

**AUDITED FINANCIAL STATEMENTS**

**RenaissanceRe Specialty U.S. Ltd. and  
Subsidiary**

**December 31, 2023 and 2022**

*RenaissanceRe*



April 18, 2024

## Report of Independent Auditors

To the Board of Directors and Shareholder of RenaissanceRe Specialty U.S. Ltd.

### Opinion

We have audited the accompanying consolidated financial statements of RenaissanceRe Specialty U.S. Ltd. and its subsidiary (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, changes in shareholder's equity and cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years 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 (US GAAS). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated 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.

### Responsibilities of management for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' 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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement



resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

### **Required supplemental information**

Accounting principles generally accepted in the United States of America require that the required supplemental information pertaining to *Short-Duration Contracts* disclosures labelled as "Unaudited" within Note 7 on pages 32 to 40 be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated 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 consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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 consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated 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.

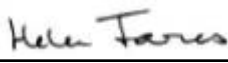
A handwritten signature in black ink that reads "James Albert Cooper". To the right of the signature is a handwritten mark that appears to be "42".

**Chartered Professional Accountants**

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**  
**AT DECEMBER 31, 2023 AND 2022**  
(in thousands of United States Dollars)

	2023	2022
<b>Assets</b>		
Fixed maturity investments trading, at fair value - amortized cost \$4,868,225 at December 31, 2023 (2022 - \$4,076,275) (Notes 4 and 5)	\$ 4,746,337	\$ 3,798,312
Short term investments, at fair value - amortized cost \$304,230 at December 31, 2023 (2022 - \$245,995) (Notes 4 and 5)	304,184	245,824
Equity investments, at fair value (Notes 4 and 5)	—	441,744
Other investments (Notes 4 and 5)	105,182	124,464
Total investments	5,155,703	4,610,344
Cash and cash equivalents	67,414	147,075
Premiums receivable (Notes 6 and 8)	1,261,168	1,259,521
Prepaid reinsurance premiums (Notes 6 and 8)	305,038	329,348
Reinsurance recoverable (Notes 6, 7 and 8)	1,283,338	1,104,125
Accrued investment income	44,421	28,801
Deferred acquisition costs	336,519	369,689
Due from affiliates (Note 8)	100,012	461
Receivable for investments sold	22,630	9,034
Other assets	27,500	34,171
Deferred tax asset (Note 10)	85,460	102,195
Goodwill and other intangible assets (Note 3)	103,956	104,846
<b>Total assets</b>	<b>\$ 8,793,159</b>	<b>\$ 8,099,610</b>
 <b>Liabilities and Shareholder's Equity</b>		
<b>Liabilities</b>		
Reserve for claims and claim expenses (Notes 6, 7 and 8)	\$ 5,241,881	\$ 4,675,976
Unearned premiums	1,193,005	1,262,931
Reinsurance balances payable (Notes 6 and 8)	513,329	548,878
Due to affiliates (Note 8)	39,048	20,849
Payable for investments purchased	15,700	51,747
Accounts payable and accrued liabilities	49,483	26,134
<b>Total liabilities</b>	7,052,446	6,586,515
<b>Shareholder's Equity</b> (Note 9)		
Common shares: \$120.00 par value - 120,000 shares authorized; 1,000 shares issued and outstanding at December 31, 2023 (2022 - 1,000)	120	120
Additional paid-in capital	1,562,052	1,612,052
Retained earnings (deficit)	178,541	(99,077)
<b>Total shareholder's equity</b>	1,740,713	1,513,095
<b>Total liabilities and shareholder's equity</b>	<b>\$ 8,793,159</b>	<b>\$ 8,099,610</b>

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

*See accompanying notes to the consolidated financial statements*

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(in thousands of United States Dollars)

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Gross premiums written (Notes 6 and 8)	\$ 2,689,636	\$ 3,074,876
Net premiums written (Notes 6 and 8)	\$ 2,049,210	\$ 2,304,831
(Increase) decrease in net unearned premiums	45,617	(101,540)
Net premiums earned (Notes 6 and 8)	2,094,827	2,203,291
Net investment income (Note 4)	216,725	115,789
Net foreign exchange gains (losses)	(616)	(3,761)
Other (loss) income	(7,957)	14,901
Net realized and unrealized gains (losses) on investments (Note 4)	104,074	(409,274)
<b>Total revenues</b>	<u>2,407,053</u>	<u>1,920,946</u>
<b>Expenses</b>		
Net claims and claim expenses incurred (Notes 6, 7 and 8)	1,463,425	1,544,404
Acquisition expenses	560,507	624,380
Operational expenses (Note 8)	64,504	39,138
Corporate expenses (Note 8)	589	457
Amortization of other intangible assets (Note 3)	889	982
<b>Total expenses</b>	<u>2,089,914</u>	<u>2,209,361</u>
Income (loss) before taxes	317,139	(288,415)
Income tax benefit (expense) (Note 10)	(39,521)	50,121
<b>Net income (loss)</b>	<u>\$ 277,618</u>	<u>\$ (238,294)</u>

*See accompanying notes to the consolidated financial statements*

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(in thousands of United States Dollars)

	<u>2023</u>	<u>2022</u>
<b>Common shares</b>	\$ 120	\$ 120
<b>Additional paid-in capital</b>		
Balance – January 1	1,612,052	1,662,052
Contribution of capital (Note 9)	100,000	—
Return of capital (Note 9)	(150,000)	(50,000)
<b>Additional paid-in capital</b>	<u>1,562,052</u>	<u>1,612,052</u>
<b>Retained earnings (deficit)</b>		
Balance – January 1	(99,077)	139,217
Net income (loss)	277,618	(238,294)
Dividends declared (Note 9)	—	—
Balance – December 31	<u>178,541</u>	<u>(99,077)</u>
<b>Total shareholder's equity</b>	<u>\$ 1,740,713</u>	<u>\$ 1,513,095</u>

*See accompanying notes to the consolidated financial statements*

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(in thousands of United States Dollars)

	2023	2022
<b><i>Cash flows provided (used) by operating activities</i></b>		
Net income (loss)	\$ 277,618	\$ (238,294)
<b><i>Adjustments to reconcile net income (loss) to net cash provided by operating activities</i></b>		
Amortization, depreciation and (accretion)	(18,038)	215
Net realized and unrealized (gains) losses on investments	(104,840)	408,331
Change in:		
Premiums receivable	(1,647)	(357,401)
Prepaid reinsurance premiums	24,310	(139,412)
Reinsurance recoverable	(179,213)	(367,864)
Accrued investment income	(15,620)	(15,911)
Deferred acquisition costs	33,170	(81,320)
Reserve for claims and claim expenses	565,905	1,107,191
Unearned premiums	(69,926)	240,951
Reinsurance balances payable	(35,549)	223,589
Other	65,082	92,380
<b><i>Net cash provided (used) by operating activities</i></b>	541,252	872,455
<b><i>Cash flows provided (used) in investing activities</i></b>		
Proceeds from sales and maturities of fixed maturity investments trading	2,329,807	3,913,808
Purchases of fixed maturity investments trading	(3,225,381)	(4,502,906)
Proceeds from sales of short term investments	4,318,172	6,150,268
Purchases of short term investments	(4,372,782)	(5,946,116)
Proceeds from sales of equity investments	461,277	430,087
Purchases of equity investments	(1,709)	(782,071)
Proceeds from sales of other investments	26,842	20,990
Purchases of other investments	(7,139)	(57,829)
<b><i>Net cash provided (used) in investing activities</i></b>	(470,913)	(773,769)
<b><i>Cash flows provided (used) by financing activities</i></b>		
(Distribution) Contribution of capital	(150,000)	(50,000)
<b><i>Net cash provided (used) by financing activities</i></b>	(150,000)	(50,000)
<b><i>Net increase (decrease) in cash and cash equivalents</i></b>	(79,661)	48,686
<b><i>Cash and cash equivalents, beginning of period</i></b>	147,075	98,389
<b><i>Cash and cash equivalents, end of period</i></b>	\$ 67,414	\$ 147,075

See accompanying notes to the consolidated financial statements

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

**NOTE 1. ORGANIZATION**

RenaissanceRe Specialty U.S. Ltd. (“RenaissanceRe Specialty U.S.”) is incorporated under the laws of Bermuda to provide property and casualty and specialty reinsurance on both a quota share and excess of loss basis. RenaissanceRe Specialty U.S. is a wholly-owned subsidiary of RenaissanceRe Finance Inc. (“RenaissanceRe Finance”), whose ultimate parent is RenaissanceRe Holdings Ltd. (“RenaissanceRe”). The consolidated financial statements of RenaissanceRe Specialty U.S. include the financial position and results of operations of its wholly-owned subsidiary, Renaissance Reinsurance U.S. Inc. (“Renaissance Reinsurance U.S.”).

RenaissanceRe Specialty U.S. is a Bermuda-domiciled Class 3B insurer that has made a submission to the Internal Revenue Service (“IRS”) to elect, pursuant to §953(d) of Internal Revenue Code of 1986 (the “Code”), to operate subject to U.S. federal income tax. Renaissance Reinsurance U.S. is a reinsurance company domiciled in the state of Maryland and provides property and casualty and specialty reinsurance coverages to insurers and reinsurers, primarily in the Americas.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

These consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States (“GAAP”) and include the accounts of RenaissanceRe Specialty U.S. and its wholly-owned subsidiary, which are collectively referred to herein as the “Company”. All significant intercompany accounts and transactions have been eliminated from these statements.

Certain comparative information has been reclassified to conform to the current presentation.

Use of Estimates in Financial Statements

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates. The major estimates reflected in the Company’s consolidated financial statements include, but are not limited to, the reserve for claims and claim expenses; reinsurance recoverable and premiums receivable, including provisions for reinsurance recoverable and premiums receivables to reflect expected credit losses; estimates of written and earned premiums; fair value, including the fair value of investments, financial instruments and derivatives; impairment charges and deferred acquisition costs; and the Company’s deferred tax valuation allowance.

Premiums and Related Expenses

Premiums are recognized as income, net of any applicable reinsurance or retrocessional coverage purchased, over the terms of the related contracts and policies. Premiums written are based on contract and policy terms and include estimates based on information received from both insureds and ceding companies. Subsequent revisions to premium estimates are recorded in the period in which they are determined. Unearned premiums represent the portion of premiums written that relate to the unexpired terms of contracts and policies in force. Amounts are computed by pro rata methods based on statistical data or reports received from ceding companies. Reinstatement premiums are estimated after the occurrence of a significant loss and are recorded in accordance with the contract terms based upon paid losses and case reserves. Reinstatement premiums are earned when written.



**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES, cont’d.

Acquisition costs are incurred when a contract or policy is issued and only the costs directly related to the successful acquisition of new and renewal contract or policies are deferred and amortized over the same period in which the related premiums are earned. Acquisition costs consist principally of commissions, brokerage and premium tax expenses and are shown net of commissions earned on ceded reinsurance. Certain of our assumed contracts contain profit sharing provisions or adjustable commissions that are estimated based on the expected loss and loss adjustment expense on those contracts. Acquisition costs include accruals for such estimates of commissions. Certain of our ceded contracts contain profit sharing provisions which accrue to the benefit of the company. Acquisition costs are shown net of such commissions and profit commissions earned on ceded reinsurance. In addition, certain of our ceded contracts contain override and management fees which are recorded as an offset against operating expenses. Deferred policy acquisition costs are limited to their estimated realizable value based on the related unearned premiums. Anticipated claims and claim expenses, based on historical and current experience, and anticipated investment income related to those premiums are considered in determining the recoverability of deferred acquisition costs.

Claims and Claim Expenses

The reserve for claims and claim expenses includes estimates for unpaid claims and claim expenses on reported losses as well as an estimate of losses incurred but not reported. The reserve is based on individual claims, case reserves and other reserve estimates reported by insureds and ceding companies as well as management estimates of ultimate losses. Inherent in the estimates of ultimate losses are expected trends in claim severity and frequency and other factors which could vary significantly as claims are settled. In addition, the Company does not have the benefit of a significant amount of its own historical experience in certain casualty and specialty lines of business. Accordingly, the reserving for incurred losses in these lines of business could be subject to greater variability.

Ultimate losses may vary materially from the amounts provided in the consolidated financial statements. These estimates are reviewed regularly and, as experience develops and new information becomes known, the reserves are adjusted as necessary. Such adjustments, if any, are reflected in the consolidated statements of operations in the period in which they become known and are accounted for as changes in estimates.

Reinsurance

Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policies. For multi-year retrospectively rated contracts, the Company accrues amounts (either assets or liabilities) that are due to or from assuming companies based on estimated contract experience. If the Company determines that adjustments to earlier estimates are appropriate, such adjustments are recorded in the period in which they are determined. Reinsurance recoverable on dual trigger reinsurance contracts require the Company to estimate its ultimate losses applicable to these contracts as well as estimate the ultimate amount of insured industry losses that will be reported by the applicable statistical reporting agency, as per the contract terms. Amounts recoverable from reinsurers are recorded net of a provision for current expected credit losses to reflect expected credit losses.

Assumed and ceded reinsurance contracts that lack significant transfer of risk are treated as deposits.

Certain assumed and ceded reinsurance contracts that do not meet all of the criteria to be accounted for as reinsurance in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic *Financial Services - Insurance* have been accounted for at fair value under the fair value option in accordance with FASB ASC Topic *Financial Instruments*.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES, cont’d.

Investments

*Fixed Maturity Investments*

Investments in fixed maturities are classified as trading and are reported at fair value. Investment transactions are recorded on the trade date with balances pending settlement reflected in the balance sheet as a receivable for investments sold or a payable for investments purchased. Net investment income includes interest income together with amortization of market premiums and discounts and is net of investment management and custody fees. The amortization of premiums and accretion of discounts for fixed maturity securities is computed using the effective yield method. For mortgage-backed securities and other holdings for which there is prepayment risk, prepayment assumptions are evaluated quarterly and revised as necessary. Any adjustments required due to the change in effective yield and maturities are recognized on a prospective basis through yield adjustments. Fair values of investments are based on quoted market prices, or when such prices are not available, by reference to broker or underwriter bid indications and/or internal pricing valuation techniques. The net unrealized appreciation or depreciation on fixed maturity investments trading is included in net realized and unrealized gains (losses) on investments in the consolidated statements of operations. Realized gains or losses on the sale of investments are determined on the basis of the first in first out cost method.

*Short Term Investments*

Short term investments, which are managed as part of the Company’s investment portfolio and have a maturity of one year or less when purchased, are carried at fair value. The net unrealized appreciation or depreciation on short term investments is included in net realized and unrealized gains (losses) on investments in the consolidated statements of operations.

*Equity Investments*

Equity investments are accounted for at fair value in accordance with FASB ASC Topic *Financial Instruments*. Fair values are primarily priced by pricing services, reflecting the closing price quoted for the final trading day of the period. Dividend income is included in net investment income and net realized and unrealized appreciation or depreciation on equity investments is included in net realized and unrealized gains (losses) on investments in the consolidated statements of operations.

*Other Investments*

The Company accounts for its other investments at fair value in accordance with FASB ASC Topic *Financial Instruments* with interest and dividend income included in net investment income. Realized and unrealized gains and losses on other investments are included in net realized and unrealized gains (losses) on investments. The fair value of the Company’s fund investments, which include private equity funds, private credit funds and hedge funds, is generally established on the basis of the net asset value (“NAV”) per share (or its equivalent) established by each respective fund investments manager, if applicable. The net asset value established by the respective fund investments manager is determined in accordance with the governing documents of such fund investments. The Company applies the practical expedient provided by the FASB ASC Topic *Financial Instruments* relating to investments in certain entities that calculate NAV per share (or its equivalent) and therefore measure the fair value of the fund investments based on that NAV per share, or its equivalent. Fund investments are recorded on the consolidated balance sheet in other investments. Fund investments which are valued using NAV per share as a practical expedient are not categorized within the fair value hierarchy.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 2.           SIGNIFICANT ACCOUNTING POLICIES, cont’d.

Certain of the Company’s fund investments managers, or their fund administrators, are unable to provide final fund valuations as of the Company’s current reporting date. The Company typically experiences a reporting lag to receive a final net asset value report of one month for hedge funds and three months for both private equity funds and private credit funds, although the Company has occasionally experienced delays of up to six months, particularly at year end.

In circumstances where there is a reporting lag between the current period end reporting date and the reporting date of the latest fund valuation, the Company estimates the fair value of these funds by starting with the prior month or quarter-end fund valuations, adjusting these valuations for actual capital calls, redemptions or distributions, as well as the impact of changes in foreign currency exchange rates, and then estimating the return for the current period. In circumstances in which the Company estimates the return for the current period, all information available to the Company is utilized. This principally includes using preliminary estimates reported to the Company by its fund managers, where available, and estimating returns based on the performance of broad market indices or other valuation methods. Actual final fund valuations may differ, perhaps materially so, from the Company’s estimates and these differences are recorded in the Company’s statement of operations in the period in which they are reported to the Company as a change in estimate.

The Company’s other investments also include investments in catastrophe bonds and term loans which are recorded at fair value. The fair value of catastrophe bonds is based on broker or underwriter bid indications. The fair value of term loans are based on discounted cash flow valuation models.

Cash and Cash Equivalents

Cash equivalents include money market instruments with a maturity of ninety days or less when purchased.

Derivatives

From time to time, the Company may enter into derivative instruments such as futures, options, swaps, forward contracts and other derivative contracts primarily to manage its foreign currency exposure, obtain exposure to a particular financial market, for trading and to assume risk. The Company accounts for its derivatives in accordance with FASB ASC Topic *Derivatives and Hedging*, which requires all derivatives to be recorded at fair value on the Company’s consolidated balance sheet as either assets or liabilities, depending on their rights or obligations, with changes in fair value reflected in current earnings. The Company does not currently apply hedge accounting. The fair value of the Company’s derivatives is estimated by reference to quoted prices or broker quotes, where available, or in the absence of quoted prices or broker quotes, the use of industry or internal valuation models.

Fair Value Option

The Company has elected to account for certain of its assets and liabilities at fair value in accordance with FASB ASC Topic *Fair Value Measurements and Disclosures*. The Company recognizes the change in unrealized gains and losses arising from changes in fair value in its consolidated statements of operations.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES, cont’d.

Business Combinations, Goodwill and Other Intangible Assets

The Company accounts for business combinations in accordance with FASB ASC Topic *Business Combinations*, and goodwill and other intangible assets that arise from business combinations in accordance with FASB ASC Topic *Intangibles - Goodwill and Other*. A purchase price that is in excess of the fair value of the net assets acquired arising from a business combination is recorded as goodwill, and is not amortized. Other intangible assets with a finite life are amortized over the estimated useful life of the asset. Other intangible assets with an indefinite useful life are not amortized. Significant judgments, assumptions and estimates which are inherently subjective are required in determining the fair value of net assets acquired.

Goodwill and other indefinite life intangible assets are tested for impairment on an annual basis or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. Finite life intangible assets are reviewed for indicators of impairment on an annual basis or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable, and tested for impairment if appropriate. For purposes of the annual impairment evaluation, goodwill is assigned to the applicable reporting unit of the acquired entities giving rise to the goodwill.

The Company has established the third and fourth quarters of the year as the period for performing its annual impairment tests. The Company may determine to perform additional impairment testing at other times in the year if it is deemed necessary. The Company has elected to use the option to first assess qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. Under this option, the Company is not required to calculate the fair value of a reporting unit unless the Company determines, based on its qualitative assessment, that it is more likely than not that a reporting unit’s fair value is less than its carrying amount. If goodwill or other intangible assets are impaired, they are written down to their estimated fair value with a corresponding expense reflected in the Company’s consolidated statements of operations.

Foreign Exchange

The Company’s functional currency is the United States (“U.S.”) dollar. Revenues and expenses denominated in foreign currencies are revalued at the prevailing exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates in effect at the balance sheet date, which may result in the recognition of exchange gains or losses which are included in the determination of net income.

Taxation

Income taxes have been provided for in accordance with the provisions of FASB ASC Topic *Income Taxes*. Deferred tax assets and liabilities result from temporary differences between the amounts recorded in the consolidated financial statements and the tax basis of the Company’s assets and liabilities. Such temporary differences are primarily due to net operating loss and capital loss carryforwards and GAAP versus tax basis accounting differences relating to unearned premiums, reserves for claims and claim expenses, deferred finance charges, deferred underwriting results, accrued expenses and, investments., deferred acquisition expenses, VOBA, intangible assets, value of in-force business, amortization and depreciation. The effect on deferred tax assets and liabilities of a change in tax law or tax rates is recognized in income in the period in which the change is enacted. A valuation allowance against net deferred tax assets is recorded if it is more likely than not that all, or some portion, of the benefits related to net deferred tax assets will not be realized. Significant judgments, assumptions and estimates which are inherently subjective are required in determining income tax expense, temporary differences, the deferred tax impact of a change in law, and valuation allowances.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 2.       SIGNIFICANT ACCOUNTING POLICIES, cont’d.

Uncertain tax positions are also accounted for in accordance with FASB ASC Topic *Income Taxes*. Uncertain tax positions must meet a more-likely-than-not recognition threshold to be recognized.

Variable Interest Entities

The Company accounts for variable interest entities (“VIEs”) in accordance with FASB ASC Topic Consolidation, which requires the consolidation of all VIEs by the primary beneficiary, that being the investor that has the power to direct the activities of the VIE and that will absorb a portion of the VIE’s expected losses or residual returns that could potentially be significant to the VIE. When the Company determines it has a variable interest in a VIE, it determines whether it is the primary beneficiary of that VIE by performing an analysis that principally considers: (i) the VIE’s purpose and design, including the risks the VIE was designed to create and pass through to its variable interest holders; (ii) the VIE’s capital structure; (iii) the terms between the VIE and its variable interest holders and other parties involved with the VIE; (iv) which variable interest holders have the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance; (v) which variable interest holders have the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE; and (vi) related party relationships. The Company reassesses its determination of whether the Company is the primary beneficiary of a VIE upon changes in facts and circumstances that could potentially alter the Company’s assessment.

Recently Adopted Accounting Pronouncements

*Simplifying the Accounting for Income Taxes*

In December 2019, the FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes* (“ASU 2019-12”). Among other things, ASU 2019-12 eliminates certain exceptions for recognizing deferred taxes for investments, performing intra-period tax allocation and calculating income taxes in interim periods. ASU 2019-12 also clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. ASU 2019-12 is effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. For all other entities, ASU 2019-12 is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. Accordingly, the Company adopted ASU 2019-12 effective January 1, 2021. The adoption of ASU 2019-12 did not have a material impact on the Company’s consolidated statements of operations and financial position.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES, cont’d.

Recently Issued Accounting Pronouncements not yet adopted

*Improvements to Reportable Segment Disclosures*

In November 2023, the FASB issued ASU No. 2023-07, Improvements to Reportable Segment Disclosures (“ASU 2023-07”). Among other things, ASU 2023-07 improves the disclosures about a public entity’s reportable segments and addresses investor requests for additional, more detailed information about a reportable segment’s expenses. ASU 2023-07 is effective for public business entities for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company is currently evaluating the impact of this guidance.

*Improvements to Income Tax Disclosures*

In December 2023, the FASB issued ASU No. 2023-09, Improvements to Income Tax Disclosures (“ASU 2023-09”). Among other things, ASU 2023-09 address investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. ASU 2023-09 is effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2025. The Company is currently evaluating the impact of this guidance.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

**NOTE 3. GOODWILL AND OTHER INTANGIBLE ASSETS**

The following table shows an analysis of goodwill and other intangible assets included in the Company’s consolidated balance sheets:

<b>At December 31,</b>	<b>2023</b>	<b>2022</b>
Goodwill, net	\$ 94,399	\$ 94,399
Other intangible assets, net	9,557	10,447
Total goodwill and other intangible assets	<u>\$ 103,956</u>	<u>\$ 104,846</u>

Included in goodwill and other intangible assets at December 31, 2023 was gross goodwill of \$94.4 million (2022 - \$94.4 million). There were no adjustments or impairment losses associated with goodwill during 2023 or 2022. During 2023, the Company recorded amortization expense of \$0.9 million related to other intangible assets (2022 - \$1.0 million).

The gross carrying value and accumulated amortization by major category of other intangible assets is shown below:

	<b>Other intangible assets</b>		
	<b>Gross carrying value</b>	<b>Accumulated amortization and impairment losses</b>	<b>Total</b>
<b>At December 31, 2023</b>			
Customer relationships	\$ 10,525	\$ (9,368)	\$ 1,157
Licenses	8,400	—	8,400
Value of business acquired	14,123	(14,123)	—
Software	2,285	(2,285)	—
Covenants not-to-compete	1,900	(1,900)	—
Trade names	239	(239)	—
	<u>\$ 37,472</u>	<u>\$ (27,915)</u>	<u>\$ 9,557</u>

The remaining useful life of intangible assets with finite lives ranges from 1 to 6 years, with a weighted-average amortization period of 2.7 years. Expected amortization of the other intangible assets is shown below:

2024	\$ 789
2025	194
2026	64
2027	50
2028	37
2029 and thereafter	23
Total remaining amortization expense	1,157
Indefinite lived	8,400
Total	<u>\$ 9,557</u>

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 4. INVESTMENTS

Fixed Maturity Investments Trading

The following table summarizes the fair value of fixed maturity investments trading:

<u>At December 31,</u>	<u>2023</u>	<u>2022</u>
U.S. treasuries	\$ 2,193,754	\$ 1,378,056
Corporate <sup>(1)</sup>	1,368,157	1,278,293
Asset-backed	508,642	520,250
Residential mortgage-backed	386,653	309,685
Agencies	145,211	150,160
Commercial mortgage-backed	96,522	101,993
Non-U.S. government	47,398	59,875
Total fixed maturity investments trading	<u>\$ 4,746,337</u>	<u>\$ 3,798,312</u>

(1) Corporate fixed maturity investments include non-U.S. government-backed corporate fixed maturity investments.

Contractual maturities of fixed maturity investments trading are described in the following table. 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.

<u>At December 31,</u>	<u>2023</u>		<u>2022</u>	
	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Due in less than one year	\$ 222,530	\$ 221,075	\$ 124,296	\$ 122,487
Due after one through five years	2,137,226	2,109,121	1,650,337	1,568,518
Due after five through ten years	1,345,460	1,300,794	1,149,878	1,039,209
Due after ten years	140,675	123,530	165,640	136,170
Mortgage-backed	511,219	483,175	448,039	411,678
Asset-backed	511,115	508,642	538,085	520,250
Total	<u>\$ 4,868,225</u>	<u>\$ 4,746,337</u>	<u>\$ 4,076,275</u>	<u>\$ 3,798,312</u>

Equity Investments

The following table summarizes the fair value of equity investments:

<u>At December 31,</u>	<u>2023</u>	<u>2022</u>
Fixed income exchange traded funds	\$ —	\$ 287,076
Communications and technology	—	48,672
Consumer	—	33,270
Industrial, utilities and energy	—	25,326
Financials	—	19,043
Healthcare	—	24,617
Basic materials	—	3,740
Total	<u>\$ —</u>	<u>\$ 441,744</u>



**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 4. INVESTMENTS, cont’d.

Pledged Investments

At December 31, 2023, \$1.5 billion (2022 - \$798.9 million) of cash and investments at fair value were on deposit with, or in trust accounts for the benefit of various counterparties, including with respect to RenaissanceRe’s credit facilities. Of this amount, \$28.9 million (2022 - \$10.7 million) is on deposit with, or in trust accounts for the benefit of, U.S. state regulatory authorities.

Net Investment Income

The components of net investment income are as follows:

<u>Year ended December 31,</u>	<u>2023</u>	<u>2022</u>
Fixed maturity investments trading	\$ 182,391	\$ 99,454
Short term investments	21,720	3,780
Equity investments	5,145	11,701
Other investments	8,880	4,866
Cash and cash equivalents	3,340	880
	<u>221,476</u>	<u>120,681</u>
Investment expenses	(4,751)	(4,892)
Net investment income	<u>\$ 216,725</u>	<u>\$ 115,789</u>

Net Realized and Unrealized Gains (Losses) on Investments

Net realized and unrealized gains (losses) on investments are as follows:

<u>Year ended December 31,</u>	<u>2023</u>	<u>2022</u>
Net realized gains (losses) on fixed maturity investments trading	\$ (69,301)	\$ (120,249)
Net unrealized gains (losses) on fixed maturity investments trading	155,807	(269,842)
Net realized and unrealized gains (losses) on fixed maturity investments trading	86,506	(390,091)
Net realized and unrealized gains (losses) on investment-related derivatives (1)	(766)	(1,545)
Net realized gains (losses) on equity investments	(19,026)	58,540
Net unrealized gains (losses) on equity investments	36,848	(76,159)
Net realized and unrealized gains (losses) on equity investments	17,822	(17,619)
Net realized and unrealized gains (losses) on other investments	512	(19)
Net realized and unrealized gains (losses) on investments	<u>\$ 104,074</u>	<u>\$ (409,274)</u>

(1) Net realized and unrealized gains (losses) on investment-related derivatives includes fixed maturity investments related derivatives (interest rate futures). See “Note 12. Derivative Instruments” for additional information.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 4. INVESTMENTS, cont’d.

Other Investments

The table below shows the fair value of the Company’s portfolio of other investments:

<u>At December 31,</u>	<u>2023</u>	<u>2022</u>
Term loans	\$ 97,659	\$ 100,000
Fund investments	5,755	—
Catastrophe bonds	1,768	24,464
Total	<u>\$ 105,182</u>	<u>\$ 124,464</u>

*Term loans*

Term loans represent the Company’s participation interest in a senior secured term loan facility. The Company has committed to a loan participation interest of \$100.0 million and as of December 31, 2023 had fully funded its commitment (2022 - \$100.0 million commitment, all of which was fully funded at December 31, 2022). This facility pays interest, has a 5-year maturity and is fully secured by a diversified pool of primarily private equity assets. During 2023, the term loan began repaying principal amounts.

*Fund investments*

Fund investments are limited partnership or similar interests in private equity funds, private credit funds and hedge funds managed by unrelated third parties.

The Company has committed capital of \$140.0 million to fund investments, of which \$5.4 million has been contributed at December 31, 2023 (2022 - \$Nil and \$Nil, respectively). The Company’s remaining commitments to these investments at December 31, 2023 totaled \$134.6 million (2022 - \$Nil). In the future, the Company may enter into additional commitments in fund investment opportunities.

*Catastrophe bonds*

Catastrophe bonds are non-investment grade bonds generally issued by unrelated third parties that generally mature within one to five years.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

**NOTE 5. FAIR VALUE MEASUREMENTS**

The use of fair value to measure certain assets and liabilities with resulting unrealized gains or losses is pervasive within the Company’s consolidated financial statements. Fair value is defined under accounting guidance currently applicable to the Company as the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between open market participants at the measurement date. The Company recognizes the change in unrealized gains or losses arising from changes in fair value in its consolidated statements of operations.

FASB ASC Topic *Fair Value Measurements and Disclosures* prescribes a fair value hierarchy that prioritizes the inputs to the respective valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to valuation techniques that use at least one significant input that is unobservable (Level 3). The three levels of the fair value hierarchy are described below:

- Fair values determined by Level 1 inputs utilize unadjusted quoted prices obtained from active markets for identical assets or liabilities for which the Company has access at the measurement date. The fair value is determined by multiplying the quoted price by the quantity held by the Company;
- Fair values determined by Level 2 inputs utilize inputs (other than quoted prices included in Level 1) that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals, broker quotes and certain pricing indices; and
- Level 3 inputs are based all or in part on significant unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. In these cases, significant management assumptions can be used to establish management’s best estimate of the assumptions used by other market participants in determining the fair value of the asset or liability.

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 in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement of the asset or liability. The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and the Company considers factors specific to the asset or liability.

In order to determine if a market is active or inactive for a security, the Company considers a number of factors, including, but not limited to, the spread between what a seller is asking for a security and what a buyer is bidding for the same security, the volume of trading activity for the security in question, the price of the security compared to its par value (for fixed maturity investments), and other factors that may be indicative of market activity.

There have been no material changes in the Company’s valuation techniques, nor have there been any transfers between Level 1 and Level 2, or Level 2 and Level 3 during the period represented by these consolidated financial statements.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 5. FAIR VALUE MEASUREMENTS, cont’d.

Below is a summary of the assets that are measured at fair value on a recurring basis and also represents the carrying amount on the Company’s consolidated balance sheets:

<u>At December 31, 2023</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Fixed maturity investments trading				
U.S. treasuries	\$ 2,193,754	\$ 2,193,754	\$ —	\$ —
Corporate <sup>(1)</sup>	1,368,157	—	1,368,157	—
Asset-backed	508,642	—	508,642	—
Residential mortgage-backed	386,653	—	386,653	—
Agencies	145,211	—	145,211	—
Commercial mortgage-backed	96,522	—	96,522	—
Non-U.S. government	47,398	—	47,398	—
Total fixed maturity investments trading	4,746,337	2,193,754	2,552,583	—
Short term investments	304,184	26,166	278,018	—
Equity investments trading	—	—	—	—
Other investments				
Term loans	97,659	—	—	97,659
Fund Investments <sup>(2)</sup>	5,755	—	—	—
Catastrophe bonds	1,768	—	1,768	—
Total other investments	105,182	—	1,768	97,659
Other assets and (liabilities)				
Derivative assets <sup>(3)</sup>	10	10	—	—
Derivative liabilities <sup>(3)</sup>	—	—	—	—
Assumed reinsurance contract	(12)	—	—	(12)
Total other assets and (liabilities)	(2)	10	—	(12)
	<u>\$ 5,155,701</u>	<u>\$ 2,219,930</u>	<u>\$ 2,832,369</u>	<u>\$ 97,647</u>

(1) Corporate fixed maturity investments include non-U.S. government-backed corporate fixed maturity investments.

(2) Fund investments, which may include private equity funds, private credit funds, and hedge funds are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient and have not been classified in the fair value hierarchy. The fair value presented in this table is provided to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.

(3) See “Note 12. Derivative Instruments” for additional information related to the fair value by type of contract, of derivatives entered into by the Company.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 5. FAIR VALUE MEASUREMENTS, cont’d.

<b>At December 31, 2022</b>	<b>Total</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Fixed maturity investments trading				
U.S. treasuries	\$ 1,378,056	\$ 1,378,056	\$ —	\$ —
Corporate <sup>(1)</sup>	1,278,293	—	1,278,293	—
Asset-backed	520,250	—	520,250	—
Agencies	150,160	—	150,160	—
Residential mortgage-backed	309,685	—	309,685	—
Commercial mortgage-backed	101,993	—	101,993	—
Non-U.S. government	59,875	—	59,875	—
Total fixed maturity investments trading	<u>3,798,312</u>	<u>1,378,056</u>	<u>2,420,256</u>	<u>—</u>
Short term investments	245,824	—	245,824	—
Equity investments trading	441,744	441,744	—	—
Other investments				
Catastrophe bonds	24,464	—	24,464	—
Term loans	100,000	—	—	100,000
Total other investments	<u>124,464</u>	<u>—</u>	<u>24,464</u>	<u>100,000</u>
Other assets and (liabilities)				
Derivative assets <sup>(2)</sup>	1	1	—	—
Derivative liabilities <sup>(2)</sup>	(32)	(32)	—	—
Assumed reinsurance contract	6	—	—	6
Total other assets and (liabilities)	<u>(25)</u>	<u>(31)</u>	<u>—</u>	<u>6</u>
	<u>\$ 4,610,319</u>	<u>\$ 1,819,769</u>	<u>\$ 2,690,544</u>	<u>\$ 100,006</u>

(1) Corporate fixed maturity investments include non-U.S. government-backed corporate fixed maturity investments.

(2) See “Note 12. Derivative Instruments” for additional information related to the fair value by type of contract, of derivatives entered into by the Company.

**Level 1 and Level 2 Assets and Liabilities Measured at Fair Value**

*Fixed Maturity Investments*

Fixed maturity investments included in Level 1 consist of the Company’s investments in U.S. treasuries. Fixed maturity investments included in Level 2 are agencies, non-U.S. government, corporate (including non-U.S. government-backed corporate), residential mortgage-backed, commercial mortgage-backed and asset-backed securities.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 5. FAIR VALUE MEASUREMENTS, cont’d.

The Company’s fixed maturity investments are primarily priced using pricing services, such as index providers and pricing vendors, as well as broker quotations. In general, the pricing vendors provide pricing for a high volume of liquid securities that are actively traded. For securities that do not trade on an exchange, the pricing services generally utilize market data and other observable inputs in matrix pricing models to determine month end prices. Observable inputs include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, bids, offers, reference data and industry and economic events. Index pricing generally relies on market traders as the primary source for pricing; however, models are also utilized to provide prices for all index eligible securities. The models use a variety of observable inputs such as benchmark yields, transactional data, dealer runs, broker-dealer quotes and corporate actions. Prices are generally verified using third-party data. Securities which are priced by an index provider are generally included in the index.

In general, broker-dealers value securities through their trading desks based on observable inputs. The methodologies include mapping securities based on trade data, bids or offers, observed spreads, and performance on newly issued securities. Broker-dealers also determine valuations by observing secondary trading of similar securities. Prices obtained from broker quotations are considered non-binding, however they are based on observable inputs and by observing secondary trading of similar securities obtained from active and non-distressed markets.

The Company considers these broker quotations to be Level 2 inputs as they are corroborated with other market observable inputs. The techniques generally used to determine the fair value of the Company’s fixed maturity investments are detailed below by asset class.

U.S. Treasuries

Level 1 - At December 31, 2023, the Company’s U.S. treasuries fixed maturity investments were primarily priced by pricing services and had a weighted average yield to maturity of 4.1% and a weighted average credit quality of AA (2022 - 4.2% and AA, respectively). When pricing these securities, the pricing services utilize daily data from many real time market sources, including active broker-dealers. Certain data sources are regularly reviewed for accuracy to attempt to ensure the most reliable price source is used for each issue and maturity date.

Agencies

Level 2 - At December 31, 2023, the Company’s agency fixed maturity investments had a weighted average yield to maturity of 4.6% and a weighted average credit quality of AA (2022 - 4.6% and AA, respectively). The issuers of the Company’s agency fixed maturity investments primarily consist of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and other agencies. Fixed maturity investments included in agencies are primarily priced by pricing services. When evaluating these securities, the pricing services gather information from market sources and integrate other observations from markets and sector news. Evaluations are updated by obtaining broker-dealer quotes and other market information including actual trade volumes, when available. The fair value of each security is individually computed using analytical models which incorporate option adjusted spreads and other daily interest rate data.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 5. FAIR VALUE MEASUREMENTS, cont’d.

Non-U.S. Government

Level 2 - At December 31, 2023, the Company’s non-U.S. government fixed maturity investments had a weighted average yield to maturity of 4.3% and a weighted average credit quality of AA (2022 - 5.0% and AA, respectively). The issuers of securities in this sector are non-U.S. governments and their respective agencies as well as supranational organizations. Securities held in these sectors are primarily priced by pricing services that employ proprietary discounted cash flow models to value the securities. Key quantitative inputs for these models are daily observed benchmark curves for treasury, swap and high issuance credits. The pricing services then apply a credit spread for each security which is developed by in-depth and real time market analysis. For securities in which trade volume is low, the pricing services utilize data from more frequently traded securities with similar attributes. These models may also be supplemented by daily market and credit research for international markets.

Corporate

Level 2 - At December 31, 2023, the Company’s corporate fixed maturity investments principally consist of U.S. and international corporations and had a weighted average yield to maturity of 5.2% and a weighted average credit quality of A (2022 - 5.5% and A, respectively).

The Company’s corporate fixed maturity investments, other than non-U.S. government-backed corporations, are primarily priced by pricing services. When evaluating these securities, the pricing services gather information from market sources regarding the issuer of the security and obtain credit data, as well as other observations from markets and sector news. Evaluations are updated by obtaining broker-dealer quotes and other market information including actual trade volumes, when available. The pricing services also consider the specific terms and conditions of the securities, including any specific features which may influence risk. In certain instances, securities are individually evaluated using a spread which is added to the U.S. treasury curve or a security specific swap curve as appropriate.

Non-U.S. government-backed corporate fixed maturity investments are primarily priced by pricing services that employ proprietary discounted cash flow models to value the securities. Key quantitative inputs for these models are daily observed benchmark curves for treasury, swap and high quality credits. The pricing services then apply a credit spread to the respective curve for each security which is developed by in-depth and real time market analysis. For securities in which trade volume is low, the pricing services utilize data from more frequently traded securities with similar attributes. These models may also be supplemented by daily market and credit research for international markets.

Residential Mortgage-backed

Level 2 - At December 31, 2023, the Company’s residential mortgage-backed fixed maturity investments had a weighted average yield to maturity of 6.0%, a weighted average credit quality of BBB and a weighted average life of 7.3 years (2022 - 6.3%, non-investment grade and 8.6 years, respectively). Residential mortgage-backed securities include both agency and non-agency mortgage-backed securities. The Company’s agency mortgage-backed fixed maturity investments are primarily priced by pricing services using a mortgage pool specific model which utilizes daily inputs from the active to be announced market which is very liquid, as well as the U.S. treasury market. The model also utilizes additional information, such as the weighted average maturity, weighted average coupon and other available pool level data which is provided by the sponsoring agency. Valuations are also corroborated with active market quotes.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 5. FAIR VALUE MEASUREMENTS, cont’d.

Non-agency mortgage-based securities are primarily priced by pricing services using an option adjusted spread model or other relevant models, which principally utilize inputs including benchmark yields, available trade information or broker quotes, and issuer spreads. The pricing services also review collateral prepayment speeds, loss severity and delinquencies among other collateral performance indicators for the securities valuation, when applicable.

Commercial Mortgage-backed

Level 2 - At December 31, 2023, the Company’s commercial mortgage-backed fixed maturity investments had a weighted average yield to maturity of 7.6%, a weighted average credit quality of AA and a weighted average life of 2.9 years (2022 - 7.1%, AA and 3.3 years, respectively). Securities held in these sectors are primarily priced by pricing services. The pricing services apply dealer quotes and other available trade information such as bid and offers, prepayment speeds which may be adjusted for the underlying collateral or current price data, the U.S. treasury curve and swap curve as well as cash settlement. The pricing services discount the expected cash flows for each security held in this sector using a spread adjusted benchmark yield based on the characteristics of the security.

Asset-backed

Level 2 - At December 31, 2023, the Company’s asset-backed fixed maturity investments had a weighted average yield to maturity of 7.1%, a weighted average credit quality of AA and a weighted average life of 4.4 years (2022 - 7.5%, AA and 5.2 years, respectively). The underlying collateral for the Company’s asset-backed fixed maturity investments primarily consists of collateralized loan obligations. Securities held in these sectors are primarily priced by pricing services. The pricing services apply dealer quotes and other available trade information such as bids and offers, prepayment speeds which may be adjusted for the underlying collateral or current price data, the U.S. treasury curve and swap curve as well as cash settlement. The pricing services determine the expected cash flows for each security held in this sector using historical prepayment and default projections for the underlying collateral and current market data. In addition, a spread is applied to the relevant benchmark and used to discount the cash flows noted above to determine the fair value of the securities held in this sector.

Short Term Investments

Level 1 - At December 31, 2023, the Company’s short term investments in U.S. treasuries were primarily priced by pricing services and had a weighted average yield to maturity of 5.2% and a weighted average credit quality of AA (2022 - None held). When pricing these securities, the pricing services utilize daily data from many real time market sources, including active broker-dealers. Certain data sources are regularly reviewed for accuracy to attempt to ensure the most reliable price source is used for each issue and maturity date.

Level 2 - At December 31, 2023, the Company’s short term investments had a weighted average yield to maturity of 5.3% and a weighted average credit quality of AAA (2022 - 4.2% and AAA, respectively). Amortized cost approximates fair value for the majority of the Company’s portfolio of short term investments and, in certain cases, fair value is determined in a manner similar to the Company’s fixed maturity investments noted above.



**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 5. FAIR VALUE MEASUREMENTS, cont’d.

*Equity Investments*

Level 1 - The fair value of the Company’s portfolio of equity investments, classified as trading is primarily priced by pricing services, reflecting the closing price quoted for the final trading day of the period. When pricing these securities, the pricing services utilize daily data from many real time market sources, including applicable securities exchanges. All data sources are regularly reviewed for accuracy to attempt to ensure the most reliable price source was used for each security.

*Other investments*

Catastrophe Bonds

Level 2 - The Company’s other investments included investments in catastrophe bonds which were recorded at fair value based on broker or underwriter bid indications.

Term loans

Level 3 - At December 31, 2023, the Company’s other investments included a \$97.7 million investment in a term loan which is recorded at fair value (2022 - \$100.0 million), with the fair value obtained through the use of a discounted cash flow model. The significant unobservable inputs used in the discounted cash flow model are the cash flow projection of the associated term loan, and the discount rate. The discount rate used is based on the Secured Overnight Financing Rate, or SOFR, which is then adjusted for credit risk and a risk premium. These adjustments may be impacted by market movements implied by transactions of similar or related assets, loan-to-value, tenor, liquidity, credit risk adjustment or other risk factors. Assumptions used in the valuation process may significantly impact the resulting fair value.

*Other Assets and Liabilities*

Derivatives

Level 1 - Other assets and liabilities include certain derivatives entered into by the Company. The fair value of these transactions includes certain exchange traded futures contracts which are considered Level 1.

Level 3 Assets and Liabilities Measured at Fair Value

Below is a summary of quantitative information regarding the significant unobservable inputs (Level 3) used in determining the fair value of assets and liabilities measured at fair value on a recurring basis:

<b>At December 31, 2023</b>	<b>Fair Value (Level 3)</b>	<b>Valuation Technique</b>	<b>Unobservable Inputs</b>	<b>Low</b>	<b>High</b>	<b>Weighted Average or Actual</b>
Other investments						
Term loans	\$ 97,659	Discounted cash flow	Credit spread adjustment	n/a	n/a	0.2 %
			Risk premium	n/a	n/a	2.6 %

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 5. FAIR VALUE MEASUREMENTS, cont’d.

At December 31, 2022	Fair Value (Level 3)	Valuation Technique	Unobservable Inputs	Low	High	Weighted Average or Actual
Other investments						
Term loans	\$100,000	Discounted cash flow	Credit spread adjustment	n/a	n/a	0.2 %
			Risk premium	n/a	n/a	2.6 %

Below is a reconciliation of the beginning and ending balances, for the periods shown, of assets and liabilities measured at fair value on a recurring basis using Level 3 inputs.

	Other investments	Other assets (liabilities)	Total
Balance - January 1, 2023	\$ 100,000	\$ 6	\$ 100,006
Included in net investment income	—	—	—
Included in other income (loss)	—	(18)	(18)
Purchases	—	—	—
Settlements	(2,341)	—	(2,341)
Balance - December 31, 2023	<u>\$ 97,659</u>	<u>\$ (12)</u>	<u>\$ 97,647</u>

	Other investments	Other assets (liabilities)	Total
Balance - January 1, 2022	\$ 74,850	\$ 135	\$ 74,985
Included in net investment income	605	—	605
Included in other income (loss)	—	(129)	(129)
Purchases	25,000	—	25,000
Settlements	(455)	—	(455)
Balance - December 31, 2022	<u>\$ 100,000</u>	<u>\$ 6</u>	<u>\$ 100,006</u>

*Other Assets and Liabilities*

*Assumed Reinsurance Contracts*

Level 3 - At December 31, 2023 and 2022 the Company had no material net assets on assumed contracts carried at a Level 3. The inputs to the internal valuation model are principally based on indicative pricing obtained from independent brokers and pricing vendors for similarly structured marketable securities. The most significant unobservable inputs include prices for similar marketable securities and a liquidity premium. The Company considers the prices for similar securities to be unobservable, as there is little, if any market activity for these similar assets. In addition, the Company has estimated a liquidity premium that would be required if the Company attempted to effectively exit its position by executing a short sale of these securities. Generally, an increase in the prices for similar marketable securities or a decrease in the liquidity premium would result in an increase in the expected profit and ultimate fair value of this assumed reinsurance contract.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 5. FAIR VALUE MEASUREMENTS, cont’d.

Financial Instruments Disclosed, But Not Carried, at Fair Value

The Company uses various financial instruments in the normal course of its business. The Company’s (re)insurance contracts are excluded from the fair value of financial instruments accounting guidance, unless the Company elects the fair value option, and therefore, are not included in the amounts discussed herein. The carrying values of cash and cash equivalents, accrued investment income, receivables for investments sold, certain other assets, payables for investments purchased, certain other liabilities, and other financial instruments not included herein approximated their fair values.

The Fair Value Option for Financial Assets

The Company has elected to account for certain financial assets and financial liabilities at fair value using the guidance under FASB ASC Topic *Financial Instruments*, as the Company believes it represents the most meaningful measurement basis for these assets. Below is a summary of the balances the Company has elected to account for at fair value:

<u>At December 31,</u>	<u>2023</u>	<u>2022</u>
Other investments	\$ 105,182	\$ 124,464
Other assets (liabilities)	(12)	6

The change in fair value of other investments resulted in net unrealized gains on investments of \$512.2 thousand for the year ended December 31, 2023 (2022 - losses of \$18.9 thousand).

**Measuring the Fair Value of Other Investments Using Net Asset Valuations**

The table below shows the Company’s portfolio of other investments measured using net asset valuations as a practical expedient:

<u>At December 31, 2023</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period (Minimum Days)</u>	<u>Redemption Notice Period (Maximum Days)</u>
Private credit funds	\$ 5,755	\$ 64,636	See below	See below	See below
Private equity funds	—	70,000	See below	See below	See below
Total other investments measured using net asset valuations	<u>\$ 5,755</u>	<u>\$ 134,636</u>			

***Private Equity Funds***

The Company’s investments in private equity funds include limited partnership or similar interests that invest in certain private equity asset classes including U.S. and global leveraged buyouts. The Company generally has no right to redeem its interest in any of these private equity funds in advance of dissolution of the applicable limited partnerships. Instead, distributions are received by the Company in connection with the exit from the underlying private equity investments of the fund. It is estimated that the majority of the underlying assets of the limited partnerships would liquidate over 5 to 10 years from inception of the limited partnership.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 5. FAIR VALUE MEASUREMENTS, cont’d.

**Private Credit Funds**

The Company’s investments in private credit funds include limited partnership or similar interests that invest in certain private credit asset classes, including U.S. direct lending funds, secondaries, mezzanine investments, distressed securities and senior secured bank loan funds. The Company generally has no right to redeem its interest in any of these private credit funds in advance of dissolution of the applicable limited partnerships. Instead, distributions are received by the Company in connection with the liquidation or maturity of the underlying private credit assets of the fund. It is estimated that the majority of the underlying assets of the limited partnerships would liquidate over 5 to 10 years from inception of the limited partnership.

**Limited Partnerships Entities**

The Company’s fund investments, included within other investments, represent variable interests in limited partnerships entities with unaffiliated fund managers in the normal course of business. The Company determined that certain of these limited partnership interests represent investments in the VIEs and that it is not required to consolidate these investments because it is not the primary beneficiary of these VIEs. The Company’s maximum exposure to loss with respect to these VIEs is limited to the carrying amounts reported in the Company’s consolidated balance sheet and any unfunded commitment.

The following table summarizes the aggregate carrying amount of the unconsolidated fund investments in VIEs, as well as our maximum exposure to loss associated with these VIEs:

	Maximum Exposure to Loss		
	Carrying amount	Unfunded Commitments	Total
<b>At December 31, 2023</b>			
Other investments	\$ 5,755	\$ 134,636	\$ 140,391
<b>At December 31, 2022</b>			
Other investments	\$ —	\$ —	\$ —

NOTE 6. REINSURANCE

The Company purchases reinsurance and other products to manage its risk portfolio and to reduce its exposure to large losses. The Company currently has in place contracts that provide for recovery of a portion of certain claims and claim expenses, generally in excess of various retentions or on a proportional basis. In addition to loss recoveries, certain of the Company’s ceded reinsurance contracts provide for payments of additional premiums, for reinstatement premiums and for lost no-claims bonuses, which are incurred when losses are ceded to the respective reinsurance contracts. See “Note 8. Related Party Transactions and Major Customers” for information related to intercompany reinsurance agreements in place. The Company remains liable to the extent that any reinsurer fails to meet its obligations.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 6. REINSURANCE, cont’d.

The following table sets forth the effect of reinsurance and retrocessional activity on net premiums written and earned and on net claims and claim expenses incurred:

<u>Year ended December 31,</u>	<u>2023</u>	<u>2022</u>
<u>Premiums written</u>		
Assumed	\$ 2,689,636	\$ 3,074,876
Ceded	(640,426)	(770,045)
Net premiums written	<u>\$ 2,049,210</u>	<u>\$ 2,304,831</u>
<u>Premiums earned</u>		
Assumed	\$ 2,759,562	\$ 2,833,924
Ceded	(664,735)	(630,633)
Net premiums earned	<u>\$ 2,094,827</u>	<u>\$ 2,203,291</u>
<u>Claims and claim expenses</u>		
Gross claims and claim expenses incurred	\$ 1,855,335	\$ 2,048,215
Claims and claim expenses recovered	(391,910)	(503,811)
Net claims and claim expenses incurred	<u>\$ 1,463,425</u>	<u>\$ 1,544,404</u>

In assessing an allowance for reinsurance assets, which includes premiums receivable and reinsurance recoverable, the Company considers historical information, financial strength of reinsurers, collateralization amounts, and counterparty credit ratings to determine the appropriateness of the allowance. In assessing future default for reinsurance assets, the Company evaluates the provision for current expected credit losses under the probability of default and loss given default method. The

Company utilizes its internal capital and risk models, which use counterparty ratings from major rating agencies, and assesses the current market conditions for the likelihood of default. The Company updates its internal capital and risk models for counterparty credit ratings and current market conditions on a periodic basis. Historically, the Company has not experienced material credit losses from reinsurance assets.

Premiums receivable balances reflect premiums written based on contract and policy terms and include estimates based on information received from both insureds and ceding companies, supplemented by our own judgment, including our estimates of premiums that are written but not reported. Due to the nature of reinsurance, ceding companies routinely report and remit premiums to us subsequent to the contract coverage period, although the time lag involved in the process of reporting and collecting premiums is typically shorter than the lag in reporting losses.

At December 31, 2023, the Company’s premiums receivable balance was \$1.3 billion (2022 - \$1.3 billion). Of the Company’s premiums receivable balance as of December 31, 2023, the majority are receivable from highly rated counterparties. The provision for current expected credit losses on the Company’s premiums receivable at December 31, 2023 was \$0.3 million (2022 - \$0.4 million).

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 6. REINSURANCE, cont’d.

The following table provides a roll forward of the provision for current expected credit losses of the Company’s premiums receivable:

<u>Year ended December 31,</u>	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 406	\$ 139
Provision for (release of) allowance	(96)	267
Ending balance	<u>\$ 310</u>	<u>\$ 406</u>

Reinsurance recoverable reflects amounts due from reinsurers based on the claim liabilities associated with the reinsurance policy. The Company accrues amounts that are due from reinsurers based on estimated ultimate losses applicable to the contracts.

At December 31, 2023, the Company’s reinsurance recoverable balance was \$1.3 billion (2022 - \$1.1 billion). Of the Company’s reinsurance recoverable balance at December 31, 2023, 54.2% is fully collateralized by the Company’s reinsurers, 45.6% is recoverable from reinsurers rated A- or higher by major rating agencies and 0.2% is recoverable from reinsurers rated lower than A- by major rating agencies (2022 - 53.0%, 46.4% and 0.6%, respectively). The reinsurers with the three largest balances accounted for 16.6%, 13.9% and 11.6%, respectively, of the Company’s reinsurance recoverable balance at December 31, 2023 (2022 - 14.0%, 12.0% and 9.7%), respectively), with the largest reinsurance recoverable balance at each of December 31, 2023 and 2022 being with Renaissance Reinsurance. See “Note 8. Related Party Transactions and Major Customers” for information related to intercompany reinsurance agreements in place.

The provision for current expected credit losses was \$0.8 million at December 31, 2023 (2022 - \$1.8 million). The three largest company-specific components of the provision for current expected credit losses represented 12.3%, 10.5% and 9.3%, respectively, of the Company’s total provision for current expected credit losses at December 31, 2023 (2022 - 9.2%, 6.5% and 6.3%, respectively).

The following table provides a roll forward of the provision for current expected credit losses of the Company’s reinsurance recoverable:

<u>Year ended December 31,</u>	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 1,837	\$ 937
Provision for (release of) allowance	(1,047)	900
Ending balance	<u>\$ 790</u>	<u>\$ 1,837</u>

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

**NOTE 7. RESERVE FOR CLAIMS AND CLAIM EXPENSES**

The Company believes the most significant accounting judgment made by management is its estimate of claims and claim expense reserves. Claims and claim expense reserves represent estimates, including actuarial and statistical projections at a given point in time, of the ultimate settlement and administration costs for unpaid claims and claim expenses arising from the insurance and reinsurance contracts the Company sells. The Company’s reserve for claims and claim expenses are a combination of case reserves, additional case reserves (“ACR”) and incurred but not reported losses and incurred but not enough reported losses (collectively referred to as “IBNR”). Case reserves are losses reported to the Company by insureds and ceding companies, but which have not yet been paid. If deemed necessary and in certain situations, the Company establishes ACR which represents the Company’s estimate for claims related to specific contracts which the Company believes may not be adequately estimated by the client as of that date or within the IBNR. The Company establishes IBNR using actuarial techniques and expert judgement to represent the anticipated cost of claims which have not been reported to the Company yet, or where the Company anticipates increased reporting. The Company’s reserving committee, which includes members of the Company’s senior management, reviews, discusses, and assesses the reasonableness and adequacy of the reserving estimates included in our audited consolidated financial statements.

The following table summarizes the Company’s reserve for claims and claim expenses by segment, allocated between case reserves, additional case reserves and IBNR:

<b><u>At December 31, 2023</u></b>	<b><u>Case Reserves</u></b>	<b><u>Additional Case Reserves</u></b>	<b><u>IBNR</u></b>	<b><u>Total</u></b>
Property	\$ 346,760	\$ 20,039	\$ 428,123	\$ 794,922
Casualty and Specialty	827,893	34,474	3,584,592	4,446,959
Total	<u>\$ 1,174,653</u>	<u>\$ 54,513</u>	<u>\$ 4,012,715</u>	<u>\$ 5,241,881</u>
<b><u>At December 31, 2022</u></b>				
Property	\$ 301,445	\$ 12,997	\$ 513,552	\$ 827,994
Casualty and Specialty	773,540	36,548	3,037,894	3,847,982
Total	<u>\$ 1,074,985</u>	<u>\$ 49,545</u>	<u>\$ 3,551,446</u>	<u>\$ 4,675,976</u>

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 7. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont’d.

Activity in the liability for unpaid claims and claim expenses is summarized as follows:

<u>Year ended December 31,</u>	<u>2023</u>	<u>2022</u>
Reserve for claims and claim expenses, net of reinsurance recoverable, as of beginning of period	\$ 3,571,851	\$ 2,832,524
Net incurred related to:		
Current year	1,436,526	1,537,867
Prior years	26,899	6,537
Total net incurred	<u>1,463,425</u>	<u>1,544,404</u>
Net paid related to:		
Current year	153,396	122,404
Prior years	774,637	566,516
Total net paid	<u>928,033</u>	<u>688,920</u>
Loss portfolio transfer retrocessional agreement (1)	(149,678)	(114,237)
Foreign exchange (2)	978	(1,920)
Reserve for claims and claim expenses, net of reinsurance recoverable, as of end of period	<u>3,958,543</u>	<u>3,571,851</u>
Reinsurance recoverable, as of end of period	<u>1,283,338</u>	<u>1,104,125</u>
Reserve for claims and claim expenses, as of end of period	<u><u>\$ 5,241,881</u></u>	<u><u>\$ 4,675,976</u></u>

(1) During 2019, RenaissanceRe Europe AG (formerly known as Tokio Millennium Re AG) (“RenaissanceRe Europe”), US Branch, a related party whose ultimate parent is RenaissanceRe, transferred its U.S. casualty portfolio to Renaissance Reinsurance U.S. through a loss portfolio transfer retrocession agreement. See “Note 8. Related Party Transactions and Major Customers” for information related to the loss portfolio transfer retrocession agreement.

(2) Reflects the impact of the foreign exchange revaluation of the reserve for claims and claim expenses, net of reinsurance recoverable, denominated in non-U.S. dollars as at the balance sheet date.

The Company’s reserving methodology for each line of business uses a loss reserving process that calculates a point estimate for its ultimate settlement and administration costs for claims and claim expenses. The Company does not calculate a range of estimates and does not discount any of its reserves for claims and claim expenses. The Company uses this point estimate, along with paid claims and case reserves, to record its best estimate of additional case reserves and IBNR in its consolidated financial statements. Under GAAP, the Company is not permitted to establish estimates for catastrophe claims and claim expense reserves until an event occurs that gives rise to a loss.

Reserving involves other uncertainties, such as the dependence on information from ceding companies, the time lag inherent in reporting information from the primary insurer to the Company or to the Company’s ceding companies, and differing reserving practices among ceding companies. The information received from ceding companies is typically in the form of bordereaux, broker notifications of loss and/or discussions with ceding companies or their brokers. This information may be received on a monthly, quarterly or transactional basis and normally includes paid claims and estimates of case reserves. The Company sometimes also receives an estimate or provision for IBNR. This information is updated and adjusted periodically during the loss settlement period as new data or facts in respect of initial claims, client accounts, industry or event trends may be reported or emerge in addition to changes in applicable statutory and case laws.



**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 7. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont’d.

The Company’s estimates of large losses are based on factors including currently available information derived from claims information from certain customers and brokers, industry assessments of losses, proprietary models, and the terms and conditions of the Company’s contracts. The uncertainty of the Company’s estimates for large losses is also impacted by the preliminary nature of the information available, the magnitude and relative infrequency of the events, the expected duration of the respective claims development period, inadequacies in the data provided to the relevant date by industry participants and the potential for further reporting lags or insufficiencies; and in certain large losses, significant uncertainty as to the form of the claims and legal issues, under the relevant terms of insurance and reinsurance contracts. In addition, a significant portion of the net claims and claim expenses associated with certain large losses can be concentrated with a few large clients and therefore the loss estimates for these large losses may vary significantly based on the claims experience of those clients. The contingent nature of business interruption and other exposures will also impact losses in a meaningful way, which may give rise to significant complexity in respect of claims handling, claims adjustment and other coverage issues, over time. Given the magnitude of certain events, there can be meaningful uncertainty regarding total covered losses for the insurance industry and, accordingly, several of the key assumptions underlying the Company’s loss estimates. Loss reserve estimation in respect of the Company’s retrocessional contracts poses further challenges compared to directly assumed reinsurance. In addition, the Company’s actual net losses from these events may increase if the Company’s reinsurers or other obligors fail to meet their obligations.

The Company reevaluates its actuarial reserving assumptions on a periodic basis. Typically, the quarterly review procedures include reviewing paid and reported claims in the most recent reporting period, reviewing the development of paid and reported claims from prior periods, and reviewing the Company’s overall experience by underwriting year and in the aggregate. The Company monitors its expected ultimate claims and claim expense ratios and expected claims reporting assumptions on a quarterly basis and compares them to its actual experience. These actuarial assumptions are generally reviewed annually, based on input from the Company’s actuaries, underwriters, claims personnel and finance professionals, although adjustments may be made more frequently if needed. Assumption changes are made to adjust for changes in the terms of coverage the Company provides, changes in industry results for similar business, as well as its actual experience to the extent the Company has enough data to rely on its own experience. If the Company determines that adjustments to an earlier estimate are appropriate, such adjustments are recorded in the period in which they are identified.

Because of the inherent uncertainties discussed above, the Company has developed a reserving philosophy that attempts to incorporate prudent assumptions and estimates, and the Company has generally experienced favorable development on prior accident years net claims and claim expenses in the last several years. However, there is no assurance that this favorable development on prior accident years net claims and claim expenses will occur in future periods.

The Company establishes a provision for unallocated loss adjustment expenses (“ULAE”) when the related reserve for claims and claim expenses is established. ULAE are expenses that cannot be associated with a specific claim but are related to claims paid or in the process of settlement, such as internal costs of the claims function, and are included in the reserve for claims and claim expenses. The determination of the ULAE provision is subject to judgment.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 7. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont’d.

Incurred and Paid Claims Development and Reserving Methodology

The information provided herein about incurred and paid accident year claims development for the years ended prior to December 31, 2023 on a consolidated basis and by segment is presented as supplementary information. The Company has applied a retrospective approach with respect to its acquisitions, presenting all relevant historical information for all periods presented. In addition, included in the incurred claims and claim expenses and cumulated paid claims and claim expenses tables below are reconciling items that represent the unamortized balance of fair value adjustments recorded in connection with the acquisition of Tokio Millennium Re AG (“TMR”) to reflect an increase in net claims and claim expenses due to the addition of a market based risk margin that represented the cost of capital required by a market participant to assume the net claims and claim expenses of TMR, partially offset by a decrease from discounting in connection with the acquisition of TMR, to reflect the time value of money.

For incurred and paid accident year claims denominated in currencies other than USD, the Company used the current year-end balance sheet foreign exchange rate for all periods provided, thereby eliminating the effects of changes in foreign currency translation rates from the incurred and paid accident year claims development information included in the tables below.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

**NOTE 7. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont’d.**

The following table details the Company’s consolidated incurred claims and claim expenses and cumulative paid claims and claim expenses as of December 31, 2023, net of reinsurance, as well as IBNR and additional case reserve (“ACR”) included within the net incurred claims amounts.

Incurred claims and claim expenses, net of reinsurance											At December 31, 2023
For the year ended December 31,										IBNR and ACR	
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022		
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)		
<b>2014</b>	\$ 255,781	\$ 255,189	\$ 246,638	\$ 225,386	\$ 218,185	\$ 214,635	\$ 204,507	\$ 200,475	\$ 205,267	\$ 206,774	\$ 12,193
<b>2015</b>	—	232,714	249,772	244,361	237,731	238,630	244,330	249,447	250,228	250,158	22,574
<b>2016</b>	—	—	187,425	179,241	186,984	188,520	177,228	181,824	180,805	179,920	9,025
<b>2017</b>	—	—	—	282,781	254,572	244,625	253,963	263,685	273,246	288,887	15,796
<b>2018</b>	—	—	—	—	427,615	443,894	453,017	453,126	467,295	500,784	56,563
<b>2019</b>	—	—	—	—	—	525,098	516,432	516,312	520,451	556,527	83,812
<b>2020</b>	—	—	—	—	—	—	886,129	875,539	863,466	857,874	255,920
<b>2021</b>	—	—	—	—	—	—	—	1,249,290	1,225,854	1,203,074	498,317
<b>2022</b>	—	—	—	—	—	—	—	—	1,524,694	1,496,326	852,574
<b>2023</b>	—	—	—	—	—	—	—	—	—	1,423,926	1,151,107
<b>Total</b>										<u>\$ 6,964,250</u>	<u>\$ 2,957,881</u>
Cumulative paid claims and claim expenses, net of reinsurance											
For the year ended December 31,											
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)		
<b>2014</b>	\$ 59,478	\$ 93,613	\$ 121,279	\$ 140,545	\$ 158,622	\$ 169,534	\$ 175,398	\$ 176,151	\$ 181,230	\$ 183,861	
<b>2015</b>	—	44,597	88,663	124,059	151,768	174,995	191,868	202,663	208,416	212,543	
<b>2016</b>	—	—	31,266	56,186	80,694	111,636	119,619	131,262	138,931	151,168	
<b>2017</b>	—	—	—	61,294	84,922	128,376	153,395	176,489	219,674	244,189	
<b>2018</b>	—	—	—	—	42,498	126,057	199,694	246,003	312,589	365,894	
<b>2019</b>	—	—	—	—	—	77,517	177,621	241,423	309,361	386,195	
<b>2020</b>	—	—	—	—	—	—	118,999	293,094	388,626	492,375	
<b>2021</b>	—	—	—	—	—	—	—	135,924	368,931	535,506	
<b>2022</b>	—	—	—	—	—	—	—	—	121,890	416,113	
<b>2023</b>	—	—	—	—	—	—	—	—	—	152,274	
<b>Total</b>										\$ 3,140,118	
										Outstanding liabilities from accident year 2013 and prior, net of reinsurance	90,002
										Loss portfolio transfer retrocessional agreement (1)	7,756
										Adjustment for unallocated loss adjustment expenses	36,044
										Unamortized fair value adjustments in connection with an acquisition	609
										Liability for claims and claim expenses, net of reinsurance	<u>\$ 3,958,543</u>

(1) During 2019, RenaissanceRe Europe, US Branch, a related party whose ultimate parent is RenaissanceRe, transferred its U.S. casualty portfolio to Renaissance Reinsurance U.S. through a loss portfolio transfer retrocession agreement. See “Note 8. Related Party Transactions and Major Customers” for information related to the loss portfolio transfer retrocession agreement.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 7. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont’d.

*Property Segment*

Within the Property segment, the Company writes property catastrophe excess of loss reinsurance contracts to insure insurance and reinsurance companies against natural and man-made catastrophes. Under these contracts, the Company indemnifies an insurer or reinsurer when its aggregate paid claims and claim expenses from a single occurrence of a covered peril exceeds the attachment point specified in the contract, up to an amount per loss specified in the contract. Generally, the Company’s most significant exposure is to losses from hurricanes, earthquakes and other windstorms, although the Company is also exposed to claims arising from other man-made and natural catastrophes, such as tsunamis, winter storms, freezes, floods, fires, tornadoes, explosions and acts of terrorism. The Company’s predominant exposure under such coverage is to property damage. However, other risks, including business interruption and other non-property losses, may also be covered under the Company’s catastrophe contracts when arising from a covered peril. The Company’s coverages are offered on either a worldwide basis or are limited to selected geographic areas.

Coverage can also vary from “all property” perils to limited coverage on selected perils, such as “earthquake only” coverage. The Company also enters into retrocessional contracts that provide property catastrophe coverage to other reinsurers or retrocedants. This coverage is generally in the form of excess of loss retrocessional contracts and may cover all perils and exposures on a worldwide basis or be limited in scope to selected geographic areas, perils and/or exposures. The exposures the Company assumes from retrocessional business can change within a contract term as the underwriters of a retrocedant may alter their book of business after the retrocessional coverage has been bound. The Company also offers dual trigger reinsurance contracts which require the Company to pay claims based on claims incurred by insurers and reinsurers in addition to the estimate of insured industry losses as reported by referenced statistical reporting agencies.

Also included in the Property segment is property per risk, property (re)insurance, delegated authority arrangements and regional U.S. multi-line reinsurance. The Company’s predominant exposure under such coverage is to property damage. However, other risks, including business interruption and other non-property losses, may also be covered when arising from a covered peril. The Company’s coverages are offered on either a worldwide basis or are limited to selected geographic areas. Principally all of the business is reinsurance, although the Company also writes insurance business primarily through delegated authority arrangements. The Company offers these products principally through proportional reinsurance coverage or in the form of delegated authority arrangements. In a proportional reinsurance arrangement (also referred to as quota share reinsurance or pro rata reinsurance), the reinsurer shares a proportional part of the original premiums and losses of the reinsured.

Claims and claim expenses in the Company’s Property segment are generally characterized by losses of low frequency and high severity. Initial reporting of paid and incurred claims in general, tends to be relatively prompt, particularly for less complex losses. The Company considers this business “short-tail” as compared to the reporting of claims for “long-tail” products, which tends to be slower. However, the timing of claims payment and reporting also varies depending on various factors, including: whether the claims arise under reinsurance of primary insurance companies or reinsurance of other reinsurance companies; the nature of the events (e.g., hurricanes, earthquakes or terrorism); the geographic area involved; post-event inflation which may cause the cost to repair damaged property to increase significantly from current estimates, or for property claims to remain open for a longer period of time, due to limitations on the supply of building materials, labor and other resources; complex policy coverage and other legal issues; and the quality of each client’s claims management and reserving practices. Management’s judgments regarding these factors are reflected in the Company’s reserve for claims and claim expenses.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 7. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont’d.

Reserving for most of the Company’s Property segment, in particular catastrophe exposure, generally does not involve the use of traditional actuarial techniques, although for certain classes such as proportional Property classes we do use traditional actuarial techniques. Rather, claims and claim expense reserves are estimated by management by completing an in-depth analysis of the individual contracts which may potentially be impacted by the loss. The in-depth analysis generally involves: 1) estimating the size of insured industry losses; 2) reviewing reinsurance contract portfolios to identify contracts which are exposed; 3) reviewing information reported or otherwise provided by customers and brokers; 4) discussing the loss with customers and brokers; and 5) estimating the ultimate expected cost to settle all claims and administrative costs arising from the loss on a contract-by-contract basis and in aggregate for the event. Once a loss has occurred, during the then current reporting period, the Company records its best estimate of the ultimate expected cost to settle all claims arising from the loss. The Company’s estimate of claims and claim expense reserves is then determined by deducting cumulative paid losses from its estimate of the ultimate expected loss. The Company’s estimate of IBNR is determined by deducting cumulative paid losses, case reserves and additional case reserves from its estimate of the ultimate expected loss. Once the Company receives a valid notice of loss or payment request under a catastrophe reinsurance contract, it is generally able to process and pay such claims promptly.

Because losses from which claims arise under policies written within the Property segment are typically prominent, public events such as hurricanes and earthquakes, the Company is often able to use independent reports as part of its loss reserve estimation process. The Company also reviews catastrophe bulletins published by various statistical reporting agencies to assist in determining the size of the industry loss, although these reports may not be available for some time after an event. For smaller events including localized severe weather events such as windstorms, hail, ice, snow, flooding, freezing and tornadoes, which are not necessarily prominent, public occurrences, the Company initially places greater reliance on catastrophe bulletins published by statistical reporting agencies to assist in determining what events occurred during the reporting period than the Company does for large events. This includes reviewing catastrophe bulletins published by Property Claim Services for U.S. catastrophes. The Company sets its initial estimates of reserves for claims and claim expenses for these smaller events based on a combination of its historical market share for these types of losses and the estimate of the total insured industry property losses as reported by statistical reporting agencies, although management may make significant adjustments based on the Company’s current exposure to the geographic region involved as well as the size of the loss and the peril involved. In some instances, the Company also considers standard actuarial techniques for smaller events. This approach supplements the Company’s approach for estimating losses for larger catastrophes, which as discussed above, includes discussions with brokers and ceding companies and reviewing individual contracts impacted by the event. For these small events, where the Company is not using standard actuarial techniques to set the reserves, in the first quarter of the year after the event has passed its first year anniversary of when the event occurred, the Company will typically estimate IBNR for these events by using the reported Bornhuetter-Ferguson actuarial method, a standard actuarial technique. The loss development factors for the reported Bornhuetter-Ferguson actuarial method are selected based on a review of the Company’s historical experience. The reported loss development factors are typically reviewed annually.

In general, reserves for the Company’s more recent large losses are subject to greater uncertainty and, therefore, greater potential variability, and are likely to experience material changes from one period to the next. This is due to the uncertainty as to the size of the industry losses, uncertainty as to which contracts have been exposed, uncertainty due to complex legal and coverage issues that can arise out of large or complex losses, and uncertainty as to the magnitude of claims incurred by the Company’s customers. As the Company’s claims age, more information becomes available and the Company believes its estimates become more certain.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 7. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont’d.

The following table details the Company’s Property segment incurred claims and claim expenses and cumulative paid claims and claim expenses as of December 31, 2023, net of reinsurance, as well as IBNR and ACR included within the net incurred claims amounts.

Incurred claims and claim expenses, net of reinsurance											
For the year ended December 31,											At December 31, 2023
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	IBNR and ACR
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
<b>2014</b>	\$ 42,578	\$ 38,764	\$ 38,128	\$ 37,570	\$ 38,922	\$ 39,354	\$ 38,109	\$ 38,492	\$ 38,313	\$ 37,908	\$ —
<b>2015</b>	—	36,638	36,698	35,313	42,415	42,908	41,230	43,375	43,458	38,930	68
<b>2016</b>	—	—	30,302	24,398	24,918	29,760	28,457	27,519	27,068	23,694	1,416
<b>2017</b>	—	—	—	104,360	77,798	74,584	82,992	82,170	81,839	88,227	5,159
<b>2018</b>	—	—	—	—	121,896	145,506	142,777	123,480	125,417	129,759	6,282
<b>2019</b>	—	—	—	—	—	162,040	169,085	167,929	169,962	174,007	3,870
<b>2020</b>	—	—	—	—	—	—	280,544	276,318	280,169	282,837	13,240
<b>2021</b>	—	—	—	—	—	—	—	380,134	366,457	371,198	3,981
<b>2022</b>	—	—	—	—	—	—	—	—	484,233	488,163	68,320
<b>2023</b>	—	—	—	—	—	—	—	—	—	434,945	257,305
<b>Total</b>										<u>\$ 2,069,668</u>	<u>\$ 359,641</u>
Cumulative paid claims and claim expenses, net of reinsurance											
For the year ended December 31,											
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
<b>2014</b>	\$ 19,091	\$ 28,188	\$ 33,092	\$ 34,764	\$ 35,596	\$ 36,413	\$ 36,242	\$ 36,908	\$ 36,995	\$ 37,359	
<b>2015</b>	—	17,585	28,070	31,409	34,183	35,538	34,185	37,229	37,267	37,645	
<b>2016</b>	—	—	12,357	14,911	12,309	13,812	16,694	17,633	16,830	17,395	
<b>2017</b>	—	—	—	46,496	49,508	64,396	74,098	74,534	79,208	82,383	
<b>2018</b>	—	—	—	—	28,053	73,936	101,942	108,015	119,913	116,688	
<b>2019</b>	—	—	—	—	—	49,507	108,560	134,486	149,252	161,545	
<b>2020</b>	—	—	—	—	—	—	88,089	178,798	219,906	243,247	
<b>2021</b>	—	—	—	—	—	—	—	86,230	232,025	302,961	
<b>2022</b>	—	—	—	—	—	—	—	—	80,981	285,284	
<b>2023</b>	—	—	—	—	—	—	—	—	—	109,098	
<b>Total</b>										\$ 1,393,605	
											Outstanding liabilities from accident year 2013 and prior, net of reinsurance
											126
											Adjustment for unallocated loss adjustment expenses
											3,348
											Unamortized fair value adjustments recorded in connection with an acquisition
											23
											Liability for claims and claim expenses, net of reinsurance
											<u>679,560</u>

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 7. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont’d.

*Casualty and Specialty Segment*

The Company offers its casualty and specialty reinsurance products principally on a proportional basis, and it also provides excess of loss coverage. The Company offers casualty and specialty reinsurance products to insurance and reinsurance companies and provides coverage for specific geographic regions or on a worldwide basis. Principally all of the business is reinsurance, although the Company also writes insurance business.

As with the Company’s Property segment, its Casualty and Specialty segment reinsurance contracts can include coverage for relatively large limits or exposures. As a result, the Company’s casualty and specialty reinsurance business can be subject to significant claims volatility. In periods of low claims frequency or severity, the Company’s results will generally be favorably impacted while in periods of high claims frequency or severity the Company’s results will generally be negatively impacted.

The Company’s processes and methodologies in respect of loss estimation for the coverages offered through its Casualty and Specialty segment differ from those used for its Property segment. For example, the Company’s casualty and specialty coverages are more likely to be impacted by factors such as long-term inflation and changes in the social and legal environment, which the Company believes gives rise to greater uncertainty in its reserves for claims and claim expenses. Moreover, in certain lines of business the Company does not have the benefit of a significant amount of its own historical experience and may have little related corporate reserving history in many of its newer or growing lines of business. The Company believes this makes its Casualty and Specialty segment reserving subject to greater uncertainty than its Property segment.

The Company calculates multiple point estimates for claims and claim expense reserves using a variety of actuarial reserving techniques for many, but not all, of its classes of business for each underwriting year within the Casualty and Specialty segment. The Company does not believe that these multiple point estimates are, or should be considered, a range. Rather, the Company considers each class of business and determines the most appropriate point estimate for each underwriting year based on the characteristics of the particular class including: (1) loss development patterns derived from historical data; (2) the credibility of the selected loss development pattern; (3) the stability of the loss development patterns; (4) how developed the underwriting year is; and (5) the observed loss development of other underwriting years for the same class. The Company also considers other relevant factors, including: (1) historical ultimate loss ratios; (2) the presence of individual large losses; and (3) known occurrences that have not yet resulted in reported losses. The Company makes determinations of the most appropriate point estimate of loss for each class based on an evaluation of relevant information and does not ascribe any particular portion of the estimate to a particular factor or consideration. In addition, the Company believes that a review of individual contract information improves the loss estimates for some classes of business.

When developing claims and claims expense reserves for its Casualty and Specialty segment, the Company considers several actuarial techniques such as the expected loss ratio method, the Bornhuetter-Ferguson actuarial method and the paid and reported chain ladder actuarial method.

For classes of business and underwriting years where the Company has limited historical claims experience, estimates of ultimate losses are generally initially determined based on the loss ratio method applied to each underwriting year and to each class of business. Unless the Company has credible claims experience or unfavorable development, it generally selects an ultimate loss based on its initial expected loss ratio. The selected ultimate losses are determined by multiplying the initial expected loss ratio by the earned premium. The initial expected loss ratios are key inputs that involve management judgment and are based on a variety of factors, including: (1) contract by contract expected loss ratios developed during

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 7. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont’d.

the Company’s pricing process; (2) historical loss ratios and combined ratios adjusted for rate change and trend; and (3) industry benchmarks for similar business. These judgments take into account management’s view of past, current and future factors that may influence ultimate losses, including: (1) market conditions; (2) changes in the business underwritten; (3) changes in timing of the emergence of claims; and (4) other factors that may influence ultimate loss ratios and losses.

The determination of when reported losses are sufficient and credible to warrant selection of an ultimate loss ratio different from the initial expected loss ratio also requires judgment. The Company generally makes adjustments for reported loss experience indicating unfavorable variances from initial expected loss ratios sooner than reported loss experience indicating favorable variances. This is because the reporting of losses in excess of expectations tends to have greater credibility than an absence or lower than expected level of reported losses. Over time, as a greater number of claims are reported and the credibility of reported losses improves, actuarial estimates of IBNR are typically based on the Bornhuetter-Ferguson actuarial method or the reported chain ladder actuarial method.

The Bornhuetter-Ferguson actuarial method allows for greater weight to be applied to expected results in periods where little or no actual experience is available, and, hence, is less susceptible to the potential pitfall of being excessively swayed by experience of actual paid and/or reported loss data, compared to the chain ladder actuarial method. The Bornhuetter-Ferguson actuarial method uses the initial expected loss ratio to estimate IBNR, and it assumes that past experience is not fully representative of the future. As the Company’s reserves for claims and claim expenses age, and actual claims experience becomes available, this method places less weight on expected experience and places more weight on actual experience. This experience, which represents the difference between expected reported claims and actual reported claims, is reflected in the respective reporting period as a change in estimate. The utilization of the Bornhuetter-Ferguson actuarial method requires the Company to estimate an expected ultimate claims and claim expense ratio and select an expected loss reporting pattern. The Company selects its estimates of the expected ultimate claims and claim expense ratios as described above and selects its expected loss reporting patterns by utilizing actuarial analysis, including management’s judgment, and historical patterns of paid losses and reporting of case reserves to the Company, as well as industry loss development patterns. The estimated expected claims and claim expense ratio may be modified to the extent that reported losses at a given point in time differ from what would be expected based on the selected loss reporting pattern.

The reported chain ladder actuarial method utilizes actual reported losses and a loss development pattern to determine an estimate of ultimate losses that is independent of the initial expected ultimate loss ratio and earned premium. The Company believes this technique is most appropriate when there are a large number of reported losses with significant statistical credibility and a relatively stable loss development pattern. Information that may cause future loss development patterns to differ from historical loss development patterns is considered and reflected in the Company’s selected loss development patterns as appropriate. For certain reinsurance contracts, historical loss development patterns may be developed from ceding company data or other sources.

In addition, certain specialty coverages may be impacted by natural and man-made catastrophes. The Company estimates reserves for claim and claim expenses for these losses, following a process that is similar to its Property segment described above.



**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 7. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont’d.

The following table details the Company’s Casualty and Specialty segment incurred claims and claim expenses and cumulative paid claims and claim expenses as of December 31, 2023, net of reinsurance, as well as IBNR and ACR included within the net incurred claims amounts.

Incurred claims and claim expenses, net of reinsurance											
Accident Year	For the year ended December 31,										At December 31, 2023
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	IBNR and ACR
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
<b>2014</b>	\$ 213,203	\$ 216,425	\$ 208,510	\$ 187,816	\$ 179,263	\$ 175,281	\$ 166,398	\$ 161,983	\$ 166,954	\$ 168,866	\$ 12,193
<b>2015</b>	—	196,076	213,074	209,048	195,316	195,722	203,100	206,072	206,770	211,228	22,506
<b>2016</b>	—	—	157,123	154,843	162,066	158,760	148,771	154,305	153,737	156,226	7,609
<b>2017</b>	—	—	—	178,421	176,774	170,041	170,971	181,515	191,407	200,660	10,637
<b>2018</b>	—	—	—	—	305,719	298,388	310,240	329,646	341,878	371,025	50,281
<b>2019</b>	—	—	—	—	—	363,058	347,347	348,383	350,489	382,520	79,942
<b>2020</b>	—	—	—	—	—	—	605,585	599,221	583,297	575,037	242,680
<b>2021</b>	—	—	—	—	—	—	—	869,156	859,397	831,876	494,336
<b>2022</b>	—	—	—	—	—	—	—	—	1,040,461	1,008,163	784,254
<b>2023</b>	—	—	—	—	—	—	—	—	—	988,981	893,802
<b>Total</b>										\$ 4,894,582	\$ 2,598,240
Cumulative paid claims and claim expenses, net of reinsurance											
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
<b>2014</b>	\$ 40,387	\$ 65,425	\$ 88,187	\$ 105,781	\$ 123,026	\$ 133,121	\$ 139,156	\$ 139,243	\$ 144,235	\$ 146,502	
<b>2015</b>	—	27,012	60,593	92,650	117,585	139,457	157,683	165,434	171,149	174,898	
<b>2016</b>	—	—	18,909	41,275	68,385	97,824	102,925	113,629	122,101	133,773	
<b>2017</b>	—	—	—	14,798	35,414	63,980	79,297	101,955	140,466	161,806	
<b>2018</b>	—	—	—	—	14,445	52,121	97,752	137,988	192,676	249,206	
<b>2019</b>	—	—	—	—	—	28,010	69,061	106,937	160,109	224,650	
<b>2020</b>	—	—	—	—	—	—	30,910	114,296	168,720	249,128	
<b>2021</b>	—	—	—	—	—	—	—	49,694	136,906	232,545	
<b>2022</b>	—	—	—	—	—	—	—	—	40,909	130,829	
<b>2023</b>	—	—	—	—	—	—	—	—	—	43,176	
<b>Total</b>										\$ 1,746,513	
											89,876
											7,756
											32,696
											586
											3,278,983

(1) During 2019, RenaissanceRe Europe, US Branch, a related party whose ultimate parent is RenaissanceRe, transferred its U.S. casualty portfolio to Renaissance Reinsurance U.S. through a loss portfolio transfer retrocession agreement. See “Note 8. Related Party Transactions and Major Customers” for information related to loss portfolio transfer retrocession agreement.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 7. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont’d.

Prior Year Development of the Reserve for Net Claims and Claim Expenses

The Company’s estimates of claims and claim expense reserves are not precise in that, among other things, they are based on predictions of future developments and estimates of future trends and other variable factors. Some, but not all, of the Company’s reserves are further subject to the uncertainty inherent in actuarial methodologies and estimates. Because a reserve estimate is simply an insurer’s estimate at a point in time of its ultimate liability, and because there are numerous factors that affect reserves and claims payments that cannot be determined with certainty in advance, the Company’s ultimate payments will vary, perhaps materially, from its estimates of reserves. If the Company determines in a subsequent period that adjustments to its previously established reserves are appropriate, such adjustments are recorded in the period in which they are identified. On a net basis, the Company’s cumulative favorable or unfavorable development is generally reduced by offsetting changes in its reinsurance recoverable, as well as changes to loss related premiums such as reinstatement premiums, all of which generally move in the opposite direction to changes in the Company’s ultimate claims and claim expenses.

The following table details the Company’s prior year net development by segment of its net unpaid claims and claim expenses:

<u>Year ended December 31,</u>	<u>2023</u>	<u>2022</u>
	(Favorable) adverse development	(Favorable) adverse development
Property	\$ 15,095	\$ (7,533)
Casualty and Specialty	11,804	14,070
Total net (favorable) adverse development of prior accident years net claims and claim expenses	<u>\$ 26,899</u>	<u>\$ 6,537</u>

Changes to prior year estimated claims and claim expenses decreased the Company’s net income by \$26.9 million during 2023 (2022 - decreased the Company’s net income by \$6.5 million), excluding the consideration of changes in reinstatement, adjustment or other premium items, profit commissions and income tax.

The net adverse development on prior accident years net claims and claim expenses of \$26.9 million for 2023 was primarily driven by the application of the Company’s actuarial reserving methodology with attritional net claims and claim expenses reported coming in higher than expected on prior accident years events in the Casualty and Specialty segment, partially offset by favorable development of net claims and claim expenses in the Property segment.

The net adverse development on prior accident years net claims and claim expenses of \$6.5 million for 2022 was primarily driven by the application of the Company’s actuarial reserving methodology with attritional net claims and claim expenses reported coming in higher than expected on prior accident years events in the Casualty and Specialty segment, partially offset by favorable development of net claims and claim expenses in the Property segment.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 7. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont’d.

Reconciliation of the Disclosure of Incurred and Paid Claims Development to the Reserve for Claims and Claim Expenses

The reconciliation of the net incurred and paid claims development tables to the reserve for claims and claim expenses in the consolidated balance sheet is as follows:

<u>At December 31, 2023</u>	
<u>Net reserve for claims and claim expenses</u>	
Property	\$ 679,560
Casualty and Specialty	3,278,983
Total net reserve for claims and claim expenses	<u>3,958,543</u>
<u>Reinsurance recoverable</u>	
Property	115,362
Casualty and Specialty	1,167,976
Total reinsurance recoverable	<u>1,283,338</u>
Total gross reserve for claims and claim expenses	<u><u>\$ 5,241,881</u></u>

Historical Claims Duration

The following is unaudited supplementary information about average historical claims duration by segment:

<u>At December 31, 2023</u>	<u>Average annual percentage payout of incurred claims by age, net of reinsurance (number of years)</u>									
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>
Property	26.0 %	34.9 %	16.3 %	7.7 %	6.0 %	0.6 %	2.8 %	1.3 %	0.6 %	1.0 %
Casualty and Specialty	6.3 %	11.3 %	11.9 %	12.6 %	12.5 %	12.1 %	5.9 %	3.3 %	2.3 %	1.3 %

Claims Frequency

Both of the Company’s reportable segments are broadly considered to be reinsurance, where multiple claims are often aggregated, perhaps multiple times through retrocessional reinsurance, before ultimately being ceded to the Company. The nature, size, terms and conditions of contracts entered into by the Company changes from one accident year to the next, as do the quantum of contractual or policy limits, and accordingly the potential amount of claims and claim expenses associated with a reported claim, can range from nominal, to significant. These factors can impact the amount and timing of the claims and claim expenses to be recorded and accordingly, developing claim frequency information is highly subjective and is not prepared or utilized for internal purposes. In recent years, the Company has grown its Casualty and Specialty segment where a significant amount of the premium and net reserves come from proportional contracts. The Company does not have direct access to claim frequency information underlying certain of its proportional contracts given the nature of that business.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

**NOTE 8. RELATED PARTY TRANSACTIONS AND MAJOR CUSTOMERS**

Amounts due to and from affiliates are non-interest bearing and payable on demand, or in accordance with the contractual terms of reinsurance-related transactions.

Guarantees and Capital Agreements

Effective July 1, 2015, each of RenaissanceRe Specialty U.S. and Renaissance Reinsurance U.S. entered into an amended net worth maintenance agreement with RenaissanceRe, whereby capital support of up to \$1.0 billion is available from RenaissanceRe. The capital support from RenaissanceRe maintains total shareholder’s equity of RenaissanceRe Specialty U.S. and Renaissance Reinsurance U.S. equal to \$500.0 million and \$400.0 million, respectively, and under no circumstances shall RenaissanceRe be obligated to contribute in excess of \$1.0 billion in the aggregate under the amended net worth maintenance agreement. All other terms and conditions of the original net worth maintenance agreement remain unchanged. The full \$1.0 billion remained available under the amended net worth maintenance agreement at December 31, 2023.

Reinsurance-Related Transactions

The Company had entered into various reinsurance agreements with Renaissance Reinsurance, which is a wholly-owned subsidiary of RenaissanceRe, under which the Company cedes a portion of its business to Renaissance Reinsurance. The reinsurance agreements consisted of both quota share and excess-of-loss arrangements, and primarily covered business underwritten by the Company between 2015 and 2023. During 2023, ceded premiums written pursuant to these agreements were \$3.2 million (2022 - \$13.6 million), ceded premiums earned and claims and claim expenses incurred were \$6.5 million and \$1.6 million, respectively (2022 - \$13.6 million and \$34.5 million recovered, respectively). At December 31, 2023, outstanding reinsurance loss recoverables under these agreements were \$127.4 million (2022 - \$154.9 million), prepaid reinsurance premiums were \$0.6 million (2022 - \$4.0 million) and net reinsurance balances receivable were \$3.5 million (2022 - \$33.3 million).

Effective January 1, 2021, RenaissanceRe Specialty U.S. entered into a reinsurance agreement to assume a portion of business from RenaissanceRe Europe AG, UK Branch, a branch of RenaissanceRe Europe AG (“RenaissanceRe Europe”), which is a wholly-owned subsidiary of RenaissanceRe. This agreement was not renewed in 2022. During 2023, assumed premiums written under this agreement were \$0.1 million (2022 - \$0.1 million) and assumed premiums earned and net claims and claim expenses recovered were \$0.1 million and \$3.8 million, respectively (2022 - \$0.1 million and \$11.7 million, respectively). At December 31, 2023, net reinsurance balances receivable under this agreement were \$48 thousand (2022 - \$2.0 thousand, payable), and outstanding recoverable for reserve for claims and claim expenses under this agreement were \$7.2 million (2022 - \$0.4 million).

Effective January 1, 2021, RenaissanceRe Specialty U.S. entered into a reinsurance agreement to cede a portion of its business to DaVinci Reinsurance Ltd. (“DaVinci”), a wholly-owned subsidiary of DaVinciRe Holdings Ltd., which is a minority-owned but controlled subsidiary of Renaissance Other Investments Holdings Ltd., which is a wholly-owned subsidiary of RenaissanceRe. During 2023, ceded premiums written under this agreement were \$4.8 million (2022 - \$20.5 million), ceded premiums earned were \$5.4 million (2022 - \$20.0 million), and net claims and claims expenses incurred were \$8.2 million (2022 - \$37.9 million recovered). At December 31, 2023, prepaid reinsurance premiums were \$1.0 million (2022 - \$1.6 million), net reinsurance balances payable were \$12.4 million (2022 - \$7.6 million), and reinsurance loss recoverable balances were \$29.7 million (2022 - \$37.9 million).

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 8. RELATED PARTY TRANSACTIONS AND MAJOR CUSTOMERS, cont'd.

Effective January 1, 2021, Renaissance Reinsurance U.S and RenaissanceRe Europe AG, entered into a quota share retrocession agreement pursuant to which Renaissance Reinsurance U.S retrocedes to RenaissanceRe Europe AG, net of unaffiliated retrocessional arrangements, a 10% quota share of casualty business underwritten by Renaissance Reinsurance U.S. During 2023, ceded premiums written under this agreement were \$124.6 million (2022- \$143.8 million), ceded premiums earned were \$125.0 million (2022- \$126.0 million) and net claims and claim expenses recovered was \$82.3 million (2022 - \$80.8 million). At December 31, 2023, outstanding reinsurance balances payable under this agreement were \$110.0 million (2022 - \$111.1 million), reinsurance loss recoverable balances were \$178.9 million (2022 - \$107.6 million) and prepaid reinsurance premiums receivable were \$65.2 million (2022 - \$65.6 million).

Effective January 1, 2022, RenaissanceRe Specialty U.S. Ltd and Subsidiary entered into a combined casualty and specialty quota share reinsurance agreement to cede a portion of its business to Fontana Re U.S. (“Fontana”). During 2023, ceded premiums written under this agreement were \$313.9 million (2022 - \$184.8 million), ceded premiums earned were \$248.7 million (2022 - \$85.5 million) and net claims and claim expenses recovered were \$163.8 million (2022 - \$56.4 million). At December 31, 2023, outstanding reinsurance balances payable under this agreement were \$231.9 million (2022 - \$135.9 million), reinsurance balance recoverable were \$212.4 million (2022 - \$56.2 million) and prepaid reinsurance premiums receivable were \$164.5 million (2022 - \$99.3 million).

Effective October 1, 2019, Renaissance Reinsurance U.S. entered into a loss portfolio transfer retrocession agreement (the “LPT Retrocession Agreement”), with an affiliate, RenaissanceRe Europe, US Branch, with respect to all casualty business written by RenaissanceRe Europe, US Branch prior to the effective date of the LPT Retrocession Agreement. Pursuant to the LPT Retrocession Agreement, RenaissanceRe Europe, US Branch retrocedes to Renaissance Reinsurance U.S. 100% of its reserves, including unearned premium and reserve for claims and claim expenses for the related casualty reinsurance contracts. Renaissance Reinsurance U.S. pays a ceding commission equal to the actual acquisition expenses paid or incurred by RenaissanceRe Europe, US Branch on unearned premium for the related casualty reinsurance contracts plus a percentage of the unearned premium ceded to Renaissance Reinsurance U.S. under the LPT Retrocession Agreement. The LPT Retrocession Agreement is accounted for under FASB ASC Topic *Financial Services - Insurance* in accordance with retroactive reinsurance accounting principles. During 2023, the Company recorded net expenses of \$8.8 million on the LPT Retrocession Agreement, which is included in other income (loss) (2022 - \$12.1 million, income). At December 31, 2023, reinsurance balances receivable associated with this loss portfolio transfer retrocession agreement were \$13.4 million and outstanding reserves for claims and claim expenses assumed under this agreement were \$7.8 million (2022 - \$21.4 million and \$157.4 million, respectively).

Effective September 19, 2013, RenaissanceRe Specialty U.S. entered into an agency agreement with RenaissanceRe Underwriting Managers U.S. LLC (“RUMUS”) whereby RUMUS is authorized to bind reinsurance on behalf of the Company. The Company reimburses RUMUS for costs and expenses incurred in connection with this agency agreement. During 2023, fees incurred under this agency agreement were \$18 thousand (2022 - \$12 thousand).

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

**NOTE 8. RELATED PARTY TRANSACTIONS AND MAJOR CUSTOMERS, cont’d.**

Effective January 1, 2023, Renaissance Reinsurance U.S. entered into a binding authority agreement with an affiliate, RenaissanceRe Syndicate 1458 under which Renaissance Reinsurance U.S. is permitted to bind certain insurance business on the behalf of RenaissanceRe Syndicate 1458. Authorized classes of business include property, casualty and specialty lines. During 2023, Renaissance Reinsurance U.S. received fee income of \$0.1 million in connection with this agreement. Renaissance Reinsurance U.S. also received \$0.6 million reimbursement for administrative expenses to support the business written through this agreement.

Subsidiaries of the Company’s ultimate parent have entered into equity investments in the Tower Hill Companies, which are accounted for under the equity method of accounting. See “Note 3. Investments” for additional information regarding the Tower Hill Companies. As a result, the Tower Hill Companies are considered related parties of the Company. The Company has entered into reinsurance agreements with certain subsidiaries and affiliates of the Tower Hill Companies and has also entered into reinsurance agreements with respect to business produced by the Tower Hill Companies. During 2023, the Company recorded \$6.3 million (2022 - \$34.7 million of ceded premiums written) of assumed premiums written from the Tower Hill Companies and certain of its subsidiaries and affiliates. Total premiums assumed were \$7.6 million (2022 - \$32.8 million) and acquisition expenses recovered were \$1.8 million (2022 - \$8.3 million) related to these contracts. During 2023, the Company recovered net claims and claim expenses of \$3.9 million (2022 - \$16.5 million) and, as of December 31, 2023, had a net reserve for claims and claim expenses assumed of \$13.0 million (2022 - \$21.4 million). The Company had a net related outstanding payable balance of \$2.4 million as of December 31, 2023 (2022 - \$10.6 million, receivable).

On November 1, 2023, RenaissanceRe completed its acquisition (the “Validus Acquisition”) of Validus Holdings, Ltd. (“Validus Holdings”), Validus Specialty, LLC (“Validus Specialty”) and the renewal rights, records and customer relationships of the assumed treaty reinsurance business of Talbot Underwriting Limited from subsidiaries of American International Group, Inc.. Validus Holdings, Validus Specialty, and their respective subsidiaries collectively are referred to herein as “Validus.” Also in connection with the Validus Acquisition, RenaissanceRe acquired AlphaCat Managers Ltd. (“AlphaCat Managers”), which manages third-party capital in various forms, including through closed-end and open-end Bermuda mutual funds and one managed account (collectively, the “AlphaCat Funds”), which currently generate fee income. The AlphaCat Funds are primarily funded by third-party capital investors and controlled by external boards unaffiliated with the Company. The AlphaCat Funds are invested in various risk-linked instruments through variable funding notes issued by AlphaCat Reinsurance Ltd. (“AlphaCat Re”), AlphaCat Master Fund Ltd. and OmegaCat Reinsurance Ltd., which give investors access to a range of property catastrophe risks. As a result of the Validus Acquisition, the impact of the Company’s reinsurance agreements with Validus Reinsurance Ltd. and AlphaCat Re from the acquisition date, November 1, 2023, through December 31, 2023 are considered related party transactions. During the period from November 1, 2023 through December 31, 2023, net claims and claims expenses recovered were \$0.1 million. At December 31, 2023, losses recoverable under these agreements were \$14.2 million, prepaid reinsurance premiums for these agreements were \$Nil and reinsurance balance receivable were \$1.6 million.

Other Items

Under the terms of various administration agreements, the Company reimbursed RenaissanceRe Services Ltd. and RenRe North America Employee Services Inc. for administrative services, office lease, investment and certain employee benefit plans on the basis of directly identifiable costs plus an allocation of other expenses. During 2023, net allocated costs and expenses to the Company under these administration agreements were \$53.5 million and \$49.8 million, respectively (2022 - \$38.9 million and \$38.9 million, respectively).

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 8. RELATED PARTY TRANSACTIONS AND MAJOR CUSTOMERS, cont’d.

Major Customers

During 2023, the Company received 87.6% (2022 - 81.6%) of its gross premiums written from three reinsurance brokers. Subsidiaries and affiliates of Marsh & McLennan Companies, Inc., Aon plc, and Arthur J. Gallagher accounted for approximately 49.4%, 26.1% and 12.1%, respectively, of the Company’s gross premiums written in 2023 (2022 - 49.3%, 22.0% and 10.3%, respectively).

NOTE 9. SHAREHOLDER’S EQUITY

During 2023, the Company returned additional paid-in capital to its parent, RenaissanceRe Finance, of \$150.0 million which was settled in cash during the year.

During 2023, the Company received a capital contribution from its parent, RenaissanceRe Finance of \$100.0 million. This contribution is included in receivable from affiliates and was settled in cash subsequent to December 2023. See Note 14 Subsequent Events for further details on settlement.

Also during 2022, the Company returned additional paid-in capital to its parent, RenaissanceRe Finance, of \$50.0 million which was settled in cash during the year.

NOTE 10. TAXATION

As discussed in "Note 1. Organization", RenaissanceRe Specialty U.S., a Bermuda-domiciled reinsurer, has elected, pursuant to §953(d) of the Code, to operate subject to U.S. federal income tax. Under current Bermuda law, RenaissanceRe Specialty U.S. is not subject to any income or capital gains taxes in Bermuda. On December 27, 2023, the Corporate Income Tax Act 2023 (the “Act”) was signed into law and will apply a 15% corporate income tax to certain Bermuda businesses which are considered Bermuda Constituent Entities as defined in section 9 of the Act beginning in fiscal years that start on or after January 1, 2025. RenaissanceRe Specialty U.S. is considered a Bermuda Constituent Entity pursuant to the Act and, therefore, is expected to become subject to the 15% Bermuda corporate income tax beginning in 2025. Under the Act, a credit is allowable for certain creditable foreign taxes, including foreign income taxes.

Renaissance Reinsurance U.S. is a U.S. reinsurance company domiciled in the state of Maryland. Both entities will file as members of the RenaissanceRe Finance and subsidiaries consolidated income tax return for the year ended December 31, 2023. Under this agreement, federal income taxes are charged to operations based upon amounts estimated to be payable as a result of separate company tax return calculations. In the event that the sum of payments from all members of the RenaissanceRe Finance consolidated tax group exceeds the consolidated tax liability for any tax period as a result of any losses or tax credits of one or more member, RenaissanceRe Finance shall pay to each member having the losses or credits, its allowable portion of such excess. Intercompany tax payments of \$1.8 million were made during 2023 (2022 - payments of \$18.2 million).

Income tax expense is comprised as follows:

<b>Year ended December 31, 2023</b>	<b>Current</b>	<b>Deferred</b>	<b>Total</b>
Total income tax (expense) benefit	\$ (22,785)	\$ (16,736)	\$ (39,521)
<b>Year ended December 31, 2022</b>			
Total income tax (expense) benefit	\$ 46	\$ 50,075	\$ 50,121

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 10. TAXATION, cont’d.

The Company’s expected income tax provision has been calculated as the pre-tax income multiplied by the U.S. federal corporate statutory tax rate of 21%. A reconciliation of the difference between the provision for income taxes and the expected tax provision is as follows:

<u>Year ended December 31,</u>	<u>2023</u>	<u>2022</u>
Expected income tax (expense) benefit	\$ (66,599)	\$ 60,567
Tax exempt income	405	932
Amortization of intangibles	5,460	5,460
Change in valuation allowance	18,944	(18,944)
Other	2,269	2,106
Income tax (expense) benefit	<u>\$ (39,521)</u>	<u>\$ 50,121</u>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

<u>Year ended December 31,</u>	<u>2023</u>	<u>2022</u>
Deferred tax assets		
Reserve for claims and claim expenses	\$ 59,088	\$ 54,828
Tax loss carryforward	—	17,959
Unearned premiums	37,266	39,255
Investments	39,167	64,063
Accrued expenses	338	175
	<u>135,859</u>	<u>176,280</u>
Deferred tax liabilities		
Investments	—	—
Deferred acquisition expenses	(48,610)	(53,045)
Amortization and depreciation	(1,789)	(2,095)
	<u>(50,399)</u>	<u>(55,140)</u>
Net deferred tax asset before valuation allowance	85,460	121,140
Valuation allowance	—	(18,944)
Net deferred tax asset	<u>\$ 85,460</u>	<u>\$ 102,196</u>

The Company’s deferred tax asset relates primarily to GAAP versus tax basis accounting differences related to insurance adjustments, intangible assets, investments and accrued expenses, along with capital loss carryforwards. The Company’s valuation allowance assessment is based on all available information including projections of future GAAP taxable income.

The Company has net operating loss carryforwards of \$Nil at December 31, 2023 (2022 - \$85.5 million). The Company has capital loss carryforwards of \$70.9 million that expire in 2028. The Company has unrealized investment losses of \$121.3 million (2022 - \$302.8 million). These unrealized investment losses do not expire. However, if realized, these losses may only offset realized capital gains and would expire, if unused, at the end of the fifth taxable year following their realization. During 2023, the Company recorded a net decrease to the valuation allowance of \$18.9 million (2022 - increase \$18.9 million).



**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 10. TAXATION, cont’d.

The Company has unrecognized tax benefits of \$Nil as of December 31, 2023 and 2022. Interest and penalties related to unrecognized tax benefits, would be recognized in income tax expense. At December 31, 2023 and 2022, interest and penalties accrued on unrecognized tax benefits was \$Nil.

Income tax returns filed for tax years 2020 through 2022 are open for examination by the Internal Revenue Service. The Company does not expect the resolution of these open years to have a significant impact on its results from operations and financial condition.

NOTE 11. STATUTORY REQUIREMENTS

RenaissanceRe Specialty U.S. and Renaissance Reinsurance U.S. (re)insurance operations are subject to insurance laws and regulations in the jurisdictions in which they operate, the most significant of which currently include Bermuda, Switzerland, the U.K. and the U.S. These regulations include certain restrictions on the amount of dividends or other distributions, such as loans or cash advances, available to shareholders without prior approval of the respective regulatory authorities.

The Insurance Act, as defined below, requires that the Company’s statutory assets exceed its statutory liabilities by an amount equal to or greater than the prescribed minimum solvency margin (“MSM”). The MSM is the greater of (i) \$1.0 million, (ii) 20% of the first \$6.0 million of net premiums written; if in excess of \$6.0 million, the figure is \$1.2 million plus 15% of net premiums written in excess of \$6.0 million, (iii) 15% of net aggregate loss and loss expense provisions and other insurance reserves, or (iv) 25% of the insurer’s Enhanced Capital Requirement (“ECR”). The ECR is calculated by reference to the Bermuda Solvency Capital Requirement (“BSCR”) model.

In addition, the Company is required to maintain available statutory economic capital and surplus at a level to meet it’s ECR. The BMA has also established a target capital level equal to 120% of the applicable ECR, which is not a required level of capital, but serves as an early warning tool to the BMA. The Company is currently completing its 2023 BSCR, which must be filed with the BMA on or before April 30, 2024, and at this time, the Company believes it will exceed the target capital level. The Company’s 2022 BSCR was filed with the BMA on April 28, 2023 with a BSCR ratio of 161%.

The statutory capital and surplus, required minimum statutory capital and surplus and unrestricted net assets of the Company are detailed below:

<b>At December 31,</b>	<b>RenaissanceRe Specialty U.S. (Bermuda) (1)</b>		<b>Renaissance Reinsurance U.S. (United States)</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Statutory capital and surplus	\$ 1,736,892	\$ 1,513,095	\$ 1,044,010	\$ 1,078,042
Required statutory capital and surplus	\$ 337,461	\$ 324,983	\$ 794,061	\$ 830,123

(1) RenaissanceRe Specialty U.S.’s capital and surplus is based on its statutory financial statements and required statutory capital and surplus is based on the minimum solvency margin.

The difference between statutory financial statements and statements prepared in accordance with GAAP varies by jurisdiction; however, the primary difference is that for the Company’s regulated entities the statutory financial statements generally do not recognize goodwill and intangible assets or deferred acquisition costs. Also, in the U.S., fixed maturity investments are generally recorded at amortized cost and deferred income tax is charged directly to equity.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 11. STATUTORY REQUIREMENTS, cont’d.

RenaissanceRe Specialty U.S.

RenaissanceRe Specialty U.S. is registered as a Class 3B general business insurer under the Insurance Act 1978, amendments thereto and related regulations of Bermuda (collectively, the “Insurance Act”). Class 3B insurers are required to maintain available statutory economic capital and surplus at a level at least equal to their ECR and may be adjusted if the BMA concludes that the insurer’s risk profile deviates significantly from the assumptions underlying its ECR or the insurer’s assessment of its risk management policies and practices used to calculate the ECR. The BMA has established a target capital level which is set at 120% of the ECR.

Class 3B insurers are prohibited from declaring or paying any dividends if in breach of the required minimum solvency margin or minimum liquidity ratio, or if the declaration or payment of such dividend would cause the insurer to fail to meet the required minimum solvency margin or minimum liquidity ratio. Further, Class 3B insurers are prohibited from declaring or paying in any financial year dividends of more than 25% of total statutory capital and surplus unless the insurer file an affidavit with the BMA stating that it will continue to meet the required minimum solvency margin or minimum liquidity ratio. Class 3B insurers must obtain the BMA’s prior approval for a reduction by 15% or more of the total statutory capital as set forth in its previous year’s financial statements. These restrictions on declaring or paying dividends and distributions under the Insurance Act are in addition to the solvency requirements under the Companies Act 1981 which apply to all Bermuda companies.

Renaissance Reinsurance U.S.

Renaissance Reinsurance U.S. is required to meet certain minimum statutory capital and surplus requirements under Maryland law. Renaissance Reinsurance U.S. is also subject to risk-based capital (“RBC”) requirements under Maryland law, and must file an annual report of its RBC levels. If the report shows Renaissance Reinsurance U.S.’s statutory capital and surplus or total adjusted capital is below certain levels, Renaissance Reinsurance U.S. may be required to take certain corrective action or the Maryland Insurance Administration (“MIA”) may be permitted or required to take certain regulatory action.

Maryland law places limitations on the amounts of dividends or distributions payable by Renaissance Reinsurance U.S. At December 31, 2023, Renaissance Reinsurance U.S. had an ordinary dividend capacity of \$104.4 million which can be paid in 2024. Payment of ordinary dividends by Renaissance Reinsurance U.S. requires notice to the MIA. Declaration of an extraordinary dividend, which must be paid out of earned surplus, generally requires thirty days’ prior notice to and approval or non-disapproval of the MIA. An extraordinary dividend includes any dividend whose fair market value together with that of other dividends or distributions made within the preceding twelve months exceeds the lesser of (1) ten percent of the insurer’s surplus as regards policyholders as of December 31 of the preceding year or (2) the insurer’s net investment income, excluding realized capital gains (as determined under statutory accounting principles), for the twelve month period ending December 31 of the preceding year and pro rata distributions of any class of the insurer’s own securities, plus any amounts of net investment income (subject to the foregoing exclusions), in the three calendar years prior to the preceding year which have not been distributed.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

**NOTE 12. DERIVATIVE INSTRUMENTS**

From time to time, the Company may enter into derivative instruments such as futures, options, swaps, forward contracts and other derivative contracts primarily to manage its foreign currency exposure, obtain exposure to a particular financial market, for yield enhancement, or for trading and to assume risk. The Company’s derivative instruments can be exchange traded or over-the-counter, with over-the-counter derivatives generally traded under International Swaps and Derivatives Association master agreements, which establish the terms of the transactions entered into with the Company’s derivative counterparties. In the event a party becomes insolvent or otherwise defaults on its obligations, a master agreement generally permits the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions’ marked-to-market values so that a single sum in a single currency will be owed by, or owed to, the non-defaulting party. Effectively, this contractual close-out netting reduces credit exposure from gross to net exposure. Where the Company has entered into master netting agreements with counterparties, or the Company has the legal and contractual right to offset positions, the derivative positions are generally netted by counterparty and are reported accordingly in other assets and other liabilities.

The Company is not aware of the existence of any credit-risk related contingent features that it believes would be triggered in its derivative instruments that are in a net liability position at December 31, 2023.

The location and amount of the gain (loss) recognized in the Company’s consolidated statements of operations related to its principal derivative instruments are shown in the following table:

<u>Year ended December 31,</u>	<u>Location of (loss) gain recognized on derivatives</u>	<u>Amount of (loss) gain recognized on derivatives</u>	
		<u>2023</u>	<u>2022</u>
Interest rate futures (1)	Net realized and unrealized gains (losses) on investments	\$ (766)	\$ (1,545)

(1) Fixed income related derivatives included in net realized and unrealized gains (loss) on investment-related derivatives. See “Note 4. Investments” for additional information.

Interest Rate Derivatives

The Company uses interest rate futures and swaps within its portfolio of fixed maturity investments to manage its exposure to interest rate risk, which may result in increasing or decreasing its exposure to this risk.

*Interest Rate Futures*

The fair value of interest rate futures is determined using exchange traded prices. At December 31, 2023, the Company had \$31.5 million of notional long positions and \$2.5 million of notional short positions of primarily U.S. treasury bond futures contracts (2022 - \$42.3 million and \$1.3 million respectively, of primarily U.S. treasury futures contracts).

At December 31, 2023, the gross amounts of recognized derivative assets at fair value included in other assets was \$10.0 thousand (2022 - \$1 thousand). At December 31, 2023, the gross amounts of recognized derivative liabilities at fair value included in other liabilities was \$0.2 thousand (2022 - \$32 thousand).

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 13. COMMITMENTS AND CONTINGENCIES

Concentration of Credit Risk

Instruments which potentially subject the Company to concentration of credit risk consist principally of investments, cash and cash equivalents, premiums receivable and reinsurance balances. The Company limits the amount of credit exposure to any one financial institution and, except for the securities of the U.S. Government, none of the Company’s fixed maturity or short term investments exceeded 10% of shareholder’s equity at December 31, 2023. See “Note 6. Reinsurance” and “Note 7. Reserve for Claims and Claim Expenses” for information with respect to reinsurance recoverable.

Letters of Credit and Other Commitments

The outstanding amounts issued or drawn under each of the Company’s significant credit facilities is set forth below:

<u>At December 31, 2023</u>	<u>Issued or Drawn</u>
RenaissanceRe Revolving Credit Facility <sup>(1)</sup>	\$ —
Bilateral Letter of Credit Facilities	
Secured	143,001
Unsecured	40,071
	<u>\$ 183,072</u>

(1) At December 31, 2023, no amounts were issued or drawn under this facility.

*RenaissanceRe Revolving Credit Facility*

RenaissanceRe, the Company’s ultimate parent, and the Company, among other operating subsidiaries of RenaissanceRe, are parties to a third amended and restated credit agreement dated November 18, 2022 (the “Revolving Credit Agreement”) with various banks, financial institutions and Wells Fargo Bank, National Association (“Wells Fargo”) as administrative agent, which amended and restated a previous credit agreement. The Revolving Credit Agreement provides for a revolving commitment to RenaissanceRe of \$500.0 million, with a right, subject to satisfying certain conditions, to increase the size of the facility to \$700.0 million. Amounts borrowed under the Revolving Credit Agreement bear interest at a rate selected by RenaissanceRe equal to the Base Rate or Term SOFR (each as defined in the Revolving Credit Agreement) plus a margin. In addition to revolving loans, the Revolving Credit Agreement provides that the entire facility will also be available for the issuance of standby letters of credit, subject to the terms and conditions set forth therein, and swingline loans, which are capped at \$50.0 million for each of the swingline lenders. At December 31, 2023, RenaissanceRe had \$Nil of letters of credit outstanding under the Revolving Credit Agreement, of which \$Nil relates to the Company.

The Revolving Credit Agreement contains representations, warranties, covenants and certain financial covenants customary for bank loan facilities of this type, including limits on the ability of RenaissanceRe and its subsidiaries to merge, consolidate, sell a substantial amount of assets, incur liens and declare or pay dividends under certain circumstances. If certain events of default occur, in some circumstances the lenders’ obligations to make loans may be terminated and the outstanding obligations of RenaissanceRe under the Revolving Credit Agreement may be accelerated. The scheduled commitment maturity date of the Revolving Credit Agreement is November 18, 2027.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 13. COMMITMENTS AND CONTINGENCIES, cont'd.

Certain subsidiaries of RenaissanceRe guarantee its obligations under the Revolving Credit Agreement. Subject to certain exceptions, additional subsidiaries of RenaissanceRe are required to become guarantors if such subsidiaries issue or incur certain types of indebtedness.

*Bilateral Letter of Credit Facilities*

*Uncommitted, Secured Standby Letter of Credit Facility with Wells Fargo*

RenaissanceRe, the Company’s ultimate parent, and certain of its subsidiaries and affiliates, including Renaissance Reinsurance, DaVinci Reinsurance Ltd. (“DaVinci Reinsurance”), Renaissance Reinsurance U.S., RREAG and RenaissanceRe Specialty U.S. are parties to an Amended and Restated Standby Letter of Credit Agreement dated June 21, 2019, as amended, with Wells Fargo, which provides for a secured, uncommitted facility under which letters of credit may be issued from time to time for the respective accounts of the subsidiaries. Pursuant to the agreement, the applicants may request secured letter of credit issuances up to an aggregate amount of \$200.0 million. RenaissanceRe has unconditionally guaranteed the payment obligations of the applicants other than DaVinci Reinsurance.

The agreement contains representations, warranties and covenants that are customary for facilities of this type. Under the agreement, each applicant is required to pledge eligible collateral having a value sufficient to cover all of its obligations under the agreement with respect to secured letters of credit issued for its account. In the case of an event of default under the agreement, Wells Fargo may exercise certain remedies, including conversion of collateral of a defaulting applicant into cash.

At December 31, 2023, RenaissanceRe had \$175.0 million of secured letters of credit outstanding and \$Nil of unsecured letters of credit outstanding under this agreement, of which \$0.4 million and \$Nil, respectively, relates to the Company.

*Secured Letter of Credit Facility with Citibank Europe*

Certain subsidiaries and affiliates of RenaissanceRe, including Renaissance Reinsurance, DaVinci Reinsurance, Renaissance Reinsurance of Europe Unlimited Company and RenaissanceRe Specialty U.S., are parties to a facility letter, dated December 19, 2022, as amended, with Citibank Europe plc (“Citibank Europe”), pursuant to which Citibank Europe has established a letter of credit facility under which Citibank Europe provides a commitment to issue letters of credit for the accounts of the participants in multiple currencies. On November 1, 2023, Validus Re acceded to the secured letter of credit facility, and the aggregate committed amount of the facility was increased from \$180.0 million to \$320.0 million, with a right, subject to satisfying certain conditions, to increase the size of the facility to \$350.0 million.

The letter of credit facility is scheduled to expire on December 31, 2025. At all times during which it is a party to the facility, each participant is obligated to pledge to Citibank Europe securities with a value that equals or exceeds the aggregate face amount of its then-outstanding letters of credit. In the case of an event of default under the facility with respect to a participant, Citibank Europe may exercise certain remedies, including terminating its commitment to such participant and taking certain actions with respect to the collateral pledged by such participant (including the sale thereof). In the facility letter, each participant makes representations and warranties that are customary for facilities of this type and agrees that it will comply with certain informational and other undertakings.

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 13.      COMMITMENTS AND CONTINGENCIES, cont'd.

At December 31, 2023, RenaissanceRe had \$280.1 million aggregate face amount of letters of credit outstanding and, subject to the sublimits described above, \$39.9 million remained unused and available to the Participants under this facility, of which \$142.6 million of the aggregate face amount of letters of credit outstanding relates to the Company.

*Uncommitted, Unsecured Letter of Credit Facility with Citibank Europe*

The Company, among other operating subsidiaries of RenaissanceRe, the Company's ultimate parent, are parties to a Master Agreement for Issuance of Payment Instruments and a Facility Letter for Issuance of Payment Instruments with Citibank Europe dated March 22, 2019, as amended, which established an uncommitted, unsecured letter of credit facility pursuant to which Citibank Europe or one of its correspondents may issue standby letters of credit or similar instruments in multiple currencies for the account of one or more of the applicants. The obligations of the applicants under this facility are guaranteed by RenaissanceRe.

Pursuant to the master agreement, each applicant makes representations and warranties that are customary for facilities of this type and agrees that it will comply with certain informational and other customary undertakings. The master agreement contains events of default customary for facilities of this type. In the case of an event of default under the facility, Citibank Europe may exercise certain remedies, including requiring that the relevant applicant pledge cash collateral in an amount equal to the maximum actual and contingent liability of the issuing bank under the letters of credit and similar instruments issued for such applicant under the facility, and taking certain actions with respect to the collateral pledged by such applicant (including the sale thereof). In addition, Citibank Europe may require that the relevant applicant pledge cash collateral if certain minimum ratings are not satisfied.

At December 31, 2023, the aggregate face amount of the payment instruments issued and outstanding under this facility was \$366.5 million, of which \$40.1 million of aggregate face amount of the payment instruments issued and outstanding relates to the Company.

Investment Commitments

Refer to “Note 4. Investments” for additional information related to the Company's investment commitments.

Indemnifications and Warranties

In the ordinary course of its business, the Company may enter into contracts or agreements that contain indemnifications or warranties. Future events could occur that lead to the execution of these provisions against the Company. Based on past experience, management currently believes that the likelihood of such an event is remote.

Leases

The Company's operating leases primarily relate to office space for its underwriting platforms principally in the U.S. Included in other assets and accounts payable and accrued liabilities at December 31, 2023 is a right-to-use asset of \$27.3 million and a lease liability of \$34.4 million, associated with the Company's operating leases (2022 - \$32.0 million and \$32.3 million, respectively).

**RENAISSANCERE SPECIALTY U.S. LTD. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except per share amounts and percentages)

NOTE 13.        COMMITMENTS AND CONTINGENCIES, cont'd.

Litigation

The Company is subject to lawsuits and regulatory actions in the normal course of business that do not arise from or directly relate to claims on reinsurance treaties or contracts or direct insurance policies, as applicable. In the Company’s industry, business litigation may involve allegations of underwriting or claims-handling errors or misconduct, disputes relating to the scope of, or compliance with, the terms of delegated underwriting agreements, employment claims, regulatory actions or other disputes. The Company may also directly or indirectly be subject to claims litigation involving disputed interpretations of policy coverages. In addition, the Company may from time to time engage in litigation or arbitration related to its claims for payment in respect of ceded reinsurance, including disputes that challenge the Company’s ability to enforce its underwriting intent. Such matters could result, directly or indirectly, in providers of protection not meeting their obligations to the Company or not doing so on a timely basis. The Company may also be subject to other disputes from time to time, relating to operational or other matters distinct from insurance or reinsurance claims. Any litigation or arbitration, or regulatory process, contains an element of uncertainty, and the value of an exposure or a gain contingency related to a dispute is difficult to estimate. The Company believes that no individual litigation or arbitration to which the Company is presently a party is likely to have a material adverse effect on the Company’s financial condition, business or operations.

NOTE 14.        SUBSEQUENT EVENTS

The Company has completed its subsequent events evaluation for the period subsequent to the balance sheet date of December 31, 2023, through April 18, 2024, the date the consolidated financial statements were available to be issued.

In February 2024 the Company received \$100.0 million in cash as settlement for a capital contribution from its parent, RenaissanceRe Finance, which was included as a receivable from affiliates as of December 31, 2023.