

New Ocean Insurance Co., Ltd.

**Condensed General Purpose Financial Statements
Together with the Independent Auditors' Report**

December 31, 2023 and 2022

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
New Ocean Insurance Co., Ltd.

Opinions

We have audited the condensed financial statements of New Ocean Insurance Co., Ltd. (the “Company”), which comprise the condensed balance sheets and condensed statements of capital and surplus as of December 31, 2023 and 2022, and the related condensed statements of income for the years then ended, including the related notes (collectively referred to as the “condensed financial statements”).

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying condensed financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations for the years then ended in accordance 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”).

Adverse Opinion on Accounting Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States Of America section of our report, the accompanying condensed financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2023 and 2022, or the results of its operations for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the condensed financial statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for adverse opinion on U.S. generally accepted accounting principles

As described in Note 3 to the condensed financial statements, the condensed financial statements are prepared by the Company on the basis of the financial reporting provisions of the Legislation, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Bermuda Monetary Authority.

The effects on the condensed financial statements of the variances between the regulatory basis of accounting described in Note 3 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of management for the condensed financial statements

Management is responsible for the preparation and fair presentation of the condensed financial statements in accordance with the financial reporting provisions of the Legislation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the condensed financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the condensed financial statements are available to be issued.

Auditor's responsibilities for the audit of the condensed financial statements

Our objectives are to obtain reasonable assurance about whether the condensed financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the condensed financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the condensed financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the condensed financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the condensed financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Deloitte Ltd.

April 29, 2024

CONDENSED BALANCE SHEET

New Ocean Insurance Co., Ltd.

As at December 31, 2023

expressed in ['000s] United States Dollars

LINE No.		2023	2022
1.	CASH AND CASH EQUIVALENTS	27	10
2.	QUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity	-	-
	ii. Other	16,480	14,264
(b)	Total Bonds and Debentures	16,480	14,264
(c)	Equities		
	i. Common stocks		
	ii. Preferred stocks		
	iii. Mutual funds		
(d)	Total equities	-	-
(e)	Other quoted investments		
(f)	Total quoted investments	16,480	14,264
9.	INVESTMENT INCOME DUE AND ACCRUED	2	30
10.	ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a)	In course of collection	810	963
(b)	Deferred - not yet due	-	-
(c)	Receivables from retrocessional contracts		
(d)	Total accounts and premiums receivable	810	963
13.	SUNDRY ASSETS:		
(f)	Deferred acquisition costs	427	432
(g)	Net receivables for investments sold		
(h)	Income tax receivable		
(i)	Deferred tax asset	125	104
(j)	Other Sundry Assets (Specify)		
(k)	Total sundry assets	552	536
15.	TOTAL	17,871	15,803
	TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS		
16.	UNEARNED PREMIUM RESERVE		
(a)	Gross unearned premium reserves	3,091	2,933
(b)	Less: Ceded unearned premium reserve		
	i. Foreign affiliates		
	ii. Domestic affiliates		
	iii. Pools & associations		
	iv. All other insurers	1,813	1,699
(c)	Total ceded unearned premium reserve	1,813	1,699
(d)	Net unearned premium reserve	1,278	1,234
17.	LOSS AND LOSS EXPENSE PROVISIONS:		
(a)	Gross loss and loss expense provisions	13,295	8,523
(b)	Less : Reinsurance recoverable balance		
	i. Foreign affiliates		
	ii. Domestic affiliates		
	iii. Pools & associations		
	iv. All other insurers	9,187	5,838
(c)	Total reinsurance recoverable balance	9,187	5,838
(d)	Net loss and loss expense provisions	4,108	2,685
18.	OTHER GENERAL BUSINESS INSURANCE RESERVES		
19.	TOTAL GENERAL BUSINESS INSURANCE RESERVES	5,386	3,919
	OTHER LIABILITIES		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	1,054	887
31.	(a) INCOME TAXES PAYABLE	16	44
	(b) DEFERRED INCOME TAXES	-	-
32.	AMOUNTS DUE TO AFFILIATES	4	4
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	33	34

CONDENSED BALANCE SHEET

New Ocean Insurance Co., Ltd.

As at **December 31, 2023**expressed in ['000s] **United States Dollars**

		2023	2022
LINE No.			
36.	SUNDRY LIABILITIES:		
(e)	Cash suspense		
(h)	Total sundry liabilities	-	-
38.	TOTAL OTHER LIABILITIES	1,107	969
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	6,493	4,888
	CAPITAL AND SURPLUS		
40.	TOTAL CAPITAL AND SURPLUS	11,378	10,915
41.	TOTAL	17,871	15,803

CONDENSED STATEMENT OF INCOME

New Ocean Insurance Co., Ltd.
As at **December 31, 2023**
expressed in ['000s] **United States Dollars**

LINE No.		2023	2022
	GENERAL BUSINESS UNDERWRITING INCOME		
1.	GROSS PREMIUMS WRITTEN		
	(a) Direct gross premiums written		
	(b) Assumed gross premiums written	5,765	5,069
	(c) Total gross premiums written	5,765	5,069
2.	REINSURANCE PREMIUMS CEDED	3,338	2,909
3.	NET PREMIUMS WRITTEN	2,427	2,160
4.	INCREASE (DECREASE) IN UNEARNED PREMIUMS	(44)	(160)
5.	NET PREMIUMS EARNED	2,383	2,000
6.	OTHER INSURANCE INCOME	-	-
7.	TOTAL GENERAL BUSINESS UNDERWRITING INCOME	2,383	2,000
	GENERAL BUSINESS UNDERWRITING EXPENSES		
8.	NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED	1,423	1,149
9.	COMMISSIONS AND BROKERAGE	864	816
10.	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	2,287	1,965
11.	NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS	96	35
29.	COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS	96	35
	UNDERNOTED ITEMS		
30.	COMBINED OPERATING EXPENSE		
	(a) General and administrative	309	304
	(b) Personnel cost	-	-
	(c) Other	-	-
	(d) Total combined operating expenses	309	304
31.	COMBINED INVESTMENT INCOME - NET	780	281
32.	COMBINED OTHER INCOME (DEDUCTIONS)	-	-
33.	COMBINED INCOME BEFORE TAXES	567	12
34.	COMBINED INCOME TAXES (IF APPLICABLE):		
	(a) Current	144	32
	(b) Deferred	(25)	(30)
	(c) Total	119	2
35.	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	448	10
36.	COMBINED REALIZED GAINS (LOSSES)	-	-
37.	COMBINED INTEREST CHARGES	-	-
38.	NET INCOME	448	10

CONDENSED STATEMENT OF CAPITAL AND SURPLUS

New Ocean Insurance Co., Ltd.
 As at **December 31, 2023**
 expressed in ['000s] **United States Dollars**

LINE No.		2023	2022
1.	CAPITAL:		
(a)	Capital Stock		
	(i) Common Shares		
	authorized 120,000 shares of par	120	120
	value \$ 1,000 each issued and		
	fully paid 120,000 shares		
(b)	Contributed surplus	9,880	9,880
(d)	Total Capital	<u>10,000</u>	<u>10,000</u>
2.	SURPLUS:		
(a)	Surplus - Beginning of Year	915	1,058
(b)	Add: Income for the year	448	10
(c)	Less: Dividends paid and payable		
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments	15	(153)
(e)	Add (Deduct) change in any other surplus		
(f)	Surplus - End of Year	<u>1,378</u>	<u>915</u>
3.	MINORITY INTEREST		
4.	TOTAL CAPITAL AND SURPLUS	<u>11,378</u>	<u>10,915</u>

NEW OCEAN INSURANCE CO., LTD.
NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 2023 and 2022
Expressed in Thousand U.S. Dollars

1. Organization and Structure of business

New Ocean Insurance Co., Ltd. (“the Company”) is incorporated in Bermuda and is a wholly owned subsidiary of The Hartford Financial Services Group, Inc. (“Hartford”), a U.S. corporation.

2. General Nature of Risks Underwritten

As of December 20, 2016, the Company reinsures Magna Carta Insurance, Ltd. (“Magna Carta”), a Bermuda exempted limited liability company, through a quota share reinsurance treaty. Through this treaty, the Company assumes 100% of specific punitive damages wrap policies issued by Magna Carta in conjunction with the Hartford’s domestic U.S. employment practices liability policies. Coverage under the Magna Carta policies is available when the domestic policies are unable to pay a punitive damage award because punitive damages are uninsurable in a given jurisdiction. The underlying Magna Carta policies’ exposure limits vary, but are no greater than \$25,000 per policy. The Company assumes 100% of this risk and then cedes, through a quota share retrocession arrangement, 56% of this risk to non-affiliated, third party reinsurers.

Effective July 1, 2020, the Company began reinsuring additional punitive damages wrap policies issued by Magna Carta in conjunction with the Hartford’s Navigators’ U.S. excess casualty, environmental and life sciences policies. As above, the underlying Magna Carta policies’ exposure limits vary, but are no greater than \$25,000 per policy. The Company cedes 70.914% of this portion of the punitive damages wrap book of business to non-affiliated, third party reinsurers.

The Company also has additional policies that are in run-off from 2011 in which the Company has reinsured prospective quota share contracts, provided deductible indemnification policies and has insured excess punitive damages liabilities. Quota share contracts reinsured an agreed upon percentage of the ultimate net loss suffered by the cedent under a range of their workers compensation, general liability, auto liability and professional indemnity policies. Deductible indemnification policies are 100% reinsured. Individual punitive damages policies have different attachment points, varying from \$1,000 to \$125,000 and exposure limits generally are \$25,000 per policy on a gross basis. The Company has used reinsurance to limit its exposure to \$10,000 per policy on a net basis.

3-5. Accounting Policies

Basis of preparation

The accompanying condensed general purpose financial statements of the Company are presented in accordance with the financial reporting provisions of the Bermuda Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 (“the Legislation”), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Bermuda Monetary Authority. The preparation of financial statements in conformity with the Legislation 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NEW OCEAN INSURANCE CO., LTD.
NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2023 and 2022
Expressed in Thousand U.S. Dollars

3.5 Accounting Policies (Cont'd)

Premiums

Premiums written under retrospective quota share contracts are earned upon inception of the policy.

For all other contracts, premiums written are earned and premiums ceded are expensed on a pro-rata basis over the terms of the policies. Unearned premiums and prepaid reinsurance premiums represent the portion of premiums written and premiums ceded, respectively, which are applicable to the unexpired terms of the policies in force.

Loss and loss expenses provisions

General

The loss and loss expenses provisions include estimates for losses incurred but not reported as well as losses pending settlement.

The loss and loss expenses provisions are based upon evaluations by an opining actuary and represents the Company's best estimate.

Estimating the ultimate cost of future loss and loss expenses is an uncertain and complex process. This estimation process is based on the assumption that past developments are an appropriate predictor of future events and involves a variety of actuarial and scientific techniques that analyze experience, trends and other relevant factors. The uncertainties involved with the reserving process have become increasingly unpredictable due to a number of complex factors including social and economic trends and changes in the concept of legal liability and damage awards. Accordingly, final claim settlements may vary from the present estimates, particularly when those payments may not occur until well into the future.

The Company continually reviews its loss and loss expenses provisions as additional experience and other relevant data becomes available and adjusts provision levels accordingly. Adjustments to previously established provisions, if any, will be reflected in the operating results of the period in which the adjustments are made. On the basis of currently available information, it is the opinion of the Company that that the loss and loss expenses provisions are adequate.

Reinsurance contracts

The loss and loss expenses provisions include estimates for losses incurred but not reported as well as losses pending settlement. The loss and loss expenses provisions are based upon evaluations by an opining actuary and represent the Company's best estimate.

NEW OCEAN INSURANCE CO., LTD.
NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 2023 and 2022
Expressed in Thousand U.S. Dollars

3.5 Accounting Policies (Cont'd)

Premiums (cont'd)

Punitive damages contracts

As the Company has not received any claim notices from insureds as of December 31, 2023, the loss and loss expenses provisions relate wholly to losses incurred but not reported. The loss and loss expenses provisions are based upon evaluations by an opining actuary and represent the Company's best estimate.

The Company does not have sufficient historical loss experience on which to base its estimate of the reserves for losses incurred but not reported. Accordingly, the Company estimates reserves using the ELR method, using industry factors between 80% and 85% based on the underlying coverage. As years mature, the Bornhuetter Ferguson method is used. Amounts recoverable from reinsurers are estimated in a manner consistent with the liability under the policies reinsured.

The nature of the punitive damages contracts is such that losses are likely to be of low frequency and high severity, and payments may not occur until well into the future. These factors, together with the lack of historical data on which to base an evaluation of losses, means that no assurance can be given that the ultimate settlement of losses will not vary significantly from the reserves recorded.

Commissions

Ceding commissions are earned over the period in which the related ceded premiums are expensed.

Quoted Investments

Quoted Investments, which consist of fixed income securities, are carried at fair value. The Company defines fair value 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. Investment transactions are recorded on a trade date basis. Realized gains or losses on sale of investments are determined using the first in first out method.

Cash and cash equivalents

Cash and cash equivalents include amounts held in banks and money market funds. The carrying value approximates fair value because of the short maturity of the balances.

Investment Income

Investment income is recognized on the accrual method of accounting.

6.-12. Not Applicable

NEW OCEAN INSURANCE CO., LTD.
NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2023 and 2022
Expressed in Thousand U.S. Dollars

13. Investments

In accordance with the ASC Topic 820 (“Topic 820”), the Company defines fair value 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. Topic 820 establishes a fair value hierarchy that prioritizes the inputs in the valuation techniques used to measure fair value into three broad Levels (Level 1, 2, or 3) as follows:

- Level 1 - Observable inputs that reflect quoted prices for identical assets or liabilities in active markets that the Company has the ability to access at the measurement date. Level 1 securities include highly liquid U.S. Treasuries and money market funds;
- Level 2 - Observable inputs, other than quoted prices included in Level 1, for the asset or liability or prices for similar assets and liabilities. Most fixed maturities are model priced by vendors using observable inputs and are classified within Level 2.
- Level 3 - Valuations that are derived from techniques in which one or more of the significant inputs are unobservable (including assumptions about risk). Level 3 securities include less liquid securities. Because Level 3 fair values, by their nature, contain one or more significant unobservable inputs as there is little or no observable market for these assets and liabilities, considerable judgment is used to determine the Level 3 fair values. Level 3 fair values represent the Company’s best estimate of an amount that could be realized in a current market exchange absent actual market exchanges.

The following table summarizes the levels within the fair value hierarchy in which the fair value measurements of the Company’s financial instruments fall as of December 31, 2023 and December 31, 2022:

2023	Level 1	Level 2	Level 3	Total
ASSETS				
Short Term Investment Pool	\$ 5,629	\$ 10,290	\$ -	\$ 15,919
Other Portfolio Investments	-	561	-	561
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 5,629	\$ 10,851	\$ -	\$ 16,480
	<hr/>	<hr/>	<hr/>	<hr/>

NEW OCEAN INSURANCE CO., LTD.
NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 2023 and 2022
Expressed in Thousand U.S. Dollars

13. Investments (Cont'd)

2022	Level 1	Level 2	Level 3	Total
ASSETS				
Short Term Investment Pool	\$ 4,631	\$ 7,630	\$ -	\$ 12,261
Other Portfolio Investments	-	2,003	-	2,003
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 4,631	\$ 9,633	\$ -	\$ 14,264
	<hr/>	<hr/>	<hr/>	<hr/>

The investments are in a short-term investment pool and other portfolio investments managed by an affiliated company. The short-term investment pool consists mainly of commercial paper, money market funds and government treasury holdings with short maturity tenors. All investments are carried at market value. The pool is comprised of investment grade assets with a maximum maturity of one year.

The average life of the invested assets was 119 days in 2023 and 130 days in 2022.

14. Maturity of Investments

The following table summarizes the maturity profile of the Company's financial instruments as of December 31, 2023:

2023	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years	Total
ASSETS					
Short Term Investment Pool	\$ 15,919	\$ -	\$ -	\$ -	\$ 15,919
Other Portfolio Investments	-	-	392	169	561
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 15,919	\$ -	\$ 392	\$ 169	\$ 16,480
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

15. Related Party

Hartford Investment Management Company

During the year, the Company's portfolio of investments was managed by Hartford Investment Management Company Inc. ("HIMCO"), an affiliated company, under a management agreement dated March 31, 1997. Under the terms of this agreement, the Company paid management fees to HIMCO totaling \$22 and \$19 in 2023 and 2022, respectively.

NEW OCEAN INSURANCE CO., LTD.
NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 2023 and 2022
Expressed in Thousand U.S. Dollars

15. Related Party (Cont'd)

The Hartford Financial Services Group, Inc.

The Hartford Financial Services Group, Inc. has entered into a Guarantee Agreement with the Company which provides that, on demand of Company's Board of Directors, HFSG will make funds available to the Company to enable the Company to satisfy its obligations for losses arising from the reinsurance treaty between the Company and Magna Carta Insurance, Ltd.

16. Subsequent Events

There were no events up to the date of this report.

17. Not applicable

NEW OCEAN INSURANCE CO., LTD.
NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 2023 and 2022
Expressed in Thousand U.S. Dollars

Notes to the Condensed General Purpose
Statutory Statement of Capital and Surplus

1. (a) Capital Stock

The insurer's authorized share capital consists of 120,000 shares of \$0.001 each par value. All shares have been issued and fully paid.

(b) Contributed Surplus

The Company's contributed surplus is \$9,880 (2022: \$9,880).

2(c) Not applicable.

NEW OCEAN INSURANCE CO., LTD.
NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 2023 and 2022
Expressed in Thousand U.S. Dollars

Notes to the Condensed General Purpose
Statutory Balance Sheet

1. Not Applicable

2. Quoted Investments

The Company defines fair value 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. Investment transactions are recorded on a trade date basis.

3.-8. Not Applicable

9. Investment income due and accrued

Accrued investment income is valued as the interest or dividends payable to the Company for corporate and government bonds that are due within one year.

10.-12. Not Applicable

13. Sundry Assets

Refer to note 31 "Income Tax".

14. Not Applicable

16. Unearned premium reserve

Refer to notes 3.-5. "Accounting Policies".

NEW OCEAN INSURANCE CO., LTD.
NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 2023 and 2022
Expressed in Thousand U.S. Dollars

Notes to the Condensed General Purpose
Statutory Balance Sheet

17. Loss and loss expenses provisions - See Notes 3.-5. (Loss and loss expense provisions).

	<u>2023</u>	<u>2022</u>
Gross loss and loss expense provision at beginning of year	8,523	4,582
Less: Reinsurance recoverable at beginning of year	5,839	3,047
Net loss and loss expense provisions at beginning of year	2,684	1,535
Add: Net losses and loss expenses reserve movement related to:		
Current year	698	1,149
Prior years	725	-
Total net incurred losses and loss expenses	1,423	1,149
Less: Net losses and loss expenses paid or payable related to:		
Current year	-	-
Prior years	-	-
Total losses and loss expenses paid or payable	-	-
Foreign exchange and other	-	-
Net loss and loss expense provisions at end of year	4,108	2,684
add: Reinsurance recoverable at end of year	9,187	5,839
Gross loss and loss expense provisions at end of year	13,295	8,523

20. Reserves for reported claims

Refer to notes 3.-5. "Accounting Policies".

21. Reserves for unreported claims

Refer to notes 3.-5. "Accounting Policies".

22.-30. Not Applicable

31. Income Tax

Bermuda Tax

At the present time, no income, profit or capital gain taxes are levied in Bermuda and accordingly, no provision for such tax has been recorded by the Company. In the event that such taxes are levied, the Company has received an undertaking by the Bermuda Government exempting it from all such taxes until March 31, 2035.

The Company is currently reviewing the Bermuda Corporate Income Tax Act of 2023. No quantifiable impact has been computed as of the date of these statements. Full assessment will be completed before the end of the first taxable year-end (i.e., 2025) where tax filing can be expected in 2026.

NEW OCEAN INSURANCE CO., LTD.
NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 2023 and 2022
Expressed in Thousand U.S. Dollars

31. Income Tax (Cont'd)

U.S. Income Tax

The Company has filed with the United States Internal Revenue Service an election pursuant to Section 953 (d) to be taxed as a domestic corporation for purposes of the United States Internal Revenue Code. The election is effective for the year ended December 31, 1997 and all subsequent years and may not be revoked without the consent of the Secretary of the Treasury.

An electing corporation, as a domestic corporation for United States tax purposes, is not subject to the provisions of Subpart F of the Internal Revenue Code. In addition, premiums paid or ceded to the Company will not be subject to the United States federal excise tax. The Company has also elected to be included in Hartford's consolidated United States federal income tax return.

Deferred Income Tax

Deferred tax assets and liabilities are determined based on the difference between the tax basis of an asset or liability and its reported amount in the financial statements using enacted tax rates. Future tax benefits attributable to these differences are recognized to the extent that realization of such benefits is more likely than not. The primary differences between accounting and taxable income arise from a difference in the method of discounting reserves for loss and loss related expenses.

32. Amounts due to affiliates

Amounts due to affiliates are non-interest bearing and settled periodically.

33. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities of \$33 (2022: \$34) represent amounts incurred in the normal course of business not yet settled.

34.-37. Not Applicable

Notes to the Condensed General Purpose
Statement of Income

6-36. Not applicable