AUDITED FINANCIAL STATEMENTS

Renaissance Reinsurance Ltd. and Subsidiaries

December 31, 2023 and 2022

RenaissanceRe

April 18, 2024

Report of Independent Auditors

To the Board of Directors and Shareholder of Renaissance Reinsurance Ltd.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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

Responsibilities of management for the consolidated financial statements

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

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

Required supplemental information

Accounting principles generally accepted in the United States of America require that the required supplemental information pertaining to *Short-Duration Contracts* disclosures labelled as "Unaudited" within Note 6 on pages 37 to 48 be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

RENAISSANCE REINSURANCE LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AT DECEMBER 31, 2023 AND 2022
(in thousands of United States Dollars)

	2023	2022
Assets		
Fixed maturity investments trading, at fair value - amortized cost $3,401,235 at December 31, 2023 (2022 - $3,773,106) (Notes 3 and 4)	$ 3,402,793	$ 3,629,348
Short term investments, at fair value - amortized cost $224,893 at December 31, 2023 (2022 - $307,441) (Notes 3 and 4)	225,059	307,047
Other investments, at fair value (Notes 3 and 4)	26,491	33,073
Investment in RIHL, under equity method (Note 3)	995,315	853,076
Investment in ROIHL II, under equity method (Note 3)	178,422	167,263
Investment in ROIHL III, under equity method (Note 3)	888,837	577,961
Investment in Top Layer Re, under equity method (Note 3)	31,768	23,562
Total investments	5,748,685	5,591,330
Cash and cash equivalents	534,928	267,417
Premiums receivable (Notes 5 and 8)	2,627,243	2,558,716
Prepaid reinsurance premiums (Notes 5 and 8)	792,691	779,822
Reinsurance recoverable (Notes 5, 6 and 8)	2,387,958	2,854,708
Contribution of capital receivable from parent (Note 7)	—	347,672
Due from affiliates, net (Notes 3 and 8)	138,610	—
Accrued investment income	29,585	26,308
Deferred acquisition costs	490,536	478,859
Deferred Tax Asset (Note 9)	394,530	—
Receivable for investments sold	261,455	125,660
Other assets	29,773	30,179
Total assets	$ 13,435,994	$ 13,060,671
Liabilities and Shareholder’s Equity		
Liabilities		
Reserve for claims and claim expenses (Notes 6 and 8)	$ 6,207,611	$ 6,696,273
Unearned premiums (Note 8)	2,160,789	2,199,146
Reinsurance balances payable (Note 8)	1,656,026	1,477,772
Dividends payable to parent (Note 7)	—	235,339
Due to affiliates, net (Note 8)	34,370	16,485
Payable for investments purchased	272,508	134,811
Accounts payable and accrued liabilities	12,119	11,964
Other liabilities	10,109	38,882
Total liabilities	10,353,532	10,810,672
Shareholder’s Equity		
Common shares: $1.00 par value – 200,000,000 shares authorized; 141,301,000 shares issued and outstanding at December 31, 2023 and 2022 (Note 7)	141,301	141,301
Additional paid-in capital (Note 7)	2,289,715	2,712,100
Accumulated other comprehensive income (loss)	(3,241)	(3,378)
Retained earnings (deficit)	654,687	(600,024)
Total shareholder’s equity	3,082,462	2,249,999
Total liabilities and shareholder’s equity	$ 13,435,994	$ 13,060,671

On behalf of the Board:

Director

See accompanying notes to the consolidated financial statements

RENAISSANCE REINSURANCE LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(in thousands of United States Dollars)

	2023	2022
Revenues		
Gross premiums written (Notes 5 and 8)	$ 3,301,017	$ 3,649,600
Net premiums written (Notes 5 and 8)	$ 2,025,674	$ 2,181,668
(Increase) decrease in net unearned premiums	51,227	(209,465)
Net premiums earned (Notes 5 and 8)	2,076,901	1,972,203
Net investment income (Note 3)	170,730	89,505
Net foreign exchange gains (losses)	(21,924)	(3,701)
Equity in earnings (losses) of RIHL (Note 3)	93,141	(46,963)
Equity in earnings (losses) of RIHL II (Note 3)	—	(9,743)
Equity in earnings (losses) of ROIHL II (Note 3)	11,023	(72,559)
Equity in earnings (losses) of ROIHL III (Note 3)	75,876	14,392
Equity in earnings (losses) of Top Layer Re (Note 3)	15,977	6,347
Other income (loss) (Notes 6 and 8)	(1,657)	7,608
Net realized and unrealized gains (losses) on investments (Note 3)	(16,319)	(572,956)
Total revenues	2,403,748	1,384,133
Expenses		
Net claims and claim expenses incurred (Notes 5, 6 and 8)	866,613	1,206,177
Acquisition expenses	518,113	528,370
Operational expenses (Notes 8 and 12)	(29,669)	66,019
Corporate expenses	3,646	3,099
Interest expense (Note 8)	—	859
Total expenses	1,358,703	1,804,524
Income (loss) before taxes	1,045,045	(420,391)
Income tax benefit (expense) (Note 9)	392,394	(541)
Net income (loss)	$ 1,437,439	$ (420,932)

See accompanying notes to the consolidated financial statements

RENAISSANCE REINSURANCE LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(in thousands of United States Dollars)

	2023	2022
Comprehensive income (loss)		
Net income (loss)	$ 1,437,439	$ (420,932)
Change in net unrealized gains (losses) on investments, net of tax	137	(3,127)
Comprehensive income (loss)	$ 1,437,576	$ (424,059)

RENAISSANCE REINSURANCE LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(in thousands of United States Dollars)

	2023	2022
Common shares	$ 141,301	$ 141,301
Additional paid-in capital		
Balance – January 1	2,712,100	2,052,703
Contribution of capital (Note 7)	—	659,397
Return of capital (Note 7)	(422,385)	—
Balance – December 31	2,289,715	2,712,100
Accumulated other comprehensive income (loss)		
Balance – January 1	(3,378)	(251)
Change in net unrealized gains (losses) on investments (Note 3)	137	(3,127)
Balance – December 31	(3,241)	(3,378)
Retained earnings (deficit)		
Balance – January 1	(600,024)	56,247
Net income (loss)	1,437,439	(420,932)
Dividends declared (Note 7)	(182,728)	(235,339)
Balance – December 31	654,687	(600,024)
Total shareholder's equity	$ 3,082,462	$ 2,249,999

See accompanying notes to the consolidated financial statements

RENAISSANCE REINSURANCE LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(in thousands of United States Dollars)

	2023	2022
Cash flows provided (used) by operating activities		
Net income (loss)	$ 1,437,439	$ (420,932)
Adjustments to reconcile net income (losses) to net cash provided (used) by operating activities		
Amortization and (accretion)	(25,545)	(7,492)
Equity in undistributed earnings (losses) of RIHL	(93,141)	46,994
Equity in undistributed earnings (losses) of RIHL II	—	9,758
Equity in undistributed earnings (losses) of ROIHL II	(11,023)	72,559
Equity in undistributed earnings (losses) of ROIHL III	(75,876)	(14,392)
Equity in undistributed earnings (losses) of Top Layer Re	(10,087)	(6,347)
Net realized and unrealized (gains) losses on investments	(40,618)	415,107
Change in:		
Premiums receivable	(68,527)	(613,168)
Prepaid reinsurance premiums	(12,869)	(192,947)
Reinsurance recoverable	466,750	(391,159)
Accrued investment income	(3,277)	(12,738)
Deferred acquisition costs	(11,677)	(92,898)
Reserve for claims and claim expenses	(488,662)	915,766
Unearned premiums	(38,357)	366,048
Reinsurance balances payable	178,254	472,126
Due to / from affiliates	(106,420)	(7,907)
Other, net	(439,482)	31,681
Net cash provided (used) by operating activities	656,882	570,059
Cash flows provided (used) in investing activities		
Proceeds from sales and maturities of fixed maturity investments trading	6,422,317	7,391,038
Purchases of fixed maturity investments trading	(6,130,924)	(7,580,624)
Proceeds from sales of short term investments	3,273,788	4,171,183
Purchases of short term investments	(3,188,400)	(4,287,576)
Proceeds from sales of equity investments	—	89,871
Purchases of equity investments	—	(1,882)
Proceeds from sales of other investments	17,545	67,229
Purchases of other investments	(8,700)	(50,207)
Proceeds from redemptions of investment in RIHL	—	304,497
Purchases of investment in RIHL	(231,002)	(534,000)
Proceeds from redemptions of investment in RIHL II	—	115,349
Purchases of investment in ROIHL III	(235,000)	(265,000)
Return of investment from investment in Top Layer Re	1,881	8,688
Net cash provided (used) in investing activities	(78,495)	(571,434)
Cash flows provided (used) in financing activities		
Return of capital	(128,148)	—
Dividends paid	(182,728)	(61,538)
Net cash provided (used) in financing activities	(310,876)	(61,538)
Net increase (decrease) in cash and cash equivalents	267,511	(62,913)
Cash and cash equivalents, beginning of period	267,417	330,330
Cash and cash equivalents, end of period	$ 534,928	$ 267,417

See accompanying notes to the consolidated financial statements

NOTE 1. ORGANIZATION

Renaissance Reinsurance Ltd. ("Renaissance Reinsurance") was incorporated under the laws of Bermuda in 1993. Renaissance Reinsurance provides property and casualty and specialty reinsurance coverages to insurers and reinsurers on a worldwide basis. Renaissance Reinsurance is a wholly-owned subsidiary of RenRe Insurance Holdings Ltd. ("RenRe Insurance"), whose ultimate parent is RenaissanceRe Holdings Ltd. ("RenaissanceRe").

The consolidated financial statements of Renaissance Reinsurance include the financial position and results of operations of its wholly-owned subsidiaries, Renaissance Reinsurance of Europe Unlimited Company, including its U.K. branch (collectively referred to as "Renaissance Reinsurance of Europe"), RenaissanceRe Corporate Capital (UK) Limited ("RenaissanceRe CCL"), and its branches based in the Republic of Singapore (the "Singapore Branch") and Switzerland (the "Switzerland Branch"). These entities are collectively referred to as the "Company". The principal activity of the selected syndicates is to underwrite insurance and reinsurance business across property and casualty and specialty classes. Renaissance Reinsurance of Europe was incorporated in October 1998 under the laws of Ireland to provide certain property and casualty and specialty reinsurance coverage in Europe. RenaissanceRe CCL, a wholly owned subsidiary of the Company, was incorporated in March 2009 and is the sole corporate member for RenaissanceRe's Lloyd's syndicate, RenaissanceRe Syndicate 1458 ("Syndicate 1458"). Syndicate 1458 offers a range of property and casualty and specialty insurance and reinsurance products. The Singapore Branch has a license to carry on insurance business as a general reinsurer under the regulation of the Monetary Authority of Singapore pursuant to Singapore's Insurance Act. The Switzerland Branch is considered a branch office of a foreign reinsurer, and is not regulated by the Swiss Financial Market Supervisory Authority.

On July 22, 2022 Renaissance Reinsurance undertook internal restructuring and as a result, RenaissanceRe Corporate Member No. 2 Limited ("RCM2"), previously a wholly-owned subsidiary of Renaissance Reinsurance, became a wholly-owned subsidiary of RenaissanceRe Europe AG ("RREAG"). RenaissanceRe Corporate Member No. 2 Limited was incorporated in September 2014, with the principal activity to act as Lloyd's corporate member which takes a participation on selected syndicates on a limited liability basis. The results of operations of RCM2 from January 1, 2022, through June 30, 2022, are reflected in the Company's results of operations for the year ended December 31, 2022. The sale of RCM2 was not material to the financial statements of Renaissance Reinsurance.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

Use of Estimates in Financial Statements

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

Premiums and Related Expenses

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

Due to the nature of reinsurance, ceding companies routinely report and remit premiums to us subsequent to the contract coverage period. Consequently, premiums written and receivable include amounts reported by the ceding companies, supplemented by our estimates of premiums that are written but not reported.

The estimation of written premiums may be affected by early cancellation, election of contract provisions for cut-off and return of unearned premiums or other contract disruptions. The time lag involved in the process of reporting premiums is shorter than the lag in reporting losses. In addition to estimating premiums written, we estimate the earned portion of premiums written which is subject to judgment and uncertainty. Any adjustments to written and earned premiums, and the related losses and acquisition expenses, are accounted for as changes in estimates and are reflected in the results of operations in the period in which they are made.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES, cont'd.

Lines of business that are similar in both the nature of their business and estimation process may be grouped for purposes of estimating premiums. Premiums are estimated based on ceding company estimates and our own judgment after considering factors such as: (1) the ceding company's historical premium versus projected premium, (2) the ceding company's history of providing accurate estimates, (3) anticipated changes in the marketplace and the ceding company's competitive position therein, (4) reported premiums to date and (5) the anticipated impact of proposed underwriting changes.

Estimates of premiums written and earned are based on the selected ultimate premium estimate, the terms and conditions of the reinsurance contracts and the remaining exposure from the underlying policies. We evaluate the appropriateness of these estimates in light of the actual premium reported by the ceding companies, information obtained during audits and other information received from ceding companies.

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

We estimate our provision for current expected credit losses by applying specific percentages against each premiums receivable based on the counterparty's credit ratings. The percentages applied are based on information received from both insureds and ceding companies and are then adjusted by us based on industry knowledge and our judgment and estimates. We then evaluate the overall adequacy of the provision for current expected credit losses based on other qualitative and judgmental factors.

Claims and Claim Expenses

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES, cont'd.

Reinsurance

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

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

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

Investments

Fixed Maturity Investments

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

Short Term Investments

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES, cont'd.

Other Investments

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

Certain of the Company's fund investments managers, or their fund administrators, are unable to provide final fund valuations as of the Company's current reporting date. The Company typically experiences a reporting lag to receive a final net asset value report of one month for hedge funds and three months for both private equity funds and private credit funds, although the Company has occasionally experienced delays of up to six months, particularly at year end. In circumstances where there is a reporting lag between the current period end reporting date and the reporting date of the latest fund valuation, the Company estimates the fair value of these funds by starting with the prior month or quarter-end fund valuations, adjusting these valuations for actual capital calls, redemptions or distributions, as well as the impact of changes in foreign currency exchange rates, and then estimating the return for the current period. In circumstances in which the Company estimates the return for the current period, all information available to the Company is utilized. This principally includes using preliminary estimates reported to the Company by its fund managers, where available, and estimating returns based on the performance of broad market indices or other valuation methods. Actual final fund valuations may differ, perhaps materially so, from the Company's estimates and these differences are recorded in the Company's consolidated statements of operations in the period in which they are reported to the Company as a change in estimate.

The Company's other investments also include investments in catastrophe bonds and direct private equity investments which are recorded at fair value. The fair value of catastrophe bonds is based on broker or underwriter bid indications. The fair value of direct private equity investments is based on the use of internal valuation models.

Renaissance Investment Holdings Ltd. ("RIHL")

The Company's investments include an interest in the mandatorily redeemable preferred shares of RIHL, a related party and wholly-owned subsidiary of RenaissanceRe. RIHL was formed to enhance administrative efficiency and take advantage of the increased benefits and reduced costs ordinarily associated with the management of large investment portfolios of different subsidiaries in the same group. Through RIHL, the Company invests in a diversified portfolio of highly liquid fixed income securities and certain derivative products, both of which are measured at fair value. The Company may redeem its interest in RIHL at the current net asset value no more frequently than bi-monthly. Third party service providers perform custodial functions and external investment managers manage the assets held through RIHL, pursuant to written investment guidelines.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES, cont'd.

Renaissance Investment Holdings II Ltd. ("RIHL II")

The Company's investments include an interest in the mandatorily redeemable preferred shares of RIHL II, a related party and wholly-owned subsidiary of RenaissanceRe. RIHL II was formed to enhance administrative efficiency and take advantage of the increased benefits and reduced costs ordinarily associated with the management of large investment portfolios of different subsidiaries in the same group. Through RIHL II, the Company invests in a diversified portfolio of fixed income securities and certain derivative products, both of which are measured at fair value. The Company may redeem its interest in RIHL II at the current net asset value no more frequently than bi-monthly. Third party service providers perform custodial functions and external investment managers manage the assets held through RIHL II, pursuant to written investment guidelines.

Renaissance Other Investments Holdings II Ltd. ("ROIHL II")

The Company's investments include an interest in the mandatorily redeemable preferred shares of ROIHL II, a related party and wholly-owned subsidiary of RenaissanceRe. ROIHL II was established to hold RenaissanceRe Ventures Ltd., a Bermuda domiciled company, which invests in certain strategic initiatives, including, but not limited to: equity investments; direct private equity investments classified as other investments; investments in which the investor has significant influence over the operating and financial policies of the investee classified as investments in other ventures, under equity method; and certain other strategic investments.

Renaissance Other Investments Holdings III Ltd. ("ROIHL III")

The Company's investments include an interest in the mandatorily redeemable preferred shares of ROIHL III, a related party and wholly-owned subsidiary of RenaissanceRe. ROIHL III was established to hold Renaissance Investment Management Company Limited, a Bermuda domiciled investment management company, which invests in private equity funds, private credit funds and hedge funds.

RIHL, RIHL II, ROIHL II and ROIHL III, at their sole discretion may require any shareholder to surrender some, or all of such shareholder's shares for redemption upon prior written notice in accordance with the normal redemption notice period. In addition, RIHL, RIHL II, ROIHL II and ROIHL III shall redeem all outstanding shares by a date, no later than December 31, 2038.

The Company's ownership in RIHL, RIHL II, ROIHL II and ROIHL III are recorded using the equity method of accounting. The Company's share of RIHL, RIHL II, ROIHL II and ROIHL III's net income (loss) is included in the consolidated statements of operations. Any decline in the value of the Company's share of RIHL, RIHL II, ROIHL II or ROIHL III considered by management to be other-than-temporary is charged to earnings in the period in which it is determined.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES, cont'd.

Investment in Top Layer Reinsurance Ltd. ("Top Layer Re")

The Company has significant influence over the operating and financial policies of Top Layer Re and its 50.0% ownership is accounted for under the equity method of accounting. Under this method, the Company's proportionate share of income (loss) from Top Layer Re is included in equity in earnings (losses) of Top Layer Re in the Company's consolidated statements of operations. Any decline in value of the Company's investment in Top Layer Re considered by management to be other-than-temporary is charged to income in the period in which it is determined.

Variable Interest Entities

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

Cash and Cash Equivalents

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

Derivatives

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES, cont'd.

<u>Fair Value Option</u>

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

<u>Foreign Exchange</u>

The Company's functional currency is the United States ("U.S.") dollar. Monetary assets and liabilities denominated in a currency other than the functional currency of the Company and its subsidiaries in which those monetary assets and liabilities reside are revalued into such subsidiary's functional currency at the prevailing exchange rate on the balance sheet date. Revenues and expenses denominated in a currency other than the functional currency of the Company and its subsidiaries, are valued at the exchange rate on the date on which the underlying revenue or expense transaction occurred. The net effect of these revaluation adjustments are recognized in the Company's consolidated statements of operations as part of net foreign exchange gains (losses).

<u>Taxation</u>

Income taxes have been provided for in accordance with the provisions of FASB ASC Topic *Income Taxes.* Deferred tax assets and liabilities result from temporary differences between the amounts recorded in the consolidated financial statements and the tax basis of the Company's assets and liabilities. Such temporary differences are primarily due to net operating loss carryforwards, unrealized losses, and GAAP versus tax basis accounting differences relating to reserves for claims and claim expenses, deferred underwriting results, investments, value of in-force business, intangible assets and deferred acquisition expenses.

The effect on deferred tax assets and liabilities of a change in tax law or tax rates is recognized in income in the period in which the change is enacted. A valuation allowance against net deferred tax assets is recorded if it is more likely than not that all, or some portion, of the benefits related to net deferred tax assets will not be realized. Significant judgments, assumptions and estimates, which are inherently subjective, are required in determining income tax expense, temporary differences, the deferred tax impact of a change in law, and valuation allowances.

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

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

Improvements to Income Tax Disclosures

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

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

NOTE 3. INVESTMENTS

Fixed Maturity Investments Trading

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

At December 31,	2023	2022
U.S. treasuries	$ 2,178,802	$ 2,432,237
Corporate (1)	650,925	657,793
Asset-backed	209,098	188,271
Non-U.S. government	136,638	143,486
Agencies	122,685	107,992
Residential mortgage-backed	102,928	97,870
Commercial mortgage-backed	1,717	1,699
Total fixed maturity investments trading	$ 3,402,793	$ 3,629,348

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

Contractual maturities of fixed maturity investments trading are described in the following table. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	At December 31, 2023		At December 31, 2022	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in less than one year	$ 110,727	109,919	$ 92,381	$ 90,451
Due after one through five years	1,758,012	1,760,516	2,176,430	2,120,494
Due after five through ten years	1,179,230	1,189,764	1,129,712	1,070,408
Due after ten years	30,661	28,851	68,017	60,155
Mortgage-backed	112,068	104,645	109,198	99,569
Asset-backed	210,537	209,098	197,368	188,271
Total	$ 3,401,235	$ 3,402,793	$ 3,773,106	$ 3,629,348

Pledged Investments

At December 31, 2023, $3.1 billion (2022 - $3.1 billion) of cash and investments at fair value were on deposit with, or in trust accounts for the benefit of various counterparties, including with respect to the Company's letter of credit facilities. Of this amount, $527.1 million (2022 - $453.2 million) is on deposit with, or in trust accounts for the benefit of, U.S. state regulatory authorities and primarily relates to the Company's multi-beneficiary reinsurance trust ("MBRT") and multi-beneficiary reduced collateral reinsurance trust ("RCT"). See "Note 10. Statutory Requirements" for additional information regarding the Company's MBRT and RCT.

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

NOTE 3. INVESTMENTS, cont'd.

Net Investment Income

The components of net investment income are as follows:

Year ended December 31,	2023	2022
Fixed maturity investments trading	$ 151,147	$ 86,496
Short term investments	16,059	3,033
Equity investments	—	691
Other investments	3,317	3,701
Cash and cash equivalents	6,275	1,498
	176,798	95,419
Investment expenses	(6,068)	(5,914)
Net investment income	$ 170,730	$ 89,505

Net Realized and Unrealized Gains (Losses) on Investments

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

Year ended December 31,	2023	2022
Gross realized gains on fixed maturity investments trading	$ 21,902	$ 6,791
Gross realized losses on fixed maturity investments trading	(124,573)	(277,542)
Net realized gains (losses) on fixed maturity investments trading	(102,671)	(270,751)
Net unrealized gains (losses) on fixed maturity investments trading	142,272	(116,955)
Net realized and unrealized gains (losses) on investment-related derivatives (1)	(56,936)	(159,753)
Net realized gains (losses) on equity investments	—	5,334
Net unrealized gains (losses) on equity investments	—	(29,238)
Net realized and unrealized gains (losses) on other investments - catastrophe bonds	1,010	(1,248)
Net realized and unrealized gains (losses) on other investments - other	6	(345)
Net realized and unrealized gains (losses) on investments	$ (16,319)	$ (572,956)

(1) Net realized and unrealized gains (losses) on investment-related derivatives includes fixed maturity investments related derivatives (interest rate futures and credit default swaps), equity investments-related derivatives (equity futures) and commodity related derivatives (commodity futures). See "Note 11. Derivative Instruments" for additional information.

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

NOTE 3. INVESTMENTS, cont’d.

Other Investments

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

At December 31,	2023	2022
Catastrophe bonds	$ 26,200	$ 32,718
Fund investments	291	355
Total	$ 26,491	$ 33,073

Catastrophe bonds

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

Fund investments

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

The Company has committed capital to fund investments of $25.0 million of which $23.7 million has been contributed at December 31, 2023 (2022 - $25.0 million and $23.7 million, respectively). The Company’s remaining commitments to this fund at December 31, 2023 was $1.3 million (2022 - $1.3 million). In the future, the Company may enter into additional commitments in respect of investment opportunities.

RIHL

At December 31, 2023, the Company owned 100.0% of RIHL’s mandatorily redeemable preferred shares (2022 - 72.2%). The dollar weighted average rating of the fixed maturity investments trading securities held through RIHL is non-investment grade. The table below shows the Company’s share of RIHL’s net assets:

At December 31,	2023	2022
Fixed maturity investments trading	$ 960,591	$ 814,204
Short term investments	42,065	75,249
Equity investments	1,246	6,545
Accrued investment income	11,466	8,241
Net unsettled trades	(16,146)	(51,398)
Other assets	(3,907)	235
Investment in RIHL, under equity method	$ 995,315	$ 853,076

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

NOTE 3. INVESTMENTS, cont'd.

The following table summarizes the fair value of fixed maturity investments trading included in the Company's share of RIHL:

At December 31,	2023	2022
Corporate [1]	$ 904,219	$ 596,025
U.S. treasuries	30,241	145,629
Asset-backed	23,443	52,385
Commercial mortgage-backed	2,541	12,773
Residential mortgage-backed	147	6,570
Non-U.S. government	—	822
Total	$ 960,591	$ 814,204

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

Contractual maturities of fixed maturity investments trading included in the Company's share of RIHL's net assets are described in the following table. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	At December 31, 2023		At December 31, 2022	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in less than one year	$ 7,738	$ 5,923	$ 25,561	$ 24,503
Due after one through five years	575,459	559,333	400,079	376,082
Due after five through ten years	366,846	361,291	370,616	333,894
Due after ten years	8,716	7,913	10,159	7,997
Mortgage-backed	4,065	2,688	22,227	19,343
Asset-backed	24,208	23,443	58,571	52,385
Total	$ 987,032	$ 960,591	$ 887,213	$ 814,204

The following table summarizes the fair value of equity investments included in the Company's share of RIHL:

At December 31,	2023	2022
Financials	$ 1,127	$ 386
Consumer	107	76
Communications & technology	12	12
Exchange traded funds	—	6,071
Total	$ 1,246	$ 6,545

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

NOTE 3. INVESTMENTS, cont'd.

The Company's equity in earnings (losses) from its investment in RIHL is as follows:

Year ended December 31,	2023	2022
Net investment income	$ 66,464	$ 32,320
Net realized gains (losses) on fixed maturity investments trading	(31,303)	(35,884)
Net unrealized gains (losses) on fixed maturity investments trading	56,402	(42,341)
Net realized and unrealized gains (losses) on equity investments	397	(128)
Net realized and unrealized gains (losses) on derivatives	517	(1,836)
Net foreign exchange gains (losses)	1,288	906
Operating expenses	(624)	—
Equity in earnings (losses) of RIHL	$ 93,141	$ (46,963)

RIHL II

At December 31, 2023, the Company owned 0.0% of RIHL II's mandatorily redeemable preferred shares (2022 - 0.0%).

The Company's equity in earnings (losses) from its investment in RIHL II is as follows:

Year ended December 31,	2023	2022
Net investment income	$ —	$ 955
Net realized gains (losses) on fixed maturity investments trading	—	(8,854)
Net unrealized gains (losses) on fixed maturity investments trading	—	(1,287)
Net realized and unrealized gains (losses) on derivatives	—	(581)
Net foreign exchange gains (losses)	—	24
Equity in earnings (losses) of RIHL II	$ —	$ (9,743)

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

NOTE 3. INVESTMENTS, cont'd.

ROIHL II

At December 31, 2023, the Company owned 100.0% (2022 - 100.0%) of ROIHL II's mandatorily redeemable preferred shares.

The table below shows the Company's share of ROIHL II's net assets:

At December 31,	2023	2022
Short term investments	$ 5,273	$ 3,408
Equity investments	105,237	83,471
Other investments	62,674	70,468
Investments in other ventures	11,931	15,529
Cash and cash equivalents	2,767	3,689
Other assets (liabilities), net [1]	(9,460)	(9,302)
Total	$ 178,422	$ 167,263

(1) Included in other assets (liabilities), net at December 31, 2023 are notes receivable of $1.0 million from certain strategic relationships (2022 - $1.2 million).

The following table summarizes the fair value of equity investments included in the Company's share of ROIHL II:

At December 31,	2023	2022
Financials	$ 105,237	$ 83,471

The following table summarizes the fair value of other investments included in the Company's share of ROIHL II:

At December 31,	2023	2022
Fund investments	$ 2,768	$ 3,688
Direct private equity investments	59,906	66,780
Total other investments	$ 62,674	$ 70,468

Included in the Company's share of ROIHL II are investments in other ventures, under equity method of $11,931 (2022 - $15,529). Included within this amount are various equity investments in Tower Hill Holdings Inc. ("Tower Hill") and certain of its subsidiaries (collectively, the "Tower Hill Companies"). The Tower Hill Companies primarily include insurance holding companies, and insurance companies which write residential property insurance in Florida.

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

NOTE 3. INVESTMENTS, cont'd.

The Company's equity in earnings (losses) on its investment in ROIHL II is as follows:

Year ended December 31,	2023	2022
Net investment income	$ 2,710	$ 2,110
Foreign exchange gains (losses)	171	(1,522)
Equity in earnings (losses) of other ventures	(5,063)	(10,154)
Net realized and unrealized gains (losses) on investments	14,211	(62,230)
Operating expenses	(1,006)	(763)
Equity in earnings (losses) of ROIHL II	$ 11,023	$ (72,559)

Included in accumulated other comprehensive income (loss) at December 31, 2023 is income of $0.1 million related to the Company's investment in ROIHL II (2022 - losses of $3.1 million).

ROIHL III

At December 31, 2023, the Company owned 64.9% of ROIHL III's mandatorily redeemable preferred shares (2022 - 55.7%). The table below shows the Company's share of ROIHL III's net assets:

At December 31,	2023	2022
Short term investments	$ 21,012	$ 16,603
Other investments	868,375	560,696
Cash and cash equivalents	23	839
Other assets (liabilities)	(573)	(177)
Total	$ 888,837	$ 577,961

The following table summarizes the fair value of other investments included in the Company's share of ROIHL III:

At December 31,	2023	2022
Fund investments	868,375	560,696
Total	$ 868,375	$ 560,696

The Company's equity in earnings (losses) from its investment in ROIHL III is as follows:

Year ended December 31,	2023	2022
Net investment income	$ 44,683	$ 7,813
Net realized and unrealized gains (losses) on investments	32,184	6,784
Operating expenses	(448)	—
Net foreign exchange gains (losses)	(543)	(205)
Equity in earnings (losses) of ROIHL III	$ 75,876	$ 14,392

NOTE 3. INVESTMENTS, cont'd.

Top Layer Re

At December 31, 2023, the Company owned 50.0% of Top Layer Reinsurance Ltd. ("Top Layer"), a managed joint venture formed by the Company to write high excess non-U.S. property catastrophe reinsurance (2022 - 50.0%). The Company's earnings from Top Layer Re totaled $16.0 million for the year ended December 31, 2023 (2022 - $6.3 million) and are included in equity in earnings of Top Layer Re on the Company's consolidated statements of operations. During 2023 the Company received total distributions from Top Layer Re of $7.8 million comprised of a return on investment of $5.9 million and a return of investment of $1.9 million (2022 - $8.7 million, $6.5 million and $2.2 million, respectively). Earnings from the Company's investment in Top Layer Re net of return on investment was $10.1 million for the year ended December 31, 2023 (2022 - $(0.1) million).

NOTE 4. FAIR VALUE MEASUREMENTS

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

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

- Fair values determined by Level 1 inputs utilize unadjusted quoted prices obtained from active markets for identical assets or liabilities for which the Company has access at the measurement date. The fair value is determined by multiplying the quoted price by the quantity held by the Company;

- Fair values determined by Level 2 inputs utilize inputs (other than quoted prices included in Level 1) that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals, broker quotes and certain pricing indices; and

- Level 3 inputs are based all or in part on significant unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. In these cases, significant management assumptions can be used to establish management's best estimate of the assumptions used by other market participants in determining the fair value of the asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement of the asset or liability. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and the Company considers factors specific to the asset or liability.

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

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

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

NOTE 4. FAIR VALUE MEASUREMENTS, cont'd.

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

At December 31, 2023	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed maturity investments				
U.S. treasuries	$ 2,178,802	$ 2,178,802	$ —	$ —
Corporate (1)	650,925	—	650,925	—
Asset-backed	209,098	—	209,098	—
Non-U.S. government	136,638	—	136,638	—
Agencies	122,685	—	122,685	—
Residential mortgage-backed	102,928	—	102,928	—
Commercial mortgage-backed	1,717	—	1,717	—
Total fixed maturity investments	3,402,793	2,178,802	1,223,991	—
Short term investments	225,059	4,393	220,666	—
Other investments				
Catastrophe bonds	26,200	—	26,200	—
Fund investments (2)	291	—	—	—
Total other investments	26,491	—	26,200	—
Other assets and (liabilities)				
Assumed and ceded (re)insurance contracts (3)	(503)	—	—	(503)
Derivative assets (4)	14,152	12,669	1,483	—
Derivative liabilities (4)	(10,109)	(7,161)	(2,948)	—
Total other assets and (liabilities)	3,540	5,508	(1,465)	(503)
	$ 3,657,883	$ 2,188,703	$ 1,469,392	$ (503)

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

(2) Fund investments, which is comprised of a private credit fund, is measured at fair value using the net asset value per share (or its equivalent) as a practical expedient has not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.

(3) Included in assumed and ceded (re)insurance contracts at December 31, 2023 are $2.2 million of other assets and $2.7 million of other liabilities.

(4) Refer to "Note 11. Derivative Instruments" for additional information related to the fair value, by type of contract, of derivatives entered into by the Company.

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

NOTE 4. FAIR VALUE MEASUREMENTS, cont'd.

At December 31, 2022	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed maturity investments				
U.S. treasuries	$ 2,432,237	$ 2,432,237	$ —	$ —
Corporate (1)	657,793	—	657,793	—
Agencies	107,992	—	107,992	—
Non-U.S. government	143,486	—	143,486	—
Residential mortgage-backed	97,870	—	97,870	—
Commercial mortgage-backed	1,699	—	1,699	—
Asset-backed	188,271	—	188,271	—
Total fixed maturity investments	3,629,348	2,432,237	1,197,111	—
Short term investments	307,047	—	307,047	—
Other investments				
Catastrophe bonds	32,718	—	32,718	—
Fund investments (2)	355	—	—	—
Total other investments	33,073	—	32,718	—
Other assets and (liabilities)				
Assumed and ceded (re)insurance contracts (3)	(1,837)	—	—	(1,837)
Derivative assets (4)	10,810	38	10,772	—
Derivative liabilities (4)	(2,766)	(1,427)	(1,339)	—
Total other assets and (liabilities)	6,207	(1,389)	9,433	(1,837)
	$ 3,975,675	$ 2,430,848	$ 1,546,309	$ (1,837)

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

(2) Fund investments, which is comprised of a private credit fund, is measured at fair value using the net asset value per share (or its equivalent) as a practical expedient has not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.

(3) Included in assumed and ceded (re)insurance contracts at December 31, 2022 are $3.5 million of other assets and $5.3 million of other liabilities.

(4) Refer to "Note 11. Derivative Instruments" for additional information related to the fair value, by type of contract, of derivatives entered into by the Company.

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

Fixed Maturity Investments

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

NOTE 4. FAIR VALUE MEASUREMENTS, cont'd.

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

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

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

U.S. Treasuries

Level 1 - At December 31, 2023, the Company's U.S. treasuries fixed maturity investments had a weighted average yield to maturity of 4.0% and a weighted average credit quality of AA, (2022 - 4.3% and AA, respectively). When pricing these securities, the vendor services utilize daily data from many real time market sources, including active broker-dealers. Certain data sources are regularly reviewed for accuracy to attempt to ensure the most reliable price source is used for each issue and maturity date.

Corporate

Level 2 - At December 31, 2023, the Company's corporate fixed maturity investments principally consisted of U.S. and international corporations and non-U.S. government-backed corporations and had a weighted average yield to maturity of 5.0% and a weighted average credit quality of A (2022 - 5.1% and A, respectively).

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

NOTE 4. FAIR VALUE MEASUREMENTS, cont'd.

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

Agencies

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

Non-U.S. Government

Level 2 - At December 31, 2023, the Company's non-U.S. government fixed maturity investments had a weighted average yield to maturity of 4.4% and a weighted average credit quality of AA (2022 - 4.8% and AA, respectively). The issuers of securities in this sector are non-U.S. governments and their respective agencies as well as supranational organizations. Securities held in these sectors are primarily priced by pricing services that employ proprietary discounted cash flow models to value the securities. Key quantitative inputs for these models are daily observed benchmark curves for treasury, swap and high issuance credits. The pricing services then apply a credit spread for each security which is developed by in-depth and real time market analysis. For securities in which trade volume is low, the pricing services utilize data from more frequently traded securities with similar attributes. These models may also be supplemented by daily market and credit research for international markets.

Residential Mortgage-backed

Level 2 - At December 31, 2023, the Company's residential mortgage-backed fixed maturity investments included agency residential mortgage-backed securities with a weighted average yield of maturity of 4.8%, a weighted average credit quality of AA and a weighted average life of 6.8 years (2022 - 4.8%, AA and 7.3 years, respectively). Residential mortgage-backed securities include both agency and non-agency mortgage-backed securities. The Company's agency mortgage-backed fixed maturity investments are primarily priced by pricing services using a mortgage pool specific model which utilizes daily inputs from the active to be announced market which is very liquid, as well as the U.S. treasury market. The model also utilizes additional information, such as the weighted average maturity, weighted average coupon and other available pool level data which is provided by the sponsoring agency. Valuations are also corroborated with active market quotes.

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

NOTE 4. FAIR VALUE MEASUREMENTS, cont'd.

Commercial Mortgage-backed

Level 2 - At December 31, 2023, the Company's commercial mortgage-backed fixed maturity investments had a weighted average yield to maturity of 4.4%, a weighted average credit quality of AA and a weighted average life of 3.9 years (2022 - 4.6%, AA and 4.7 years, respectively). Securities held in these sectors are primarily priced by pricing services. The pricing services apply dealer quotes and other available trade information such as bid and offers, prepayment speeds which may be adjusted for the underlying collateral or current price data, the U.S. treasury curve and swap curve as well as cash settlement. The pricing services discount the expected cash flows for each security held in this sector using a spread adjusted benchmark yield based on the characteristics of the security.

Asset-backed

Level 2 - At December 31, 2023, the Company's asset-backed fixed maturity investments had a weighted average yield to maturity of 7.6%, a weighted average credit quality of AA and a weighted average life of 5.7 years (2022 - 7.4%, AA and 6.6 years, respectively). The underlying collateral for the Company's asset-backed fixed maturity investments primarily consists of collateralized loan obligations and debt securitized by student loan and auto loan receivables. Securities held in these sectors are primarily priced by pricing services. The pricing services apply dealer quotes and other available trade information such as bids and offers, prepayment speeds which may be adjusted for the underlying collateral or current price data, the U.S. treasury curve and swap curve as well as cash settlement. The pricing services determine the expected cash flows for each security held in this sector using historical prepayment and default projections for the underlying collateral and current market data. In addition, a spread is applied to the relevant benchmark and used to discount the cash flows noted above to determine the fair value of the securities held in this sector.

Short Term Investments

Level 1 - At December 31, 2023, the Company's short term investments in U.S. treasuries were primarily priced by pricing services and had a weighted average yield to maturity of 5.1% and a weighted average credit quality of AA (2022 - $Nil and $Nil). When pricing these securities, the pricing services utilize daily data from many real time market sources, including active broker-dealers. Certain data sources are regularly reviewed for accuracy to attempt to ensure the most reliable price source is used for each issue and maturity date.

Level 2 - At December 31, 2023, the Company's short term investment had a weighted average yield to maturity of 5.3% and a weighted average credit quality of AAA (2022 - 3.9% and AAA, respectively). Amortized cost approximates fair value for the majority of the remainder of the Company's short term investments portfolio and, in certain cases, fair value is determined in a manner similar to the Company's fixed maturity investments noted above.

Other Investments

Catastrophe Bonds

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

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

NOTE 4. FAIR VALUE MEASUREMENTS, cont'd.

Other Assets and Liabilities

Derivatives

Level 1 and Level 2 - Other assets and liabilities include certain derivatives entered into by the Company. The fair value of these transactions includes certain exchange traded futures contracts which are considered Level 1, and foreign exchange currency contracts and certain credit derivatives, determined using standard industry valuation models and considered Level 2, as the inputs to the valuation model are based on observable market inputs. For foreign currency contracts, these inputs include spot rates and interest rate curves. For credit derivatives, these inputs include credit spreads, credit ratings of the underlying referenced security, the risk free rate and the contract term.

Level 3 Assets and Liabilities Measured at Fair Value

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

At December 31, 2023	Fair Value (Level 3)	Valuation Technique	Unobservable Inputs	Low	High	Weighted Average or Actual
Assumed and ceded (re)insurance contracts	$ (503)	Internal valuation model	Net undiscounted cash flows	n/a	n/a	$ 12,478
			Expected loss ratio	n/a	n/a	2.3 %
			Discount rate	n/a	n/a	3.8 %

Below is a reconciliation of the beginning and ending balances, for the periods shown, of assets and liabilities measured at fair value on a recurring basis using Level 3 inputs. Interest and dividend income are included in net investment income and are excluded from the reconciliation.

	Other assets and (liabilities)
Balance - January 1, 2023	$ (1,837)
Total realized gains (losses)	
Included in other income (loss)	(475)
Purchases	1,809
Settlements	—
Balance - December 31, 2023	$ (503)

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

NOTE 4. FAIR VALUE MEASUREMENTS, cont'd.

	Other assets and (liabilities)
Balance - January 1, 2022	$ (4,862)
Total realized gains (losses)	
Included in other income (loss)	2,812
Purchases	213
Balance - December 31, 2022	$ (1,837)

Assumed and ceded (re)insurance contracts

Level 3 - At December 31, 2023, the Company had a net liability of $0.5 million related to assumed and ceded reinsurance contracts accounted for at fair value, with the fair value obtained through the use of an internal valuation model (2022 - net liability of $1.8 million). The inputs to the internal valuation model are principally based on proprietary data as observable market inputs are generally not available. The most significant unobservable inputs include the assumed and ceded expected net cash flows related to the contracts, including the expected premium, acquisition expenses and losses, the expected loss ratio and the relevant discount rate used to present value the net cash flows. The contract period and acquisition expense ratio are considered observable inputs as each is defined in the contract. Generally, an increase in the net expected cash flows and expected term of the contract or a decrease in the discount rate, expected loss ratio or acquisition expense ratio, would result in an increase in the expected profit and ultimate fair value of these assumed and ceded reinsurance contracts.

Financial Instruments Disclosed, But Not Carried, at Fair Value

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

The Fair Value Option for Financial Assets and Financial Liabilities

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

At December 31,	2023	2022
Other investments	$ 26,491	$ 33,073
Other liabilities, net	$ (503)	$ (1,837)

The change in fair value of other investments resulted in net unrealized gains on investments in 2023 of $1.1 million (2022 - losses of $3.4 million).

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

NOTE 4. FAIR VALUE MEASUREMENTS, cont'd.

Measuring the Fair Value of Other Investments Using Net Asset Valuations

The table below shows the Company's portfolio of other investments measured using net asset valuations:

At December 31, 2023	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Private credit funds	$ 291	$ 1,266	See below	See below

Private Credit Funds

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

Limited Partnerships Entities

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

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

	Maximum Exposure To Loss		
At December 31, 2023	Carrying Amount	Unfunded Commitment	Total
Fund investments	$ 291	$ 1,266	$ 1,557
At December 31, 2022	Carrying Amount	Unfunded Commitment	Total
Fund investments	$ 355	$ 1,266	$ 1,621

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

NOTE 5. REINSURANCE

The Company purchases reinsurance and other protection to manage its risk portfolio and to reduce its exposure to large losses. The Company currently has in place contracts that provide for recovery of a portion of certain claims and claim expenses, generally in excess of various retentions or on a proportional basis. In addition to loss recoveries, certain of the Company's ceded reinsurance contracts provide for payments of additional premiums, for reinstatement premiums and for lost no-claims bonuses, which are incurred when losses are ceded to the respective reinsurance contracts. The Company remains liable to the extent that any reinsurer fails to meet its obligations.

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

Year ended December 31,	2023	2022
Premiums written		
Assumed	$ 3,301,017	$ 3,649,600
Ceded	(1,275,343)	(1,467,932)
Net premiums written	$ 2,025,674	$ 2,181,668
Premiums earned		
Assumed	$ 3,339,374	$ 3,277,842
Ceded	(1,262,473)	(1,305,639)
Net premiums earned	$ 2,076,901	$ 1,972,203
Claims and claim expenses		
Gross claims and claim expenses incurred	$ 981,804	$ 2,258,013
Claims and claim expenses recovered	(115,191)	(1,051,836)
Net claims and claim expenses incurred	$ 866,613	$ 1,206,177

In assessing an allowance for reinsurance assets, which includes premiums receivable and reinsurance recoverable, the Company considers historical information, financial strength of reinsurers, collateralization amounts, and counterparty credit ratings to determine the appropriateness of the allowance. In assessing future default for reinsurance assets, the Company evaluates the provision for current expected credit losses under the probability of default and loss given default method. The Company utilizes its internal capital and risk models, which use counterparty ratings from major rating agencies, and assesses the current market conditions for the likelihood of default. The Company updates its internal capital and risk models for counterparty credit ratings and current market conditions on a periodic basis. Historically, the Company has not experienced material credit losses from reinsurance assets.

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

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

NOTE 5. REINSURANCE, cont'd.

At December 31, 2023, the Company's premiums receivable balance was $2.6 billion (2022 - $2.6 billion). Of the Company's premiums receivable balance as of December 31, 2023, the majority are receivable from highly rated counterparties. The provision for current expected credit losses on the Company's premiums receivable was $1.1 million at December 31, 2023 (2022 - $1.9 million). The following table provides a roll forward of the provision for current expected credit losses of the Company's premiums receivable:

Year ended December 31,	2023	2022
Beginning balance	$ 1,941	$ 1,213
Provision for (release of) allowance	(844)	728
Ending balance	$ 1,097	$ 1,941

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

At December 31, 2023, the Company's reinsurance recoverable balance was $2.4 billion (2022 - $2.9 billion). Of the Company's reinsurance recoverable balance at December 31, 2023, 30.1% is fully collateralized by the Company's reinsurers, 69.0% is recoverable from reinsurers rated A- or higher by major rating agencies and 0.9% is recoverable from reinsurers rated lower than A- by major rating agencies (2022 - 35.6%, 63.1% and 1.3%, respectively). The reinsurers with the three largest balances accounted for 17.2%, 9.0% and 7.0%, respectively, of the Company's reinsurance recoverables balance at December 31, 2023 (2022 - 13.3%, 11.0% and 6.7%, respectively).

The provision for current estimated credit losses was $5.6 million at December 31, 2023 (2022 - $7.8 million). The three largest company-specific components of the provision for current expected credit losses represented 14.6%, 10.0% and 7.7%, respectively, of the Company's total provision for current expected credit losses at December 31, 2023 (2022 - 17.7%, 7.2% and 7.5%, respectively). The following table provides a roll forward of the provision for current expected credit losses of the Company's reinsurance recoverable:

Year ended December 31,	2023	2022
Beginning balance	$ 7,763	$ 5,662
Provision for (release of) allowance	(2,145)	2,101
Ending balance	$ 5,618	$ 7,763

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

NOTE 6. RESERVE FOR CLAIMS AND CLAIM EXPENSES

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

The following table summarizes the Company's reserve for claims and claim expenses by main class of business, allocated between case reserves,additional case reserves and IBNR:

At December 31, 2023	Case Reserves	Additional Case Reserves	IBNR	Total
Property	$ 842,721	$ 663,970	$ 1,233,555	$ 2,740,246
Casualty and Specialty	757,012	121,300	2,589,053	3,467,365
Total	$ 1,599,733	$ 785,270	$ 3,822,608	$ 6,207,611
At December 31, 2022				
Property	$ 893,492	$ 916,662	$ 1,881,235	$ 3,691,389
Casualty and Specialty	633,246	87,153	2,284,485	3,004,884
Total	$ 1,526,738	$ 1,003,815	$ 4,165,720	$ 6,696,273

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

NOTE 6. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont'd.

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

Year ended December 31,	2023	2022
Reserve for claims and claim expenses, net of reinsurance recoverable, as of beginning of period	$ 3,841,565	$ 3,316,958
Net incurred related to:		
Current year	1,105,164	1,382,952
Prior years	(238,551)	(176,775)
Total net incurred	866,613	1,206,177
Net paid related to:		
Current year	112,300	(30,292)
Prior years	781,183	621,868
Total net paid	893,483	591,576
RCM2 sale from Renaissance Reinsurance to RREAG (2)	—	19,264
Foreign exchange (1)	4,958	(70,730)
Reserve for claims and claim expenses, net of reinsurance recoverable, as of end of period	3,819,653	3,841,565
Reinsurance recoverable as of end of period	2,387,958	2,854,708
Reserve for claims and claim expenses as of end of period	$ 6,207,611	$ 6,696,273

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

(2) Reflects the impact of the sale of RCM2 from Renaissance Reinsurance to RREAG which occurred on July 22, 2022.

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

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

NOTE 6. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont'd.

The Company's estimates of large losses are based on factors including currently available information derived from claims information from certain customers and brokers, industry assessments of losses, proprietary models, and the terms and conditions of the Company's contracts. The uncertainty of the Company's estimates for large losses is also impacted by the preliminary nature of the information available, the magnitude and relative infrequency of the events, the expected duration of the respective claims development period, inadequacies in the data provided to the relevant date by industry participants and the potential for further reporting lags or insufficiencies; and in certain large losses, significant uncertainty as to the form of the claims and legal issues, under the relevant terms of insurance and reinsurance contracts. In addition, a significant portion of the net claims and claim expenses associated with certain large losses can be concentrated with a few large clients and therefore the loss estimates for these large losses may vary significantly based on the claims experience of those clients. The contingent nature of business interruption and other exposures will also impact losses in a meaningful way, which may give rise to significant complexity in respect of claims handling, claims adjustment and other coverage issues, over time.

Given the magnitude of certain events, there can be meaningful uncertainty regarding total covered losses for the insurance industry and, accordingly, several of the key assumptions underlying the Company's loss estimates. Loss reserve estimation in respect of the Company's retrocessional contracts poses further challenges compared to directly assumed reinsurance. In addition, the Company's actual net losses from these events may increase if the Company's reinsurers or other obligors fail to meet their obligations.

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

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

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

NOTE 6. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont'd.

Incurred and Paid Claims Development and Reserving Methodology

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

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

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

NOTE 6. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont'd.

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

	Incurred claims and claim expenses, net of reinsurance										At December 31, 2023
	For the year ended December 31,										
Accident Year	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**IBNR and ACR**
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)		
2014	$ 372,099	$ 330,597	$ 334,339	$ 336,380	$ 320,952	$ 322,430	$ 309,834	$ 304,912	$ 294,673	$ 287,341	$ 12,427
2015	—	352,111	328,274	349,441	318,484	306,139	311,758	315,919	318,608	320,087	18,122
2016	—	—	426,114	447,973	427,298	421,260	408,338	421,589	425,170	404,655	11,216
2017	—	—	—	1,090,049	1,020,015	984,106	966,913	937,919	908,121	896,105	108,693
2018	—	—	—	—	592,596	666,838	672,264	613,646	596,986	590,576	106,490
2019	—	—	—	—	—	757,204	748,842	731,453	664,629	682,719	83,783
2020	—	—	—	—	—	—	1,182,073	1,159,162	1,110,267	1,070,378	344,637
2021	—	—	—	—	—	—	—	1,315,780	1,316,193	1,272,589	380,649
2022	—	—	—	—	—	—	—	—	1,355,134	1,246,220	825,576
2023	—	—	—	—	—	—	—	—	—	1,094,828	908,918
Total										$ 7,865,498	$ 2,800,511

	Cumulative paid claims and claim expenses, net of reinsurance									
	For the year ended December 31,									
Accident Year	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
2014	$ 41,201	$ 90,797	$ 130,180	$ 160,839	$ 182,962	$ 205,837	$ 220,381	$ 231,120	$ 234,843	$ 236,640
2015	—	32,006	77,829	133,722	180,076	214,014	232,800	248,589	270,818	282,747
2016	—	—	37,566	130,718	209,771	260,067	302,600	340,426	358,059	359,369
2017	—	—	—	268,995	257,416	385,731	543,253	602,825	652,714	701,994
2018	—	—	—	—	217,079	111,643	223,115	342,068	380,601	428,056
2019	—	—	—	—	—	66,741	178,680	319,766	435,295	505,285
2020	—	—	—	—	—	—	163,735	370,777	494,629	586,582
2021	—	—	—	—	—	—	—	234,183	434,106	636,176
2022	—	—	—	—	—	—	—	—	(33,316)	235,348
2023	—	—	—	—	—	—	—	—	—	109,552
Total										$ 4,081,749
Outstanding liabilities from accident year 2013 and prior, net of reinsurance										159,114
Adjustment for retroactive reinsurance										(151,106)
Adjustment for unallocated loss adjustment expenses										27,715
Unamortized fair value adjustments in connection with an acquisition										181
Liability for claims and claim expenses, net of reinsurance										$ 3,819,653

NOTE 6. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont'd.

Property Main Class of Business

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

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

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

NOTE 6. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont'd.

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

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

Because losses from which claims arise under policies written within the Property main class of business are typically prominent, public events such as hurricanes and earthquakes, the Company is often able to use independent reports as part of its loss reserve estimation process. The Company also reviews catastrophe bulletins published by various statistical reporting agencies to assist in determining the size of the industry loss, although these reports may not be available for some time after an event.

NOTE 6. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont'd.

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

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

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

NOTE 6. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont'd.

The following table details the Company's Property main class of business incurred claims and claim expenses and cumulative paid claims and claim expenses as of December 31, 2023, net of reinsurance, as well as IBNR and ACR included within the net incurred claims amounts. For incurred and paid accident year claims denominated in currencies other than USD, the Company used the current year-end balance sheet foreign exchange rate for all periods provided, thereby eliminating the effects of changes in foreign currency translation rates from the incurred and paid accident year claims development information included in the tables below.

	Incurred claims and claim expenses, net of reinsurance										
	For the year ended December 31,										At December 31, 2023
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	IBNR and ACR
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)		
2014	$ 109,159	$ 92,091	$ 88,616	$ 85,938	$ 84,776	$ 85,089	$ 83,515	$ 79,044	$ 77,502	$ 78,055	$ 65
2015	—	136,232	117,090	106,227	94,547	90,484	86,624	81,802	83,580	85,151	286
2016	—	—	158,697	174,741	168,196	161,466	151,260	157,129	157,494	145,824	1,761
2017	—	—	—	714,667	634,236	572,408	553,911	520,231	483,378	463,124	55,586
2018	—	—	—	—	282,501	299,080	292,455	237,668	228,015	206,663	37,021
2019	—	—	—	—	—	422,753	425,611	402,383	333,336	304,246	33,634
2020	—	—	—	—	—	—	635,364	648,057	634,897	605,164	154,075
2021	—	—	—	—	—	—	—	777,404	792,874	789,589	124,476
2022	—	—	—	—	—	—	—	—	627,340	565,437	338,152
2023	—	—	—	—	—	—	—	—	—	353,680	270,632
Total										$ 3,596,933	$ 1,015,688

	Cumulative paid claims and claim expenses, net of reinsurance									
	For the year ended December 31,									
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
2014	$ 25,722	$ 51,959	$ 68,805	$ 71,860	$ 73,929	$ 76,088	$ 76,412	$ 77,242	$ 76,251	$ 77,935
2015	—	25,411	53,896	67,999	76,851	81,787	83,114	79,878	82,714	83,713
2016	—	—	24,450	76,974	112,639	124,062	133,076	139,517	141,204	141,784
2017	—	—	—	243,954	186,680	273,129	326,356	333,109	356,006	381,565
2018	—	—	—	—	197,094	39,331	99,029	123,032	136,306	150,222
2019	—	—	—	—	—	49,859	91,898	176,697	219,448	247,528
2020	—	—	—	—	—	—	97,397	254,768	310,598	367,780
2021	—	—	—	—	—	—	—	217,377	359,453	480,599
2022	—	—	—	—	—	—	—	—	(49,725)	108,209
2023	—	—	—	—	—	—	—	—	—	53,918
Total										$ 2,093,253
Outstanding liabilities from accident year 2013 and prior, net of reinsurance										31,670
Adjustment for unallocated loss adjustment expenses										4,635
Unamortized fair value adjustments recorded in connection with an acquisition										84
Liability for claims and claim expenses, net of reinsurance										$ 1,540,069

NOTE 6. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont'd.

Casualty and Specialty Main Class of Business

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

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

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

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

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

NOTE 6. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont'd.

For classes of business and underwriting years where the Company has limited historical claims experience, estimates of ultimate losses are generally initially determined based on the loss ratio method applied to each underwriting year and to each class of business. Unless the Company has credible claims experience or unfavorable development, it generally selects an ultimate loss based on its initial expected loss ratio. The selected ultimate losses are determined by multiplying the initial expected loss ratio by the earned premium. The initial expected loss ratios are key inputs that involve management judgment and are based on a variety of factors, including: (1) contract by contract expected loss ratios developed during the Company's pricing process; (2) historical loss ratios and combined ratios adjusted for rate change and trend; and (3) industry benchmarks for similar business. These judgments take into account management's view of past, current and future factors that may influence ultimate losses, including: (1) market conditions; (2) changes in the business underwritten; (3) changes in timing of the emergence of claims; and (4) other factors that may influence ultimate loss ratios and losses.

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

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

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

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

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

NOTE 6. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont'd.

The following table details the Company's Casualty and Specialty main class of business incurred claims and claim expenses and cumulative paid claims and claim expenses as of December 31, 2023, net of reinsurance, as well as IBNR and ACR included within the net incurred claims amounts. For incurred and paid accident year claims denominated in currencies other than USD, the Company used the current year-end balance sheet foreign exchange rate for all periods provided, thereby eliminating the effects of changes in foreign currency translation rates from the incurred and paid accident year claims development information included in the tables below.

	Incurred claims and claim expenses, net of reinsurance										
	For the year ended December 31,										At December 31, 2023
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	IBNR and ACR
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)		
2014	$ 262,940	$ 238,506	$ 245,723	$ 250,442	$ 236,176	$ 237,341	$ 226,319	$ 225,868	$ 217,171	$ 209,286	$ 12,362
2015	—	215,879	211,184	243,214	223,937	215,655	225,134	234,117	235,028	234,936	17,836
2016	—	—	267,417	273,232	259,102	259,794	257,078	264,460	267,676	258,831	9,455
2017	—	—	—	375,382	385,779	411,698	413,002	417,688	424,743	432,981	53,107
2018	—	—	—	—	310,095	367,758	379,809	375,978	368,971	383,913	69,469
2019	—	—	—	—	—	334,451	323,231	329,070	331,293	378,473	50,149
2020	—	—	—	—	—	—	546,709	511,105	475,370	465,214	190,562
2021	—	—	—	—	—	—	—	538,376	523,319	483,000	256,173
2022	—	—	—	—	—	—	—	—	727,794	680,783	487,424
2023	—	—	—	—	—	—	—	—	—	741,148	638,286
Total										$ 4,268,565	$ 1,784,823

	Cumulative paid claims and claim expenses, net of reinsurance									
	For the year ended December 31,									
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
2014	$ 15,479	$ 38,838	$ 61,375	$ 88,979	$ 109,033	$ 129,749	$ 143,969	$ 153,878	$ 158,592	$ 158,705
2015	—	6,595	23,933	65,723	103,225	132,227	149,686	168,711	188,104	199,034
2016	—	—	13,116	53,744	97,132	136,005	169,524	200,909	216,855	217,585
2017	—	—	—	25,041	70,736	112,602	216,897	269,716	296,708	320,429
2018	—	—	—	—	19,985	72,312	124,086	219,036	244,295	277,834
2019	—	—	—	—	—	16,882	86,782	143,069	215,847	257,757
2020	—	—	—	—	—	—	66,338	116,009	184,031	218,802
2021	—	—	—	—	—	—	—	16,806	74,653	155,577
2022	—	—	—	—	—	—	—	—	16,409	127,139
2023	—	—	—	—	—	—	—	—	—	55,634
Total										$ 1,988,496
Outstanding liabilities from accident year 2013 and prior, net of reinsurance										127,444
Adjustment for retroactive reinsurance										(151,106)
Adjustment for unallocated loss adjustment expenses										23,080
Unamortized fair value adjustments recorded in connection with an acquisition										97
Liability for claims and claim expenses, net of reinsurance										$ 2,279,584

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

NOTE 6. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont’d.

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

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

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

Year ended December 31,	2023	2022
	(Favorable) adverse development	(Favorable) adverse development
Property	$ (193,637)	$ (116,114)
Casualty and Specialty	(44,914)	(60,661)
Total (favorable) adverse development of prior accident years net claims and claim expenses	$ (238,551)	$ (176,775)

Changes to prior year estimated net claims and claim expenses increased the Company’s net income by $238.6 million during 2023 (2022 - $176.8 million), excluding the consideration of changes in reinstatement, adjustment or other premium changes, profit commissions and income tax.

During 2023, net favorable development of prior accident years net claims and claim expenses of $238.6 million included net favorable development of $193.6 million and $44.9 million associated with the Company’s Property and Casualty and Specialty main classes of business. The net favorable development of prior accident years net claims and claim expenses associated with the Company’s Property main class of business in 2023 was primarily comprised of net favorable development on prior year accident years net claims and claim expenses associated with the following large catastrophe events driven by better than expected loss emergence:

- $32.5 million of net favorable development associated with Hurricanes Harvey, Irma and Maria, the Mexico City Earthquake, the wildfires in California during the fourth quarter of 2017 and certain losses associated with aggregate loss contracts (collectively, the “2017 Large Loss Events”);
- $25.9 million of net favorable development associated with Storm Eunice, Hurricanes Nicole, Ian, Fiona ,Typhoons Hinnamnor, Nanmadol and Noru and certain losses associated with aggregate loss contracts (collectively, the “2022 Large Loss Events”);
- $24.3 million of net favorable development associated with Hurricane Dorian and Typhoons Faxai and Hagibis and certain losses associated with aggregate loss contracts (collectively, the “2019 Large Loss Events”);

NOTE 6. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont'd.

- $22.4 million of net favorable development associated with Hurricanes Laura, Sally, Isaias, Delta, Zeta and Eta, the California, Oregon and Washington wildfires, Typhoon Maysak, the August 2020 Derecho, and losses associated with aggregate loss contracts (collectively, the "2020 Weather-Related Large Loss Events");
- $14.7 million of net favorable development associated with Typhoons Jebi, Mangkhut and Trami, Hurricane Florence, the wildfires in California during the third and fourth quarters of 2018, Hurricane Michael and certain losses associated with aggregate loss contracts (collectively, the "2018 Large Loss Events"); partially offset by
- $16.4 million of net adverse development associated with Winter Storm Uri, the European Floods, Hurricane Ida, the hail storm in Europe in late June 2021, the wildfires in California during the third quarter of 2021, the tornadoes in the Central and Midwest U.S. in December 2021, the Midwest Derecho in December 2021, and losses associated with aggregate loss contracts (collectively, the "2021 Weather-Related Large Loss Events"), as a result of unfavorable loss emergence.

NOTE 6. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont'd.

In addition, the Company's Property main class of business also experienced net favorable development associated with a number of other small catastrophe events as well as attritional loss movements related to lines of business where the Company principally estimates net claims and claim expenses using traditional actuarial methods. The net favorable development on prior accident years net claims and claim expenses associated with the Company's Casualty and Specialty main class of business in 2023 was driven by the application of the Company's actuarial reserving methodology with attritional net claims and claim expenses reported coming in lower than expected on prior accident years events.

During 2022, net favorable development of prior accident years net claims and claim expenses of $176.8 million included net favorable development of $116.1 million and $60.7 million associated with the Company's Property and Casualty and Specialty main classes of business. The net favorable development of prior accident years net claims and claim expenses associated with the Company's Property main class of business in 2022 was primarily comprised of net favorable development on prior year accident years net claims and claim expenses associated with the following large catastrophe events:

- $60.5 million of net favorable development associated with Hurricane Dorian and Typhoons Faxai and Hagibis and certain losses associated with aggregate loss contracts (collectively, the "2019 Large Loss Events");
- $30.1 million of net favorable development associated with Hurricanes Harvey, Irma and Maria, the Mexico City Earthquake, the wildfires in California during the fourth quarter of 2017 and certain losses associated with aggregate loss contracts (collectively, the "2017 Large Loss Events");
- $4.2 million of net favorable development associated with Hurricanes Laura, Sally, Isaias, Delta, Zeta and Eta, the California, Oregon and Washington wildfires, Typhoon Maysak, the August 2020 Derecho, and losses associated with aggregate loss contracts (collectively, the "2020 Weather-Related Large Loss Events");
- $2.0 million of net favorable development associated with Typhoons Jebi, Mangkhut and Trami, Hurricane Florence, the wildfires in California during the third and fourth quarters of 2018, Hurricane Michael and certain losses associated with aggregate loss contracts (collectively, the "2018 Large Loss Events"); partially offset by
- $11.9 million of net adverse development associated with Winter Storm Uri, the European Floods, Hurricane Ida, the hail storm in Europe in late June 2021, the wildfires in California during the third quarter of 2021, the tornadoes in the Central and Midwest U.S. in December 2021, the Midwest Derecho in December 2021, and losses associated with aggregate loss contracts (collectively, the "2021 Weather-Related Large Loss Events"), as a result of unfavorable loss emergence.

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

NOTE 6. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont'd.

In addition, the Company's Property main class of business also experienced net favorable development associated with a number of other small catastrophe events as well as attritional loss movements related to lines of business where the Company principally estimates net claims and claim expenses using traditional actuarial methods. The net favorable development on prior accident years net claims and claim expenses associated with the Company's Casualty and Specialty main class of business in 2022 was driven by the application of the Company's actuarial reserving methodology with attritional net claims and claim expenses reported coming in lower than expected on prior accident years events.

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

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

At December 31, 2023	
Net reserve for claims and claim expenses	
Property	$ 1,540,069
Casualty and Specialty	2,279,584
Total net reserve for claims and claim expenses	3,819,653
Reinsurance recoverable	
Property	1,200,176
Casualty and Specialty	1,187,782
Total reinsurance recoverable	2,387,958
Total reserve for claims and claim expenses	$ 6,207,611

Historical Claims Duration

The following is unaudited supplementary information about average historical claims duration by main class of business:

	Average annual percentage payout of incurred claims by age, net of reinsurance (number of years)									
At December 31, 2023	1	2	3	4	5	6	7	8	9	10
Property	24.6 %	12.1 %	17.7 %	10.6 %	5.0 %	4.8 %	3.2 %	1.4 %	— %	2.2 %
Casualty and Specialty	5.9 %	13.3 %	14.3 %	17.4 %	10.7 %	8.6 %	6.4 %	4.3 %	3.5 %	0.1 %

NOTE 6. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont'd.

Claims Frequency

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

NOTE 6. RESERVE FOR CLAIMS AND CLAIM EXPENSES, cont'd.

Assumed Reinsurance Contracts Classified As Deposit Contracts

Other income was increased by $0.2 million during December 31, 2023 (2022 - $0.2 million) related to income earned on assumed reinsurance contracts that were classified as deposit contracts with underwriting risk only. Other income increased by $Nil during December 31, 2023 (2022 - $Nil) related to premiums and losses incurred on assumed reinsurance contracts that were classified as deposit contracts with timing risk only. Deposit liabilities associated with these contracts of $3.7 million are included in reinsurance balances payable at December 31, 2023 (2022 - $4.0 million). At December 31, 2023 and 2022, there were no deposit assets included in other assets associated with these contracts.

NOTE 7. SHAREHOLDER'S EQUITY

The aggregate authorized capital of the Company is 200,000,000 common shares of $1.00 par value each.

During 2023, the Company returned capital of $422.4 million, The capital returned was settled by a $294.2 million transfer of RIHL mandatorily redeemable preference shares from the Company to the parent company, in addition to $128.1 million of cash paid to the parent company. The Company declared aggregate dividends of $182.7 million to its parent company which was settled with cash during the year.

During 2022, the Company received a net contribution of capital of $659.4 million, with $347.7 million recorded as contribution of capital receivable from parent at December 31, 2022, and declared aggregate dividends of $235.3 million to its parent company, with $235.3 million recorded as dividends payable to parent at December 31, 2022. The net aggregate contribution of capital and dividends, including those amounts outstanding with the Company's parent at December 31, 2022, was settled by a $424.1 million transfer of RIHL mandatorily redeemable preference shares from the parent company to the Company, $112.2 million of which was settled subsequent to year end.

NOTE 8. RELATED PARTY TRANSACTIONS AND MAJOR CUSTOMERS

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

Reinsurance-Related Transactions

Renaissance Reinsurance has entered into a reinsurance agreement to cede a portion of its business to DaVinci Reinsurance Ltd. ("DaVinci"), a wholly-owned subsidiary of DaVinciRe Holdings Ltd., which is a minority-owned but controlled subsidiary of Renaissance Other Investments Holdings Ltd., which is a wholly-owned subsidiary of RenaissanceRe. During 2023, net premiums written under these agreements were $13.0 million (2022 - $5.6 million), net premiums earned were $10.9 million (2022 - $19.6 million), net claims and claim expenses incurred were $9.5 million (2022 - $27.0 million) and net earned expenses were $0.8 million (2022 - $1.2 million). At December 31, 2023, reinsurance recoverables were $47.2 million (2022 - $38.5 million), prepaid reinsurance premiums were $2.2 million (2022 - $0.1 million), reinsurance balances payable were $13.2 million (2022 - $5.4 million).

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

Renaissance Reinsurance has entered into a reinsurance agreement to cede a portion of its business to Vermeer Reinsurance Ltd. ("Vermeer"), a minority-owned but controlled subsidiary of Renaissance Other Investments Holdings Ltd., which is a wholly-owned subsidiary of RenaissanceRe. During 2023, net premiums written under these agreements were $8.3 million (2022 - $20.8 million), net premiums earned were $13.3 million (2022 - $19.7 million), net claims and claim expenses were $10.0 million (2022 - $4.7 million) and net earned expenses were $1.1 million (2022 - $1.9 million). At December 31, 2023, reinsurance recoverables were $0.0 million (2022 - $10.0 million), prepaid reinsurance premiums were $2.7 million (2022 - $7.7 million), reinsurance balances payable were $10.7 million (2022 - $13.4 million).

The Company had entered into a reinsurance agreement with RenaissanceRe Specialty U.S. Ltd. ("RenaissanceRe Specialty U.S."), a wholly-owned subsidiary of RenaissanceRe. During 2023, net premiums written under these agreements were $3.2 million (2022 - $13.6 million), net premiums earned were $6.5 million (2022 - $13.6 million), net claims and claim expenses incurred were $1.5 million (2022 - $34.5 million), and net earned expenses were $0.1 million (2022 - $0.1 million). At December 31, 2023, the reserve for claims and claim expenses were $127.4 million (2022 - $154.9 million), unearned premium reserves were $0.6 million (2022 - $4.0 million) and reinsurance balances payable were $29.9 million (2022 - $45.8 million).

The Company has entered into various reinsurance agreements with certain consolidated segregated accounts of Upsilon RFO Re Ltd. ("Upsilon RFO"), a wholly-owned subsidiary of RenaissanceRe. During 2023, net premiums written under these agreement were $2.0 million (2022 - $24.1 million), net premiums earned were $6.4 million (2022 - $29.3 million), net claims and claim expenses recovered were $4.5 million (2022 - $10.8 million) and net earned expenses were $0.7 million (2022 - $4.2 million). At December 31, 2023, reinsurance recoverables were $212.1 million (2022 - $310.3 million), prepaid reinsurance premiums were $0.2 million (2022 - $4.1 million) and reinsurance balances payable were $2.1 million (2022 - $5.6 million).

Effective October 1, 2023, the Company entered into reinsurance agreements with Upsilon RFO Re Diversified IV, a non-consolidated segregated account of Upsilon RFO, a wholly-owned subsidiary of RenaissanceRe. During 2023, net premiums written under these agreement were $27.0 million, net premiums earned were $2.3 million, net claims and claim expenses recovered were $3.9 million and net earned expenses were $0.1 million. At December 31, 2023, reinsurance recoverables were $3.9 million, prepaid reinsurance premiums were $24.7 million and reinsurance balances payable were $25.5 million.

The Company entered into a reinsurance agreement with RenaissanceRe Europe AG ("RenaissanceRe Europe"), a wholly owned subsidiary of RenaissanceRe. During 2023, net premiums written under these agreements were $231.7 million (2022 - $220.3 million), net premiums earned were $228.8 million (2022 - $195.3 million), net claims and claim expenses incurred were $109.5 million (2022 - $158.8 million) and net earned expenses were $69.4 million (2022 - $80.4 million). At December 31, 2023, the reserve for claims and claim expenses were $883.6 million (2022 - $806.3 million) and premiums receivable were $31.5 million (2022 - $103.3 million).

Effective 2022, the Company entered into a quota share agreement with Fontana Reinsurance Ltd ("Fontana Re") and Fontana Reinsurance US Ltd ("Fontana Re U.S."), both of which are wholly-owned subsidiaries of Fontana Holdings L.P. and its subsidiaries ("Fontana L.P."). During 2023, net premiums written under these agreements were $195.3 million (2022 - $98.0 million), net premiums earned were $125.4 million (2022 - $36.1 million), net claims and claim expenses recovered were $76.8 million (2022 - $23.1 million) and net earned expenses were $38.4 million (2022 - $10.8 million). At December 31, 2023, reinsurance recoverables were $97.4 million (2022 - $23.1 million), prepaid reinsurance premiums were $131.7 million (2022 - $61.9 million) and reinsurance balances payable were $182.1 million (2022 - $78.8 million).

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

On November 1, 2023, RenaissanceRe completed its acquisition (the "Validus Acquisition") of Validus Holdings, Ltd. ("Validus Holdings"), Validus Specialty, LLC ("Validus Specialty") and the renewal rights, records and customer relationships of the assumed treaty reinsurance business of Talbot Underwriting Limited from subsidiaries of American International Group, Inc.. Validus Holdings, Validus Specialty, and their respective subsidiaries collectively are referred to herein as "Validus." As a result, the impact of the Company's reinsurance agreements with Validus Reinsurance Ltd. from the acquisition date, November 1, 2023, through December 31, 2023 are considered related party transactions. During the period from November 1, 2023 through December 31, 2023, net premiums written under these agreements were $1.1 million, net premiums earned were $2.4 million, net claims and claim expenses were $2.7 million and net earned expenses $0.5 million. At December 31, 2023, reinsurance recoverables were $26.7 million and reinsurance balances receivable were $9.5 million.

Subsidiaries of the Company's ultimate parent have entered into equity investments in the Tower Hill Companies, which are accounted for under the equity method of accounting. See "Note 3. Investments" for additional information regarding the Tower Hill Companies. As a result, the Tower Hill Companies are considered related parties to the Company. The Company has entered into reinsurance agreements with certain subsidiaries and affiliates of Tower Hill and has also entered into reinsurance agreements with respect to business produced by the Tower Hill Companies. During 2023, the Company recorded $52.9 million (2022 - $20.0 million) of gross premiums written assumed from Tower Hill and certain of its subsidiaries and affiliates. Gross premiums earned totaled $36.4 million (2022 - $23.8 million) and acquisition expenses incurred were $7.1 million (2022 - $5.1 million) related to these contracts. During 2023, the Company assumed net claims and claim expenses of $2.8 million (2022 - $8.3 million) and, as of December 31, 2023, had a net reserve for claims and claim expenses of $18.9 million (2022 - $33.8 million). The Company had a net related outstanding receivable balance of $16.7 million as of December 31, 2023 (2022 - $4.6 million).

Other Items

Under the terms of an administration agreement, the Company primarily reimburses RenaissanceRe Services Ltd., a wholly-owned subsidiary of RenaissanceRe, and certain other subsidiaries, for administrative services, office lease, investment and certain employee benefit plans on the basis of directly identifiable costs plus an allocation of other expenses. In addition, the Company reimburses other affiliates for management, underwriting, investment management and administration functions performed by various related parties For the year ended December 31, 2023, the total net costs and expenses allocated to the Company, or otherwise reimbursed by the Company, were $32.1 million (2022 - $64.5 million).

During 2023 the Company received distributions from Top Layer Re of $7.8 million (2022 - $8.7 million), and a management fee of $3.4 million (2022 - $2.4 million). The management fee reimburses the Company for services it provides to Top Layer Re and is included in operational expenses. The Company has committed capital to support a $37.5 million letter of credit facility for Top Layer Re (2022 - $37.5 million) and the Company is also obligated to make a mandatory capital contribution of up to $50.0 million (2022 - $50.0 million) in the event that a loss reduces Top Layer Re's capital and surplus below a specified level. The letters of credit are secured by cash and investments of similar amounts.

Broker Concentration

During 2023, the Company received 62.3% of its gross premiums written from three reinsurance brokers (2022 - 61.9%). Subsidiaries and affiliates of Aon plc, Marsh & McLennan Companies, Inc. and Arthur J. Gallagher accounted for 33.6%, 16.6% and 12.1%, respectively, of gross premiums written in 2023 (2022 - 31.7%, 18.9% and 11.3%, respectively).

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

NOTE 9. TAXATION

Currently, the Company is not subject to any income or capital gains taxes in Bermuda. On December 27, 2023, the Corporate Income Tax Act 2023 (the "Act") was signed into law and will apply a 15% corporate income tax to certain Bermuda businesses which are considered Bermuda Constituent Entities as defined in section 9 of the Act beginning in fiscal years that start on or after January 1, 2025. The Company is considered a Bermuda Constituent Entity pursuant to the Act and, therefore, is expected to become subject to the 15% Bermuda corporate income tax beginning in 2025. The Act includes a provision referred to as the economic transition adjustment, which is intended to provide a fair and equitable transition into the tax regime with respect to which the Company has recorded a deferred tax asset. The Company recorded a net deferred tax asset of $395.8 million in the fourth quarter of 2023 of which it expects to utilize predominantly over a 10-year period. The Company expects to incur increased taxes in Bermuda beginning in 2025.

Renaissance Reinsurance of Europe is subject to the tax laws of Ireland; RenaissanceRe CCL and Syndicate 1458 are subject to the tax laws of the U.K; the Singapore Branch is subject to the tax laws of Singapore; and the Switzerland Branch is subject to the tax laws of Switzerland.

The following is a summary of the Company's income (loss) before taxes allocated between domestic and foreign operations:

Year ended December 31,	2023	2022
Domestic		
Bermuda	$ 996,052	$ (400,027)
Foreign		
Singapore	20,079	(4,632)
Ireland	(222)	(1,105)
Switzerland	(9,015)	2,084
U.K.	38,151	(16,711)
Income (loss) before taxes	$ 1,045,045	$ (420,391)

Income tax (expense) benefit is comprised as follows:

	Current	Deferred	Total
Year ended December 31, 2023			
Total income tax (expense) benefit	$ (2,136)	$ 394,530	$ 392,394
Year ended December 31, 2022			
Total income tax (expense) benefit	$ 230	$ (771)	$ (541)

The Company's expected income tax provision computed on pre-tax income (loss) at the weighted average tax rate has been calculated as the sum of the pre-tax income (loss) in each jurisdiction multiplied by that jurisdiction's applicable statutory tax rate. Statutory tax rates of 0.0% in Bermuda, 12.5% in Ireland, 23.5% in the U.K., 17.0% in Singapore and 19.7% in Switzerland have been used.

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

NOTE 9. TAXATION, cont'd.

The Company's effective income tax rate, which it calculates as income tax (expense) benefit divided by net income or loss before taxes, may fluctuate significantly from period to period depending on the geographic distribution of pre-tax net income (loss) in any given period between different jurisdictions with comparatively higher tax rates and those with comparatively lower tax rates. The geographic distribution of pre-tax net income (loss) can vary significantly between periods due to, but not limited to, the following factors: the business mix of net premiums written and earned; the geographic location, the size and the nature of net claims and claim expenses incurred; the amount and geographic location of operating expenses, net investment income, net realized and unrealized gains (losses) on investments; outstanding debt and related interest expense; and the amount of specific adjustments to determine the income tax basis in each of the Company's operating jurisdictions. In addition, a significant portion of the Company's gross and net premiums are currently written and earned in Bermuda, which does not currently have a corporate income tax, including the majority of the Company's catastrophe business, which can result in significant volatility to its pre-tax net income in any given period.

A reconciliation of the difference between the provision for income taxes and the expected tax provision at the weighted average tax rate is as follows:

Year ended December 31,	2023	2022
Expected income tax benefit (expense)	$ (10,556)	$ (4,517)
Recognition of Bermuda net deferred tax asset	395,846	—
Reinsurance adjustment	4,746	—
Effect of change in tax rate	(1,086)	—
Change in valuation allowance	4,966	4,071
GAAP to statutory accounting difference	(1,653)	—
Other	131	(95)
Income tax benefit (expense)	$ 392,394	$ (541)

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

NOTE 9. TAXATION, cont'd

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

At December 31,	2023	2022
Deferred tax assets		
Intangible assets	$ 286,631	$ —
Value of in-force business	82,920	—
Reserve for claims and claim expenses	39,525	—
Tax loss and credit carryforwards	22,775	30,968
Deferred underwriting results	10,015	8,402
Investments	40	336
	441,906	39,706
Deferred tax liabilities		
Reserve for claims and claim expenses	—	(2,157)
Deferred acquisition expenses	(15,878)	(1,085)
	(15,878)	(3,242)
Net deferred tax asset (liability) before valuation allowance	426,028	36,464
Valuation allowance	(31,498)	(36,464)
Net deferred tax asset (liability)	$ 394,530	$ —

NOTE 9. TAXATION, cont'd.

The Company's net deferred tax asset primarily relates to net operating loss carryforwards, unrealized losses, and GAAP versus tax basis accounting differences relating to reserves for claims and claim expenses, deferred underwriting results, investments, value of in-force business, intangible assets and deferred acquisition expenses. The Company's valuation allowance assessment is based on all available information including projections of future GAAP taxable income from each tax-paying component in each tax jurisdiction. During 2023, the Company recorded a net decrease to the valuation allowance of $5.0 million (2022 - $4.1 million).

A valuation allowance has been provided against deferred tax assets in Ireland, Switzerland and the U.K. These deferred tax assets relate primarily to net operating loss carryforwards and deferred underwriting results.

In Switzerland, the Company has net operating loss carryforwards of $29.8 million (2022 - 18.3 million) which begin to expire in 2026. The Company has net operating loss carryforwards of $63.8 million in the U.K. (2022 - $98.1 million) and $7.8 million in Ireland (2022 - $7.7 million). Under applicable law, the U.K. and Ireland net operating losses can be carried forward for an indefinite period.

The Company made net payments for Singapore and Switzerland income tax purposes of $0.1 million for the year ended December 31, 2023 (2022 - net refund $1.9 million).

The Company had no unrecognized tax benefits at December 31, 2023 and December 31, 2022. Interest and penalties related to unrecognized tax benefits would be recognized in income tax expense. At December 31, 2023 and December 31, 2022 there was no interest or penalties accrued on unrecognized tax benefits. The following filed income tax returns are open for examination with the applicable tax authorities: 2019 through 2022 with Ireland; 2021 through 2022 with the U.K.; 2019 through 2022 with Singapore and 2019 through 2022 with Switzerland.The Company does not expect the resolution of these open years to have a significant impact on its consolidated statements of operations and financial condition.

NOTE 10. STATUTORY REQUIREMENTS

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

The Insurance Act, as defined below, requires that the Company's statutory assets exceed its statutory liabilities by an amount equal to or greater than the prescribed minimum solvency margin ("MSM"). The MSM is the greater of the greater of (i) $100.0 million, (ii) 50% of net premiums written (with a credit for reinsurance ceded not exceeding 25% of gross premiums), (iii) 15% of net aggregate loss and loss expense provisions and other insurance reserves, or (iv) 25% of the insurer's Enhanced Capital Requirement ("ECR"). The ECR is calculated by reference to the Bermuda Solvency Capital Requirement ("BSCR") model.

In addition, the Company is required to maintain available statutory economic capital and surplus at a level to meet it's ECR. The BMA has also established a target capital level equal to 120% of the applicable ECR, which is not a required level of capital, but serves as an early warning tool to the BMA. The Company is currently completing its 2023 BSCR, which must be filed with the BMA on or before April 30, 2024, and at this time, the Company believes it will exceed the target capital level. The Company's 2022 BSCR was filed with the BMA on April 28, 2023 with a BSCR ratio of 160%.

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

NOTE 10. STATUTORY REQUIREMENTS, cont'd.

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

	Renaissance Reinsurance (Bermuda) (1)		Syndicate 1458 (U.K.) (2)	
At December 31,	**2023**	**2022**	**2023**	**2022**
Statutory capital and surplus	$ 2,649,116	$ 2,212,500	$ 935,776	$ 1,012,639
Required statutory capital and surplus	$ 939,502	$ 1,022,805	$ 935,776	$ 1,012,639

(1) Renaissance Reinsurance's statutory capital and surplus is based on its statutory financial statements and required statutory capital and surplus is based on the minimum solvency margin.

(2) With respect to statutory capital and surplus and required statutory capital and surplus, and as described below, underwriting capacity of a member of Lloyd's must be supported by providing a deposit in the form of cash, securities or letters of credit, which are referred to as Funds at Lloyd's ("FAL"). FAL is determined by Lloyd's and is based on Syndicate 1458's solvency and capital requirements as calculated through its internal model. Syndicate 1458 is capitalized by its FAL, with the related assets not held on its balance sheet. As such, unrestricted net assets is not applicable to Syndicate 1458; however, the Company can make an application to obtain approval from Lloyd's to have funds released to RenaissanceRe from Syndicate 1458, subject to passing a Lloyd's release test.

Renaissance Reinsurance

Renaissance Reinsurance is registered as a Class 4 general business insurers under the Insurance Act 1978, amendments thereto and related regulations of Bermuda (collectively, the "Insurance Act"). Class 4 insurers are required to maintain available statutory economic capital and surplus at a level at least equal to their enhanced capital requirement ("ECR") and may be adjusted if the Bermuda Monetary Authority ("BMA") concludes that the insurer's risk profile deviates significantly from the assumptions underlying its ECR or the insurer's assessment of its risk management policies and practices used to calculate the ECR. The BMA has established a target capital level which is set at 120% of the ECR.

Class 4 insurers are prohibited from declaring or paying any dividends if in breach of the required minimum solvency margin or minimum liquidity ratio, or if the declaration or payment of such dividend would cause the insurer to fail to meet the required minimum solvency margin or minimum liquidity ratio. Further, Class 4 insurers are prohibited from declaring or paying in any financial year dividends of more than 25% of total statutory capital and surplus unless the insurer file an affidavit with the BMA stating that it will continue to meet the required minimum solvency margin or minimum liquidity ratio. Class 4 insurers must obtain the BMA's prior approval for a reduction by 15% or more of the total statutory capital as set forth in its previous year's financial statements. These restrictions on declaring or paying dividends and distributions under the Insurance Act are in addition to the solvency requirements under the Companies Act 1981 which apply to all Bermuda companies.

Singapore Branch

The Singapore Branch is licensed to carry on insurance business as a general reinsurer under the regulation of the Monetary Authority of Singapore, which is its primary regulator, pursuant to Singapore's Insurance Act. Additionally, the Singapore Branch is regulated by the Accounting and Corporate Regulatory Authority as a foreign company pursuant to Singapore's Companies Act. The activities and regulatory requirements of the Singapore Branch are not considered to be material to the Company.

Switzerland Branch

The Switzerland Branch is considered a branch office of a foreign reinsurer, and is not regulated by the Swiss Financial Market Supervisory Authority. The activities of the Switzerland Branch are not considered to be material to the Company.

NOTE 10. STATUTORY REQUIREMENTS, cont'd.

Syndicate 1458

The underwriting capacity of a member of Lloyd's must be supported by providing a deposit, referred to as "Funds at Lloyd's" or "FAL," in the form of cash, securities or letters of credit in an amount determined under the capital adequacy regime of the PRA. The amount of such deposit is calculated for each member through the completion of an annual capital adequacy exercise. Under these requirements, Lloyd's must demonstrate that each member has sufficient assets to meet its underwriting liabilities plus a required solvency margin. The amount of FAL for Syndicate 1458 is determined by Lloyd's and is based on Syndicate 1458's solvency and capital requirement as calculated through its internal model. Dividends from a Lloyd's managing agent and a Lloyd's corporate member can be declared and paid provided the relevant company has sufficient profits available for distribution.

Renaissance Reinsurance of Europe

Under the Solvency II capital regime, Renaissance Reinsurance of Europe is required to maintain the higher of the Solvency Capital Requirement and Minimum Capital Requirement. At December 31, 2023 the amount required to be maintained by Renaissance Reinsurance of Europe was $4.1 million (2022 - $3.6 million) and the Total Eligible Own Funds to meet this requirement was $7.8 million (2022 - $7.6 million).

Multi-Beneficiary Reinsurance Trust

Renaissance Reinsurance is approved as a Trusteed Reinsurer in the state of New York and established an MBRT to collateralize its (re)insurance liabilities associated with U.S. domiciled cedants. The MBRT is subject to the rules and regulations of the state of New York and the respective deed of trust, including but not limited to certain minimum capital funding requirements, investment guidelines, capital distribution restrictions and regulatory reporting requirements. Assets held under trust at December 31, 2023 with respect to the MBRT totaled $584.7 million (2022 - $633.7 million), compared to the minimum amount required under U.S. state regulations of $381.4 million (2022 - $511.4 million).

Multi-Beneficiary Reduced Collateral Reinsurance Trust

Renaissance Reinsurance is approved as a "certified reinsurer" eligible for collateral reduction in certain states and is authorized to provide reduced collateral for its net outstanding insurance liabilities to insurers domiciled in those states. Renaissance Reinsurance has established an RCT to collateralize its (re)insurance liabilities associated cedants domiciled in those states. Because the RCT was established in New York, it is subject to the rules and regulations of the state of New York including but not limited to certain minimum capital funding requirements, investment guidelines, capital distribution restrictions and regulatory reporting requirements. Assets held under trust at December 31, 2023 with respect to the RCT totaled $181.1 million (2022 - $172.7 million), compared to the minimum amount required under U.S. state regulations of $111.9 million (2022 - $146.1 million).

NOTE 11. DERIVATIVE INSTRUMENTS

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

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

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

NOTE 11. DERIVATIVE INSTRUMENTS, cont'd.

The tables below show the gross and net amounts of recognized derivative assets and liabilities at fair value, including the location on the consolidated balance sheets of the Company's principal derivative instruments:

	Derivative Assets					
At December 31, 2023	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets Presented in the Balance Sheet	Balance Sheet Location	Collateral	Net Amount
Interest rate futures	$ 12,669	$ —	$ 12,669	Other assets	$ —	$ 12,669
Foreign currency forward contracts (1)	769	—	769	Other assets	—	769
Foreign currency forward contracts (2)	2	—	2	Other assets	—	2
Credit default swaps	712	—	712	Other assets	—	712
Commodity futures	—	$ —	—	Other assets	—	—
Total	$ 14,152	$ —	$ 14,152		$ —	$ 14,152

	Derivative Liabilities					
At December 31, 2023	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Balance Sheet	Net Amounts of Liabilities Presented in the Balance Sheet	Balance Sheet Location	Collateral Pledged	Net Amount
Interest rate futures	$ 5,720	$ —	$ 5,720	Other liabilities	$ 5,720	$ —
Foreign currency forward contracts (1)	1,719	—	1,719	Other liabilities	—	1,719
Credit default swaps	1,229	—	1,229	Other liabilities	1,229	—
Commodity futures	1,441	—	1,441	Other liabilities	1,441	—
Total	$ 10,109	$ —	$ 10,109		$ 8,390	$ 1,719

(1) Contracts used to manage foreign currency risks in underwriting and non-investment operations.

(2) Contracts used to manage foreign currency risks in investment operations.

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

NOTE 11. DERIVATIVE INSTRUMENTS, cont'd.

	Derivative Assets					
At December 31, 2022	**Gross Amounts of Recognized Assets**	**Gross Amounts Offset in the Balance Sheet**	**Net Amounts of Assets Presented in the Balance Sheet**	**Balance Sheet Location**	**Collateral**	**Net Amount**
Interest rate futures	$ 38	$ —	$ 38	Other assets	$ —	$ 38
Foreign currency forward contracts (1)	10,448	—	10,448	Other assets	—	10,448
Credit default swaps	324	—	324	Other assets	—	324
Total	$ 10,810	$ —	$ 10,810		$ —	$ 10,810

	Derivative Liabilities					
At December 31, 2022	**Gross Amounts of Recognized Liabilities**	**Gross Amounts Offset in the Balance Sheet**	**Net Amounts of Liabilities Presented in the Balance Sheet**	**Balance Sheet Location**	**Collateral Pledged**	**Net Amount**
Interest rate futures	$ 1,104	$ —	$ 1,104	Other liabilities	$ 1,104	$ —
Foreign currency forward contracts (1)	456	—	456	Other liabilities	—	456
Equity futures	323	—	323	Other liabilities	—	323
Credit default swaps	833	—	833	Other assets	—	833
Total	$ 2,716	$ —	$ 2,716		$ 1,104	$ 1,612

(1) Contracts used to manage foreign currency risks in underwriting and non-investment operations.

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

NOTE 11. DERIVATIVE INSTRUMENTS, cont'd.

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

	Location of gain (loss) recognized on derivatives	Amount of gain (loss) recognized on derivatives	
Year ended December 31,		2023	2022
Interest rate futures (1)	Net realized and unrealized gains (losses) on investments	$ 8,503	$ (81,930)
Foreign currency forward contracts (2)	Net foreign exchange gains (losses)	(7,984)	(21,635)
Foreign currency forward contracts (3)	Net foreign exchange gains (losses)	(81)	—
Credit default swaps (2)	Net realized and unrealized gains (losses) on investments	(68,767)	(7,851)
Equity futures (4)	Net realized and unrealized gains (losses) on investments	(1,928)	(69,972)
Commodity futures	Net realized and unrealized gains (losses) on investments	5,256	—
Total		$ (65,001)	$ (181,388)

(1) Fixed income related derivatives included in net realized and unrealized gains (losses) on investment-related derivatives. See "Note 3. Investments" for additional information.

(2) Contracts used to manage foreign currency risks in underwriting and non-investment operations.

(3) Contracts used to manage foreign currency risks in investment operations.

(4) Equity related derivatives included in net realized and unrealized gains (losses) on investment-related derivatives. See "Note 3. Investments" for additional information.

Interest Rate Futures

The Company uses interest rate futures within its portfolio of fixed maturity investments to manage its exposure to interest rate risk, which may result in increasing or decreasing its exposure to this risk. The fair value of these derivatives is determined using exchange traded prices. At December 31, 2023, the Company had $5.4 billion of notional long positions and $2.5 billion of notional short positions of primarily U.S. treasury and Eurozone government bond futures contracts (2022 - $1.2 billion and $71.2 million, respectively).

Foreign Currency Derivatives

The Company's functional currency is the U.S. dollar. The Company writes a portion of its business in currencies other than U.S. dollars and may, from time to time, experience foreign exchange gains and losses in the Company's consolidated financial statements. The impact of changes in exchange rates on the Company's assets and liabilities denominated in currencies other than the U.S. dollar, excluding non-monetary assets and liabilities, are recognized in the Company's consolidated statements of operations.

NOTE 11. DERIVATIVE INSTRUMENTS, cont'd.

Underwriting and Non-investments Operations Related Foreign Currency Contracts

The Company's foreign currency policy with regard to its underwriting operations is generally to enter into foreign currency forward and option contracts for notional values that approximate the foreign currency liabilities, including claims and claim expense reserves and reinsurance balances payable, net of any cash, investments and receivables held in the respective foreign currency. The Company's use of foreign currency forward and option contracts is intended to minimize the effect of fluctuating foreign currencies on the value of non-U.S. dollar denominated assets and liabilities associated with its underwriting operations. The Company may determine not to match a portion of its projected underwriting related assets or liabilities with underlying foreign currency exposure with investments in the same currencies, which would increase its exposure to foreign currency fluctuations and potentially increase the impact and volatility of foreign exchange gains and losses on its results of operations. The fair value of the Company's underwriting operations related foreign currency contracts is determined using indicative pricing obtained from counterparties or broker quotes. At December 31, 2023, the Company had outstanding underwriting related foreign currency contracts of $72.5 million in notional long positions and $48.2 million in notional short positions, denominated in U.S. dollars (2022 - $229.6 million and $36.1 million, respectively).

Investment Portfolio Related Foreign Currency Forward Contracts

The Company's investment operations are exposed to currency fluctuations through its investments in non-U.S. dollar fixed maturity investments, short term investments and other investments. From time to time, the Company may employ foreign currency forward contracts in its investment portfolio to either assume foreign currency risk or to economically hedge its exposure to currency fluctuations from these investments. The fair value of the Company's investment portfolio related foreign currency forward contracts is determined using an interpolated rate based on closing forward market rates. At December 31, 2023, the Company had outstanding investment portfolio related foreign currency contracts of $3.3 million in notional short positions, denominated in U.S. dollars (2022 – $Nil).

<u>Credit Derivatives</u>

The Company's exposure to credit risk is primarily due to its fixed maturity investments, short term investments, premiums receivable and reinsurance recoverable. From time to time, the Company may purchase credit derivatives to manage its exposures in the insurance industry, and to assist in managing the credit risk associated with ceded reinsurance. The Company also employs credit derivatives in its investment portfolio to either assume credit risk or manage its credit exposure.

Credit Default Swaps

The fair value of the Company credit default swaps is determined using industry valuation models, broker bid indications or internal pricing valuation techniques. The fair value of these credit default swaps can change based on a variety of factors including changes in credit spreads, default rates and recovery rates, reinsurance losses, the correlation of credit risk between the referenced credit and the counterparty, and market rate inputs such as interest rates. At December 31, 2023, the Company had outstanding credit default swaps of $1.5 billion in notional positions to hedge credit risk and $Nil notional positions to assume credit risk, denominated in U.S. dollars (2022 - $850.0 million and $Nil, respectively).

NOTE 11. DERIVATIVE INSTRUMENTS, cont'd.

Equity Derivatives

Equity Futures

From time to time, the Company uses equity derivatives in its investment portfolio to either assume equity risk or hedge its equity exposure. The fair value of the Company's equity futures is determined using market-based prices from pricing vendors. At December 31, 2023, the Company had no notional long position of equity futures, denominated in U.S. dollars (2022 - $116.0 million notional long position).

Commodity Derivatives

The Company uses commodity derivatives within its investments portfolio of fixed maturity investments to manage its exposures in the insurance industry, and to assist in managing the market risk associated with ceded reinsurance. Commodity derivatives expose the Company to potentially unfavorable price changes to the underlying commodities.

Commodity Futures

The fair value of the Company's commodity futures is determined using market-based prices from pricing vendors. At December 31, 2023, the Company had a $255.2 million notional long position of commodity futures, denominated in U.S. dollars (2022 - $Nil notional long position).

Reinsurance Derivatives

Refer to "Note 4. Fair Value Measurements" for additional information related to reinsurance contracts accounted for at fair value.

NOTE 12. COMMITMENTS, CONTINGENCIES AND OTHER ITEMS

The agreements governing the Company's credit facilities contain certain customary representations, warranties and covenants. At December 31, 2023, the Company believes that it was in compliance with its covenants.

Concentration of Credit Risk

Instruments which potentially subject the Company to concentration of credit risk consist principally of investments, including the Company's equity method investments, cash, premiums receivable and reinsurance balances. Except for securities of the U.S. government, none of the Company's fixed-maturity and short-term investments exceeded 10% of shareholder's equity at December 31, 2023. See "Note 5. Reinsurance" and "Note 6. Reserve for Claims and Claim Expenses" for additional information with respect to reinsurance recoverable.

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

NOTE 12. COMMITMENTS, CONTINGENCIES AND OTHER ITEMS, cont'd.

Letters of Credit and Other Commitments

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

At December 31, 2023	Issued or Drawn
RenaissanceRe Revolving Credit Facility (1)	$ —
Bilateral Letter of Credit Facilities	
Secured	94,732
Unsecured (1)	172,432
Funds at Lloyd's Letter of Credit Facility	225,000
	$ 492,164

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

RenaissanceRe Revolving Credit Facility

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

The Revolving Credit Agreement contains representations, warranties, covenants and certain financial covenants customary for bank loan facilities of this type, including limits on the ability of RenaissanceRe and its subsidiaries to merge, consolidate, sell a substantial amount of assets, incur liens and declare or pay dividends under certain circumstances. The Revolving Credit Agreement also contains certain financial covenants which generally provide that the ratio of consolidated debt to capital shall not exceed 0.35:1 and that the consolidated net worth of RenaissanceRe shall equal or exceed approximately $4.0 billion, subject to an annual adjustment.

NOTE 12. COMMITMENTS, CONTINGENCIES AND OTHER ITEMS, cont'd.

If certain events of default occur, in some circumstances the lenders' obligations to make loans may be terminated and the outstanding obligations of RenaissanceRe under the Revolving Credit Agreement may be accelerated. The scheduled commitment maturity date of the Revolving Credit Agreement is November 18, 2027.

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

Bilateral Letter of Credit Facilities

Uncommitted, Secured Standby Letter of Credit Facility with Wells Fargo

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

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

At December 31, 2023, RenaissanceRe had $175.0 million of secured letters of credit outstanding and $Nil of unsecured letters of credit outstanding under this agreement, of which $85.5 million and $Nil, respectively, relates to the Company.

Secured Letter of Credit Facility with Citibank Europe

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

NOTE 12. COMMITMENTS, CONTINGENCIES AND OTHER ITEMS, cont'd.

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

At December 31, 2023, RenaissanceRe had $280.1 million aggregate face amount of letters of credit outstanding and $39.9 million remained unused and available to the participants under this facility, of which $9.2 million relates to the Company.

Uncommitted, Unsecured Letter of Credit Facility with Citibank Europe

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

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

At December 31, 2023, the aggregate face amount of the payment instruments issued and outstanding under this facility was $366.5 million, of which $22.4 million relates to the Company.

Unsecured Letter of Credit Facility with Credit Suisse

Renaissance Reinsurance, among other operating subsidiaries, and RenaissanceRe, the Company's ultimate parent, are parties to a letter of credit facility agreement with Credit Suisse (Switzerland) Ltd. ("Credit Suisse") dated December 16, 2021, as amended, and which provides for a $200.0 million committed, unsecured letter of credit facility pursuant to which Credit Suisse (or any other fronting bank acting on behalf of Credit Suisse) may issue letters of credit or similar instruments in multiple currencies. The obligations of Renaissance Reinsurance under the agreement are guaranteed by RenaissanceRe. The facility is scheduled to expire on December 31, 2024.

NOTE 12. COMMITMENTS, CONTINGENCIES AND OTHER ITEMS, cont'd.

In the agreement, Renaissance Reinsurance, among other operating subsidiaries party to the letter of credit facility, and RenaissanceRe make representations, warranties and covenants that are customary for facilities of this type, and agree to comply with certain informational and other customary undertakings. The agreement also contains certain financial covenants applicable to the RenaissanceRe, including the requirement to maintain the ratio of consolidated debt to capital of not more than 0.35:1, to maintain a minimum consolidated net worth initially of approximately $4.0 billion, subject to an annual adjustment, and to maintain RenaissanceRe's financial strength or credit rating (as applicable) with S&P and A.M. Best of at least A-.

The agreement contains events of default customary for facilities of this type. At any time on or after the occurrence of an event of default, Credit Suisse may exercise remedies, including canceling the commitment, requiring that Renaissance Reinsurance, or other operating subsidiaries party to the letter of credit facility, pledge cash collateral in an amount equal to the maximum liability of the issuing bank under the letters of credit and similar instruments issued under the agreement, and demanding that Renaissance Reinsurance, or other operating subsidiaries party to the letter of credit facility, procure the release by the beneficiaries of the letters of credit and similar instruments issued under the agreement.

At December 31, 2023, letters of credit issued by Credit Suisse under the agreement were outstanding in the face amount of $193.3 million, of which $Nil relates to the Company.

Uncommitted Letter of Credit Facility with Société Générale

Renaissance Reinsurance is party to a letter of credit reimbursement agreement with Société Générale, New York Branch ("SocGen"), dated September 8, 2022, which provides for a $250.0 million uncommitted letter of credit facility under which Renaissance Reinsurance may request either secured or unsecured letters of credit in multiple currencies for the account of Renaissance Reinsurance, subject to secured letters of credit comprising at least 40% of the maximum aggregate amount.

In the agreement, Renaissance Reinsurance makes representations, warranties and covenants that are customary for facilities of this type, and agrees to comply with certain informational and other customary undertakings. The agreement also contains certain financial covenants applicable to the Renaissance Reinsurance customary for facilities of this type.

The agreement contains events of default customary for facilities of this type. At any time on or after the occurrence of an event of default, SocGen may exercise remedies, including requiring that Renaissance Reinsurance pledge cash collateral in an amount equal to the maximum liability of the issuing bank under the unsecured letters of credit and similar instruments issued under the agreement, and taking certain actions with respect to the collateral pledged by such applicant (including the sale thereof).

At December 31, 2023, letters of credit issued by SocGen under the agreement were outstanding in the face amount of $250.0 million.

NOTE 12. COMMITMENTS, CONTINGENCIES AND OTHER ITEMS, cont'd.

Funds at Lloyd's Letter of Credit Facility

Renaissance Reinsurance is party to a letter of credit facility with Bank of Montreal, Citibank Europe and ING Bank N.V. evidenced by an Amended and Restated Letter of Credit Reimbursement Agreement dated November 7, 2019, which provides for the issuance of letters of credit to support business written by RenaissanceRe Syndicate 1458 ("Syndicate 1458"), RenaissanceRe's Lloyd's syndicate. The stated amount of the outstanding Funds at Lloyd's letter of credit is $225.0 million. Renaissance Reinsurance may request that the outstanding letter of credit be amended to increase the stated amount or that a new letter of credit denominated in U.S. dollars be issued, in an aggregate amount for all such increases or issuances not to exceed $140.0 million. The facility terminates four years from the date of notice from the lenders to the beneficiary of the letter of credit, unless extended.

Generally, Renaissance Reinsurance is not required to post any collateral for letters of credit issued pursuant to this facility. However, following the occurrence of a partial collateralization event or a full collateralization event, as provided in the agreement, Renaissance Reinsurance is required to pledge eligible securities with a collateral value of at least 60% or 100%, respectively, of the aggregate amount of its then-outstanding letters of credit. The latest date upon which Renaissance Reinsurance will become obligated to collateralize the facility at 100% is December 31, 2024.

In the agreement, Renaissance Reinsurance makes representations and warranties that are customary for facilities of this type and agrees that it will comply with certain informational undertakings and other covenants, including maintaining a minimum net worth. In the case of an event of default under the FAL facility, the lenders may exercise certain remedies, including declaring all outstanding obligations of Renaissance Reinsurance under the agreement and related credit documents due and payable and taking certain actions with respect to the collateral pledged by Renaissance Reinsurance (including the sale thereof).

At December 31, 2023, the face amount of the outstanding letter of credit issued under the FAL facility was $225.0 million.

See "Note 8. Related Party Transactions and Major Customers" for additional information related to a letter of credit facility and mandatory capital contribution for Top Layer Re.

Investment Commitments

See "Note 3. Investments" for additional information related to the Company's private credit fund commitments.

Indemnifications and Warranties

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

Legal Proceedings

The Company is subject to lawsuits and regulatory actions in the normal course of business that do not arise from or directly relate to claims on reinsurance treaties or contracts or direct insurance policies, as applicable. In the Company's industry, business litigation may involve allegations of underwriting or claims-handling errors or misconduct, disputes relating to the scope of, or compliance with, the terms of delegated underwriting agreements, employment claims, regulatory actions or other disputes.

NOTE 12. COMMITMENTS, CONTINGENCIES AND OTHER ITEMS, cont'd.

The Company may also directly or indirectly be subject to claims litigation involving disputed interpretations of policy coverages. In addition, the Company may from time to time engage in litigation or arbitration related to its claims for payment in respect of ceded reinsurance, including disputes that challenge the Company's ability to enforce its underwriting intent. Such matters could result, directly or indirectly, in providers of protection not meeting their obligations to the Company or not doing so on a timely basis. The Company may also be subject to other disputes from time to time, relating to operational or other matters distinct from insurance or reinsurance claims. Any litigation or arbitration, or regulatory process, contains an element of uncertainty, and the value of an exposure or a gain contingency related to a dispute is difficult to estimate. The Company believes that no individual litigation or arbitration to which the Company is presently a party is likely to have a material adverse effect on the Company's financial condition, business or operations.

NOTE 13. SUBSEQUENT EVENTS

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