

Transatlantic Holdings, Inc. and Subsidiaries  
(A Wholly Owned Subsidiary of Alleghany Corporation)

Consolidated Financial Statements  
As of December 31, 2023 and 2022 and  
for the years ended December 31, 2023 and 2022

Independent Auditor's Report

## INDEPENDENT AUDITOR'S REPORT

Audit Committee and management of Transatlantic Holdings, Inc.

### Opinion

We have audited the consolidated financial statements of Transatlantic Holdings, Inc. and Subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2023, and the related consolidated statements of earnings (loss) and comprehensive income (loss), changes in stockholder's equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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 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 opinion.

### Predecessor Auditor's Opinion on 2022 Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2022 were audited by other auditors whose report, dated March 31, 2023, expressed an unmodified opinion on those statements.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 that the financial statements are issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 financial statements.
- Conclude whether, in our judgment, 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.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that paid and incurred loss and loss adjustment expense development, as well as average annual payout, for years prior to 2023 in Note 5 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Deloitte & Touche LLP*

May 8, 2024

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Consolidated Balance Sheets

	As of December 31,	
	2023	2022
	(in thousands, except for share data)	
<b>Assets</b>		
Investments:		
Securities at fair value:		
Equity securities (cost: 2023 –\$119,438 ; 2022 –\$133,010)	\$ 122,350	\$ 140,146
Debt securities (amortized cost: 2023 –\$1,089,375 ; 2022 –\$4,543,963; allowance for credit losses: 2023 –\$0 ; 2022 –\$0)	1,063,038	4,393,581
Short-term investments, cost approximates fair value	8,998,676	8,644,568
Commercial mortgage loans	93,872	313,833
Other invested assets	249,709	267,663
Total investments	10,527,645	13,759,791
Cash	438,625	441,788
Accrued investment income	15,119	30,898
Premium balances receivable	1,073,872	1,140,634
Reinsurance recoverables	5,535,411	1,196,624
Ceded unearned premiums	978,696	100,335
Deferred acquisition costs	220,239	490,437
Property and equipment at cost, net of accumulated depreciation and amortization	13,366	16,242
Goodwill	8,812	8,812
Intangible assets, net of amortization	73,768	74,893
Current taxes receivable	23,875	44,318
Net deferred tax assets	148,281	317,754
Funds held under reinsurance agreements	248,589	341,938
Other assets	257,185	385,937
Total assets	\$ 19,563,483	\$ 18,350,401
<b>Liabilities and Stockholder's Equity</b>		
Loss and loss adjustment expense reserves	\$ 11,322,969	\$ 11,071,029
Unearned premiums	2,086,755	2,043,177
Senior notes	385,485	386,678
Reinsurance payable	554,804	213,625
Other liabilities	477,659	425,960
Total liabilities	14,827,672	14,140,469
Common stock (\$0.01 par value; shares authorized, issued and outstanding: 1,000)	-	-
Contributed capital	4,319,210	4,319,210
Accumulated other comprehensive (loss) income	(153,760)	(246,993)
Retained earnings	570,361	137,715
Total stockholder's equity	4,735,811	4,209,932
Total liabilities and stockholder's equity	\$ 19,563,483	\$ 18,350,401

See accompanying Notes to Consolidated Financial Statements.

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss)

	For the Years Ended December 31,	
	2023	2022
	(in thousands)	
<b>Revenues</b>		
Net premiums earned	\$ 2,942,661	\$ 4,893,645
Net investment income	521,626	340,506
Change in the fair value of equity securities	20,163	(373,655)
Net realized capital (losses) gains	(89,065)	(957,062)
Change in allowance for credit losses on available for sale securities	-	338
Other income	3,066	8,602
Total revenues	3,398,451	3,912,374
<b>Costs and Expenses</b>		
Net loss and loss adjustment expenses	1,786,284	3,228,484
Commissions, brokerage and other underwriting expenses	873,292	1,542,751
Other operating expenses	61,673	35,423
Amortization of intangible assets	1,125	1,119
Interest expense	26,807	26,886
Total costs and expenses	2,749,181	4,834,663
Earnings (Losses) before income taxes	649,270	(922,289)
Income tax expense (benefit)	216,624	(186,373)
Net earnings (loss)	432,646	(735,916)
Other comprehensive losses:		
Change in unrealized appreciation (depreciation), net of deferred taxes of (\$25,987) and \$77,725 for 2023 and 2022, respectively	97,759	(292,393)
Change in unrealized currency translation adjustment, net of deferred taxes of \$1,486 and \$4,921 for 2023 and 2022, respectively	(5,588)	(18,513)
Retirement plans	1,062	3,360
Comprehensive income (loss)	\$ 525,879	\$ (1,043,462)

See accompanying Notes to Consolidated Financial Statements.

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Consolidated Statements of Changes in Stockholder's Equity

	Common Stock	Contributed Capital	Accumulated Other Comprehensive Income (Loss)  (in thousands)	Retained Earnings	Stockholder's Equity
Balance at December 31, 2021	\$ -	\$ 4,319,210	\$ 60,553	\$ 1,018,631	\$ 5,398,394
Add (deduct):					
Net earnings (losses)	-	-	-	(735,916)	(735,916)
Other comprehensive income, net of tax:					
Change in unrealized appreciation (depreciation) of investments, net	-	-	(292,393)	-	(292,393)
Change in unrealized currency translation adjustment	-	-	(18,513)	-	(18,513)
Retirement plans	-	-	3,360	-	3,360
Comprehensive income (losses)	-	-	(307,546)	-	(307,546)
Dividends	-	-	-	(145,000)	(145,000)
Balance at December 31, 2022	\$ -	\$ 4,319,210	\$ (246,993)	\$ 137,715	\$ 4,209,932
Add (deduct):					
Net earnings (losses)	-	-	-	432,646	432,646
Other comprehensive income, net of tax:					
Change in unrealized appreciation (depreciation) of investments, net	-	-	97,759	-	97,759
Change in unrealized currency translation adjustment	-	-	(5,588)	-	(5,588)
Retirement plans	-	-	1,062	-	1,062
Comprehensive income (losses)	-	-	93,233	-	93,233
Dividends	-	-	-	-	-
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 4,319,210</u>	<u>\$ (153,760)</u>	<u>\$ 570,361</u>	<u>\$ 4,735,811</u>

See accompanying Notes to Consolidated Financial Statements.

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Consolidated Statements of Cash Flows

	For the Years Ended December 31,	
	2023	2022
	(in thousands)	
<b>Cash flows from operating activities</b>		
Net earnings (loss)	\$ 432,646	\$ (735,916)
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	(380,748)	(6,497)
Change in the fair value of equity securities	(20,163)	373,655
Net realized capital losses (gains)	89,065	957,062
Change in allowance for credit losses on available for sale securities and commercial mortgage loans	-	(338)
Adjustment for non-cash payments for the NICO LPT and NICO QS (each as defined in Footnote 4)	4,470,530	-
(Increase) decrease in reinsurance recoverables, net of reinsurance payable	(3,997,609)	(32,935)
(Increase) decrease in premium balances receivable	66,762	(40,645)
(Increase) decrease in ceded unearned premiums	(878,360)	7,329
(Increase) decrease in deferred acquisition costs	270,198	(56,115)
Increase (decrease) in unearned premiums	43,578	195,041
Increase (decrease) in loss and loss adjustment expenses	251,940	322,856
(Increase) decrease in funds held under reinsurance agreements	93,349	291,423
Change in unrealized foreign exchange gains (losses)	(60,503)	141,515
Other, net	521,115	(307,510)
Net adjustments	469,154	1,844,841
Net cash (used in) provided by operating activities	901,800	1,108,925
<b>Cash flows from investing activities</b>		
Purchases of debt securities	(390,660)	(1,693,127)
Purchases of equity securities	(84,972)	(78,553)
Sales of debt securities	3,420,216	6,424,983
Maturities and redemptions of debt securities	387,348	1,184,777
Sales of equity securities	126,260	1,417,491
Net (purchases) sales of short-term investments	(4,662,842)	(8,406,521)
Net (purchases) sales of commercial mortgage loans	194,618	19,269
Other, net	105,303	(49,392)
Net cash (used in) provided by investing activities	(904,729)	(1,181,073)
<b>Cash flows from financing activities</b>		
Dividends paid	-	(145,000)
Net cash (used in) provided by financing activities	-	(145,000)
Effect of exchange rate changes on cash	(234)	(24,072)
Net increase (decrease) in cash	(3,163)	(241,220)
Cash at beginning of period	441,788	683,008
Cash at end of period	\$ 438,625	\$ 441,788
<b>Supplemental disclosures of cash flow information</b>		
Cash paid during the period for:		
Interest paid	\$ 28,000	\$ 28,000
Income taxes paid (refunded)	50,786	110,239

See accompanying Notes to Consolidated Financial Statements.

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

**1. Summary of Significant Accounting Principles**

***(a) Principles of Financial Statement Presentation***

Transatlantic Holdings, Inc. (“TransRe”), a Delaware corporation, is engaged principally in the property and casualty reinsurance business. TransRe is a wholly-owned subsidiary of Alleghany Corporation (“Alleghany”). Unless the context otherwise requires, references to “TransRe” include TransRe together with its subsidiaries.

Pursuant to an Agreement and Plan of Merger, dated as of March 20, 2022, by and among Berkshire Hathaway Inc. (“Berkshire Hathaway”), O&M Acquisition Corp., a wholly-owned subsidiary of Berkshire Hathaway, and Alleghany Corporation, on October 19, 2022, the parties completed the transaction whereby O&M Acquisition Corp. merged with and into Alleghany, with Alleghany continuing as the surviving corporation and a wholly-owned subsidiary of Berkshire Hathaway (the “Acquisition by Berkshire Hathaway”). As of October 19, 2022, Berkshire Hathaway is the ultimate parent of TransRe.

TransRe, through its principal wholly-owned subsidiaries Transatlantic Reinsurance Company (“TRC”), TransRe London Ltd. (“TRL”) and TransRe Europe S.A. (“TRESA”) provides property and casualty reinsurance to insurance and other reinsurance companies. These products are distributed both through brokers and on a direct basis in the domestic and foreign markets. TransRe is headquartered in New York, New York and also has operations worldwide. TRC is licensed or otherwise authorized as a reinsurer in all 50 states and the District of Columbia in the U.S. and in Puerto Rico and Guam. TRC is also licensed in Bermuda, Canada, Japan, the United Kingdom., Mexico, several countries in South and Central America and the Caribbean, the Hong Kong Special Administrative Region of the People’s Republic of China, Singapore, Germany and Australia. In addition, TRL is licensed as a reinsurer in the U.K. and TRESA is licensed as a reinsurer in Luxembourg.

The accompanying consolidated financial statements include the results of TransRe and its wholly-owned subsidiaries and have been prepared in accordance with accounting principles generally accepted in the U.S. (“GAAP”). All material inter-company balances and transactions have been eliminated in consolidation. Following the acquisition of TransRe by Alleghany in 2012, TransRe applied push down accounting and recorded intangible assets related to the acquisition. Push down accounting was not applied following the Acquisition by Berkshire Hathaway.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. TransRe relies on historical experience and on various other assumptions that it believes to be reasonable under the circumstances to make judgments about the carrying value of assets and liabilities and reported revenues and expenses that are not readily apparent from other sources. Actual results may differ materially from those reported results to the extent that those estimates and assumptions prove to be inaccurate. Changes in estimates are reflected in the Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss) in the period in which the changes are made.

***(b) Investments***

Investments consist of debt securities, equity securities, short-term investments, commercial mortgage loans and other invested assets. TransRe considers all of its marketable debt securities and short-term investments as available-for-sale (“AFS”). Debt securities consist of securities with an initial fixed maturity of more than one year. Debt securities typically take the form of bonds. Equity securities generally consist of securities that represent ownership interests in an enterprise. Equity securities typically take the form of common stock or perpetual preferred stock. Mutual funds and exchange-traded securities are also classified as equity securities, including those that invest mostly in debt securities. All marketable equity securities are measured at fair value with changes in fair value recognized in net earnings. Short-term investments include commercial paper, certificates of deposit, money market instruments and any fixed maturity investment with an initial maturity of one year or less.

AFS securities are recorded at fair value. Unrealized gains and losses during the year, net of the related tax effect, for AFS securities are excluded from earnings and reflected in comprehensive income (loss), and the cumulative effect is reported as a separate component of stockholder’s equity until realized. Unrealized losses on AFS securities where the company intends to sell the securities are recognized in earnings. Credit losses for AFS securities are recorded through an allowance for credit losses. Changes in the allowance for credit losses are recorded for (or as a reversal of) credit losses on AFS securities. Credit losses on an AFS security cannot exceed the amount by which the fair value of the security is less than its amortized cost. Any portion of a decline in fair value related to a debt security that is believed to arise from factors other than credit is recorded as a component of other comprehensive income (loss) rather than charged against earnings.



## TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES

(A Wholly Owned Subsidiary of Alleghany Corporation)

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

Commercial mortgage loans are carried at unpaid principal balance, less an allowance for credit losses. Credit losses for commercial mortgage loans are recorded through an allowance for credit losses. Estimates of expected credit losses are based on historical experience, current conditions and reasonable and supportable forecasts, and include an ongoing review of amounts outstanding, the creditworthiness of the borrower, value of the real estate collateral and other relevant factors. Amounts deemed to be uncollectible are written off against the allowance. Subsequent reversals in credit loss estimates are recognized in earnings. Interest income on loans is accrued as earned.

Other invested assets include invested assets not identified above, primarily related to: (i) equity investments in operating companies where TransRe has significant influence (an aggregate common stock position held at or above 20 percent is presumed to convey significant influence); (ii) partnership investments (including hedge funds and private equity funds); and (iii) non-marketable equity investments. Equity investments in operating companies where TransRe has significant influence are accounted for using the equity method. Partnership investments are accounted for at fair value with changes in fair value recognized in net earnings or using the equity method where TransRe has significant influence. Non-marketable equity investments are accounted for at fair value with changes in fair value recognized in net earnings.

Net realized gains and losses on investments are determined in accordance with the specific identification method.

Net investment income consists primarily of: (i) interest income from debt securities, short-term investments, commercial mortgage loans, funds withheld by cedants and cash, including any premium amortization or discount accretion; (ii) dividend income from equity securities; and (iii) investment income from other invested assets, which includes results arising from partnership investments whether accounted for under the equity method or at fair value. Interest income is accrued when earned.

Premiums and discounts arising from the purchase of certain debt securities are treated as a yield adjustment over the estimated useful life of the securities, adjusted for anticipated prepayments using the retrospective interest method. Under this method, the effective yield on a security is estimated. Such estimates are based on the prepayment terms of the security, past actual cash flows, and assumptions as to future expected cash flow. The future expected cash flow assumptions consider various prepayment assumptions based on historical experience, as well as current market conditions. Periodically, the effective yield is re-estimated to reflect actual prepayments and updated future expected cash flow assumptions. Upon a re-estimation, a security's book value is restated at the most recently calculated effective yield, assuming that yield had been in effect since the security was purchased. This treatment results in an increase or decrease to net investment income (accretion of premium or amortization of discount) at the new measurement date. With respect to callable debt securities purchased at a premium to par value, the amortization period for that premium is the earliest call date.

In the normal course of business, TransRe has investments in variable interest entities ("VIE") primarily as a passive investor in residential mortgage-backed securities, commercial mortgage-backed securities, other asset-backed securities, and private equity limited partnerships issued by VIEs. TransRe also has an investment in the Pillar investments, as defined and discussed further in Note 3(i). TransRe is not the primary beneficiary of these VIEs. TransRe's maximum exposure to loss with respect to these investments is limited to the investment carrying values included in the Consolidated Balance Sheets and the unfunded commitments related to partnerships and private equity investments. TransRe has unfunded commitments to certain limited partnership investments of \$20 million and \$26 million as of December 31, 2023 and 2022, respectively.

### *(c) Fair value*

Fair value is defined as the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between willing, able and knowledgeable market participants at the measurement date. Fair value measurements are not adjusted for transaction costs. In addition, a three-tiered hierarchy for inputs is used in management's determination of fair value of financial instruments that emphasizes the use of observable inputs over the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are market participant assumptions based on market data obtained from sources independent of the reporting entity. Unobservable inputs are the reporting entity's own assumptions about market participant assumptions based on the best information available under the circumstances. In assessing the appropriateness of using observable inputs in making its fair value determinations, TransRe considers whether the market for a particular security is "active" or "inactive" based on all the relevant facts and circumstances. A market may be considered to be inactive if there are relatively few recent transactions or if there is a significant decrease in market volume. Furthermore, TransRe considers whether observable transactions are "orderly" or not. TransRe does not consider a transaction to be orderly if there is evidence of a forced liquidation or other distressed condition; as such, little or no weight is given to that transaction as an indicator of fair value.

Although TransRe is responsible for the determination of the fair value of its financial assets and the supporting methodologies and assumptions, it employs third party valuation service providers to gather, analyze and interpret market information and derive fair

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

values based upon relevant methodologies and assumptions for individual instruments. When those providers are unable to obtain sufficient market observable information upon which to estimate the fair value for a particular security, fair value is determined either by requesting a quote, which is generally non-binding, from brokers who are knowledgeable about these securities or by employing widely accepted valuation models.

Valuation service providers typically obtain data about market transactions and other key valuation model inputs from multiple sources and, through the use of widely accepted valuation models, provide a single fair value measurement for individual securities for which a fair value has been requested under the terms of service agreements. The inputs used by the valuation service providers include, but are not limited to, market prices from recently completed transactions and transactions of comparable securities, interest rate yield curves, credit spreads, currency rates and other market observable information, as applicable. The valuation models take into account, among other things, market observable information as of the measurement date as well as the specific attributes of the security being valued including its term, interest rate, credit rating, industry sector and, when applicable, collateral quality and other issue or issuer specific information. When market transactions or other market observable data is limited, the extent to which judgment is applied in determining fair value is greatly increased.

The three-tiered hierarchy used in management's determination of fair value is broken down into three levels based on the reliability and observability of inputs as follows:

- Level 1: Valuations are based on unadjusted quoted prices in active markets that TransRe has the ability to access for identical, unrestricted assets and do not involve any meaningful degree of judgment. An active market is defined as a market where transactions for the financial instrument occur with sufficient frequency and volume to provide pricing information on an ongoing basis. TransRe's Level 1 assets include publicly traded common stocks and mutual funds (which are included on the consolidated balance sheet in equity securities) and most short-term investments where TransRe's valuations are based on quoted market prices.
- Level 2: Valuations are based on direct and indirect observable inputs other than quoted market prices included in Level 1. Level 2 inputs include quoted prices for similar assets in active markets and inputs other than quoted prices that are observable for the asset, such as the terms of the security and market-based inputs. Terms of the security include coupon, maturity date and any special provisions that may, for example, enable the investor, at its election, to redeem the security prior to its scheduled maturity date (such provisions may apply to all debt securities except U.S. Government obligations). Market-based inputs include interest rates and yield curves that are observable at commonly quoted intervals and current credit rating(s) of the security. Market-based inputs may also include credit spreads of all debt securities except U.S. Government obligations, and currency rates for certain foreign government obligations and foreign corporate bonds denominated in foreign currencies. Fair values are determined using a market approach that relies on the securities' relationships to quoted prices for similar assets in active markets, as well as the other inputs described above. In determining the fair values for the vast majority of commercial mortgage-backed securities ("CMBS") and other asset-backed securities, as well as a small portion of residential mortgage-backed securities ("RMBS"), an income approach is used to corroborate and further support the fair values determined by the market approach. The income approach primarily involves developing a discounted cash flow model using the future projected cash flows of the underlying collateral, and the terms of the security. Level 2 assets generally include certain short-term investments and debt securities. TransRe's Level 2 liabilities consist of the Senior Notes, as defined in Note 1(l).
- Level 3: Valuations are based on techniques that use significant inputs that are unobservable. The valuation of Level 3 assets requires the greatest degree of judgment. These measurements may be made under circumstances in which there is little, if any, market activity for the asset. TransRe's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment. In making the assessment, TransRe considers factors specific to the asset. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Assets classified as Level 3 principally include certain U.S. and foreign corporate bonds (including privately issued securities) and, for 2022, other asset-backed securities (primarily, collateralized loan obligations).

Mortgage-backed and asset-backed securities are initially valued at the transaction price. Subsequently, TransRe uses widely accepted valuation practices that produce a fair value measurement. The vast majority of fair values are determined using an income approach. The income approach primarily involves developing a discounted cash flow model using the future projected cash flows of the underlying collateral, as well as other inputs described below. A few Level 3 valuations are

## TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES

(A Wholly Owned Subsidiary of Alleghany Corporation)

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

based entirely on non-binding broker quotes. These securities consist primarily of mortgage-backed and asset-backed securities where reliable pool and loan level collateral information cannot be reasonably obtained, and as such, an income approach is not feasible.

Since Level 3 valuations are based on techniques that use significant inputs that are unobservable with little or no market activity, the fair values under the market approach for Level 3 securities are less credible than under the income approach; however, the market approach, where feasible, is used to corroborate the fair values determined by the income approach. The market approach primarily relies on the securities' relationships to quoted transaction prices for similarly structured instruments. To the extent that transaction prices for similarly structured instruments are not available for a particular security, other market approaches are used to corroborate the fair values determined by the income approach, including option adjusted spread analyses.

Unobservable inputs, significant to the measurement and valuation of mortgage-backed and asset-backed securities, are generally used in the income approach, and include assumptions about prepayment speed and collateral performance, including default, delinquency and loss severity rates. Significant changes to any one of these inputs, or combination of inputs, could significantly change the fair value measurement for these securities.

The impact of prepayment speeds on fair value is dependent on a number of variables including whether the securities were purchased at a premium or discount. A decrease in interest rates generally increases the assumed rate of prepayments, and an increase in interest rates generally decreases the assumed speed of prepayments. Increased prepayments increase the yield on securities purchased at a discount and reduce the yield on securities purchased at a premium. In a decreasing prepayment environment, yields on securities purchased at a discount are reduced but are increased for securities purchased at a premium. Changes in default assumptions on underlying collateral are generally accompanied by directionally similar changes in other collateral performance factors, but generally result in a directionally opposite change in prepayment assumptions.

TransRe employs specific control processes to determine the reasonableness of the fair values of its financial assets and liabilities. TransRe's processes are designed to ensure that the values received or internally estimated are accurately recorded and that the data inputs and the valuation techniques used are appropriate, consistently applied and that the assumptions are reasonable and consistent with the objective of determining fair value. TransRe assesses the reasonableness of individual security values received from valuation service providers through various analytical techniques. In addition, TransRe validates the reasonableness of fair values by comparing information obtained from TransRe's valuation service providers to other third party valuation sources for selected securities. TransRe also validates prices obtained from brokers for selected securities through reviews by those who have relevant expertise and who are independent of those charged with executing investing transactions.

In addition to such procedures, TransRe reviews the reasonableness of its classification of securities within the three-tiered hierarchy to ensure that the classification is consistent with GAAP.

See Note 2 for additional information regarding fair value.

### ***(d) Cash***

Cash includes all deposit balances with a bank that are available for immediate withdrawal, whether interest-bearing or non-interest bearing.

### ***(e) Premiums and Unearned Premiums***

Premiums are recognized as revenue on a pro rata basis over the term of an insurance policy. Assumed reinsurance premiums written and earned are based on reports received from ceding companies for pro rata treaty contracts and are generally recorded as written based on contract terms for excess-of-loss treaty contracts. Premiums are earned ratably over the terms of the related coverages.

Unearned premiums and ceded unearned premiums represent the portion of gross premiums written and ceded premiums written, respectively, related to the unexpired periods of such coverages. Assumed reinsurance premiums written and earned, along with related costs, for which data has not been reported by the ceding companies, are estimated based on historical patterns and other relevant factors. These estimates may change when actual data for such estimated items becomes available.

Premium balances receivable are reported net of an allowance for credit losses. Estimates of expected credit losses are based on historical experience, current conditions and reasonable and supportable forecasts, and include an ongoing review of amounts

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

outstanding, length of collection periods, the creditworthiness of the insured and other relevant factors. Amounts deemed to be uncollectible are written off against the allowance. Subsequent reversals are recognized in earnings.

***(f) Reinsurance Ceded***

Reinsurance is used to mitigate the exposure to losses, manage capacity and protect capital resources. Reinsuring loss exposures does not relieve a ceding entity from its obligations to policyholders and cedants. Reinsurance recoverables (including amounts related to incurred but not reported (“IBNR”) claims) and ceded unearned premiums are reported as assets. To minimize exposure to losses related to a reinsurer’s inability to pay, the financial condition of such reinsurer is evaluated initially upon placement of the reinsurance and periodically thereafter. In addition to considering the financial condition of a reinsurer, the collectability of the reinsurance recoverables is evaluated based upon a number of other factors. Such factors include the amounts outstanding, length of collection periods, disputes, any collateral or letters of credit held and other relevant factors. Credit losses for reinsurance recoverables are recorded through an allowance for credit losses. Estimates of expected credit losses are based on historical experience, current conditions and reasonable and supportable forecasts. Amounts deemed to be uncollectible are written off against the allowance. Subsequent reversals in credit loss estimates are recognized in earnings.

Ceded premiums written are recorded in accordance with the applicable terms of the various reinsurance contracts and ceded premiums earned are charged against revenue over the period of the various reinsurance contracts. This also generally applies to reinstatement premiums paid to a reinsurer, which arise when contractually-specified ceded loss triggers have been breached. Ceded commissions reduce commissions, brokerage and other underwriting expenses and ceded losses incurred reduce net loss and loss adjustment expenses (“LAE”) incurred over the applicable periods of the various reinsurance contracts with third party reinsurers. If premiums or commissions are subject to adjustment (for example, retrospectively-rated or experience-rated), the estimated ultimate premium or commission is recognized over the period of the contract.

Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured business and consistent with the terms of the underlying reinsurance contract.

For retroactive reinsurance contracts, a retroactive ceded unpaid losses and LAE asset is established based on the consideration transferred. Subsequently, the excess of amounts ultimately collectible under the agreement over the consideration paid is recognized as a deferred gain and amortized over the settlement period of the ceded reserves. The amount of the deferral is recalculated each period based on loss payments and updated estimates. If the consideration paid exceeds the ultimate losses collectible under the agreement, the net loss on the agreement is recognized immediately.

See Note 4 for additional information on reinsurance ceded and reinsurance recoverables.

***(g) Deferred Acquisition Costs***

Acquisition costs related to unearned premiums that vary with, and are directly related to, the production of such premiums are deferred. Furthermore, such deferred costs: (i) represent only incremental, direct costs associated with the successful acquisition of a new or renewal insurance or reinsurance contract; (ii) are essential to the contract transaction; (iii) would not have been incurred had the contract transaction not occurred; and (iv) are related directly to the acquisition activities involving underwriting, policy issuance and processing. Acquisition costs principally relate to commissions. To a lesser extent, acquisition costs can include premium taxes and certain qualifying underwriting expenses. For insurance policies written, acquisition costs are generally incurred directly and include commissions, premium taxes and certain qualifying underwriting expenses. For reinsurance contracts written, acquisition costs are generally incurred through brokerage commissions and indirectly through ceding commissions, which are deferred. Deferred acquisition costs are amortized to expense as the related premiums are earned, generally over a period of one year. Deferred acquisition costs are reviewed at least annually to determine their recoverability from future income, including investment income. If any such costs are determined not to be recoverable they are charged to expense.

Anticipated net loss and LAE and estimated remaining costs of servicing the contracts are considered when evaluating recoverability of deferred acquisition costs.

***(h) Goodwill and Other Intangible Assets***

Goodwill and other intangible assets, net of amortization, are recorded as a consequence of business acquisitions. Goodwill represents the excess, if any, of the amount paid to acquire subsidiaries and other businesses over the fair value of their net assets as of the date of acquisition. Other intangible assets are recorded at their fair value as of the acquisition date. A significant amount of judgment is needed to determine the fair value as of the date of acquisition of other intangible assets and the net assets acquired in a business acquisition. The determination of the fair value of other intangible assets and net assets often involves the use of valuation models and

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

other estimates, which involve many assumptions and variables and are inherently subjective. The fair value estimates may include the use of financial projections and discount rates. Other intangible assets that are not deemed to have an indefinite useful life are amortized over their estimated useful lives. Goodwill and intangible assets that have an indefinite useful life are not subject to amortization.

Goodwill and other intangible assets deemed to have an indefinite useful life are tested annually for impairment in the fourth quarter. Goodwill and other intangible assets are also tested whenever events and changes in circumstances suggest that the carrying amount may not be recoverable. A significant amount of judgment is required in performing goodwill and other intangible asset impairment tests. These tests may include estimating the fair value of TransRe's operating subsidiaries and other intangible assets. The fair value estimates may include the use of financial projections and discount rates. If it is determined that an asset has been impaired, the asset is written down by the amount of the impairment, with a corresponding charge to net earnings. Subsequent reversal of any impairment charge is not permitted.

With respect to goodwill, a qualitative assessment is first made to determine whether it is necessary to perform quantitative testing. This initial assessment includes, among other factors, consideration of: (i) past, current and projected future earnings and equity; (ii) recent trends and market conditions; and (iii) valuation metrics involving similar companies that are publicly-traded and acquisitions of similar companies, if available. If this initial qualitative assessment indicates that the fair value of an operating subsidiary may be less than its carrying amount, a second step is taken, involving a comparison between the estimated fair value of the operating subsidiary with its respective carrying amount including goodwill. Under GAAP, fair value refers to the amount for which the entire operating subsidiary may be bought or sold. The methods for estimating the fair value of an operating subsidiary values include asset and liability fair values and other valuation techniques, such as discounted cash flows and multiples of earnings or revenues. All of these methods involve significant estimates and assumptions. If the carrying value exceeds estimated fair value, an impairment charge is recognized for the amount by which the carrying amount of the operating subsidiary exceeds its estimated fair value. Any resulting impairment loss recognized cannot exceed the total amount of goodwill associated with the operating subsidiary.

See Note 14 for additional information on goodwill and other intangible assets.

***(i) Income Taxes***

TransRe's ultimate parent files a consolidated federal income tax return with its subsidiaries, including TransRe. The consolidated federal income tax return includes as part of its taxable income all items of income of non-U.S. subsidiaries that are subject to current U.S. income tax, currently pursuant to provisions of the Internal Revenue Code. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Current tax liabilities or assets are recognized for the estimated taxes payable or refundable on tax returns for the current year.

A valuation allowance is provided when it is more likely than not that some portion of the deferred tax assets will not be realized. This determination is based upon a review of all available information, both positive and negative, including TransRe's earnings history, the timing, character and amount of future earnings potential, the reversal of taxable temporary differences and the tax planning strategies available.

See Note 7 for additional information on income taxes.

***(j) Loss Reserves***

The reserves for loss and LAE represent management's best estimate of the ultimate cost of all reported and unreported losses incurred through the balance sheet date.

The reserves for loss and LAE include but are not limited to: (i) reports and individual case estimates received from ceding companies with respect to assumed reinsurance business; (ii) the accumulation of individual estimates for claims reported with respect to direct insurance business; (iii) estimates for IBNR claims based on past experience, modified for current trends and industry data; and (iv) estimates of expenses for investigating and settling claims based on past experience. The methods used to determine such estimates and to establish the resulting reserves are continually reviewed and updated. Any adjustments are reflected in current income. Net loss and LAE consist of the estimated ultimate cost of settling claims incurred within the reporting period (net of related reinsurance recoverable), including IBNR claims, plus changes in estimates of prior period losses.

The estimation of the liability for unpaid loss and LAE is inherently difficult and subjective, especially in view of changing legal and economic environments that impact the development of loss reserves and, therefore, quantitative techniques frequently have to be

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

supplemented by subjective considerations and managerial judgment. In addition, trends that have affected development of liabilities in the past may not necessarily occur or affect liability development to the same degree in the future.

While the reserving process is difficult for the insurance business, the inherent uncertainties of estimating loss reserves are even greater for the reinsurance business, due primarily to the longer-term nature of most of the business, the diversity of development patterns among different types of reinsurance contracts, the necessary reliance on the ceding companies for information regarding reported claims and differing reserving practices among ceding companies which may change without notice. TransRe writes a significant amount of non-proportional assumed casualty reinsurance as well as proportional assumed reinsurance of excess liability business. Claims from such classes can exhibit greater volatility over time than most other classes due to their low frequency, high severity nature and loss cost trends that are more difficult to predict. Net loss and LAE also include amounts for risks related to asbestos-related illness and environmental impairment.

TransRe establishes reserves on its balance sheet for unpaid loss and LAE related to its property and casualty reinsurance and insurance contracts. As of any balance sheet date, there are claims that have not yet been reported, and some claims may not be reported for many years after the date a loss occurs. As a result of this historical pattern, the liability for unpaid loss and LAE includes significant estimates for IBNR claims. Additionally, reported claims are in various stages of the settlement process. Each claim is settled individually based upon its merits, and certain claims may take years to settle, especially if legal action is involved. As a result, the liabilities for unpaid loss and LAE include significant judgments, assumptions and estimates made by management related to the actual ultimate losses that will arise from the claims.

As noted above, as of any balance sheet date, not all claims that have occurred have been reported to TransRe, and if reported may not have been settled. The time period between the occurrence of a loss and the time it is settled is referred to as the “claim tail.” Reported losses for the shorter-tailed classes, such as property, generally reach the ultimate level of incurred losses in a relatively short period of time and as such, are only relevant for the more recent accident years.

Casualty claims can have a very long claim tail, in certain situations extending for many years. In addition, casualty claims are more susceptible to litigation and the legal environment and can be significantly affected by changing contract interpretations, all of which contribute to extending the claim tail. For long-tail casualty lines of business, estimating the ultimate liabilities for unpaid loss and LAE is a more complex process and depends on a number of factors, including the line and volume of the business involved.

TransRe’s loss reserve review processes use actuarial methods that vary by operating subsidiary and line of business and produce point estimates for each class of business. The actuarial methods used include the following methods:

- *Reported Loss Development Method:* a reported loss development pattern is calculated based on historical loss development data, and this pattern is then used to project the latest evaluation of cumulative reported losses for each accident year or underwriting year, as appropriate, to ultimate levels;
- *Paid Loss Development Method:* a paid loss development pattern is calculated based on historical paid loss development data, and this pattern is then used to project the latest evaluation of cumulative paid losses for each accident year or underwriting year, as appropriate, to ultimate levels;
- *Expected Loss Ratio Method:* expected loss ratios are applied to premiums earned, based on historical company experience, or historical insurance industry results when company experience is deemed not to be sufficient; and
- *Bornhuetter-Ferguson Method:* the results from the Expected Loss Ratio Method are essentially blended with either the Reported Loss Development Method or the Paid Development Method.

See Notes 5 and 9(c) for additional information on loss reserves.

***(k) Long Term Incentive Compensation Plans***

The cost resulting from long term incentive compensation plans is accrued over the period of the employee’s service in a systematic and rational manner.

***(l) Senior Notes***

The senior notes are carried at unpaid principal balance including unamortized premium.

See Note 6 for additional information on the senior notes.

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

**(m) Currency Translation**

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars at period-end exchange rates. Income and expense accounts are translated at average exchange rates for the year. The resulting unrealized currency translation gain or loss for functional currencies is recorded, net of tax, in accumulated other comprehensive income (loss), a component of stockholder's equity.

Transaction gains and losses on assets and liabilities denominated in foreign currencies are recorded as a component of net realized capital gains during the period in which they occur.

**(n) Reclassification**

Certain prior year amounts may have been reclassified to conform to the 2023 presentation of the financial statements.

**(o) Recent Accounting Standards**

*Future Application of Accounting Standards*

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2023-09, "Improvements to Income Tax Disclosures" ("ASU 2023-09"), which provides for additional disclosures primarily related to the income tax rate reconciliations and income taxes paid. ASU 2023-09 requires entities to annually disclose the income tax rate reconciliation using both amounts and percentages, considering several categories of reconciling items, including state and local income taxes, foreign tax effects, tax credits and nontaxable or nondeductible items, among others. Disclosure of the reconciling items is subject to a quantitative threshold and disaggregation by nature and jurisdiction. ASU 2023-09 also requires entities to disclose net income taxes paid or received to federal, state and foreign jurisdictions, as well as by individual jurisdiction, subject to a five percent quantitative threshold. ASU 2023-09 may be adopted on a prospective or retrospective basis and is effective for fiscal years beginning after December 15, 2024 with early adoption permitted. TransRe does not expect the implementation of ASU 2023-09 to have a material impact on its results of operations and financial condition.

**2. Fair Value of Financial Instruments**

The following table presents the carrying value and estimated fair value of TransRe's consolidated financial instruments as of December 31, 2023 and 2022:

	December 31, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(in millions)			
<b>Assets</b>				
Investments <sup>(1)</sup>	\$ 10,184.1	\$ 10,184.1	\$ 13,178.4	\$ 13,178.4
<b>Liabilities</b>				
Senior notes <sup>(2)</sup>	\$ 385.5	\$ 455.0	\$ 386.7	\$ 432.0

(1) This table includes debt securities, equity securities and short-term investments carried at fair value. This table excludes investments accounted for using the equity method and commercial mortgage loans that are carried at unpaid principal balance. The fair value of all other categories of investments is discussed in Note 1(c).

(2) See Note 6 for additional information on the Senior Notes.

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

The following tables present TransRe's financial instruments measured at fair value and the level of the fair value hierarchy of inputs used, regardless if the instrument is carried at fair value or other than fair value within the financial statements as of December 31, 2023 and 2022:

	Level 1	Level 2	Level 3	Total
	(in millions)			
<b>As of December 31, 2023</b>				
Equity securities:				
Common stock	\$ 120.9	\$ -	\$ -	\$ 120.9
Preferred stock	-	1.5	-	1.5
Total equity securities	<u>120.9</u>	<u>1.5</u>	<u>-</u>	<u>122.4</u>
Debt securities:				
U.S. Government obligations	281.7	-	-	281.7
Municipal bonds	-	-	-	-
Foreign government obligations	240.9	58.8	-	299.7
U.S. corporate bonds	-	-	382.9	382.9
Foreign corporate bonds	-	-	98.8	98.8
Mortgage and asset-backed securities:				
RMBS	-	-	-	-
CMBS	-	-	-	-
Other asset-backed securities	-	-	-	-
Total debt securities	<u>522.6</u>	<u>58.8</u>	<u>481.7</u>	<u>1,063.1</u>
Short-term investments	8,986.2	12.4	-	8,998.6
Total	<u>\$ 9,629.7</u>	<u>\$ 72.7</u>	<u>\$ 481.7</u>	<u>\$ 10,184.1</u>
Senior Notes	<u>\$ -</u>	<u>\$ 455.0</u>	<u>\$ -</u>	<u>\$ 455.0</u>



**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

	Level 1	Level 2	Level 3	Total
	(in millions)			
<b>As of December 31, 2022</b>				
Equity securities:				
Common stock	\$ 137.4	\$ -	\$ -	\$ 137.4
Preferred stock	-	2.8	-	2.8
Total equity securities	<u>137.4</u>	<u>2.8</u>	<u>-</u>	<u>140.2</u>
Debt securities:				
U.S. Government obligations	-	1,021.8	-	1,021.8
Municipal bonds	-	575.4	-	575.4
Foreign government obligations	-	397.0	-	397.0
U.S. corporate bonds	-	218.3	425.1	643.4
Foreign corporate bonds	-	337.7	103.5	441.2
Mortgage and asset-backed securities:				
RMBS <sup>(1)</sup>	-	976.3	-	976.3
CMBS	-	230.9	-	230.9
Other asset-backed securities <sup>(2)</sup>	-	34.5	73.1	107.6
Total debt securities	<u>-</u>	<u>3,791.9</u>	<u>601.7</u>	<u>4,393.6</u>
Short-term investments	8,523.3	121.3	-	8,644.6
Total	<u>\$ 8,660.7</u>	<u>\$ 3,916.0</u>	<u>\$ 601.7</u>	<u>\$ 13,178.4</u>
Senior Notes	<u>\$ -</u>	<u>\$ 432.0</u>	<u>\$ -</u>	<u>\$ 432.0</u>

(1) Primarily includes government agency pass-through securities guaranteed by a government agency or government sponsored enterprise, among other types of RMBS.

(2) Includes \$73.1 million of collateralized loan obligations as of December 31, 2022.

In 2023, there were transfers of \$73.7 million of other asset-backed securities out of Level 3 that were principally due to an increase in observable inputs related to the valuation of such assets.

In 2022, there were transfers of \$56.1 million of securities out of Level 3 that were principally due to an increase in observable inputs related to the valuation of such assets. Of the \$56.1 million of transfers, \$48.1 million related to other asset-backed securities, \$4.2 million of foreign government, \$2.9 million of commercial mortgage-backed securities, and \$0.9 million U.S. corporate bonds.

There were no other material transfers between Levels 1, 2, or 3 in 2023 and 2022.

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

The following tables present reconciliations of the changes during 2023 and 2022 in Level 3 assets measured at fair value:

Year Ended December 31, 2023	Debt Securities						Total
	Preferred Stock	Mortgage and asset-backed				Other Asset-backed Securities	
		U.S. Corporate Bonds	Foreign Corporate Bonds	RMBS	CMBS		
Balance as of January 1, 2023	\$ -	\$ 425.1	\$ 103.5	\$ -	\$ -	\$ 73.1	\$ 601.7
Net realized/unrealized gains (losses) included in:							
Net earnings <sup>(1)</sup>	-	6.1	1.6	-	-	0.6	8.3
Other comprehensive income (loss)	-	5.8	1.8	-	-	-	7.6
Purchases	-	-	-	-	-	-	-
Sales	-	-	-	-	-	-	-
Issuances	-	-	-	-	-	-	-
Settlements	-	(54.1)	(8.1)	-	-	-	(62.2)
Transfers into Level 3	-	-	-	-	-	-	-
Transfers out of Level 3	-	-	-	-	-	(73.7)	(73.7)
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 382.9</u>	<u>\$ 98.8</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 481.7</u>

Year Ended December 31, 2022	Debt Securities						Total
	Preferred Stock	Mortgage and asset-backed				Other Asset-backed Securities	
		U.S. Corporate Bonds	Foreign Corporate Bonds	RMBS	CMBS		
Balance as of January 1, 2022	\$ 1.3	\$ 526.4	\$ 134.2	\$ 1.9	\$ -	\$ 942.9	\$ 1,606.7
Net realized/unrealized gains (losses) included in:							
Net earnings <sup>(1)</sup>	(1.3)	(0.8)	(0.2)	(0.1)	-	(3.1)	(5.5)
Other comprehensive income (loss)	-	(56.0)	(14.6)	(0.1)	-	1.9	(68.8)
Purchases	-	45.9	25.4	-	2.9	46.7	120.9
Sales	-	(4.1)	(0.4)	-	-	(836.9)	(841.4)
Issuances	-	-	-	-	-	-	-
Settlements	-	(85.4)	(36.7)	(1.7)	-	(30.3)	(154.1)
Transfers into Level 3	-	-	-	-	-	-	-
Transfers out of Level 3	-	(0.9)	(4.2)	-	(2.9)	(48.1)	(56.1)
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 425.1</u>	<u>\$ 103.5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73.1</u>	<u>\$ 601.7</u>

(1) There were no credit losses recorded in net earnings related to Level 3 instruments still held as of December 31, 2023 and 2022.

See Note 1(c) for TransRe's accounting policy on fair value.

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

**3. Investments**

**(a) Unrealized Gains and Losses**

The following tables present the amortized cost or cost and the fair value of AFS securities as of December 31, 2023 and 2022:

	Amortized Cost or Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
			(\$ in millions)		
<b>As of December 31, 2023</b>					
Debt securities:					
U.S. Government obligations	\$ 285.0	\$ -	\$ (3.3)	\$ -	\$ 281.7
Municipal bonds	-	-	-	-	-
Foreign government obligations	298.2	1.7	(0.3)	-	299.6
U.S. corporate bonds	401.0	4.0	(22.1)	-	382.9
Foreign corporate bonds	105.2	-	(6.4)	-	98.8
Mortgage and asset-backed securities:					
RMBS	-	-	-	-	-
CMBS	-	-	-	-	-
Other asset-backed securities	-	-	-	-	-
Total debt securities	<u>1,089.4</u>	<u>5.7</u>	<u>(32.1)</u>	<u>-</u>	<u>1,063.0</u>
Short-term investments	8,999.0	0.6	(0.9)	-	8,998.7
Total	<u>\$ 10,088.4</u>	<u>\$ 6.3</u>	<u>\$ (33.0)</u>	<u>\$ -</u>	<u>\$ 10,061.7</u>
	Amortized Cost or Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
			(\$ in millions)		
<b>As of December 31, 2022</b>					
Debt securities:					
U.S. Government obligations	\$ 1,133.7	\$ 0.4	\$ (112.3)	\$ -	\$ 1,021.8
Municipal bonds	574.2	1.2	-	-	575.4
Foreign government obligations	397.0	-	-	-	397.0
U.S. corporate bonds	673.0	3.2	(32.8)	-	643.4
Foreign corporate bonds	451.0	-	(9.8)	-	441.2
Mortgage and asset-backed securities:					
RMBS	976.6	-	(0.3)	-	976.3
CMBS	230.9	-	-	-	230.9
Other asset-backed securities <sup>(1)</sup>	107.6	-	-	-	107.6
Total debt securities	<u>4,544.0</u>	<u>4.8</u>	<u>(155.2)</u>	<u>-</u>	<u>4,393.6</u>
Short-term investments	8,644.6	-	-	-	8,644.6
Total	<u>\$ 13,188.6</u>	<u>\$ 4.8</u>	<u>\$ (155.2)</u>	<u>\$ -</u>	<u>\$ 13,038.2</u>

(1) Includes \$73.1 million of collateralized loan obligations as of December 31, 2022.

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

**(b) Contractual Maturity**

The following table presents the amortized cost and estimated fair value of debt securities by contractual maturity as of December 31, 2023. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
	(in millions)	
Short-term investments due in one year or less	\$ 8,999.0	\$ 8,998.7
Debt securities with maturity dates:		
One year or less	\$ 348.4	\$ 345.7
Over one through five years	560.0	548.4
Over five through ten years	143.3	127.8
Over ten years	37.7	41.1
Total debt securities	<u>\$ 1,089.4</u>	<u>\$ 1,063.0</u>

**(c) Net Investment Income**

The following table presents net investment income for 2023 and 2022:

	Year Ended December 31,	
	2023	2022
	(in millions)	
Interest income	\$ 477.0	\$ 343.9
Dividend income	0.5	17.6
Investment expenses	(2.5)	(19.9)
Equity results of Pillar Investments <sup>(1)</sup>	39.0	(4.8)
Other investment income	7.6	3.7
Total	<u>\$ 521.6</u>	<u>\$ 340.5</u>

(1) See Note 3(i) for discussion of the Pillar Investments, as defined therein.

As of December 31, 2023, non-income producing invested assets were insignificant.

**(d) Change in the Fair Value of Equity Securities**

The proceeds from sales of equity securities were \$126.3 million and \$1.4 billion in 2023 and 2022, respectively.

The following table presents the change in the fair value of equity securities for 2023 and 2022:

	Year Ended December 31,	
	2023	2022
	(in millions)	
Realized gains (losses) on equity securities	\$ 26.3	\$ 336.4
Change in unrealized gains (losses) on equity securities	(6.1)	(710.1)
Change in the fair value of equity securities	<u>\$ 20.2</u>	<u>\$ (373.7)</u>

**(e) Realized Gains and Losses**

The proceeds from sales of debt securities were \$3.4 billion and \$6.4 billion for 2023 and 2022, respectively.

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

Net realized capital gains in 2023 and 2022 primarily reflect sales of debt securities, intent-to-sell write-offs and net foreign currency transaction (losses) gains.

The following table presents the components of net realized capital (losses) gains for 2023 and 2022:

	Year Ended December 31,	
	2023	2022
	(in millions)	
Gross realized capital gains	\$ 45.6	\$ 7.1
Gross realized capital losses	(135.4)	(655.1)
Net foreign currency transaction gains (losses)	0.7	31.9
Intent-to-sell write-offs	-	(340.6)
Net realized capital (losses) gains	\$ (89.1)	\$ (956.7)

In 2022, TransRe recorded \$340.6 million of intent-to-sell write-offs related to TransRe intention to restructure its investment portfolio.

Gross realized loss amounts exclude change in allowance for credit losses, as discussed below.

***(f) Credit quality for AFS securities and other than temporary impairments***

TransRe holds its debt securities as AFS and, as such, these securities are recorded at fair value. TransRe continually monitors the difference between amortized cost and the estimated fair value of its debt investments. The analysis of a security's decline in value is performed in its functional currency.

Credit losses for AFS securities are recorded through an allowance for credit losses. Changes in the allowance for credit losses are recorded for (or as a reversal of) credit losses on AFS securities. Any portion of a decline in fair value related to a debt security that is believed to arise from factors other than credit is recorded as a component of other comprehensive income rather than charged against earnings.

Debt securities in an unrealized loss position are evaluated for credit losses if they meet any of the following criteria: (i) they are trading at a discount of at least 20 percent to amortized cost and have a credit rating below investment grade or are not rated; (ii) there has been a negative credit or news event with respect to the issuer that could indicate the existence of a credit loss; or (iii) TransRe intends to sell, or it is more likely than not that TransRe will sell, the debt security before recovery of its amortized cost basis.

If TransRe intends to sell, or it is more likely than not that TransRe will sell, a debt security before recovery of its amortized cost basis, the total amount of the unrealized loss position is recognized as a loss in earnings. To the extent that a debt security that is in an unrealized loss position is not impaired based on the preceding, TransRe will consider a debt security to be impaired when it believes it to be probable that TransRe will not be able to collect the entire amortized cost basis. For debt securities in an unrealized loss position as of the end of each quarter, TransRe develops a best estimate of the present value of expected cash flows. If the results of the cash flow analysis indicate that TransRe will not recover the full amount of its amortized cost basis in the debt security, TransRe records a credit loss in earnings equal to the difference between the present value of expected cash flows and the amortized cost basis of the debt security. If applicable, the difference between the total unrealized loss position on the debt security and the total loss recognized in earnings is the non-credit related portion, which is recorded as a component of other comprehensive income.

In developing the cash flow analyses for debt securities, TransRe considers various factors for the different categories of debt securities. For municipal bonds, TransRe takes into account the taxing power of the issuer, source of revenue, credit risk and enhancements and pre-refunding. For mortgage and asset-backed securities, TransRe discounts its best estimate of future cash flows at an effective rate equal to the original effective yield of the security or, in the case of floating rate securities, at the current coupon. TransRe's models include assumptions about prepayment speeds, default and delinquency rates, underlying collateral (if any), credit ratings, credit enhancements and other observable market data. For corporate bonds, TransRe reviews business prospects, credit ratings and available information from asset managers and rating agencies for individual securities.

There was no change in allowance for credit losses on AFS securities in 2023.

The change in allowance for credit losses on AFS securities in 2022 reflects a \$0.4 million net reduction of credit losses on AFS securities primarily from debt security sales.

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

The following table presents a rollforward of TransRe’s allowance for credit losses on AFS securities for 2023 and 2022:

	Year Ended December 31,	
	2023	2022
Allowance for Credit Losses	(in millions)	
Beginning as of January 1	\$ -	\$ (0.4)
Provision for credit losses	-	(7.6)
Charge-offs	-	8.0
Recoveries	-	-
Balance as of December 31	<u>\$ -</u>	<u>\$ -</u>

The gross unrealized investment losses for debt securities as of December 31, 2023 were deemed to be temporary, based on, among other factors: (i) the relative magnitude to which the fair value of these investments had been below cost were not indicative of a credit loss; (ii) the absence of compelling evidence that would cause TransRe to call into question the financial condition or near-term business prospects of the issuer of the security; and (iii) TransRe’s ability and intent to hold the security for a period of time sufficient to allow for any anticipated recovery.

TransRe’s methodology for assessing credit losses contains inherent risks and uncertainties which could include, but are not limited to, incorrect assumptions about financial condition, liquidity or future prospects, inadequacy of any underlying collateral and unfavorable changes in economic conditions or social trends, interest rates or credit ratings.

TransRe’s consolidated investment portfolio consists mainly of highly rated and liquid debt and equity securities listed on national securities exchanges. The overall credit quality of the debt securities portfolio is measured using the lowest rating of three large, reputable rating agencies.

The following table presents the ratings of TransRe’s debt securities as of December 31, 2023:

	Ratings as of December 31, 2023					Total
	AAA / Aaa	AA / Aa	A	BBB / Baa	Not Rated	
	(\$ in millions)					
U.S. Government obligations	\$ -	\$ 281.7	\$ -	\$ -	\$ -	\$ 281.7
Municipal bonds	-	-	-	-	-	-
Foreign government obligations	198.8	100.5	0.3	-	-	299.6
U.S. corporate bonds	-	-	221.5	151.7	9.7	382.9
Foreign corporate bonds	-	-	25.6	73.2	-	98.8
Mortgage and asset-backed securities:						
RMBS	-	-	-	-	-	-
CMBS	-	-	-	-	-	-
Other asset-backed securities	-	-	-	-	-	-
Total debt securities	<u>\$ 198.8</u>	<u>\$ 382.2</u>	<u>\$ 247.4</u>	<u>\$ 224.9</u>	<u>\$ 9.7</u>	<u>\$ 1,063.0</u>
Percentage of debt securities	<u>18.7 %</u>	<u>35.9 %</u>	<u>23.3 %</u>	<u>21.2 %</u>	<u>0.9 %</u>	<u>100.0 %</u>

As of December 31, 2023, the vast majority of TransRe’s debt securities were rated investment grade, with approximately 0.9 percent of debt securities having issuer credit ratings that were below investment grade or not rated, compared with 0.5 percent as of December 31, 2022.

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

**(g) Aging of Gross Unrealized Losses**

The following tables present gross unrealized losses and related fair values for TransRe's AFS securities for which an allowance for credit losses has not been recorded, grouped by duration of time in a continuous unrealized loss position, as of December 31, 2023 and 2022:

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
(\$ in millions)						
<b>As of December 31, 2023</b>						
Debt securities:						
U.S. Government obligations	\$ 153.6	\$ (0.6)	\$ 116.6	\$ (2.7)	\$ 270.2	\$ (3.3)
Municipal bonds	-	-	-	-	-	-
Foreign government obligations	54.4	(0.3)	-	-	54.4	(0.3)
U.S. corporate bonds	9.8	-	327.6	(22.1)	337.4	(22.1)
Foreign corporate bonds	3.2	-	95.5	(6.4)	98.7	(6.4)
Mortgage and asset-backed securities:						
RMBS	-	-	-	-	-	-
CMBS	-	-	-	-	-	-
Other asset-backed securities	-	-	-	-	-	-
Total debt securities	221.0	(0.9)	539.7	(31.2)	760.7	(32.1)
Short-term investments	784.0	(0.9)	-	-	784.0	(0.9)
Total	<u>\$ 1,005.0</u>	<u>\$ (1.8)</u>	<u>\$ 539.7</u>	<u>\$ (31.2)</u>	<u>\$ 1,544.7</u>	<u>\$ (33.0)</u>
(\$ in millions)						
<b>As of December 31, 2022</b>						
Debt securities:						
U.S. Government obligations	\$ 489.2	\$ (66.4)	\$ 530.0	\$ (45.9)	\$ 1,019.2	\$ (112.3)
Municipal bonds	-	-	-	-	-	-
Foreign government obligations	-	-	-	-	-	-
U.S. corporate bonds	287.3	(22.1)	62.4	(10.7)	349.7	(32.8)
Foreign corporate bonds	88.7	(8.8)	14.0	(1.0)	102.7	(9.8)
Mortgage and asset-backed securities:						
RMBS	-	-	0.4	(0.3)	0.4	(0.3)
CMBS	-	-	-	-	-	-
Other asset-backed securities	-	-	-	-	-	-
Total debt securities	<u>\$ 865.2</u>	<u>\$ (97.3)</u>	<u>\$ 606.8</u>	<u>\$ (57.9)</u>	<u>\$ 1,472.0</u>	<u>\$ (155.2)</u>

As of December 31, 2023, TransRe held a total of 248 debt securities and short-term investments that were in an unrealized loss position, of which 106 were in an unrealized loss position continuously for 12 months or more. The unrealized losses associated with these securities are disclosed in the tables above.

**(h) Restricted Investments**

Investments with fair value of approximately \$2.6 billion and \$2.4 billion as of December 31, 2023 and 2022, respectively, the substantial majority of which were debt securities and equity securities, were deposited with governmental authorities or trusts as required by law or contractual terms.

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

***(i) Investments in Certain Other Invested Assets***

In December 2012, TransRe obtained an ownership interest in Pillar Capital Holdings Limited (“Pillar Holdings”), a Bermuda-based insurance asset manager focused on collateralized reinsurance and catastrophe insurance-linked securities. Additionally, TransRe invested in limited partnership funds managed by Pillar Holdings (the “Pillar Funds”). The objective of the Pillar Funds is to create portfolios with attractive risk-reward characteristics and low correlation with other asset classes, using the extensive reinsurance and capital market experience of the principals of Pillar Holdings. TransRe has concluded that both Pillar Holdings and the Pillar Funds (collectively, the “Pillar Investments”) represent variable interest entities and that TransRe is not the primary beneficiary, as it does not have the ability to direct the activities that most significantly impact each entity’s economic performance. Therefore, the Pillar Investments are not consolidated and are accounted for under the equity method of accounting. TransRe’s potential maximum loss in the Pillar Investments is limited to its cumulative net investment. As of December 31, 2023 and 2022, TransRe’s carrying value in the Pillar Investments, as determined under the equity method of accounting, was \$134.3 million and \$132.9 million, respectively, which is net of returns of capital received from the Pillar Investments.

***(j) Investments in Commercial Mortgage Loans***

As of December 31, 2023 and 2022, the carrying value of TransRe’s commercial mortgage loan portfolio was \$93.9 million and \$313.8 million, respectively, representing the unpaid principal balance on the loans, less allowance for credit losses. The estimated fair value of the commercial mortgage loan portfolio approximated carrying value of as December 31, 2023 and 2022. As of December 31, 2023, the commercial mortgage loan portfolio consists primarily of first mortgages on commercial properties in major metropolitan areas in the U.S., the loans earn interest at fixed- or floating-rates, and mature from 2024 to 2027.

The principal amounts of the loans were no more than approximately two-thirds of the property’s appraised value at the time the loans were made. As of December 31, 2023, the average debt service coverage ratio of the portfolio was 1.4 and one loan had a loan value greater than the most recent appraised value of the underlying property with a loan to value of 118%. Fair value estimates of underlying collateral are updated on a rolling basis at least annually, with a portion of the portfolio updated each quarter. In 2023, TransRe realized a \$3.3 million loss on a loan which defaulted. This loan was subsequently sold to an affiliate of TransRe for its estimated fair value of \$5.0 million.

The following table presents a rollforward of TransRe’s allowance for credit losses on commercial mortgage loans for 2023 and 2022:

	Year Ended December 31,	
	2023	2022
Allowance for Credit Losses	(in millions)	
Beginning as of January 1	\$ (1.8)	\$ (0.2)
Provision for credit losses	(1.3)	(1.6)
Charge-offs	1.6	-
Recoveries	-	-
Balance as of December 31	\$ (1.5)	\$ (1.8)

**4. Reinsurance Ceded and Retroactive Reinsurance Contracts**

***(a) Overview***

TransRe reinsures portions of the risks it underwrites in order to reduce the effect of individual or aggregate exposure to losses, manage capacity, protect capital resources, reduce volatility in specific lines of business, improve risk-adjusted portfolio returns, and enable TransRe to increase gross premium writings and risk capacity without requiring additional capital. TransRe purchases reinsurance from highly-rated reinsurers or on a collateralized basis. If the assuming reinsurers are unable or unwilling to meet the obligations assumed under the applicable reinsurance agreements, TransRe would remain liable for such reinsurance portion not paid by these reinsurers. As such, funds, trust agreements and letters of credit are held to collateralize a portion of TransRe’s reinsurance recoverables and TransRe reinsures portions of the risks it underwrites or assumes with multiple reinsurance programs.

TransRe enters into various retrocession arrangements, including property catastrophe retrocession contracts, to manage the effects of individual or aggregate exposure to losses, reduce volatility in specific lines of business, improve risk-adjusted portfolio returns and strengthen its market position. These include treaties in both traditional rated and collateralized form as well as catastrophe bonds.



**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**

(A Wholly Owned Subsidiary of Alleghany Corporation)

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

Effective January 1, 2023, TransRe entered into a quota share agreement of reinsurance (the “NICO QS”) with National Indemnity Company (“NICO”), an affiliate of TransRe, covering 50% of the liabilities from the subject business in-force or written by TRC’s U.S. offices, which includes TRC’s Bermuda branch business and excludes the business written by the TRC’s other branch offices (“TRC-NY”) on or after January 1, 2023 with respect to occurrences on or after January 1, 2023. The subject business written by TRC-NY includes intra-group assumed premiums from other subsidiaries of TransRe. As part of the NICO QS, on January 1, 2023, TransRe ceded \$833.3 million of premiums written related to in-force unearned business on that date, recorded \$833.3 million of ceded unearned premiums with no resulting gain or loss and subsequently settled with the transfer of securities and cash to NICO. See Footnote 4(c) below for total premiums ceded under the NICO QS in 2023.

Effective January 1, 2023, TransRe entered into a loss portfolio agreement of reinsurance (the “NICO LPT”) with NICO covering 50% of the liabilities from the subject business written by TRC-NY on or before December 31, 2022 with respect to occurrences on or before December 31, 2022. The subject business written by TRC-NY includes intra-group assumed business from other subsidiaries of TransRe. On January 1, 2023, TransRe recorded \$3.9 billion of retroactive ceded unpaid losses and LAE and in 2023 transferred \$3.9 billion of securities to NICO with no resulting gain or loss as of January 1, 2023. Retroactive ceded unpaid losses and LAE are included in reinsurance recoverables on the Consolidated Balance Sheets.

The NICO LPT includes indemnification of losses and loss adjustment expenses of short duration insurance contracts with respect to underlying loss events that occurred prior to the contract inception date. Reconciliations of the changes in retroactive ceded unpaid losses and loss adjustment expenses is as follows.

	Year Ended December 31, 2023 (in millions)
Balance as of January 1,	\$ 3,910.9
Incurred losses and loss adjustment expenses	(49.9)
Paid losses and loss adjustment expenses	(946.2)
Balance as of December 31,	<u>\$ 2,914.8</u>
 Loss included in losses and loss adjustment expenses in the Consolidated Statement of Earnings (Loss) and Comprehensive Income (Loss)	 <u>\$ 49.9</u>

***(b) Reinsurance Recoverables***

Amounts recoverable from reinsurers are recognized in a manner consistent with the claim liabilities associated with the reinsurance placement and presented on the balance sheet as reinsurance recoverables, and are recorded after an allowance for credit losses. Such balances as of December 31, 2023 and 2022 are presented in the table below:

	As of December 31,	
	2023	2022
	(in millions)	
Reinsurance recoverables on paid losses	\$ 372.4	\$ 58.8
Ceded outstanding loss and LAE	2,250.5	1,139.9
Retroactive ceded unpaid losses and LAE	2,914.8	-
Reinsurance recoverables, before allowance for credit losses	<u>5,537.7</u>	<u>1,198.7</u>
Allowance for credit losses	(2.3)	(2.1)
Total reinsurance recoverables	<u>\$ 5,535.4</u>	<u>\$ 1,196.6</u>

As of December 31, 2023, TransRe’s reinsurance recoverables and retroactive ceded unpaid losses and LAE from NICO from the NICO LPT and NICO QS was \$4.5 billion. No other reinsurer accounts for more than 10% of TransRe’s total reinsurance recoverables as of December 31, 2023.

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

The following table presents a rollforward of TransRe's allowance for credit losses on reinsurance recoverables for 2023 and 2022:

	Year Ended December 31,	
	2023	2022
Allowance for Credit Losses	(in millions)	
Beginning as of January 1, 2022	\$ (2.1)	\$ (1.5)
Provision for credit losses	(0.2)	(0.6)
Charge-offs	-	-
Recoveries	-	-
Balance as of December 31, 2022	<u>\$ (2.3)</u>	<u>\$ (2.1)</u>

Reinsured loss and LAE ceded included in TransRe's consolidated statements of earnings in 2023 were \$1.4 billion from the NICO LPT and NICO QS and \$224.1 million from all other retrocession agreements and in 2022 were \$372.5 million.

***(c) Premiums Written and Earned***

The following table presents premiums written and earned for 2023 and 2022:

	Year Ended December 31,	
	2023	2022
	(in millions)	
Gross premiums written	\$ 5,931.6	\$ 5,785.2
Ceded premiums written - NICO QS	(3,146.6)	-
Ceded premiums written - all other	(680.3)	(659.9)
Net premiums written	<u>\$ 2,104.7</u>	<u>\$ 5,125.3</u>
Gross premiums earned	\$ 5,891.3	\$ 5,559.0
Ceded premiums earned - NICO QS	(2,243.8)	-
Ceded premiums earned - all other	(704.8)	(665.4)
Net premiums earned	<u>\$ 2,942.7</u>	<u>\$ 4,893.6</u>

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

**5. Liability for Loss and LAE**

**(a) Liability Rollforward**

The following table presents the activity in the liability for loss and LAE in 2023 and 2022:

	Year Ended December 31,	
	2023	2022
	(in millions)	
As of January 1,		
Gross reserves	\$ 11,071.0	\$ 10,748.2
Less: ceded reserves	1,139.9	1,047.1
Less: retroactive ceded unpaid losses and LAE from the NICO LPT	3,910.9	-
Net reserves	<u>6,020.2</u>	<u>9,701.1</u>
Other	<u>(1.5)</u>	<u>(1.5)</u>
Incurred loss, net of reinsurance, related to <sup>(1)</sup> :		
Current year	1,863.3	3,444.3
Prior years	(77.0)	(215.8)
Total incurred loss and LAE, net of reinsurance	<u>1,786.3</u>	<u>3,228.5</u>
Paid loss, net of reinsurance, related to <sup>(1)</sup> :		
Current year	266.5	542.4
Prior years	1,404.5	2,281.2
Total paid loss and LAE, net of reinsurance	<u>1,671.0</u>	<u>2,823.6</u>
Foreign exchange effect	<u>23.7</u>	<u>(173.4)</u>
As of December 31,		
Net reserves	6,157.7	9,931.1
Ceded reserves	2,250.5	1,139.9
Retroactive ceded unpaid losses and LAE from the NICO LPT	2,914.8	-
Gross reserves	<u>\$ 11,323.0</u>	<u>\$ 11,071.0</u>

(1) Incurred and paid losses adjusted for the impact of the NICO LPT.

Gross loss and LAE reserves as of December 31, 2023 increased from December 31, 2022, primarily reflecting catastrophe and non-catastrophe losses incurred in 2023 and the impact of increases in gross premiums earned, partially offset by payments on losses incurred in prior years and favorable prior accident year loss reserve development. The 2023 catastrophe losses primarily related to the Hawaii Lahaina Fire and Hurricane Otis.

Gross loss and LAE reserves as of December 31, 2022 increased from December 31, 2021, primarily reflecting catastrophe and non-catastrophe losses incurred in 2022, partially offset by the impact of lower net premiums earned, payments on losses incurred in prior years and favorable prior accident year loss reserve development. The 2022 catastrophe losses, net of reinsurance, include \$41.8

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

million related to Australian Floods, \$73.6 million related to the conflict in Ukraine, \$185.3 million related to Hurricane Ian, and \$23.1 million related to other events.

**(b) Liability Development**

The following table presents the (favorable) unfavorable prior accident year loss reserve development for 2023 and 2022:

	Year Ended December 31,	
	2023	2022
	(in millions)	
Property:		
Catastrophe events	\$ (19.8) <sup>(1)</sup>	\$ (84.1) <sup>(2)</sup>
Non- catastrophe	(57.1) <sup>(3)</sup>	(52.9) <sup>(4)</sup>
Total property	<u>(76.9)</u>	<u>(137.0)</u>
Casualty & other:		
Catastrophe events	1.1	5.0
Other	(1.2) <sup>(5)</sup>	(83.8) <sup>(6)</sup>
Total casualty & other	<u>(0.1)</u>	<u>(78.8)</u>
Total incurred related to prior years	<u>\$ (77.0)</u>	<u>\$ (215.8)</u>

- (1) Primarily reflects favorable prior accident year loss reserve development related to catastrophic events in the 2019 to 2021 accident years.
- (2) Primarily reflects favorable prior accident year loss reserve development related to catastrophic events in the 2018 , 2019 and 2021 accident years and to the COVID-19 global pandemic (the "Pandemic").
- (3) Primarily reflects favorable prior accident year loss reserve development in the 2020 and 2022 accident years.
- (4) Primarily reflects favorable prior accident year loss reserve development in the 2020 and 2021 accident year.
- (5) Primarily reflects favorable prior accident year loss reserve development from longer-tailed lines of business in the 2014 and prior accidents years and from shorter-tailed lines of business in the 2020 and 2021 accident years, partially offset by unfavorable development from longer-tailed lines of business in the 2015 to 2019 accident years.
- (6) Primarily reflects favorable prior accident year loss reserve development from longer-tailed lines of business in the 2014 and prior accidents years and from shorter-tailed lines of business in the 2020 and 2021 accident years, partially offset by unfavorable development from longer-tailed lines of business in the 2016 to 2019 accident years.

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

**(c) Information on Incurred and Paid Loss and LAE Development**

The following is information about incurred and paid loss and LAE development, net of reinsurance. The information for the years ended December 31, 2014 through 2022 is unaudited and is provided as supplementary information. Information is also included for the portion of unpaid loss and LAE, net of reinsurance recoverables, that relate to IBNR. Reported insurance claim information is generally not received from the cedants, and such information is therefore impracticable to disclose. Paid and incurred losses below do not include the NICO LPT. See Footnote 4(a) for information about the NICO LPT.

**Property**

Accident Year	Incurred Loss and LAE, Net of Reinsurance										As of
	Year Ended December 31,										December 31,
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	IBNR
	(\$ in millions)										
2014	496.4	464.8	451.3	435.2	429.8	425.1	419.7	416.2	415.9	\$ 416.8	\$ -
2015		368.8	332.0	320.6	306.3	301.9	297.9	295.6	295.4	296.3	-
2016			684.1	647.2	596.7	587.9	577.8	578.1	575.9	576.5	-
2017				1,174.6	1,179.5	1,148.3	1,127.7	1,114.8	1,115.8	1,116.9	7.4
2018					1,152.7	1,169.4	1,147.8	1,116.8	1,093.5	1,088.2	4.4
2019						988.7	981.5	972.2	955.0	941.2	7.5
2020							1,207.5	1,253.5	1,211.3	1,178.6	97.6
2021								1,468.0	1,417.0	1,367.9	106.0
2022									981.7	940.9	224.7
2023										471.9	232.3
Total Incurred Loss and LAE for the 2014 through 2023 accident years										\$ 8,395.2	

Accident Year	Paid Loss and LAE, Net of Reinsurance										
	Year Ended December 31,										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
	(\$ in millions)										
2014	109.4	297.6	360.0	382.9	394.0	397.3	398.4	399.4	413.0	\$ 413.6	
2015		96.0	217.7	278.3	303.1	307.6	308.8	311.9	289.7	290.2	
2016			210.5	429.8	504.8	535.1	552.2	563.9	563.6	566.5	
2017				324.5	818.5	977.9	1,023.0	1,039.9	1,078.7	1,089.9	
2018					309.5	811.8	944.2	1,002.3	1,032.3	1,044.0	
2019						265.1	645.5	793.2	858.1	884.0	
2020							301.1	732.1	942.8	1,016.0	
2021								413.5	878.8	1,090.9	
2022									214.6	486.2	
2023										121.8	
Cumulative Paid Loss and LAE for the 2014 through 2023 accident years										\$ 7,003.1	

The above tables do not include the NICO LPT. See Note 4(a) for information about incurred and paid losses and LAE related to the NICO LPT.

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

**Casualty & Other**

Accident Year	Incurred Loss and LAE, Net of Reinsurance										As of
	Year Ended December 31,										December 31,
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)		IBNR
(\$ in millions)											
2014	1,652.2	1,624.0	1,603.0	1,578.2	1,562.7	1,539.8	1,524.2	1,504.8	1,493.4	\$ 1,479.5	\$ 57.5
2015		1,558.2	1,567.7	1,581.0	1,592.1	1,575.8	1,575.8	1,570.0	1,570.0	1,571.3	77.2
2016			1,894.7	1,901.3	1,898.9	1,908.0	1,934.8	1,948.0	1,980.1	2,010.0	105.6
2017				1,860.3	1,812.0	1,810.3	1,794.6	1,813.0	1,842.2	1,906.5	140.4
2018					1,982.7	2,007.7	2,023.2	2,034.7	2,076.8	2,150.0	196.1
2019						2,168.2	2,173.3	2,166.1	2,181.1	2,224.7	301.0
2020							2,386.3	2,287.5	2,257.9	2,246.8	533.5
2021								2,573.1	2,538.5	2,483.9	886.6
2022									2,462.6	2,434.2	1,429.8
2023										1,391.4	1,042.4
Total Incurred Loss and LAE for the 2014 through 2023 accident years .....										\$ 19,898.3	

  

Accident Year	Paid Loss and LAE, Net of Reinsurance									
	Year Ended December 31,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
(\$ in millions)										
2014	281.0	528.6	752.8	915.8	1,049.3	1,150.6	1,217.4	1,266.9	1,308.6	\$ 1,338.3
2015		250.7	509.5	723.7	903.5	1,084.9	1,189.6	1,265.4	1,340.7	1,390.0
2016			402.0	807.4	1,071.6	1,291.3	1,464.9	1,575.7	1,665.7	1,760.7
2017				376.8	749.7	1,051.3	1,215.2	1,357.7	1,428.4	1,556.5
2018					430.9	879.0	1,158.9	1,358.0	1,543.6	1,704.4
2019						491.0	981.0	1,253.8	1,473.8	1,698.6
2020							465.2	938.4	1,251.6	1,496.4
2021								459.7	971.6	1,258.2
2022									327.8	619.8
2023										144.7
Cumulative Paid Loss and LAE for the 2014 through 2023 accident years .....										\$ 12,967.6

The above tables do not include the NICO LPT. See Note 4(a) for information about incurred and paid losses and LAE related to the NICO LPT.

**Reconciliation to Consolidated Balance Sheet**

	As of
	December 31,
	2023
	(in millions)
Total Property incurred loss and LAE for the 2014 through 2023 accident years	\$ 8,395.2
Cumulative Property paid loss and LAE for the 2014 through 2023 accident years	(7,003.1)
Total Casualty & Other incurred loss and LAE for the 2014 through 2023 accident years	19,898.3
Cumulative Casualty & Other paid loss and LAE for the 2014 through 2023 accident years	(12,967.6)
Total unpaid loss and LAE, net of reinsurance recoverables, for accident years prior to 2014	749.7
Net loss and loss adjustment expense reserves excluding the NICO LPT	9,072.5
Ceded loss and loss adjustment expense reserves	2,250.5
Gross loss and loss adjustment expense reserves	<u>\$ 11,323.0</u>

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

**(d) Supplementary Information on Historical Loss and LAE Duration (Unaudited)**

The following table presents supplemental information about average historical loss and LAE duration, net of reinsurance, as of December 31, 2023.

	Average Annual Percentage Payout of Loss and LAE Incurred, Net of Reinsurance									
	As of December 31, 2023									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Property	28.5%	39.4%	15.5%	5.9%	2.4%	1.6%	0.6%	-2.2%	1.7%	0.1%
Casualty & other	18.0%	18.8%	13.6%	10.3%	9.2%	6.0%	5.1%	4.3%	3.0%	2.0%

**6. Senior Notes**

On November 23, 2009, TransRe completed a public offering of \$350.0 million aggregate principal amount of its 8.00% senior notes due on November 30, 2039 (the “2039 Senior Notes”). The 2039 Senior Notes are unsecured and unsubordinated general obligations of TransRe. Interest on the 2039 Senior Notes is payable semi-annually. The terms of the 2039 Notes permit redemption prior to their maturity. The indentures under which the 2039 Senior Notes were issued contain covenants that impose conditions on TransRe’s ability to create liens on, or engage in sales of, the capital stock of certain of its subsidiaries, including TRC, TRESA or Fair American Insurance and Reinsurance Company.

**7. Income Taxes**

TransRe is included in the consolidated federal income tax returns of its ultimate parent. TransRe has tax sharing agreements with its immediate parent, Alleghany. The method of allocation among companies is made primarily on a separate return basis with current credit for net losses. However, any tax deduction, inclusion or attribute calculated at the consolidated level shall be calculated at the required level and allocated to the companies in a manner that is compliant with pertinent tax regulations except that Alleghany, agrees not to allocate and charge TransRe the Federal Corporate Alternative Minimum Tax (“CAMT”) under Internal Revenue Code Section 55.

The Inflation Reduction Act (“IRA”) of 2022 was enacted on August 16, 2022. The IRA includes a new CAMT, effective in 2023, that is based on the adjusted financial statement income set forth on the applicable financial statement of an applicable corporation. The extent to which the Company’s ultimate parent incurs CAMT will depend on the facts and circumstances of the given tax year.

The following table presents income tax (benefit) expense for 2023 and 2022:

	Federal	State	Foreign	Total
	(in millions)			
<b>Year ended December 31, 2023</b>				
Current	\$ 36.6	\$ 2.9	\$ 32.4	\$ 71.9
Deferred	144.7	-	-	144.7
	\$ 181.3	\$ 2.9	\$ 32.4	\$ 216.6
<b>Year ended December 31, 2022</b>				
Current	\$ 22.4	\$ 2.8	\$ 5.3	\$ 30.5
Deferred	(216.9)	-	-	(216.9)
	\$ (194.5)	\$ 2.8	\$ 5.3	\$ (186.4)

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

The following table presents the difference between the federal income tax rate and the effective tax rate:

	Year Ended December 31,	
	2023	2022
Federal income tax rate	21.0 %	21.0 %
Tax-exempt interest and income subject to dividends-received deduction	-	0.8
Foreign taxes and tax credits	(0.1)	0.2
Change in valuation allowance	12.0	(1.3)
Other, net	0.5	(0.5)
Effective tax rate	<u>33.4 %</u>	<u>20.2 %</u>

The change in ETR in 2023 from 2022 primarily reflects the valuation allowance recorded in 2023 related to foreign tax credits.

The following table presents the tax effects of temporary differences that give rise to the deferred tax assets and deferred tax liabilities as of December 31, 2023 and 2022:

	As of December 31,	
	2023	2022
	(in millions)	
Deferred tax assets:		
Loss and LAE reserves	\$ 64.7	\$ 111.0
Unearned premiums	46.5	81.6
Compensation accruals	35.1	25.3
Net unrealized foreign currency translation	33.7	32.2
Foreign tax credit carryforward	86.8	66.2
Reserve for impaired securities and CECL	5.7	77.0
Net unrealized losses in investments	5.6	31.6
Other	40.0	46.4
Gross deferred tax assets	<u>318.1</u>	<u>471.3</u>
Valuation allowance	<u>(90.2)</u>	<u>(12.0)</u>
Gross deferred tax assets	<u>227.9</u>	<u>459.3</u>
Deferred tax liabilities:		
Deferred acquisition costs	51.0	108.0
Purchase accounting adjustments	7.1	7.2
Mark to market of equity securities	0.3	1.6
Other	21.2	24.7
Gross deferred tax liabilities	<u>79.6</u>	<u>141.5</u>
Net deferred tax assets	<u>\$ 148.3</u>	<u>\$ 317.8</u>

A valuation allowance is provided against deferred tax assets when, in the opinion of management, it is more likely than not that a portion of the deferred tax asset will not be realized. TransRe recognized \$90.2 million and \$12 million of valuation allowances on TransRe's deferred tax assets as of December 31, 2023 and 2022, respectively.



**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

The following table presents the tax years of tax returns that remain subject to examination by major tax jurisdiction as of December 31, 2023:

Major Tax Jurisdiction	Open Tax Years
Australia .....	2019-2023
Canada .....	2019-2023
France .....	2020-2023
Germany .....	2022-2023
Hong Kong .....	2017-2023
Japan .....	2018-2023
Luxembourg.....	2023
Singapore .....	2021-2023
Switzerland .....	2019-2023
U.K. ....	2019-2023
U.S. ....	2019-2023

TransRe believes that, as of December 31, 2023, it had no material uncertain tax positions. Interest and penalties relating to unrecognized tax expenses (benefits) are recognized in income tax expense, when applicable. There was no material liability for interest or penalties accrued as of December 31, 2023 or 2022.

**8. Stockholder's Equity**

*(a) Accumulated Other Comprehensive Income (Loss)*

The following table presents a reconciliation of the changes during 2023 and 2022 in accumulated other comprehensive income (loss):

	Unrealized Appreciation of Investments	Unrealized Currency Translation Adjustment	Retirement Plans	Total
	(in millions)			
Balance as of January 1, 2023	\$ (118.9)	\$ (121.1)	\$ (7.0)	\$ (247.0)
Other comprehensive income (loss), net of tax:				
Other comprehensive income (loss) before reclassifications	145.4	(5.6)	1.0	140.8
Reclassifications from accumulated other comprehensive income	(47.6)	-	-	(47.6)
Total	97.8	(5.6)	1.0	93.2
Balance as of December 31, 2023	<u>\$ (21.1)</u>	<u>\$ (126.7)</u>	<u>\$ (6.0)</u>	<u>\$ (153.8)</u>
	Unrealized Appreciation of Investments	Unrealized Currency Translation Adjustment	Retirement Plans	Total
(in millions)				
Balance as of January 1, 2022	\$ 173.5	\$ (102.6)	\$ (10.4)	\$ 60.5
Other comprehensive income (loss), net of tax:				
Other comprehensive income (loss) before reclassifications	(1,069.7)	(18.5)	3.4	(1,084.8)
Reclassifications from accumulated other comprehensive income	777.3	-	-	777.3
Total	(292.4)	(18.5)	3.4	(307.5)
Balance as of December 31, 2022	<u>\$ (118.9)</u>	<u>\$ (121.1)</u>	<u>\$ (7.0)</u>	<u>\$ (247.0)</u>

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

The following table presents reclassifications out of accumulated other comprehensive income (loss) during 2023 and 2022:

<u>Accumulated Other Comprehensive Income Component</u>	<u>Line in Consolidated Statement of Earnings</u>	<u>Years Ended December 31,</u>	
		<u>2023</u>	<u>2022</u>
		(in millions)	
Unrealized appreciation of investments:	Net realized capital losses (gains)	\$ 60.3	\$ 983.6
	Change in allowance for credit losses on AFS	-	0.3
	Income taxes	(12.7)	(206.6)
Total reclassifications:	Net losses (earnings)	<u>\$ 47.6</u>	<u>\$ 777.3</u>

**(b) Regulations and Dividend Restrictions**

TransRe's operating units are subject to various regulatory restrictions that limit the maximum amount of dividends available to be paid by them without prior approval of insurance regulatory authorities.

TRC paid dividends of \$150.0 million to TransRe in 2022. As part of the Acquisition by Berkshire Hathaway, TRC agreed to a dividend moratorium until October 19, 2024 with the New York State Department of Financial Services and, as of December 31, 2023, TRC may not declare dividends without the prior approval of the New York State Department of Financial Services.

TransRe's operations are also regulated in various foreign jurisdictions with respect to currency, amount and type of security deposits, amount and type of reserves and amount and type of local investment. Regulations governing constitution of technical reserves and remittance balances in some countries may hinder remittance of profits and repatriation of assets. International operations and assets held abroad may also be adversely affected by political and other developments in foreign countries, including possible tax changes, nationalization and changes in regulatory policy, as well as by consequences of hostilities and unrest. The risks of such occurrences and their overall effect upon TransRe vary from country to country and cannot easily be predicted.

The combined statutory net (loss) income of TransRe's reinsurance and insurance subsidiaries was \$757.2 million and \$(128.6) million for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, the combined statutory capital and surplus of TransRe's reinsurance and insurance subsidiaries was \$4.7 billion and \$3.9 billion, respectively. As of December 31, 2023, each of TransRe's U.S. statutory reporting subsidiaries had statutory surplus in excess of the company action level.

**9. Commitments and Contingencies**

**(a) Legal Proceedings**

TransRe is a party to pending litigation and claims in connection with the ordinary course of its businesses. TransRe makes provisions for estimated losses to be incurred in such litigation and claims, including legal costs. In the opinion of management, such provisions are adequate and management does not believe that any pending litigation will have a material adverse effect on TransRe's consolidated results of operations, financial position or cash flows.

**(b) Leases**

TransRe leases certain facilities, furniture and equipment under long-term lease agreements. In addition, certain office space and equipment are leased under non-cancelable operating leases that expire at various dates through 2033.

Lease expense was \$15.0 million and \$14.2 million in 2023 and 2022, respectively. In the Consolidated Balance Sheets, lease liabilities are included in other liabilities and right-of-use lease assets are included in other assets. The following table presents the Company's consolidated lease liabilities and right-of-use lease assets related to operating leases as of December 31, 2023:

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

Maturity of lease payments, by year	As of December 31, 2023 (in millions)
1 year or less	\$ 14.5
More than 1 year to 2 years	12.9
More than 2 years to 3 years	11.5
More than 3 years to 4 years	10.1
More than 4 years to 5 years	9.3
More than 5 years	10.2
Total lease payments	\$ 68.5
Less: interest	(7.3)
Lease liabilities	\$ 61.2
Right-of-use lease assets	\$ 47.0
Prepaid lease assets, net of allowances and incentives	14.2
	\$ 61.2

***(c) Asbestos-Related Illness and Environmental Impairment Exposure***

Loss and LAE include amounts for risks related to asbestos-related illness and environmental impairment. The following table presents such gross and net reserves as of December 31, 2023 and 2022:

	As of December 31,	
	2023	2022
	(in millions)	
Gross	\$ 87.5	\$ 97.3
Net	42.2	93.9

The reserves carried for such claims, including the IBNR portion, are based upon known facts and current law at the respective balance sheet dates. However, significant uncertainty exists in determining the amount of ultimate liability for asbestos-related illness and environmental impairment losses. This uncertainty is due to, among other reasons, inconsistent and changing court resolutions and judicial interpretations with respect to underlying policy intent and coverage and uncertainties as to the allocation of responsibility for resultant damages, among other reasons. Further, possible future changes in statutes, laws, regulations, theories of liability and other factors could have a material effect on these liabilities and, accordingly, future earnings.

***(d) The Pandemic***

The Pandemic has significantly disrupted many aspects of society as well as financial markets, and has caused widespread global economic dislocation. TransRe cannot reasonably estimate the duration or severity of the Pandemic, or the extent to which the related disruption may adversely impact its results of operations, financial position and cash flows, or those of its subsidiaries. Adverse impacts from the Pandemic in future periods may include realized and unrealized losses in TransRe's investment portfolio and receivables, increased underwriting losses, and impairment losses on certain subsidiary goodwill and intangible assets.

**10. Foreign Operations & Gross Premium Written Concentration**

***(a) Foreign operations***

A significant portion of the premiums earned by TransRe's operations are generated by offices located in Canada, Europe, Asia, Australia and those serving Latin America and the Caribbean. Although the majority of the premiums earned by these offices typically relate to the regions where they are located, a significant portion may be derived from other regions of the world, including the U.S. In addition, although a significant portion of the assets and liabilities of these foreign offices generally relate to the countries where ceding companies and reinsurers are located, most investments are located in the country of domicile of these offices.

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

Information associated with TransRe's foreign operations is as follows:

- Foreign gross premiums written for 2023 and 2022 were \$1.8 billion and \$1.6 billion, respectively.
- Foreign net premiums earned for 2023 and 2022 were \$1.7 billion and \$1.5 billion, respectively. The foreign country in which TransRe generates the largest amount of premium revenues is the U.K. Net premiums earned by operations in the U.K. for 2023 and 2022 were \$721.1 million and \$702.8 million, respectively.
- Foreign earnings (losses) before income taxes for 2023 and 2022 were \$288.3 million and \$(199.5) million, respectively.

**(b) Concentration**

Significant portions of TransRe's gross premiums written are produced by a limited number of brokers. Gross premiums written produced by TransRe's three largest brokers were approximately 28 percent, 27 percent and 13 percent in 2023 and 30 percent, 29 percent and 12 percent in 2022.

**11. Long Term Incentive Compensation Plans**

TransRe has long term incentive compensation plans (the "TransRe Plans") for the purpose of providing incentives to key employees of TransRe. Awards granted under the TransRe Plans may only be settled in cash. The value of awards granted under the TransRe Plans is determined based on performance compared to specified targets and/or changes in adjusted stockholder's equity. Awards under the TransRe Plans generally vest over two to four years and contain certain restrictions, related to, among other things, forfeiture in the event of termination of employment and transferability. In 2023 and 2022, TransRe recorded \$58.4 million and \$25.3 million, respectively, in compensation expense and a deferred tax benefit of \$12.3 million and \$5.3 million, respectively, related to the TransRe Plans.

**12. Employee Retirement Benefit Plans**

TransRe has a funded noncontributory defined benefit plan for certain of its employees in the U.S. Benefits under TransRe's defined benefit plan were frozen as of December 31, 2009. As of December 31, 2023 and 2022, the projected benefit obligation was \$52.1 million and \$51.2 million, respectively, and the related fair value of plan assets was \$45.1 million and \$43.5 million, respectively. TransRe also has an unfunded retiree health plan for certain of its employees. All of these employee benefit plans are not material to TransRe's results of operations, financial condition or cash flows for the years ended December 31, 2023 and 2022.

TransRe has defined contribution benefit plans for certain of its employees. Expenses related to these plans totaled \$15.8 million and \$9.9 million in 2023 and 2022, respectively.

**13. Related Party Transactions**

**(a) Reinsurance Transactions**

In the normal course of business, TransRe assumes reinsurance from other subsidiaries of Berkshire Hathaway. In 2023 and 2022, \$31.4 million and \$37.9 million, respectively, of gross premiums written were attributable to reinsurance purchased by other subsidiaries of Berkshire Hathaway.

See Footnote 4 for information on the NICO LPT and NICO QS.

**(b) Investment Management Services**

Subsidiaries of Berkshire Hathaway provide investment management services for TransRe's equities portfolio and investment accounting services for TransRe's investment portfolio. In 2023 and 2022, \$0.9 million and \$5.9 million of investment expenses related to such investment management services, respectively.

**(c) Dividends to Alleghany**

In 2022, TransRe declared and paid dividends of \$145.0 million to Alleghany. TransRe did not declare or pay dividends in 2023.

**TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES**  
(A Wholly Owned Subsidiary of Alleghany Corporation)  
Notes to Consolidated Financial Statements  
December 31, 2023 and 2022

**14. Goodwill and intangible assets**

The following table presents the amount of goodwill and intangible assets, net of accumulated amortization expense, reported on TransRe's consolidated balance sheets as of December 31, 2023 and 2022:

	As of December 31,					
	2023			2022		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
	(in millions)					
Goodwill	\$ 8.8	\$ -	\$ 8.8	\$ 8.8	\$ -	\$ 8.8
Intangible assets:						
Value of business in-force	291.4	291.4	-	291.4	291.4	-
Loss and LAE reserves	(98.8)	(94.9)	(3.9)	(98.8)	(93.1)	(5.7)
State and foreign insurance licenses	19.0	-	19.0	19.0	-	19.0
Trade name	50.0	-	50.0	50.0	-	50.0
Renewal rights	51.8	45.9	5.9	51.8	43.3	8.5
Leases	(25.8)	(25.8)	-	(25.8)	(25.8)	-
Internally-developed software	10.0	10.0	-	10.0	10.0	-
Other	5.1	2.3	2.8	5.1	2.0	3.1
Total intangible assets	<u>\$ 302.7</u>	<u>\$ 228.9</u>	<u>\$ 73.8</u>	<u>\$ 302.7</u>	<u>\$ 227.8</u>	<u>\$ 74.9</u>

The economic useful lives of intangible assets are as follows: value of business-in-force — one year; loss and LAE reserves — 15 years; state and foreign insurance licenses — indefinite; trade names — indefinite; renewal rights — 3 to 14 years; leases — 10 years; and internally developed software — 2.5 years.

The following table presents estimated net amortization expense of intangible assets for year 2024 to 2028:

Year	Amortization (in millions)
2024	1.2
2025	1.2
2026	0.1
2027	0.5
2028	0.6

**15. Subsequent Events**

TransRe's management have evaluated subsequent events for recognition in the financial statements through May 8, 2024, the date its financial statements were available for issuance. Subsequent events affecting the realization of assets or the settlement of estimated liabilities occurring after this date have not been recognized in the financial statements.

Events having a material effect on the realization of assets or the settlement of liabilities occurring after December 31, 2023, but before the issuance of the accompanying financial statements, if any, have been disclosed in the appropriate footnote.