AXIS Specialty Limited

Consolidated Financial Statements and
Independent Auditors' Report

December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
AXIS Specialty Limited

Opinion

We have audited the consolidated financial statements of AXIS Specialty Limited (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations and comprehensive income, changes in shareholders' equity, and cash flows, for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the disclosure of short-duration contracts included in note 6 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United Stated of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Deloitte Ltd.

April 26, 2024

AXIS SPECIALTY LIMITED
CONSOLIDATED BALANCE SHEETS
December 31, 2023 and 2022
(In thousands of U.S. dollars)

	2023	2022
Assets		
Investments:		
Fixed maturities, available for sale, at fair value	$ 3,814,150	$ 3,678,129
(Amortized cost 2023: $3,937,955; 2022: $3,967,733 Allowance for expected credit losses 2023: $1,958; 2022: $6,843)		
Fixed maturities, held to maturity, at amortized cost	383,164	404,774
(Fair value: 2023: $381,467; 2022:$392,707 Allowance for expected credit losses 2023: $nil; 2022:$nil)		
Equity securities, at fair value	102,977	85,060
(Cost 2023: $59,629; 2022: $61,690)		
Other investments, at fair value	455,067	476,524
Short-term investments, at fair value	—	18,861
Total investments	4,755,358	4,663,348
Cash and cash equivalents	152,011	211,646
Restricted cash and cash equivalents	60,047	28,730
Accrued interest receivable	35,390	34,002
Insurance and reinsurance premium balances receivable	168,914	163,785
Deferred acquisition costs	132,230	150,337
Due from affiliates	1,981,799	1,945,611
Prepaid reinsurance premiums	195,885	134,266
Reinsurance recoverable on unpaid losses and loss expenses	905,943	937,081
Reinsurance recoverable on paid losses and loss expenses	51,993	57,682
Receivable for investments sold	414	3,221
Loan advances made	101,696	30,564
Other assets	28,839	52,271
Total assets	$ 8,570,519	$ 8,412,544
Liabilities		
Reserve for losses and loss expenses	$ 4,383,807	$ 4,371,869
Unearned premiums	887,719	891,364
Insurance and reinsurance balances payable	219,935	214,293
Due to affiliates	18,035	10,425
Other liabilities	112,261	74,485
Payable for investments purchased	6,013	5,291
Total liabilities	5,627,770	5,567,727
Shareholder's Equity		
Common shares	1,200	1,200
(Authorized 12,000,000 common shares, par value $0.10		
Issued and outstanding 2023: 12,000,000 ; 2022: 12,000,000)		
Additional paid-in capital	2,114,237	2,114,237
Accumulated other comprehensive income (loss)	(121,846)	(282,745)
Retained earnings	949,158	1,012,125
Total shareholder's equity	2,942,749	2,844,817
Total liabilities and shareholder's equity	$ 8,570,519	$ 8,412,544

See accompanying notes to Consolidated Financial Statements.

AXIS SPECIALTY LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
Years ended December 31, 2023 and 2022
(In thousands of U.S. dollars)

	2023	2022
Revenues		
Gross premiums written	$ 1,588,210	$ 1,773,091
Premiums ceded	(295,028)	(313,815)
Net premiums written	1,293,182	1,459,276
Change in net unearned premiums	65,265	60,773
Net premiums earned	1,358,447	1,520,049
Net investment income	236,497	176,131
Other insurance related income (loss)	8,063	12,405
Net investment gains (losses)		
Decrease (increase) in allowance for expected credit losses	4,885	(6,530)
Impairment losses	(8,872)	(10,915)
Other realized and unrealized investment gains (losses)	(40,170)	(163,840)
Total net investment gains (losses)	(44,157)	(181,285)
Total revenues	1,558,850	1,527,300
Expenses		
Net losses and loss expenses	781,865	831,038
Acquisition costs	431,098	464,899
General and administrative expenses	34,650	35,995
Foreign exchange losses (gains)	37,476	(105,750)
Interest expense	—	613
Total expenses	1,285,089	1,226,795
Income before income taxes	273,761	300,505
Income tax benefit	13,272	—
Net income	287,033	300,505
Other comprehensive income (loss):		
Available for sale investments:		
Unrealized gains (losses) arising during the year for which an allowance for expected credit losses has not been recognized	221,718	(116,418)
Unrealized gains (losses) arising during the year for which an allowance for expected credit losses has been recognized	2,356	(33,871)
Adjustment for reclassification of net realized (gains) losses and impairment losses recognized in net income (nil tax)	(63,175)	(168,966)
Unrealized gains (losses) arising during the year, net of reclassification adjustment (nil tax)	160,899	(319,255)
Total other comprehensive income (loss)	160,899	(319,255)
Comprehensive income (loss)	$ 447,932	$ (18,750)

See accompanying notes to Consolidated Financial Statements.

AXIS SPECIALTY LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
Years ended December 31, 2023 and 2022
(In thousands of U.S. dollars)

	2023	2022
Common shares		
Balance at beginning and end of year	$ 1,200	$ 1,200
Additional paid-in capital		
Balance at beginning of year	2,114,237	2,114,237
Share-based compensation expense	1,443	1,654
Return of additional paid-in capital	(1,443)	(1,654)
Balance at end of year	2,114,237	2,114,237
Accumulated other comprehensive income (loss)		
Unrealized gains (losses) on available for sale investments:		
Balance at beginning of year	(282,745)	36,510
Unrealized gains (losses) arising during the year, net of reclassification adjustment	160,899	(319,255)
Balance at end of year	(121,846)	(282,745)
Retained earnings		
Balance at beginning of year	1,012,125	986,620
Net income	287,033	300,505
Dividends paid to parent	(350,000)	(275,000)
Balance at end of year	949,158	1,012,125
Total shareholder's equity	$ 2,942,749	$ 2,844,817

See accompanying notes to Consolidated Financial Statements.

AXIS SPECIALTY LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2023 and 2022
(In thousands of U.S. dollars)

	2023	2022
Cash flows from operating activities:		
Net income	$ 287,033	$ 300,505
Adjustments to reconcile net income to net cash (used in) operating activities:		
Net investment losses (gains)	44,140	181,285
Net realized and unrealized (gains) losses on other investments	(17,357)	(21,087)
Amortization of fixed maturities	(2,924)	10,679
Other amortization and depreciation	2,030	985
Share-based compensation expense, net of cash payments	1,443	1,654
Changes in:		
Accrued interest receivable	(1,388)	(5,662)
Insurance and reinsurance balances receivable and payable, net	74,804	105,018
Deferred acquisition costs	18,107	9,708
Due from (to) affiliates	(289,628)	(3,546)
Prepaid reinsurance premiums	(61,619)	(20,337)
Reinsurance recoverable on unpaid and paid losses	28,087	(21,331)
Reserve for losses and loss expenses	11,938	(459,040)
Unearned premiums	(3,645)	(39,135)
Other items	55,441	(40,674)
Net cash provided by (used in) operating activities	146,462	(978)
Cash flows from investing activities:		
Purchases of:		
Fixed maturities, available for sale	(2,260,086)	(2,603,837)
Fixed maturities, held to maturity	—	—
Equity securities	(15)	(6,726)
Other investments	(37,718)	(57,957)
Short-term investments	(16,841)	(19,701)
Proceeds from the sale of:		
Fixed maturities, available for sale	1,958,258	2,622,442
Equity securities	2,646	5,546
Other investments	76,863	116,419
Short-term investments	15,970	927
Proceeds from the redemption of fixed maturities, available for sale	268,822	359,424
Proceeds from the redemption of fixed maturities, held to maturity	21,609	3,541
Proceeds from the redemption of short-term investments	20,460	4,918
Loan advances made	(135,301)	(44,257)
Net cash (used in) provided by investing activities	(85,333)	380,739
Cash flows from financing activities:		
Advances and payments on behalf of parent and ultimate parent companies	(158,393)	(276,292)
Short term advances and loans from (to) affiliates	68,000	(95,000)
Net cash used in financing activities	(90,393)	(371,292)
Effect of exchange rates changes on foreign currency cash and cash equivalents and restricted cash	946	(6,257)
Increase (decrease) in cash and cash equivalents and restricted cash	(28,318)	2,212
Cash and cash equivalents and restricted cash, beginning of year	240,376	238,164
Cash and cash equivalents and restricted cash, end of year	$ 212,058	$ 240,376

Non-cash operating and financing activities: The Company declared dividends of $350,000 in 2023 (2022: $275,000) and returned additional paid-in capital of $1,443 in 2023 (2022: $1,654). The dividends and returns of additional paid-in capital were net settled against balances due from AXIS Capital Holdings Limited, the Company's ultimate holding company and AXIS Specialty Holdings Bermuda Limited, the Company's parent company .

See accompanying notes to Consolidated Financial Statements.

Supplemental disclosures of cash flow information:

In 2023, $33,818 related to a loan advanced to Monarch Point Re (ISA 2023) Ltd. ("Monarch Point Re") was repaid and was treated as a non-cash activity in the consolidated statement of cash flows. In addition, $32,655 related to reinsurance balances payables due to Monarch Point Re under the retrocession agreement and $905 related to ceded losses and loss expenses due from Monarch Point Re under the retrocession agreement were settled and both were treated as a non-cash activity in the consolidated statement of cash flows. Further, $4,619 related to interest on the loan advanced to Monarch Point Re was received in advance and was treated as a non-cash activity in the consolidated statement of cash flows (refer to Note 13 - Related Party Transactions).

In 2023, $42,736 related to a loan advanced to a third party reinsurer was repaid and was treated as a non-cash activity in the consolidated statement of cash flows. In addition, $42,311 related to reinsurance balances payables due to the third party reinsurer under the retrocession agreement and $7,835 related to ceded losses and loss expenses due from party reinsurer under the retrocession agreement were settled and both were treated as a non-cash activity in the consolidated statement of cash flows. Further, $764 related to interest on the loan advanced to a third party reinsurer was received in advance and was treated as a non-cash activity in the consolidated statement of cash flows (refer to Note 7 - Reinsurance).

In 2022, $35,528 related to a loan advanced to a third party reinsurer was repaid and was treated as a non-cash activity in the consolidated statement of cash flows. In addition, $35,121 related to reinsurance balances payables due to the third party reinsurer under the retrocession agreement and $3,106 related to ceded losses and loss expenses due from party reinsurer under the retrocession agreement were settled and both were treated as a non-cash activity in the consolidated statement of cash flows. Further, $684 related to interest on the loan advanced to a third party reinsurer was received in advance and was treated as a non-cash activity in the consolidated statement of cash flows (refer to Note 7 - Reinsurance).

1. History

AXIS Specialty Limited (the "Company") was incorporated on November 8, 2001 under the laws of Bermuda. Pursuant to an exchange offer consummated on December 31, 2002, the Company became a wholly owned subsidiary of AXIS Capital Holdings Limited ("AXIS Capital", the "ultimate parent company"). On December 12, 2011, AXIS Capital assigned all of its shares of the Company to AXIS Specialty Holdings Bermuda Limited ("AXIS Specialty Holdings"). AXIS Specialty Holdings was incorporated under the laws of Bermuda on September 22, 2011 and is a wholly owned subsidiary of AXIS Capital.

The Company is licensed under the Bermuda Insurance Act 1978, amendments thereto and related regulations, to write general business as a Class 4 insurer and commenced operations on November 20, 2001, providing specialty lines insurance and treaty reinsurance products on a worldwide basis.

The Company also provides reinsurance protection to other subsidiaries of AXIS Capital through quota share and stop loss agreements.

The Company formed a branch in Singapore (the "Branch") on June 19, 2008 and obtained a license on August 12, 2008 to carry on general insurance business in Singapore. The Company ceased writing new business through the Branch effective January 1, 2024, and will close the Branch, subject to meeting all regulatory and legal requirements.

On February 5, 2015, AXIS Specialty Holdings contributed all of its shares of AXIS Bermuda Services Limited ("Bermuda Services") to the Company. Bermuda Services was repurposed as a special purpose investment company. On August 15, 2017, Bermuda Services was renamed AXIS Specialty Investments Limited ("Investments I").

On January 6, 2016, AXIS Specialty Holdings transferred all of its shares of AXIS Specialty Investments II Limited ("Investments II") to the Company. Investments II was repurposed as a special purpose investment company.

2. Significant Accounting Policies

Basis of Presentation and Consolidation

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include the results of operations and the financial position of the Branch, Investments I and Investments II. All transactions and balances between the Company, the Branch, Investments I and Investments II have been eliminated.

To facilitate comparison of information across years, certain reclassifications have been made to prior year amounts to conform to the current year's presentation. At December 31, 2023, the Company presented loan advances made in 2022 separately in the consolidated balance sheets. These loan advances made were previously included in insurance and reinsurance balances payable in the consolidated balance sheets. This presentation was adopted to facilitate comparison to loan advances made in 2023 (refer to Note 7 - Reinsurance and Note 13 - Related Party Transactions). This reclassification did not impact results of operations, financial condition or liquidity.

Use of Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amount 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. While management believes that the amounts included in the consolidated financial statements reflect its best estimates and assumptions, actual results could differ from those estimates. The Company's principal estimates include:

- reserve for losses and loss expenses;
- reinsurance recoverable on unpaid losses and loss expenses, including the allowance for expected credit losses;
- gross and net premiums written and net premiums earned;
- fair value measurements of financial assets and liabilities; and
- the allowance for credit losses associated with fixed maturities, available for sale.

The Company's significant accounting policies are as follows:

a) Investments

Fixed Maturities, Available for Sale, at Fair Value and Fixed Maturities, Held to Maturity, at Amortized Cost

Fixed maturities classified as available for sale are reported at fair value (refer to Note 4 – Fair Value Measurements) and are presented net of an allowance for expected credit losses. The change in fair values of fixed maturities, net of tax, is recognized in accumulated other comprehensive income (loss) ("AOCI") in total shareholder's equity.

Fixed maturities are classified as held to maturity when the Company has the positive intent and ability to hold the securities to maturity or redemption. Fixed maturities classified as held to maturity are reported at amortized cost and are presented net of an allowance for expected credit losses.

2. Significant Accounting Policies (continued)

Net investment income includes interest income and the amortization of market premiums and discounts and is presented net of investment expenses. Investment income is recognized when earned. Purchases and sales of fixed maturities are recorded on a trade-date basis and realized gains (losses) on sales of fixed maturities are determined based on the specific identification method. Realized gains (losses) on fixed maturities are included in net investment gains (losses) in the consolidated statements of operations.

The Company recognizes investment income from fixed maturities based on the constant effective yield method, which includes an adjustment for estimated principal repayments, if applicable. The effective yield used to determine the amortization of fixed maturities subject to prepayment risk (e.g. asset-backed, mortgage-backed and other structured securities) is recalculated and adjusted periodically based on historical and/or projected future cash flows. Adjustments to the yield for highly rated prepayable fixed maturities are accounted for using the retrospective method. Adjustments to the yield for other prepayable fixed maturities are accounted for using the prospective method.

Credit Losses - Fixed Maturities, Available for Sale

A fixed maturity, available for sale security is impaired if the fair value of the investment is below amortized cost. On a quarterly basis, the Company evaluates all fixed maturities, available for sale securities for impairment losses.

If a fixed maturity, available for sale security is impaired and the Company intends to sell the security or it is more likely than not that the Company will be required to sell the security before its anticipated recovery, the full amount of the impairment loss is charged to net income (loss) and is included in net investment gains (losses).

In instances where the Company intends to hold the impaired fixed maturity, available for sale security the Company determines whether the decline in fair value below the amortized cost basis has resulted from a credit loss or other factors. If the Company does not anticipate to fully recover the amortized cost, an allowance for expected credit losses is established. The allowance for expected credit losses is limited to the difference between a security's amortized cost basis and its fair value. The allowance for expected credit losses is charged to net income (loss) and is included in net investment gains (losses).

On a quarterly basis, the Company assesses whether unrealized losses on fixed maturities, available for sale represent credit impairments by considering the following factors:

(i) the extent to which the fair value is less than amortized cost;
(ii) adverse conditions related to the security, industry, or geographical area;
(iii) downgrades in the security's credit rating by a credit rating agency; and
(iv) failure of the issuer to make scheduled principal or interest payments.

The length of time a security has been in an unrealized loss position no longer impacts the determination of whether a credit loss exists.

If a security is assessed to be credit impaired, it is subject to a discounted cash flow analysis by comparing the present value of expected future cash flows with the amortized cost basis. If the present value of expected cash flows is less than the amortized cost, a credit loss exists and an allowance for expected credit losses is recognized. If the present value of expected future cash flows is equal to or greater than the amortized cost basis, an expected credit loss does not exist.

2. Significant Accounting Policies (continued)

The non-credit impairment amount of the loss (i.e., related to interest rates, market conditions, etc.) is recognized in other comprehensive income.

The Company reports accrued interest receivable related to available for sale debt securities separately and has elected not to measure an allowance for expected credit losses for accrued interest receivable. Write-offs of accrued interest receivable balances are recognized in net investment gains (losses) in the period in which they are deemed uncollectible.

Credit Losses - Fixed Maturities, Held to Maturity

A fixed maturity, held to maturity security is impaired if the fair value of the investment is below amortized cost. On a quarterly basis, the Company evaluates all fixed maturities, held to maturity securities for impairment losses.

The Company's fixed maturity, held to maturity securities portfolio consists of asset-backed securities ("ABS").

The Company's ABS, held to maturity consist of CLO debt tranched securities. The Company uses a scenario-based approach to review its CLO debt portfolio and reviews subordination levels of these securities to determine their ability to absorb credit losses of the underlying collateral. If losses are forecast to be below the subordination level for a tranche held by the Company, the security is determined not to have a credit loss.

The allowance for expected credit losses is estimated based on the Company’s analysis of projected lifetime losses. The allowance for expected credit losses is charged to net income (loss) and is recognized in net investment gains (losses). Any adjustment to the allowance for expected credit losses is recognized in the period in which it is determined.

Equity Securities, at fair value

Equity securities are reported at fair value (refer to Note 4 – Fair Value Measurements). The change in the fair values of equity securities, net of tax is recognized in net investment gains (losses) in the consolidated statements of operations.

Net investment income includes dividend income and is presented net of investment expenses. Investment income is recognized when earned. Purchases and sales of equity securities are recorded on a trade-date basis and realized gains (losses) on sales of equity securities are determined based on the specific identification method. Realized gains (losses) on equity securities are included in net investment gains (losses) in the consolidated statements of operations.

Other Investments

Other investments are recorded at fair value (refer to Note 4 – Fair Value Measurements). Changes in fair value and realized gains (losses) are reported in net investment income in the consolidated statements of operations.

2. Significant Accounting Policies (continued)

Short-Term Investments

Short-term investments primarily comprise highly-liquid debt securities with maturities greater than three months but less than one year from the date of purchase. These investments are carried at amortized cost, which approximates fair value.

b) Cash and Cash Equivalents

Cash equivalents include money-market funds, fixed interest deposits and reverse repurchase agreements with a maturity of under 90 days when purchased. Cash and cash equivalents are recorded at amortized cost, which approximates fair value due to the short-term, liquid nature of these securities. Restricted cash consists of cash and cash equivalents held in trust primarily to secure obligations under reinsurance agreements.

c) Premiums and Acquisition Costs

Premiums

Insurance premiums written are recorded in accordance with the terms of the underlying policies.

Reinsurance premiums are recorded at the inception of the contract based on estimates received from ceding companies.

For multi-year contracts insurance and reinsurance premiums are recorded at the inception of the contract based on management's best estimate of total premiums to be received. Premiums are recognized on an annual basis for multi-year contracts where the cedant has the ability to unilaterally commute or cancel coverage within the term of the contract.

Any adjustments to insurance and reinsurance premium estimates are recognized in the period in which they are determined.

Insurance and reinsurance premiums are earned evenly over the period during which the Company is exposed to the underlying risk, which is generally one to two years with the exception of multi-year contracts. Unearned premiums represent the portion of premiums which relates to the unexpired term under contracts in force.

Reinstatement premiums are recognized and earned at the time a loss event occurs and losses are recorded, where the coverage limits for the remaining life of the contract are reinstated under predefined contract terms. The recognition of reinstatement premiums is based on estimates of losses and loss expenses, which reflects management's judgment (refer to Note 2(d) – Losses and Loss Expenses below).

Insurance and reinsurance premium balances receivable ("premium balances receivable") are reviewed for impairment at least quarterly and are presented net of an allowance for expected credit losses. The allowance for expected credit losses is estimated based on the Company's analysis of amounts due, historical delinquencies and write-offs, and current economic conditions, together with reasonable and supportable forecasts of short-term economic conditions.

2. Significant Accounting Policies (continued)

The allowance for expected credit losses is recognized in net income (loss). Any adjustment to the allowance for expected credit losses is recognized in the period in which it is determined.

Write-offs of premium balances receivable, together with associated allowances for expected credit losses, are recognized in the period in which balances are deemed uncollectible. The Company does not have a history of significant write-offs.

Acquisition Costs

Acquisition costs vary with and are directly related to the successful acquisition efforts of acquiring new or renewing existing insurance and reinsurance contracts and consist primarily of fees and commissions paid to brokers and premium taxes. In addition, certain of our contracts include profit commission provisions or other adjustable features that are estimated based on expected losses and loss expenses for those contracts. Acquisition costs are shown net of commissions on reinsurance purchased. Net acquisition costs are deferred and charged to net income (loss) as the related premium is earned. Insurance and reinsurance premium balances receivable are presented net of acquisition costs when contract terms provide for the right of offset.

Anticipated losses and loss expenses, other costs and investment income related to these premiums are considered in assessing the recoverability of deferred acquisition costs. Deferred acquisition cost amounts that are assessed to be irrecoverable are recognized in net income (loss) in the period in which the determination is made. Compensation expenses for personnel involved in contract acquisition, and advertising costs, are charged to net income (loss) when incurred.

d) Losses and Loss Expenses

Reserve for losses and loss expenses represents an estimate of the unpaid portion of the ultimate liability for losses and loss expenses for insured and reinsured events that have occurred at or before the balance sheet date. These amounts reflect claims that have been reported (“case reserves”) and claims that have been incurred but not yet reported ("IBNR") and are reduced for estimated amounts of salvage and subrogation recoveries.

The Company reviews its reserve for losses and loss expenses on a quarterly basis. Case reserves are primarily established based on amounts reported by clients and/or their brokers. Management estimates IBNR after reviewing detailed actuarial analyses and applying informed judgment regarding qualitative factors that may not be fully captured in the actuarial estimates. A variety of actuarial methods are utilized in this process, including the Expected Loss Ratio, Chain Ladder and Bornhuetter Ferguson methods. The estimate is highly dependent on management’s judgment as to which method(s) are most appropriate for a particular accident/ underwriting year and line of business. Historical claims data may be supplemented with industry benchmarks when applying these methodologies.

Any adjustments to estimates of reserve for losses and loss expenses are recognized in the period in which they are determined. While the Company believes that its reserves for losses and loss expenses are adequate, this estimate requires significant judgment and new information, events or circumstances may result in ultimate losses that are materially greater or less than provided for in the consolidated balance sheets.

2. Significant Accounting Policies (continued)

e) Ceded Reinsurance

In the normal course of business, the Company purchases facultative and treaty reinsurance protection to limit its ultimate losses and to reduce its loss aggregation risk. The premiums paid to reinsurers (i.e., ceded premiums written) are recognized over the coverage period. Prepaid reinsurance premiums represent the portion of premiums ceded which relate to the unexpired term of the contracts in force. Reinstatement premiums ceded are recognized and earned at the time a loss event occurs and losses are recorded, where coverage limits for the remaining life of a contract are reinstated under predefined contract terms.

Reinsurance recoverable on unpaid losses and loss expenses ("reinsurance recoverable") related to case reserves is estimated on a case-by-case basis by applying the terms of applicable reinsurance cover to individual case reserve estimates. Reinsurance recoverable related to IBNR is generally developed as part of the Company's loss reserving process therefore, its estimation is subject to similar risks and uncertainties as the estimation of IBNR. Estimates of amounts to be ceded under excess of loss reinsurance contracts also take into account pricing information for those contracts and require greater judgment than estimates for proportional contracts.

Reinsurance recoverable balances are reviewed for impairment at least quarterly and are presented net of an allowance for expected credit losses.

A case-specific allowance for expected credit losses against reinsurance recoverables that are deemed unlikely to be collected in full, is estimated based on the Company's analysis of amounts due, historical delinquencies and write-offs. In addition, a default analysis is used to estimate an allowance for expected credit losses on the remainder of the reinsurance recoverable balance. The principal components of the default analysis are reinsurance recoverable balances by reinsurer and default factors applied to estimate uncollectible amounts based on reinsurers' credit ratings and the length of collection periods. The default factors are based on a model developed by a major rating agency. The default analysis considers current and forecasted economic conditions.

The allowance for expected credit losses is recognized in net income (loss). Any adjustment to the allowance for expected credit losses is recognized in the period in which it is determined. Write-offs of reinsurance recoverable balances, together with associated allowances for expected credit losses, are recognized in the period in which balances are deemed uncollectible. The Company does not have a history of significant write-offs.

Retroactive Reinsurance

Retroactive reinsurance reimburses a ceding company for liabilities incurred as a result of past insurable events covered under contracts subject to the reinsurance. In certain instances, reinsurance contracts cover losses both on a prospective basis and on a retroactive basis and where practical the Company bifurcates the prospective and retrospective elements of these reinsurance contracts and accounts for each element separately. Initial gains in connection with retroactive reinsurance contracts are deferred and amortized into income over the settlement period while losses are recognized immediately. When changes in the estimated amount recoverable from the reinsurer or in the timing of receipts related to that amount occur, a cumulative amortization adjustment is recognized in net income in the period in which the change is determined so that the deferred gain reflects the balance that would have existed had the revised estimate been available at the inception of the reinsurance transaction.

2. Significant Accounting Policies (continued)

f) Foreign Currency Transactions

The functional currency of the Company is the U.S. dollar. Transactions in currencies other than the functional currency are initially measured in U.S. dollars at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are remeasured to functional currency at the rates of exchange in effect at the balance sheet date with the resulting foreign exchange losses (gains) generally being recognized in the consolidated statements of operations. Foreign exchange losses (gains) related to available for sale securities denominated in foreign currencies represent an unrealized appreciation (depreciation) in the market value of the securities and are included in AOCI. Non-monetary assets and liabilities denominated in foreign currency are not subsequently remeasured.

g) Share-Based Compensation

Share-based compensation expense includes share-settled and cash-settled service awards.

The fair value of share-settled and cash-settled service awards is based on the market value of AXIS Capital's common share measured at the grant date and is expensed over the requisite service period.

The fair value of the cash-settled service awards is recognized as a liability in the consolidated balance sheets and is remeasured at the end of each reporting period.

The Company recognizes forfeitures when they occur.

h) Derivative Instruments

The Company may enter into derivative instruments such as futures, options, interest rate swaps and foreign currency forward contracts as part of its overall foreign currency risk management strategy, to obtain exposure to a particular financial market or for yield enhancement.

From time to time, the Company may also enter into insurance and reinsurance contracts that meet the Financial Accounting Standards Board's ("FASB") definition of a derivative contract.

The Company measures all derivative instruments at fair value (refer to Note 4 – Fair Value Measurements) and recognizes these instruments in either other assets or other liabilities in the consolidated balance sheets. Subsequent changes in fair value and realized gains (losses) are recognized in net income (loss) in the consolidated statements of operations.

2. Significant Accounting Policies (continued)

i) Income Taxes

The Branch is subject to taxation. Current and deferred income taxes are charged or credited to net income (loss), or in certain cases to AOCI, based on enacted tax laws and rates applicable in Singapore in the period in which the tax becomes accruable or realizable. Deferred income taxes are provided for all temporary differences between the bases of assets and liabilities reported in the consolidated balance sheets and those reported in the relevant tax returns. When the assessment indicates that it is more likely than not that a portion of a deferred tax asset will not be realized in the foreseeable future, a valuation allowance against deferred tax assets is recorded. The Company recognizes the tax benefits of uncertain tax positions only when the position is more-likely-than-not to be sustained on audit by the relevant taxing authorities.

j) Leases

The Company recognizes a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term related to office property and equipment leases.

The Company accounts for non-lease components separately from lease components. As a result, the non-lease components associated with the Company's leases are not included in the lease liabilities and right-of-use assets in the Company's consolidated balance sheets.

The Company does not record office property and equipment leases with an initial term of 12 months or less (short-term) in the Company's consolidated balance sheets.

k) Recently Issued Accounting Standards Not Yet Adopted

Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09 "Income Taxes (Topic 740) - Improvements to Income Tax Disclosures". The amendments in this Update provide more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information as follows:

Income Taxes Paid

The amendments in this Update require that all entities disclose on an annual basis (1) the amount of income taxes paid (net of refunds received) disaggregated by federal (national), state, and foreign taxes and (2) the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions in which income taxes paid (net of refunds received) if equal to or greater than 5 percent of total income taxes paid (net of refunds received).

Other Disclosures

The amendments in this Update require that all entities disclose (1) income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign and (2) income tax expense (or benefit) from continuing operations disaggregated by federal (national), state, and foreign.

2. Significant Accounting Policies (continued)

The amendments in this Update eliminate the requirement for all entities to (1) disclose the nature and estimate of the range of the reasonably possible change in the unrecognized tax benefits balance in the next 12 months or (2) make a statement that an estimate of the range cannot be made.

The amendments in this Update remove the requirement to disclose the cumulative amount of each type of temporary difference when a deferred tax liability is not recognized because of the exceptions to comprehensive recognition of deferred taxes related to subsidiaries.

The guidance is effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied on a prospective basis. Retrospective application permitted.

(In thousands of U.S. dollars)

3. Investments

a) Fixed Maturities, Available for Sale

The amortized cost and fair values of the Company's fixed maturities classified as available for sale were as follows:

	2023				
	Amortized Cost	Allowance for expected credit losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturities, available for sale:					
U.S. government and agency	$ 913,709	$ —	$ 5,102	$ (11,495)	$ 907,316
Non-U.S. government	132,577	(17)	3,069	(5,358)	130,271
Corporate debt	1,397,725	(1,697)	18,141	(63,567)	1,350,602
Agency RMBS(1)	687,118	—	4,927	(34,740)	657,305
CMBS(2)	309,638	—	218	(19,836)	290,020
Non-agency RMBS	100,361	(194)	360	(8,615)	91,912
ABS(3)	366,912	(50)	1,031	(9,122)	358,771
Municipals(4)	29,915	—	177	(2,139)	27,953
Total fixed maturities, available for sale	$ 3,937,955	$ (1,958)	$ 33,025	$ (154,872)	$ 3,814,150

	2022				
	Amortized Cost	Allowance for expected credit losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturities, available for sale:					
U.S. government and agency	$ 786,546	$ —	$ 3,409	$ (17,182)	$ 772,773
Non-U.S. government	112,930	—	273	(15,578)	97,625
Corporate debt	1,567,631	(6,685)	1,410	(141,626)	1,420,730
Agency RMBS(1)	495,813	—	1,978	(43,565)	454,226
CMBS(2)	375,073	—	47	(28,041)	347,079
Non-agency RMBS	102,198	(123)	61	(12,785)	89,351
ABS(3)	490,875	(35)	214	(28,244)	462,810
Municipals(4)	36,667	—	109	(3,241)	33,535
Total fixed maturities, available for sale	$ 3,967,733	$ (6,843)	$ 7,501	$ (290,262)	$ 3,678,129

(1) Residential mortgage-backed securities ("RMBS") originated by U.S. government-sponsored agencies.
(2) Commercial mortgage-backed securities ("CMBS").
(3) Asset-backed securities ("ABS") include debt tranched securities collateralized primarily by auto loans, student loans, credit card receivables and collateralized loan obligations ("CLOs").
(4) Municipals include bonds issued by states, municipalities, and political subdivisions.

(In thousands of U.S. dollars)

3. Investments (continued)

Contractual Maturities

Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. The contractual maturities of fixed maturities classified as available for sale are shown below:

	2023		2022	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 46,488	$ 45,622	$ 67,020	$ 64,771
Due after one year through five years	1,796,792	1,768,599	1,532,795	1,464,328
Due after five years through ten years	563,987	536,921	809,715	713,475
Due after ten years	66,659	65,000	94,244	82,089
	2,473,926	2,416,142	2,503,774	2,324,663
Agency RMBS	687,118	657,305	495,813	454,226
CMBS	309,638	290,020	375,073	347,079
Non-agency RMBS	100,361	91,912	102,198	89,351
ABS	366,912	358,771	490,875	462,810
Total	$ 3,937,955	$ 3,814,150	$ 3,967,733	$ 3,678,129

Gross Unrealized Losses

The following tables summarize fixed maturities classified as available for sale in an unrealized loss position at December 31, 2023 and 2022, and the aggregate fair value and gross unrealized loss by length of time the security has continuously been in an unrealized loss position:

	2023					
	12 months or greater		Less than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed maturities, available for sale:						
U.S. government and agency	$ 117,985	$ (6,695)	$ 397,275	$ (4,800)	$ 515,260	$ (11,495)
Non-U.S. government	59,313	(5,285)	1,011	(73)	60,324	(5,358)
Corporate debt	710,964	(60,981)	79,050	(2,586)	790,014	(63,567)
Agency RMBS	300,905	(33,988)	77,267	(752)	378,172	(34,740)
CMBS	245,815	(19,781)	13,293	(55)	259,108	(19,836)
Non-agency RMBS	63,640	(8,608)	4,907	(7)	68,547	(8,615)
ABS	246,559	(9,092)	10,555	(30)	257,114	(9,122)
Municipals	18,923	(2,119)	2,464	(20)	21,387	(2,139)
Total fixed maturities, available for sale	$ 1,764,104	$ (146,549)	$ 585,822	$ (8,323)	$ 2,349,926	$ (154,872)

(In thousands of U.S. dollars)

3. Investments (continued)

	2022					
	12 months or greater		Less than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed maturities, available for sale:						
U.S. government and agency	$ 74,140	$ (8,654)	$ 217,683	$ (8,528)	$ 291,823	$ (17,182)
Non-U.S. government	39,891	(9,445)	49,980	(6,133)	89,871	(15,578)
Corporate debt	522,067	(89,458)	735,530	(52,168)	1,257,597	(141,626)
Agency RMBS	85,205	(15,904)	288,825	(27,661)	374,030	(43,565)
CMBS	127,265	(13,134)	216,615	(14,907)	343,880	(28,041)
Non-agency RMBS	52,157	(10,822)	36,545	(1,963)	88,702	(12,785)
ABS	208,186	(18,151)	242,954	(10,093)	451,140	(28,244)
Municipals	9,562	(2,198)	20,651	(1,043)	30,213	(3,241)
Total fixed maturities, available for sale	$ 1,118,473	$ (167,766)	$ 1,808,783	$ (122,496)	$ 2,927,256	$ (290,262)

At December 31, 2023, 1,566 fixed maturities (2022: 2,151) were in an unrealized loss position of $154,872 (2022: $290,262) of which $7,722 (2022: $39,049) was related to securities below investment grade or not rated.

At December 31, 2023, 1,420 fixed maturities (2022: 852) had been in a continuous unrealized loss position for 12 months or greater and had a fair value of $1,764,104 (2022: $1,118,473).

The unrealized losses of $154,872 (2022: $290,262) were due to non-credit factors and were expected to be recovered as the related securities approach maturity.

At December 31, 2023, the Company did not intend to sell the securities in an unrealized loss position and it is more likely than not that it will not be required to sell these securities before the anticipated recovery of their amortized costs.

b) Fixed Maturities, Held to Maturity

The amortized cost and fair values of the Company's fixed maturities classified as held to maturity were as follows:

	2023					
	Amortized Cost	Allowance for expected credit losses	Net Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturities, held to maturity:						
ABS[(1)]	383,164	—	383,164	5	(1,702)	381,467
Total fixed maturities, held to maturity	$ 383,164	$ —	$ 383,164	$ 5	$ (1,702)	$ 381,467

(In thousands of U.S. dollars)

3. Investments (continued)

	2022					
	Amortized Cost	**Allowance for expected credit losses**	**Net Carrying Value**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Fixed maturities, held to maturity:						
ABS[(1)]	404,774	—	404,774	—	(12,067)	392,707
Total fixed maturities, held to maturity	$ 404,774	$ —	$ 404,774	$ —	$ (12,067)	$ 392,707

(1) Asset-backed securities ("ABS") include debt tranched securities collateralized primarily by collateralized loan obligations ("CLOs").

At December 31, 2023, fixed maturities, held to maturity of $383,164 (2022: $404,774) were presented net of an allowance for expected credit losses of $nil (2022: $nil).

The Company's ABS, held to maturity consist of CLO debt tranched securities. The Company uses a scenario-based approach to review its CLO debt portfolio and reviews subordination levels of these securities to determine their ability to absorb credit losses of the underlying collateral. If losses are forecast to be below the subordination level for a tranche held by the Company, the security is determined not to have a credit loss. At December 31, 2023, the allowance for credit losses expected to be recognized over the life of the Company's ABS, held to maturity was $nil.

Contractual Maturities

Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. ABS classified as held to maturity with a net carrying value of $383,164 (2022: $404,774) do not have a single maturity date and cannot be allocated over several maturity groupings.

(In thousands of U.S. dollars)

3. Investments (continued)

c) Equity Securities

Equity Securities

The cost and fair values of the Company's equity securities were as follows:

	2023			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Equity securities:				
Exchange-traded funds	$ 59,129	$ 43,705	$ (156)	$ 102,678
Common stocks	385	101	(188)	298
Preferred stocks	115	—	(114)	1
Total equity securities	$ 59,629	$ 43,806	$ (458)	$ 102,977

	2022			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Equity securities:				
Exchange-traded funds	$ 59,129	$ 24,062	$ (950)	$ 82,241
Common stocks	2,446	533	(232)	2,747
Preferred stocks	115	—	(43)	72
Total equity securities	$ 61,690	$ 24,595	$ (1,225)	$ 85,060

(In thousands of U.S. dollars)

3. Investments (continued)

d) Other Investments

The following tables provide a summary of the Company's other investments, together with additional information relating to the liquidity of each category:

	Fair Value		Redemption Frequency (if currently eligible)	Redemption Notice Period
At December 31, 2023				
Multi-strategy funds	$ 20,881	5 %	Quarterly	60-90 days
Direct lending funds	174,688	38 %	N/A	N/A
Private equity funds	107,992	24 %	N/A	N/A
Real estate funds	100,772	22 %	N/A	N/A
CLO-Equities	5,300	1 %	N/A	N/A
Other privately held investments	45,434	10 %	N/A	N/A
Total other investments	$ 455,067	100 %		
At December 31, 2022				
Multi-strategy funds	$ 26,564	6 %	Quarterly	60-90 days
Direct lending funds	219,151	46 %	N/A	N/A
Private equity funds	102,968	22 %	N/A	N/A
Real estate funds	95,362	20 %	N/A	N/A
CLO-Equities	5,016	— %	N/A	N/A
Other privately held investments	27,463	6 %	N/A	N/A
Total other investments	$ 476,524	100 %		

N/A - not applicable

The investment strategies for the above funds are as follows:

- *Multi-strategy funds*: Seek to achieve above-market returns by pursuing multiple investment strategies to diversify risks and reduce volatility. This category includes funds of hedge funds which invest in a large pool of hedge funds across a diversified range of hedge fund strategies.

- *Direct lending funds*: Seek to achieve attractive risk-adjusted returns, including current income generation, by investing in funds which provide financing directly to borrowers.

- *Private equity funds*: Seek to achieve attractive risk-adjusted returns by investing in private transactions over the course of several years.

- *Real estate funds*: Seek to achieve attractive risk-adjusted returns by making and managing investments in real estate and real estate securities and businesses.

Two common redemption restrictions which may impact the Company's ability to redeem multi-strategy funds are gates and lockups. A gate is a suspension of redemptions which may be implemented by the general partner or investment manager of the fund in order to defer, in whole or in part, the redemption request in the event the aggregate amount of redemption requests exceeds a predetermined percentage of the fund's net assets which may otherwise hinder the general partner or investment manager's ability to

3. Investments (continued)

liquidate holdings in an orderly fashion in order to generate the cash necessary to fund extraordinarily large redemption payouts. A lockup period is the initial amount of time an investor is contractually required to hold the security before having the ability to redeem. During 2023 and 2022, neither of these restrictions impacted the Company's redemption requests. At December 31, 2023, there were no multi-strategy fund holdings (2022: $nil), where the Company is still within the lockup period.

At December 31, 2023, the Company has $7,500 (2022: $7,500) of unfunded commitments as a limited partner in multi-strategy funds. Once the full amount of committed capital has been called by the General Partner of each of these funds, the assets will not be fully returned until after the completion of the funds' investment term. These funds have investment terms ranging from inception to the dissolution of the underlying fund.

At December 31, 2023, the Company has $130,439 (2022: $133,113) of unfunded commitments as a limited partner in direct lending funds. Once the full amount of committed capital has been called by the General Partner of each of these funds, the assets will not be fully returned until the completion of the fund's investment term. These funds have investment terms ranging from four to ten years and the General Partners of certain funds have the option to extend the term by up to three years.

At December 31, 2023, the Company has $52,153 (2022: $68,915) of unfunded commitments as a limited partner in private equity funds. The life of the funds is subject to the dissolution of the underlying funds. The Company expects the overall holding period to be over nine years.

At December 31, 2023, the Company has $50,305 (2022: $60,049) of unfunded commitments as a limited partner in funds which invest in real estate and real estate securities and businesses. These funds include an open-ended fund and funds with investment terms ranging from two years to the dissolution of the underlying fund.

At December 31, 2023, the Company had $29,769 (2022: $15,892) of unfunded commitments as a limited partner in three private company investment funds focusing on financial services technology companies with an emphasis on insurance technology companies ("private company investment funds"). Two of these funds have investment terms of 5 years and one fund has an investment term of 10 years.

e) Variable Interest Entities

In the normal course of investing activities, the Company actively manages allocations to non-controlling tranches of structured securities which are variable interests issued by Variable Interest Entities ("VIEs"). These structured securities include RMBS, CMBS and ABS.

The Company also invests in limited partnerships which represent 74% of the Company's other investments. The investments in limited partnerships include multi-strategy funds, direct lending funds, private equity funds, real estate funds and CLO equity tranched securities, which are variable interests issued by VIEs (see Note 3(d) *'Other Investments'*). The Company does not have the power to direct the activities that are most significant to the economic performance of the VIEs therefore the Company is not the primary beneficiary of the VIEs.

The maximum exposure to loss on these interests is limited to the amount of commitment made by the Company. The Company has not provided financial or other support to these structured securities other than the original investment.

(In thousands of U.S. dollars)

3. Investments (continued)

f) Net Investment Income

Net investment income for the years ended December 31, 2023 and 2022 was derived from the following sources:

	2023	2022
Fixed maturities	$ 196,614	$ 140,027
Other investments	17,357	21,086
Equity securities	1,288	1,326
Short-term investments	3,469	909
Cash and cash equivalents	7,586	3,096
Loans to affiliates	19,660	20,216
Gross investment income	245,974	186,660
Investment expenses	(9,477)	(10,529)
Net investment income	$ 236,497	$ 176,131

g) Net Investment Gains (Losses)

The following table provides an analysis of net investment gains (losses) for the years ended December 31, 2023 and 2022:

	2023	2022
Gross realized investment gains		
Fixed maturities and short-term investments	$ 11,841	$ 5,459
Equity securities	482	677
Gross realized investment gains	12,323	6,136
Gross realized investment losses		
Fixed maturities and short-term investments	(71,056)	(157,004)
Equity securities	(4)	(45)
Gross realized investment losses	(71,060)	(157,049)
Change in allowance for expected credit losses	4,885	(6,530)
Impairment losses (1)	(8,872)	(10,915)
Change in fair value of investment derivatives (2)	(1,411)	7,400
Net unrealized gains (losses) on equity securities	19,978	(20,327)
Net investment gains (losses)	$ (44,157)	$ (181,285)

(1) Related to instances where the Company intends to sell securities or it is more likely than not that the Company will be required to sell securities before their anticipated recovery.
(2) Refer to Note 5 - Derivative Instruments

(In thousands of U.S. dollars)

3. Investments (continued)

The following table provides a reconciliation of the beginning and ending balances of the allowance for expected credit losses on fixed maturities classified as available for sale for the years ended December 31, 2023 and 2022:

	2023	2022
Balance at beginning of period	$ 6,843	$ 313
Expected credit losses on securities where credit losses were not previously recognized	1,012	11,169
Additions (reductions) for expected credit losses on securities where credit losses were previously recognized	(1,802)	(2,838)
Impairments of securities which the Company intends to sell or more likely than not will be required to sell		—
Securities sold/redeemed/matured	(4,095)	(1,801)
Balance at end of period	$ 1,958	$ 6,843

The Company evaluates available for sale securities for expected credit losses when fair value is below amortized cost. If the Company intends to sell or will be required to sell the security before its anticipated recovery, the full amount of the impairment loss is charged to net income. If the Company does not intend to sell or will not be required to sell the security before its anticipated recovery, an allowance for expected credit losses is established and the portion of the loss that relates to credit losses is recorded in net income.

A summary of credit loss activity by asset class, the significant inputs and the methodology used to estimate credit losses are described below.

U.S. Government, U.S. Agency and U.S. Agency RMBS:

Unrealized losses on securities issued or backed, either explicitly or implicitly by the U.S. government are not analyzed for credit losses. The Company has concluded that the possibility of a credit loss on these securities is highly unlikely due to the explicit U.S. government guarantee related to certain securities (e.g. Government National Mortgage Association ("GNMA") issuances) and the implicit guarantee related to other securities that has been validated by past actions (e.g. U.S. government bailout of Federal National Mortgage Association ("FNMA") and Federal Home Loan Mortgage Corporation ("FHLMC") during the 2008 credit crisis). Although these securities are not analyzed for credit losses, they are evaluated for intention to sell and likely requirement to sell.

Non-U.S. Government:

Non-U.S. government securities are evaluated for expected credit losses primarily through qualitative assessments of the likelihood of credit losses using information such as severity of unrealized losses, credit ratings and price volatility. At December 31, 2023, the gross unrealized losses of $5,358 included foreign exchange losses of $1,906. At December 31, 2023, the allowance for expected credit losses on non-U.S. government fixed maturities related to loss severity where the forecasted recovery to amortized cost was uncertain.

At December 31, 2022, the gross unrealized losses of $15,578 included foreign exchange losses of $7,519. At December 31, 2022, the Company did not anticipate any credit losses on its non-U.S. government fixed maturities.

3. Investments (continued)

Corporate Debt:

To estimate expected credit losses for corporate debt securities, projected cash flows are primarily driven by assumptions regarding the severity of loss, probability of default and projected recovery rates. The default and loss severity rates are based on credit rating, credit analysis and macroeconomic forecasts. At December 31, 2023 and 2022, the allowance for expected credit losses on corporate debt securities mainly related to loss severity where the forecasted recovery to amortized cost was uncertain.

CMBS:

The Company's investments in CMBS are diversified and primarily rated AA or better. Based on discounted cash flows at December 31, 2023, the current level of subordination is sufficient to cover the estimated loan losses on the underlying collateral of the CMBS.

Non-agency RMBS:

To estimate expected credit losses for non-agency RMBS, projected cash flows incorporated underlying data from widely accepted third-party data sources along with certain internal assumptions and judgments regarding the future performance of the security. These assumptions included default, delinquency, loss severity and prepayment rates.

At December 31, 2023, the fair value of the Company's non-agency RMBS was $91,912 (2022: $89,351), consisting primarily of $30,307 (2022: $34,739) of Prime and $49,874 (2022: $45,508) of Alt-A, Non-qualified, and Home Equity MBS. At December 31, 2023, the allowance for expected credit losses on non-agency RMBS related to loss severity where the forecasted recovery to amortized cost was uncertain .

ABS:

The Company's investments in ABS at December 31, 2023 consist mainly of CLO debt tranched securities ("CLO Debt") purchased primarily as new issues between 2017 and 2023. Substantially all of these new issues had credit ratings of AA or better. The Company utilizes a scenario-based approach to review its CLO Debt portfolio based on the current asset market price. The Company also reviews subordination levels of these securities to determine their ability to absorb credit losses of underlying collateral. If losses are forecast to be below the subordination level for a tranche held by the Company, the security is determined not to have a credit loss. At December 31, 2023, the Company does not anticipate any credit losses on its CLO Debt.

Municipals:

Municipal securities are evaluated for expected credit losses primarily through qualitative assessments of the likelihood of credit losses using information such as severity of unrealized losses, credit ratings and price volatility. At December 31, 2023 and 2022, the allowance for expected credit losses on municipals related to loss severity where the forecasted recovery to amortized cost is uncertain.

(In thousands of U.S. dollars)

3. Investments (continued)

h) Restricted Investments

In order to support the Company's obligations in regulatory jurisdictions where it operates as a non-admitted carrier, the Company provides collateral in the form of assets held in trust and, to a lesser extent, letters of credit. Refer to Note 8 for further information on collateral requirements upon issuance of certain letters of credit.

The capital provided to support underwriting, or Funds at Lloyd's ("FAL"), may be satisfied by cash, certain investments and letters of credit provided by approved banks (refer to Note 9 'Commitments and Contingencies').

The fair value of the Company's restricted investments primarily relates to the items, as noted in the table below. Restricted investments primarily consist of high-quality fixed maturity and short-term investment securities.

	2023	2022
Collateral in Trust for inter-company agreements	$ 573,201	$ 769,381
Collateral for secured letter of credit facilities	237,217	242,046
Funds at Lloyd's	707,918	577,377
Collateral in Trust for third-party agreements	1,077,306	1,086,299
Total restricted investments	$ 2,595,642	$ 2,675,103

i) Reverse Repurchase Agreements

At December 31, 2023, the Company held $5,900 (2022: $nil) of reverse repurchase agreements. These loans are fully collateralized, are generally outstanding for a short period of time and are presented on a gross basis as part of cash and cash equivalents in the Company's Consolidated Balance Sheets. The required collateral for these loans is either cash or U.S. Treasuries at a minimum rate of 102% of the loan principal. At maturity, the Company receives principal and interest income. The Company monitors the estimated fair value of the securities loaned and borrowed on a daily basis with additional collateral obtained as necessary throughout the duration of the transaction.

4. Fair Value Measurements

Fair Value Hierarchy

Fair value is defined as the price to sell an asset or transfer a liability (i.e. the "exit price") in an orderly transaction between market participants. U.S. GAAP prescribes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. The level in the hierarchy within which a given fair value measurement falls is determined based on the lowest level input that is significant to the measurement. The hierarchy is broken down into three levels as follows:

- Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

- Level 2 - Valuations based on quoted prices in active markets for similar assets or liabilities, quoted prices for identical assets or liabilities in inactive markets, or for which significant inputs

4. Fair Value Measurements (continued)

are observable (e.g. interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.

- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The unobservable inputs reflect the Company's judgments about assumptions that market participants might use.

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

Accordingly, the degree of judgment exercised by management in determining fair value is greatest for financial instruments categorized as Level 3. In periods of market dislocation, the observability of prices and inputs may be reduced for many financial instruments. This may lead the Company to change the selection of valuation technique (from market to cash flow approach) or may cause the Company to use multiple valuation techniques to estimate the fair value of a financial instrument. This circumstance could cause an instrument to be reclassified between levels within the fair value hierarchy.

Valuation Techniques

The valuation techniques, including significant inputs and assumptions generally used to determine the fair values of the Company's financial instruments as well as the classification of the fair values of its financial instruments in the fair value hierarchy are described in detail below.

Fixed Maturities

At each valuation date, the Company uses the market approach valuation technique to estimate the fair value of its fixed maturities portfolio, where possible. The market approach includes, but is not limited to, prices obtained from third party pricing services for identical or comparable securities and the use of "pricing matrix models" using observable market inputs such as yield curves, credit risks and spreads, measures of volatility, and prepayment speeds. Pricing from third party pricing services is sourced from multiple vendors, where available, and the Company maintains a vendor hierarchy by asset type based on historical pricing experience and vendor expertise. Where prices are unavailable from pricing services, the Company obtains non-binding quotes from broker-dealers who are active in the corresponding markets. The valuation techniques including significant inputs and assumptions generally used to determine the fair values of the Company's fixed maturities by asset class as well as the classifications of the fair values of these securities in the fair value hierarchy are described in detail below.

4. Fair Value Measurements (continued)

U.S. Government and Agency

U.S. government and agency securities consist primarily of bonds issued by the U.S. Treasury and mortgage pass-through agencies such as the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and the Government National Mortgage Association. As the fair values of U.S. Treasury securities are based on unadjusted quoted market prices in active markets, the fair values of these securities are classified as Level 1. The fair values of U.S. government agency securities are determined using the spread above the risk-free yield curve. As the yields for the risk-free yield curve and the spreads are observable market inputs, the fair values of U.S. government agency securities are classified as Level 2.

Non-U.S. Government

Non-U.S. government securities include bonds issued by non-U.S. governments and their agencies along with supranational organizations (collectively also known as sovereign debt securities). The fair values of these securities are based on prices obtained from international indices or valuation models that include inputs such as interest rate yield curves, cross-currency basis index spreads and country credit spreads for structures similar to the sovereign bond in terms of issuer, maturity and seniority. As the significant inputs used to price these securities are observable market inputs, the fair values of non-U.S. government securities are classified as Level 2.

Corporate Debt

Corporate debt securities consist primarily of investment-grade debt of a wide variety of corporate issuers and industries. The fair values of these securities are generally determined using the spread above the risk-free yield curve. These spreads are generally obtained from the new issue market, secondary trading and broker-dealer quotes. As the yields for the risk-free yield curve and the spreads are observable market inputs, the fair values of corporate debt securities are generally classified as Level 2. Where pricing is unavailable from pricing services, the Company obtains non-binding quotes from broker-dealers to estimate fair value. This is generally the case when there is a low volume of trading activity and current transactions are not orderly. In this event, the fair values of these securities are classified as Level 3.

Agency RMBS

Agency RMBS consist of bonds issued by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and the Government National Mortgage Association. The fair values of these securities are priced using a mortgage pool specific model which uses daily inputs from the active to be announced market and the spread associated with each mortgage pool based on vintage. As the significant inputs used to price these securities are observable market inputs, the fair values of Agency RMBS are classified as Level 2.

4. Fair Value Measurements (continued)

CMBS

CMBS mainly include investment-grade bonds originated by non-agencies. The fair values of these securities are determined using a pricing model which uses dealer quotes and other available trade information along with security level characteristics to determine deal specific spreads. As the significant inputs used to price these securities are observable market inputs, the fair values of CMBS are generally classified as Level 2. Where pricing is unavailable from pricing services, the Company obtains non-binding quotes from broker-dealers to estimate fair value. This is generally the case when there is a low volume of trading activity and current transactions are not orderly. In this event, the fair values of these securities are classified as Level 3.

Non-agency RMBS

Non-agency RMBS mainly include investment-grade bonds originated by non-agencies. The fair values of these securities are determined using an option adjusted spread model or other relevant models, which use inputs including available trade information or broker quotes, prepayment and default projections based on historical statistics of the underlying collateral and current market data. As the significant inputs used to price these securities are observable market inputs, the fair values of non-agency RMBS are generally classified as Level 2. Where pricing is unavailable from pricing services, the Company obtains non-binding quotes from broker-dealers to estimate fair value. This is generally the case when there is a low volume of trading activity and current transactions are not orderly. In this event, the fair values of these securities are classified as Level 3.

ABS

ABS mainly include investment-grade bonds backed by pools of loans with a variety of underlying collateral, including auto loans, student loans, credit card receivables, and collateralized loan obligations ("CLOs") originated by a variety of financial institutions. The fair values of these securities are determined using a model which uses prepayment speeds and spreads sourced primarily from the new issue market. As the significant inputs used to price these securities are observable market inputs, the fair values of ABS are generally classified as Level 2. Where pricing is unavailable from pricing services, the Company obtains non-binding quotes from broker-dealers to estimate fair value. This is generally the case when there is a low volume of trading activity and current transactions are not orderly. In this event, the fair values of these securities are classified as Level 3.

Municipals

Municipals comprise revenue bonds and general obligation bonds issued by U.S. domiciled state and municipal entities. The fair values of these securities are determined using spreads obtained from the new issue market, trade prices and broker-dealers quotes. As the significant inputs used to price these securities are observable market inputs, the fair values of municipals are classified as Level 2.

4. Fair Value Measurements (continued)

Equity Securities

Equity securities include common stocks, preferred stocks and exchange-traded funds. As the fair values of common stocks, preferred stocks and exchange-traded funds are based on unadjusted quoted market prices in active markets, the fair values of these securities are classified as Level 1.

Other Investments

The fair value of an indirect investment in CLO-Equities is estimated using an income approach valuation technique, specifically an externally developed discounted cash flow model due to the lack of observable and relevant trades in secondary markets. As the significant inputs used to price this security are unobservable, the fair value of the indirect investment in CLO-Equities is classified as Level 3.

Other privately held investments include common shares, preferred shares and convertible notes. These investments are initially valued at cost, which approximates fair value. In subsequent measurement periods, the fair value of these investments is derived from one or a combination of valuation methodologies which consider factors including recent capital raises by the investee companies, comparable precedent transaction multiples, comparable publicly traded multiples, third-party valuations, discounted cash-flow models, and other techniques that account for the industry and development stage for each investee company. In order to assess the reasonableness of the information received from investee companies, the Company maintains an understanding of current market conditions, historical results, and emerging trends that may impact the results of operations, financial condition or liquidity of these companies. In addition, the Company engages in regular communication with management at investee companies. As the significant inputs used to price these investments are unobservable, the fair values of other privately held investments are classified as Level 3.

Short-term Investments

Short-term investments primarily comprise highly liquid securities with maturities greater than three months but less than one year from the date of purchase. These securities are typically not actively traded due to their approaching maturity therefore, their amortized cost approximates fair value. The fair values of short-term investments are classified as Level 2.

Derivative Instruments

Derivative instruments include foreign exchange forward contracts that are customized to the Company's economic hedging strategies and trade in the over-the-counter derivative market. The fair values of these derivatives are determined using a market approach valuation technique based on significant observable market inputs from third party pricing vendors, non-binding broker-dealer quotes and/or recent trading activity. As the significant inputs used to price these derivatives are observable market inputs, the fair values of these derivatives are classified as Level 2.

Other underwriting-related derivatives include insurance and reinsurance contracts that are accounted for as derivatives. These derivative contracts are initially valued at cost which approximates fair value. In subsequent measurement periods, the fair values of these derivatives are determined using internally developed discounted cash flow models. As the significant inputs used to price these derivatives are unobservable, the fair values of these contracts are classified as Level 3.

Cash Settled Awards

4. Fair Value Measurements (continued)

Cash settled awards comprise restricted stock units that form part of the Company's compensation program. Although the fair values of these awards are determined using observable quoted market prices in active markets, the restricted stock units are not actively traded. As the significant inputs used to price these securities are observable market inputs, the fair values of these liabilities are classified as Level 2.

(In thousands of U.S. dollars)

4. Fair Value Measurements (continued)

The tables below present the financial instruments measured at fair value on a recurring basis at December 31, 2023 and 2022:

December 31, 2023	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair value based on NAV practical expedient	Total Fair Value
Asset					
Fixed maturities, available for sale					
U.S government and agency	$ 907,316	$ —	$ —	$ —	$ 907,316
Non U.S. government	—	130,271	—	—	130,271
Corporate debt	—	1,322,112	28,490	—	1,350,602
Agency RMBS	—	657,305	—	—	657,305
CMBS	—	290,020	—	—	290,020
Non-agency RMBS	—	91,912	—	—	91,912
ABS	—	358,771	—	—	358,771
Municipals	—	27,953	—	—	27,953
	907,316	2,878,344	28,490	—	3,814,150
Equity securities					
Exchange-traded funds	102,678	—	—	—	102,678
Common stocks	298	—	—	—	298
Preferred stocks	1	—	—	—	1
	102,977	—	—	—	102,977
Other investments					
Multi-strategy funds	—	—	—	20,881	20,881
Direct lending funds	—	—	—	174,688	174,688
Private equity funds	—	—	—	107,992	107,992
Real estate funds	—	—	—	100,772	100,772
CLO-Equities	—	—	5,300	—	5,300
Other privately held investments	—	—	24,536	20,898	45,434
	—	—	29,836	425,231	455,067
Short-term investments	—	—	—	—	—
Derivative instruments (see Note 5)	—	4,117	—	—	4,117
Total Assets	$ 1,010,293	$ 2,882,461	$ 58,326	$ 425,231	$ 4,376,311
Liabilities					
Derivative instruments (see Note 5)	$ —	$ 10,025	$ —	$ —	$ 10,025
Cash settled awards (see Note 12)	—	—	—	—	—
Total Liabilities	$ —	$ 10,025	$ —	$ —	$ 10,025

(In thousands of U.S. dollars)

4. Fair Value Measurements (continued)

December 31, 2022	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair value based on NAV practical expedient	Total Fair Value
Asset					
Fixed maturities, available for sale					
U.S government and agency	$ 772,773	$ —	$ —	$ —	$ 772,773
Non U.S. government	—	97,625	—	—	97,625
Corporate debt	—	1,393,413	27,317	—	1,420,730
Agency RMBS	—	454,226	—	—	454,226
CMBS	—	347,079	—	—	347,079
Non-agency RMBS	—	89,351	—	—	89,351
ABS	—	462,810	—	—	462,810
Municipals	—	33,535	—	—	33,535
	772,773	2,878,039	27,317	—	3,678,129
Equity securities					
Exchange-traded funds	82,241	—	—	—	82,241
Common stocks	2,747	—	—	—	2,747
Preferred stocks	72	—	—	—	72
	85,060	—	—	—	85,060
Other investments					
Multi-strategy funds	—	—	—	26,564	26,564
Direct lending funds	—	—	—	219,151	219,151
Private equity funds	—	—	—	102,968	102,968
Real estate funds	—	—	—	95,362	95,362
CLO-Equities	—	—	5,016	—	5,016
Other privately held investments	—	—	27,463	—	27,463
	—	—	32,479	444,045	476,524
Short-term investments	—	18,861	—	—	18,861
Derivative instruments (see Note 5)	—	37,469	—	—	37,469
Total Assets	$ 857,833	$ 2,934,369	$ 59,796	$ 444,045	$ 4,296,043
Liabilities					
Derivative instruments (see Note 5)	$ —	$ 516	$ —	$ —	$ 516
Cash settled awards (see Note 12)	—	195	—	—	195
Total Liabilities	$ —	$ 711	$ —	$ —	$ 711

4. Fair Value Measurements (continued)

The following table quantifies the significant unobservable inputs used in estimating fair values at December 31, 2023 of investments classified as Level 3 in the fair value hierarchy.

	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average
Other investments - CLO-Equities	$ 5,300	Discounted cash flow	Default rate	4.5%	4.5%
			Loss severity rate	50.0%	50.0%
			Collateral spreads	3.0%	3.0%
			Estimated maturity	4 years	4 years

Note: Fixed maturities that are classified as Level 3 are excluded from the above table as these securities are priced using broker-dealer quotes. In addition, other privately held investments that are classified as Level 3 are excluded from the above table as these investments are priced using capital statements received from investee companies.

Other investments - CLO-Equities

The CLO-Equities market continues to be relatively inactive with only a small number of transactions being observed, particularly related to transactions involving CLO-Equities held by the Company. Accordingly, the fair value of the Company's indirect investment in CLO-Equities is determined using a discounted cash flow model prepared by an external investment manager.

The default and loss severity rates are the most judgmental unobservable market inputs to the discounted cash flow model to which the valuation of the Company's indirect investment in CLO-Equities is most sensitive. A significant increase (decrease) in either of these significant inputs in isolation would result in a lower (higher) fair value estimate for the investment in CLO-Equities and, in general, a change in default rate assumptions would be accompanied by a directionally similar change in loss severity rate assumptions. Collateral spreads and estimated maturity dates are less judgmental inputs as they are based on the historical average of actual spreads and the weighted average life of the current underlying portfolios, respectively. A significant increase (decrease) in either of these significant inputs in isolation would result in a higher (lower) fair value estimate for the investment in CLO-Equities. In general, these inputs have no significant interrelationship with each other or with default and loss severity rates.

On a quarterly basis, the Company’s valuation process for its indirect investment in CLO-Equities includes a review of the underlying cash flows and key assumptions used in the discounted cash flow model. The above significant unobservable inputs are reviewed and updated based on information obtained from secondary markets, including information received from the managers of the Company's CLO-Equities investment. In order to assess the reasonableness of the inputs the Company uses in the discounted cash flow model, the Company maintains an understanding of current market conditions, historical results, and emerging trends that may impact future cash flows. In addition, the assumptions the Company uses in its models are updated through regular communication with industry participants and ongoing monitoring of the deals in which the Company participates.

(In thousands of U.S. dollars)

4. Fair Value Measurements (continued)

The following table presents changes in Level 3 for financial instruments measured at fair value on a recurring basis for the years ended December 31, 2023 and 2022:

	Opening Balance	Transfer into Level 3	Transfer out of Level 3	Included in earnings(1)	Included in OCI(2)	Purchases	Sales	Settlement/ Distributions	Closing Balance	Change in unrealized gain/loss(3)
Year ended December 31, 2023										
Fixed maturities										
Corporate debt	$ 27,317	$ —	$ —	$ —	$ 1,173	$ —	$ —	$ —	$ 28,490	$ —
	27,317	—	—	—	1,173	—	—	—	28,490	—
Other investments										
CLO-Equities	5,016	—	—	2,395	—	—	—	(2,111)	5,300	2,395
Other privately held investments	27,463	—	(14,221)	2,248	—	9,046	—	—	24,536	2,248
	32,479	—	(14,221)	4,643	—	9,046	—	(2,111)	29,836	4,643
Total assets	$ 59,796	$ —	$ (14,221)	$ 4,643	$ 1,173	$ 9,046	$ —	$ (2,111)	$ 58,326	$ 4,643
Other liabilities										
Derivative instruments	—	—	—	—	—	—	—	—	—	—
Total liabilities	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Year ended December 31, 2022										
Fixed maturities										
Corporate debt	$ 31,613	$ —	$ —	$ —	$ (4,296)	$ —	$ —	$ —	$ 27,317	$ —
	31,613	—	—	—	(4,296)	—	—	—	27,317	—
Other investments										
CLO-Equities	5,910	—	—	2,611	—	—	—	(3,505)	5,016	2,611
Other privately held investments	6,510	—	—	4,181	—	16,772	—	—	27,463	4,181
	12,420	—	—	6,792	—	16,772	—	(3,505)	32,479	6,792
Total assets	$ 44,033	$ —	$ —	$ 6,792	$ (4,296)	$ 16,772	$ —	$ (3,505)	$ 59,796	$ 6,792
Other liabilities										
Derivative instruments	5,630	—	—	(3,542)	—	—	—	(2,088)	—	—
Total liabilities	$ 5,630	$ —	$ —	$ (3,542)	$ —	$ —	$ —	$ (2,088)	$ —	$ —

(1) Realized gains (losses) on fixed maturities, and realized and unrealized gains (losses) on other assets and other liabilities included in net income are included in net investment gains (losses). Realized and unrealized gains (losses) on other investments included in net income are included in net investment income.
(2) Unrealized gains (losses) on fixed maturities are included in other comprehensive income ("OCI").
(3) Change in unrealized gains (losses) relating to assets and liabilities held at the reporting date.

4. Fair Value Measurements (continued)

Transfers into Level 3 from Level 2

There were no transfers into Level 3 from Level 2 during 2023 and 2022.

Transfers out of Level 3 into Level 2

There were no transfers into Level 2 from Level 3 during 2023 and 2022.

Other Transfers out of Level 3

During 2023, two private company investment funds included in other privately held investments in the consolidated balance sheets were transferred from Level 3 to the NAV practical expedient.

Measuring the Fair Value of Other Investments Using Net Asset Valuations

The fair values of multi-strategy funds, direct lending funds, private equity funds, real estate funds and private company investment funds are estimated using net asset valuations ("NAVs") as advised by external fund managers or third party administrators. For these funds, NAVs are based on the manager's or administrator's valuation of the underlying holdings in accordance with the fund's governing documents and in accordance with U.S. GAAP.

For multi-strategy funds, direct lending funds, private equity funds, real estate funds and private company investment funds valuation statements are typically released on a reporting lag therefore, the Company estimates the fair value of these funds by starting with the most recent fund valuations and adjusting for capital calls, redemptions, drawdowns and distributions. Return estimates are not available from the relevant fund managers for these funds therefore the Company typically has a reporting lag in its fair value measurements of these funds. At December 31, 2023 and 2022, all funds measured at fair value using NAVs are reported on a lag.

The Company often does not have access to financial information relating to the underlying securities held within the funds, therefore management is unable to corroborate the fair values placed on the securities underlying the asset valuations provided by fund managers or fund administrators. In order to assess the reasonableness of the NAVs, the Company performs a number of monitoring procedures on a quarterly basis, to assess the quality of the information provided by fund managers and fund administrators. These procedures include, but are not limited to, regular review and discussion of each fund's performance with its manager, regular evaluation of fund performance against applicable benchmarks and the backtesting of the Company's fair value estimates against subsequently received NAVs. Backtesting involves comparing the Company's previously reported fair values for each fund against NAVs per audited financial statements (for year-end values) and final NAVs from fund managers and fund administrators (for interim values).

The fair values of multi-strategy funds, direct lending funds, private equity funds, real estate funds and private company investment funds are measured using the NAV practical expedient, therefore the fair values of these funds have not been categorized within the fair value hierarchy.

(In thousands of U.S. dollars)

4. Fair Value Measurements (continued)

Financial Instruments Disclosed, But Not Carried, at Fair Value

The fair value of financial instruments accounting guidance also applies to financial instruments disclosed, but not carried, at fair value, except for certain financial instruments, including insurance contracts.

At December 31, 2023, the carrying values of cash and cash equivalents including restricted amounts, accrued investment income, receivable for investments sold, certain other assets, payable for investments purchased and certain other liabilities approximated fair values due to their short maturities. As these financial instruments are not actively traded, their fair values are classified as Level 2.

At December 31, 2023, the Company's fixed maturities held to maturity, were recorded at amortized cost with a carrying value of $383,164 (2022: $404,774) and a fair value of $381,467 (2022: $392,707). The fair values of these securities are determined using a model which uses prepayment speeds and spreads sourced primarily from the new issue market. As the significant inputs used to price these securities are observable market inputs, their fair values are classified as Level 2.

5. Derivative Instruments

The balance sheet classifications of derivatives recorded at fair value are shown in the following table.

	December 31, 2023			December 31, 2022		
	Derivative Notional Amount	Derivative Asset Fair Value (1)	Derivative Liability Fair Value (1)	Derivative Notional Amount	Derivative Asset Fair Value (1)	Derivative Liability Fair Value (1)
Relating to investment portfolio:						
Foreign exchange forward contracts	$ 47,953	$ 66	$ 267	$ 51,958	$ 81	$ 516
Relating to underwriting portfolio:						
Foreign exchange forward contracts	$1,120,295	$ 4,051	$ 9,758	$1,222,400	$ 37,388	$ —
Total derivatives		$ 4,117	$ 10,025		$ 37,469	$ 516

(1) Derivative assets and derivative liabilities are classified within other assets and other liabilities in the Consolidated Balance Sheets.

The notional amounts of derivative contracts represent the basis on which amounts paid or received are calculated and are presented in the above table to quantify the volume of the Company's derivative activities. Notional amounts are not reflective of credit risk.

None of the Company's derivative instruments are designated as hedges.

(In thousands of U.S. dollars)

5. Derivative Instruments (continued)

Offsetting Assets and Liabilities

The Company's derivative instruments are generally traded under International Swaps and Derivatives Association master netting agreements, which establish terms that apply to all transactions. In the event of a bankruptcy or other stipulated event, master netting agreements provide that individual positions be replaced with a new amount, usually referred to as the termination amount, determined by taking into account market prices and converting into a single currency. Effectively, this contractual close-out netting reduces credit exposure from gross to net exposure.

A reconciliation of gross derivative assets and liabilities to the net amounts presented in the Company's Consolidated Balance Sheets, with the difference being attributable to the impact of master netting agreements, is shown in the following table:

	December 31, 2023			December 31, 2022		
	Gross Amounts	Gross Amounts Offset	Net Amounts [1]	Gross Amounts	Gross Amounts Offset	Net Amounts [1]
Derivative assets	$ 8,180	$ (4,063)	$ 4,117	$ 41,306	$ (3,837)	$ 37,469
Derivative liabilities	$ 14,088	$ (4,063)	$ 10,025	$ 4,353	$ (3,837)	$ 516

(1) Net asset and liability derivatives are classified within other assets and other liabilities in the Consolidated Balance Sheets.

For information on reverse repurchase agreements see Note 3 *'Investments'*.

a) Relating to Investment Portfolio

Foreign Currency Risk

The Company's investment portfolio is exposed to foreign currency risk therefore the fair values of its investments are partially influenced by changes in foreign exchange rates. The Company may enter into foreign exchange forward contracts to manage the effect of this foreign currency risk. These foreign currency hedging activities are not designated as specific hedges for financial reporting purposes.

b) Relating to Underwriting Portfolio

Foreign Currency Risk

The Company's underwriting portfolio is exposed to significant foreign currency risk. The Company manages foreign currency risk by seeking to match its foreign-denominated net liabilities under insurance and reinsurance contracts with cash and investments that are denominated in the same currencies. The Company uses derivative instruments, specifically forward contracts to economically hedge foreign currency exposures.

(In thousands of U.S. dollars)

5. Derivative Instruments (continued)

Other Underwriting-related Risks

The Company enters into insurance and reinsurance contracts that are accounted for as derivatives. These insurance or reinsurance contracts provide indemnification to an insured or cedant as a result of a change in a variable as opposed to an identifiable insurable event. The Company considers these contracts to be part of its underwriting operations.

The total unrealized and realized gains (losses) recognized in net income for derivatives not designated as hedges for the years ended December 31, 2023 and 2022 are shown in the following table:

	Location of Gain (Loss) Recognized In Net Income	Amount of Gain (Loss) Recognized in Net Income	
		2023	2022
Derivatives not designated as hedging instruments			
Relating to investment portfolio:			
Foreign exchange forward contracts	Net investment gains (losses)	$ (1,411)	$ 7,400
Relating to underwriting portfolio:			
Foreign exchange forward contracts	Foreign exchange (losses) gains	1,830	(14,525)
Other underwriting-related contracts	Other insurance related income (loss)	—	3,542
Total		$ 419	$ (3,583)

6. Reserve for Losses and Loss Expenses

Reserving Methodology

Sources of Information

The Company's loss reserving process begins with the collection and analysis of paid and incurred claim data for each of the Company's insurance and reinsurance operations. The data is disaggregated by line of business and further disaggregated by underwriting year and accident year. Underwriting year or accident year information is used to analyze the Company's business and to estimate reserves for losses and loss expenses. Lines of business are reviewed to ensure that the underlying contracts have homogeneous loss development characteristics, while remaining large enough to make the estimation of trends credible. The Company's lines of business are reviewed on a regular basis and adjusted over time as the Company's business evolves. The paid and incurred claim data serves as a key input to many of the methods employed by the Company's actuaries.

Actuarial Analysis

Multiple actuarial methods are available to estimate ultimate losses. Each method has its own assumptions and its own advantages and disadvantages, with no single estimation method being better than the others in all situations and no one set of assumption variables being meaningful for all lines of business. The relative strengths and weaknesses of the particular estimation methods when applied to a particular group of claims can also change over time.

The following is a brief description of the reserve estimation methods commonly employed by the Company's actuaries including a discussion of their particular strengths and weaknesses:

- *Expected Loss Ratio Method ("ELR Method")*: This method estimates ultimate losses for an accident year or underwriting year by applying an expected loss ratio ("ELR") to the earned or written premium for that year. Generally, expected loss ratios are based on one or more of (a) an analysis of historical loss experience to date, (b) pricing information and (c) industry data, adjusted as appropriate, to reflect changes in rates, loss and exposure trends, and terms and conditions. This method is insensitive to actual incurred losses for the accident year or underwriting year in question and is, therefore, often useful in the early stages of development when very few losses have been incurred. Conversely, the lack of sensitivity to incurred/paid losses for the accident year or underwriting year in question means that this method is usually inappropriate in later stages of an accident year or underwriting year’s development.

- *Loss Development Method (also referred to as the "Chain Ladder Method" or "Link Ratio Method")*: This method assumes that the losses incurred/paid for each accident year or underwriting year at a particular development stage follow a relatively similar pattern. It assumes that on average, every accident year or underwriting year will display the same percentage of ultimate losses incurred/paid at the same point in time after the inception of that year. The percentages incurred/paid are established for each development stage (e.g., 12 months, 24 months, etc.) after examining averages from historical loss development data and/or, in limited instances, external industry benchmark information. Ultimate losses are then estimated by multiplying the actual incurred/paid losses by the reciprocal of the established incurred/paid percentage. The strengths of this method are that it reacts to loss emergence/payments and that it makes full use of historical claim emergence/payment experience. However, this method has weaknesses when the underlying assumption of stable loss development/payment patterns is not

6. Reserve for Losses and Loss Expenses (continued)

valid. This could be the consequence of changes in business mix, claim inflation trends or claim reporting practices and/or the presence of large claims, amongst other things. Furthermore, this method tends to produce volatile estimates of ultimate losses where there is volatility in the underlying incurred/paid patterns. In particular, where the expected percentage of incurred/paid losses is low, small deviations between actual and expected claims can lead to very volatile estimates of ultimate losses. As a result, this method is often unsuitable at early development stages for an accident year or underwriting year.

- *Bornhuetter-Ferguson Method ("BF Method")*: This method can be seen as a combination of the ELR and Loss Development Methods, under which the Loss Development Method is given progressively more weight as an accident year or underwriting year matures. The main advantage of the BF Method is that it provides a more stable estimate of ultimate losses than the Loss Development Method at earlier stages of development, while remaining more responsive to emerging loss development than the ELR Method. In addition, the BF Method allows for the incorporation of external market information through the use of expected loss ratios, whereas the Loss Development Method does not incorporate such information.

As part of the loss reserving process, the Company's actuaries employ the estimation method(s) that they believe will produce the most reliable estimate of ultimate losses, at that particular evaluation date, for each line of business and accident year or underwriting year combination. Often, this is a blend (i.e. weighted average) of the results of two or more appropriate actuarial methods.

These ultimate loss estimates are generally utilized to evaluate the adequacy of ultimate loss estimates for previous accident or underwriting years, established in the prior reporting period. For the initial estimate of the current accident or underwriting year, the available claim data is typically insufficient to produce a reliable estimate of ultimate losses. As a result, initial estimates for an accident or underwriting year are generally based on the ELR Method for longer tailed lines and a BF Method for shorter tailed lines.

The initial ELR for each line of business is established by the Company's actuaries at the start of the year as part of the planning process, taking into consideration prior accident years' or underwriting years' experience and industry benchmarks, adjusted after considering factors such as loss and exposure trends, rate differences, changes in contract terms and conditions, business mix changes and other known differences between the current year and prior accident or underwriting years. The initial expected loss ratios for a given accident or underwriting year may be modified over time if the underlying assumptions, such as loss development or premium rate changes, differ from the original assumptions.

Key Actuarial Assumptions

The use of the above actuarial methods requires the Company to make certain explicit assumptions, the most significant of which are expected loss ratios and loss development patterns and the Company relies on historical loss experience in establishing these assumptions. In establishing expected loss ratios for the insurance operations, consideration is given to a number of other factors, including exposure trends, rate adequacy on new and renewal business, ceded reinsurance costs, changes in claims emergence and the Company's underwriters' view of terms and conditions in the market environment. For the reinsurance operations, expected loss ratios are based on a contract-by-contract review, which considers information provided by clients together with estimates provided by the Company's underwriters and actuaries about the impact of changes in pricing, terms and conditions and coverage. Market experience for some lines of business as compiled and analyzed by an independent actuarial firm is also considered, as appropriate.

6. Reserve for Losses and Loss Expenses (continued)

Reserving for Catastrophic Events

The Company cannot estimate losses from widespread catastrophic events, such as hurricanes and earthquakes, using the traditional actuarial methods described above. The magnitude and complexity of losses associated with certain of these events inherently increase the level of uncertainty and, therefore, the level of management judgment involved in arriving at estimated net reserves for losses and loss expenses. As a result, actual losses for these events may ultimately differ materially from current estimates.

Net reserves for losses and loss expenses related to catastrophes represent the Company's best estimate of losses and loss expenses that have been incurred at December 31, 2023.The determination of these net reserves for losses and loss expenses is estimated by management after a catastrophe occurs by completing an in-depth analysis of individual contracts which may potentially have been impacted by the catastrophic event. This in-depth analysis may rely on several sources of information including:

- estimates of the size of insured industry losses from the catastrophic event and the Company's corresponding market share;
- a review of the Company's portfolio of contracts to identify those contracts which may be exposed to the catastrophic event;
- a review of modeled loss estimates based on information previously reported by customers and brokers, including exposure data obtained during the underwriting process;
- a review of the coverage provided by the Company's ceded reinsurance;
- discussions of the impact of the event with customers and brokers; and
- catastrophe bulletins published by various independent statistical reporting agencies.

A blend of these information sources is generally used to arrive at aggregate estimates of the ultimate losses arising from the catastrophic event.

While the Company believes its estimate of net reserves for losses and loss expenses is adequate for losses and loss expenses that have been incurred at December 31, 2023 based on current facts and circumstances, the Company monitors changes in paid and incurred losses in relation to each catastrophe in subsequent reporting periods and adjustments are made to estimates of ultimate losses for each event if there are developments that are different from previous expectations. Adjustments are recorded in the period in which they are identified. Actual losses for these events may ultimately differ materially from the Company's current estimates.

Selection of Reported Reserves - Management's Best Estimate

The Company's loss reserving process involves the collaboration of underwriting, claims, actuarial, ceded reinsurance and finance departments, including multiple committee meetings and culminates with the approval of a single point best estimate by the AXIS Group Reserving Committee, which comprises senior management. In selecting this best estimate, management considers actuarial estimates and applies informed judgment regarding qualitative factors that may not be fully captured in these actuarial estimates. Such factors include, but are not limited to: the timing of the emergence of claims, volume and complexity of claims, social and judicial trends, potential severity of individual claims and the extent of the Company's historical loss data versus industry information. While these qualitative factors are considered in arriving at the point estimate, no specific provisions for qualitative factors are established.

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Reserve Roll-Forward

The following table presents a reconciliation of the beginning and ending gross reserve for losses and loss expenses and net reserve for unpaid losses and loss expenses for the years ended December 31, 2023 and 2022:

	2023	2022
Gross reserve for losses and loss expenses, beginning of year	$ 4,371,869	$ 4,830,909
Less: reinsurance recoverable on unpaid losses, beginning of year	(937,081)	(877,855)
Net reserve for unpaid losses and loss expenses, beginning of year	3,434,788	3,953,054
Net incurred losses and loss expenses related to:		
Current year	744,507	933,432
Prior years	37,358	(102,394)
	781,865	831,038
Net paid losses and loss expenses related to:		
Current year	(106,889)	(115,388)
Prior years	(717,254)	(871,273)
	(824,143)	(986,661)
Foreign exchange and other	85,354	(362,643)
Net reserve for unpaid losses and loss expenses, end of year	3,477,864	3,434,788
Reinsurance recoverable on unpaid losses, end of year	905,943	937,081
Gross reserve for losses and loss expenses, end of year	$ 4,383,807	$ 4,371,869

The Company writes business with loss experience generally characterized as low frequency and high severity in nature, which can result in volatility in its financial results. During 2023 and 2022, the Company recognized catastrophe and weather-related losses of $45,408 and $163,877.

On September 22, 2023, the Company entered into a retrocession reinsurance agreement with a third-party reinsurer which was deemed to have met the established criteria for retroactive reinsurance accounting. At December 31, 2023, foreign exchange and other included an increase in reinsurance recoverable on unpaid losses of $27 million related to this transaction (refer to Note 13 - Related Party Transactions).

On December 9, 2022, the Company and certain of AXIS Capital's operating subsidiaries entered into loss portfolio transfer reinsurance agreements with a third-party reinsurer which were deemed to have met the established criteria for retroactive reinsurance accounting. At December 31, 2022, foreign exchange and other included a $14 million increase in reinsurance recoverable on unpaid losses and a reduction of $189 million in loss reserves previously assumed from the Company's affiliates under quota share agreements related to this transaction.

Estimates for Significant Catastrophe Events

At December 31, 2023, net reserve for losses and loss expenses included estimated amounts for numerous catastrophe events. The magnitude and complexity of losses arising from certain of these events

6. Reserve for Losses and Loss Expenses (continued)

inherently increase the level of uncertainty and, therefore, the level of management judgment involved in arriving at estimated net reserves for losses and loss expenses. These events include Cyclone Gabrielle in 2023, Hurricane Ian, Winter Storm Elliot, June European Convective Storms, the Russia-Ukraine war and COVID-19 in 2022. As a result, actual losses for these events may ultimately differ materially from current estimates.

Prior Year Reserve Development

Net losses and loss expenses incurred include net adverse prior period reserve development of $37,358 and net favorable prior period reserve development of $102,394 for the years ended December 31, 2023 and 2022, respectively. Prior year reserve development arises from changes to losses and loss expense estimates related to loss events that occurred in previous calendar years.

The net adverse and favorable prior period reserve development for 2023 and 2022 years originates from insurance and reinsurance operations on business both written directly by the Company and assumed from affiliates.

Insurance operations

In 2023, the Company recognized $8 million of net favorable prior year reserve development, the principal components of which were:

- $8 million of net adverse prior year reserve development on liability business primarily due to reserve strengthening within the U.S. primary casualty book of business mainly related to the 2017 accident year. The reserve strengthening was attributable to updated trend assumptions, emerging development patterns and new industry data reflecting the impact of current economic and social inflation trends in the U.S. casualty market.

- $23 million of net adverse prior year reserve development on professional lines business primarily due to a specific large claim on the 2010 accident year and reserve strengthening on the 2016 accident year.

- $6 million of net favorable prior year reserve development on cyber business primarily due to better than expected loss emergence related to multiple accident years.

- $14 million of net favorable prior year reserve development on credit and political risk business primarily due to a decrease in the loss estimate attributable to a specific large claim related to the 2020 accident year and better than expected loss emergence related to several accident years.

- $9 million of net favorable prior year reserve development on marine and aviation business primarily due to better than expected loss emergence attributable to the marine cargo and aviation books of business related to several accident years and better than expected loss emergence attributable to several catastrophe events.

- $12 million of net favorable prior year reserve development on property business primarily due to better than expected loss emergence mainly related to the 2017 through 2019 accident years.

6. Reserve for Losses and Loss Expenses (continued)

In 2022, the Company recognized $57 million of net favorable prior year reserve development, the principal components of which were:

- $24 million of net favorable prior year reserve development on property business primarily due to better than expected loss emergence attributable to 2020 catastrophe events and decreases in loss estimates attributable to specific large claims related to 2012 and older accident years, partially offset by adverse reserve development on the 2019 accident year.

- $18 million of net favorable prior year reserve development on marine and aviation business primarily due to better than expected loss emergence across multiple marine books of business and accident years, and better than expected loss emergence attributable to aviation business predominantly on the 2021 accident year.

- $10 million of net favorable prior year reserve development on credit and political risk business primarily due to better than expected loss emergence mainly related to the 2017 through 2021 accident years.

Reinsurance operations

In 2023, the Company recognized $45 million of net adverse prior year reserve development, the principal components of which were:

- $84 million of net adverse prior year reserve development on liability business primarily due to reserve strengthening within the U.S. casualty, U.S. multiline/regional and European casualty books of business related to all accident years. The reserve strengthening was attributable to updated trend assumptions, emerging development patterns and new industry data reflecting the impact of current economic and social inflation trends in the U.S. and European casualty markets.

- $43 million of net adverse prior year reserve development on professional lines business primarily due to reserve strengthening within the U.S. proportional book of business related to 2017 and older accident years.

- $9 million of net adverse prior year reserve development on motor business primarily due to reserve strengthening to reflect increased estimates of future loss trend due to inflation and reserve strengthening attributable to the proportional book of business mainly related to the 2018 and 2022 accident years.

- $16 million of net adverse prior year reserve development on credit and surety business primarily due to increases in loss estimates attributable to specific large claims related to the 2020 accident year, partially offset by better than expected loss emergence attributable to the international credit and mortgage books of business related to the 2018, 2019, 2021 and 2022 accident years .

- $18 million of net favorable prior year reserve development on accident and health business primarily due to better than expected loss emergence mainly related to the 2019 through 2022 accident years.

- $14 million of net favorable prior year reserve development on agriculture business primarily due to better than expected loss emergence mainly related to the 2022 accident year.

6. Reserve for Losses and Loss Expenses (continued)

Run-off lines

- $50 million of net favorable prior year reserve development on catastrophe business primarily due to better than expected loss emergence mainly attributable to 2022 events.

- $20 million of net favorable prior year reserve development on property business primarily due to better than expected loss emergence mainly attributable to 2019 and 2022 catastrophe events.

- $4 million of net favorable prior year reserve development on engineering business primarily due to better than expected loss emergence mainly related to older accident years.

In 2022, the Company recognized $45 million of net favorable prior year reserve development, the principal components of which were:

- $33 million of net favorable development on credit and surety business primarily due to better than expected loss emergence mainly related to the 2015 through 2020 accident years, most notably within the mortgage book of business related to the 2020 accident year.

- $10 million of net favorable prior year reserve development on motor business primarily due to better than expected loss emergence mainly related to the 2017 through 2020 accident years.

- $10 million of net favorable development on agriculture business primarily due to better than expected loss emergence mainly related to the 2019 and 2021 accident years.

- $21 million of net adverse development on liability business primarily due to increases in loss estimates attributable to specific large claims related to the 2018 and 2021 accident years and reserve strengthening related to the 2013 to 2017 accident years.

- $20 million of net adverse prior year reserve development on professional lines business primarily due to increases in loss estimates attributable to one cedant related to several accident years, and reserve strengthening on U.S. public D&O proportional books of business related to 2017 and older accident years.

Run-off lines

- $30 million of net favorable development on property business primarily due to better than expected loss emergence attributable to 2017 through 2021 catastrophe events and better than expected attritional loss emergence attributable to the 2021 accident year.

Net Incurred and Paid Claims Development Tables By Accident Year

The following tables present net incurred and paid claims development by accident year, total incurred-but-not-reported liabilities plus expected development on reported claims, cumulative reported claims frequency and average annual percentage payout of incurred claims by age for each line of business. The loss development tables are presented on an accident year basis for each lines of business in the insurance and reinsurance operations. The Company does not discount unpaid losses and loss expense reserves.

Non-U.S. dollar denominated loss data is converted to U.S. dollar at the rates of exchange in effect at the balance sheet date for material underlying currencies. Fluctuations in foreign currency exchange rates may cause material shifts in loss development. Reserves for losses and loss expenses disclosed in the

6. Reserve for Losses and Loss Expenses (continued)

consolidated balance sheets, are also remeasured using the rates of exchange in effect at the balance sheet date.

There are many considerations in establishing net reserves for losses and loss expenses. An attempt to evaluate net reserves for losses and loss expenses using solely the paid losses and claim counts presented in these tables could be misleading. When projecting net reserves for losses and loss expenses, the Company relies on several inputs in addition to the information presented in this disclosure including case incurred loss projections, changes in mix of business, external trends, and additional qualitative information. The Company cautions against mechanical application of standard actuarial methodologies to project ultimate losses using data presented in this disclosure.

Insurance Operations

The reporting of cumulative claims frequency for the lines of business within the insurance operations has been measured by counting the number of unique claim references including claim references assigned to nil and nominal case reserves. Claim references are grouped by claimant by loss event for each line of business. For certain insurance facilities and business produced by managing general agents where underlying data is reported to the Company in an aggregated format, the information necessary to provide cumulative claims frequency is not available therefore reporting of claims frequency is deemed to be impracticable.

Insurance Property

The property line of business provides physical loss or damage, business interruption and machinery breakdown cover for virtually all types of property, including commercial buildings, residential premises, construction projects, property in transit, onshore renewable energy installations, and physical damage and business interruption following an act of terrorism. This line of business includes primary and excess risks, some of which are catastrophe-exposed.

In general, reporting and payment patterns are relatively short although they can be volatile due to the incidence of catastrophe events.

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Insurance Property

	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance										At December 31, 2023	
	For the Years Ended December 31,											
Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023	Total of Incurred-But-Not-Reported Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2014	$ 168,321	$ 165,644	$ 159,447	$ 147,389	$ 146,367	$ 144,785	$ 142,032	$ 140,677	$ 140,620	$ 140,679	$ 72	4,174
2015		119,636	112,925	108,769	107,135	104,827	106,367	99,691	100,578	100,681	—	4,194
2016			151,904	166,395	161,989	152,591	148,954	149,200	148,330	150,547	609	6,668
2017				365,283	334,541	324,043	325,537	324,777	322,845	319,853	730	10,096
2018					109,343	123,369	118,895	120,466	119,366	116,303	450	4,784
2019						89,974	93,613	91,311	101,602	90,033	1,040	3,796
2020							188,487	188,700	165,972	166,811	24,669	4,660
2021								100,168	95,771	91,953	—	1,796
2022									109,868	108,614	10,839	2,029
2023										109,921	54,754	1,378
									Total	$ 1,395,395		

Insurance Property

	Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance									
	For the Years Ended December 31,									
Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023
2014	$ 51,432	$ 110,498	$ 138,520	$ 141,219	$ 142,162	$ 142,599	$ 140,295	$ 140,808	$ 140,784	$ 140,582
2015		36,946	81,565	93,870	101,235	100,645	104,871	98,733	101,129	100,639
2016			45,077	117,306	138,627	143,627	143,255	146,948	144,575	148,304
2017				92,985	226,564	283,461	297,136	305,924	310,689	311,292
2018					30,615	81,975	101,617	112,013	112,616	112,788
2019						23,816	66,962	77,260	93,068	85,057
2020							35,114	103,964	114,344	130,520
2021								26,689	53,000	71,170
2022									26,010	64,328
2023										16,797
									Total	1,181,477
	All outstanding liabilities before 2014, net of reinsurance									11,512
	Liabilities for claims and claim adjustment expenses, net of reinsurance									$ 225,430

Insurance Property

Average annual percentage payout of incurred claims by age, net of reinsurance									
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
27.4%	41.5%	14.8%	7.6%	(1.0)%	1.7%	(2.3)%	1.8%	(0.3)%	(0.1)%

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Insurance Accident and Health

The accident and health line of business includes personal accident, travel insurance and specialty health products for employer and affinity groups, and pet insurance.

In general, reporting and payment patterns are relatively short although they can be volatile due to the incidence of catastrophe events. An increase in limited benefits medical business written in 2017 resulted in a significant increase in reported claims observed in that year.

Insurance Accident and Health

	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance										At December 31, 2023	
	For the Years Ended December 31,											
Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023	Total of Incurred-But-Not-Reported Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2014	$ 45,194	$ 42,845	$ 42,785	$ 41,954	$ 41,982	$ 42,296	$ 41,698	$ 40,956	$ 40,251	$ 41,206	$ 789	58,081
2015		45,366	44,806	42,991	42,012	42,220	41,890	41,542	41,867	39,940	512	44,138
2016			54,335	55,856	56,204	56,731	56,584	57,131	56,920	56,337	1,190	87,001
2017				70,722	73,177	71,834	70,581	70,896	70,813	71,667	—	688,000
2018					33,701	38,089	37,363	37,554	37,561	37,995	87	24,769
2019						9,426	9,719	9,035	10,114	8,841	51	7,169
2020							6,012	6,396	7,603	4,241	184	7,664
2021								9,539	9,829	9,815	1,101	9,183
2022									10,067	12,042	3,046	4,495
2023										13,503	3,402	9,923
									Total	$ 295,587		

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Insurance Accident and Health

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance
For the Years Ended December 31,

Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023
2014	$ 20,031	$ 36,444	$ 39,223	$ 39,975	$ 40,640	$ 40,811	$ 40,567	$ 39,696	$ 39,883	$ 40,333
2015		20,412	37,169	39,475	40,088	40,675	40,528	40,882	40,925	39,327
2016			26,307	51,714	54,198	54,724	55,395	55,642	55,959	55,203
2017				37,780	66,639	69,372	70,020	70,596	70,687	71,889
2018					14,821	36,676	37,210	37,452	37,597	37,864
2019						7,646	8,499	8,485	9,739	9,298
2020							2,326	5,208	5,638	3,209
2021								2,513	6,492	6,814
2022									3,084	6,742
2023										7,834
									Total	278,513
									All outstanding liabilities before 2014, net of reinsurance	487
									Liabilities for claims and claim adjustment expenses, net of reinsurance	$ 17,561

Insurance Accident and Health

Average annual percentage payout of incurred claims by age, net of reinsurance

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
48.9%	41.5%	4.4%	(5.3)%	0.1%	0.2%	0.7%	(1.1)%	(1.8)%	1.1%

Insurance Marine and Aviation

The marine line of business provides cover for a range of exposures including offshore energy, renewable offshore energy, cargo, liability including kidnap and ransom, fine art, specie, and hull war. Offshore energy coverage includes physical damage, business interruption, operator's extra expense and liability coverage for all aspects of offshore upstream energy from exploration and construction through the operation and distribution phases.

The complex nature of claims arising under marine policies tends to result in reporting and payment patterns that are longer than those of the property line of business with marine liability exhibiting the longest reporting and payment patterns as claims involve passengers and third parties. Exposure to natural perils such as windstorm and earthquake can result in volatility.

The aviation line of business provides cover for hull and liability, and specific war cover primarily for passenger airlines but also for cargo operations, general aviation operations, airports, aviation authorities, security firms and product manufacturers.

The claims reporting pattern varies by insurance coverage provided. Losses arising from war or terrorism and damage to hulls of aircraft are generally reported quickly compared with liability claims which involve passengers and third parties and generally exhibit longer reporting and payment patterns.

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Insurance Marine and Aviation

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance — For the Years Ended December 31, / At December 31, 2023

Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023	Total of Incurred-But-Not-Reported Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2014	$ 64,049	$ 54,666	$ 57,369	$ 51,795	$ 52,356	$ 48,568	$ 42,026	$ 39,937	$ 38,944	$ 38,494	$ 132	3,566
2015		137,426	122,493	119,863	113,354	100,243	103,635	103,114	102,791	101,365	—	4,312
2016			85,145	81,865	80,207	76,591	75,729	75,759	76,116	76,495	804	4,836
2017				72,827	69,583	82,835	74,031	72,066	70,008	68,816	767	8,577
2018					62,176	98,079	89,282	83,408	76,699	76,278	5,768	7,411
2019						76,005	69,907	63,358	62,918	61,225	4,720	4,824
2020							81,316	62,598	51,958	47,855	5,174	3,041
2021								81,282	72,559	70,138	11,248	2,863
2022									79,782	72,188	35,604	3,240
2023										101,385	86,523	2,112
									Total	$ 714,239		

Insurance Marine and Aviation

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance — For the Years Ended December 31,

Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023
2014	$ 7,997	$ 17,760	$ 28,500	$ 30,582	$ 37,191	$ 40,673	$ 41,448	$ 37,495	$ 38,571	$ 38,373
2015		21,280	50,034	91,131	94,747	97,349	99,443	103,912	103,805	103,570
2016			15,726	35,715	59,153	65,878	67,278	68,644	70,639	70,908
2017				11,188	26,048	42,153	49,588	51,836	52,279	53,479
2018					8,913	39,269	46,329	50,462	53,443	54,921
2019						17,604	29,077	43,292	49,500	44,174
2020							20,403	31,904	35,743	35,320
2021								4,815	17,071	30,119
2022									2,714	15,256
2023										5,002
									Total	451,122
						All outstanding liabilities before 2014, net of reinsurance				11,597
						Liabilities for claims and claim adjustment expenses, net of reinsurance				$ 274,714

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Insurance Marine and Aviation

Average annual percentage payout of incurred claims by age, net of reinsurance

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
17.7%	24.3%	22.7%	6.2%	3.4%	3.1%	2.7%	(3.3)%	1.3%	(0.5)%

Insurance Cyber

The cyber line of business provides cover for cyber, technology errors and omissions, media and miscellaneous professional liability. Cover is provided for a range of risks including data recovery and bricking, cyber-crime, liability and regulatory actions, business interruption, extortion, reputational harm, Payment Card Industry Data Security Standard and media liability.

Typically, this line of business takes longer to develop but specific first party coverages tend to develop more quickly than third party coverages.

Insurance Cyber

	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance										At December 31, 2023	
	For the Years Ended December 31,											
Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023	Total of Incurred-But-Not-Reported Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2014	$ 35,324	$ 34,888	$ 34,819	$ 28,917	$ 23,709	$ 21,487	$ 19,806	$ 21,758	$ 19,833	$ 20,233	$ 283	1,159
2015		32,701	31,774	31,425	25,640	25,217	25,391	26,218	24,639	23,526	985	1,427
2016			29,128	27,805	28,768	20,034	18,533	14,943	13,727	12,229	401	1,667
2017				26,445	25,477	28,412	26,096	25,332	24,012	23,817	1,835	1,812
2018					—	—	—	—	—	—	—	—
2019						227	240	184	184	65	65	9
2020							186	231	5	26	24	2
2021								1,713	2,666	1,581	—	6
2022									5,954	5,688	2,288	4
2023										8,245	8,440	4
									Total	$ 95,410		

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Insurance Cyber

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

For the Years Ended December 31,

Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023
2014	$ 1,537	$ 6,078	$ 11,574	$ 14,969	$ 15,638	$ 16,880	$ 16,847	$ 17,709	$ 17,971	$ 18,902
2015		2,797	7,684	12,721	14,250	15,508	19,784	21,251	21,597	22,260
2016			695	2,328	7,198	9,383	10,789	11,682	11,529	11,762
2017				4,655	9,622	14,103	17,953	18,826	18,843	18,731
2018					—	—	—	—	—	—
2019						—	—	—	—	—
2020							—	1	1	1
2021								971	1,692	1,397
2022									332	2,609
2023										—
									Total	75,662
							All outstanding liabilities before 2014, net of reinsurance			5,048
							Liabilities for claims and claim adjustment expenses, net of reinsurance			$ 24,796

Insurance Cyber

Average annual percentage payout of incurred claims by age, net of reinsurance

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
10.9%	19.0%	11.1%	8.2%	4.0%	6.3%	1.1%	2.6%	2.1%	4.6%

Insurance Professional Lines

The professional lines line of business provides directors’ and officers’ liability, errors and omissions liability, employment practices liability, fiduciary liability, crime, professional indemnity, medical malpractice and other financial insurance related covers for public and private commercial enterprises, financial institutions, not-for-profit organizations and other professional service providers. This business is predominantly written on a claims-made basis.

Typically, this line of business is anticipated to exhibit longer reporting and payment patterns than most other insurance lines of business. For some professional lines in the insurance segment, the Company also relies on the evaluation of the open claim inventory in addition to the commonly employed actuarial methods when establishing reserves.

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Insurance Professional Lines

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

	For the Years Ended December 31,										At December 31, 2023	
Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023	Total of Incurred-But-Not-Reported Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2014	$ 195,629	$ 194,414	$ 199,449	$ 188,597	$ 183,834	$ 172,560	$ 172,044	$ 170,733	$ 168,730	$ 169,680	$ 25,021	8,881
2015		179,980	179,430	184,672	177,631	171,362	159,386	157,762	162,852	166,468	17,200	9,341
2016			168,492	172,078	175,318	187,809	195,752	202,907	203,321	210,213	28,169	10,590
2017				170,478	183,526	204,335	205,764	215,446	213,584	211,046	37,608	12,604
2018					73,673	78,213	87,946	101,181	108,965	108,332	25,688	6,093
2019						83,431	85,979	96,352	98,236	107,134	29,725	5,135
2020							73,289	73,868	67,057	60,733	38,499	3,223
2021								89,636	88,368	80,715	59,145	2,939
2022									126,977	122,649	101,421	3,100
2023										111,321	101,219	3,093
									Total	$1,348,291		

Insurance Professional Lines

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

	For the Years Ended December 31,									
Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023
2014	$ 10,854	$ 33,085	$ 58,377	$ 87,618	$ 104,072	$ 113,414	$ 118,524	$ 130,529	$ 132,859	$ 133,375
2015		8,765	27,776	60,105	79,550	97,580	114,587	121,523	127,729	133,629
2016			8,121	37,274	75,347	99,747	122,580	136,321	160,192	161,324
2017				5,551	26,443	59,445	90,468	107,136	148,534	145,287
2018					3,068	12,959	25,546	38,025	48,045	57,465
2019						8,796	15,885	30,679	47,545	50,686
2020							749	3,659	8,372	10,313
2021								1,526	3,439	12,708
2022									3,058	12,330
2023										4,847
									Total	721,964
									All outstanding liabilities before 2014, net of reinsurance	82,383
									Liabilities for claims and claim adjustment expenses, net of reinsurance	$ 708,710

Insurance Professional Lines

Average annual percentage payout of incurred claims by age, net of reinsurance

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
3.9%	8.8%	14.1%	12.2%	8.6%	10.1%	4.3%	3.8%	2.5%	0.3%

6. Reserve for Losses and Loss Expenses (continued)

Insurance Credit and political risk

The credit and political risk line of business provides credit and political risk insurance products for banks, commodity traders, corporations and multilateral and export credit agencies. Cover is provided for a range of risks including sovereign and corporate credit default, political violence, currency inconvertibility and non-transfer, expropriation, aircraft non-repossession and contract frustration due to political events.

The credit insurance coverage is primarily for lenders seeking to mitigate the risk of non-payment from their borrowers. In order to claim compensation under a credit insurance contract, the insured (most often a bank) cannot assign, without the Company's prior agreement, the insured contract (most often a loan) to any third party and is normally obliged to hold a material portion of insured asset on their books, unhedged and uninsured. Claims for this business tend to be characterized by their severity risk, as opposed to their frequency risk.

Given the nature of the business, under the notification provisions of credit insurance policies issued by the Company, it anticipates being advised of an insured event within a relatively short time period. Consequently, the Company generally estimates ultimate losses based on a contract-by-contract analysis which considers the contracts' terms, the facts and circumstances of underlying loss events and qualitative input from claims managers. Despite notification, credit and political risk claim reporting and payment patterns are anticipated to be volatile and can take longer to develop due to the complex nature of claims and the potential additional time that may be required to realize subrogation assets.

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Insurance Credit and political risk

	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance										At December 31, 2023	
	For the Years Ended December 31,											
Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023	Total of Incurred-But-Not-Reported Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2014	$ 36,191	$ 66,697	$ 64,004	$ 64,866	$ 67,754	$ 69,329	$ 68,802	$ 67,271	$ 67,835	$ 67,834	$ —	6
2015		27,020	29,727	26,880	25,827	25,688	24,619	24,122	23,309	23,309	—	2
2016			44,594	44,662	42,497	43,023	26,892	25,962	24,885	24,885	—	2
2017				17,975	17,632	15,734	9,155	5,968	3,685	2,414	1,713	4
2018					11,294	6,781	5,700	4,262	1,432	1,421	—	1
2019						14,138	39,790	39,579	38,597	37,802	2,342	9
2020							24,445	27,277	25,834	22,054	7,661	23
2021								15,840	14,626	8,932	4,429	6
2022									22,093	20,111	16,552	18
2023										30,252	29,051	11
									Total	$ 239,014		

Insurance Credit and political risk

	Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance									
	For the Years Ended December 31,									
Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023
2014	$ 1,924	$ 38,644	$ 58,456	$ 56,015	$ 56,015	$ 62,208	$ 68,382	$ 68,382	$ 67,835	$ 67,834
2015		—	23,309	23,309	23,309	23,309	23,309	23,309	23,309	23,309
2016			—	24,885	24,885	24,885	24,885	24,885	24,885	24,885
2017				—	1,452	2,727	3,642	3,642	3,642	1,747
2018					2,857	1,830	1,830	1,578	1,427	1,427
2019						6,851	35,376	35,358	35,357	35,395
2020							6,643	59,143	37,837	34,204
2021								2,722	(243)	4,495
2022									1,670	5,282
2023										1,065
									Total	199,643
						All outstanding liabilities before 2014, net of reinsurance				429
						Liabilities for claims and claim adjustment expenses, net of reinsurance				$ 39,800

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Insurance Credit and political risk

Average annual percentage payout of incurred claims by age, net of reinsurance

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
29.4%	60.0%	4.8%	—%	(1.8)%	1.8%	(17.4)%	—%	(0.4)%	—%

Insurance Liability

The liability line of business primarily targets primary and low to mid-level excess and umbrella commercial liability risks in the U.S. wholesale markets assumed from affiliated reinsurance up to 2017, in addition to primary and excess of loss employers, public, and products liability business predominately in the U.K. Target industry sectors include construction, manufacturing, transportation and trucking and other services.

Typically, this line of business is anticipated to exhibit longer claim reporting and payment patterns than most other insurance lines of business and claims are often reported and ultimately paid or settled years, or even decades, after the related loss events occur.

Insurance Liability

	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance										At December 31, 2023	
	For the Years Ended December 31,											
Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023	Total of Incurred-But-Not-Reported Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2014	$ 57,366	$ 65,755	$ 68,518	$ 66,590	$ 67,328	$ 66,383	$ 66,553	$ 66,001	$ 66,030	$ 65,325	$ 5,722	5,820
2015		68,557	66,040	74,374	88,096	96,493	100,804	101,091	101,002	100,223	11,606	6,768
2016			63,154	66,347	65,824	64,573	60,742	60,662	63,347	61,461	8,767	7,626
2017				72,518	73,317	82,592	90,694	93,509	97,549	107,856	12,856	7,262
2018					8,572	8,013	7,678	7,884	8,043	8,430	760	874
2019						13,072	12,478	13,106	10,316	10,158	2,686	587
2020							17,515	17,967	16,200	14,644	8,612	364
2021								22,966	22,359	27,608	10,616	527
2022									43,305	39,256	26,694	577
2023										55,019	49,979	524
									Total	$ 489,980		

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Insurance Liability

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

For the Years Ended December 31,

Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023
2014	$ 719	$ 9,399	$ 25,003	$ 35,857	$ 42,252	$ 46,856	$ 51,584	$ 53,078	$ 56,322	$ 56,686
2015		2,722	10,944	20,454	46,743	60,753	75,714	81,807	85,186	85,470
2016			3,210	11,829	18,389	28,564	33,669	40,189	48,141	49,893
2017				2,270	13,673	28,064	54,418	66,905	77,741	83,713
2018					143	644	1,812	3,351	3,979	4,699
2019						378	1,245	2,017	3,352	3,457
2020							179	1,200	1,871	2,950
2021								517	1,730	3,077
2022									728	3,640
2023										1,317
									Total	294,902
All outstanding liabilities before 2014, net of reinsurance										27,566
Liabilities for claims and claim adjustment expenses, net of reinsurance										$ 222,644

Insurance Liability

Average annual percentage payout of incurred claims by age, net of reinsurance

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
2.4%	8.8%	11.1%	17.5%	8.7%	10.2%	7.9%	2.9%	2.7%	0.6%

Reinsurance Operations

The presentation of net incurred and paid claims development tables by accident year for the reinsurance operations is challenging due to the need to allocate loss information related to proportional treaties to the appropriate accident years. Information related to proportional treaty reinsurance contracts is generally submitted to the Company via quarterly bordereaux reporting by underwriting year, with a supplemental listing of large losses. Large losses can be allocated to the corresponding accident years accurately. The remaining losses can generally only be allocated to accident years based on estimated premiums earned and loss reporting patterns. To the extent management's assumptions and allocation procedures differ from the actual loss development patterns, the actual loss development may differ materially from the net incurred and paid claims development presented in the tables below.

The reporting of cumulative claims frequency for the lines of business within the reinsurance operations is deemed to be impracticable as the information necessary to provide cumulative claims frequency for these lines of business is not available to the Company.

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Reinsurance Accident and Health

The accident and health line of business includes personal accident, specialty health, accidental death, travel, life and disability reinsurance products which are offered on a proportional and catastrophic or per life excess of loss basis.

In general, reporting and payment patterns are relatively short although they can be volatile due to the incidence of catastrophe events

Reinsurance Accident and health

	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance										At December 31, 2023
	For the Years Ended December 31,										Total of Incurred-But-Not-Reported Liabilities Plus Expected Development on Reported Claims
Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023	
2014	$ 63,075	$ 64,092	$ 57,346	$ 56,148	$ 56,142	$ 56,145	$ 56,860	$ 57,203	$ 57,108	$ 56,829	$ 33
2015		53,747	56,886	53,606	53,579	53,032	52,948	52,422	52,392	53,064	50
2016			104,247	115,377	114,143	115,326	115,080	115,683	115,621	115,795	22
2017				115,359	118,387	116,577	115,888	116,626	116,607	116,008	10
2018					60,388	63,734	67,126	67,992	67,604	67,516	207
2019						73,904	71,062	72,491	72,384	69,114	28
2020							49,877	42,662	40,010	37,549	216
2021								24,651	20,824	20,110	1,816
2022									37,587	25,977	8,198
2023										23,544	11,789
									Total	$ 585,506	

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Reinsurance Accident and health

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

For the Years Ended December 31,

Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023
2014	$ 24,320	$ 51,724	$ 55,593	$ 55,840	$ 55,977	$ 56,043	$ 56,529	$ 55,580	$ 55,959	$ 56,483
2015		13,359	43,431	49,833	52,235	52,312	52,556	53,980	53,870	52,564
2016			29,057	89,105	108,919	113,425	114,719	114,409	115,116	114,842
2017				50,245	97,207	108,050	113,345	113,623	114,231	114,038
2018					17,437	44,869	63,469	64,037	65,930	66,073
2019						13,793	50,481	64,612	66,925	66,934
2020							21,605	29,985	33,662	35,404
2021								9,506	14,975	16,775
2022									4,764	16,479
2023										9,802
									Total	549,394
						All outstanding liabilities before 2014, net of reinsurance				—
						Liabilities for claims and claim adjustment expenses, net of reinsurance				$ 36,112

Reinsurance Accident and health

Average annual percentage payout of incurred claims by age, net of reinsurance

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
34.7%	42.8%	14.0%	3.2%	0.7%	0.2%	1.0%	(0.7)%	(0.9)%	0.9%

Reinsurance Agriculture

The agriculture line of business provides protection for risks associated with the production of food and fiber on a global basis for primary insurance companies writing multi-peril crop insurance, crop hail, and named peril covers, as well as custom risk transfer mechanisms for agricultural dependent industries with exposures to crop yield and/or price deviations. This business is written on a proportional and aggregate stop loss reinsurance basis.

In general, reporting and payment patterns are relatively short although they can be volatile due to the incidence of extreme weather events and in some territories take longer to settle due to government involvement in the loss adjustment process.

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Reinsurance Agriculture

	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance										At December 31, 2023
	For the Years Ended December 31,										
Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023	Total of Incurred-But-Not-Reported Liabilities Plus Expected Development on Reported Claims
2014	$ 99,935	$ 70,297	$ 69,133	$ 68,787	$ 68,719	$ 68,721	$ 68,665	$ 68,582	$ 68,898	$ 69,009	$ 482
2015		53,455	49,094	49,154	49,505	49,507	49,595	49,584	49,620	49,892	—
2016			69,060	65,557	61,307	60,340	60,604	60,105	59,995	60,302	—
2017				77,650	73,939	69,932	70,680	70,317	69,286	67,187	—
2018					47,767	54,265	50,597	50,733	50,259	49,806	—
2019						63,192	62,914	63,373	59,706	57,781	195
2020							44,250	46,173	46,312	43,260	807
2021								56,276	49,605	47,180	4,583
2022									82,798	73,900	13,015
2023										77,940	61,182
									Total	$ 596,257	

Reinsurance Agriculture

	Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance									
	For the Years Ended December 31,									
Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023
2014	$ 12,052	$ 58,092	$ 68,793	$ 68,176	$ 68,104	$ 68,617	$ 67,225	$ 67,951	$ 68,318	$ 68,392
2015		775	34,051	47,974	49,108	49,280	49,562	49,568	49,618	49,889
2016			6,554	36,674	59,850	60,761	60,400	60,177	60,148	60,319
2017				4,506	63,339	69,602	70,593	69,359	69,325	67,151
2018					3,185	40,835	47,821	49,958	47,307	49,797
2019						10,987	41,115	56,089	58,761	56,422
2020							15,468	30,676	35,823	38,315
2021								3,116	27,712	38,628
2022									12,834	45,606
2023										10,880
									Total	485,399
									All outstanding liabilities before 2014, net of reinsurance	—
									Liabilities for claims and claim adjustment expenses, net of reinsurance	$ 110,858

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Reinsurance Agriculture

Average annual percentage payout of incurred claims by age, net of reinsurance									
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
13.6%	58.9%	20.8%	2.7%	(1.9)%	1.2%	(1.3)%	0.5%	0.5%	0.1%

Reinsurance Marine and Aviation

The marine line of business includes specialty marine exposures such as cargo, hull, pleasure craft, marine liability, inland marine and offshore energy. The principal perils covered by policies in this portfolio include physical loss, damage and/or liability arising from natural perils of the seas or land, man-made events including fire and explosion, stranding/sinking/salvage, pollution, shipowners and maritime employers liability. This business is written on a non-proportional and proportional basis.

The aviation line of business provides cover for airline, aerospace and general aviation exposures. This business is written on a proportional and non-proportional basis. The Company exited Aviation business effective January 1, 2023.

Losses arising from marine and aviation lines of business are generally reported quickly with the exception of marine and aviation liability claims which tend to exhibit longer reporting and payment patterns as claims involve passengers and third parties.

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Reinsurance Marine and Aviation

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

	For the Years Ended December 31,										At December 31, 2023
Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023	Total of Incurred-But-Not-Reported Liabilities Plus Expected Development on Reported Claims
2014	$ 6,478	$ 5,928	$ 5,203	$ 4,668	$ 5,637	$ 5,148	$ 5,334	$ 5,451	$ 5,677	$ 5,824	$ 221
2015		5,984	5,280	6,284	8,440	7,096	6,795	6,673	6,638	6,655	263
2016			16,534	18,264	18,413	19,026	18,256	18,391	18,584	18,328	—
2017				19,408	16,562	15,468	17,624	16,323	15,165	15,173	34
2018					1,965	650	366	325	285	276	—
2019						7,192	7,993	5,880	6,609	6,804	—
2020							9,185	9,719	10,128	10,658	74
2021								15,950	16,574	16,960	1,251
2022									10,986	9,600	3,865
2023										3,523	2,614
									Total	$ 93,801	

Reinsurance Marine and Aviation

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

	For the Years Ended December 31,									
Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023
2014	$ 786	$ 1,688	$ 2,930	$ 3,355	$ 3,928	$ 3,996	$ 4,321	$ 4,511	$ 4,600	$ 5,053
2015		322	1,563	3,662	4,886	5,783	6,096	6,015	6,046	6,102
2016			1,425	9,931	13,580	15,558	16,944	17,427	17,718	17,823
2017				1,218	9,825	11,189	12,880	13,701	13,827	14,162
2018					25	91	197	290	378	367
2019						1,323	2,920	3,714	5,243	5,501
2020							1,143	3,774	5,533	7,294
2021								2,505	6,208	10,231
2022									2,158	4,628
2023										178
									Total	71,339
All outstanding liabilities before 2014, net of reinsurance										2,564
Liabilities for claims and claim adjustment expenses, net of reinsurance										$ 25,026

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Reinsurance Marine and Aviation

Average annual percentage payout of incurred claims by age, net of reinsurance									
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
11.6%	28.5%	21.5%	17.2%	12.0%	1.1%	2.1%	1.5%	1.2%	7.8%

Reinsurance Professional Lines

The professional lines line of business provides protection for directors' and officers' liability, employment practices liability, medical malpractice, professional indemnity, environmental liability, cyber, and miscellaneous errors and omissions insurance risks. The underlying business is predominantly written on a claims-made basis. This business is written on a proportional and excess of loss basis.

Typically, this line of business is anticipated to exhibit longer claim reporting and payment patterns than most other reinsurance lines of business.

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Reinsurance Professional Lines

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

	For the Years Ended December 31,										At December 31, 2023
Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023	Total of Incurred-But-Not-Reported Liabilities Plus Expected Development on Reported Claims
2014	$ 114,923	$ 114,670	$ 114,448	$ 114,202	$ 121,101	$ 119,421	$ 118,733	$ 117,965	$ 121,992	$ 127,537	$ 6,641
2015		111,340	111,350	112,820	119,096	123,802	122,922	127,091	129,661	134,363	8,116
2016			98,201	98,934	100,800	116,826	133,111	132,781	138,706	143,087	12,474
2017				67,661	68,297	71,532	79,837	84,715	93,946	105,446	14,583
2018					19,975	20,668	21,478	21,111	22,823	24,656	1,723
2019						27,348	28,717	29,235	28,726	28,022	6,834
2020							27,067	27,026	22,287	25,396	14,897
2021								24,516	21,351	22,829	14,074
2022									23,622	22,392	16,612
2023										16,623	12,473
									Total	$ 650,351	

Reinsurance Professional Lines

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

	For the Years Ended December 31,									
Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023
2014	$ 1,184	$ 6,907	$ 25,344	$ 38,426	$ 56,382	$ 75,716	$ 81,675	$ 91,791	$ 97,905	$ 101,178
2015		1,640	7,053	21,815	41,188	58,922	69,589	80,366	90,234	97,256
2016			1,058	10,408	26,665	48,465	63,432	78,805	93,591	104,220
2017				1,444	6,540	17,501	25,938	38,949	50,547	59,417
2018					396	1,022	2,109	4,694	5,685	11,455
2019						254	1,144	4,637	5,815	8,392
2020							375	2,161	3,635	5,417
2021								897	2,045	3,881
2022									620	1,559
2023										511
									Total	393,286
All outstanding liabilities before 2014, net of reinsurance										61,021
Liabilities for claims and claim adjustment expenses, net of reinsurance										$ 318,086

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Reinsurance Professional Lines

Average annual percentage payout of incurred claims by age, net of reinsurance

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1.8%	4.6%	9.8%	9.9%	10.6%	13.6%	7.9%	7.5%	5.0%	2.6%

Reinsurance Credit and Surety

The credit and surety line of business provides reinsurance of trade credit insurance products and includes proportional and excess of loss structures. The underlying insurance indemnifies sellers of goods and services in the event of a payment default by the buyer of those goods and services. Surety reinsurance provides protection for losses arising from a broad array of surety bonds issued by insurers to satisfy regulatory demands or contract obligations in a variety of jurisdictions around the world. The Company also provides mortgage reinsurance to mortgage guaranty insurers and U.S. government sponsored entities for losses related to credit risk transfer into the private sector.

Initial and most recent underwriting year loss projections are generally based on the ELR Method, with consideration given to qualitative factors. Given that there is a quicker and more stable reporting pattern for trade credit and mortgage business, the Company generally commences the transition to experience-based methods sooner for these lines of business than for surety business.

Reinsurance Credit and Surety

	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance										At December 31, 2023
	For the Years Ended December 31,										
Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023	Total of Incurred-But-Not-Reported Liabilities Plus Expected Development on Reported Claims
2014	$ 95,983	$ 97,216	$ 103,022	$ 100,544	$ 92,517	$ 91,429	$ 88,635	$ 87,547	$ 87,546	$ 80,451	$ 1,082
2015		114,711	118,865	114,887	111,896	99,133	100,073	100,951	96,467	93,555	1,087
2016			101,444	100,565	105,131	86,979	81,685	80,026	78,315	79,896	—
2017				90,187	88,505	84,385	78,421	76,138	75,318	75,292	1,733
2018					66,489	73,063	73,348	71,515	67,444	59,164	3,044
2019						42,135	38,036	37,082	35,771	29,862	3,525
2020							26,609	32,677	16,563	54,148	465
2021								18,211	17,195	12,054	7,545
2022									29,125	26,338	17,400
2023										44,699	35,099
									Total	$ 555,459	

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Reinsurance Credit and Surety

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

For the Years Ended December 31,

Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023
2014	$ 26,438	$ 44,313	$ 61,979	$ 68,592	$ 74,364	$ 77,465	$ 77,712	$ 77,483	$ 78,161	$ 71,134
2015		24,577	59,080	71,740	83,955	85,331	88,302	88,907	87,486	85,402
2016			31,324	52,963	65,294	72,039	72,686	71,737	71,599	73,100
2017				24,321	48,634	59,837	68,747	65,643	67,362	67,448
2018					26,092	44,296	45,912	53,812	54,221	54,679
2019						13,429	18,515	24,806	25,433	26,209
2020							14,195	17,792	19,467	20,663
2021								2,837	2,956	3,410
2022									3,835	5,880
2023										6,847
									Total	414,772
						All outstanding liabilities before 2014, net of reinsurance				11,016
					Liabilities for claims and claim adjustment expenses, net of reinsurance					$ 151,703

Reinsurance Credit and Surety

Average annual percentage payout of incurred claims by age, net of reinsurance

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
29.9%	20.2%	12.1%	8.5%	1.5%	1.8%	0.2%	—%	(0.7)%	(8.7)%

Reinsurance Motor

The motor line of business provides protection to insurers for motor liability and motor property damage losses arising out of any one occurrence. A loss occurrence can involve one or many claimants where the ceding insurer aggregates the claims from the occurrence. The Company offers traditional proportional and non-proportional reinsurance as well as structured solutions predominantly relating to European exposures.

The motor proportional business generally has a shorter reported and payment pattern, relative to the motor non-proportional business.

The motor non-proportional business consists of standard excess of loss contracts written for cedants in several European countries with most of the premium related to two major markets, U.K. and France. Since 2009/2010, an increasing number of large bodily injury settlements in the U.K. market were settled using indexed annuities (Periodical Payment Orders "PPOs"). This led to a materially longer development tail on the older accident years for the U.K. non-proportional motor book. This also resulted in the inclusion of capitalization clauses on a number of U.K. motor treaties which allow reinsurers to settle claims arising under PPOs with a lump sum payment, to help mitigate the lengthening of the development tail on more recent accident years.

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

In 2017, the U.K. Ministry of Justice announced a decrease in the discount rate to be used to calculate lump sum awards in U.K. bodily injury cases, known as the Ogden Rate. Effective March 20, 2017, the Ogden rate changed from plus 2.5% to minus 0.75%. This resulted in a trend toward a lower number of claims settlements using PPOs and an increase in projected ultimate losses, particularly related to recent accident years.

Effective August 5, 2019, the Ogden rate changed from minus 0.75% to minus 0.25%. This resulted in a decrease in projected ultimate losses, particularly related to recent accident years.

Reinsurance Motor

	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance										At December 31, 2023
	For the Years Ended December 31,										
Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023	Total of Incurred-But-Not-Reported Liabilities Plus Expected Development on Reported Claims
2014	$ 136,027	$ 135,668	$ 131,988	$ 129,854	$ 126,295	$ 123,862	$ 121,659	$ 121,676	$ 121,944	$ 120,873	$ 1,720
2015		166,058	161,478	164,346	165,403	157,390	156,460	154,752	154,946	153,621	7,037
2016			183,331	194,969	196,078	188,743	182,515	180,697	183,200	183,316	3,187
2017				248,435	250,205	238,356	238,062	240,811	239,903	244,531	10,792
2018					258,810	255,728	263,627	260,775	251,852	261,228	9,865
2019						249,176	249,157	249,286	243,600	245,526	9,697
2020							154,943	156,883	153,282	142,286	7,764
2021								127,640	128,051	128,837	19,034
2022									108,229	117,574	25,357
2023										79,039	32,850
									Total	$ 1,676,831	

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Reinsurance Motor

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

For the Years Ended December 31,

Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023
2014	$ 32,361	$ 54,847	$ 69,138	$ 75,054	$ 82,492	$ 89,516	$ 85,991	$ 101,538	$ 103,486	$ 105,622
2015		43,228	69,287	84,096	96,881	108,658	109,194	126,199	129,934	131,422
2016			45,517	77,901	95,553	108,870	118,503	136,511	141,978	148,189
2017				52,238	98,343	120,912	145,251	161,425	176,388	187,263
2018					62,807	106,307	154,699	161,720	179,191	192,391
2019						68,310	138,532	151,045	166,795	179,969
2020							32,667	71,395	85,621	94,205
2021								31,000	56,105	68,982
2022									25,819	35,937
2023										19,724
									Total	1,163,704
All outstanding liabilities before 2014, net of reinsurance										166,150
Liabilities for claims and claim adjustment expenses, net of reinsurance										$ 679,277

Reinsurance Motor

Average annual percentage payout of incurred claims by age, net of reinsurance

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
24.7 %	19.2 %	10.5 %	6.5 %	6.3 %	5.4 %	3.9 %	6.2 %	1.3 %	1.8 %

Reinsurance Liability

The liability line of business provides protection to insurers of admitted casualty business, excess and surplus lines casualty business and specialty casualty programs. The primary focus of the underlying business is general liability, workers' compensation, auto liability and excess casualty.

Typically, this line of business is anticipated to exhibit longer claim reporting and payment patterns than most other reinsurance lines of business and claims are often reported and ultimately paid or settled years, or even decades, after the related loss events occur.

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Reinsurance Liability

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023	At December 31, 2023: Total of Incurred-But-Not-Reported Liabilities Plus Expected Development on Reported Claims
	For the Years Ended December 31,										
2014	$ 107,234	$ 108,489	$ 109,232	$ 107,198	$ 106,521	$ 105,130	$ 99,676	$ 96,485	$ 99,281	$ 101,484	$ 7,328
2015		114,331	114,424	114,865	114,849	113,886	112,560	107,205	108,236	113,353	11,235
2016			120,172	122,625	125,508	127,286	130,217	131,563	133,762	157,300	22,674
2017				116,896	114,447	117,475	121,449	127,242	128,504	142,025	28,502
2018					27,221	30,498	29,238	28,933	32,809	39,557	9,348
2019						27,671	28,340	27,313	28,062	37,992	11,097
2020							24,958	31,398	26,677	43,279	21,943
2021								21,117	26,295	29,758	10,966
2022									27,346	25,754	14,660
2023										19,409	18,270
									Total	$ 709,911	

Reinsurance Liability

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance

Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023
	For the Years Ended December 31,									
2014	$ 3,641	$ 14,419	$ 24,345	$ 35,712	$ 45,461	$ 56,143	$ 67,957	$ 71,472	$ 77,685	$ 81,848
2015		3,694	13,863	27,817	41,123	56,201	67,458	73,169	78,245	85,933
2016			5,661	17,277	33,040	53,748	69,664	81,029	91,349	103,930
2017				5,563	17,282	32,137	47,582	63,768	77,216	89,158
2018					549	1,845	2,568	4,070	5,743	10,394
2019						545	1,256	1,769	4,557	8,295
2020							249	1,255	1,083	3,155
2021								257	8,213	9,681
2022									632	891
2023										891
									Total	394,176
All outstanding liabilities before 2014, net of reinsurance										70,977
Liabilities for claims and claim adjustment expenses, net of reinsurance										$ 386,712

Reinsurance Liability

Average annual percentage payout of incurred claims by age, net of reinsurance

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
2.6 %	7.8 %	6.3 %	9.0 %	9.7 %	9.8 %	7.9 %	5.3 %	6.5 %	4.1 %

6. Reserve for Losses and Loss Expenses (continued)

Reinsurance Run-off lines

Run-off lines include catastrophe, property, and engineering lines of business.

The catastrophe line of business provides protection for most catastrophic losses that are covered in the underlying insurance policies written by the Company's cedants. The underlying policies principally cover property-related exposures but other exposures including worker's compensation and personal accident are also covered. The principal perils covered by policies in this portfolio include hurricane and windstorm, earthquake, flood, tornado, hail and fire. In some instances, terrorism may be a covered peril or the only peril. This business is written on a proportional and an excess of loss basis. The Company exited this line of business in June 2022.

The property line of business provides protection for property damage and related losses resulting from natural and man-made perils that are covered in underlying personal and commercial lines insurance policies written by the Company's cedants. The predominant exposure is to property damage, but other risks, including business interruption and other non-property losses, may also be covered when arising from a covered peril. The most significant perils covered by policies in this portfolio include windstorm, tornado and earthquake, but other perils such as freezes, riots, floods, industrial explosions, fires, hail and a number of other loss events are also included. This business is written on a proportional and excess of loss basis. The Company exited this line of business in June 2022.

The engineering line of business provides protection for all types of construction risks and risks associated with erection, testing and commissioning of machinery and plants during the construction stage. This line of business also includes cover for losses arising from operational failures of machinery, plant and equipment, and electronic equipment as well as business interruption. The Company exited this line of business in 2020.

In general, reporting and payment patterns are relatively short although they can be volatile due to the incidence of catastrophe events. Losses from engineering exposures tend to develop slower than the other reinsurance run-off lines of business.

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Reinsurance run-off

	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance										At December 31, 2023
	For the Years Ended December 31,										
Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023	Total of Incurred-But-Not-Reported Liabilities Plus Expected Development on Reported Claims
2014	$ 195,770	$ 199,067	$ 189,191	$ 181,594	$ 178,361	$ 178,046	$ 174,896	$ 174,747	$ 174,100	$ 174,082	$ —
2015	—	220,269	207,305	206,360	200,072	199,079	202,827	201,156	199,552	197,464	293
2016	—	—	231,908	229,159	226,040	220,000	221,786	221,987	221,273	216,599	2,089
2017	—	—	—	560,323	556,629	595,605	593,145	591,149	582,980	575,928	8,897
2018	—	—	—	—	355,038	415,040	436,351	422,919	408,316	401,778	26,830
2019	—	—	—	—	—	377,157	330,605	311,532	290,192	280,188	15,466
2020	—	—	—	—	—	—	362,302	395,377	391,098	386,336	26,516
2021	—	—	—	—	—	—	—	279,654	293,434	288,934	26,761
2022	—	—	—	—	—	—	—	—	181,995	143,085	32,619
2023	—	—	—	—	—	—	—	—	—	44,989	19,636
									Total	$ 2,709,383	

Reinsurance run-off

	Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance									
	For the Years Ended December 31,									
Accident Year	2014 Unaudited	2015 Unaudited	2016 Unaudited	2017 Unaudited	2018 Unaudited	2019 Unaudited	2020 Unaudited	2021 Unaudited	2022 Unaudited	2023
2014	$ 37,549	$ 109,566	$ 144,516	$ 157,805	$ 161,502	$ 164,704	$ 161,568	$ 167,767	$ 168,607	$ 169,695
2015	—	39,447	99,102	146,041	166,503	174,531	176,798	188,660	189,600	190,183
2016	—	—	54,332	116,430	161,788	184,543	194,985	201,228	204,885	204,713
2017	—	—	—	125,816	322,930	418,079	469,666	491,669	518,824	533,099
2018	—	—	—	—	62,520	231,372	276,521	311,070	344,985	351,522
2019	—	—	—	—	—	20,068	152,867	192,236	220,292	238,130
2020	—	—	—	—	—	—	64,213	140,007	197,336	249,260
2021	—	—	—	—	—	—	—	55,350	157,971	196,232
2022	—	—	—	—	—	—	—	—	24,500	57,548
2023	—	—	—	—	—	—	—	—	—	14,981
									Total	2,205,363
All outstanding liabilities before 2014, net of reinsurance										24,960
Liabilities for claims and claim adjustment expenses, net of reinsurance										$ 528,980

Reinsurance run-off

Average annual percentage payout of incurred claims by age, net of reinsurance

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
19.8 %	33.6 %	16.8 %	9.9 %	4.9 %	2.4 %	2.1 %	1.3 %	0.4 %	0.6 %

(In thousands of U.S. dollars)

6. Reserve for Losses and Loss Expenses (continued)

Reconciliation of Development Tables to Consolidated Balance Sheet

The following table reconciles the reserve for losses and loss expenses at December 31, 2023 included in the loss development tables to the reserve for losses and loss expenses reported in the consolidated balance sheet:

Reconciliation of the Disclosure of Incurred and Paid Claims Development to the Liability for Unpaid Claims and Claim Adjustment Expenses

	December 31, 2023		
	Net outstanding liabilities	**Reinsurance recoverable on unpaid claims**	**Gross outstanding liabilities**
Insurance operations			
Property	$ 225,430	$ 1,642	$ 227,072
Accident and health	17,561	—	17,561
Marine and Aviation	274,714	50,046	324,760
Cyber	24,796	1,276	26,072
Professional Lines	708,710	58,404	767,114
Credit and political risk	39,800	6,824	46,624
Liability	222,644	29,169	251,813
Total insurance operations	1,513,655	147,361	1,661,016
Reinsurance operations			
Accident and health	36,112	7,526	43,638
Agriculture	110,858	—	110,858
Marine and Aviation	25,026	479	25,505
Professional Lines	318,086	86,784	404,870
Credit and Surety	151,703	33,133	184,836
Motor	679,277	288,667	967,944
Liability	386,712	131,875	518,587
Run-off Lines	528,980	210,118	739,098
Total reinsurance operations	2,236,754	758,582	2,995,336
Total	$ 3,750,409	$ 905,943	4,656,352
Unallocated claims adjustment expenses			43,144
Foreign exchange and other[1]			15,780
Assumed and ceded reserves related to retroactive transactions			(331,469)
Total liability for unpaid claims and claims adjustment expense			$ 4,383,807

(1) Non-U.S. dollar denominated loss data is converted to U.S dollar at the rates of exchange in effect at the balance sheet date for material underlying currencies. Fluctuations in currency exchange rates cause material shifts in loss development. Reserves for losses and loss expenses, disclosed on our consolidated balance sheets, are also revalued using the exchange rate at the balance sheet date.

(In thousands of U.S. dollars)

7. Reinsurance

In the normal course of business, the Company purchases treaty and facultative reinsurance protection to limit ultimate losses and reduce loss aggregation risk.

Facultative reinsurance provides cover for all or a portion of the losses incurred for a single policy and the Company separately negotiates each facultative contract.

Treaty reinsurance provides cover for a specified type or category of risks. The Company's treaty reinsurance agreements provide this cover on either an excess of loss or a proportional basis. Excess of loss covers provide a contractually set amount of coverage after a specified loss amount has been reached. These treaties can provide cover for a number of lines of business within one contract. Under proportional reinsurance, the Company cedes an agreed percentage of the premiums and the losses and loss expenses on the policies it underwrites. These treaties provide the Company with a specified percentage of coverage from the first dollar of loss.

All of these reinsurance contracts provide the Company with the right to recover a specified amount of losses and loss expenses from reinsurers. To the extent that reinsurers do not meet their obligations under these agreements due to solvency issues, contractual disputes over contract language or coverage and/or other reasons, the Company remains liable. The Company predominantly cedes its business to reinsurers rated A- or better by A.M. Best Company, Inc. ("A.M. Best") or on a fully collateralized basis.

Gross and net premiums written and earned for the years ended December 31, 2023 and 2022 are as follows:

	2023		2022	
	Premiums Written	**Premiums Earned**	**Premiums Written**	**Premiums Earned**
Gross	$ 1,588,210	$ 1,591,855	$ 1,773,091	$ 1,813,527
Ceded	(295,028)	(233,408)	(313,815)	(293,478)
Net	$ 1,293,182	$ 1,358,447	$ 1,459,276	$ 1,520,049

For the year ended December 31, 2023, the Company recognized ceded losses and loss expenses of $76,474 (2022: $241,324).

The Company’s provision for unrecoverable reinsurance was $1,728 at December 31, 2023 (2022: $2,288).

During 2023, the Company advanced $38,665 (2022: $47,770) to a third party reinsurer. This loan is being repaid in a manner consistent with the timing of amounts due to the third party reinsurer under retrocession agreements. At December 31, 2023, $33,132 (2022: $32,015) was repaid and was treated as a non-cash activity in the consolidated statement of cash flows. The loan is expected to be repaid in full by February 15, 2026 (2022: February 15, 2025). The loan balance receivable at December 31, 2023, of $21,482 (2022: $29,121) is included in loan advances made in the consolidated balance sheets.

8. Financing Arrangements

Letter of Credit Facility

At December 31, 2023, the Company and certain of AXIS Capital's operating subsidiaries (the "Participating Subsidiaries") had a $500 million letter of credit facility available from Citibank Europe plc ("Citibank") (the "$500 million Facility") pursuant to a Master Reimbursement Agreement dated May 14, 2010, as amended, and Committed Letter of Credit Facility Letter dated December 18, 2015, as amended (together, the "LOC Facility Documents").

Under the terms of the $500 million Facility, letters of credit to a maximum aggregate amount of $500 million are available for issuance on behalf of the Participating Subsidiaries. These letters of credit are principally used to support the reinsurance obligations of the Participating Subsidiaries. The $500 million Facility is subject to certain covenants, including the requirement to maintain sufficient collateral, as defined in the LOC Facility Documents to cover all of the obligations under the $500 million Facility. Such obligations include contingent reimbursement obligations for outstanding letters of credit and fees payable to Citibank. In the event of default, Citibank may exercise certain remedies, including the exercise of control over pledged collateral and the termination of the availability of the $500 million Facility to any or all of the Participating Subsidiaries.

On March 27, 2017, the Participating Subsidiaries amended their existing $500 million Facility to include an additional $250 million of secured letter of credit capacity (the "$250 million Facility"). Under the terms of the amended $750 million Facility, letters of credit to a maximum aggregate amount of $250 million are available for issuance on behalf of the Participating Subsidiaries once the $500 million Facility has been fully utilized.

On March 31, 2021, the Participating Subsidiaries amended their existing secured $750 million Facility to reduce the utilization capacity available under the $250 million Facility to $150 million, reducing the maximum aggregate utilization capacity of the credit facility from $750 million to $650 million.

On March 31, 2023, the $150 million secured letter of credit facility expired.

On December 29, 2023, the $500 million Facility was amended to extend the tenors of issuable letters of credit (i) denominated in a currency other than Australian or New Zealand dollars to March 31, 2025 and (ii) denominated in either Australian dollars or New Zealand dollars to March 31, 2026.

At December 31, 2023, the Company had $150,417 letters of credit outstanding under the $500 million Facility. In addition, letters of credit of $40,185 issued on behalf of other Participating Subsidiaries under the $500 million Facility for which the Company provides collateral were outstanding as at December 31, 2023. AXIS Capital and the Participating Subsidiaries were in compliance with all LOC Facility covenants at December 31, 2023.

9. Commitments and Contingencies

a) Concentrations of Credit Risk

Credit Risk Aggregation

The aggregation of credit risk is monitored and managed on an AXIS Capital group-wide basis by considering exposure management strategies for individual companies, countries, regions, sectors and any other relevant inter-dependencies. Credit exposures are aggregated based on the origin of risk. Credit risk aggregation is also managed through minimizing overlaps in underwriting, financing and investing activities. As part of its credit aggregation framework, aggregate credit limits are assigned by country and by single counterparty (or parent of affiliated counterparties). These limits are based on and adjusted for a variety of factors, including the prevailing economic environment and the nature of the underlying credit exposures.

The credit aggregation measurement and reporting process is facilitated by a credit risk exposure database, which contains relevant information on counterparty details and credit risk exposures. The database is accessible by management throughout AXIS Capital, therefore providing transparency to allow for the implementation of active exposure management strategies on a group-wide basis. AXIS Capital also licenses third-party tools to provide credit risk assessment. AXIS Capital monitors all its credit aggregations on a group-wide basis and, where appropriate, adjusts its internal risk limits and/or takes specific actions to reduce risk exposures. These AXIS Capital group-wide processes include some entity level monitoring and limits.

The assets that potentially subject the Company to concentrations of credit risk consist principally of cash and investments, reinsurance recoverable on unpaid and paid claims and insurance and reinsurance premium balances receivable, as described below.

Cash and Investments

In order to mitigate concentration and operational risks related to cash and cash equivalents, the Company limits the maximum amount of cash that can be deposited with a single counterparty and limits acceptable counterparties based on current rating, outlook and other relevant factors.

The Company's fixed maturities portfolio is exposed to potential losses arising from the diminished creditworthiness of issuers of bonds. The Company's investment portfolio is managed by external investment managers in accordance with its investment guidelines. The Company limits credit risk through diversification and issuer exposure limits graded by ratings and, with respect to custodians, through contractual and other legal remedies. Excluding Government and agency securities, the Company limits its concentration of credit risk to any single corporate issuer to 1% of its investment grade fixed maturities portfolio for securities rated A- or above and less than 1% of its investment grade fixed maturities portfolio for securities rated below A-.

At December 31, 2023, the Company was in compliance with these limits.

9. Commitments and Contingencies (continued)

Reinsurance Recoverable on Unpaid and Paid Losses and Loss Expense

The Company is exposed to the credit risk associated with reinsurance recoverable on unpaid and paid losses to the extent that any of its reinsurers fail to meet their obligations under reinsurance contracts. To help mitigate this risk, the Company's purchase of reinsurance is subject to financial security requirements specified by the AXIS Group Reinsurance Security Committee. This Committee maintains a list of approved reinsurers, performs credit risk assessments for potential new reinsurers, regularly monitors approved reinsurers with consideration for events which may have a material impact on their creditworthiness, recommends counterparty tolerance levels for different types of ceded business and monitors concentrations of credit risk. This assessment considers a wide range of individual attributes, including a review of the counterparty’s financial strength, industry position and other qualitative factors. Generally, the Committee requires that reinsurers who do not meet specified requirements provide collateral.

At December 31, 2023, the three largest balances by reinsurer accounted for 68% (2022: 65%) of reinsurance recoverable on unpaid and paid losses and loss expenses.

At December 31, 2023, balances recoverable from Harrington Re Ltd. and Monarch Point Re accounted for 43% (2022: 38%) and 5% (2022: nil), respectively, of reinsurance recoverable on unpaid and paid loss and loss expenses (refer to Note 13 - Related Party Transactions).

At December 31, 2023, 62% of the Company’s reinsurance balances recoverable were collectible from reinsurers rated A- or better by A.M. Best (2022: 58%) and 37% were fully collateralized (2022: 41%).

Insurance and Reinsurance Premium Balances Receivable

The diversity of the Company’s client base limits the credit risk associated with its insurance and reinsurance premium balances receivable. In addition, for insurance contracts, the Company has contractual rights to cancel coverage for non-payment of premiums and for reinsurance contracts, the Company has contractual rights to offset premiums receivable balances receivable against corresponding payments for losses and loss expenses.

Brokers and other intermediaries collect premiums from customers on behalf of the Company. The Company has procedures in place to manage and monitor credit risk from intermediaries with a focus on day-to-day monitoring of the largest positions.

These contractual rights contribute to the mitigation of credit risk, together with the monitoring of aged premium balances receivable. In light of these mitigating factors, and considering that a significant portion of premium balances receivable are not currently due based on the terms of the underlying contracts, the Company does not utilize specific credit quality indicators to monitor its premium balances receivable.

At December 31, 2023, and 2022 the Company recorded a negligible allowance for estimated uncollectible premium balances receivable. The corresponding bad debt expense was negligible in 2023 and 2022.

(In thousands of U.S. dollars)

9. Commitments and Contingencies (continued)

b) Brokers

The Company produces its business through brokers and direct relationships with insurance companies.

Excluding business assumed from affiliates, during 2023, three brokers accounted for 12% (2022: 18%) of the total gross premiums written by the Company. Aon plc accounted for 6% (2022: 8%), Marsh & McLennan Companies Inc. 4% (2022: 7%), and Arthur J. Gallagher & Co. for 2% (2022: 3%).

With the exception of reinsurance provided to other subsidiaries of AXIS Capital through quota share and stop loss agreements, no other broker and no one insured or reinsured accounted for more than 10% of gross premiums written in the years ended December 31, 2023 and 2022.

c) Lease Commitments

In the ordinary course of business, the Company renews and enters into new leases for office space which expire at various dates.The total rent expense with respect to these operating leases for the year ended December 31, 2023 was $3,264 (2022: $3,452).

Future minimum lease payments under the leases are expected to be as follows:

Year	Amount
2024	$ 3,287
2025	2,554
2026	356
2027	356
2028	356
Later years	—
Total	$ 6,908

10. Shareholder’s Equity

Share capital consists of 12,000,000 authorized common shares of a par value of $0.10 per share. As at December 31, 2023, 12,000,000 common shares were issued and fully paid (2022: 12,000,000 common shares).

11. Retirement Plans

The Company maintains defined contribution plans to provide retirement benefits to eligible employees. Contributions to the plans, which are managed externally, are based on eligible compensation.

For the year ended December 31, 2023, the Company’s total pension expenses were $1,176 (2022: $1,355) for the above retirement benefit.

12. Share-Based Compensation

AXIS Capital adopted long-term equity compensation plans that provide for, among other things, the issuance of restricted shares, restricted stock units (share-settled awards and cash-settled awards), performance units (share-settled awards and cash-settled awards), stock options, stock appreciation rights and other equity-based awards to employees and directors.

Restricted Stock Units - Share-Settled

The grant date fair value of share-settled restricted stock units granted is established at the fair market value of AXIS Capital's common shares at the date of grant. These awards either cliff vest at the end of a three year period, vest in accordance with a three year graded vesting schedule in three annual installments beginning on the grant date, or vest in accordance with a four year graded vesting schedule in four annual installments beginning on the grant date.

Restricted Stock Units - Cash-settled

The grant date fair value of cash-settled restricted stock units granted is established at the fair market value of AXIS Capital's common shares at the date of grant. These awards are liability awards and generally cliff vest at the end of a three year period, or vest in accordance with a four year graded vesting schedule in four annual installments beginning on the grant date.

12. Share-Based Compensation (continued)

Acceleration provisions

Grants provided generally allow for accelerated vesting provisions on the employee's death, permanent disability, or certain terminations following a change in control of AXIS Capital occurring within two years of the change in control event. Notwithstanding these vesting provisions, the Compensation Committee of the AXIS Capital Board has broad authority to accelerate vesting at its discretion.

Retirement Plan

In 2016, AXIS Capital established the AXIS Executive Restricted Stock Unit Retirement Plan (the "Plan") to reward certain eligible long-term employees of the Company for their dedicated service. The Plan was implemented in 2017. Subject to certain conditions being met, eligible employees do not forfeit all of their outstanding share-settled restricted stock units, share-settled performance restricted stock units or cash-settled restricted stock units on or following their retirement. Absent the Plan, outstanding restricted stock units are generally forfeited on termination of employment.

At December 31, 2023, the liability for cash-settled restricted stock units, included in other liabilities in the consolidated balance sheets, is $0 (2022: $195).

At December 31, 2023, there were $2,540 (2022: $2,994) of unrecognized compensation costs which are expected to be recognized over the weighted average period of 2.4 years (2022: 2.5 years).

For the year ended December 31, 2023, the Company incurred share-based compensation costs of $1,430 (2022: $1,852) related to share-settled and cash-settled restricted stock units.

(In thousands of U.S. dollars)

13. Related Party Transactions

During the years ended December 31, 2023 and 2022, the Company entered into various transactions with AXIS Capital and its subsidiaries.

The following amounts relating to the quota share and stop loss agreements (see Note 1) are included in the consolidated statements of operations for the years ended December 31, 2023 and 2022:

	2023	2022
Gross premiums written	$ 1,313,640	$ 1,400,476
Net premiums earned	1,310,073	1,355,586
Acquisition costs expensed	438,531	450,745
Losses and loss expenses	866,201	814,064

At December 31, 2023, amounts due from AXIS Capital and its subsidiaries were $1,981,799 (2022: $1,945,611). This balance includes $1,290,842 (2022: $1,098,925) of balances receivable under reinsurance arrangements that typically include quarterly settlement provisions. The balance also includes $416,929 (2022: $494,929) of loans receivable from AXIS Specialty Holdings, $214,028 (2022: $301,757) of unsecured, non-interest bearing advances to AXIS Capital and its subsidiaries that are payable on demand and a $60,000 (2022: $50,000) promissory note due from AXIS Specialty U.S. Holdings, Inc. ("Specialty U.S. Holdings").

The loans and accrued interest balance due from AXIS Specialty Holdings are comprised of two loans:

- The first loan of $103,500 (2022: $103,500) is unsecured, matures on June 23, 2026 and bears interest at an annual rate of 3.68%, which is payable semi-annually.
- The second loan of $313,429 (2022: $387,064) is unsecured, matures on December 6, 2027 and bears interest at an annual rate of 4.25%, which is payable semi-annually.

AXIS Specialty Holdings may prepay any or all amounts due under these loans at any time without penalty. In 2023 AXIS Specialty Holding repaid $78,000 on the second loan and fully repaid a third loan of $4,365.

On April 18, 2019 AXIS Specialty Finance PLC ("AXIS Finance PLC"), a company affiliated through common ownership, executed a deed following which it can issue up to $390,000 of fixed rate unsecured loan notes maturing on or before April 22, 2022 ("Notes Facility"). The Notes Facility bears interest at LIBOR plus 1.50% with interest payable semi-annually on June 30 and December 31. On January 28, 2022, the Notes Facility was amended to mature on or before April 18, 2024 and bear interest at the Secured Overnight Financing Rate plus 1.50%.

On December 16, 2022, the company entered into a loan with Specialty U.S. Holdings following which it lent $50,000 at an annual interest rate of 4.55%. The loan was settled on July 7, 2023. On December 29, 2023, the Company entered into a new loan with Specialty U.S. Holdings following which it lent $60,000 at an annual interest rate of 5.26%. The loan matures on or before December 29, 2025.

For the year ended December 31, 2023, the Company recognized $19,660 (2022: $20,216) of interest income in relation to the these loans.

13. Related Party Transactions (continued)

At December 31, 2023, insurance and reinsurance balances payable included $18,669 (2022: $60,438) payable to affiliates under quota share agreements. Due to affiliates included $18,035 (2022: $10,425) of unsecured, non-interest bearing amounts due to certain of AXIS Capital's subsidiaries that are payable on demand.

On December 17, 2021, the company entered into a loan with Specialty U.S. Holdings following which it borrowed $45,000 at an annual interest rate of 1.65%. The balance of $45,000 was settled on October 13, 2022.

For the year ended December 31, 2023, the Company recognized $nil (2022: $613) of interest expense in relation to the this loan.

Harrington Reinsurance Holdings Limited ("Harrington"), the parent company of Harrington Re Ltd. ("Harrington Re"), an independent reinsurance company jointly sponsored by AXIS Capital and The Blackstone Group L.P., and Harrington Re commenced operations in 2016. AXIS Capital has the ability to exercise significant influence over the operating and financial policies of Harrington and Harrington Re.

In the normal course of business, the Company enters into certain reinsurance transactions with Harrington Re. For the year ended December 31, 2023, the Company ceded reinsurance premiums of $85,398 (2022: $91,917) and ceded losses of $78,527 (2022: $75,892) to Harrington Re. In addition, Harrington Re paid certain acquisition costs and administrative fees to the Company. At December 31, 2023, the amount of reinsurance recoverable on unpaid and paid losses from Harrington Re was $414,545 (2022: $379,409) and the amount of reinsurance balances payable to Harrington Re included in insurance and reinsurance balances payable was $56,501 (2022: $56,444) in the consolidated balance sheets. All transactions were conducted at market rates consistent with negotiated arms-length contracts.

In 2023, a company affiliated with the Company through common ownership paid $21,621 to acquire 18% of the common equity of Monarch Point Re (ISAC) Ltd. ("Monarch Point Re") and Monarch Point Re (ISA 2023) Ltd. (and collectively "Monarch Point Re"), a collateralized reinsurance company formed under the laws of Bermuda as an incorporated segregated accounts company under the Incorporated Segregated Accounts Companies Act 2019, as amended (the "ISAC Act"). Monarch Point Re is an independent reinsurer jointly sponsored by AXIS Capital and Stone Point Credit, LLC ("Stone Point").

On September 22, 2023 (the "closing date"), the Company entered into an agreement, with an effective date of January 1, 2023, to retrocede a diversified portfolio of casualty reinsurance business to Monarch Point Re. The agreement covers losses both on a prospective basis and on a retroactive basis. Therefore, the Company has bifurcated the prospective and retroactive elements of the agreement and is accounting for each element separately.

At the closing date, the Company recognized reinsurance recoverable on unpaid losses of $28,458 and reinsurance recoverable on paid losses of $903 in the consolidated balance sheets associated with the retroactive element of the agreement (refer to Note 6 - 'Reserve for Losses and Loss Expenses). A net consideration of $34,490 was allocated to the retroactive element of the agreement, resulting in a loss expense of $5,129.

13. Related Party Transactions (continued)

For the year ended December 31, 2023, the Company ceded reinsurance premiums of $85,037 and ceded losses of $12,255 to Monarch Point Re with respect to the prospective element of the agreement. In addition, Monarch Point Re paid certain acquisition costs and administrative fees to the Company.

At December 31, 2023, the amount of reinsurance recoverable on unpaid and paid losses was $43,367 and the amount of ceded reinsurance payable included in insurance and reinsurance balances payable was $63,849 in the consolidated balance sheets. This transaction was conducted at market rates consistent with negotiated arms-length contracts

During 2023, the Company advanced an amount of $112,926 to Monarch Point Re. This loan will be repaid in a manner consistent with the timing of amounts due to Monarch Point Re under the retrocession agreement. At December 31, 2023, an amount of $33,818 was repaid and was treated as a non- cash activity in the consolidated statement of cash flows. The loan is expected to be repaid in full by May 15, 2025. The loan balance receivable at December 31, 2023 of $79,108 is included in loan advances made in the consolidated balance sheets.

Interest on this loan was payable for the three months ended December 31, 2023 at interest rates between 5.7% and 5.85%. Interest related to this loan was received in advance and is included in other liabilities in the consolidated balance sheets and interest income for this period is included in other insurance related income in the consolidated statement of operations.

A member of AXIS Capital's Board of Directors, Mr. Charles Davis, is the Chief Executive Officer of Stone Point Capital, LLC ("Stone Point"). In the ordinary course of business, the Company engages SKY Harbor Capital Management, LLC, which is majority-owned by Stone Point's private equity fund Trident V L.P. ("Trident V"), to provide asset management services for certain high yield debt portfolios. For the year ended December 31, 2023, total fees paid to SKY Harbor Capital Management, LLC, were $906 (2022: $1,035).

The Company has co-investments of $26,430 in Stone Point's private equity fund, Trident VIII L.P. ("Trident VIII"). For the year ended December 31, 2023, the Company has not paid any fees to Stone Point in relation to Trident VIII co-investments (2022: $nil).

The Company has an investment of $17,845 in Stone Point Credit Corporation. For the year ended December 31, 2023, total fees paid to Stone Point in relation to Stone Point Credit Corporation were $487 (2022: $335).

13. Related Party Transactions (continued)

The Company's investment portfolio includes certain investments where the Company is considered to have the ability to exercise significant influence over the operating and financial policies of the investee. Significant influence is generally deemed to exist where the Company has an investment of 20% or more in the common stock of a corporation or an investment greater than 3% to 5% in closed end funds, limited partnerships, LLCs or similar investment vehicles.

At December 31, 2023, the Company had $131,253 (2022: $93,567) of investments where it is deemed to have the ability to exercise such significant influence. The Company generally pays management and performance fees to the investment managers of these investments. The Company considers all fees paid to the investment managers to be at market rates consistent with negotiated arms-length contracts.

14. Taxation

Under current Bermuda law, the Company is not required to pay any taxes in Bermuda on income or capital gains. The Company has received assurance from the Minister of Finance in Bermuda that, in the event of any taxes being imposed, the Company will be exempt from taxation in Bermuda until March 2035.

Notwithstanding the above, on December 27, 2023 the Bermuda government enacted a corporate income tax which will apply for accounting periods starting on or after January 1, 2025. Importantly, under the Corporate Income Tax Act 2023 of Bermuda, any liability to the tax will apply regardless of any assurances previously provided under the Exempted Undertakings Tax Protection Act 1966 of Bermuda.

The Company recognized a tax benefit of $13,272 on unrealized investment losses included in other comprehensive income (loss) due to the enactment of this corporate income tax that will take effect in 2025. The deferred tax asset is presented in other assets in the consolidated balance sheets.

The Branch is subject to taxes in Singapore. The Branch is not under examination in this tax jurisdiction, but remains subject to examination for the tax years 2020 through 2023.

At December 31, 2023, the total operating loss carry forwards for the Branch were $70,815 (2022: $73,769). Such operating losses are currently available to offset future taxable income of the Branch and may be carried forward indefinitely. At December 31, 2023 and 2022, the Company established a full valuation allowance on these operating loss carry forwards due to the cumulative losses historically.

(In thousands of U.S. dollars)

15. Other Comprehensive Income (Loss)

Reclassifications out of AOCI into net income were as follows:

AOCI Components	Consolidated statements of operations line item that includes reclassification	Amount Reclassified from AOCI[(1)] Year ended December 31, 2023	2022
Unrealized gains (losses) on available for sale investments			
	Other realized investment gains (losses)	$ (54,303)	$ (158,051)
	Impairment losses	(8,872)	(10,915)
	Total before tax	**(63,175)**	**(168,966)**
	Income tax expenses	—	—
	Net of tax	**$ (63,175)**	**$ (168,966)**

(1) Amounts in parentheses are charges to net income

(In thousands of U.S. dollars)

16. Statutory Financial Information

The Company is licensed under the Bermuda Insurance Act 1978, amendments thereto and Related Regulations (the “Act”) and is required to comply with various provisions of the Act regarding solvency and liquidity. Under the Act, the Company is required to maintain minimum statutory capital and surplus equal to the greater of a minimum solvency margin (“MSM”) and an Enhanced Capital Requirement (“ECR”). The MSM is the greater of $100 million, 50% of net written premiums, 15% of the net reserve for losses and loss adjustment expenses or 25% of the ECR. The ECR is calculated based on either an internally developed risk-based capital model or a standard risk-based capital model developed by the Bermuda Monetary Authority ("BMA"). In 2016, the BMA implemented an Economic Balance Sheet ("EBS") framework, which is used as the basis to determine the required and available statutory capital and surplus. Actual and required minimum statutory capital and surplus at December 31, 2023 and 2022 were as follows:

	2023	2022
Required minimum statutory capital and surplus	$ 1,269,943	$ 1,261,160
Actual statutory capital and surplus	$ 3,170,556	$ 3,156,955

Under the Act, the Company is restricted as to the payment of dividends for amounts greater than 25% of the prior year’s statutory capital and surplus, whereby a signed affidavit by at least two members of the Board of Directors attesting that a dividend in excess of this amount would not cause the company to fail to meet its relevant margins is required. The maximum dividend the Company could pay, without a signed affidavit, having met minimum levels of statutory capital and surplus requirements, was approximately $730,434 (2022: $708,592).

In accordance with the Company’s license under the Act, loss reserves are certified annually by an independent loss reserve specialist.

The Branch is licensed under the Insurance Act of Singapore and is required to comply with various provisions of the Act regarding solvency. The Branch is subject to additional minimum capital or asset requirements. At December 31, 2023 and 2022, the actual capital/assets for the Branch exceeded the regulatory requirements.

17. Subsequent events

On February 13, 2024, the Company entered into a loan with Specialty U.S. Holdings following which it lent $200,000 at an annual interest rate of 4.68%. The loan matures on or before February 13, 2026.