ABR REINSURANCE LTD.

Financial Statements

December 31, 2023 and 2022

ABR REINSURANCE LTD.

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March 27, 2024

Report of Independent Auditors

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

Opinion

We have audited the accompanying financial statements of ABR Reinsurance Ltd. (the “Company”), which comprise the balance sheets as of December 31, 2023 and December 31, 2022, and the related statements of income, shareholder’s equity and cash flows for the years then ended, including the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and December 31, 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 financial statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

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

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

Auditors’ responsibilities for the audit of the financial statements

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

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

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the required supplemental information pertaining to *Short-Duration Contracts* disclosures labelled as "Unaudited" within Note 7 on pages 29 to 32 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

ABR REINSURANCE LTD.
BALANCE SHEETS
As at December 31, 2023 and 2022
(Expressed in '000 U.S. dollars)

		December 31, 2023	December 31, 2022
Assets			
Investments			
Fixed maturities at fair value (amortized cost: $422,775 and $575,308)	$	383,228	515,201
Equity interests at fair value (cost: $1,032,896 and $973,053)		1,222,036	1,138,847
Other equity interests (cost: $181,411 and $43,711)		192,949	43,920
Total investments		1,798,213	1,697,968
Cash and cash equivalents		67,369	79,444
Accrued investment income		3,495	4,361
Intercompany receivable		299	267
Premiums receivable		152,254	163,729
Receivable for securities sold		17,449	2,579
Reinsurance balances receivable		5,729	6,192
Reinsurance recoverable on losses and loss expenses		19,314	28,603
Deferred acquisition costs		89,044	96,658
Other assets		12,443	29,203
Prepaid expenses		89	1,544
Total assets	$	2,165,698	2,110,548
Liabilities			
Unpaid losses and loss adjustment expenses	$	942,228	866,559
Unearned premium reserve		272,599	290,340
Reinsurance balances payable		11,055	38,081
Payable for securities purchased		1,752	2,473
Notes payable		16,281	24,888
Accounts payable and accrued expenses		20,773	15,352
Other payables		8,815	19,160
Total liabilities	$	1,273,503	1,256,853
Shareholder's equity			
Common shares	$	1,000	1,000
Additional paid-in capital		796,536	794,720
Retained earnings (deficit)		94,659	57,975
Total shareholder's equity	$	892,195	853,695
Total liabilities and shareholder's equity	$	2,165,698	2,110,548

The accompanying notes are an integral part of these financial statements.

ABR REINSURANCE LTD.
STATEMENTS OF INCOME
For the years ended December 31, 2023 and 2022
(Expressed in '000 U.S. dollars)

	Year ended December 31, 2023	Year ended December 31, 2022
Revenues		
Gross premiums written	$ 502,431	555,144
Reinsurance premiums ceded	(875)	(3,875)
Net premiums written	501,556	551,269
(Increase) decrease in unearned premiums	16,254	(21,254)
Net premiums earned	517,810	530,015
Unrealized gains (losses) on investments	43,960	(98,322)
Realized gains (losses) on investments	(13,246)	76,743
Interest, dividend, and amortization income, net	102,143	48,988
Foreign exchange gains (losses) on investments	9,138	(10,829)
Total revenues	659,805	546,595
Expenses		
Loss and loss adjustment expenses	(407,889)	(387,975)
Policy acquisition costs	(162,231)	(162,798)
General and administrative expenses	(11,284)	(8,784)
Management and performance fees	(25,342)	(12,344)
Other investment expenses	229	(605)
Interest expense on notes payable	(278)	144
Other income (expense)	(3,048)	1,379
Total expenses	(609,843)	(570,983)
Net income (loss)	$ 49,962	(24,388)

The accompanying notes are an integral part of these financial statements.

ABR REINSURANCE LTD.
STATEMENTS OF SHAREHOLDER'S EQUITY
For the years ended December 31, 2023 and 2022
(Expressed in '000 U.S. dollars)

		Year ended December 31, 2023	Year ended December 31, 2022
Common shares			
Balance – beginning of period	$	1,000	1,000
Share based compensation		-	-
Common shares issued (repurchased), net		-	-
Balance – end of period		1,000	1,000
Additional paid-in capital			
Balance – beginning of period		794,720	793,460
Share based compensation		1,816	1,260
Balance – end of period		796,536	794,720
Retained earnings (deficit)			
Balance – beginning of period		57,975	166,363
Net income (loss)		49,962	(24,388)
Dividends declared		(13,278)	(84,000)
Balance – end of period		94,659	57,975
Total shareholders' equity	$	892,195	853,695

The accompanying notes are an integral part of these financial statements.

ABR REINSURANCE LTD.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022
(Expressed in '000 U.S. dollars)

	Year ended December 31, 2023	Year ended December 31, 2022
Operating activities		
Net income (loss)	$ 49,962	(24,388)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Net unrealized (gain) loss on investments	(54,496)	108,367
Net realized (gain) loss on investments	10,127	(72,284)
Amortization (income) expense	(1,571)	(488)
Share-based compensation	1,815	1,260
Accrued investment income	866	(2,036)
Intercompany receivable	(31)	647
Premiums receivable	11,475	(12,696)
Reinsurance balances receivable	463	(4,916)
Reinsurance recoverable on losses and loss expenses	9,289	(3,459)
Deferred acquisition costs	7,614	(7,786)
Unpaid losses and loss adjustment expenses	75,669	117,043
Unearned premiums	(17,741)	20,793
Reinsurance balances payable	(27,026)	15,969
Notes payable	(8,607)	12,432
Accounts payable, accrued expenses, and other payables	(4,923)	(13,301)
Prepaid expenses and other assets	18,216	(7,556)
Net cash provided by operating activities	71,101	127,601
Investing activities		
Purchase of fixed maturities	(224,110)	(129,436)
Purchase of equity and commingled fund interests	(296,378)	(438,228)
Sale and principal paydown of fixed maturities	363,656	171,301
Maturities of fixed maturity securities	-	971
Sale of equity and commingled fund investments	89,110	251,363
Net derivative instruments settlements	(1,922)	21,304
Net cash used for investing activities	(69,644)	(122,725)
Financing activities		
Dividends paid	(13,279)	(84,000)
Net cash used for financing activities	(13,279)	(84,000)
Effects of exchange rate changes on foreign currency cash	(252)	54
Increase (decrease) in cash	(12,074)	(79,070)
Cash and cash equivalents, beginning of period	79,443	158,514
Cash and cash equivalents, end of period	$ 67,369	79,444

The accompanying notes are an integral part of these financial statements.

1. General

ABR Reinsurance Ltd. (collectively, "we", the "Company" or "ABR Re") was incorporated under the laws of Bermuda on March 6, 2015 and is a wholly-owned subsidiary of ABR Reinsurance Capital Holdings Ltd. (the "Parent"). The Parent was incorporated under the laws of Bermuda on December 15, 2014.

The Company is licensed as a Class 4 insurer under the Insurance Act 1978 of Bermuda, as amended, and related regulations (the "Insurance Act") and is licensed to underwrite general business on an insurance and reinsurance basis. ABR Re offers a broad array of non-life reinsurance products and protection to the (re)insurance subsidiaries of Chubb Limited ("Chubb") under the terms of a master reinsurance program agreement (the "Master Agreement") entered into with its predecessor company, ACE Limited.

Although the Master Agreement allows the Company to sell reinsurance protection to third-party cedents not owned or controlled by Chubb in certain limited circumstances, ABR Re's license provides that it shall not enter into contracts of (re)insurance other than with Chubb and/or its affiliates without obtaining the prior written approval of the Bermuda Monetary Authority (the "BMA"). The Company underwrites reinsurance on exposures worldwide. The Company commenced operations on April 1, 2015. These financial statements are presented for the years ended December 31, 2023 and 2022.

To begin operations the Parent raised $800 million of capital consisting of $800 million in common equity ($787.5 million net of issuance costs). Chubb acquired 11.3% and BlackRock, Inc. ("BlackRock") acquired 9.9%, respectively of the Company's common equity issued at launch. In 2022 the Parent entered into a strategic transaction with BB Holdings AH LP, an entity managed by ICONIQ Capital, LLC, (such entity also referred to as "ICONIQ") pursuant to which BB Holdings AH LP acquired common shares of the Parent and the Parent has committed to allocate over the next five years $1 billion of investment assets to be managed by ICONIQ Capital, LLC. At December 31, 2023 Chubb, BlackRock, and ICONIQ held 18.7%, 15%, and 29%, respectively, of the Parent's common equity.

Pursuant to the Master Agreement, Chubb offers to ABR Re the opportunity to participate as a reinsurer with respect to a portfolio of non-life, non-property catastrophe reinsurance contracts and property catastrophe reinsurance contracts written by Chubb's (re)insurance company subsidiaries. The Company is offered the opportunity to participate on reinsurance contracts offered to other third-party reinsurers, and, in certain instances, participations may be offered solely to the Company. Where participation on the reinsurance contracts is offered to other third-party reinsurers, participation is offered to the Company on the same or substantially similar terms and conditions (other than terms and conditions governed by the Master Agreement or a global trading agreement the Company entered into with Chubb which provides for certain uniform terms and conditions to be incorporated by reference into all reinsurance contracts entered into between the Company and Chubb (re)insurance company subsidiaries), and in the same or substantially similar manner, as such reinsurance contracts are offered to the other third-party reinsurers.

See Note 10, "Transactions with Related Parties," for further details.

The Company has engaged Oasis Insurance Services Ltd. ("Oasis"), a company incorporated in Bermuda and a subsidiary of Chubb, to provide certain administrative services pursuant to a services agreement dated March 23, 2015 (the "Oasis Services Agreement"). The Company has also entered into an arrangement with ACE INA Overseas Insurance Company Ltd. ("AIOIC") and Chubb Tempest Reinsurance Ltd. ("CTR"), both companies incorporated in Bermuda and subsidiaries of Chubb, to reinsure

risks from certain of Chubb's (re)insurance company subsidiaries and then retrocede those same risks to the Company pursuant to an agreement effective April 1, 2015 and as amended (the "Alternative Collateral Facility"). See Note 10, "Transactions with Related Parties," for further details.

The Company has engaged BFM, a subsidiary of BlackRock, as an investment manager of the assets in the Company's investment account pursuant to an Investment Management Agreement, dated March 26, 2015 and as amended (the "Investment Management Agreement"). Additionally, the Company has entered into an umbrella investment agreement dated July 15, 2022 (the "Umbrella Investment Agreement") where the Company has agreed commit an aggregate amount of $1 billion to investment vehicles managed and/or advised by ICONIQ Capital, LLC over five years through and including 2027. The Company invests its assets through BFM and ICONIQ to maintain a diversified portfolio consisting of four broad asset classes (liquid stable income, liquid total return, private income, and private total return) in a manner seeking an appropriate balance among liquidity, capital preservation, and total return maximization across the investment cycle, subject to the terms of the Investment Management Agreement, Umbrella Investment Agreement, and the oversight of management and the Board of Directors. See Note 10, "Transactions with Related Parties," for further details.

- Liquid stable income consists of generally highly liquid assets, with historically low volatility and a stable return profile comprised primarily of investment income generated
- Liquid total return consists of generally liquid or short-duration assets, with historically medium-to-high volatility and a relatively stable return profile comprised of both price appreciation and investment income generated
- Private income consists of generally illiquid assets, with historically medium-to-high volatility and a relatively stable return profile comprised largely of income generated and some price appreciation
- Private total return consists of generally highly illiquid assets, with historically high volatility and a relatively unpredictable return profile comprised largely of price appreciation at the end of the investment's life

The Company has separately engaged BFM to provide certain investment administration, accounting, and reporting support services, pursuant to a services agreement effective as of April 1, 2015 (the "BlackRock Services Agreement"). See Note 10, "Transactions with Related Parties," for further details.

The Company has engaged PricewaterhouseCoopers Ltd. as its auditor for the years ended December 31, 2023 and 2022. Audit fees for the year ended December 31, 2023 totaled $0.6 million (2022: $0.6 million). There were no other fees paid to the auditor (and related network firms) for non-assurance services.

2. Significant Accounting Policies

(a) Basis of presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Amounts included in the financial statements reflect the Company’s best estimates and assumptions. Actual results could differ from those estimated amounts.

The Company’s principal estimates include, but are not limited to, unpaid losses and loss adjustment expenses, premium revenue and related expenses, reinsurance recoverable and provision for uncollectable reinsurance, and fair value of financial instruments.

(b) Premiums

Reinsurance premiums written are recorded based on the types of contracts the Company writes. Premiums on the Company’s reinsurance contracts are estimated when the business is underwritten. For excess of loss contracts, premiums are generally recorded as written, on the inception date, based on the terms of the contract. Estimates of premiums written under pro rata contracts, also known as quota share contracts, are generally recorded in the period in which the underlying risks are expected to incept and are based on information provided by the broker and the ceding companies. For multi-period reinsurance contracts which are payable in periodic installments, premium recording depends on whether the contract is non-cancellable. If either party retains the ability to cancel or commute coverage prior to expiration, installments are included as premiums written at policy inception based on the cancellation or commutation terms. The remaining installments would then be included as premiums written at each successive date within the multi-period term that begins the period before the next available cancellation or commutation date. If, on the other hand, the contract is non-cancellable, the full multi-year premiums would generally be recorded as written at policy inception for excess of loss contracts and would follow the convention above for pro rata contracts.

Reinsurance premiums written, irrespective of the class of business, are generally recognized in the statements of income as earned on a pro rata basis over the term of the risk exposure period in the contracts, which is either the term of the contracts or the coverage period of the insurance policies underlying the contracts. Contracts written on a “losses occurring” basis cover claims that may occur during the term of the contract, which is typically 12 months. Contracts which are written on a “risks attaching” basis cover claims which attach to the underlying insurance policies written during the terms of such contracts. Premiums earned on such contracts usually extend beyond the original term of the reinsurance contract, typically resulting in recognition of premiums earned over a 24-month period. The portion of the premiums written applicable to the unexpired risk exposure periods of the reinsurance contracts are recorded as unearned premiums.

Reinsurance premiums written include amounts reported by the broker and ceding companies, supplemented by the Company’s own estimates of premiums where reports have not been received. Premium estimates may change over time and may result in adjustments in any reporting period as

additional information regarding the underlying business volume is obtained. Premium estimates are updated when new information is received, and differences between such estimates and actual amounts are recorded in the period in which estimates are changed or the actual amounts are determined. Adjustments to premium estimates could be material and such adjustments could directly and significantly impact earnings favorably or unfavorably in the period they are determined because the estimated premium may be fully or substantially earned.

Mandatory reinstatement premiums assessed on reinsurance contracts are earned in the period when the Company is notified of the loss event that gave rise to the reinstatement premiums. The accrual of reinstatement premiums is based on an estimate of losses and loss adjustment expenses, which reflects management's judgment.

(c) Deferred acquisition costs

Policy acquisition costs are those costs related to the Company's underwriting operations that vary with, and are directly related to, the successful acquisition or renewal of business. Policy acquisition costs consist principally of commissions, including profit commissions, and brokerage and premium taxes. Profit commissions are calculated and accrued based on the expected loss experience for contracts and recorded when the loss estimate indicates a profit commission is probable under the contract terms. Policy acquisition costs are deferred and amortized over the periods in which the related premiums are earned. Deferred acquisition costs, which are based on the related unearned premiums, are carried at their estimated realizable value and take into account anticipated losses and loss adjustment expenses, based on historical and current experience, and anticipated investment income. Deferred policy acquisition costs are reviewed to determine if they are recoverable from future income, including investment income. Unrecoverable costs are expensed in the period identified.

(d) Reinsurance

The Company enters into reinsurance agreements to reduce the net loss potential from accumulations of risks and from large individual risks. Ceded reinsurance contracts do not relieve the Company of its primary obligation to its policyholders, and therefore the Company bears collection risk should its reinsurers be unable to fulfill their contractual obligations with respect to the payments of reinsurance balances owed to the Company. Ceded reinsurance premiums are recorded on the inception date of the contract and are charged to income on a pro rata basis over the term of the risk exposure period in the contract. The portion of the reinsurance premiums ceded applicable to the unexpired risk exposure period of the contract is recorded as prepaid reinsurance premiums and is included in other assets in the balance sheets.

Amounts recoverable from reinsurers are estimated based on the terms and conditions of the ceded reinsurance contracts in a manner consistent with the Company's methods for estimating and establishing its liability for the underlying risks reinsured. Reinsurance recoverable includes the balances due from reinsurance companies for paid and unpaid losses and loss expenses that are expected to be collected from the Company's reinsurers. Reinsurance recoverable is presented net of a provision for uncollectible reinsurance estimated based on management's judgement of the amount of the reinsurance recoverable balance that the Company may not ultimately be able to collect due to reinsurer insolvency, contract dispute, or any other reason. The Company reviews the reinsurance recoverable regularly, and the recoverable is adjusted as necessary. Such adjustments, if any, are reflected in income in the period in which they are determined. See Note 8, "Reinsurance", for further details.

(e) Investments

The Company has elected the fair value option in accordance with Financial Accounting Standards Board ("FASB") Accounting Standard Codification 825, *Financial Instruments* for the Company's fixed maturity and equity security investments, and a portion of the Company's investment fund, limited company and limited partnership investments ("Fair Value Investments"). As a result, the Company's Fair Value Investments are reported at fair value with changes in fair value included in the statements of income. GAAP defines fair value as the price the Company would receive to sell an asset or pay to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The fair value of Fair Value Investments is established as set out in Note 4, "Fair Value" by the Investment Managers or their valuation agents. In certain cases, the Investment Managers are unable to provide final valuations as of the Company's current reporting date. The typical reporting lag experienced by the Company to receive final valuations is up to three months.

Where possible, management obtains fair value information related to the Fair Value Investments where the Investment Managers are unable to provide final valuations as of the balance sheet date and assesses whether differences in the fair values would be material to the financial statements and discloses or adjusts as necessary. Where management is unable to obtain fair value information as at the balance sheet date, management reviews those positions for indicators that differences in the fair values would be material to the financial statements, disclosing or adjusting as necessary.

The Company's investments in investment funds for which the fair value option has not been elected are recorded under the equity method in accordance with FASB Accounting Standard Codification 323, *Investments – Equity Method and Joint Ventures* due to their ownership structure ("Equity Method Investments"). Equity Method Investments are initially recorded at cost and are subsequently adjusted based on the Company's proportionate share of the net income or loss of the investments as reported by the Investment Managers plus the effect of contributions or distributions in the period not covered by reporting from the Investment Managers. Changes in carrying value of Equity Method Investments are recorded as a component of unrealized gains (losses) on investments in the statements of income. The typical reporting lag experienced by the Company to receive final valuations is up to three months.

Equity Method Investments are referred to as commingled investment funds in Note 3 below. In some of those funds the Company is the principal investor. Where the Company is not the principal investor, the Company's ownership is generally between 2%-12%. Whether or not the Company is the principal investor, the Company does not have a controlling interest in any of its commingled investment funds.

The Company uses derivative instruments such as futures, forward, option, and swap contracts for the purpose of managing certain investment portfolio risks and exposures. The Company uses derivatives for economic hedging purposes only. The Company's derivatives do not qualify as hedges for financial reporting purposes. All derivative financial instruments are reported as either assets or liabilities in the balance sheets and are measured at fair value, with changes in the fair value recorded as a component of realized gains (losses) on investments in the statements of income.

Net investment income includes interest and dividend income, realized and unrealized gains and losses, and amortization of market premiums and discounts and is net of investment management fees and expenses. Investment gains or losses realized on the sale of investments are determined on a first-in, first-out basis. See Note 3, "Investments," for further details.

(f) Variable interest entities

The Company invests in certain limited liability companies, partnerships, and other legal entities in which (a) equity at risk is insufficient for the entity to finance its activities without additional financial support, or (b) the holders of the equity investment at risk, as a group, do not have controlling financial interest in the entity, which is defined as having both (i) the power, through voting or similar rights, to direct the activities of the entity that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses, or the right to receive benefits that could be significant to the entity. Such legal entities are considered "variable interest entities" ("VIEs"), and the Company would consolidate the results of any such entity in which it was considered to be the primary beneficiary by holding a controlling financial interest in the entity. Assessment of whether the Company is the primary beneficiary of a VIE requires judgment based on the facts and circumstances at the time of investment, and the Company reassesses its determination of whether it is the primary beneficiary upon changes in facts and circumstances that could potentially alter the Company's assessment.

The Company's maximum exposure to loss with respect to these investments is limited to the carrying amounts reported in the balance sheet and any unfunded commitments. At December 31, 2023 and 2022, there were no VIEs consolidated by the Company. Accordingly, the Company records its VIE interests which are Fair Value Investments at fair value, with changes in fair value recorded in the statements of income. The Company records its VIE interests which are Equity Method Investments under the equity method, with the changes in the carrying value of the investments recorded as a component of unrealized gains (losses) on investments in the statements of income.

(g) Repurchase agreements

The Company may enter into repurchase agreements where the Company sells securities and repurchases them at a future date for a predetermined price. During the term of the agreement, the Company continues to receive interest and principal payments on the securities. The Company may enter into such agreements to fund investment obligations without liquidating other investment assets when there is a timing mismatch between expected receipt of funds from investment sales or maturities or when it is anticipated that the interest income to be earned from the investment of the proceeds of the repurchase agreement is greater than the interest expense of the transaction.

Repurchase agreements are accounted for as secured borrowings. A liability is recorded in the balance sheets for the contractual repurchase amounts plus accrued interest, and the fair value of the securities collateralizing the repurchase agreements is included within fixed maturities. Interest expense on such agreements is included in other investment expenses in the statements of income. See Note 6, "Repurchase Agreements," for further details.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, time deposits, and money market funds with original maturities of three months or less.

(i) Unpaid losses and loss adjustment expenses

A liability is established for the estimated unpaid losses and loss adjustment expenses under the terms of, and with respect to, the reinsurance contracts issued by the Company. The reserve for unpaid losses and loss adjustment expenses consists of estimates of unpaid losses and loss adjustment expenses for reported losses (“case reserves”) and losses incurred but not reported (“IBNR”). Case reserves, established by management based on reports from the broker and ceding companies, represent the estimated ultimate cost of events or conditions that have been reported to or specifically identified by the Company. IBNR reserves represent management’s estimates of reserves for losses incurred for which reports or claims have not been received. IBNR reserve estimates are generally calculated by first projecting the expected cost of ultimate losses and loss adjustment expenses (expected losses and loss adjustment expenses) and then subtracting paid losses and loss adjustment expenses and case reserves. The methods of determining such estimates and establishing the resulting liability are reviewed regularly, and adjustments are made based on management’s judgement.

The Company reviews the reserve for unpaid losses and loss adjustment expenses regularly, and, as experience develops and new information becomes known, the reserves are adjusted as necessary. Such adjustments, if any, are reflected in income in the period in which they are determined. Inherent in the estimates of ultimate losses and loss adjustment expenses are assumptions and judgements, including those regarding future trends in claims severity and frequency and other factors which may vary significantly as claims are settled. Accordingly, ultimate losses and loss adjustment expenses may differ materially from the amounts recorded in the accompanying financial statements. Losses and loss adjustment expenses are recorded on an undiscounted basis.

(j) Share-based compensation

The Parent has an equity incentive plan under which employees and directors of the Parent may be granted restricted shares, restricted share units, and bonus shares. The fair value of the compensation cost is measured at the grant date and is expensed, for restricted rewards, on a straight-line basis over the vesting period. Awards not subject to restrictions are expensed in the period incurred.

(k) Foreign exchange

The functional currency of the Company is the U.S. Dollar. Monetary assets and liabilities, such as premiums receivable and the reserve for losses and loss adjustment expenses, denominated in foreign currencies are remeasured at the prevailing exchange rate at the balance sheet date and revenues and expenses denominated in foreign currencies are recorded using transaction-specific rates during the period, as appropriate. Accounts that are classified as non-monetary, such as deferred acquisition costs and unearned premium reserves, are not revalued. Foreign exchange gains and losses are included in the statements of income in the period incurred.

(l) Recent accounting pronouncements

Accounting guidance not yet adopted

The FASB issued ASU 2022-03, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions ("ASU 2022-03") to clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The amendments in this update also require the following disclosures for equity securities subject to contractual sale restrictions (1) the fair value of equity securities subject to contractual sale restrictions reflected in the balance sheet; (2) the nature and remaining duration of the restriction(s); and (3) the circumstances that could cause a lapse in the restriction(s). ASU 2022-03 is effective for nonpublic entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2024. The impact of this guidance on the Company's results of operations and financial statement disclosures, if any, is being evaluated.

3. Investments

The following tables present the broad classification of the Company's investment securities held at December 31, 2023:

(a) Investments by asset class

December 31, 2023		Amortized cost / cost	Gross unrealized gains	Gross unrealized losses	Fair value
Liquid stable income	$	231,768	2,445	(1,895)	232,318
Liquid total return		156,777	6,067	(1,134)	161,710
Private income		816,929	115,874	(82,508)	850,295
Private total return		431,608	196,607	(74,325)	553,890
	$	1,637,082	320,993	(159,862)	1,798,213

(b) Fixed maturities

December 31, 2023		Amortized cost / cost	Gross unrealized gains	Gross unrealized losses	Fair value
US Treasury, agency, state, and municipal bonds	$	4,369	18	(12)	4,375
Corporate and other fixed maturities (publicly traded)		272,454	2,760	(21,037)	254,177
Bank loans		60,050	638	(1,128)	59,560
Private fixed maturity investments		85,902	2,494	(23,281)	65,115
	$	422,775	5,910	(45,458)	383,227

(c) Fixed maturities by contractual maturity

December 31, 2023		Amortized cost	Fair value
Due in 1 year or less	$	61,668	59,646
Due after 1 year through 3 years		66,240	48,351
Due after 3 years through 5 years		76,509	69,481
Due after 5 years through 10 years		126,995	117,944
Due after 10 years		91,363	87,806
	$	422,775	383,228

Expected maturities could differ from contractual maturities because borrowers may have the right to call, prepay, or extend obligations with or without penalties.

(d) Equity and commingled fund investments

December 31, 2023		Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Commingled investment funds		181,411	11,538	-	192,949
Private equity investments		1,032,896	303,545	(114,404)	1,222,037
	$	1,214,307	315,083	(114,404)	1,414,986

(e) Investment income by asset type

December 31, 2023		**Net unrealized gains (losses)**	**Net realized gains (losses)**	**Net interest, dividend, and amortization income**	**Foreign exchange gains (losses)**	**Gross investment income (loss)**
Cash and cash equivalents	$	-	-	1,906	202	2,108
US Treasury, agency, state, and municipal bonds		178	(163)	281	-	296
Corporate and other fixed maturities (publicly traded)		9,547	(4,914)	21,723	282	26,638
Bank loans		6,481	(1,959)	14,694	-	19,216
Private fixed maturity investments		1	(5,134)	4,457	1,732	1,056
Commingled investment funds		11,329	-	(76)	-	11,253
Private equity investments		16,424	5,815	59,158	6,922	88,319
Other assets		-	(6,891)	-	-	(6,891)
	$	43,960	(13,246)	102,143	9,138	141,995

(f) Net investment income

December 31, 2023		
Fixed maturities	$	40,315
Listed and private equity and commingled investment funds		99,572
Cash and cash equivalents		2,108
Gross investment income		141,995
Investment expenses		(25,113)
Net investment income	$	116,882

The following tables present the broad classification of the Company’s investment securities held at December 31, 2022:

(g) Investments by asset class

December 31, 2022		**Amortized cost / cost**	**Gross unrealized gains**	**Gross unrealized losses**	**Fair value**
Liquid stable income	$	314,426	1,059	(13,381)	302,104
Liquid total return		155,270	318	(6,720)	148,868
Private income		698,705	78,770	(81,120)	696,355
Private total return		423,671	165,430	(38,460)	550,641
	$	1,592,072	245,577	(139,681)	1,697,968

(h) Fixed maturities

December 31, 2022		**Amortized cost / cost**	**Gross unrealized gains**	**Gross unrealized losses**	**Fair value**
US Treasury, agency, state, and municipal bonds	$	5,561	-	(173)	5,388
Corporate and other fixed maturities (publicly traded)		353,800	1,105	(29,209)	325,696
Bank loans		133,180	109	(6,592)	126,697
Private fixed maturity investments		82,767	2,360	(27,707)	57,420
	$	575,308	3,574	(63,681)	515,201

(i) Fixed maturities by contractual maturity

December 31, 2022		**Amortized cost**	**Fair value**
Due in 1 year or less	$	6,349	6,178
Due after 1 year through 3 years		99,564	76,982
Due after 3 years through 5 years		74,015	70,271
Due after 5 years through 10 years		207,543	185,764
Due after 10 years		187,837	176,006
	$	575,308	515,201

Expected maturities could differ from contractual maturities because borrowers may have the right to call, prepay or extend obligations with or without penalties.

(j) Equity and commingled investment funds

December 31, 2022		**Cost**	**Gross unrealized gains**	**Gross unrealized losses**	**Fair value**
Commingled Investment Funds		26,711	209	-	26,920
Private equity investments		990,053	241,794	(76,000)	1,155,847
	$	1,016,764	242,003	(76,000)	1,182,767

(k) Investment income by asset type

December 31, 2022		Net unrealized gains (losses)	Net realized gains (losses)	Net interest, dividend, and amortization income	Foreign exchange gains (losses)	Gross investment income (loss)
Cash and cash equivalents	$	-	-	793	(123)	670
US Treasury, agency, state, and municipal bonds		(164)	(22)	108	-	(78)
Corporate and other fixed maturities (publicly traded)		(21,024)	(2,288)	18,118	(586)	(5,780)
Bank loans		(6,937)	(997)	8,362	-	428
Private fixed maturity investments		(12,482)	68	2,605	(2,374)	(12,183)
Commingled investment funds		(1,687)	10	-	-	(1,677)
Private equity investments		(56,028)	54,816	19,002	(7,746)	10,044
Other assets		-	25,156	-	-	25,156
	$	(98,322)	76,743	48,988	(10,829)	16,580

(l) Net investment income

December 31, 2022		
Fixed maturities	$	7,543
Listed and private equity and commingled fund investments		8,367
Cash and cash equivalents		670
Gross investment income		16,580
Investment expenses		(12,949)
Net investment income	$	3,631

4. Fair Value

GAAP defines fair value as the price the Company would receive to sell an asset or pay to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The Company uses independent pricing services or valuation agents to obtain fair value measurements for the majority of the Company's investment securities. Based on management's understanding of the methodologies used, these pricing services and valuation agents only produce an estimate of fair value if there is observable market information that would allow them to make a fair value estimate. Based on the Company's understanding of the market inputs used by the pricing services and valuation agents, all applicable investments have been valued in accordance with GAAP. For investments that the Company is unable to obtain fair values from a pricing service or valuation agent, fair values are estimated by the Company's Investment Managers. The Company does not adjust final prices obtained from pricing services or valuation agents or the Investment Managers.

The Company's Investment Managers have formal valuation policies that set forth the pricing methodology for investments to be used in determining the fair value of each security in the Company's portfolio and which use quoted market prices or, when such prices are not available, using independent broker-dealers, pricing services, valuation agents or selected appraisal firms.

In the event that application of these methods of valuation results in a price for an investment that is deemed not to be representative of the fair value of such investment, or if a price is not available, the investment will be valued by the Investment Managers, in accordance with a policy approved by the Investment Managers as reflecting fair value (“Fair Value Assets”). When determining the price for Fair Value Assets, the Investment Managers seek to determine the price that the Company might reasonably expect to receive from the current sale of that asset in an arm’s length transaction. Based on management’s understanding of the methodologies used, fair value determinations by the Investment Managers are based upon all available factors that the Investment Managers deem relevant, consistent with the principles of fair value measurement which include the market approach, income approach, and/or in the case of recent investments, the cost approach, as appropriate. The market approach generally consists of using comparable market transactions, market multiples from comparable companies, benchmarking curves, benchmarking of like securities, and sector groupings, among other relevant market information. The income approach generally is used to discount future cash flows to present value and is adjusted for liquidity as appropriate. These factors include but are not limited to (i) attributes specific to the investment or asset; (ii) the principal market for the investment or asset; (iii) the customary participants in the principal market for the investment or asset; (iv) data assumptions by market participants for the investment or asset, if reasonably available; (v) quoted prices for similar investments or assets in active markets; and (vi) other factors, such as future cash flows, interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, recovery rates, liquidation amounts, and/or default rates. Due to the inherent uncertainty of valuations of such investments, the fair values may differ from the values that would have been used had an active market existed. The Investment Managers employ various methods for calibrating valuation approaches for investments where an active market does not exist, including regular due diligence of the Company’s pricing vendors, a regular review of key inputs and assumptions, transactional back testing or disposition analysis to compare unrealized gains and losses to realized gains and losses, reviews of missing or stale prices and large movements in market values, and reviews of any market related activity. Significant changes in key inputs or assumptions could result in a significantly different fair value measurement for a given investment. For example: with the market approach, changes in the comparable transactions, companies, or securities or benchmarks selected could result in a different fair value measurement; with the income approach, increases in discount rate, credit risk, or expected default rate could result in lower fair value measurement, while decreases in those inputs could result in higher fair value measurement; and with the cost approach, changes in the business environment of the issuer, valuations of peers, or changes in issuer credit rating could result in a different fair value measurement.

The guidance establishes a three-level valuation hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The level in the hierarchy within which a given fair value measurement falls is determined based on the lowest level input that is significant to the measurement (Level 1 being the highest priority and Level 3 being the lowest priority). The hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data.

The levels in the hierarchy are defined as follows:

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets;

Level 2: Includes, among other items, inputs other than unadjusted quoted prices for identical assets or liabilities in active markets such as quoted prices for similar assets and liabilities in active markets, prices quoted for identical or similar assets or liabilities in markets that are not considered to be active, and inputs that are observable for the asset or liability (e.g.

interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates), either directly or indirectly, or can be corroborated by observable market data; and

Level 3: Inputs that are unobservable and significant to the fair value measurement, reflecting judgements about assumptions that market participants would use in pricing an asset or liability.

The Company categorizes financial instruments within the valuation hierarchy at the balance sheet date based upon the lowest level of inputs that are significant to the fair value measurement. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and is not necessarily an indication of liquidity or the risks associated with investing in those securities. Transfers between levels within the valuation hierarchy occur when there are significant changes to the inputs, such as increases or decreases in market activity, changes to the availability of current prices, changes to the transparency of underlying inputs, and whether there are significant variances in quoted prices, among other factors. Transfers into or out of any level are assumed to occur at the beginning of the period.

Although the Company does not have access to the specific unobservable inputs that may have been used by the independent pricing services, valuation agents, or the Investment Managers in the fair value measurements of the securities in Level 3 of the valuation hierarchy, we would expect that the significant inputs considered include discount rate, growth rate, risk premium, earnings or revenue multiple, loan acceleration probability, and recovery rate in the event of default. Valuation techniques for Level 3 securities may include, but are not limited to, market pricing models, discounted cash flow methodologies, and other similar techniques where significant assumptions are based on unobservable inputs. Given the security type characteristics, the priority or use of inputs may change or some inputs may not be relevant. Significant increases (decreases) in any of those inputs in isolation could result in a significantly different fair value measurement. For example: increases in discount rate or risk premium could result in a lower fair value measurement, while increases in growth rate, earnings or revenue multiple, or recovery rate in the event of default could result in higher fair value measurement.

The Company has adopted Accounting Standards Update 2015-07 - Fair Value Measurement - Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). The amendments in this Update apply to reporting entities that elect to measure the fair value of an investment within the scope of paragraphs 820-10-15-4 through 15-5 using the net asset value practical expedient. The amendments remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value practical expedient and requires disclosure to permit reconciliation of the fair value of assets categorized within the fair value hierarchy to the amounts presented in the balance sheets.

The Company invests in fixed maturities, equity securities, investment funds, limited companies, and limited partnerships as part of its normal investing activities. In certain cases, the Investment Managers are unable to provide final valuations as of the Company's current reporting date. The typical reporting lag experienced by the Company to receive final valuations is up to three months. Where possible, management obtains fair value information related to the investments where the Investment Managers are unable to provide final valuations as of the balance sheet date and assesses whether differences in the fair values would be material to the financial statements and discloses or adjusts as necessary. Where

management is unable to obtain fair value information as at the balance sheet date, management reviews those positions for indicators that differences in the fair values would be material to the financial statements, disclosing or adjusting as necessary. The Company does not adjust final prices obtained from pricing services or valuation agents or the Investment Managers. At December 31, 2023 and December 31, 2022 the Company made no adjustments to the value of investments for valuation information received after the relevant reporting date.

The Company reviews its securities measured at fair value and discusses the proper classification of such investments with the Investment Managers and others. A discussion of the general classification of the Company’s financial instruments follows:

Fixed maturities. The Company uses pricing services or valuation agents to estimate fair value measurements for the majority of the Company’s fixed maturity investments. The pricing services use market quotations for fixed maturities that have quoted prices in active markets; such securities are classified within Level 1. For fixed maturities in less liquid markets or that generally do not trade on a daily basis, the pricing services or valuation agents prepare estimates of fair value measurements using their pricing applications, which include available relevant market information, benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing. Additional valuation factors can be taken into account, including nominal spreads, liquidity adjustments, and various relationships observed in the market between investment and calculated yield measures. The pricing services and valuation agents evaluate each security type based on relevant market and credit information, perceived market movements, and sector news. The market inputs used in the pricing evaluation include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, reference data, and industry and economic events. The extent of the use of each input is dependent on the security type and the market conditions. Given the security type characteristics, the priority or use of inputs may change or some market inputs may not be relevant. Additionally, fixed maturities valuation is more subjective when markets are less liquid due to the lack of market-based inputs (i.e., stale pricing), which may increase the potential that an investment’s estimated fair value is not reflective of the price at which an actual transaction would occur. The majority of publicly traded fixed maturities are classified within Level 2 because the most significant inputs used in the pricing techniques are observable. For certain fixed maturities, including certain private investments, the company includes these fair value estimates in Level 3.

Equity securities. Equity securities with active markets are classified within Level 1 as fair values are based on quoted market prices. For equity securities in markets which are less active, fair values are based on market valuations and are classified within Level 2. Equity securities for which pricing is unobservable are classified within Level 3.

Investment funds, limited companies, and limited partnerships. Fair values for investment funds, limited companies, and limited partnerships are based on their respective net asset values or equivalent (“NAV”). NAV in investment funds is equal to the value of the Company’s capital account in such investments as provided by the managers of the investment funds. NAV for limited companies and limited partnerships is based upon the Company’s percentage ownership of the net assets of each limited company and limited partnership. In some cases, the Company has both debt and equity investments in a limited company or limited partnership. In determining the fair value of the debt and equity investments, an enterprise value approach is used to determine the fair value of the entire limited company or limited partnership and allocates the fair value between the investments. This value represents the estimated exit price at the measurement date as though both the debt and equity investments were sold to maximize the

value of the entire investment position. In allocating the enterprise value between investments, the fair value is allocated first to repay the outstanding principal and accrued interest for the debt investment, with the remainder allocated to the equity investment. Accordingly, the fair value of the debt and equity investments in limited companies and limited partnerships is equal to the outstanding principal amount issued to the Company and the Company’s equity ownership percentage of the net assets of the limited company or limited partnership, respectively.

Investment funds for which the Company has used NAV as a practical expedient to measure fair value are not classified within the fair value hierarchy table below. These investment funds held by the Company are managed by ICONIQ or by third parties with oversight by ICONIQ and focus on short-duration specialty finance and credit assets, private credit, real estate, real assets, and other income-focused investments.

Derivatives. Actively traded investment derivative instruments, including futures and exchange-traded swap contracts, are classified within Level 1 as fair values are based on quoted market prices. Over-the-counter derivatives, including interest rate swaps and forward foreign currency contracts, where valuations are based on significant observable inputs are classified within Level 2. All other derivatives are classified within Level 3.

The following table presents the Company’s financial instruments measured at fair value by level at December 31, 2023:

December 31, 2023		**Level 1**	**Level 2**	**Level 3**	**Total**
Assets					
Fixed Maturities					
US Treasury, agency, state and municpal bonds	$	-	4,375	-	4,375
Corporate and other fixed maturities (publicly listed)		-	254,142	36	254,178
Bank loans		-	57,589	1,971	59,560
Private fixed maturity investments		-	-	65,115	65,115
Total fixed maturities		-	316,106	67,122	383,228
Equity securities					
Private equity investments		-	20,388	1,201,648	1,222,036
Total equity securities		-	20,388	1,201,648	1,222,036
Derivatives		50	11,842	-	11,892
Total assets measured at fair value	$	50	348,336	1,268,770	1,617,156
Liabilities					
Derivatives		(511)	(8,223)	(82)	(8,816)
Total liabilities measured at fair value	$	(511)	(8,223)	(82)	(8,816)
Investments using net asset value as a practical expedient for fair value	$				192,949

The following table presents the Company's financial instruments measured at fair value by level at December 31, 2022:

December 31, 2022		**Level 1**	**Level 2**	**Level 3**	**Total**
Assets					
Fixed Maturities					
US Treasury, agency, state and municpal bonds	$	-	5,388	-	5,388
Corporate and other fixed maturities (publicly listed)		-	325,704	-	325,704
Bank loans		-	124,763	1,934	126,697
Private fixed maturity investments		-	-	57,420	57,420
Total fixed maturities		-	455,855	59,354	515,209
Equity securities					
Private equity investments		-	27,267	1,128,581	1,155,848
Total equity securities		-	27,267	1,128,581	1,155,848
Derivatives		57	27,205	19	27,281
Total assets measured at fair value	$	57	510,327	1,187,954	1,698,338
Liabilities					
Derivatives		(32)	(19,116)	(13)	(19,161)
Total liabilities measured at fair value	$	(32)	(19,116)	(13)	(19,161)
Investments using net asset value as a practical expedient for fair value	$				26,920

When the fair value of financial assets and financial liabilities cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required to establish fair values. Changes in assumptions about these factors could affect the reported fair value of financial instruments and the level where the instruments are disclosed in the fair value hierarchy. During the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2. During the years ended December 31, 2023 and 2022, transfers from Level 2 to Level 3 were due to use of a third-party pricing service which used significant unobservable inputs in determining the value of the transferred investments due to lack of current or reliable market-based data vs. the prior use of observable inputs to determine value, and transfers from Level 3 to Level 2 were due to use of observable inputs for those investments as a result of the availability of current and reliable market-based data in determining value of the transferred investments vs. the prior use of a third-party pricing service which utilized significant unobservable inputs in determining value.

The following tables present for financial instruments measured at fair value using significant unobservable inputs (Level 3) transfers into and out of Level 3 and purchases for the years ended December 31, 2023 and 2022:

Year ended December 31, 2023	**Assets**				
	Corporate and other fixed maturities (publicly listed)	**Bank loans**	**Private fixed maturity investments**	**Private equity investments**	**Derivatives**
Transfers into level 3	-	326	-	-	-
Transfers out of level 3	-	(51)	-	17,000	-
Purchases	36	938	14,072	124,021	-

Year ended December 31, 2022	**Assets**				
	Corporate and other fixed maturities (publicly listed)	**Bank loans**	**Private fixed maturity investments**	**Private equity investments**	**Derivatives**
Transfers into level 3	-	1,609	-	-	-
Transfers out of level 3	7,063	(2,171)	-	-	-
Purchases	-	-	9,305	178,961	-

5. Derivative Instruments

The Company's investment strategy allows for the use of derivative instruments. The Company uses derivative instruments such as futures, forward, option, and swap contracts for the purpose of managing certain investment portfolio risks and exposures. The Company uses derivatives for economic hedging purposes only. The Company's derivatives do not qualify as hedges for financial reporting purposes. All derivative financial instruments are reported as either assets or liabilities in the balance sheets and are measured at fair value, with changes in fair value recorded as a component of realized gains (losses) on investments in the statements of income. Derivatives are accounted for using the fair value option and the derivative assets and liabilities are included in other assets and other payables in the balance sheets, respectively. Consequently, changes in fair value of derivative instruments are reflected in the movements for other assets and other payables within the statements of cash flows.

The following table summarizes the realized and unrealized gains and losses on derivative instruments reflected in the statements of income for the years ended December 31, 2023 and 2022:

Net realized gains (losses) from derivatives		**Year ended December 31, 2023**	**Year ended December 31, 2022**
Foreign currency forwards	$	(7,488)	22,201
Futures		628	3,236
Options		-	-
Swaps		(12)	23
Warrants		(19)	(304)
Total	$	(6,891)	25,156

The following table summarizes information on the fair values of the Company's derivative instruments at December 31, 2023 and 2022:

		December 31, 2023		December 31, 2022	
		Fair Value	Notional Exposure	Fair Value	Notional Exposure
Foreign currency forwards – assets	$	11,842	165,823	27,205	315,670
Futures – assets		50	618	57	8,770
Swaps – assets		76	2,362	-	-
Warrants - assets		-	-	19	-
Foreign currency forwards – liabilities		(8,223)	392,846	(19,116)	384,398
Futures – liabilities		(510)	42,903	(31)	15,962
Swaps – liabilities		(82)	2,791	-	-
Net derivatives	$	3,153	607,343	8,134	724,800

The Company may enter into master netting agreements with its derivative contract counterparties. A master netting agreement establishes terms that apply to all derivative transactions with a counterparty. Under a master netting agreement, the Company may, under certain circumstances such as bankruptcy or other stipulated event of default, offset with the counterparty certain derivative financial instruments' payables and/or receivables in order to close out and net all individual derivative positions into one single net payment to be made to the party "in-the-money". At December 31, 2023 there were $11.8 million and $8.2 million of derivatives assets and derivatives liabilities, respectively, subject to a master netting agreement. At December 31, 2022 there were $27.2 million and $19.1 million of derivatives assets and derivatives liabilities, respectively, subject to a master netting agreement. The remaining derivatives included in the table above were not subject to a master netting agreement.

6. Repurchase Agreements

The Company may enter into repurchase agreements where the Company sells securities and repurchases them at a future date for a predetermined price. Such agreements are accounted for as secured borrowings in the balance sheets, with a liability recorded for the contractual repurchase amounts plus accrued interest and fair value of the securities collateralizing the repurchase agreements included within fixed maturities. Interest expense on repurchase agreements is included in other investment expenses in the statements of income. Upon termination of the repurchase agreements, the Company and its counterparties are obligated to return the amounts borrowed and the securities posted as collateral, respectively.

Potential risks exist when the Company enters into repurchase agreements resulting from market conditions and counterparty exposure. The Company posts securities as collateral with a market value greater than the repurchase price to be paid by the Company at maturity of the repurchase agreements. There is risk that in the event of a decline in the fair value of pledged securities, the Company may be required to post additional securities or cash as collateral. There is also risk that a counterparty may not return the collateral at termination of the repurchase agreement. If a counterparty fails to return the collateral, the Company would continue to have free use of the borrowed funds until the collateral is returned and would be an unsecured creditor of the counterparty with respect to the amount collateral pledged in

excess of the borrowed funds.

As of December 31, 2023 and 2022, the Company had no outstanding repurchase agreements.

7. Unpaid Losses and Loss Adjustment Expenses

The Company establishes reserves for the estimated unpaid ultimate liability for losses and loss adjustment expenses under the terms of its reinsurance policies and contracts. These reserves include estimates for both reported losses and IBNR and include estimates of expenses associated with processing and settling these claims and estimates of reinsurance recoverable. The process of establishing claims reserves can be complex and is subject to considerable variability as it requires use of informed estimates and judgements. The Company regularly evaluates its reserves in light of developing information and in light of discussions with ceding companies. The Company’s estimates and judgements may be revised for reasons including additional experience and other data becoming available and being reviewed, new or improved methodologies being developed, or changes in current laws. Any such revisions could result in future changes in claims reserves and would be recorded in the period in which the estimates are changed. While the Company believes that its reserves for unpaid losses and loss adjustment expenses at December 31, 2023 are adequate, ultimate losses and loss adjustment expenses may be significantly greater or less than the reserves established.

The Company’s reserves for unpaid loss and loss adjustment expenses represent management’s best estimate of the unpaid ultimate liability for losses and loss adjustment expenses under the terms of its reinsurance policies and contracts as of the balance sheet date. This estimate is based on a contract-by-contract review employing generally accepted actuarial methods, as described below, and other considerations such as claims review, discussions with cedents, and industry information. One or more actuarial methods may be employed depending on factors including the type of reinsurance product or contract and the origin year (i.e. “underwriting year” or “treaty year”) of the contract. Exposure-based methods are generally used on relatively recent (i.e. “immature”) treaty years, and experience-based methods are generally used to a greater extent as the treaty matures and the pool of loss experience grows. In evaluating reserves for any given treaty year, judgement is required regarding the credibility, uncertainty, and inherent limitations of applying actuarial techniques to historical data to project future loss experience. Fundamental judgements when applying actuarial techniques include those regarding (i) credibility and reliability of the information used in establishing initial expected ultimate loss ratios during the underwriting process; (ii) expected consistency between future loss development and trends and with historical loss development and trend experience; (iii) potential for loss emergence, in size or type, not represented in the initial loss estimates or historical development patterns.

The standard actuarial methods commonly employed by the Company include:

Expected Loss Ratio Method. Ultimate losses for a treaty year are estimated by applying to earned premiums an estimated loss ratio based on factors including historical loss ratios, premium and loss trends, contract level loss modeling, industry data, and other quantitative and subjective considerations. The expected loss ratio is established during the underwriting process and relies entirely on expectations to project ultimate losses. This method is generally used to estimate reserves for immature treaty years and on products where loss experience is not considered sufficiently credible.

Incurred Loss Development (“Chain Ladder’) Method. Ultimate losses are estimated by calculating

historical incurred loss development factors and applying them to future periods where loss development is expected to occur. This method relies entirely on historical loss experience to project ultimate loss experience, under the assumption that future loss experience will be sufficiently similar to historical experience. This method reacts relatively quickly to loss emergence but could produce volatile estimates of ultimate losses, particularly where there is inconsistent or limited historical loss experience.

Bornhuetter-Ferguson Method. This method is a combination of the expected loss ratio and loss development methods, where the two methods are incorporated with weightings corresponding to the maturity of the treaty year. The expected loss ratio generally receives a relatively higher weighting in earlier periods and the weighting is increasingly shifted toward the loss development method as the treaty year matures. This method benefits from progressive sensitivity to actual loss experience as the treaty year matures vs. the expected loss ratio method, with the potential to produce more stable estimates of ultimate losses in immature treaty years and where historical loss experience is limited vs. the loss development method. This approach allows a logical transition between the expected loss ratio method and loss development method.

In addition to these standard methods, other recognized actuarial methods and reserving approaches may be used to produce, in our actuaries' judgement, the best estimate of ultimate losses as of the evaluation date. For the year ended December 31, 2023, there were no significant changes in the methodologies used to estimate the unpaid ultimate liability for losses and loss adjustment expenses.

The Company manages its business as a single segment, property and casualty reinsurance, and we have disaggregated it for the purposes of this disclosure into three product line groupings: short-tail, long-tail, and specialty. Short-tail lines are generally those where losses typically become known and paid shortly after the loss occurs: examples include commercial and personal property. Long-tail lines tend to have loss reporting and payment patterns that extend for many years after the losses occur: examples include general liability, directors' and officers' liability, professional liability, and workers' compensation. Specialty lines tend to have relatively more variable loss reporting, development, and payment patterns: examples include aviation, surety, personal accident, political risk, and trade credit.

Contracts in each line of business may have significant intricacies in the terms and conditions afforded to cedents, relatively more so with long-tail and specialty lines, so there are inherent limits to the homogeneity of the three lines in which the business is presented. The loss development disclosures below allow readers to understand, at the disaggregation level presented, the change over time in the Company's reported incurred loss estimates and associated cash flows. The Company analyzes and manages its business on a treaty year basis rather than on an accident year basis, and preparation of the accident year loss development tables required conversion of certain treaty year data to an accident year basis for purposes of this disclosure. We analyze and manage the business at a more detailed level (i.e. contract by contract) than is presented in the loss development tables and believe information provided therein is of limited use for independent analysis, including application of standard actuarial methods, and the results of attempts to do so should be interpreted with care.

The following table represents an analysis of losses and loss adjustment expenses and a reconciliation of the beginning and ending reserves for losses and loss adjustment expenses:

		Year ended December 31, 2023	Year ended December 31, 2022
Gross unpaid losses and loss adjustment expenses – beginning of period	$	866,559	749,516
Reinsurance recoverable		28,603	25,144
Net unpaid losses and loss adjustment expenses – beginning of period		837,956	724,372
Net losses and loss adjustment expenses incurred in respect of lossess occurring in:			
Current year		329,433	345,159
Prior years		78,456	42,816
Total		407,889	387,975
Net losses and loss adjustment expenses paid in respect of lossess occurring in:			
Current year		30,873	18,180
Prior years		294,970	254,557
Total		325,843	272,737
Foreign currency revaluation		2,913	(1,654)
Net unpaid losses and loss adjustment expenses – end of period		922,914	837,956
Reinsurance recoverable		19,314	28,603
Gross unpaid losses and loss adjustment expenses – end of period	$	942,228	866,559

Much of the business written by the Company is long-tailed in nature and can exhibit a high degree of variability. The nature of the business written coupled with relative immaturity of the business can expose the reserves to a high degree of uncertainty and the ultimate losses may be materially different.

The Company recorded $78.5 million and $42.8 million of net unfavorable prior period development in 2023 and 2022 respectively, primarily attributable to greater than expected loss emergence on contracts underwritten in 2018 and prior.

The following tables present, as of December 31, 2023 the Company's incurred and paid loss and loss adjustment expenses net of reinsurance recoverable. The estimated liability for unpaid losses and loss adjustment expenses for claims denominated in foreign currencies are presented in the tables below at the prevailing exchange rate at the balance sheet date. Claim payments denominated in foreign currency are recorded and presented in the tables using transaction-specific exchange rates. At December 31, 2023, the Company had approximately $67.6 million in claims denominated in currencies other than the U.S. Dollar, primarily denominated in British Pounds, Australian Dollars, and Euros.

Total Reinsurance

Net Incurred Loss and Allocated Loss Adustment Expenses

Accident Year	For the Years Ended December 31 — Unaudited									December 31, 2023
	2015	2016	2017	2018	2019	2020	2021	2022	2023	Net IBNR Reserves
2015	$ 33,117	30,197	30,488	28,515	30,512	30,914	32,587	32,756	32,753	336
2016		157,739	168,976	172,748	160,694	174,932	176,312	191,273	192,496	2,171
2017			335,265	328,245	354,717	366,496	377,129	398,256	415,713	(1,744)
2018				220,985	235,782	256,150	263,238	277,488	322,827	8,691
2019					202,629	203,894	217,465	254,544	283,482	17,337
2020						258,310	254,082	232,744	236,058	44,710
2021							256,474	232,627	239,219	83,317
2022								343,922	319,518	165,025
2023									332,345	259,181
						Total			2,374,411	

Total Reinsurance

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

Accident Year	For the Years Ended December 31 — Unaudited								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
2015	4,896	14,189	18,726	20,945	24,845	26,615	26,865	28,039	28,363
2016	$	12,780	55,856	89,701	120,677	140,238	152,477	160,458	171,954
2017			20,672	114,387	206,445	278,930	300,544	324,209	359,767
2018				16,876	107,381	147,260	175,470	221,790	273,536
2019					17,749	61,966	95,325	159,841	203,137
2020						29,687	89,791	122,977	154,597
2021							12,444	69,023	120,847
2022								39,317	108,423
2023									30,873
						Total			$ 1,451,497
	Net liabilities for losses and loss adjustment expenses								$ 922,914

ABR REINSURANCE LTD.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2023 and 2022
(Tables expressed in '000 U.S. dollars)

Short-tail Reinsurance

Net Incurred Loss and Allocated Loss Adustment Expenses

	For the Years Ended December 31									December 31, 2023
	Unaudited									
Accident Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	Net IBNR Reserves
2015	$ 23,863	19,676	17,870	17,302	16,919	17,557	17,633	17,601	17,487	27
2016		82,598	95,521	84,450	74,295	72,163	71,880	71,314	71,477	440
2017			214,303	220,375	226,373	225,656	224,320	225,800	226,520	829
2018				86,079	102,233	102,137	101,074	100,575	101,614	2,035
2019					51,514	59,175	61,568	67,571	68,970	2,954
2020						90,086	88,000	86,865	85,576	9,237
2021							79,607	69,363	67,233	8,619
2022								116,948	116,678	23,519
2023									96,768	47,458
						Total			$ 852,323	

Short-tail Reinsurance

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

	For the Years Ended December 31								
	Unaudited								
Accident Year	2015	2016	2017	2018	2019	2020	2021	2022	2023
2015	$ 4,083	11,928	15,259	15,844	16,217	17,290	17,349	17,400	17,353
2016		7,599	42,972	54,325	64,756	68,889	69,961	70,200	70,574
2017			16,410	96,375	173,756	204,999	211,724	220,366	223,192
2018				12,523	65,702	81,112	89,935	96,894	98,197
2019					9,803	35,319	49,249	57,168	63,053
2020						17,537	51,760	64,001	69,703
2021							5,948	32,712	49,487
2022								27,438	77,232
2023									21,541
						Total			$ 690,332
	Net liabilities for losses and loss adjustment expenses								$ 161,991

Long-tail Reinsurance

Net Incurred Loss and Allocated Loss Adustment Expenses

		For the Years Ended December 31									**December 31, 2023**
		Unaudited									
Accident Year		2015	2016	2017	2018	2019	2020	2021	2022	2023	Net IBNR Reserves
2015		7,375	7,878	9,585	8,643	11,045	11,062	11,518	11,450	11,921	230
2016	$		60,345	57,819	68,953	65,314	82,771	85,756	100,580	102,414	1,429
2017				99,888	88,639	104,734	117,619	130,362	151,890	169,355	(3,168)
2018					113,183	113,310	134,136	143,833	156,860	203,335	7,835
2019						126,335	115,962	124,927	142,041	165,479	14,330
2020							138,071	135,324	115,498	119,587	31,951
2021								150,367	137,011	145,415	66,947
2022									196,225	174,172	129,955
2023										202,714	188,664
							Total			$ 1,294,392	

Long-tail Reinsurance

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

		For the Years Ended December 31								
		Unaudited								
Accident Year		2015	2016	2017	2018	2019	2020	2021	2022	2023
2015		-	760	1,614	3,303	6,766	7,401	7,518	8,525	8,732
2016	$		2,570	6,585	23,266	41,019	55,656	66,542	73,966	84,889
2017				309	5,830	18,336	57,133	70,676	85,809	118,153
2018					2,373	33,211	53,421	70,969	108,035	157,543
2019						1,917	14,894	30,082	77,572	103,866
2020							4,848	23,289	37,788	60,209
2021								3,766	30,598	57,630
2022									5,940	20,494
2023										3,113
							Total			$ 614,629
		Net liabilities for losses and loss adjustment expenses								$ 679,763

Specialty Reinsurance

Net Incurred Loss and Allocated Loss Adustment Expenses

	For the Years Ended December 31									December 31, 2023
	Unaudited									
Accident Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	Net IBNR Reserves
2015	1,879	2,643	3,033	2,570	2,548	2,295	3,437	3,705	3,345	79
2016	$	14,796	15,636	19,345	21,085	19,998	18,676	19,378	18,605	303
2017			21,074	19,231	23,610	23,221	22,447	20,565	19,838	594
2018				21,723	20,239	19,877	18,332	20,053	17,878	(1,180)
2019					24,780	28,757	30,970	44,932	49,033	53
2020						30,154	30,758	30,380	30,895	3,521
2021							26,500	26,253	26,571	7,752
2022								30,752	28,668	11,551
2023									32,863	23,059
						Total			$ 227,696	

Specialty Reinsurance

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

	For the Years Ended December 31								
	Unaudited								
Accident Year	2015	2016	2017	2018	2019	2020	2021	2022	2023
2015	813	1,501	1,853	1,798	1,862	1,924	1,998	2,113	2,278
2016	$	2,611	6,299	12,110	14,902	15,693	15,975	16,292	16,491
2017			3,953	12,182	14,353	16,798	18,144	18,033	18,422
2018				1,980	8,468	12,727	14,566	16,861	17,796
2019					6,029	11,753	15,993	25,100	36,218
2020						7,302	14,743	21,188	24,685
2021							2,730	5,713	13,730
2022								5,941	10,697
2023									6,219
						Total			$ 146,536
	Net liabilities for losses and loss adjustment expenses								$ 81,160

Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance

Years	1	2	3	4	5	6	7	8	9
Total Reinsurance	7.8%	22.8%	16.8%	15.5%	10.8%	9.3%	6.8%	5.6%	1.0%
Short-tail Reinsurance	14.4%	41.4%	23.5%	11.3%	5.0%	2.9%	1.0%	0.5%	-0.3%
Long-tail Reinsurance	1.9%	10.4%	11.7%	18.9%	14.6%	15.6%	14.1%	10.4%	1.7%
Specialty Reinsurance	16.5%	20.5%	18.8%	14.1%	14.4%	2.0%	1.9%	1.4%	4.9%

The following table presents a reconciliation of the loss development tables above to the Company's gross liability for unpaid losses and loss adjustment expenses in the balance sheet:

Net liabilities for losses and loss adjustment expenses		**December 31, 2023**	**December 31, 2022**
Short-Tail	$	161,991	169,857
Long-Tail		679,763	582,787
Specialty		81,160	85,312
Net unpaid losses and loss adjustment expenses		922,914	837,956
Reinsurance recoverable			
Short-Tail		15,553	24,845
Long-Tail		3,761	3,758
Reinsurance recoverable on unpaid losses and loss adjustment expenses		19,314	28,603
Losses and loss adjustment expenses on other than short-duration contracts		-	-
Unallocated loss adjustment expenses		-	-
Gross unpaid losses and loss adjustment expenses	$	942,228	866,559

The Company underwrites reinsurance on exposures worldwide and does not receive claim count or claim frequency information on a consistent basis. In addition, the terms and conditions of the reinsurance contracts entered into by the Company, including coverages, deductibles, or policy limits, and the Company's participation percentage on the contracts may change year to year, making the potential number of claims and the quantum of loss and loss adjustment expenses associated with a given contract or line of business variable over time. Accordingly, the Company has determined that it is impracticable to provide claim frequency information and any such information provided would not support a meaningful analysis of the Company's loss exposure.

8. Reinsurance

The Company purchases reinsurance to reduce net exposure to catastrophe risks. Although the reinsurance agreements purchased contractually obligate the Company's reinsurers to reimburse it for the agreed-upon portion of specified losses and loss adjustment expenses, they do not discharge the Company's primary liability. The following table presents assumed and ceded premiums for the years ended December 31, 2023 and 2022.

		Year ended December 31, 2023	Year ended December 31, 2022
Premiums written			
Assumed	$	502,431	555,144
Ceded		(875)	(3,875)
Net	$	501,556	551,269
Premiums earned			
Assumed	$	520,172	534,353
Ceded		(2,362)	(4,338)
Net	$	517,810	530,015

The Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk on a regular basis. A provision for uncollectable reinsurance is established due to the potential for failure by the Company’s reinsurers to fulfill their contractual payment obligations, principally resulting from disputes under the reinsurance agreements and insolvencies. The provision for uncollectable reinsurance is primarily based on the credit quality of the reinsurer and collateral posted for the benefit of the Company.

At December 31, 2023 and 2022, the Company had reinsurance recoverable of $19.3 million and $28.6 million, respectively, net of the provision for uncollectable reinsurance. All amounts recoverable from reinsurers at December 31, 2023 and 2022 were fully collateralized or due from large, well established reinsurers, and the provision for uncollectable reinsurance was immaterial.

9. Share-based Compensation

Under the ABR Reinsurance Capital Holdings Ltd. 2015 Equity Incentive Plan (“EIP”) employees and directors of the Company may be granted restricted shares, restricted share units, and bonus share awards. A total of 1,448,073 common shares are authorized to be issued pursuant to the EIP. To the extent that shares relating to outstanding awards are not issued or delivered or are repurchased by the Company, such shares shall be added back to the EIP. At December 31, 2023 and 2022 350,457 and 308,706 restricted shares were unvested, respectively. At December 31, 2023 and 2022 503,726 and 548,307 shares, respectively, remained available for issuance under the EIP.

The Company incurred $1.8 million and $1.3 million in expenses relating to the EIP during the years ended December 31, 2023 and 2022, respectively. Such expenses are included in general and administrative expenses in the statements of income and represent the proportionate accrual of the value of each grant based on the vesting schedule, as applicable. With the exception of certain discretionary awards, restricted awards vest ratably over 3 years from the grant date, subject to certain conditions, including the recipient’s continued service to the Company. At December 31, 2023 and 2022 the Company had $3 million and $2.6 million, respectively, of unamortized share-based compensation expense, with an expected amortization period of approximately 1.75 years and 2 years in each of 2023 and 2022, respectively.

10. Transactions with Related Parties

Chubb, BlackRock, and ICONIQ own 18.7%, 15%, and 29% of the common equity of the Parent, respectively. Chubb (re)insurance company subsidiaries are the sole cedents to the Company, and BFM,

a subsidiary of BlackRock, and ICONIQ Capital, LLC manage the Company's investment assets, all under separate long-term agreements. Pursuant to a shareholders' agreement among the shareholders of the Company, Chubb and BlackRock are entitled to each appoint one representative to the Board of Directors of the Company, and ICONIQ is entitled to appoint two representatives to the Board. At December 31, 2023, Chubb, BlackRock, an ICONIQ each had one representative appointed to the Board of Directors of the Company. The Master Agreement with Chubb, the Investment Management Agreement with BFM, and the Umbrella Investment Agreement with ICONIQ are for an extended period of time with limited termination rights by the Company. In addition, the Master Agreement and Investment Management Agreement allow for Chubb and BFM to participate in the favorable results of the Company in the form of a master profit commission and performance fees, respectively.

Pursuant to the Master Agreement, Chubb offers to the Company the opportunity to participate as a reinsurer with respect to a portfolio of non-life, non-property catastrophe reinsurance contracts and property catastrophe reinsurance contracts written by Chubb's (re)insurance company subsidiaries. The Company is offered the opportunity to participate on reinsurance contracts offered to other third-party reinsurers, and, in certain instances, participations may be offered solely to the Company. Where participation on the reinsurance contracts is offered to other third-party reinsurers, participation is offered to the Company on the same or substantially similar terms and conditions (other than terms and conditions governed by the Master Agreement or a global trading agreement the Company entered into with Chubb which provides for certain uniform terms and conditions to be incorporated by reference into all reinsurance contracts entered into between the Company and Chubb (re)insurance company subsidiaries), and in the same or substantially similar manner, as such reinsurance contracts are offered to the other third-party reinsurers. The term of the Master Agreement is perpetual, subject to each party's right to terminate the Master Agreement as of December 31, 2030 or any subsequent December 31 by delivering written notice of termination at least five years prior to the effective date of such termination. In consideration of this Master Agreement, Chubb is entitled to a ceding commission from the Company on the same terms as third-party reinsurers and a master profit commission.

Pursuant to the Oasis Services Agreement, Oasis provides certain administrative services to the Company for an initial term ended April 1, 2016. The Oasis Services Agreement renews automatically in one-year increments unless either party provides written notice of cancellation at least 90 days prior to expiration. As part of the Oasis Services Agreement, Oasis secured office space, along with information technology and telephone services, for the Company. There is a leasehold agreement between the Company and an Oasis affiliate for the provision of office space. It has been agreed that compensation for certain reinsurance services is included in the brokerage fee paid to the Chubb intermediary from the Company. The Company reimburses Oasis for information technology and telephone services on a fixed cost basis for each of the Company's employees. Compensation for additional administrative services is agreed as the scope of any such services are agreed.

Pursuant to the Alternative Collateral Facility with AIOIC and CTR, these companies reinsure risks from certain of Chubb's (re)insurance company subsidiaries and then retrocede those same risks to the Company for an initial term ending December 31, 2020 and automatically renewing, subject to each party's right to terminate the facility as of December 31, 2030 or any subsequent December 31 by delivering written notice of termination at least five years prior to the effective date of such termination. The intent is that the Alternative Collateral Facility shall have a term co-existent with the term of the Master Agreement. In return for this service, AIOIC and CTR receive a fee based on the total amount of reserves for unpaid losses and loss adjustment expenses carried by each company at the end of each calendar year on the business retroceded to the Company.

Pursuant to the Investment Management Agreement and Umbrella Investment Agreement with BFM and ICONIQ, respectively, the Investment Managers manage the Company’s investment assets. The term of the Investment Management Agreement with BFM is perpetual, subject to each party’s right to terminate the Investment Management Agreement as of December 31, 2023 or any subsequent December 31 by delivering written notice of termination at least five years prior to the effective date of such termination. The Umbrella Investment Agreement with ICONIQ has a five-year commitment period through and including 2027. In return for their investment services, the Investment Managers are entitled to a management fee on investment assets managed and an incentive fee based on investment performance. Subject to the terms of the Investment Management Agreement, 50% of the performance fee is paid in cash when earned by BFM and the remaining 50% is paid by the Company in the form of a promissory note, secured by assets equal to the face amount of the note and any interest thereon, which matures on the third anniversary of the year in which the performance fee was earned. If the BFM portfolio performance fee basis at maturity of the promissory note is less than the portfolio performance fee basis on which the performance fee was calculated, the promissory note shall be reduced by an amount equal to the difference between the originally calculated performance fee and the performance fee calculated on the portfolio performance fee basis at maturity. The Company’s obligation under the promissory note is re-estimated at each balance sheet date and any adjustments are recorded in the period in which the estimates are changed. At December 31, 2023 and 2022, the amount of such promissory note obligations outstanding was $16.3 million and $24.9 million, respectively. Subject to the terms of the Umbrella Agreement and related agreements with ICONIQ, the ICONIQ management fees are paid quarterly and performance fees are paid out of distributions of the respective fund.

Pursuant to the BlackRock Services Agreement, BFM provides the Company certain investment administration, accounting, and reporting support services. The BlackRock Services Agreement remains in effect perpetually until, and unless, the Investment Management Agreement is terminated, upon which the BlackRock Services Agreement terminates automatically.

The statements of income and balance sheets account balances for the transactions and services agreements with Chubb and BlackRock for the years ended December 31, 2023 and 2022 were as follows:

		December 31, 2023	December 31, 2022
Statement of income (loss) items			
Gross written premiums	$	502,431	555,144
Net premiums earned		520,172	534,352
Loss and loss adjustment expenses		402,553	399,300
Policy acquisition costs		162,231	162,798
General and administrative expenses		416	399
Interest expense on loan and notes payable		280	(144)
Investment expenses		25,689	12,691
Balance sheet items			
Premiums receivable		152,254	163,729
Deferred acquisition costs		89,044	96,658
Prepaid expenses		(68)	1,411
Intercompany receivable		299	267
Unpaid losses and loss adjustment expenses		942,228	866,559
Unearned premiums		272,599	290,340
Reinsurance balances payable		11,055	38,081
Accounts payable and accrued expenses		16,308	11,104
Notes payable and interest payable		16,281	24,888
Return of capital and dividends declared		13,279	84,000

11. Commitments and Contingencies

(a) Concentration of business

The Company currently depends entirely on Chubb for its (re)insurance business.

In reinsuring a broadly diversified portfolio of business from Chubb’s (re)insurance company subsidiaries, the Company expects to benefit from Chubb’s sophisticated direct underwriting expertise, specialized knowledge, risk selection capabilities, and breadth of distribution channels across a wide spectrum of insurance lines and territories. However, the Company may be materially adversely affected due to circumstances arising from Chubb, including, but not limited to, if Chubb’s (re)insurance company subsidiaries perform inadequately, cease to purchase reinsurance, materially decrease the amount of reinsurance purchased, or materially change the types of risk they (re)insure.

Although the term of the Master Agreement is perpetual, subject to each party’s right to terminate the agreement as of December 31, 2030 or any subsequent December 31 by delivering written notice of termination at least five years prior to the effective date of such termination, there is no assurance that in the event of such termination, or termination arising from certain early termination provisions, the Company would obtain permission from the BMA to sell (re)insurance to third-party cedents or that the Company would find suitable replacement (re)insurance business. The failure to find replacement (re)insurance business in the event of a termination of the Master Agreement could materially adversely affect the Company’s business, financial condition, and results of operations.

(b) Collateralization

The Company is licensed and admitted as an insurer only in Bermuda. Many jurisdictions do not permit insurance companies to take credit for reinsurance obtained from reinsurers that are not licensed or admitted in that jurisdiction on that company’s statutory financial statements unless appropriate security measures are in place. In part to address such credit for reinsurance issues, the terms of the Master Agreement and global trading agreement the Company entered into with Chubb requires that the Company collateralize its obligations with respect to each reinsurance contract it enters into with Chubb’s (re)insurance company subsidiaries. As of December 31, 2023 and 2022, the Company had placed $495.1 million and $457.9 million, respectively, of assets in trust for the benefit of the Chubb cedents.

In cases where the Company enters into certain derivative financial instruments, the Company may segregate or designate on its books and records cash or liquid securities having a market value at least equal to the amount of the Company’s future obligations under such investments. Furthermore, if required by an exchange or counterparty agreement, the Company may be required to deliver/deposit cash and/or securities to/with an exchange, or broker-dealer or custodian as collateral for certain investments. As of December 31, 2023 and 2022, the Company had $0.0 million and $0.1 million, respectively, posted as collateral in connection with its derivatives positions.

(c) Concentrations of credit risk

The areas where significant concentrations of credit risk may exist include, but are not limited to, reinsurance premiums receivable, reinsurance claims payable, investments, and cash and cash equivalents balances.

Should the Company’s cedents fail to remit reinsurance contract premiums the Company may terminate the reinsurance contracts. However, the Company underwrites all of its business through an intermediary wholly owned by Chubb, so a credit risk exists should this broker be unable to fulfill its contractual obligations with respect to the payments of reinsurance balances owed to the Company or the remittance of claims payments to the cedents that the Company has delivered to the broker.

Although the Company’s investment portfolio is managed following prudent standards that stress diversification of risks and preservation of capital, including specific provisions limiting the allowable holdings of a single issue and issuer, the Company’s investments are subject to market risks and risks inherent in individual securities. At December 31, 2023 and 2022 the Company did not have an aggregate exposure to any single issuer of more than 1.9% and 2.1%, respectively, of its investment portfolio, other than with respect to government and agency securities, special purpose investment vehicles, and cash held at its custodian bank. A substantial portion of the investment portfolio is held in non-investment grade and unrated securities, which are expected to generate higher returns than investment-grade securities but also carry potentially higher degrees of credit or default risk and are generally less liquid. While the Company has procedures to monitor credit risk of invested assets, it is possible that the Company may experience credit or default losses in the investment portfolio which could adversely affect results of operations and financial condition. The Company believes there are no significant concentrations of credit risk associated with the investment portfolio.

The Company maintains significant cash and cash equivalent balances with its investment portfolio custodian, The Bank of New York Mellon, and in its operating accounts held at HSBC Bank Bermuda

Limited. There is credit risk associated with recovery of such balances if these banks become impaired or insolvent. These banks are large and well established, and the Company has no indication that they are financially distressed.

(d) Investment commitments

The Company may enter into commitments or agreements to acquire or fund certain investments at a future date (subject to conditionality), generally in connection with private fixed maturity, private equity, and commingled fund investments. Such agreements may obligate the Company to make future cash payments. As of December 31, 2023 and 2022, the Company had outstanding investment commitments of $277.9 million and $320.4 million, respectively.

12. Income Taxes

The Company is incorporated under the laws of Bermuda and, under current Bermuda law, is not required to pay any taxes in Bermuda based upon income or capital gains. The Company has received a written undertaking from the Minister of Finance in Bermuda under the Exempted Undertakings Tax Protection Act 1966 that, in the event that any legislation is enacted in Bermuda imposing any tax computed on profits, income, gain or appreciation on any capital asset, or any tax in the nature of estate duty or inheritance tax, such tax will not be applicable to the Company until March 31, 2035.

The Bermuda Corporate Income Tax Act (Bermuda CIT Act) was enacted on December 27, 2023 and is effective in 2025 for Bermuda businesses that are part of multinational groups with annual revenue exceeding EUR750 million. The Company has determined that it does not fall within the scope of the Bermuda CIT Act.

The Company does not consider itself to be engaged in trade or business in the United States and intends to conduct its operations in a manner that will not cause it to be treated as engaged in a trade or business in the United States and, therefore, does not expect to be required to pay U.S. federal income taxes (other than U.S. excise taxes on insurance and reinsurance premiums and withholding taxes on dividends and certain other U.S. source investment income).

FASB guidance regarding the accounting for uncertainty in income taxes prescribes a "more likely than not" threshold for the financial statement recognition of a tax position taken or expected to be taken in a tax return, assuming the relevant tax authority has full knowledge of all relevant information. The amount recognized represents the largest amount of tax benefit that is greater than 50% likely of being ultimately realized. A liability is recognized for any benefit claimed, or expected to be claimed, in a tax return in excess of the benefit recorded in the financial statements, along with any interest and penalty (if applicable) on the excess. The Company recognizes interest and penalties relating to unrecognized tax benefits in the provision for income taxes. Changes in recognition or measurement are reflected in the period in which the change in judgement occurs.

At December 31, 2023 and 2022, the Company's total unrecognized tax benefits, including interest and penalties, were nil.

13. Shareholder's Equity

Common shares

The Company's authorized, issued and outstanding share capital consists of 1,000,000 common shares, par value $1.00 per share.

14. Legal Proceedings

The Company, in common with the insurance industry in general, is subject to litigation and arbitration in the normal course of its business. At December 31, 2023 and 2022, the Company was not a party to any litigation or arbitration which is expected by management to have a material adverse effect on the Company's results of operations and financial condition and liquidity.

15. Statutory Requirements

Under the Insurance Act, ABR Reinsurance Ltd. is registered as a Class 4 insurer and is required to annually prepare and file statutory financial statements with the BMA. The Insurance Act also requires the Company to maintain minimum share capital and must ensure that the value of its general business assets exceeds the amount of its general business liabilities by an amount greater than the prescribed minimum solvency margins and enhanced capital requirement pertaining to its general business. At December 31, 2023 and 2022, all such requirements were met.

The Company is also required under its Class 4 license to maintain a minimum liquidity ratio whereby the value of its relevant assets is not less than 75% of the amount of its relevant liabilities for general business. At December 31, 2023 and 2022, the Company met the minimum liquidity ratio requirement.

Under the Insurance Act, the Company is subject to capital requirements calculated using the Bermuda Solvency and Capital Requirement model ("BSCR model"), which is a standardized statutory risk-based capital model used to measure the risk associated with the Company's assets, liabilities and premiums. Under the BSCR model, the Company's required statutory capital and surplus is referred to as the enhanced capital requirement ("ECR"). The Company is required to calculate and submit the ECR to the BMA annually. Following receipt of the submission of the Company's ECR, the BMA has the authority to impose additional capital requirements or capital add-ons, if it deems necessary. If an insurer fails to maintain or meet its ECR, the BMA may take various degrees of regulatory action. As of December 31, 2023 and 2022, the Company met its ECR of $647.1 million and $592.8 million, respectively.

Statutory accounting differs from U.S. GAAP in the reporting of certain items such as prepaid expenses. The statutory capital and surplus for the Company at December 31, 2023 and 2022 was $892.0 million and $853.5 million, respectively.

The Bermuda Companies Act 1981 limits the Company's ability to pay dividends and distributions to its Parent if there are reasonable grounds for believing that: (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

The Company may declare dividends subject to it continuing to meet its solvency and capital requirements, which includes continuing to hold statutory capital and surplus equal to or exceeding its ECR. The Company is prohibited from declaring or paying in any fiscal period dividends of more than 25% of its prior period's statutory capital and surplus unless the Company files with the BMA a signed affidavit by at least two members of its Board of Directors attesting that a dividend would not cause the company to fail to meet its relevant requirements. As of December 31, 2023 and 2022, the Company could pay dividends of approximately $213.4 million and $240.2 million, respectively, without providing such an affidavit to the BMA.

The Insurance Act further prohibits the Company from reducing its prior period statutory capital by 15% or more without prior approval of the BMA. As of December 31, 2023 and 2022, the Company could reduce its statutory capital by approximately $119.4 million and $119.2 million, respectively, without prior approval from the BMA. As of December 31, 2023 and 2022 the Company distributed $13.3 million and $84 million, respectively, to the Parent.

16. Revision in disclosure of accounting for commingled investment funds

In the financial statements as at and for the year ended December 31, 2022 the Company disclosed that all of its financial investments were recorded at fair value. Instead, the Company should have disclosed that $43,920 of investments were recorded under the equity method as described in these financial statements. Accordingly, management has revised the prior year disclosures in these 2023 financial statements. In this regard, "Equity investments at fair value" in the 2022 balance sheet have been reduced by $43,920 and a corresponding increase has been made to "Other equity interests". In addition, management has made related revisions to Note 2 and Note 3 to the financial statements to incorporate the appropriate disclosures for equity method investments. This revision results in a change in presentation only and does not have an impact on the 2022 financial condition of the Company or results of operations.

17. Subsequent Events

The Company has completed its subsequent events evaluation for the period subsequent to the balance sheet date of December 31, 2023 through March 27, 2024, the date the financial statements were available to be issued, and concluded that there are no subsequent events requiring recognition or disclosure.