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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Crown Global Life Insurance (Bermuda) Ltd.

### Opinions

We have audited the condensed financial statements of Crown Global Life Insurance (Bermuda) Ltd. (the "Company"), which comprise the condensed balance sheets and condensed statements of capital and surplus as of December 31, 2023 and 2022, and the related condensed statements of income for the years then ended, and the related notes to the condensed financial statements.

### Unmodified opinion on regulatory basis of accounting

In our opinion, the accompanying condensed financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations for the years then ended in accordance with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to condensed general purpose financial statements (the "Legislation").

### Adverse opinion on U.S. generally accepted accounting principles

In our opinion, because of the significance of the matter discussed in the *Basis for adverse opinion on U.S. generally accepted accounting principles* section of our report, the condensed financial statements do not present fairly, in accordance with U.S. generally accepted accounting principles, the financial position of the Company as of December 31, 2023 and 2022, or the results of its operations for the years then ended.

### Basis for opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the condensed 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 opinions.

### Basis for adverse opinion on U.S. generally accepted accounting principles

As described in Note 3 to the condensed financial statements, the condensed financial statements are prepared by the Company on the basis of the financial reporting provisions of the Legislation, which is a basis of accounting other than U.S. generally accepted accounting principles, to meet the requirements of the Bermuda Monetary Authority.

The effects on the condensed financial statements of the variances between the regulatory basis of accounting described in Note 3 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.



## **Responsibilities of management for the condensed financial statements**

Management is responsible for the preparation and fair presentation of the condensed financial statements in accordance with the financial reporting provisions of the Legislation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the condensed financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed 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 condensed financial statements are available to be issued.

## **Auditors' responsibilities for the audit of the condensed financial statements**

Our objectives are to obtain reasonable assurance about whether the condensed 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 U.S. 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 condensed financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgement and maintain professional scepticism throughout the audit.
- Identify and assess the risks of material misstatement of the condensed 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 condensed financial statements.
- Obtain an understanding of internal controls 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 condensed 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.

*KPMG Audit Limited*

Chartered Professional Accountants  
Hamilton, Bermuda  
April 30, 2024

**CONDENSED CONSOLIDATED BALANCE SHEET**

Crown Global Life Insurance (Bermuda) Ltd.

As at **December 31, 2023**

expressed in ['000s] **United States Dollars**

LINE No.	2023	2022
1. CASH AND CASH EQUIVALENTS	1,756	1,117
2. QUOTED INVESTMENTS:		
(a) Bonds and Debentures		
i. Held to maturity		
ii. Other	465	450
(b) Total Bonds and Debentures	465	450
(c) Equities		
i. Common stocks		
ii. Preferred stocks		
iii. Mutual funds		
(d) Total equities	-	-
(e) Other quoted investments	1	565
(f) Total quoted investments	466	1,015
3. UNQUOTED INVESTMENTS:		
(a) Bonds and Debentures		
i. Held to maturity		
ii. Other		
(b) Total Bonds and Debentures	-	-
(c) Equities		
i. Common stocks		
ii. Preferred stocks		
iii. Mutual funds	461	430
(d) Total equities	461	430
(e) Other unquoted investments		
(f) Total unquoted investments	461	430
4. INVESTMENTS IN AND ADVANCES TO AFFILIATES		
(a) Unregulated entities that conduct ancillary services		
(b) Unregulated non-financial operating entities		
(c) Unregulated financial operating entities		
(d) Regulated non-insurance financial operating entities		
(e) Regulated insurance financial operating entities		
(f) Total investments in affiliates	-	-
(g) Advances to affiliates		
(h) Total investments in and advances to affiliates	-	-
5. INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:		
(a) First liens		
(b) Other than first liens		
(c) Total investments in mortgage loans on real estate	-	-
6. POLICY LOANS		
7. REAL ESTATE:		
(a) Occupied by the company (less encumbrances)		
(b) Other properties (less encumbrances)		
(c) Total real estate	-	-
8. COLLATERAL LOANS		
9. INVESTMENT INCOME DUE AND ACCRUED		
10. ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a) In course of collection	125	150
(b) Deferred - not yet due		
(c) Receivables from retrocessional contracts		
(d) Total accounts and premiums receivable	125	150
11. REINSURANCE BALANCES RECEIVABLE:		
(a) Foreign affiliates		
(b) Domestic affiliates		
(c) Pools & associations		
(d) All other insurers		
(e) Total reinsurance balance receivable	-	-
12. FUNDS HELD BY CEDING REINSURERS		

**CONDENSED CONSOLIDATED BALANCE SHEET**

Crown Global Life Insurance (Bermuda) Ltd.

As at December 31, 2023

expressed in ['000s] United States Dollars

LINE No.		2023	2022
13.	SUNDRY ASSETS:		
(a)	Derivative instruments		
(b)	Segregated accounts companies - long-term business - variable annuities		
(c)	Segregated accounts companies - long-term business - other	1,288,060	1,148,983
(d)	Segregated accounts companies - general business	-	
(e)	Deposit assets	-	
(f)	Deferred acquisition costs	-	
(g)	Net receivables for investments sold	-	
(h)	VOBA, net of amortization	109	113
(i)	Other Sundry Assets (Specify)		
(j)	Other Sundry Assets (Specify)		
(k)	Total sundry assets	1,288,169	1,149,096
14.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS		
(a)	Letters of credit		
(b)	Guarantees		
(c)	Other instruments		
(e)	Total letters of credit, guarantees and other instruments	-	-
15.	TOTAL	1,290,977	1,151,808
	<b>TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS</b>		
16.	UNEARNED PREMIUM RESERVE		
(a)	Gross unearned premium reserves		
(b)	Less: Ceded unearned premium reserve		
	i. Foreign affiliates		
	ii. Domestic affiliates		
	iii. Pools & associations		
	iv. All other insurers		
(c)	Total ceded unearned premium reserve	-	-
(d)	Net unearned premium reserve	-	-
17.	LOSS AND LOSS EXPENSE PROVISIONS:		
(a)	Gross loss and loss expense provisions		
(b)	Less : Reinsurance recoverable balance		
	i. Foreign affiliates		
	ii. Domestic affiliates		
	iii. Pools & associations		
	iv. All other reinsurers		
(c)	Total reinsurance recoverable balance	-	-
(d)	Net loss and loss expense provisions	-	-
18.	OTHER GENERAL BUSINESS INSURANCE RESERVES		
19.	TOTAL GENERAL BUSINESS INSURANCE RESERVES	-	-
	<b>LONG-TERM BUSINESS INSURANCE RESERVES</b>		
20.	RESERVE FOR REPORTED CLAIMS		
21.	RESERVE FOR UNREPORTED CLAIMS		
22.	POLICY RESERVES - LIFE		
23.	POLICY RESERVES - ACCIDENT AND HEALTH		
24.	POLICYHOLDERS' FUNDS ON DEPOSIT		
25.	LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS		
26.	OTHER LONG-TERM BUSINESS INSURANCE RESERVES	2	2
27.	TOTAL LONG-TERM BUSINESS INSURANCE RESERVES		
(a)	Total Gross Long-Term Business Insurance Reserves	216	216
(b)	Less: Reinsurance recoverable balance on long-term business		
	(i) Foreign Affiliates		
	(ii) Domestic Affiliates		
	(iii) Pools and Associations		
	(iv) All Other Insurers	214	214
(c)	Total Reinsurance Recoverable Balance	214	214
(d)	<b>Total Net Long-Term Business Insurance Reserves</b>	2	2
	<b>OTHER LIABILITIES</b>		

**CONDENSED CONSOLIDATED BALANCE SHEET**

Crown Global Life Insurance (Bermuda) Ltd.

As at December 31, 2023

expressed in ['000s]

United States Dollars

LINE No.		2023	2022
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	320	377
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	217	381
30.	LOANS AND NOTES PAYABLE		
31.	(a) INCOME TAXES PAYABLE		
	(b) DEFERRED INCOME TAXES		
32.	AMOUNTS DUE TO AFFILIATES	901	539
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS:		
35.	DIVIDENDS PAYABLE		
36.	SUNDRY LIABILITIES:		
(a)	Derivative instruments		
(b)	Segregated accounts companies	1,288,060	1,148,983
(c)	Deposit liabilities	-	
(d)	Net payable for investments purchased	-	
(e)	Prefunded Mortality Deposits	590	561
(f)	Other sundry liabilities (specify)		
(g)	Other sundry liabilities (specify)		
(h)	Total sundry liabilities	1,288,650	1,149,544
37.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:		
(a)	Letters of credit		
(b)	Guarantees		
(c)	Other instruments		
(d)	Total letters of credit, guarantees and other instruments	-	-

**CONDENSED CONSOLIDATED BALANCE SHEET**

Crown Global Life Insurance (Bermuda) Ltd.

As at **December 31, 2023**expressed in ('000s) **United States Dollars**

<b>LINE No.</b>		<b>2023</b>	<b>2022</b>
38.	TOTAL OTHER LIABILITIES	<u>1,290,088</u>	<u>1,150,841</u>
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	<u>1,290,090</u>	<u>1,150,843</u>
	<b>CAPITAL AND SURPLUS</b>		
40.	TOTAL CAPITAL AND SURPLUS	<u>887</u>	<u>965</u>
41.	TOTAL	<u>1,290,977</u>	<u>1,151,808</u>
		<b>TRUE</b>	<b>TRUE</b>
		-	-

**CONDENSED CONSOLIDATED STATEMENT OF INCOME**

Crown Global Life Insurance (Bermuda) Ltd.  
 As at **December 31, 2023**  
 expressed in ['000s] **United States Dollars**

LINE No.		2023	2022
	<b>GENERAL BUSINESS UNDERWRITING INCOME</b>		
1.	GROSS PREMIUMS WRITTEN		
	(a) Direct gross premiums written		
	(b) Assumed gross premiums written		
	(c) Total gross premiums written	-	-
2.	REINSURANCE PREMIUMS CEDED		
3.	NET PREMIUMS WRITTEN	-	-
4.	INCREASE (DECREASE) IN UNEARNED PREMIUMS		
5.	NET PREMIUMS EARNED	-	-
6.	OTHER INSURANCE INCOME		
7.	TOTAL GENERAL BUSINESS UNDERWRITING INCOME	-	-
	<b>GENERAL BUSINESS UNDERWRITING EXPENSES</b>		
8.	NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED		
9.	COMMISSIONS AND BROKERAGE		
10.	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	-	-
11.	<b>NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS</b>	-	-
	<b>LONG-TERM BUSINESS INCOME</b>		
12.	GROSS PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Direct gross premiums and other considerations		
	(b) Assumed gross premiums and other considerations		
	(c) Total gross premiums and other considerations	-	-
13.	PREMIUMS CEDED	2,428	2,461
14.	NET PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Life	(2,428)	(2,461)
	(b) Annuities		
	(c) Accident and health		
	(d) Total net premiums and other considerations	(2,428)	(2,461)
15.	OTHER INSURANCE INCOME	7,287	9,532
16.	TOTAL LONG-TERM BUSINESS INCOME	4,859	7,071
	<b>LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES</b>		
17.	CLAIMS - LIFE		
18.	POLICYHOLDERS' DIVIDENDS		
19.	SURRENDERS		
20.	MATURITIES		
21.	ANNUITIES		
22.	ACCIDENT AND HEALTH BENEFITS		
23.	COMMISSIONS	2,650	3,234
24.	OTHER	(24)	1,562
25.	TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	2,626	4,796
26.	INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES):		
	(a) Life		
	(b) Annuities		
	(c) Accident and health		
	(d) Total increase (decrease) in policy reserves	-	-
27.	TOTAL LONG-TERM BUSINESS EXPENSES	0	4,796

**CONDENSED CONSOLIDATED STATEMENT OF INCOME**

Crown Global Life Insurance (Bermuda) Ltd.  
 As at **December 31, 2023**  
 expressed in ['000s] **United States Dollars**

LINE No.	2023	2022
28. NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS	2,233	2,275
29. COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS	0	0
<b>UNDERNOTED ITEMS</b>		
30. COMBINED OPERATING EXPENSE		
(a) General and administration	2,409	2,309
(b) Personnel cost		
(c) Other		
(d) Total combined operating expenses	2,409	2,309
31. COMBINED INVESTMENT INCOME - NET	98	(324)
32. COMBINED OTHER INCOME (DEDUCTIONS)		
33. COMBINED INCOME BEFORE TAXES	(78)	(358)
34. COMBINED INCOME TAXES (IF APPLICABLE):		
(a) Current		
(b) Deferred		
(c) Total	-	-
35. COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	(78)	(358)
36. COMBINED REALIZED GAINS (LOSSES)		
37. COMBINED INTEREST CHARGES		
38. NET INCOME	(78)	(358)



**CONDENSED CONSOLIDATED STATEMENT OF CAPITAL AND SURPLUS**

Crown Global Life Insurance (Bermuda) Ltd.  
 As at **December 31, 2023**  
 expressed in ['000s] **United States Dollars**

LINE No.		2023	2022
1.	<b>CAPITAL:</b>		
(a)	Capital Stock		
	(i) Common Shares	250	250
	authorized 250,000 shares of par		
	value \$ 1,000 each issued and		
	fully paid 250,000 shares		
	(ii)		
	(A) Preferred shares:		
	authorized _____ shares of par		
	value _____ each issued and		
	fully paid _____ shares		
	aggregate liquidation value for –		
	2023 _____		
	2022 _____		
	(B) Preferred shares issued by a subsidiary:		
	authorized _____ shares of par		
	value _____ each issued and		
	fully paid _____ shares		
	aggregate liquidation value for –		
	2023 _____		
	2022 _____		
	(iii) Treasury Shares		
	repurchased _____ shares of par		
	value _____ each issued		
(b)	Contributed surplus	10,906	10,906
(c)	Any other fixed capital		
	(i) Hybrid capital instruments		
	(ii) Guarantees and others		
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	11,156	11,156
2.	<b>SURPLUS:</b>		
(a)	Surplus - Beginning of Year	(10,191)	(9,833)
(b)	Add: Income for the year	(78)	(358)
(c)	Less: Dividends paid and payable		
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments		
(e)	Add (Deduct) change in any other surplus		
(f)	Surplus - End of Year	(10,269)	(10,191)
3.	<b>MINORITY INTEREST</b>		
4.	<b>TOTAL CAPITAL AND SURPLUS</b>	887	965

## Schedule X

### NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

#### Matters to be set forth in a General Note to the Financial Statements

1. Crown Global Life Insurance (Bermuda) Ltd. (the “Insurer”) was incorporated under the laws of Bermuda on September 8, 1998. The Company is a wholly-owned subsidiary of Crown Global Holdings Ltd. (“CGH”), a Bermuda holding company created to acquire, develop and operate entities engaged in the financial services business sector. Crown Global Insurance Group, LLC, a Delaware Limited Liability Company, is the ultimate Parent of the Insurer. The Company is licensed as a “Class C” long term insurer.
2. The Insurer underwrites and sells variable life and annuity insurance policies.
3. These condensed general purpose financial statements are prepared in accordance with financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Accounts Rules 2016 with respect to condensed general purpose financial statements (the “Legislation”). The recognition and measurement principles applied are in line with accounting principles generally accepted in the United States of America (“US GAAP”). The presentation of these financial statements in accordance with the guidance prescribed under the legislation differs from US GAAP in certain respects as follows:
  - a. The format of the financial statements is prescribed by schedules IX and X of the Insurance Accounts Rules 2016.
  - b. Statement of Cash Flows or equivalent is not included; and
  - c. Certain disclosures required by US GAAP are not included
  - d. Comprehensive income and its components are not presented in the condensed statement of income.
  - e. Life benefit reserves are to be reported net of reinsured amounts.

The effects of the foregoing variances from US GAAP on the accompanying condensed general purpose financial statements have not been determined, but are presumed to be material.

4. The accounting policies of the insurer are detailed as follows:

#### Cash and time deposits

Cash and time deposits include fixed deposits with original maturities, when purchased, of three months or less. Cash and time deposits are recorded at face value, which approximate fair value.

#### Separate account assets and liabilities

Separate account assets represent funds for which investment income and investment gains and losses accrue directly to the policyholders. Each account has specific investment objectives and the assets are carried at market value. The assets of each account are legally separated and are not subject to claims which arise from any other business of the Company. Separate account assets are invested in accordance with the terms of the underlying policy agreements and are available only to settle the corresponding separate account liability. The policy agreements indicate that the total value of the assets held in each fund will equal the company’s liability at any time.

#### Commissions

Commissions and other costs of acquiring new life and annuity business are charged to the Condensed Statement of Income as incurred.

## Benefits and losses

Changes in policy reserves have been expensed and included in line 26(a) of the Condensed Statement of Income.

## Policy Reserves

The Insurer has classified its variable annuities and variable universal life insurance as universal life-type contracts. The liability for universal life-type contracts is equal to the balance that accrues to the benefit of the policyholders as of the financial statement date (commonly referred to as the account value), including, policyholders' accumulated net deposits plus interest credited and investment performance less policyholder withdrawals, asset fees, and policy charges.

Liabilities for the Insurer's life insurance contracts include amounts for unpaid losses and future policy benefits. The unpaid losses include estimates of amounts to fully settle known reported claims as well as claims related to insured events that the Insurer estimates have been incurred but have not yet been reported. The future policy benefits are calculated using mortality assumptions deemed appropriate at the time of valuation. The methods used in determining the liability for unpaid losses and future policy benefits are standard actuarial methods.

Separate account assets and liabilities occur as part of variable annuity and variable universal life contracts and represent policyholders' funds, which have been segregated into accounts with specific investment objectives. Separate account assets are recorded at fair value based on net asset values provided by investment managers, fund houses and hedge funds. The investment income and gains or losses of these accounts accrue directly to the policyholders. The activity of the separate accounts is not reflected in the Condensed statement of income except for (1) the fees the Insurer receives, which are assessed on a daily, monthly or quarterly basis and recognized as revenue when assessed and earned, and (2) the activity related to death benefits paid on variable universal life policies.

The assets of each account are legally segregated under the authority of The Scottish Annuity & Life Company (Bermuda) Limited Consolidation and Amendment Act 2001 and The Segregated Account Companies Act (2000) and are not available to claims that arise out of any other business of the Insurer.

## Reinsurance ceded

The Insurer has reinsurance contracts in force to cover excess of retention mortality risk on life insurance policies. The reinsurance premiums are included in line 13 of the Condensed Statement of Income.

Reinsurance recoveries are shown as part of Increase/Decrease in Policy reserves section of the Condensed Statement of Income.

Assets related to external reinsurance contracts for actual claims raised are reported in the Condensed Balance Sheet in Line 11 Reinsurance Balances Receivable.

Reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honour their obligations could result in losses to the Company; consequently, allowances are established for amounts deemed uncollectible. The Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the reinsurers to minimize its exposure to significant losses from reinsurer insolvencies.

The Company has purchased reinsurance cover on its book of Universal Variable Life ("UVL") policies. The amount of risk retained varies per policy. As of December 31, 2023, and for the in-force UVL policies, the gross amount and net amounts of risk were \$323,369,600 and \$1,857,838 respectively.

Premiums payable related to ceded reinsurance premium are reported in the Condensed Balance Sheet in Line 28 Insurance and reinsurance balances payable.

#### Push down accounting

In accordance with the guidance per ASC 805-50-599-1, the Company has applied the "push down" method of accounting for the purpose of preparing these financial statements on the basis that the Company's former ultimate parent (NFS) purchased 100% of the Company's stock. Under the "push down" method of accounting, the values of the assets and liabilities of the Company that were established as a consequence of the purchase transaction that resulted in the Company becoming wholly-owned by NFS, become the basis of accounting for assets and liabilities reflected in the Company's financial statements including intangible assets and goodwill (if any) that were previously not reflected in the Company's financial statements. As such, the value of business acquired ("VOBA") asset, as discussed in Note 4 was included in the Company's balance sheet and all other assets and liabilities were revalued to fair value.

No change to the above accounting treatment, and the resulting VOBA balance, resulted from a change in the ultimate Parent for the Company in 2010.

#### Value of business acquired

All assets and liabilities assumed upon acquisition of another entity are measured at fair value on the date of acquisition and have been "pushed down" to the Company as explained above.

The current value of future pre-tax profits to be earned on the business acquired is then actuarially evaluated and the resulting value is recorded as an identifiable intangible asset VOBA.

The VOBA asset related to universal life-type contracts are amortized in the same way, over the estimated life of the contracts acquired using the retrospective deposit method. Under the retrospective deposit method, acquisition costs are amortized in proportion to the present value of estimated gross profit ("EGP").

The expected future cash flow used in determining such value are based on actuarially determined projections of best estimate policy charges, premiums, mortality, separate account performance, surrenders, change in reserves, operating expenses, investment income and other factors. These projections considered all known or expected factors at the valuation date based on the judgment of management. The actual experience on purchased business, to some extent, has and may continue to vary from projections due to differences in renewal premiums, investment spreads, investment gains and losses, mortality costs, policyholder behaviour, or other factors.

The Company estimates gross profits over a time horizon such that estimated profits emerging subsequent to that time frame are believed to be immaterial. Actual gross profits, in a given reporting period, that vary from management's initial estimates result in increases or decreases in the rate of amortization, referred to as "retrospective unlocking", which are recorded in the current period.

The Company completes a comprehensive assumptions study and refines its estimate of future gross profits during each year end. Upon completion of an assumption study, the Company revises its assumptions to reflect its current best estimate, thereby changing its estimate of projected account values and the related EGPs in the VOBA model. The VOBA asset is adjusted to reflect such changes in the period of the revision, a process referred to as "prospective unlocking". Changes in assumptions can have a significant impact on the amount of VOBA reported for all products and their related amortization patterns. In general, increases in the estimated separate account returns result in increased expected future profitability and may lower the rate of VOBA amortization, while increases in lapse/surrender and mortality assumptions reduce the expected future profitability of the underlying business and may increase the rate of VOBA amortization.

The Company annually evaluates the recoverability and loss recognition of VOBA. Recoverability testing relates to the business issued during the year and loss recognition testing applies to the in force business. If either evaluation indicates that the existing insurance liabilities, together with the

present value of future net cash flows from the blocks of business acquired, is insufficient to recover VOBA, the difference, if any, is charged to expense as accelerated amortization of VOBA.

The use of risk-adjusted discount rates was necessary to establish the initial fair values of VOBA. In selecting the appropriate discount rates, management considered its weighted average cost of capital as well as the weighted average cost of capital required by market participants. In addition, consideration was given to the perceived risk of the assets acquired, which includes the expected growth and competitive profile of the life insurance market and the nature of the assumptions used in the valuation process.

#### Taxes

Under current Bermuda law the Company is not required to pay taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda that in the event of such taxes being imposed, the Company will be exempted from taxation until the year 2035.

The Bermuda Corporate Income Tax Act was enacted on December 27, 2023, establishing a 15% income tax regime. The Act is applicable to Bermuda business that are part of multinational enterprise (MNE) groups with annual revenue of EUR 750m or more. The tax is effective beginning in 2025. As of December 31, 2023, the Company is not within this revenue threshold and hence not an in-scope entity. Subsequent financial years will be assessed for these rules.

5. The basis of recognition of premium, investment and commission income.

#### Revenue recognition

Other insurance income includes fee income, policy charges and commission income. Fee income and policy charges for universal life-type contracts consist of asset fees, cost of insurance charges, administrative fees and surrender charges that have been earned and assessed against policyholder account balances during the period. The timing of revenue recognition as it relates to fees assessed is determined based on the nature of such fees. Asset fees, cost of insurance charges and administrative fees are assessed on a daily, monthly or quarterly basis and recognized as revenue when assessed and earned. Surrender charges are recognized upon surrender or partial surrender of a policy in accordance with contractual terms.

Fees generated as a result of setting up a new policy are included in income in the period the policy is setup as these are non-refundable and there are no future performance obligations associated with the fee.

In certain instances the Company receives an upfront payment from the policyholder to cover mortality risks associated with a life policy. These are referred to as "Pre-funded Mortality Deposits". These amounts are booked as a liability upon receipt and earned through the income statement in accordance with underlying mortality risk.

#### Long term business investment income

Interest income is recognized on the accruals basis.

6. Assets and liabilities are translated to US dollars at exchange rates in effect at the balance sheet date. Income and expense accounts are translated at the exchange rate on the date of transaction. Translation adjustments are recorded in other income (expense).
7. There are no foreign exchange control restrictions affecting the assets of the insurer.
8. The Company has no outstanding commitments or contingencies
9. The Company does not have any credit agreements.
10. There are no arrears of dividends on preferred cumulative shares.

- 11. There are no loans made during the relevant year by the insurer, to any director or officer of the insurer.
- 12. The Company does not have any obligations in respect of retirement benefits.
- 13. The Company's quoted and unquoted investments can be classified into the following levels within the Fair Value Hierarchy prescribed per Schedule X to the Insurance Account Rules 2016.

• Level 1:	\$	466,099
• Level 2:	\$	460,540
• Level 3:	\$	nil
Total	\$	926,639

- 14. The contractual maturity profile of the insurers' fixed maturity and short-term investments:
 

• Due within one year	\$	nil
• Due after one year through five years	\$	nil
• Due after five years through ten years	\$	nil
• Due after ten years	\$	465,121
Total	\$	465,121
- 15. Included in commissions are commissions paid to a related entity owned by members of senior management in the amount of \$139,606.
- 16. On March 4, 2024, 100% of the shares of the ultimate Parent, Crown Global Insurance Group, LLC were acquired by Crown Global International Inc., a company domiciled in Puerto Rico.
- 17. None.

**Matters to be set forth in Notes to the Statement of Capital and Surplus**

- 1(a) Capital Stock
  - (a) The Insurer is authorized to issue 250,000 ordinary shares of US\$1.00 par value each. Each share carries the right to one vote;
  - (a) The Insurer issued 250,000 ordinary shares of US\$1.00 par value each shares; value of \$250,000 as at December 31, 2023.
- 1(b) Contributed surplus
 

None.
- 2(c) Dividends paid and payable
 

There are no dividends paid or payable for the current year.

**Matters to be set forth in Notes to the Balance Sheet**

**- Class 3A, Class C, and Class D**

1. **Cash and cash equivalents**  
Included within cash is a balance of \$129,112 which represents amounts collected in advance from the policyholders against future mortality charges (also referred to as "Pre-funded mortality deposits"). The pre-funded mortality deposit is not available to be used for any other purpose other than to recover mortality charges and pay death benefits as they are assessed by the Company against a policyholder.
2. **Quoted investments**  
The Company's quoted investments are carried at fair value with changes in fair value being included within the Condensed Statement of Income. At December 31, 2023, these investments comprised of other equities. The Company uses fair value estimates provided by reputable 3<sup>rd</sup> party pricing vendors to establish fair values for these securities. Included within quoted investments is a balance of \$nil which represents amounts collected in advance from the policyholders against future mortality charges (also referred to as "Pre-funded mortality deposits"). The pre-funded mortality deposit is not available to be used for any other purpose other than to recover mortality charges and pay death benefits as they are assessed by the Company against a policyholder.
3. **Unquoted investments**  
Unquoted investment in mutual and hedge funds are recorded based on Net Asset Value, as communicated by Fund Manager/Administrator. Included within unquoted investments is a balance of \$460,540 which represents amounts collected in advance from the policyholders against future mortality charges (also referred to as "Pre-funded mortality deposits"). The pre-funded mortality deposit is not available to be used for any other purpose other than to recover mortality charges and pay death benefits as they are assessed by the Company against a policyholder.
4. **Investment in and advances to affiliates**  
There are no investments in and advances to affiliates.
5. **Investments in mortgage loans on real estate**  
There are no investments in mortgage loans on real estate.
6. **Policy loans**  
There are no policy loans.
7. **Real estate**  
There are no real estate investments.
8. **Collateral loans**  
There are no collateral loans.
9. **Investment income due and accrued**  
Accrued interest on bonds in the amount of \$8,949.
10. **Accounts and premiums receivable**  
\$124,899 of the balance is recoverable against policyholder account values as at December 31, 2023. No balances are due from affiliates.
11. **Reinsurance balances receivable**  
There are no reinsurance balances receivable.
12. **Funds held by ceding reinsurers**  
There are no funds held by ceding reinsurers.
13. **Sundry assets**

(a) Separate Account Assets:-

The separate account assets are recorded at fair value as described in Note 4, terms of repayment are not applicable.

Within the Company's separate account assets, an amount of \$215,978,750 is recorded as invested in Asian Opps I Limited through a fund. The underlying investee is a private company in Indonesia involved in the manufacture and sale of viscose, staple fibre, carbon black and aluminum rolling. The amount invested has been recorded at cost which is representative of aggregate capital contributions made to the investee, through the fund. A reliable fair value estimate is not available to the Company for this investment and as such, the fair value of this investment could be higher or lower than the amount currently recorded. In the underlying fund's most recent financial statements (Dec 2022), the auditors for that fund provided an adverse opinion as to fair value of the said investment. The valuation methodology within those financial statements valued the investments at \$328,936,590 higher than what the Company has currently recorded. Given how separate account assets work, any increase or decrease in fair value of the said investment will not have any impact on the Company's net income or equity. The only impact will be to the separate account liabilities. The Company is continuing efforts to determine an efficient way of determining fair value for the underlying assets.

(b) Value of business acquired:-

VOBA is calculated as described in Note 4, terms of repayment are not applicable.

The changes in value of business acquired follow:

		December 2023	December 2022
<b>Change in VOBA</b>			
Balance at January 1	\$	113,114	136,767
Amortization during the year		3,841	23,653
Balance at end of period	\$	109,273	113,114

14. Letters of credit, guarantees and other  
There are no letters of credit or guarantees.
16. Unearned premium reserve  
There are no unearned premium reserves.
17. Loss and loss expense provisions  
There is no loss and loss expense provision.
20. Reserves for reported claims  
There are no reported claims.
21. Reserves for unreported claims  
There are no reserves for unreported claims.
22. Policy reserves – life  
Policy reserves for the variable life policies are not held as application of actuarial methodology in accordance with US GAAP produces benefit reserves equal to the account values held per Line 36(b) of the Condensed Balance Sheet. A separate liability has been set up to cover unearned cost of insurance, which affects a limited number of policies.



23. Policy reserves accident and health  
There are no reserves for accident and health.
24. Policyholders' funds on deposit  
There are no policyholders' funds on deposit.
25. Liability for future policyholders' dividends  
There are no policyholder dividends on any contracts written.
26. Other insurance reserves - long term  
Other insurance reserves – long term includes reserves related to unearned cost of insurance.
27. Total long-term business insurance reserves  
There are no restricted assets that are held as security or collateral against a liability or contingent liability.  
Benefit reserves noted per Line 22 of the Condensed Balance Sheet are supported by the Company's net assets / capital.
28. Insurance and reinsurance balances payable  
No amounts are payable to affiliates.
29. Commissions, expenses, fees and taxes payable  
Included in commissions payable is a balance of \$23,056 to a related entity owned by members of senior management.
30. Loans and notes payable  
There are no loans and notes payable.
31. Under current Bermuda law the Company is not required to pay taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda that in the event of such taxes being imposed, the Company will be exempted from taxation until the year 2035.
32. Amounts due to affiliates  
There are no specific repayment or interest terms relating to the intercompany balances.  
  
Included in operating expenses are allocated charges from Crown Global Holdings Ltd. in the amount of \$2,300,217 (2022 - \$2,168,986) for corporate management service fees.
33. Accounts payable and accrued liabilities  
There are no accounts payable and accrued liabilities.
34. Funds held under reinsurance contracts  
There are no funds held under reinsurance contracts.
35. Dividends payable  
There are no dividends payable.
36. Sundry liabilities  
Separate Account Liabilities – These are recorded at fair value as per Note 4; terms of repayment are not applicable.  
  
Prefunded Mortality deposits – These represent amounts received in advance from the policyholder to cover mortality risk associated with life policies.
37. Letters of credit, guarantees and other instruments  
There are no letters of credit or guarantees.

**Matters to be set forth in Notes to the Statement of Income**

**- Class 3A, Class C, and Class D**

6. Other insurance income  
There is no other insurance income.
15. Other insurance income  
Other insurance income includes fee income, policy charges and commission income. Fee income and policy charges for universal life-type contracts consist of asset fees, cost of insurance charges, administrative fees and surrender charges that have been earned and assessed against policyholder account balances during the period.
32. Combined other income (deductions)  
There is no combined other income.
36. Combined realized gains (loss)  
There are no combined realized gains (losses).