	14.0	19.0
Net foreign exchange gains (losses) - currency swaps[3]	3.7	(0.1)	6.1	2.9
Net foreign exchange (losses) - currency forwards[3]	(7.8)	—	(10.8)	—
Net foreign exchange (losses) - other[3]	—	—	—	(0.2)
Income tax (expense) benefit	(0.8)	0.1	0.1	(0.4)
Total foreign currency remeasurement gains (losses) recognized through net (loss) income, after tax	52.0	(1.2)	95.6	75.1
Change in foreign currency translation on investments recognized through other comprehensive income, after tax	(67.8)	6.4	(109.6)	(92.6)
Change in foreign currency translation on non - investment net liabilities recognized through other comprehensive income, after tax	25.5	(1.7)	40.6	35.4
Total foreign currency translation (losses) gains recognized through other comprehensive income, after tax	(42.3)	4.7	(69.0)	(57.2)
Total foreign currency gains recognized in comprehensive (loss) income, after tax	**$ 9.7**	**$ 3.5**	**$ 26.6**	**$ 17.9**

(1)*Component of Net realized investment gains on the Consolidated Statements of Income*

(2)*Component of Net unrealized investment gains (losses) on the Consolidated Statements of Income*

(3)*Component of Net foreign exchange gains (losses) on the Consolidated Statements of Income*

As of September 30, 2019, the following currencies represented the largest exposure to foreign currency risk as a percentage of Sirius Group's common shareholders' equity: the Swedish kronor 5% (short) and the Israeli shekel 1% (long). As of December 31, 2018, the following currencies represented the largest exposure to foreign currency risk as a percentage of Sirius Group's common shareholders' equity: the Swedish kronor 13% (short) and the Israeli shekel 4% (long).

Investment portfolio composition by currency

As of September 30, 2019 and December 31, 2018, Sirius Group's investment portfolio included approximately $473 million and $468 million of non-U.S. dollar denominated investments, most of which is denominated in Swedish kronor, Euro, Canadian dollar, Israeli shekel, and British pound. The investment values in this portfolio are impacted by changes in the exchange rate between the U.S. dollar and those currencies.

Set forth below is the carrying value of our cash and investment holdings in U.S. dollars and foreign currencies as of September 30, 2019 and December 31, 2018:

	Carrying Value at September 30, 2019		Carrying Value at December 31, 2018	
Currency *(Millions)*	**Local Currency**	**USD**	**Local Currency**	**USD**
U.S. Dollar	3,040.4	$ 3,040.4	2,941.6	$ 2,941.6
Swedish kronor	1,498.8	152.7	1,348.1	150.8
Euro	82.5	89.9	105.2	120.5
Canadian dollar	113.4	85.6	84.0	61.7
Israeli shekel	279.3	80.3	232.7	62.1
British pound	8.4	10.3	8.2	10.4
Other	—	54.2	—	62.6
Total investments		$ 3,513.4		$ 3,409.7

Results of Reportable Segments

Global Property

Global Property consists of Sirius Group's underwriting lines of business that offer other property insurance and reinsurance, property catastrophe excess reinsurance, and agriculture reinsurance on a worldwide basis.

	Three months ended September 30,		Nine months ended September 30,	
Global Property *(Millions)*	**2019**	**2018**	**2019**	**2018**
Gross written premiums	$ 153.6	$ 203.7	$ 720.5	$ 875.7
Net written premiums	103.7	144.9	536.6	569.1
Net earned insurance and reinsurance premiums	159.9	172.7	463.9	476.3
Loss and allocated LAE	(184.4)	(173.2)	(378.3)	(311.8)
Insurance and reinsurance acquisition expenses	(29.2)	(30.1)	(82.2)	(93.5)
Technical (loss) profit	**$ (53.7)**	**$ (30.6)**	**$ 3.4**	**$ 71.0**
Unallocated LAE	(5.5)	(3.3)	(10.2)	(7.7)
Other underwriting expenses	(14.7)	(17.5)	(47.9)	(53.0)
Underwriting (loss) income	**$ (73.9)**	**$ (51.4)**	**$ (54.7)**	**$ 10.3**
Ratios:				
Loss ratio(1)	118.8%	102.2%	83.7%	67.1%
Acquisition expense ratio(2)	18.3%	17.4%	17.7%	19.6%
Other underwriting expense ratio(3)	9.2%	10.1%	10.3%	11.1%
Combined ratio(4)	**146.3%**	**129.7%**	**111.7%**	**97.8%**

[(1)] *The loss ratio is calculated by dividing the sum of loss and allocated LAE and Unallocated LAE expenses by net earned insurance and reinsurance premiums.*

[(2)] *The acquisition expense ratio is calculated by dividing insurance and reinsurance acquisition expenses by net earned insurance and reinsurance premiums.*

[(3)] *The other underwriting expense ratio is calculated by dividing other underwriting expenses by net earned insurance and reinsurance premiums.*

[(4)] *The combined ratio is calculated by combining the loss ratio, the acquisition expense ratio, and the other underwriting expense ratio.*

Three months ended September 30, 2019 and 2018

Gross written premiums decreased 25% to $154 million for the three months ended September 30, 2019 from $204 million for the three months ended September 30, 2018, due to decreases in Other Property ($36 million) and Property Catastrophe Excess ($13 million). Absent the effect of a single fronting arrangement, gross written premiums decreased 21% compared to the prior period. This was mainly driven by lower Other Property and Property Catastrophe Excess writings due to reduced treaty participations and non-renewals of certain accounts. Net written premiums decreased 28% to $104 million for the three months ended September 30, 2019 from $145 million for the three months ended September 30, 2018 due to the same reasons mentioned above. The Other Property fronting arrangement did not impact Global Property's net written or earned insurance and reinsurance premiums for either the 2019 or 2018 periods.

Global Property produced a net combined ratio of 146% for the three months ended September 30, 2019 compared to 130% for the three months ended September 30, 2018. The increase in the combined ratio was driven by higher catastrophe losses, partially offset by lower net unfavorable prior year loss reserve development.

Global Property recorded an underwriting (loss) of $(74) million for the three months ended September 30, 2019 compared to an underwriting (loss) of $(51) million for the three months ended September 30, 2018. The three months ended September 30, 2019 included catastrophe losses, net of reinsurance and reinstatement premiums, of $109 million (68 points) principally from Typhoon Faxai ($52 million) and Hurricane Dorian ($44 million) compared to $76 million (44 points) for the three months ended September 30, 2018 principally from Typhoon Jebi ($48 million), Hurricane Florence ($9 million), the Kerala Floods ($7 million) and other catastrophic events. Net unfavorable prior year loss reserve development was $1 million (1 point) for the three months ended September 30, 2019 as net unfavorable prior year loss reserve development in Other Property ($14 million) and Agriculture ($1 million) was partially offset by net favorable prior year loss reserve development in Property Catastrophe Excess ($14 million). Net unfavorable prior year loss reserve development was $11 million (6 points) for the three months ended September 30, 2018 primarily related to Other Property ($7 million) and Property Catastrophe Excess ($4 million), resulting from higher than expected loss reporting from recent accident years, including $6 million of increases from natural catastrophes, including the 2017 North American natural catastrophes.

Nine months ended September 30, 2019 and 2018

Gross written premiums decreased 18% to $721 million for the nine months ended September 30, 2019 from $876 million for the nine months ended September 30, 2018. Absent the effect of a single fronting arrangement, gross written premiums decreased 9% compared to the prior period. This was due to a decrease in Other Property primarily driven by reduced treaty participations and non-renewals of certain accounts, partially offset by an increase in Property Catastrophe Excess ($18 million). Net written premiums decreased 6% to $537 million for the nine months ended September 30, 2019 from $569 million for the nine months ended September 30, 2018 due primarily to a decrease in Other Property ($66 million), partially offset by an increase in Property Catastrophe Excess ($34 million). The Other Property fronting arrangement did not impact Global Property's net written or earned insurance and reinsurance premiums for either the 2019 or 2018 periods.

Global Property produced a net combined ratio of 112% for the nine months ended September 30, 2019 compared to 98% for the nine months ended September 30, 2018. The increase in the combined ratio was driven by higher net unfavorable prior year loss reserve development and higher catastrophe losses.

Global Property recorded an underwriting (loss) of $(55) million for the nine months ended September 30, 2019 compared to $10 million of underwriting income for the nine months ended September 30, 2018. The nine months ended September 30, 2019 included catastrophe losses, net of reinsurance and reinstatement premiums, of $118 million (25 points) compared to $79 million (17 points) for the nine months ended September 30, 2018. Catastrophe losses, net of reinsurance and reinstatement premiums, for the nine months ended September 30, 2019 were primarily from Typhoon Faxai ($52 million) and Hurricane Dorian ($44 million). Net unfavorable prior year loss reserve development was $68 million (15 points) primarily related to Other Property ($53 million) and Property Catastrophe Excess ($14 million) for the nine months ended September 30, 2019. The unfavorable loss reserve development in Global Property for the nine months ended September 30, 2019 was driven by higher losses from recent accident years mainly Typhoon Jebi and Hurricanes Michael, Florence, and Irma. A portion of this unfavorable loss reserve development is due to projected increased costs for claims adjusting associated with insureds' assignment of benefits to third parties, primarily associated with Hurricanes Irma and Michael exposures. Net unfavorable prior year loss reserve development was $29 million (6 points) for the nine months ended September 30, 2018, primarily related to Other Property ($20 million) and Property Catastrophe Excess ($11 million), resulting from higher than expected loss reporting from recent accident years, including $7 million of increases from natural catastrophes, including the 2017 North American natural catastrophes.

Global Property gross written premiums

	Three months ended September 30,		Nine months ended September 30,	
Global Property (*Millions*)	**2019**	**2018**	**2019**	**2018**
Other property	$ 103.3	$ 138.8	$ 370.9	$ 544.0
Property catastrophe excess	42.3	55.3	286.4	267.5
Agriculture	8.0	9.6	63.2	64.2
Total	**$ 153.6**	**$ 203.7**	**$ 720.5**	**$ 875.7**

Three months ended September 30, 2019 and 2018

Global Property's gross written premiums decreased 25% to $154 million for the three months ended September 30, 2019 from $204 million for the three months ended September 30, 2018 due to decreases in Other Property ($36 million) and Property Catastrophe Excess ($13 million). The decrease in Other Property was due to lower premium volume on an Other Property fronting arrangement ($16 million), reduced treaty participations, and non-renewals of certain accounts.

Nine months ended September 30, 2019 and 2018

Global Property's gross written premiums decreased 18% to $721 million for the nine months ended September 30, 2019 from $876 million for the nine months ended September 30, 2018. The decrease in Other Property was due to lower premium volume on an Other Property fronting arrangement ($94 million), reduced treaty participations, and non-renewals of certain accounts. This decrease was partially offset by an increase in Property Catastrophe Excess ($18 million).

Global Property net earned insurance and reinsurance premiums

	Three months ended September 30,		Nine months ended September 30,	
Global Property (*Millions*)	**2019**	**2018**	**2019**	**2018**
Other property	$ 86.7	$ 98.6	$ 267.4	$ 295.0
Property catastrophe excess	49.4	50.9	145.4	135.3
Agriculture	23.8	23.2	51.1	46.0
Total	**$ 159.9**	**$ 172.7**	**$ 463.9**	**$ 476.3**

Three months ended September 30, 2019 and 2018

Global Property's net earned insurance and reinsurance premiums decreased 8% to $160 million for the three months ended September 30, 2019 from $173 million for the three months ended September 30, 2018 due primarily to a decrease in Other Property ($12 million). The Other Property fronting treaty did not impact Global Property's net earned insurance and reinsurance premiums for either the 2019 or 2018 periods.

Nine months ended September 30, 2019 and 2018

Global Property's net earned insurance and reinsurance premiums decreased 3% to $464 million for the nine months ended September 30, 2019 from $476 million for the nine months ended September 30, 2018. Decreases in Other Property ($28 million) were partially offset by increases in Property Catastrophe Excess ($10 million) and Agriculture ($5 million). The Other Property fronting treaty did not impact Global Property's net earned insurance and reinsurance premiums for either the 2019 or 2018 periods.

Global A&H

Global A&H consists of Sirius Group's Global A&H insurance and reinsurance underwriting unit along with two MGUs (IMG and Armada).

	Three months ended September 30,		Nine months ended September 30,	
Global A&H (*Millions*)	**2019**	**2018**	**2019**	**2018**
Gross written premiums	$ 137.4	$ 117.1	$ 459.5	$ 375.0
Net written premiums	104.6	87.9	360.1	286.2
Net earned insurance and reinsurance premiums	115.1	89.6	330.0	258.4
Loss and allocated LAE	(63.6)	(51.3)	(198.6)	(138.0)
Insurance and reinsurance acquisition expenses	(32.5)	(26.7)	(95.1)	(82.3)
Technical profit	**$ 19.0**	**$ 11.6**	**$ 36.3**	**$ 38.1**
Unallocated LAE	(2.0)	(1.7)	(5.5)	(4.3)
Other underwriting expenses	(6.8)	(6.4)	(18.8)	(20.7)
Underwriting income	**$ 10.2**	**$ 3.5**	**$ 12.0**	**$ 13.1**
Service fee revenue	31.0	29.3	97.6	89.5
MGU unallocated LAE	(4.3)	(4.7)	(13.7)	(9.8)
MGU other underwriting expenses	(3.7)	(2.0)	(11.2)	(13.9)
MGU general and administrative expenses	(15.1)	(13.8)	(46.3)	(37.5)
Underwriting income, including net service fee income	**$ 18.1**	**$ 12.3**	**$ 38.4**	**$ 41.4**
Ratios:				
Loss ratio(1)	57.0%	59.2%	61.8%	55.1%
Acquisition expense ratio(2)	28.2%	29.8%	28.8%	31.8%
Other underwriting expense ratio(3)	5.9%	7.1%	5.7%	8.0%
Combined ratio(4)	**91.1%**	**96.1%**	**96.3%**	**94.9%**

(1)*The loss ratio is calculated by dividing the sum of loss and allocated LAE and Unallocated LAE expenses by net earned insurance and reinsurance premiums.*

(2)*The acquisition expense ratio is calculated by dividing insurance and reinsurance acquisition expenses by net earned insurance and reinsurance premiums.*

(3)*The other underwriting expense ratio is calculated by dividing other underwriting expenses by net earned insurance and reinsurance premiums.*

(4)*The combined ratio is calculated by combining the loss ratio, the acquisition expense ratio, and the other underwriting expense ratio.*

Three months ended September 30, 2019 and 2018

Gross written premiums increased 17% to $137 million for the three months ended September 30, 2019 from $117 million for the three months ended September 30, 2018 due to higher writings for risks primarily originating from the U.S. Net written premiums increased 19% to $105 million for the three months ended September 30, 2019 from $88 million for the three months ended September 30, 2018 due to higher writings for risks primarily originating from the U.S. as well as higher retentions.

Global A&H produced a net combined ratio of 91% for the three months ended September 30, 2019 compared to 96% for the three months ended September 30, 2018. Net favorable prior year loss reserve development was $6 million (5 points) for the three months ended September 30, 2019 compared to net favorable prior year loss reserve development of $3 million (3 points) for the three months ended September 30, 2018. The decrease in the acquisition expense ratio from the prior period was due to business mix as increased primary insurance writings for risks originating from the U.S. are recorded at lower net commission ratios.

Underwriting income, including net service fee income, for Global A&H was $18 million for the three months ended September 30, 2019 compared to $12 million for the three months ended September 30, 2018. The increase of $6 million was primarily driven by higher underwriting income due to higher favorable loss reserve development compared to the prior period and higher net earned insurance and reinsurance premiums.

Nine months ended September 30, 2019 and 2018

Gross written premiums increased 23% to $460 million for the nine months ended September 30, 2019 from $375 million for the nine months ended September 30, 2018 due to higher writings for risks primarily originating from the U.S. Net written premiums increased 26% to $360 million for the nine months ended September 30, 2019 from $286 million for the nine months ended September 30, 2018 due to higher writings for risks primarily originating from the U.S. as well as higher retentions.

Global A&H produced a net combined ratio of 96% for the nine months ended September 30, 2019 compared to 95% for the nine months ended September 30, 2018. For the nine months ended September 30, 2019, net favorable prior year loss reserve development was $1 million (less than 1 point) compared to $11 million (4 points) of net favorable prior year loss reserve development for the nine months ended September 30, 2018. The decrease in the acquisition expense ratio from the prior period was due to business mix as increased primary insurance writings for risks originating from the U.S. are recorded at lower net commission ratios. Additionally, net earned insurance and reinsurance premiums increased 28% to $330 million for the nine months ended September 30, 2019 from $258 million for the nine months ended September 30, 2018.

Underwriting income, including net service fee income, for Global A&H was $38 million for the nine months ended September 30, 2019 compared to $41 million for the nine months ended September 30, 2018. The decrease of $3 million was primarily driven by lower net service fee income and underwriting income for the nine months ended September 30, 2019 compared to the prior period.

Specialty & Casualty

Specialty & Casualty consists of Sirius Group's insurance and reinsurance underwriting units, which offer specialty & casualty product lines on a worldwide basis.

	Three months ended September 30,		Nine months ended September 30,	
Specialty & Casualty (*Millions*)	**2019**	**2018**	**2019**	**2018**
Gross written premiums	$ 120.6	$ 76.5	$ 338.4	$ 252.9
Net written premiums	113.2	72.6	310.6	228.3
Net earned insurance and reinsurance premiums	98.7	58.4	261.7	168.3
Loss and allocated LAE	(85.5)	(34.1)	(194.4)	(87.4)
Insurance and reinsurance acquisition expenses	(27.1)	(16.2)	(72.2)	(44.9)
Technical (loss) profit	**$ (13.9)**	**$ 8.1**	**$ (4.9)**	**$ 36.0**
Unallocated LAE	(3.0)	(1.6)	(7.1)	(4.5)
Other underwriting expenses	(8.8)	(8.4)	(23.7)	(24.3)
Underwriting (loss) income	**$ (25.7)**	**$ (1.9)**	**$ (35.7)**	**$ 7.2**
Ratios:				
Loss ratio(1)	89.7%	61.1%	77.0%	54.6%
Acquisition expense ratio(2)	27.5%	27.7%	27.6%	26.7%
Other underwriting expense ratio(3)	8.9%	14.4%	9.1%	14.4%
Combined ratio(4)	**126.1%**	**103.2%**	**113.7%**	**95.7%**

(1)*The loss ratio is calculated by dividing the sum of loss and allocated LAE and Unallocated LAE expenses by net earned insurance and reinsurance premiums.*

(2)*The acquisition expense ratio is calculated by dividing insurance and reinsurance acquisition expenses by net earned insurance and reinsurance premiums.*

(3)*The other underwriting expense ratio is calculated by dividing other underwriting expenses by net earned insurance and reinsurance premiums.*

(4)*The combined ratio is calculated by combining the loss ratio, the acquisition expense ratio, and the other underwriting expense ratio.*

Three months ended September 30, 2019 and 2018

Gross written premiums increased 57% to $121 million for the three months ended September 30, 2019 from $77 million for the three months ended September 30, 2018 due primarily to increases in Casualty ($33 million) and Aviation & Space ($6 million). Net written premiums increased 55% to $113 million for the three months ended September 30, 2019 from $73 million for the three months ended September 30, 2018 due to the same lines of business as the gross written premiums increase.

Specialty & Casualty produced a net combined ratio of 126% for the three months ended September 30, 2019 compared to 103% for the three months ended September 30, 2018. The higher net combined ratio was due to a higher Loss ratio driven by net unfavorable prior year loss reserve development and higher current accident year losses in Aviation & Space and Trade Credit, which included $6 million from the Thomas Cook bankruptcy.

Specialty & Casualty recorded an underwriting (loss) of $(26) million for the three months ended September 30, 2019 compared to an underwriting loss of $(2) million for the three months ended September 30, 2018. Specialty & Casualty had $10 million (10 points) of net unfavorable prior year loss reserve development for the three months ended September 30, 2019, primarily driven by Casualty ($9 million) compared to $7 million (12 points) of net favorable prior year loss reserve development for the three months ended September 30, 2018, primarily driven by Contingency ($3 million) and Marine ($2 million). The net unfavorable prior year loss reserve for the three months ended September 30, 2019 for Casualty was due to higher than expected claims activity.

Nine months ended September 30, 2019 and 2018

Gross written premiums increased 34% to $338 million for the nine months ended September 30, 2019 from $253 million for the nine months ended September 30, 2018 due primarily to increases in Casualty ($95 million), Aviation & Space ($10 million), and Environmental ($6 million), partially offset by decreases in Trade Credit ($16 million) and Contingency ($9 million).

Specialty & Casualty produced a net combined ratio of 114% for the nine months ended September 30, 2019 compared to 96% for the nine months ended September 30, 2018. The higher net combined ratio was due to a higher Loss ratio driven by net unfavorable prior year loss reserve development and higher current accident year losses in Trade Credit, which included $6 million from the Thomas Cook bankruptcy, and Aviation & Space, which included $4 million from the Ethiopian Airlines plane crash.

Specialty & Casualty recorded an underwriting (loss) of $(36) million for the nine months ended September 30, 2019 compared to underwriting income of $7 million for the nine months ended September 30, 2018. Specialty & Casualty had $15 million (6 points) of net unfavorable prior year loss reserve development for the nine months ended September 30, 2019, primarily driven by unfavorable loss reserve development in Casualty ($11 million), Marine ($4 million), and Aviation & Space ($3 million), partially offset by favorable loss reserve development in Trade Credit ($2 million) and Contingency ($2 million). For the nine months ended September 30, 2018, Specialty & Casualty had $18 million (11 points) of favorable prior year loss reserve development, primarily driven by Aviation & Space ($12 million) and Marine ($3 million). Catastrophe losses, net of reinsurance and reinstatement premiums, were $1 million (less than 1 point) each for the nine months ended September 30, 2019 and 2018, respectively.

Specialty & Casualty gross written premiums

Specialty & Casualty (*Millions*)	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Casualty	$ 74.1	$ 41.4	$ 192.0	$ 96.6
Aviation & Space	20.4	13.5	54.8	45.4
Trade Credit	11.5	10.7	41.5	57.9
Marine	6.1	1.5	27.0	27.6
Environmental	4.8	3.9	13.1	6.7
Surety	2.8	2.7	6.0	5.5
Contingency	0.9	2.8	4.0	13.2
Total	**$ 120.6**	**$ 76.5**	**$ 338.4**	**$ 252.9**

Three months ended September 30, 2019 and 2018

Gross written premiums increased 57% to $121 million for the three months ended September 30, 2019 from $77 million for the three months ended September 30, 2018. Increases in gross written premiums were primarily driven by increases in Casualty ($33 million) and Aviation & Space ($6 million).

Nine months ended September 30, 2019 and 2018

Gross written premiums increased 34% to $338 million for the nine months ended September 30, 2019 from $253 million for the nine months ended September 30, 2018. Increases in gross written premiums were primarily driven by increases in Casualty ($95 million), Aviation & Space ($10 million), and Environmental ($6 million), partially offset by decreases in Trade Credit ($16 million) and Contingency ($9 million).

Specialty & Casualty Net Earned Insurance and Reinsurance Premiums

Specialty & Casualty (*Millions*)	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Casualty	$ 57.6	$ 23.2	$ 146.2	$ 50.7
Aviation & Space	18.0	14.1	46.9	44.2
Trade Credit	12.7	11.7	34.7	32.3
Marine	6.6	4.0	22.8	27.0
Surety	1.4	1.9	4.4	2.3
Contingency	1.4	3.1	4.3	11.3
Environmental	1.0	0.4	2.4	0.5
Total	**$ 98.7**	**$ 58.4**	**$ 261.7**	**$ 168.3**

Three months ended September 30, 2019 and 2018:

Net earned insurance and reinsurance premiums increased 71% to $99 million for the three months ended September 30, 2019 from $58 million for the three months ended September 30, 2018. Casualty ($35 million) was the main driver for the increase from the prior period.

Nine months ended September 30, 2019 and 2018:

Net earned insurance and reinsurance premiums increased 56% to $262 million for the nine months ended September 30, 2019 from $168 million for the nine months ended September 30, 2018. Casualty ($95 million) was the main driver for the increase from the prior period.

Runoff & Other

Runoff & Other includes the results of Sirius Global Solutions, which specializes in the acquisition and management of runoff liabilities for insurance and reinsurance companies, both in the U.S. and internationally, as well as asbestos risks, environmental risks and other long-tailed liability exposures.

	Three months ended September 30,		Nine months ended September 30,	
Runoff & Other (*Millions*)	**2019**	**2018**	**2019**	**2018**
Gross written premiums	$ 2.1	$ 0.7	$ 4.7	$ 14.6
Net written premiums	0.8	0.3	1.5	11.8
Net earned insurance and reinsurance premiums	0.5	0.4	1.2	11.5
Loss and allocated LAE	(0.9)	10.2	(4.4)	12.3
Insurance and reinsurance acquisition expenses	(0.1)	(0.1)	(2.6)	(2.3)
Technical (loss) profit	**$ (0.5)**	**$ 10.5**	**$ (5.8)**	**$ 21.5**
Unallocated LAE	(0.2)	(0.7)	(0.9)	(1.6)
Other underwriting expenses	(1.4)	(1.4)	(4.6)	(5.2)
Underwriting (loss) income	**$ (2.1)**	**$ 8.4**	**$ (11.3)**	**$ 14.7**
General and administrative expenses	(1.2)	(0.8)	(3.0)	(2.9)
Underwriting (loss) income	**$ (3.3)**	**$ 7.6**	**$ (14.3)**	**$ 11.8**

Three months ended September 30, 2019 and 2018

Runoff & Other recorded $2 million of gross written premiums for the three months ended September 30, 2019 compared to $1 million of gross written premiums for the three months ended September 30, 2018.

Runoff & Other recorded an underwriting (loss) of $(3) million for the three months ended September 30, 2019 compared to underwriting income of $8 million for the three months ended September 30, 2018. Runoff & Other recorded $1 million of net unfavorable prior year loss reserve development for the three months ended September 30, 2019 compared to $11 million of net favorable prior year loss reserve development for the three months ended September 30, 2018.

Nine months ended September 30, 2019 and 2018

Runoff & Other recorded $5 million of gross written premiums for the nine months ended September 30, 2019 compared to $15 million of gross written premiums for the nine months ended September 30, 2018. Gross written premiums for the nine months ended September 30, 2018 relate primarily to premiums from a loss portfolio transfer and quota share.

Runoff & Other recorded an underwriting (loss) of $(14) million for the nine months ended September 30, 2019 compared to underwriting income of $12 million for the nine months ended September 30, 2018. Runoff & Other recorded $5 million of net unfavorable prior year loss reserve development for the nine months ended September 30, 2019 compared to $23 million of net favorable prior year loss reserve development for the nine months ended September 30, 2018. The net unfavorable prior year loss reserve development for the nine months ended September 30, 2019 was due primarily to an increase in reserves for a disputed Latin American Facultative Surety claim in arbitration. The net favorable prior year loss reserve development for the nine months ended September 30, 2018 was due primarily to reductions in World Trade Center claims in response to revised information received by the Company and runoff Casualty reserves.

Reinsurance Protection

The following tables display Sirius Group's underwriting ratios prior to cessions to reinsurers ("Gross"), cessions to reinsurers ("Ceded") and after cessions to reinsurers ("Net") basis.

Three months ended September 30, 2019 and 2018

	Three months ended September 30, 2019			
	Global Property	**Global A&H**	**Specialty & Casualty**	**Total**
Gross ratios:				
Loss ratio	106.3%	56.2%	93.5%	88.7%
Acquisition expense ratio	19.6%	26.8%	26.4%	20.5%
Other underwriting expense ratio	6.6%	4.6%	8.3%	7.4%
Gross Combined ratio	**132.5%**	**87.6%**	**128.2%**	**116.6%**
Ceded ratios:				
Loss ratio	74.3%	53.3%	138.9%	72.7%
Acquisition expense ratio	23.2%	21.9%	15.3%	22.2%
Ceded Combined ratio	**97.5%**	**75.2%**	**154.2%**	**94.9%**
Net ratios:				
Loss ratio	118.8%	57.0%	89.7%	93.2%
Acquisition expense ratio	18.3%	28.2%	27.5%	20.1%
Other underwriting expense ratio	9.2%	5.9%	8.9%	9.5%
Net Combined ratio	**146.3%**	**91.1%**	**126.1%**	**122.8%**

Sirius Group's net combined ratio was 6 points higher than the gross combined ratio primarily due to the costs of retrocessional protections with limited ceded loss recoveries for the three months ended September 30, 2019, driven by Global Property.

	Three months ended September 30, 2018			
	Global Property	**Global A&H**	**Specialty & Casualty**	**Total**
Gross ratios:				
Loss ratio	74.2%	66.7%	53.0%	68.8%
Acquisition expense ratio	20.6%	28.0%	25.9%	20.1%
Other underwriting expense ratio	7.1%	5.4%	12.9%	8.3%
Gross Combined ratio	**101.9%**	**100.1%**	**91.8%**	**97.2%**
Ceded ratios:				
Loss ratio	8.1%	89.6%	(25.7)%	32.9%
Acquisition expense ratio	28.0%	22.4%	8.5%	24.8%
Ceded Combined ratio	**36.1%**	**112.0%**	**(17.2)%**	**57.7%**
Net ratios:				
Loss ratio	102.2%	59.2%	61.1%	81.1%
Acquisition expense ratio	17.4%	29.8%	27.7%	18.4%
Other underwriting expense ratio	10.1%	7.1%	14.4%	11.1%
Net Combined ratio	**129.7%**	**96.1%**	**103.2%**	**110.6%**

Sirius Group's net combined ratio was 14 points higher than the gross combined ratio for the three months ended September 30, 2018. The net combined ratio was higher than the gross combined ration due primarily to the costs of retrocessional protections with limited ceded loss recoveries.

Nine months ended September 30, 2019 and 2018

	Nine months ended September 30, 2019			
	Global Property	**Global A&H**	**Specialty & Casualty**	**Total**
Gross ratios:				
Loss ratio	73.5%	61.7%	83.0%	72.9%
Acquisition expense ratio	20.8%	27.3%	26.1%	21.4%
Other underwriting expense ratio	7.5%	4.3%	8.3%	7.8%
Gross Combined ratio	**101.8%**	**93.3%**	**117.4%**	**102.1%**
Ceded ratios:				
Loss ratio	46.3%	61.2%	144.7%	59.8%
Acquisition expense ratio	28.9%	22.3%	10.5%	25.1%
Ceded Combined ratio	**75.2%**	**83.5%**	**155.2%**	**84.9%**
Net ratios:				
Loss ratio	83.7%	61.8%	77.0%	76.7%
Acquisition expense ratio	17.7%	28.8%	27.6%	20.4%
Other underwriting expense ratio	10.3%	5.7%	9.1%	10.0%
Net Combined ratio	**111.7%**	**96.3%**	**113.7%**	**107.1%**

Sirius Group's net combined ratio was 5 points higher than the gross combined ratio primarily due to the costs of retrocessional protections with limited ceded loss recoveries for the nine months ended September 30, 2019, driven by Global Property. Within Specialty & Casualty, the lower net combined ratio was primarily due to ceded loss recoveries in Aviation & Space.

	Nine months ended September 30, 2018			
	Global Property	**Global A&H**	**Specialty & Casualty**	**Total**
Gross ratios:				
Loss ratio	56.8%	58.3%	50.5%	56.3%
Acquisition expense ratio	22.7%	29.2%	24.8%	22.0%
Other underwriting expense ratio	7.5%	6.1%	12.8%	9.4%
Gross Combined ratio	**87.0%**	**93.6%**	**88.1%**	**87.7%**
Ceded ratios:				
Loss ratio	35.5%	68.5%	18.0%	44.9%
Acquisition expense ratio	29.0%	21.0%	9.3%	25.6%
Ceded Combined ratio	**64.5%**	**89.5%**	**27.3%**	**70.5%**
Net ratios:				
Loss ratio	67.1%	55.1%	54.6%	60.4%
Acquisition expense ratio	19.6%	31.8%	26.7%	20.7%
Other underwriting expense ratio	11.1%	8.0%	14.4%	12.8%
Net Combined ratio	**97.8%**	**94.9%**	**95.7%**	**93.9%**

Sirius Group's net combined ratio was 6 points higher than the gross combined ratio primarily due to the costs of retrocessional protections with limited ceded loss recoveries for the nine months ended September 30, 2018.

Non-GAAP Financial Measures

In presenting Sirius Group’s results, management has included and discussed non-GAAP financial measures: Adjusted book value, Adjusted book value per share, Adjusted tangible book value, Adjusted tangible book value per share and Operating (loss) income attributable to common shareholders. The Company believes that these non-GAAP financial measures, which may be defined and calculated differently by other companies, better explain and enhance the understanding of the Company’s results of operations. However, these measures should not be viewed as a substitute for those determined in accordance with GAAP.

Adjusted book value, Adjusted book value per share, Adjusted tangible book value, and Adjusted tangible book value per share

Adjusted book value, Adjusted book value per share, Adjusted tangible book value, and Adjusted tangible book value per share are non-GAAP financial measures. Adjusted book value and Adjusted book value per share are used to show the Company’s total worth on a per-share basis and are useful to management and investors in analyzing the intrinsic value of the Company. Adjusted tangible book value and Adjusted tangible book value per share are useful to investors because they measure the realizable value of shareholder returns, excluding the impact of goodwill, intangible assets, and net deferred liability on intangible assets.

Adjusted shares outstanding is derived by summing Common shares outstanding, Series B preference shares outstanding, and the earned portion of share-based compensation awards. Adjusted book value is derived by summing Total common shareholders’ equity, the Series B preference share amount reflected in mezzanine equity, and the Earned portion of future proceeds from stock option awards. Outstanding warrants are excluded as they are anti-dilutive as of the respective reporting dates. Adjusted tangible book value is derived by subtracting Goodwill, Intangible assets and Net deferred tax liability on intangible assets from Adjusted book value.

At September 30, 2019, Adjusted book value, Adjusted book value per share, Adjusted tangible book value, and Adjusted tangible book value per share include the earned effects of share-based compensation awards issued during 2019.

Adjusted book value per share is derived by dividing the Adjusted book value by the Adjusted shares outstanding. Adjusted tangible book value per share is derived by dividing Adjusted tangible book value by the Adjusted shares outstanding.

The reconciliation to Total common shareholders’ equity and Book value per common share, the most directly comparable GAAP measures, are presented in the table below.

(Expressed in millions of U.S. dollars, except share and per share amounts)		**September 30, 2019**		**December 31, 2018**
Common shares outstanding		115,299,342		115,151,251
Series B preference shares outstanding		11,901,670		11,901,670
Earned share-based compensation awards, excluding stock options		648,551		—
Earned portion of Stock option awards issued		267,350		—
Adjusted shares outstanding		**128,116,913**		**127,052,921**
Total common shareholders’ equity	$	1,742.6	$	1,704.5
Series B preference shares		236.0		232.2
Earned portion of future proceeds from stock option awards		3.4		—
Adjusted book value	**$**	**1,982.0**	**$**	**1,936.7**
Goodwill		(400.4)		(400.6)
Intangible assets		(183.8)		(195.6)
Net deferred tax liability on intangible assets		24.0		26.3
Adjusted tangible book value	**$**	**1,421.8**	**$**	**1,366.8**
Book value per common share	**$**	**15.11**	**$**	**14.80**
Adjusted book value per share	**$**	**15.47**	**$**	**15.24**
Adjusted tangible book value per share	**$**	**11.10**	**$**	**10.76**

Operating (loss) income attributable to common shareholders

The Company uses Operating (loss) income attributable to common shareholders as a measure to evaluate the underlying fundamentals of its operations and believes it to be a useful measure of its core performance. Operating (loss) income attributable to common shareholders as used herein differs from net (loss) income attributable to common shareholders, which the Company believes is the most directly comparable GAAP measure, by the exclusion of net realized and unrealized gains and losses on investments, net foreign exchange gains (losses) and the associated income tax expense or benefit. The Company's management believes that Operating (loss) income attributable to common shareholders is useful to investors because it is more reflective of the Company's core business, as it removes the variability arising from fluctuations in the Company's fixed maturity investment portfolio, equity investments trading, investments-related derivatives, and net foreign exchange gains (losses) and the associated income tax expense or benefit of those fluctuations. The following is a reconciliation of net (loss) income attributable to common shareholders to Operating (loss) income attributable to common shareholders:

	Three months ended September 30,		Nine months ended September 30,	
(Expressed in millions of U.S. dollars)	**2019**	**2018**	**2019**	**2018**
Net (loss) income attributable to common shareholders	**$ (2.7)**	**$ (28.0)**	**$ 99.2**	**$ 110.3**
Adjustment for net realized and unrealized (gains) losses on investments	(69.2)	7.8	(183.3)	(37.0)
Adjustment for net foreign exchange (gains) losses	(4.3)	0.4	(9.4)	(21.7)
Adjustment for income tax expense (benefits) [1]	10.8	(1.6)	27.6	(1.6)
Operating (loss) income attributable to common shareholders	**$ (65.4)**	**$ (21.4)**	**$ (65.9)**	**$ 50.0**

[1]Adjustment for income tax expense (benefits) represents the income tax expense (benefits) associated with the adjustment for net realized and unrealized losses (gains) on investments and the income tax expense (benefits) associated with the adjustment for net foreign exchange gains (losses). The income tax impact is estimated by applying the statutory rates of applicable jurisdictions, after consideration of other relevant factors.

Liquidity and Capital Resources

Liquidity is a measure of a company's ability to generate cash flows sufficient to meet the short-term and long-term cash requirements of its business operations. Sirius Group's insurance and reinsurance operations are subject to regulation and supervision in each of the jurisdictions where they are domiciled and licensed to conduct business. Generally, regulatory authorities have broad supervisory and administrative powers over such matters as licenses, standards of solvency, premium rates, policy forms, investments, security deposits, methods of accounting, form and content of financial statements, reserves for unpaid loss and LAE, reinsurance, minimum capital and surplus requirements, dividends and other distributions to shareholders, periodic examinations and annual and other report filings. In general, such regulation is for the protection of policyholders rather than shareholders. Sirius Group manages its liquidity needs primarily through the maintenance of a short duration and high quality fixed income portfolio.

Dividend Capacity

Sirius Group's top tier regulated insurance and reinsurance operating subsidiary is Sirius Bermuda. Sirius Bermuda's ability to pay dividends is limited under Bermuda law and regulations. Under the Insurance Act 1978, Sirius Bermuda is restricted with respect to the payment of dividends. Sirius Bermuda is prohibited from declaring or paying in any financial year dividends of more than 25% of its total statutory capital and surplus (as shown on its previous financial year's statutory balance sheet) unless it files, at least seven days before payment of such dividends, with the Bermuda Monetary Authority ("BMA") an affidavit stating that it will continue to meet the required margins following the declaration of those dividends. As of December 31, 2018, Sirius Bermuda could pay approximately $539 million to its parent company, Sirius International Group, Ltd., during 2019. Sirius Bermuda indirectly owns Sirius International, Sirius America and Sirius Group's other insurance and reinsurance operating companies, each of which are limited in their ability to pay dividends by the insurance laws of their relevant jurisdictions. CMIG International Holding Pte. Ltd. ("CMIG International"), which is approximately 82% owned by China Minsheng Investment Group Corp., Ltd. ("CMIG"), indirectly holds approximately 87% of the voting and dispositive control over the Sirius Group common shares as of September 30, 2019, through CMIG International's wholly-owned Bermuda holding company, CM Bermuda Ltd. ("CM Bermuda"). During 2019, CMIG has made several public announcements relating to defaults and cross-defaults on certain bonds and other debt obligations issued by certain subsidiaries of CMIG (the "CMIG Defaults"), the failure and uncertainty of CMIG's subsidiaries to repay their debt obligations as they become due and the existence of certain asset freeze orders relating to the equity interests of CMIG in certain Chinese subsidiaries not within the chain of control of Sirius Group. On May 3, 2019, in connection with the CMIG Defaults, Sirius Bermuda and Sirius Group entered into a voluntary undertaking with the BMA to provide further comfort to the BMA as the group supervisor of Sirius Group and primary regulator of Sirius Bermuda, the designated insurer for group supervisory purposes regarding the potential risks to Sirius Group in connection with the CMIG Defaults. Pursuant to the voluntary undertaking, each of Sirius Group and Sirius Bermuda have agreed, until May 3, 2020, (a) to provide ten days prior written notice to the BMA prior to declaring any dividend or capital distribution, which notice shall include an affidavit confirming that the declaration and payment of such dividend would not be in breach of (i) the provisions of section 54 of the Companies Act 1981 in the case of Sirius Bermuda, (ii) the Minimum Liquidity Ratio as defined in the Insurance Act 1978 in the case of Sirius Bermuda; and (iii) the Target Capital Level of 120% of the Enhanced Capital Requirement as defined by the Bermuda Solvency Capital Requirement promulgated by the BMA for Sirius Group and Sirius Bermuda, and a summary description of the use proceeds from such declaration or dividend or capital distribution within Sirius Group or Sirius Bermuda; (b) not to enter into any guarantees, keepwells, loans or other financial arrangements between Sirius Group and CMIG, or provide any credit support with respect to any obligations of CMIG; and (c) not to enter into any related party transaction with CMIG.

Sirius International has the ability to pay dividends to Sirius Bermuda subject to the availability of unrestricted equity, calculated in accordance with the Swedish Act on Annual Accounts in Insurance Companies and the Swedish Financial Supervisory Authority (the "SFSA"). Unrestricted equity is calculated on a consolidated group account basis and on a parent account basis. Differences between the two include but are not limited to accounting for goodwill, subsidiaries (with parent accounts stated at original foreign exchange rates), taxes and pensions. Sirius International's ability to pay dividends is limited to the "lower of" unrestricted equity as calculated within the group and parent accounts. As of December 31, 2018, Sirius International had $373 million (based on the December 31, 2018 SEK to USD exchange rate) of unrestricted equity on a parent account basis (the lower of the two approaches) available to pay dividends in 2019. The amount of dividends available to be paid by Sirius International in any given year is also subject to cash flow and earnings generated by Sirius International's business, the maintenance of adequate solvency capital ratios for Sirius International and the consolidated Sirius International UK Holdings Ltd. group, as well as dividends received from its subsidiaries, including Sirius America. Earnings generated by Sirius International's business that are allocated to the Safety Reserve are not available to pay dividends (see "Safety Reserve" below). For the nine months ended September 30, 2019, Sirius International did not declare a dividend and paid an insignificant amount of dividends declared in 2017.

Under the normal course of business, Sirius America has the ability to pay dividends to its immediate parent during any twelve-month period without the prior approval of regulatory authorities in an amount set by a formula based on the lesser of net investment income, as defined by statute, or 10% of statutory surplus, in both cases as most recently reported to regulatory authorities, subject to the availability of earned surplus and subject to dividends paid in prior periods. Based on this formula, Sirius America has ordinary dividend capacity as of September 30, 2019, without prior regulatory approval. As of December 31, 2018, Sirius America had $522 million of statutory surplus and $108 million of earned surplus. For the nine months ended September 30, 2019, Sirius America did not pay any dividends to its immediate parent.

For the nine months ended September 30, 2019, Sirius Group did not pay any dividends. As of September 30, 2019, Sirius Group had $62 million of net unrestricted cash, short-term investments, and fixed maturity investments outside of its regulated and unregulated insurance and reinsurance operating subsidiaries.

Capital Maintenance

Effective August 27, 2019, the capital maintenance agreement between Sirius International and Sirius America, which obligated Sirius International to make contributions to Sirius America's surplus in order for Sirius America to maintain surplus equal to at least 125% of the company action level risk-based capital as defined in the National Association of Insurance Commissioners' Property/Casualty Risk-Based Capital Report was terminated. The agreement provided for a maximum contribution to Sirius America of $200 million. Sirius International did not make any contributions to the surplus of Sirius America up to and including the termination date.

Safety Reserve

Subject to certain limitations under Swedish law, Sirius International is permitted to transfer pre-tax income amounts into a reserve referred to as a "Safety Reserve." As of September 30, 2019, Sirius International's Safety Reserve amounted to SEK 10.7 billion, or $1.1 billion (based on the September 30, 2019 SEK to USD exchange rate). Under GAAP, an amount equal to the Safety Reserve, net of a related deferred tax liability established at the Swedish tax rate, is classified as common shareholders' equity. Generally, this deferred tax liability ($224 million based on the September 30, 2019 SEK to USD exchange rate) is only required to be paid by Sirius International if it fails to maintain prescribed levels of premium writings and loss reserves in future years. As a result of the indefinite deferral of these taxes, Swedish regulatory authorities apply no taxes to the Safety Reserve when calculating solvency capital under Swedish insurance regulations.

Pursuant to tax legislation enacted in Sweden in June 2018, the tax rate applicable to Swedish corporations decreased to 21.4% effective as of January 1, 2019, and then will further reduce to 20.6% starting in 2021. The tax legislation also introduced a permanent tax on the Safety Reserve effective as of January 1, 2019. This provision adds additional taxable income for the Company annually. The calculation applies the Government Borrowing Rate (with a floor rate of +0.5%) to the Safety Reserve balance at the beginning of the year. At the current year tax rate of 21.4 %, the additional tax expense for 2019 is SEK 11 million, or $1 million (based on the September 30, 2019 SEK to USD exchange rate).

Further, the enacted legislation also included a new provision treating an amount equal to 6% of the Safety Reserve balance as of January 1, 2021, as additional taxable income in tax year 2021 only, subject to tax at the applicable 20.6% rate. Based on this new provision and Sirius International's Safety Reserve balance as of December 31, 2018, Sirius International recorded an additional deferred tax liability as of December 31, 2018 in the amount of SEK 132.1 million, or $14 million (based on the September 30, 2019 SEK to USD exchange rate).

Under local statutory requirements, an amount equal to the deferred tax liability on Sirius International's Safety Reserve is included in solvency capital. Access to the Safety Reserve is restricted to coverage of insurance and reinsurance losses and to coverage of a breach of the Solvency Capital Requirement. Access for any other purpose requires the approval of Swedish regulatory authorities. Similar to the approach taken by Swedish regulatory authorities, most major rating agencies generally include the $1.1 billion balance of the Safety Reserve, without any provision for deferred taxes, in Sirius International's regulatory capital when assessing Sirius International and Sirius Group's financial strength. Subject to certain limitations under Swedish law, Sirius International is permitted to transfer certain portions of its pre-tax income to its Swedish parent companies to minimize taxes (referred to as a group contribution). For the nine months ended September 30, 2019, Sirius International did not transfer any of its 2019 pre-tax income via group contributions to its Swedish parent companies.

Insurance Float

Insurance float is an important aspect of Sirius Group's insurance and reinsurance operations. Insurance float represents funds that an insurance or reinsurance company holds for a limited time. In an insurance or reinsurance operation, float arises because premiums are collected before losses are paid. This interval can extend over many years. During that time, the insurer or reinsurer invests the funds. When the premiums that an insurer or reinsurer collects do not cover the losses and expenses it eventually must pay, the result is an underwriting loss, which can be considered as the cost of insurance float.

Insurance float can increase in a number of ways, including through acquisitions of insurance and reinsurance operations, organic growth in existing insurance and reinsurance operations and recognition of losses that do not immediately cause a corresponding reduction in investment assets. Conversely, insurance float can decrease in a number of other ways, including sales of insurance and reinsurance operations, shrinking or runoff of existing insurance and reinsurance operations, the acquisition of operations that do not have substantial investment assets (e.g., an agency) and the recognition of gains that do not cause a corresponding increase in investment assets. It is Sirius Group's intention to generate low-cost float over time through a combination of acquisitions and organic growth in its existing insurance and reinsurance operations.

Certain operational leverage metrics can be measured with ratios that are calculated using insurance float. There are many activities that do not change the amount of insurance float at an insurance or reinsurance company but can have a significant impact on Sirius Group's operational leverage metrics. For example, investment gains and losses, foreign currency translation gains and losses, debt issuances and repurchases/repayments, common and preferred share issuances and repurchases and dividends paid to shareholders are all activities that do not change insurance float but can meaningfully impact operational leverage metrics that are calculated using insurance float.

The following table illustrates Sirius Group's consolidated insurance float position as of September 30, 2019 and December 31, 2018:

(Expressed in millions of U.S. dollars, except multiples)	September 30, 2019	December 31, 2018
Loss and LAE reserves	$ 2,186.4	$ 2,016.7
Unearned insurance and reinsurance premiums	807.7	647.2
Ceded reinsurance payable	250.4	206.9
Funds held under reinsurance treaties	135.9	110.6
Deferred tax liability on safety reserve	237.9	261.1
Float liabilities	**3,618.3**	3,242.5
Cash	145.8	119.4
Reinsurance recoverable on paid and unpaid losses	448.1	405.2
Insurance and reinsurance premiums receivable	842.6	630.6
Funds held by ceding companies	236.8	186.8
Deferred acquisition costs	155.2	141.6
Ceded unearned insurance and reinsurance premiums	173.8	159.8
Float assets	**2,002.3**	1,643.4
Insurance float	**$ 1,616.0**	$ 1,599.1
Insurance float as a multiple of total capital[(1)]	**0.6x**	0.6x
Insurance float as a multiple of Sirius Group's common shareholders' equity	**0.9x**	0.9x

[(1)]*See calculation of total capital in the table below under "Financing."*

Financing

Sirius Group anticipates that it will have the flexibility and capacity to obtain funds externally as needed through debt or equity financing on both a short-term and long-term basis. However, Sirius Group can provide no assurance that, if needed, it would be able to obtain additional debt or equity financing on satisfactory terms, if at all. In particular, as discussed in Item 1A, "Risk Factors," due to the CMIG Defaults, CMIG International's status as a controlling shareholder could limit Sirius Group's ability to raise new equity and debt capital or execute on strategic objectives, including bolt-on acquisitions and strategic mergers & acquisitions.

The following table summarizes Sirius Group's capital structure as of September 30, 2019 and December 31, 2018:

(Expressed in millions of U.S. dollars, except ratios)	September 30, 2019	December 31, 2018
2017 SEK Subordinated Notes	$ 276.5	$ 303.6
2016 SIG Senior Notes	393.8	393.2
Total debt	**670.3**	**696.8**
Series B preference shares	236.0	232.2
Common shareholders' equity	1,742.6	1,704.5
Total capital	**$ 2,648.9**	**$ 2,633.5**
Total debt to total capital	**25%**	**26%**
Total debt and Series B preference shares to total capital	**34%**	**35%**

2017 SEK Subordinated Notes

On September 22, 2017, Sirius Group issued floating rate callable subordinated notes denominated in Swedish kronor ("SEK") in the amount of SEK 2,750 million (or $346 million on date of issuance) at a 100% issue price ("2017 SEK Subordinated Notes"). The 2017 SEK Subordinated Notes were issued in an offering that was exempt from the registration requirements of the Securities Act of 1933 (the "Securities Act"). The 2017 SEK Subordinated Notes bear interest on their principal amount at a floating rate equal to the applicable Stockholm Interbank Offered Rate ("STIBOR") for the relevant interest period plus an applicable margin, payable quarterly in arrears on March 22, June 22, September 22, and December 22 in each year commencing on December 22, 2017, until maturity in September 2047.

Sirius Group incurred $5 million in expenses related to the issuance of the 2017 SEK Subordinated Notes (including SEK 27.5 million, or $4 million, in underwriting fees), which have been deferred and are being recognized into interest expense over the life of the 2017 SEK Subordinated Notes.

Taking into effect the amortization of all underwriting and issuance expenses, and applicable STIBOR, the 2017 SEK Subordinated Notes yielded an effective rate of approximately 4.0% and 3.5% annualized for the nine months ended September 30, 2019 and 2018, respectively. Sirius Group recorded $9 million of interest expense, inclusive of amortization of issuance costs, on the 2017 SEK Subordinated Notes for each of the nine months ended September 30, 2019 and 2018, respectively.

2016 SIG Senior Notes

On November 1, 2016, Sirius Group issued $400 million face value of senior unsecured notes ("2016 SIG Senior Notes") at an issue price of 99.209% for net proceeds of $392.4 million after taking into effect both deferrable and non-deferrable issuance costs. The 2016 SIG Senior Notes were issued in an offering that was exempt from the registration requirements of the Securities Act. The 2016 SIG Senior Notes bear an annual interest rate of 4.6%, payable semi-annually in arrears on May 1, and November 1, in each year commencing on May 1, 2017, until maturity in November 2026.

Sirius Group incurred $5 million in expenses related to the issuance of the 2016 SIG Senior Notes (including $3 million in underwriting fees), which have been deferred and are being recognized into interest expense over the life of the 2016 SIG Senior Notes.

Taking into effect the amortization of the original issue discount and all underwriting and issuance expenses, the 2016 SIG Senior Notes yielded an effective rate of approximately 4.7% per annum. Sirius Group recorded $14 million of interest expense, inclusive of amortization of issuance costs on the 2016 SIG Senior Notes, for each of the nine months ended September 30, 2019 and 2018, respectively.

Standby letter of credit facilities

On November 9, 2018, Sirius International renewed two standby letter of credit facility agreements totaling $160 million to provide capital support for Lloyd's Syndicate 1945. The first letter of credit is a renewal of a $125 million facility with Nordea Bank Finland Abp, London Branch, which is issued on an unsecured basis. The second letter of credit is a $35 million facility with DNB Bank ASA, Sweden Branch, $25 million of which is issued on an unsecured basis. Each facility is renewable annually. The above referenced facilities are subject to various affirmative, negative and financial covenants that the Company considers to be customary for such borrowings, including certain minimum net worth and maximum debt to capitalization standards and change in control provisions.

Sirius International has other secured letter of credit and trust arrangements with various financial institutions to support its insurance operations. As of September 30, 2019 and December 31, 2018, these secured letter of credit and trust arrangements were collateralized by pledged assets and assets in trust of SEK 2.9 billion and SEK 2.9 billion, respectively, or $301 million and $321 million, respectively (based on the September 30, 2019 and December 31, 2018 SEK to USD exchange rates). As of September 30, 2019 and December 31, 2018, Sirius America Insurance Company's trust arrangements were collateralized by pledged assets and assets in trust of $58 million and $56 million, respectively. As of September 30, 2019 and December 31, 2018, Sirius Bermuda's trust arrangements were collateralized by pledged assets and assets in trust of $351 million and $320 million, respectively.

Revolving credit facility

In February 2018, Sirius Group, through its indirectly wholly-owned subsidiary Sirius International Group, Ltd., entered into a three-year, $300 million senior unsecured revolving credit facility (the "Facility"). The Facility provides access to loans for working capital and general corporate purposes, and letters of credit to support obligations under insurance and reinsurance agreements and retrocessional agreements. The Facility is subject to various affirmative, negative and financial covenants that Sirius Group considers to be customary for such borrowings, including certain minimum net worth, maximum debt to capitalization and financial strength rating standards and change in control provisions. As of September 30, 2019, there were no outstanding borrowings under the Facility.

Debt and standby letter of credit facility covenants

As of September 30, 2019, Sirius Group was in compliance with all of the covenants under the 2017 SEK Subordinated Notes, the 2016 SIG Senior Notes, the Nordea Bank Finland Abp, London Branch facility, and the DNB Bank ASA, Sweden Branch facility. In addition, as of September 30, 2019, Sirius Group was in compliance with all of the covenants under the Facility.

Off Balance Sheet Arrangements

Sirius Group is not party to any off-balance sheet transaction, agreement or other contractual arrangement as defined by Item 303(a)(4) of Regulation S-K to which an entity unconsolidated with Sirius Group is a party that management believes is reasonably likely to have a current or future effect on its financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that Sirius Group believes is material to investors.

Contractual Obligations and Commitments

In the normal course of business, we are party to a variety of contractual obligations, summarized as of December 31, 2018 in our 2018 Annual Report. We consider these contractual obligations when assessing our liquidity requirements. During the nine months ended September 30, 2019, other than as disclosed in "Note 5. Reserves for unpaid losses and adjustment expenses" in the Notes to Consolidated Financial Statements included within "Part I, Item 1. Financial Statements." with respect to a decrease in our reserve for loss and LAE reserves, and "Note 9. Debt and standby letters of credit facilities" in the Notes to Consolidated Financial Statements included within "Part I, Item 1. Financial Statements." with respect to our long term debt obligations, there were no other material changes in our contractual obligations as disclosed in the table of contractual obligations, and related footnotes, included in our Annual Report.

Cash Flows

Sirius Group primarily derives cash from the net inflow of premiums less claim payments related to underwriting activities and from net investment income. The insurance and reinsurance business inherently provides liquidity, as premiums are received in advance of the time claims are paid. However, the amount of cash required to fund claim payments can fluctuate significantly from period to period, due to the low frequency and high severity nature of certain types of business we write. Sirius Group's remaining cash flows are generally reinvested in our investment portfolio.

The following table summarizes our consolidated cash flows from operating, investing, and financing activities for the nine months ended September 30, 2019 and 2018.

	Nine months ended	
(Millions)	**September 30, 2019**	**September 30, 2018**
Net cash provided from (used for)[1]		
Operations	$ 87.9	$ 107.3
Investing activities	(50.8)	(208.0)
Financing activities	(0.1)	1.4
Effect of exchange rate changes on cash	(9.4)	(9.8)
Increase (decrease) in cash during year	**$ 27.6**	**$ (109.1)**

[1]*Refer to Consolidated Statements of Cash Flows included in Sirius Group's Unaudited Consolidated Financial Statements included in "Part I, Item 1. Financial Statements."*

Cash flows from operations for the nine months ended September 30, 2019 and 2018

Net cash flows provided from operations were $88 million and $107 million for the nine months ended September 30, 2019 and 2018, respectively. Cash flows from operations decreased $19 million for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 as higher amounts of net premiums collected were more than offset by higher net paid losses.

Long-term compensation items affecting cash flows from operations

During the nine months ended September 30, 2019 and 2018, Sirius Group made long-term incentive payments totaling $2 million and $6 million, respectively.

Cash flows from investing and financing activities for the nine months ended September 30, 2019 and 2018

Cash flows (used for) investing activities were $(51) million and $(208) million for the nine months ended September 30, 2019 and 2018, respectively. The current period reflected lower net purchases of common equity securities, partially offset by higher net purchases of short-term investments.

Cash flows (used for) provided from financing activities were insignificant for the nine months ended September 30, 2019 and $1 million for the nine months ended September 30, 2018, respectively.

Financing and other capital activities

During the nine months ended September 30, 2019, Sirius Group paid $9 million of interest on the 2016 Senior Notes and $9 million of interest on the 2017 SEK Subordinated Notes.

During the nine months ended September 30, 2018, Sirius Group paid $9 million of interest on the 2016 Senior Notes and $9 million of interest on the 2017 SEK Subordinated Notes.

During the nine months ended September 30, 2018, as stipulated in the stock purchase agreement between CMIG International and White Mountains Insurance Group ("White Mountains"), White Mountains paid Sirius Group $1 million for certain long-term incentive payments that Sirius Group paid to its employees.

Summary of Critical Accounting Estimates

Our Consolidated Financial Statements include certain amounts that are inherently uncertain and judgmental in nature. As a result, we are required to make assumptions and best estimates in order to determine the reported values. We consider an accounting estimate to be critical if: (1) it requires that significant assumptions be made in order to deal with uncertainties and (2) changes in the estimate could have a material impact on our results of operations, financial condition or liquidity.

As disclosed in our 2018 Annual Report, we believe that the material items requiring such subjective and complex estimates are our:

Loss and LAE Reserves
Fair Value Measurements
Goodwill and Intangible Assets
Premiums
Earnout Obligations
Income Taxes

There have been no material changes to the Company's critical accounting estimates for the nine months ended September 30, 2019. For additional information regarding our critical accounting estimates, refer to our 2018 Annual Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Sirius Group's consolidated balance sheet includes a substantial amount of assets and liabilities whose fair values are subject to market risk. The term "market risk" refers to the risk of loss arising from adverse changes in interest rates, credit spreads, equity markets prices and other relevant market rates and prices. Due to Sirius Group's sizable investment portfolio, market risk can have a significant effect on Sirius Group's consolidated financial position.

There have been no material changes in the information about market risk set forth in our 2018 Annual Report.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules, regulations and related forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rules 13a-15(e) and 15d-15(e) under the Exchange Act, Sirius Group's management, with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures as of September 30, 2019. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that Sirius Group's disclosure controls and procedures are effective in allowing information required to be disclosed in reports filed under the Exchange Act to be recorded, processed, summarized and reported within time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to Sirius Group's management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

During the most recently completed fiscal quarter, there have been no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Sirius Group, and the insurance and reinsurance industry in general, are routinely subject to claims-related litigation and arbitration in the normal course of business, as well as litigation and arbitration that do not arise from, or are not directly related to, claims activity. Sirius Group estimates of the costs of settling matters routinely encountered in claims activity are reflected in the reserves for unpaid loss and LAE.

We are not a party to any material legal proceedings arising outside the ordinary course of business.

ITEM 1A. RISK FACTORS

We face a variety of risks that are inherent in our business and our industry, including operational, industry and regulatory risks. Such risks could cause our actual results to differ materially from our forward-looking statements, expectations and historical trends. As of the date of this report, there have been no material changes to the risk factors disclosed in Item 1A. "Risk Factors" in our 2018 Annual Report, except as set forth below.

Sirius Group has become aware of recent announcements by CMIG regarding the CMIG Defaults. The CMIG Defaults may have financial, legal, regulatory, contractual and other implications that could have a material adverse effect on Sirius Group's business, prospects, financial condition, results from operations, liquidity and share price.

CMIG International, which is approximately 82% owned by CMIG, indirectly holds approximately 87% of the voting control over the Sirius Group common shares as of September 30, 2019, through CMIG International's wholly-owned Bermuda holding company, CM Bermuda. In April 2019, subsidiaries of CMIG announced the existence of certain asset freeze orders relating to CMIG's Chinese subsidiaries and cross-defaults, relating to, among others, approximately US$300 million and US$500 million on certain of CMIG's subsidiaries' bonds not within the chain of control of Sirius Group. Since then, the US$300 million bonds were subsequently accelerated and repaid in full; and, the noteholders agreed to extend the maturity date of the US$500 million notes from August 2, 2019 to August 2, 2020 and reduce the total aggregate principal amount to US$450 million in connection with the payment of a US$50 million mandatory partial redemption. In addition, on October 28, 2019, CMIG, through one of its subsidiaries, informed the holders of the US$500 million notes that are now due in 2020 that CMIG has been progressing with investment and asset dispositions with respect to certain non-core businesses and investment projects and expects to use the proceeds from these dispositions to repay the notes and redeem an aggregate principal amount of US$130 million of the notes with any interest accrued and unpaid thereon by June 2020. CMIG previously announced in mid-2019 that it was uncertain that certain super and short-term commercial paper obligations in the amount of approximately US$220 million and US$113 million would be timely repaid. However, these obligations were eventually repaid in full five and three days after the maturity date, respectively. In early 2019, a CMIG subsidiary announced that a previously declared US$30 million dividend would be delayed due to concerns regarding a possible cash shortfall following the payment of the dividend. There were also previous public announcements by CMIG during 2019 that disclosed that an onshore creditors committee had been formed to stabilize the current situation and maintain the operations of CMIG.

Risks and uncertainties associated with the CMIG Defaults include the actions that CMIG may take to resolve its liquidity issues (such as a sale of Sirius Group) and potential opposition to such actions from CMIG's creditors and other parties in interest, as well as the actions that CMIG's creditors may take (such as additional freezes on CMIG's assets, including directly or indirectly the Sirius Group common shares held by CM Bermuda, or involuntary bankruptcy or liquidation proceedings of CMIG).

Furthermore, certain of the risks and uncertainties identified in Sirius Group's 2018 Annual Report have been heightened as a result of the CMIG Defaults, including those related to:

- **Sirius Group's reliance on financial strength and creditworthiness ratings.** Following the April 2016 acquisition of Sirius Group by CMIG International, A.M. Best temporarily issued a negative outlook in its rating of Sirius Group. The negative outlook reflected A.M. Best's concern over the credit profile of CMIG, represented by CMIG's high financial leverage. Fitch similarly lowered Sirius Group's rating by one notch due to its concern over CMIG's short operating history, rapid business growth and high and increasing leverage. The CMIG Defaults may prompt rating agencies to take additional actions to downgrade and/or place a negative watch/outlook on Sirius Group's ratings, which may have a material adverse effect on Sirius Group's business, prospects, financial condition and results from operations. On April 23, 2019, as a result of the deepening debt and liquidity difficulties at CMIG evidenced by the CMIG Defaults, Fitch placed Sirius Group's ratings on negative watch. On October 21, 2019, Fitch removed Sirius Group's ratings from negative watch but maintained a one-notch lower adjustment due to CMIG's ownership of Sirius Group. At the same time, Fitch noted that Sirius Group's corporate governance structure has not been tested under a high stress event. A.M. Best and Standard & Poor's have left Sirius Group's ratings unchanged. A downgrade, withdrawal or negative watch/outlook in Sirius Group's credit ratings, including as a result of the CMIG Defaults, could result in higher borrowing costs, termination of certain reinsurance contracts, posting of collateral, more limited means to access capital and volatility in our stock price.

- **Compliance with the regulatory framework under which Sirius Group operates.** Sirius Group is subject to certain legal and regulatory restrictions concerning its ownership and control. One such restriction is that no person or entity may acquire direct or indirect control of Sirius Group (which in some jurisdictions could occur with a person or entity, directly or indirectly, acquiring 10% or more of the voting securities of Sirius Group), without first obtaining the consent of the various regulatory authorities that have jurisdiction over Sirius Group. The CMIG Defaults could result in a situation in which CMIG, its affiliates or their respective creditors elect or are required to sell or otherwise transfer, directly or indirectly, their holdings of Sirius Group. Any direct or indirect change of control of Sirius Group (or CMIG entities that directly or indirectly hold Sirius Group shares) without the prior approval of applicable insurance regulatory authorities could result in the transaction being enjoined, the assessment of fines or penalties, the takeover of the applicable insurers by such insurance regulatory authorities, the revocation of applicable insurance licenses, and criminal penalties for willful violations of applicable insurance laws. In addition, a change in control could result in the termination of or the posting of collateral under certain reinsurance contracts. Certain U.S. states also prohibit the control of insurers by state-owned or state-controlled entities (such as state-owned banks), which may include certain of CMIG's creditors. A violation of such prohibitions could result in the revocation of insurance licenses held by Sirius Group's U.S.-domiciled insurers, which are necessary for Sirius Group to operate its business. In addition, a change of control of CMIG or Sirius Group that results in non-U.S. persons (including CMIG's creditors) acquiring direct or indirect control of Sirius Group's U.S. businesses may be subject to review by the Committee on Foreign Investment in the United States (CFIUS), potentially resulting in enforcement actions by CFIUS to enjoin or unwind the transaction.

- **Future sales of Sirius Group common shares by CM Bermuda.** Pursuant to the Registration Rights Agreement, dated as of November 5, 2018, between the Company, CM Bermuda and Easterly Acquisition Sponsor, LLC, all of the common shares owned by CM Bermuda are eligible to be registered under the Securities Act of 1933, as amended, subject to certain limitations set forth in the Registration Rights Agreement, and may be offered and sold to the public from time to time after the effectiveness of the related registration statement. CM Bermuda could at any time elect to require Sirius Group to file a registration statement to register any or all of its common shares, including in order to gain liquidity following the CMIG Defaults. Upon effectiveness of such registration statement, CM Bermuda may sell large amounts of Sirius Group common shares in the open market or in privately negotiated transactions, which could have the effect of substantially increasing the volatility in Sirius Group common share price or putting significant downward pressure on the price of Sirius Group common shares. Sales of substantial amounts of Sirius Group common shares in the public market, or the perception that such sales will occur, could materially adversely affect the market price.

- **The volatility in the trading price of Sirius Group's common shares and potential securities litigation related thereto**. The pendency of the CMIG Defaults, and actions taken by CMIG or its creditors in relation thereto, may result in significant volatility in the trading price of Sirius Group's common shares. Securities class action litigation is often brought against a public company following periods of volatility in the market price of its securities. Due to volatility in Sirius Group's share price, including any such volatility that may occur as a result of the announcement of the CMIG Defaults and the actions taken in connection therewith, Sirius Group may be the target of securities litigation in the future. Securities litigation could result in substantial uninsured costs and divert management's attention and Sirius Group's resources, and result in unexpected outcomes that may materially impact Sirius Group's business or operations.

- **Sirius Group's ability to utilize its tax attributes in the U.S. and possibly other countries.** The CMIG Defaults could result in a situation in which CM Bermuda elects or is required to sell or otherwise transfer its holdings of Sirius Group. If any sale or transfer, including by CM Bermuda, results in an "ownership change", as defined in Section 382 of the Internal Revenue Code of 1986, as amended, it is possible that a significant portion of Sirius Group's tax loss and/or credit carryforwards in the United States would expire before they can be used. Sirius Group also has a significant amount of tax loss carryforwards and other tax attributes in other countries, including Luxembourg, the UK, and Sweden. While Sirius Group does not currently expect such tax attributes to be restricted upon a transfer by CM Bermuda of its holdings of Sirius Group, the actual consequences will depend on the facts and the law in effect at the time, no assurance can be made that Sirius Group's non-U.S. tax attributes will not be restricted if CM Bermuda transfers its holdings of Sirius Group in the future.

In addition, as a result of these heightened risks and uncertainties, Sirius Group may be unable to enter into new relationships or preserve its existing relationships with third parties that are critical to maintaining its business. Clients and other business partners may seek to engage with other insurance and reinsurance companies that are not experiencing the same degree of uncertainty as

Sirius Group. These circumstances could have a material adverse impact on Sirius Group's ability to maintain its existing business, to generate new business or to identify future partners to develop and expand its business. Sirius Group's ability to hire and retain qualified personnel may be similarly affected.

Although the CMIG Defaults do not trigger any defaults under Sirius Group's credit facilities, a change of control of Sirius Group as a result of the CMIG Defaults could trigger defaults under Sirius Group's credit facilities. In the event of acceleration of Sirius Group's debt obligations under and the termination of its credit facilities, Sirius Group may face challenges in refinancing its indebtedness on acceptable terms or at all, and may be unable to raise additional capital to support its business, particularly if Sirius Group's credit ratings are placed on a negative watch/outlook or are downgraded.

In addition, due to the CMIG Defaults, CMIG International's status as a controlling shareholder could limit Sirius Group's ability to raise new equity and debt capital or execute on strategic objectives, including bolt-on acquisitions and strategic mergers & acquisitions.

Any of the foregoing events could have a material adverse effect on Sirius Group's business, prospects, financial condition, results from operations, liquidity and share price.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

3.1	Memorandum of Association of Sirius International Insurance Group, Ltd, as amended. (incorporated by reference to Exhibit 3.1 to the Annual Report on Form 10-K filed by Sirius International Insurance Group, Ltd. on March 14, 2019).
3.2	Bye-Laws of Sirius International Insurance Group, Ltd. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by Sirius International Insurance Group, Ltd. on November 6, 2018).
3.3	Certificate of Designation of Series B Preference Shares of Sirius International Insurance Group, Ltd. (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed by Sirius International Insurance Group, Ltd. on November 6, 2018).
10.1	Supplemental Indenture, dated as of October 28, 2019, between Sirius International Group, Ltd. and The Bank of New York Mellon, as trustee relating to the First Supplemental Indenture, dated as of November 1, 2016 in regards to the 4.600% Senior Notes due 2026 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Sirius International Insurance Group, Ltd. on October 28, 2019).
31.1	Certification of Kernan "Kip" V. Oberting, Chief Executive Officer of Sirius International Insurance Group, Ltd., pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934.
31.2	Certification of Ralph Salamone, Chief Financial Officer of Sirius International Insurance Group, Ltd., pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934.
32.1	Certification of Kernan "Kip" V. Oberting, Chief Executive Officer of Sirius International Insurance Group, Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Ralph Salamone, Chief Financial Officer of Sirius International Insurance Group, Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		SIRIUS INTERNATIONAL INSURANCE GROUP, LTD. (Registrant)
Date: November 8, 2019	By:	/s/ KERNAN "KIP" V. OBERTING
		Kernan "Kip" V. Oberting President and Chief Executive Officer (Principal Executive Officer)
Date: November 8, 2019	By:	/s/ RALPH A. SALAMONE
		Ralph A. Salamone Chief Financial Officer (Principal Financial Officer & Principal Accounting Officer)

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Section 2: EX-31.1 (EXHIBIT 31.1)

Exhibit 31.1

Certification
Sirius International Insurance Group, Ltd.
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Kernan "Kip" V. Oberting, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sirius International Insurance Group, Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2019

By: /s/ KERNAN "KIP" V. OBERTING

Name: Kernan "Kip" V. Oberting

Title: President and Chief Executive Officer

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Section 3: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

Certification
Sirius International Insurance Group, Ltd.
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Ralph A. Salamone, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sirius International Insurance Group, Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2019

By: /s/ RALPH A. SALAMONE

Name: Ralph A. Salamone

Title: Chief Financial Officer

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Section 4: EX-32.1 (EXHIBIT 32.1)

Exhibit 32.1

Sirius International Insurance Group, Ltd.
Certification Pursuant to Chapter 63, Title 18 United States Code §1350
As Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Sirius International Insurance Group, Ltd. (the "Company") on Form 10-Q for the quarter ended September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kernan "Kip" V. Oberting, President and Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	November 8, 2019
By:	/s/ KERNAN "KIP" V. OBERTING
Name:	Kernan "Kip" V. Oberting
Title:	President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Sirius International Insurance Group, Ltd. and will be retained by Sirius International Insurance Group, Ltd. and furnished to the Securities and Exchange Commission or its staff upon request.

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Section 5: EX-32.2 (EXHIBIT 32.2)

Exhibit 32.2

Sirius International Insurance Group, Ltd.
Certification Pursuant to Chapter 63, Title 18 United States Code §1350
As Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Sirius International Insurance Group, Ltd. (the "Company") on Form 10-Q for the quarter ended September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ralph A. Salamone, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	November 8, 2019
By:	/s/ RALPH A. SALAMONE
Name:	Ralph A. Salamone
Title:	Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Sirius International Insurance Group, Ltd. and will be retained by Sirius International Insurance Group, Ltd. and furnished to the Securities and Exchange Commission or its staff upon request.

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