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April 25, 2024

The Board of Directors  
Ally International Insurance Company Ltd.  
500 Woodward Avenue  
Detroit, Michigan 48226  
U.S.A.

To Whom It May Concern:

We have performed an audit of the financial statements and statutory financial statements of Ally International Insurance Company Ltd. (the “Company”) as of and for the year ended December 31, 2023 (the “financial statements”), in accordance with auditing standards generally accepted in the United States of America (“generally accepted auditing standards”) and have issued our report thereon dated April 25, 2024.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the Company is responsible.

#### **OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS**

Our responsibility under generally accepted auditing standards has been described in our engagement letter dated September 25, 2023. As described in that letter, our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of Board of Directors are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (“generally accepted accounting principles”) and in conformity with Bermuda statutory accounting practices as promulgated by the Insurance Act 1978 and Related Regulations (“Bermuda statutory accounting practices”). The audit of the financial statements does not relieve management or Board of Directors of their responsibilities.

We considered internal control relevant to the Company’s preparation of the financial statements in order to design audit procedures that were appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

#### **SIGNIFICANT ACCOUNTING POLICIES**

The Company’s significant accounting policies are set forth in Note 3 and Part I Note 3 to the Company’s 2023 financial statements. We are not aware of any significant changes in previously adopted accounting policies or their application during the year ended December 31, 2023.

We have evaluated the significant qualitative aspects of the Company’s accounting practices, including accounting policies, accounting estimates and financial statement disclosures and concluded that the policies are appropriate, adequately disclosed, and consistently applied by management.

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## **ACCOUNTING ESTIMATES**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are ordinarily based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in the Company's 2023 financial statements include reserves for loss and loss adjustment expenses. Although management believes the accounting estimates reflected in the Company's 2023 financial statements are reasonable, there can be no assurances that ultimate losses and loss expenses will not exceed this estimate. The basis for our conclusions as to the reasonableness of these estimates when considered in the context of the financial statements taken as a whole, as expressed in our auditors' report on the financial statements, is our understanding and testing of the process used by management to develop the estimates.

Although management believes the accounting estimates reflected in the Company's 2023 financial statements are reasonable, there can be no assurances that the Company could ultimately realize these values. The basis for our conclusions as to the reasonableness of these estimates when considered in the context of the financial statements taken as a whole, as expressed in our auditors' report on the financial statements, is our understanding and testing of the process used by management to develop the estimates.

During the year ended December 31, 2023, we are not aware of any significant changes in management's process for developing these accounting estimates and there were no indicators of bias in management's judgments relating to such estimates.

## **UNCORRECTED MISSTATEMENTS**

Our audit of the financial statements were designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. There were no uncorrected misstatements or disclosure items passed identified during our audit.

## **MATERIAL CORRECTED MISSTATEMENTS**

There were no material misstatements that were brought to the attention of management as a result of our audit procedures.

## **DISAGREEMENTS WITH MANAGEMENT**

We have not had any disagreements with management related to matters that are material to the Company's financial statements.

## **SIGNIFICANT FINDINGS OR ISSUES DISCUSSED, OR SUBJECT OF CORRESPONDENCE, WITH MANAGEMENT PRIOR TO OUR INITIAL ENGAGEMENT OR RETENTION**

Throughout the year, routine discussions were held, or were the subject of correspondence, with management regarding the application of accounting principles or auditing standards in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, such discussions or correspondence were not held in connection with our retention as auditors.

## **OTHER SIGNIFICANT FINDINGS OR ISSUES ARISING FROM THE AUDIT DISCUSSED, OR SUBJECT OF CORRESPONDENCE, WITH MANAGEMENT**

Throughout the year, routine discussions were held, or were the subject of correspondence, with management. In our judgment, such discussions or correspondence did not involve significant findings or issues requiring communication to Board of Directors.

## SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

In our judgment, we received the full cooperation of the Company's management and staff and had unrestricted access to the Company's senior management in the performance of our audit.

## MANAGEMENT'S REPRESENTATIONS

We have made specific inquiries of the Company's management about the representations embodied in the financial statements. Additionally, we will have requested that management provide to us the written representations that the Company is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Appendix A, a copy of the representation letter we obtained from management.

\* \* \* \* \*

This report is intended solely for the information and use of management, Board of Directors, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,



DELOITTE LTD.

cc: The Management of Ally International Insurance Company Ltd.

**CONDENSED CONSOLIDATED BALANCE SHEET**

Ally International Insurance Company Ltd.

As at

December 31, 2023

expressed in

United States Dollars

LINE No.		2023	2022
1.	CASH AND CASH EQUIVALENTS	10,646,953	6,175,381
2.	QUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity		
	ii. Other	118,250,960	108,083,094
(b)	Total Bonds and Debentures	118,250,960	108,083,094
(c)	Equities		
	i. Common stocks		
	ii. Preferred stocks		
	iii. Mutual funds		
(d)	Total equities	-	-
(e)	Other quoted investments		
(f)	Total quoted investments	118,250,960	108,083,094
3.	UNQUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity		
	ii. Other		
(b)	Total Bonds and Debentures	-	-
(c)	Equities		
	i. Common stocks		
	ii. Preferred stocks		
	iii. Mutual funds		
(d)	Total equities	-	-
(e)	Other unquoted investments		
(f)	Total unquoted investments	-	-
4.	INVESTMENTS IN AND ADVANCES TO AFFILIATES		
(a)	Unregulated entities that conduct ancillary services		
(b)	Unregulated non-financial operating entities		
(c)	Unregulated financial operating entities		
(d)	Regulated non-insurance financial operating entities		
(e)	Regulated insurance financial operating entities		
(f)	Total investments in affiliates	-	-
(g)	Advances to affiliates		
(h)	Total investments in and advances to affiliates	-	-
5.	INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:		
(a)	First liens		
(b)	Other than first liens		
(c)	Total investments in mortgage loans on real estate	-	-
6.	POLICY LOANS		
7.	REAL ESTATE:		
(a)	Occupied by the company (less encumbrances)		
(b)	Other properties (less encumbrances)		
(c)	Total real estate	-	-
8.	COLLATERAL LOANS		
9.	INVESTMENT INCOME DUE AND ACCRUED	671,895	626,410
10.	ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a)	In course of collection	4,619,939	3,868,697
(b)	Deferred - not yet due		
(c)	Receivables from retrocessional contracts		
(d)	Total accounts and premiums receivable	4,619,939	3,868,697
11.	REINSURANCE BALANCES RECEIVABLE:		
(a)	Foreign affiliates		
(b)	Domestic affiliates		
(c)	Pools & associations		
(d)	All other insurers		
(e)	Total reinsurance balance receivable	-	-

**CONDENSED CONSOLIDATED BALANCE SHEET**

Ally International Insurance Company Ltd.

As at

December 31, 2023

expressed in

United States Dollars

**LINE No.**

12.

FUNDS HELD BY CEDING REINSURERS

2023

2022

## CONDENSED CONSOLIDATED BALANCE SHEET

Ally International Insurance Company Ltd.

As at December 31, 2023

expressed in

United States Dollars

LINE No.		2023	2022
13.	SUNDRY ASSETS:		
(a)	Derivative instruments		
(b)	Segregated accounts companies - long-term business - variable annuities		
(c)	Segregated accounts companies - long-term business - other		
(d)	Segregated accounts companies - general business		
(e)	Deposit assets		
(f)	Deferred acquisition costs	7,505,119	7,036,576
(g)	Net receivables for investments sold		
(h)	Income Tax Receivable	-	-
(i)	Other Sundry Assets (Specify)		
(j)	Other Sundry Assets (Specify)		
(k)	Total sundry assets	7,505,119	7,036,576
14.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS		
(a)	Letters of credit		
(b)	Guarantees		
(c)	Other instruments		
(e)	Total letters of credit, guarantees and other instruments	-	-
15.	TOTAL	141,694,866	125,790,158
<b>TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS</b>			
16.	UNEARNED PREMIUM RESERVE		
(a)	Gross unearned premium reserves	89,715,066	79,002,787
(b)	Less: Ceded unearned premium reserve		
i.	Foreign affiliates	31,983,380	24,875,280
ii.	Domestic affiliates		
iii.	Pools & associations		
iv.	All other insurers		
(c)	Total ceded unearned premium reserve	31,983,380	24,875,280
(d)	Net unearned premium reserve	57,731,686	54,127,507
17.	LOSS AND LOSS EXPENSE PROVISIONS:		
(a)	Gross loss and loss expense provisions	6,739,248	5,804,521
(b)	Less: Reinsurance recoverable balance		
i.	Foreign affiliates	5,784,603	5,151,040
ii.	Domestic affiliates		
iii.	Pools & associations		
iv.	All other reinsurers		
(c)	Total reinsurance recoverable balance	5,784,603	5,151,040
(d)	Net loss and loss expense provisions	954,645	653,481
18.	OTHER GENERAL BUSINESS INSURANCE RESERVES		
19.	TOTAL GENERAL BUSINESS INSURANCE RESERVES	58,686,331	54,780,988
<b>LONG-TERM BUSINESS INSURANCE RESERVES</b>			
20.	RESERVE FOR REPORTED CLAIMS		
21.	RESERVE FOR UNREPORTED CLAIMS		
22.	POLICY RESERVES - LIFE		
23.	POLICY RESERVES - ACCIDENT AND HEALTH		
24.	POLICYHOLDERS' FUNDS ON DEPOSIT		
25.	LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS		
26.	OTHER LONG-TERM BUSINESS INSURANCE RESERVES		
27.	TOTAL LONG-TERM BUSINESS INSURANCE RESERVES		
(a)	Total Gross Long-Term Business Insurance Reserves	-	-

**CONDENSED CONSOLIDATED BALANCE SHEET**

Ally International Insurance Company Ltd.

As at

December 31, 2023

expressed in

United States Dollars

LINE No.		2023	2022
(b)	Less: Reinsurance recoverable balance on long-term business		
	(i) Foreign Affiliates		
	(ii) Domestic Affiliates		
	(iii) Pools and Associations		
	(iv) All Other Insurers		
(c)	Total Reinsurance Recoverable Balance	-	-
(d)	<b>Total Net Long-Term Business Insurance Reserves</b>	-	-
	<b>OTHER LIABILITIES</b>		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	2,270,724	2,063,684
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE		
30.	LOANS AND NOTES PAYABLE		
31.	(a) INCOME TAXES PAYABLE	(330)	-
	(b) DEFERRED INCOME TAXES	-	-
32.	AMOUNTS DUE TO AFFILIATES	1,974,398	2,100,937
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	81,712	81,090
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS:		
35.	DIVIDENDS PAYABLE		
36.	SUNDRY LIABILITIES:		
(a)	Derivative instruments		
(b)	Segregated accounts companies		
(c)	Deposit liabilities		
(d)	Net payable for investments purchased		
(e)	Other sundry liabilities (specify)		
(f)	Other sundry liabilities (specify)		
(g)	Other sundry liabilities (specify)		
(h)	Total sundry liabilities	-	-
37.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:		
(a)	Letters of credit		
(b)	Guarantees		
(c)	Other instruments		
(d)	Total letters of credit, guarantees and other instruments	-	-

**CONDENSED CONSOLIDATED BALANCE SHEET**

Ally International Insurance Company Ltd.

As at

December 31, 2023

expressed in

United States Dollars

LINE No.		2023	2022
38.	TOTAL OTHER LIABILITIES	4,326,504	4,245,711
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	63,012,835	59,026,699
	<b>CAPITAL AND SURPLUS</b>		
40.	TOTAL CAPITAL AND SURPLUS	78,682,031	66,763,459
41.	TOTAL	141,694,866	125,790,158
		TRUE	TRUE



**CONDENSED CONSOLIDATED STATEMENT OF INCOME**

Ally International Insurance Company Ltd.  
As at December 31, 2023  
expressed in United States Dollars

LINE No.		2023	2022
	<b>GENERAL BUSINESS UNDERWRITING INCOME</b>		
1.	GROSS PREMIUMS WRITTEN		
	(a) Direct gross premiums written	63,777,189	58,671,478
	(b) Assumed gross premiums written	21,244,510	18,013,349
	(c) Total gross premiums written	85,021,699	76,684,827
2.	REINSURANCE PREMIUMS CEDED	63,777,189	58,671,478
3.	NET PREMIUMS WRITTEN	21,244,510	18,013,349
4.	INCREASE (DECREASE) IN UNEARNED PREMIUMS	(3,604,179)	5,203,574
5.	NET PREMIUMS EARNED	17,640,331	23,216,923
6.	OTHER INSURANCE INCOME		
7.	TOTAL GENERAL BUSINESS UNDERWRITING INCOME	17,640,331	23,216,923
	<b>GENERAL BUSINESS UNDERWRITING EXPENSES</b>		
8.	NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED	9,781,213	9,235,802
9.	COMMISSIONS AND BROKERAGE	2,293,243	3,018,200
10.	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	12,074,456	12,254,002
11.	<b>NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS</b>	5,565,875	10,962,921
	<b>LONG-TERM BUSINESS INCOME</b>		
12.	GROSS PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Direct gross premiums and other considerations		
	(b) Assumed gross premiums and other considerations		
	(c) Total gross premiums and other considerations	-	-
13.	PREMIUMS CEDED		
14.	NET PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Life		
	(b) Annuities		
	(c) Accident and health		
	(d) Total net premiums and other considerations	-	-
15.	OTHER INSURANCE INCOME		
16.	TOTAL LONG-TERM BUSINESS INCOME	-	-
	<b>LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES</b>		
17.	CLAIMS - LIFE		
18.	POLICYHOLDERS' DIVIDENDS		
19.	SURRENDERS		
20.	MATURITIES		
21.	ANNUITIES		
22.	ACCIDENT AND HEALTH BENEFITS		
23.	COMMISSIONS		
24.	OTHER		
25.	TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	-	-
26.	INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES):		
	(a) Life		

**CONDENSED CONSOLIDATED STATEMENT OF INCOME**

Ally International Insurance Company Ltd.  
As at December 31, 2023  
expressed in United States Dollars

LINE No.		2023	2022
	(b) Annuities		
	(c) Accident and health		
	(d) Total increase (decrease) in policy reserves	-	-
27.	TOTAL LONG-TERM BUSINESS EXPENSES	-	-
28.	<b>NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS</b>	-	-
29.	<b>COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS</b>	5,565,875	10,962,921
	<b>UNDERNOTED ITEMS</b>		
30.	COMBINED OPERATING EXPENSE		
	(a) General and administration	238,125	235,801
	(b) Personnel cost		
	(c) Other		
	(d) Total combined operating expenses	238,125	235,801
31.	COMBINED INVESTMENT INCOME - NET	2,561,938	2,237,087
32.	COMBINED OTHER INCOME (DEDUCTIONS)	1,208,982	(2,968,558)
33.	COMBINED INCOME BEFORE TAXES	9,098,670	9,995,649
34.	COMBINED INCOME TAXES (IF APPLICABLE):		
	(a) Current	1,973,739	2,190,362
	(b) Deferred	(9,017)	94,846
	(c) Total	1,964,722	2,285,208
35.	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	7,133,948	7,710,441
36.	COMBINED REALIZED GAINS (LOSSES)	5,460	83,379
37.	COMBINED INTEREST CHARGES		
38.	NET INCOME	7,139,408	7,793,820

## CONDENSED CONSOLIDATED STATEMENT OF CAPITAL AND SURPLUS

Ally International Insurance Company Ltd.  
As at December 31, 2023  
expressed in United States Dollars

LINE No.		2023	2022
1.	<b>CAPITAL:</b>		
(a)	Capital Stock		
	(i) Common Shares		
	authorized 370,000 shares of par	370,000	370,000
	value \$ 1,000 each issued and		
	fully paid 370,000 shares		
	(ii)		
	(A) Preferred shares:		
	authorized _____ shares of par		
	value _____ each issued and		
	fully paid _____ shares		
	aggregate liquidation value for –		
	2023 _____		
	2022 _____		
	(B) Preferred shares issued by a subsidiary:		
	authorized _____ shares of par		
	value _____ each issued and		
	fully paid _____ shares		
	aggregate liquidation value for –		
	2023 _____		
	2022 _____		
	(iii) Treasury Shares		
	repurchased _____ shares of par		
	value _____ each issued		
(b)	Contributed surplus	39,811,019	39,811,019
(c)	Any other fixed capital		
	(i) Hybrid capital instruments		
	(ii) Guarantees and others		
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	40,181,019	40,181,019
2.	<b>SURPLUS:</b>		
(a)	Statutory Surplus - Beginning of Year	26,582,440	31,202,265
(b)	Add: Income for the year	7,139,408	7,793,820
(c)	Less: Dividends paid and payable	-	-
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments	2,852,933	(8,420,767)
(e)	Add (Deduct) change in non-admitted assets	996,500	(2,522,986)
(f)	Add (Deduct) change in appraisal of real estate	-	-
(g)	Add (Deduct) change in any other statutory capital	929,731	(1,469,892)
(h)	Statutory Surplus - End of Year	38,501,012	26,582,440
3.	<b>MINORITY INTEREST</b>		
4.	<b>TOTAL CAPITAL AND SURPLUS</b>	78,682,031	66,763,459

ALLY INTERNATIONAL INSURANCE COMPANY LTD.  
NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

GENERAL NOTES

1. Ally International Insurance Company Ltd. (the “Company” or “Ally IICL”) is a wholly owned subsidiary of Ally Insurance Holdings Inc. (“Ally Insurance”). Ally Insurance is a wholly owned subsidiary of Ally Financial Inc., which is incorporated in the State of Delaware, USA.

**Risks Related to Our Business**

*Geopolitical conditions, military conflicts, acts or threats of terrorism, natural disasters, pandemics, and other conditions or events beyond our control could adversely affect the Company.*

Geopolitical conditions, military conflicts (including Russia’s invasion of Ukraine), acts or threats of terrorism, natural disasters, pandemics (including the COVID-19 pandemic), and other conditions or events beyond our control may adversely affect our business, results of operations, financial condition, or prospects. For example, military conflicts, acts or threats of terrorism, and political, financial, or military actions taken in response could adversely affect general economic, business, or market conditions and, in turn, us, especially as an intermediary within the financial system. In addition, nation states engaged in warfare or other hostile actions may directly or indirectly use cyberattacks against financial systems and financial-services companies like us to exert pressure on one another or other countries with influence or interests at stake. We also could be negatively impacted if our key personnel, a significant number of our employees, or our systems or infrastructure were to become unavailable or damaged due to a pandemic, natural disaster, war, act of terrorism, accident, or similar cause. These same risks and uncertainties arise too for the service providers and counterparties on whom we depend as well as their own third-party service providers and counterparties.

2. The Company writes on a direct basis automobile physical damage insurance coverage for franchised new automobile dealers located in the United States. The coverage is written under the U.S. Motors Inventory Coverage Program, which provides coverage for the non-financed inventory of Ally dealers. This business is 100% ceded to Motors Insurance Corporation (MIC), an affiliated entity.

The Company has a quota share reinsurance agreement to assume a 50% portion of MIC Canada’s vehicle service contract business that is not already subject to other reinsurance agreements. MIC Canada is the vehicle service contract and protection plan provider for GM Canada and insures General Motors Company of Canada (GMCC) under a contractual liability policy (CLIP). The CLIP covers claims related to future mechanical repair and replacement vehicle rental costs covered by extended service contracts sold by GMCC Dealers to consumers.

3. The condensed general purpose financial statements have been prepared in conformity with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to Condensed General Purpose Financial Statements (the “Legislation”). The condensed general purpose financial statements are based upon U.S Generally Accepted Accounting Principles (“GAAP”) but are in accordance with the reporting requirements of the Legislation, which varies in certain respects from GAAP.

4. (a) Premiums

Premiums are recognized as revenue on a pro-rata basis according to the length of the original policies. For extended service contracts, premiums are earned on a basis proportionate to the anticipated loss experience. Unearned premium reserves are established to cover the unexpired portion of the premium written.

Premiums which are subject to adjustments are estimated based upon available information. Any variances from the estimates are recorded in net income in the periods in which they become known.

- (b) Loss and loss expense provisions

The liability for losses and loss expenses includes an amount determined from loss reports and individual cases and an amount, based on past experience, for losses and loss expense incurred but not reported. The reserve for losses and loss expense incurred but not reported as of 31<sup>st</sup> December 2023 is determined by management based upon an actuarial report. These estimates are continually reviewed and are subject to the impact of future changes in such factors as claim severity and frequency.

- (c) Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. The carrying amount approximates fair value. Interest income earned on cash and cash equivalents is recognized on an accrual basis.

5. Income is recognized on the following basis:

Premiums - see Note 4(a).  
Investment Income is recognized on the accrual basis.  
Commission Income is recorded on the accrual basis.

6. Ally IICL currently has one foreign branch holding assets and liabilities in Canadian dollars. The branch has a different functional currency than the reporting currency that the statutory financial statements are presented in. Monetary assets and liabilities originating in other currencies are translated into U.S. dollars at the rates of exchange in effect at the Balance Sheet date. Non-monetary assets and liabilities originating in other currencies are translated into U.S. dollars at the rates of exchange in effect at the dates when the transactions occurred. The resulting exchange gains or losses are included in the change in other statutory capital, except those related to the translation of investments available-for-sale which are included in the change in unrealized appreciation (depreciation) of investments. Both of these are components of statutory surplus. Revenue and expense items are translated into U.S. dollars at average rates of exchange for the period.
- 7-15. N/A
16. N/A
17. N/A

#### NOTES TO THE STATEMENT OF CAPITAL AND SURPLUS

1. (a) Capital Stock

The composition of the Company's common stock for the year ended December 31, 2023 is shown below. The Company's common stocks had no dividend rates applicable and no redemption price of any redeemable shares. These common stock also had no conversion provisions.

	<b>Voting Shares Authorized</b>	<b>Par Value</b>	<b>Shares Issued and Outstanding</b>	<b>Balance</b>
	370,000	\$1	370,000	\$370,000
(b) Contributed Surplus				
			Contributed surplus at beginning and end of the year	<u>\$39,811,019</u>

2. (c) The Company paid no dividend during the year.

(g) Change in other statutory capital for the years ended December 31, 2023 and 2022 was \$929,731 and \$(1,469,892) respectively. The 2023 change was entirely related to change in accumulated translation adjustment.

#### NOTES TO THE BALANCE SHEET

1. Not applicable.

2. Quoted Investments

Quoted investments are valued using fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset or liability and established a fair value hierarchy that prioritizes the information used to develop those assumptions.

The Trust agreement below is held as collateral in currencies other than U.S. dollars. The investment balances quoted below are the U.S. dollar equivalent amounts and do not include accrued interest. The beneficiary is the Canadian branch of Motors Insurance Corporation. The purpose of the trust account is to provide reinsurance security to policyholders of the Canadian branch.

Beneficiary	Description	Trust Amount (\$)	Date of Issue
Motors Insurance Corporation – Canadian Branch	Trust Agreement	\$92,239,438	11 <sup>th</sup> November 2009

- 3–8. Not applicable.
10. At December 31, 2023 and 2022 the Company had premiums receivable of \$4,619,939 and \$3,868,697, respectively. These amounts were due from Motors Insurance Corporation, an affiliated entity.
- 11–12. Not applicable.
13. The company has recorded a deferred acquisition cost of \$7,505,119 and \$7,036,576 at December 31, 2023 and 2022, respectively. 100% of the deferred acquisition cost is related to commission on assumed mechanical business from an affiliate.  
Income tax payable was \$(330) and \$0 at December 31, 2023 and 2022, respectively.
14. Not applicable.
16. Unearned premiums represent the portion of premiums which relate to periods of reinsurance subsequent to the Statutory Balance Sheet date. Refer to Part I note 4 for further details concerning the recognition of premiums.
17. The following table provides a reconciliation of the activity in the reserves for insurance losses and loss expenses.

	<u>2023</u>	<u>2022</u>
Gross loss and loss expense provisions at beginning of year	5,804,522	7,155,608
Less: Reinsurance recoverable at beginning of year	(5,151,040)	(6,654,790)
Net loss and loss expense provisions at beginning of year	653,482	496,818
Net losses incurred and net loss expenses incurred related to:		
Current year	9,698,428	9,135,893
Prior years	82,785	99,909
Total net incurred losses & loss expenses	9,781,213	9,235,802
Net losses and loss expenses paid or payable related to:		
Current year	(8,745,614)	(8,486,276)
Prior years	(734,436)	(592,863)
Total losses and loss expenses paid or payable	(9,480,050)	(9,079,138)
Net loss and loss expense provisions at end of year	954,645	653,482
Add: Reinsurance recoverable at end of year	5,784,603	5,151,040
Gross loss and loss expense provisions at end of year	6,739,248	5,804,522

- (b) There was immaterial unfavorable prior year development. No premium adjustments were made due to the unfavorable loss emergence.
- (c) Not applicable.
- 20-27. Not applicable.
28. Insurance and reinsurance balances payable were \$2,270,724 and \$2,063,684 at December 31, 2023 and 2022, respectively and are balances in the normal course of business for the Company.
- 29-30. Not applicable.
31. The Company has elected to be registered as a U.S. taxpayer and is included in the consolidated U.S. federal income tax return of Ally Financial, Inc.
32. Ally IICL had amounts payable to Ally Insurance Holdings Inc. in the amount of \$1,907,493 and \$2,008,134 at December 31, 2023 and 2022 respectively and to Motors Insurance Corporation of \$66,905 and \$92,803 at December 31, 2023 and 2022 respectively. These amounts are interest free and intercompany amounts are settled on a quarterly basis.
33. The nature of the items included in accounts payable and accrued expenses are accruals related to audit fees of \$81,712 and \$81,090 at December 31, 2023 and 2022 respectively.
- 34-37. Not applicable.

NOTES TO THE STATEMENT OF INCOME

6. Not applicable.

15. Not applicable.

32. Other income (deduction)

The nature of the items included in other income (deductions) at December 31, 2023 and 2022 are realized foreign exchange gains (loss) of \$1,208,982 and \$(2,968,558) respectively.

36. Realized gains (losses)

Realized gains occur due to security sales that are concurrent to management electing intent to sell, or be required to sell, such investments based on a variety of factors including adjustments to investment strategy, portfolio re-balancing to match a target index, market events or specific corporate events which have the effect of changing the outlook of a security.