



## Independent auditor's report

To the Board of Directors of Monument Segregated Account Company Limited

### **Our opinion**

In our opinion, the condensed financial statements of Monument Segregated Account Company Limited (the Company) are prepared, in all material respects, 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').

### ***What we have audited***

The Company's condensed financial statements comprise:

- the condensed balance sheet as at 31 December 2023;
- the condensed statement of income for the year then ended;
- the condensed statement of capital and surplus as at 31 December 2023; and
- the notes to the condensed financial statements, which include significant accounting policies and other explanatory information.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the condensed financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Independence***

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the condensed financial statements in Bermuda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules.

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### **Emphasis of matter – basis of accounting**

Without modifying our opinion, we note that the condensed financial statements have been prepared in accordance with the financial reporting provisions of the Legislation. The accounting policies used and the disclosures made are not intended to, and do not, comply with all of the requirements of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts".



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

Management is responsible for the preparation of the condensed financial statements in accordance with the financial reporting provisions of the Legislation, and for such internal control as management determines is necessary to enable the preparation of condensed financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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## **Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these condensed financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the condensed financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the condensed financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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*PricewaterhouseCoopers Ltd.*

**Chartered Professional Accountants**  
Hamilton, Bermuda

29 April 2024

**CONDENSED BALANCE SHEET**

Monument Segregated Account Company Limited

As at **December 31, 2023**

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

**LINE No.**

|  | <b>2023</b> | <b>2022</b> |
|--|-------------|-------------|
| 1. CASH AND CASH EQUIVALENTS                             | 53,064      | 11,140      |
| 2. QUOTED INVESTMENTS:                                   |             |             |
| (a) Bonds and Debentures                                 |             |             |
| i. Held to maturity                                      | -           | -           |
| ii. Other  | 53,206      | 81,970      |
| (b) Total Bonds and Debentures                           | 53,206      | 81,970      |
| (c) Equities   |             |             |
| i. Common stocks   | -           | -           |
| ii. Preferred stocks                                     | -           | -           |
| iii. Mutual funds  | -           | -           |
| (d) Total equities                                       | -           | -           |
| (e) Other quoted investments                             | -           | -           |
| (f) Total quoted investments                             | 53,206      | 81,970      |
| 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  | -           | -           |
| (d) Total equities                                       | -           | -           |
| (e) Other unquoted investments                           | -           | -           |
| (f) Total unquoted investments                           | -           | -           |
| 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                     | 270         | 435         |
| 10. ACCOUNTS AND PREMIUMS RECEIVABLE:                    |             |             |
| (a) In course of collection                              | -           | -           |
| (b) Deferred - not yet due                               | -           | -           |
| (c) Receivables from retrocessional contracts            | -           | -           |
| (d) Total accounts and premiums receivable               | -           | -           |

|     |  |           |           |
|-----|--|-----------|-----------|
| 11. | REINSURANCE BALANCES RECEIVABLE:   |           |           |
| (a) | Foreign affiliates   | -         | -         |
| (b) | Domestic affiliates  | -         | -         |
| (c) | Pools & associations   | -         | -         |
| (d) | All other insurers   | 24,959    | 24,788    |
| (e) | Total reinsurance balance receivable   | 24,959    | 24,788    |
| 12. | FUNDS HELD BY CEDING REINSURERS  | 2,013,155 | 2,048,877 |
| 13. | SUNDRY ASSETS:   |           |           |
| (a) | Derivative instruments   | -         | -         |
| (b) | Segregated accounts companies - long-term business - variable annuities              | -         | -         |
| (c) | Segregated accounts companies - long-term business - other                           | -         | -         |
| (d) | Segregated accounts companies - general business                                     | -         | -         |
| (e) | Deposit assets   | -         | -         |
| (f) | Deferred acquisition costs   | -         | -         |
| (g) | Net receivables for investments sold   | -         | -         |
| (h) | Sundry Assets  | 2,874     | 3,163     |
| (i) | Other Sundry Assets (Specify)  | -         | -         |
| (j) | Other Sundry Assets (Specify)  | -         | -         |
| (k) | Total sundry assets  | 2,874     | 3,163     |
| 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  | 2,147,528 | 2,170,373 |
|     | <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  | -         | -         |

**LONG-TERM BUSINESS INSURANCE RESERVES**

|     |   |                  |                  |
|-----|---|------------------|------------------|
| 20. | RESERVE FOR REPORTED CLAIMS                                 | 22,164           | 20,128           |
| 21. | RESERVE FOR UNREPORTED CLAIMS                               | 45,271           | 45,860           |
| 22. | POLICY RESERVES - LIFE                                      | 1,593,147        | 1,611,832        |
| 23. | POLICY RESERVES - ACCIDENT AND HEALTH                       | -                | -                |
| 24. | POLICYHOLDERS' FUNDS ON DEPOSIT                             | -                | -                |
| 25. | LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS               | -                | -                |
| 26. | OTHER LONG-TERM BUSINESS INSURANCE RESERVES                 | -                | -                |
| 27. | TOTAL LONG-TERM BUSINESS INSURANCE RESERVES                 |                  |                  |
| (a) | Total Gross Long-Term Business Insurance Reserves           | 1,660,582        | 1,677,820        |
| (b) | Less: Reinsurance recoverable balance on long-term business |                  |                  |
|     | (i) Foreign Affiliates                                      | -                | -                |
|     | (ii) Domestic Affiliates                                    | -                | -                |
|     | (iii) Pools and Associations                                | -                | -                |
|     | (iv) All Other Insurers                                     | -                | -                |
| (c) | Total Reinsurance Recoverable Balance                       | -                | -                |
| (d) | <b>Total Net Long-Term Business Insurance Reserves</b>      | <b>1,660,582</b> | <b>1,677,820</b> |

**OTHER LIABILITIES**

|     |   |       |       |
|-----|---|-------|-------|
| 28. | INSURANCE AND REINSURANCE BALANCES PAYABLE    | -     | -     |
| 29. | COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE | -     | -     |
| 30. | LOANS AND NOTES PAYABLE                       | -     | -     |
| 31. | (a) INCOME TAXES PAYABLE                      | -     | -     |
|     | (b) DEFERRED INCOME TAXES                     | -     | -     |
| 32. | AMOUNTS DUE TO AFFILIATES                     | 1,544 | 1,381 |
| 33. | ACCOUNTS PAYABLE AND ACCRUED LIABILITIES      | 2,201 | 2,170 |
| 34. | FUNDS HELD UNDER REINSURANCE CONTRACTS:       | -     | -     |
| 35. | DIVIDENDS PAYABLE                             | -     | -     |
| 36. | SUNDRY LIABILITIES:                           |       |       |
| (a) | Derivative instruments                        | -     | -     |
| (b) | Segregated accounts companies                 | -     | -     |
| (c) | Deposit liabilities                           | -     | -     |
| (d) | Net payable for investments purchased         | -     | -     |
| (e) | Other sundry liabilities (specify)            | -     | -     |
| (f) | Other sundry liabilities (specify)            | -     | -     |
| (g) | Other sundry liabilities (specify)            | -     | -     |
| (h) | Total sundry liabilities                      | -     | -     |

|     |   |           |           |
|-----|---|-----------|-----------|
| 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 | -         | -         |
| 38. | TOTAL OTHER LIABILITIES                                   | 3,745     | 3,551     |
| 39. | TOTAL INSURANCE RESERVES AND OTHER LIABILITIES            | 1,664,327 | 1,681,371 |
|     | <b>CAPITAL AND SURPLUS</b>                                |           |           |
| 40. | TOTAL CAPITAL AND SURPLUS                                 | 483,201   | 489,002   |
| 41. | TOTAL   | 2,147,528 | 2,170,373 |
|     |   | TRUE      | TRUE      |
|     |   | -         | -         |

**CONDENSED STATEMENT OF INCOME**

Monument Segregated Account Company Limited  
 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             | 113,484   | 116,960   |
|          | (c) Total gross premiums and other considerations               | 113,484   | 116,960   |
| 13.      | PREMIUMS CEDED  | -         | -         |
| 14.      | NET PREMIUMS AND OTHER CONSIDERATIONS:                          |           |           |
|          | (a) Life  | 49,692    | 51,759    |
|          | (b) Annuities   | 63,792    | 65,201    |
|          | (c) Accident and health   | -         | -         |
|          | (d) Total net premiums and other considerations                 | 113,484   | 116,960   |
| 15.      | OTHER INSURANCE INCOME  | -         | -         |
| 16.      | TOTAL LONG-TERM BUSINESS INCOME                                 | 113,484   | 116,960   |
|          | <b>LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES</b>               |           |           |
| 17.      | CLAIMS - LIFE   | 64,837    | 60,709    |
| 18.      | POLICYHOLDERS' DIVIDENDS  | -         | -         |
| 19.      | SURRENDERS  | -         | -         |
| 20.      | MATURITIES  | -         | -         |
| 21.      | ANNUITIES   | 251,126   | 259,897   |
| 22.      | ACCIDENT AND HEALTH BENEFITS                                    | -         | -         |
| 23.      | COMMISSIONS   | 1,769     | 2,363     |
| 24.      | OTHER   | (2,370)   | (3,712)   |
| 25.      | TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES                | 315,362   | 319,257   |
| 26.      | INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES): |           |           |
|          | (a) Life  | (841)     | (44,979)  |
|          | (b) Annuities   | (84,432)  | (600,954) |
|          | (c) Accident and health   | -         | -         |
|          | (d) Total increase (decrease) in policy reserves                | (85,273)  | (645,933) |
| 27.      | TOTAL LONG-TERM BUSINESS EXPENSES                               | 230,089   | (326,676) |
| 28.      | <b>NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS</b>      | (116,605) | 443,636   |



**CONDENSED STATEMENT OF INCOME**

Monument Segregated Account Company Limited  
As at December 31, 2023  
expressed in ['000s] United States Dollars

| LINE No. |  | 2023             | 2022             |
|----------|--|------------------|------------------|
| 29.      | <b>COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS</b> | <u>(116,605)</u> | <u>443,636</u>   |
|          | <b>UNDERNOTED ITEMS</b>  |                  |                  |
| 30.      | COMBINED OPERATING EXPENSE   |                  |                  |
|          | (a) General and administration                                       | 4,913            | 5,158            |
|          | (b) Personnel cost   | -                | -                |
|          | (c) Other  | -                | -                |
|          | (d) Total combined operating expenses                                | <u>4,913</u>     | <u>5,158</u>     |
| 31.      | COMBINED INVESTMENT INCOME - NET                                     | <u>(537)</u>     | <u>(1,049)</u>   |
| 32.      | COMBINED OTHER INCOME (DEDUCTIONS)                                   | <u>172,784</u>   | <u>(463,451)</u> |
| 33.      | COMBINED INCOME BEFORE TAXES   | <u>50,729</u>    | <u>(26,022)</u>  |
| 34.      | COMBINED INCOME TAXES (IF APPLICABLE):                               |                  |                  |
|          | (a) Current  | -                | -                |
|          | (b) Deferred   | -                | -                |
|          | (c) Total  | <u>-</u>         | <u>-</u>         |
| 35.      | COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)                       | 50,729           | (26,022)         |
| 36.      | COMBINED REALIZED GAINS (LOSSES)                                     | <u>20,165</u>    | <u>(68,926)</u>  |
| 37.      | COMBINED INTEREST CHARGES  | <u>-</u>         | <u>-</u>         |
| 38.      | NET INCOME   | <u>70,894</u>    | <u>(94,948)</u>  |

**CONDENSED STATEMENT OF CAPITAL AND SURPLUS**

Monument Segregated Account Company Limited

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   | 500,000  |          |
|          | value  | \$ 1,000 |          |
|          | fully paid   | 250,000  |          |
|          |  |          |          |
|          | (ii)   |          |          |
|          | (A) Preferred shares:  |          |          |
|          | authorized   |          |          |
|          | value  |          |          |
|          | fully paid   |          |          |
|          | aggregate liquidation value for –  |          |          |
|          | 2023   |          |          |
|          | 2022   |          |          |
|          | (B) Preferred shares issued by a subsidiary:                                 |          |          |
|          | authorized   |          |          |
|          | value  |          |          |
|          | fully paid   |          |          |
|          | aggregate liquidation value for –  |          |          |
|          | 2023   |          |          |
|          | 2022   |          |          |
|          | (iii) Treasury Shares  |          |          |
|          | repurchased  |          |          |
|          | value  |          |          |
| (b)      | Contributed surplus  | 509,387  | 509,387  |
| (c)      | Any other fixed capital  |          |          |
|          | (i) Hybrid capital instruments   |          |          |
|          | (ii) Guarantees and others   |          |          |
|          | (iii) Total any other fixed capital  | -        | -        |
| (d)      | Total Capital  | 509,637  | 509,637  |
| 2.       | <b>SURPLUS:</b>  |          |          |
| (a)      | Surplus - Beginning of Year  | (20,635) | 134,768  |
| (b)      | Add: Income for the year   | 70,894   | (94,948) |
| (c)      | Less: Dividends paid and payable   | (76,695) | (60,455) |
| (d)      | Add (Deduct) change in unrealized appreciation (depreciation) of investments |          | -        |
| (e)      | Add (Deduct) change in any other surplus                                     |          | -        |
| (f)      | Surplus - End of Year  | (26,436) | (20,635) |
| 3.       | <b>MINORITY INTEREST</b>   |          | -        |
| 4.       | <b>TOTAL CAPITAL AND SURPLUS</b>   | 483,201  | 489,002  |

**Monument Segregated Account Company Limited**  
**NOTES TO 31 DECEMBER 2023 CONDENSED GENERAL PURPOSE FINANCIAL**  
**STATEMENTS**

**A. GENERAL NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**1. General**

Monument Segregated Account Company Limited (“Mon SAC” or the “Company”) (formerly GreyCastle Life Reinsurance SAC Ltd.) is a Bermuda domiciled company licensed by the Bermuda Monetary Authority as a Class C insurer, and was registered under the Segregated Accounts Companies Act 2000 effective 28 April 2014.

The Company is a wholly owned subsidiary of Monument Holdings Limited, a Bermuda domiciled Holding company, which is itself a wholly owned subsidiary of Monument Re Limited, a Bermuda domiciled company licensed as a Class E insurer. Management and control of the Company resides in Bermuda, whereas general administration services are carried out under a service agreement with a fellow Monument group entity, Monument Re Services (UK) Ltd.

**2. Nature of risks underwritten**

Mon SAC provides life retrocessional coverage to third party retrocedent companies. The lines of business assumed by Mon SAC include single premium annuity business, regular premium annuity business and term and other life insurance business.

The Company’s most significant insurance risk is longevity risk on its annuity business, but it is also exposed to other insurance risk on its smaller product lines (e.g. mortality, morbidity and persistency risk). The risks are managed in a number of ways including regular account monitoring and experience analysis. The other significant risks that the company is exposed to are market and credit risks on its investments, and these are managed through asset liability management and analysis of credit exposures.

**3. Basis of preparation**

These Condensed General Purpose Financial Statements have been prepared in conformity 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”). The Condensed General Purpose Financial Statements are compiled in compliance with United Kingdom Generally Accepted Accounting Principles (“UK GAAP”), including Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”), but are presented in accordance with the reporting requirements of the Legislation which vary in certain respects from UK GAAP. The more significant variances are as follows:

- A statement of cash flows is not included;
- A statement of comprehensive income is not included;
- The presentation and classification of financial statement line items are in accordance with Schedules IX and XI of the Insurance Account Rules 2016 and differ from the expected presentation and classification under UK GAAP; and
- The notes included in the Condensed General Purpose Financial Statements have been prepared in accordance with Schedule X of the Insurance Account Rules 2016 and exclude certain information required under UK GAAP.

The Condensed General Purpose Financial Statements are presented in US Dollar (\$).

#### **4. Significant accounting policies**

##### ***Premiums Written***

Premiums are written and earned when due for payment, irrespective of whether they relate in whole or in part to a later accounting period, together with regular periodic premiums received on contracts entered into in previous years. Any related commissions are expensed as incurred.

##### ***Investment Income***

Investment income includes interest and dividend income and is net of investment expenses and withholding taxes.

Interest income is recognised as it accrues using the effective interest rate method.

Dividend income is recognised when the right to receive payment is established.

##### ***Claims***

Claims are accounted for when notified or due for payment. Claims payable include related external claims handling costs.

##### ***Cash and Cash Equivalents***

Cash and cash equivalents includes cash-in-hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

##### ***Financial Instruments***

The Company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

- Basic Financial Assets

Basic financial assets, including cash, trade and other debtors, short-term deposits and investments in corporate bonds are initially recognised at transaction price (including transaction costs).

Cash, trade and other debtors are subsequently measured at amortised cost using the effective interest method. The Company's corporate bonds, equities, loans and certain term deposits are upon their initial recognition designated as at fair value through profit and loss (see Other Financial Assets for further discussion).

- Other Financial Assets

Other financial assets are initially recognised at transaction price excluding transaction costs except for any other financial assets not measured at fair value through profit and loss. Other financial assets, as well as corporate bonds, are subsequently measured at fair value and the changes in fair value are recognised in net income, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are subsequently measured at cost less impairment.

Realised gains and losses on investments carried at fair value are calculated as the difference between net sales proceeds and carrying value. Movements in unrealised gains and losses on investments represent the difference between the fair value at the balance sheet date and their purchase price or their fair value at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

Where the Company uses derivatives to meet risk management objectives, those derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value are recognised immediately in net income. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Financial assets are de-recognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

#### ***Funds held by ceding reinsurers***

Funds held by ceding reinsurers represents a receivable for assets held by ceding companies in accordance with reinsurance agreements in which the Company acts as the reinsurer. The assets withheld by the ceding company are legally owned by those companies, however the assets are legally segregated from other accounts of the cedants and all economic rights and obligations on the underlying assets accrue to the Company. The assets are required to be sufficient to meet the associated policyholder obligations and any surplus or shortfall is periodically settled. The asset is recorded at fair value determined based on the fair value of the assets held on the Company's behalf by the ceding company.

#### ***Fair value measurements***

The Company measures certain financial instruments, such as debt securities, loans, certain term deposits and derivatives, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The values of financial assets and financial liabilities are measured at fair values that are quoted in active markets based on bid prices for financial assets or ask prices for financial liabilities.

All assets, liabilities and equity items for which fair value is measured or disclosed in the Condensed General Purpose Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 – Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

#### ***Long-Term Business Insurance Reserves***

The Company measures its insurance contract liabilities using the requirements of UK GAAP. Best Estimate Liabilities ("BEL") are calculated using the gross premium valuation method. An allowance for adverse deviation from best estimate is made through the addition of the risk margin ("RM").

The BEL is based on an assessment of cash flows required to satisfy insurance obligations. Best estimate corresponds to a probability weighted average of future cash flows with an allowance, where applicable, for contract boundaries. The BEL is determined by discounting the best estimate cash flows at the applicable curve depending on the underlying approach adopted. The currency of the curve is represented by the currency of the policyholder liabilities.

For asset intensive business, where appropriate, the Company uses a discount curve based on the expected yield on the actual portfolio of assets assigned to the block of business. For non-asset intensive business the Company uses the BMA risk free curves. There may be situations where it is not appropriate to use the asset based curves for asset intensive business, such as those portfolios where the assets currently held are not sufficiently cashflow matched. In these situations either the risk-free or standard BMA curves will be used to discount the liabilities.

The cash flow projections used in the calculation of the best estimate take account of all future cash in- and out-flows required to settle the insurance obligations, attributable to the lifetime of the policy. The key best estimate assumptions relate to mortality experience and expectations for future mortality improvements for annuity business, and relate to mortality, morbidity and lapse experience for term assurance (mortality and critical illness) business, also key are discount rate assumptions. The demographic assumptions are derived from investigations of actual experience, which are performed annually.

The RM reflects uncertainty inherent in the best estimate cash flows and reflects the cost of capital that a third party would apply were it to provide a price for the assumption of the BEL. It follows a cost of capital approach, using 6% cost of capital charge. It includes an allowance for insurance, operational and counterparty risk capital, projected over the contract period and discounted at risk-free.

We consider this to be an appropriate approximation of fair value, and consistent with how the business is managed more generally.

Where reserves on policies are negative (i.e. an asset rather than a liability) the negative reserve is offset against positive reserves for policies within the same grouping.

## **5. Revenue recognition**

- (1) Investment Income: Investment income is recognized when earned
- (2) Premium Income: Refer to note 4, significant accounting policies
- (3) Commission Income: Not applicable

## **6. Foreign currency translation**

Foreign currency transactions are translated into the functional currency of US Dollar using the spot exchange rates at the dates of the transactions, except where this is not practical and the average exchange rates do not fluctuate significantly during the reporting period. The Company uses the posting date as an approximation of the date of the transaction.

At the end of each financial period foreign currency monetary items are translated to the functional currency using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are translated using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions, and from the translation at exchange rates at the end of the financial period of monetary assets and liabilities denominated in foreign currencies, are recognised in the Condensed Statement of Income.

7. Not applicable
8. Not applicable
9. Not applicable
10. Not applicable
11. Not applicable
12. Not applicable

### 13. Fair value measurement

The following tables present the Company's hierarchy for its assets measured at fair value as of 31 December 2023 and 31 December 2022. The fair value measurement policy is discussed in note 4, significant accounting policies.

|                                    | Level 1       | Level 2          | Level 3  | Total            |
|------------------------------------|---------------|------------------|----------|------------------|
| 31 December 2023                   | \$'000        | \$'000           | \$'000   | \$'000           |
| Bonds and debentures               | 42,781        | 10,426           | —        | 53,206           |
| Cash and cash equivalents          | 53,064        | —                | —        | 53,064           |
| Funds held by ceding reinsurers    | —             | 2,013,155        | —        | 2,013,155        |
| <b>Total Financial Investments</b> | <u>95,845</u> | <u>2,023,581</u> | <u>—</u> | <u>2,119,426</u> |

|                                    | Level 1       | Level 2          | Level 3  | Total            |
|------------------------------------|---------------|------------------|----------|------------------|
| 31 December 2022                   | \$'000        | \$'000           | \$'000   | \$'000           |
| Bonds and debentures               | 43,194        | 38,776           | —        | 81,970           |
| Cash and cash equivalents          | 11,140        | —                | —        | 11,140           |
| Funds held by ceding reinsurers    | —             | 2,048,877        | —        | 2,048,877        |
| <b>Total Financial Investments</b> | <u>54,334</u> | <u>2,087,653</u> | <u>—</u> | <u>2,141,987</u> |

#### 14. Contractual maturities

The following table summarizes the contractual maturities of the Company's bonds and debentures as at 31 December 2023 and 31 December 2022.

| <b>\$'000</b>                             | <b>31 December<br/>2023</b> | <b>Percentage</b> |
|---|-----------------------------|-------------------|
| Due less than one year                    | 27,737                      | 52.1%             |
| Due one through to five years             | 24,600                      | 46.3%             |
| Due after five years through to ten years | 869                         | 1.6%              |
| Due after ten years                       | —                           | —%                |
| <b>Total</b>                              | <b>53,206</b>               | <b>100.0%</b>     |

| <b>\$'000</b>                             | <b>31 December<br/>2022</b> | <b>Percentage</b> |
|---|-----------------------------|-------------------|
| Due less than one year                    | 19,945                      | 9.6%              |
| Due one through to five years             | 60,608                      | 44.4%             |
| Due after five years through to ten years | 1,416                       | 17.4%             |
| Due after ten years                       | —                           | 28.6%             |
| <b>Total</b>                              | <b>81,969</b>               | <b>100.0%</b>     |

#### 15. Related party transactions

General administration services are carried out under a service agreement with a fellow Monument group entity, Monument Re Services (UK) Ltd ("MRS UK"). During the year ended 31 December 2023 the total charge for services provided by MRS UK was \$4,051,683 (year ended 31 December 2022: \$4,102,938).

The Company no longer incurs any staff costs directly, instead it incurs costs in relation to work undertaken for the benefit of the Company by employees of fellow group entity, Monument Re Limited ("Mon Re"). During the year ended 31 December 2023 the charge for the services provided by Mon Re totaled \$507,251 (year ended: 31 December 2022 \$708,103).

As at 31 December 2023 the company had no intercompany receivables (31 December 2022: \$0). Intercompany payables totaled \$1,543,550 of which \$253,965 (31 December 2022: \$579,776) was due to Mon Re and \$1,289,594 (31 December 2022: \$801,235) due to MRS UK.

#### 16. Subsequent events

The Company has evaluated the effects of events subsequent to 31 December 2023, through to March 2024, which is the date that the Condensed General Purpose Financial Statements were made available to be issued, for recognition and disclosure purposes.

At the board meeting held on 13 March 2024 the Company declared a dividend totalling \$28,650,741 payable to the Company's sole shareholder, Monument Holdings Limited. The amount was paid on 22 March 24.

XL Re Europe SE agreed the termination of one of its treaties on 1 January 2024. This treaty was retroceded to Monument SAC Limited under the Retrocession Agreement between Monument SAC Limited and XL Re Europe SE. Monument SAC Limited have agreed to make the final payment of \$18.25m during Q2 2024 in respect of this termination.

No other material events were identified including the situation in Ukraine which is expected to have a negligible impact on the business written by the company.



17. Not applicable

**Monument Segregated Account Company Limited**  
**NOTES TO 31 DECEMBER 2023 CONDENSED GENERAL PURPOSE FINANCIAL**  
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**B. NOTES TO THE CONDENSED STATEMENT OF CAPITAL AND SURPLUS**

**1(a) Paid-up share capital**

As at 31 December 2022 and 31 December 2023 the Company has authorised share capital of 500,000 Voting Common Shares of par value of \$1.000 each, of which 250,000 are issued.

**1(b) Contributed surplus**

During the year ended 31 December 2023 there were no changes in the value of contributed surplus.

**2(c) Dividends paid and payable**

All dividends paid during the years ended 31 December 2023 and 31 December 2022 were cash dividends.

**Monument Segregated Account Company Limited**  
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**C. NOTES TO THE CONDENSED BALANCE SHEET**

**1. Cash and cash equivalents**

As at 31 December 2023 the Company had cash and cash equivalents of \$53,064,309 (31 December 2022: \$11,139,941), of which \$1,836,455 (31 December 2022: \$121,729 ) was restricted cash (refer to note 2).

**2. Quoted Investments**

Bonds and debentures are carried at fair value. As at 31 December 2023 the Company had bonds and debentures of \$53,206,000 (31 December 2022: \$81,970,000) of which \$41,424,855 (31 December 2022: \$41,113,828 ) were restricted assets.

Restricted Assets and Cash are held in a separate Retrocessionaire Capital Account (RCA), which the Company is required to fund with a minimum of \$40.7 million at 31 December 2023 (\$40.7 million at 31 December 2022). The RCA is a requirement under agreements the Company has with third party retrocedants to whom life retrocessional coverage is provided.

**3. Unquoted investments**

As at 31 December 2023 and 31 December 2022 the Company held no unquoted investments.

4. Not applicable

5. Not applicable

6. Not applicable

7. Not applicable

8. Not applicable

**9. Investment income due and accrued**

Both investment income due and accrued are included in this balance

10. Not applicable

**11. Reinsurance balances receivable**

Reinsurance balances receivable represents the net amount due from third party retrocedants in relation to life retrocessional coverage provided by the Company.

Premium receipts and claims paid on regular premium annuity business and term and other life insurance business, together with other treaty related costs covered by the retrocession, are included within this balance. The net balance is settled at periodic intervals.

**12. Funds held by ceding reinsurers**

The funds held by ceding reinsurers arises from 100% quota share retrocessions of third party life reinsurance business, under which the retrocedants retain designated assets as collateral. These assets are primarily fixed maturity securities and pose risks similar to the fixed maturity securities the Company owns in its free assets. The Company is subject to the investment performance of the funds held by ceding reinsurers, although it does not directly own the underlying assets. As such, the investment results for these assets (including interest income, unrealized gains and losses, and gains and losses from sales) are passed directly to the Company pursuant to a contractual arrangement.

The receivable is carried at fair value, inclusive of accrued interest, with changes in the fair value being recognised within the Condensed Statement of Income. Having obtained approval from the ceding entities, the Company has hired several asset managers to manage the asset portfolios, in line with the Company's investment strategy.

**13. Sundry assets**

Sundry assets are primarily representative of claim prepayments provided to retrocedants in accordance with the life retrocessional contracts. Claim prepayments for 31 December 2023 amounted to \$2,857,493 (31 December 2022: \$3,145,582).

Other less material balances relate to short term intercompany receivables and rental deposits.

14. Not applicable

16. Not applicable

17. Not applicable

**20. Reserves for reported claims**

A pending claims reserve is established when the company is notified of a death or critical illness event for a term assurance policyholder, but the claim has not been paid as of the reporting date. The reserve for reported deaths is determined by the total value of these pending unpaid claims on file.

**21. Reserves for unreported claims**

Reserves for unreported claims are made up of two elements. The first of these is Incurred But Not Reported (IBNR) reserves, which cover term assurance claims which will have occurred but not been notified by the valuation date. It is calculated on a best estimate basis based on an assumed number of months of claim payments (with this number of months varying by product type). The second element of the unreported claims reserves are claims estimates for accounting periods prior to the valuation date where actual accounts have not been booked.

**22. Policy reserves – life**

Refer to note 4 in the General Notes section

23. Not applicable

24. Not applicable

25. Not applicable

26. Not applicable

**27. Total long-term business insurance reserves**

(a) For restricted assets refer to note 2 to the Condensed Balance Sheet

(b) There are no unsecured policyholder obligations

28. Not applicable

29. Not applicable

30. Not applicable

31. Not applicable

**32. Amounts due to affiliates**

Relates to short-term intercompany payables

**33. Accounts payable and accrued liabilities**

Representative of operating expense and investment management fee accruals, incurred as part of normal operations. As at 31 December 2023 there was additionally a balance of (\$26,796,850), (31 December 2022: (\$24,339,010) reflective of a payable for bonds purchased, for which settlement had yet to take place.

34. Not applicable

35. Not applicable

36. Not applicable

37. Not applicable

**Monument Segregated Account Company Limited**  
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**D. NOTES TO THE CONDENSED INCOME STATEMENT**

6. Not applicable

15. Not applicable

**32. Combined other income (deductions)**

Reflective of unrealized gains and losses on investments, with the key driver being unrealized movements in the fair value of funds held by ceding reinsurers.

**36. Combined realized gains (loss)**

Reflects realised gains and losses on sale of investments, together with foreign exchange gains and losses.