Financial Statements

Munich Re of Bermuda, Ltd.
Year Ended December 31, 2023
With Independent Auditor's Report

Munich Re of Bermuda, Ltd.

Financial Statements

Year Ended December 31, 2023

Contents

Ernst & Young Ltd.
3 Bermudiana Road
Hamilton HM 08
P.O. Box HM 463
Hamilton HM BX
BERMUDA

Tel: +1 441 295 7000
Fax: +1 441 295 5193
ey.com

Report of Independent Auditors

The Board of Directors

Munich Re of Bermuda, Ltd.

Opinion

We have audited the financial statements of Munich Re of Bermuda, Ltd. (the Company), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of profit or loss, comprehensive income and loss, changes in shareholder's equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Emphasis of Matter

Without qualifying the above conclusion, we draw your attention to the change in accounting principles relating to the Insurance contracts, described in Note 3 to the financial statements presenting the impacts of IFRS 17 "Insurance Contracts" first time application from January 1, 2023.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

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

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

Ernst & Young Ltd.

Hamilton, Bermuda
April 30, 2024

Munich Re of Bermuda, Ltd.

Statement of Financial Position
(Expressed in Thousands of US Dollars)

Assets

	Notes	12.31.2023	12.31.2022*	1.1.2022*
Cash and cash equivalents	(6)	11,584	16,247	856
Financial investments	(7)	132,616	108,062	143,754
Insurance contract assets	(10)	618,773	493,974	898,984
Reinsurance contract assets	(8)	4,115	3,190	-
Insurance-related financial instruments	(9)	64,477	102,091	131,782
Other assets	(11)	3,047	3,480	2,582
Total assets		**834,612**	**727,044**	**1,177,958**

Liabilities and shareholder's equity

	Notes	12.31.2023	12.31.2022*	1.1.2022*
Liabilities				
Insurance contract liabilities	(10)	-	8,273	-
Reinsurance contract liabilities	(8)	58,501	40,989	111,170
Other liabilities	(12)	7,572	5,230	5,173
Deferred tax liabilities	(20)	61,731	41,093	122,365
Total liabilities		**127,804**	**95,585**	**238,708**
Shareholder's equity				
Authorized, issued and fully paid, 370,000 shares of $0.001 par value each	(13)	370	370	370
Contributed surplus	(13)	980,750	530,750	530,750
Retained earnings	(13)	129,089	494,099	409,113
Other reserves	(13)	(403,401)	(393,760)	(983)
Total shareholder's equity		**706,808**	**631,459**	**939,250**
Total liabilities and shareholder's equity		**834,612**	**727,044**	**1,177,958**

*Restated for retroactive IFRS 17 transition.
See accompanying notes.

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Marc Giguere
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4/30/2024
Director

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Jennifer Marquino
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4/30/2024
Director

Munich Re of Bermuda, Ltd.

Statement of Profit or Loss
(Expressed in Thousands of US Dollars)

	Notes	12.31.2023	12.31.2022*
Insurance contracts issued			
Insurance revenue	(14)	663,807	644,244
Insurance service expense	(15)	(526,327)	(546,527)
Insurance service results from insurance contracts issued		**137,480**	**97,717**
Reinsurance contracts held			
Insurance revenue ceded	(14)	(72,711)	(31,061)
(Expense) Income from reinsurance contracts held	(15)	(103)	8,650
Insurance service results from reinsurance contracts held		**(72,814)**	**(22,411)**
Insurance service result		**64,666**	**75,306**
Result from insurance-related financial instruments	(16)	42,524	30,197
Total technical result		**107,190**	**105,503**
Net investment income	(17)	206	1,480
Finance income from insurance contracts issued	(18)	11,561	1,603
Finance expense from reinsurance contracts held	(18)	(1,219)	(332)
Net insurance finance income		**10,342**	**1,271**
Net financial result		**10,548**	**2,751**
Other operating expenses	(19)	(1,733)	(213)
Income before income taxes		**116,005**	**108,041**
Income tax expense	(20)	(24,840)	(23,055)
Net income		**91,165**	**84,986**

*Restated for retroactive IFRS 17 transition.

See accompanying notes.

Munich Re of Bermuda, Ltd.

Statement of Comprehensive Income and Loss
(Expressed in Thousands of US Dollars)

	12.31.2023	12.31.2022*
Net income	**91,165**	**84,986**
Items that may be subsequently classified to net income, net of tax		
Unrealised gains (losses) on financial investments	3,336	(3,663)
Change resulting from insurance contracts issued	(3,274)	(449,681)
Change resulting from reinsurance contracts held	(9,703)	60,567
Other comprehensive loss for the year, net of tax	**(9,641)**	**(392,777)**
Total comprehensive income (loss) for the year, net of tax	**81,524**	**(307,791)**

*Restated for retroactive IFRS 17 transition.
See accompanying notes.

Munich Re of Bermuda, Ltd.

Statement of Changes in Shareholder's Equity
(Expressed in Thousands of US Dollars)

	Share capital	Contributed surplus	Retained earnings	Other reserves: Fair value reserve	Other reserves: Insurance finance reserve	Total shareholder's equity
December 31, 2021 (Originally reported)	**370**	**530,750**	**(146,902)**	**(983)**	**-**	**383,235**
Effect from the initial application of IFRS 17	-	-	556,015	-	-	556,015
January 1, 2022 (Restated)*	**370**	**530,750**	**409,113**	**(983)**	**-**	**939,250**
Net income	-	-	84,986	-	-	84,986
Unrealised losses on financial investments	-	-	-	(3,663)	-	(3,663)
Change resulting from insurance contracts issued	-	-	-	-	(449,681)	(449,681)
Change resulting from reinsurance contracts held	-	-	-	-	60,567	60,567
December 31, 2022 (Restated)*	**370**	**530,750**	**494,099**	**(4,646)**	**(389,114)**	**631,459**
Effect from the initial application of IFRS 9	-	-	(6,175)	-	-	(6,175)
January 1, 2023	**370**	**530,750**	**487,924**	**(4,646)**	**(389,114)**	**625,284**
Net income	-	-	91,165	-	-	91,165
Contributed surplus	-	450,000	-	-	-	450,000
Dividend paid	-	-	(450,000)	-	-	(450,000)
Unrealised gains on financial investments	-	-	-	3,336	-	3,336
Change resulting from insurance contracts issued	-	-	-	-	(3,274)	(3,274)
Change resulting from reinsurance contracts held	-	-	-	-	(9,703)	(9,703)
December 31, 2023	**370**	**980,750**	**129,089**	**(1,310)**	**(402,091)**	**706,808**

*Restated for retroactive IFRS 17 transition.

See accompanying notes.

Munich Re of Bermuda, Ltd.

Statement of Cash Flows
(Expressed in Thousands of US Dollars)

	12.31.2023	12.31.2022*
Operating activities		
Net income	91,165	84,986
Adjustments for:		
Amortization of investments	(195)	(192)
Net realised losses on investments	1,157	2,141
Change in accrued interest income	(179)	(23)
Changes in:		
Insurance contracts issued	(137,216)	(155,934)
Reinsurance contracts held	4,305	3,296
Insurance-related financial instruments	29,799	29,691
Other assets	433	(898)
Other liabilities	2,342	57
Net deferred tax liabilities	24,840	23,137
Net cash provided by (used in) operating activities	**16,451**	**(13,739)**
Investing activities		
Purchases of fixed income securities-available-for-sale	(20,115)	(70,171)
Sales of fixed income securities-available-for-sale	45,574	99,309
Purchases of short - term investments	(46,573)	(9,736)
Sales of short - term investments	-	9,728
Net cash (used in) provided by investing activities	**(21,114)**	**29,130**
Change in cash and cash equivalents	**(4,663)**	**15,391**
Cash and cash equivalents at the beginning of the year	**16,247**	**856**
Cash and cash equivalents at the end of the year	**11,584**	**16,247**
Supplementary disclosures on the cashflow information		
Interest received	35,464	35,753
Interest paid	(121)	(55)
Non-cash dividend	(450,000)	-
Non-cash capital contribution	450,000	-

*Restated for retroactive IFRS 17 transition.
See accompanying notes.

1. Corporate Information

Munich Re of Bermuda, Ltd. (the "Company" or "we"), formerly known as Princeton Eagle West Insurance Company Limited, was incorporated under the laws of Bermuda in 1995. The Company changed its name from Princeton Eagle West Insurance Company Limited ("PEWIC") to Munich Re of Bermuda, Ltd. effective March 21, 2018. The Company is a wholly owned subsidiary of Munich Life Holding Corporation (MLHC or the Parent), which is ultimately owned by Muenchener Rueckversicherungs-Gesellschaft Aktiengesellschaft in Muenchen (Munich Re or Ultimate Parent), a Company listed on the German stock exchange.

At incorporation, the Company was licensed as a Class 3 insurer under the Insurance Act 1978 of Bermuda, as amended and related regulations (the "Insurance Act") to write all classes of property and casualty business. The Company is also incorporated under the Princeton Eagle West Insurance Company Limited Act 1997 (the "PEWIC Act"), a private act, which allows the Company to segregate assets and liabilities. The Company's property and casualty business is in run-off.

Effective February 8, 2018, the Company is registered as a long-term insurer and licensed as a Class C insurer under the Insurance Act. Effective June 28, 2018, the Company was registered as a certified reinsurer in the State of Georgia. Effective January 1, 2022, the Company was also registered as a reciprocal jurisdiction reinsurer in the State of Georgia. The Company primarily writes affiliated life reinsurance business throughout the United States of America with all of its business assumed from affiliates. The risks assumed generally reflect the risks inherent in the underlying life reinsurance policies and key risks include mortality and lapse risk.

The Company maintains an 'AA-' rating from S&P and a Financial Strength Rating of 'A+' from AM Best.

2. Basis of Preparation

Statement of Compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The Company's financial statements also comply with International Financial Reporting Interpretations Committee ("IFRIC") interpretations. The financial statements were authorized for issue by the Board of Directors on April 30, 2024.

Basis of Measurement

The statement of financial position has been broadly presented in order of liquidity.

These separate financial statements contain information about the Company as an individual company. The Company is included in the Munich Re consolidated financial statements.

After making inquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Comparative information

The Company is applying *Financial Instruments* ("IFRS 9") and *Insurance Contracts* ("IFRS 17") for the first time with effect on January 1, 2023. In the initial application of IFRS 9, we have made use of the option not to restate comparative information, except when we apply the classification overlay approach permissible under IFRS 17. For insurance contracts within the scope of IFRS 17, however, the transition date is the beginning of the financial year prior to the date of initial application. The comparative information for insurance items recognised in accordance with IFRS 17 has therefore been restated.

In connection with the initial application of the new accounting standards, the structure of the statement of financial position has been revised, the names of the statements and line items adapted, and changes made to the consolidated cash flow statement. Comparative figures have been reclassified accordingly.

Functional and Presentation Currency

The financial statements are presented in United States Dollars, which is also the Company's functional currency.

Use of Estimates and Judgments

In preparing the financial statements, preparers must use their judgment in applying accounting policies and make specific estimates and assumptions that affect the items shown in the statement of financial position and the statement of profit or loss.

Actual results may differ from estimates. Our internal processes are geared to determining amounts as accurately as possible, taking into account all the relevant information to the best of management's knowledge. Nevertheless, it is in the nature of these items that estimates may have to be adjusted in the course of time to take account of new knowledge; therefore, estimates and underlying assumptions are reviewed on an ongoing basis.

Discretionary judgments and estimates are of significance for the following items in particular: IFRS 17 transition approaches, insurance contracts, insurance-related financial instruments, and impairment.

3. Changes in Accounting Policies

Beginning in financial year 2023, application of the following accounting standards was mandatory for the first time:

- IFRS 17 and all other accounting standards amended by IFRS 17: IFRS 17 supersedes *Insurance Contracts* ("IFRS 4") with effect from January 1, 2023; it is applied to insurance contracts (including reinsurance contracts) issued and reinsurance contracts held.

- IFRS 9 supersedes the previous *Financial Instruments* ("IAS 39") requirements relating to the recognition and measurement of financial instruments with effect from January 1, 2023.

IFRS 17 and IFRS 9 have led to significant changes in the classification and measurement of financial instruments and in the recognition, measurement, and presentation of insurance contracts. Moreover, the adoption of these standards has far-reaching implications for the disclosures in the notes.

A more detailed explanation of the effects from the initial application of IFRS 17 and IFRS 9 follows below.

Effects from the initial application of IFRS 17

Measurement at the transition date

We apply IFRS 17 retrospectively with effect from January 1, 2023. Initial application is made in accordance with the transition requirements of IFRS 17. The Company concluded that historical information is insufficient to use the full retrospective approach, therefore we elected to use the fair value approach to measure our insurance contracts.

Comparative information

In contrast to restating comparative information as required by IFRS 17, we make use of the option under IFRS 9 to continue measuring the prior-year figures for the financial instruments accounted for under IFRS 9 in accordance with the provisions of IAS 39 instead of restating them. In addition, we apply the classification overlay approach for our insurance-related financial instruments in order to avoid accounting mismatches when transitioning to IFRS 17. This approach allows us to measure insurance-related financial instruments for the 2022 comparative period in the 2023 consolidated financial statements as if the measurement rules of IFRS 9 had already been applied.

Impact on equity and the result

In applying IFRS 17 for the first time, at the transition date:

− all groups of insurance contracts are identified, recognised, and measured in accordance with the requirements of IFRS 17;
− balances that would not exist in accordance with the requirements of IFRS 17 are derecognised; and
− the resulting net difference is recognised in equity.

(Expressed in Thousands of US Dollars)

3. Changes in Accounting Policies (continued)

Initial application of IFRS 17 had the following impacts on equity at January 1, 2022:

Impact of the initial application of IFRS 17 on equity

	1.1.2022
Equity (IFRS 4) at January 1	**383,235**
Change in equity	
Modified measurement basis	1,599,305
Contractual service margin	(639,060)
Risk adjustment for non-financial risk	(256,728)
Deferred taxes	(147,502)
Equity (IFRS 17) at January 1	**939,250**

Equity at January 1, 2022 is $556,015 higher when compared to the application of IFRS 4.

The risk adjustment for non-financial risk is taken into account in the measurement of insurance contracts. We base the risk adjustment for non-financial risk on the risk capital requirements of our internal risk model. The level of risk adjustment for non-financial risk used by the Company corresponds to a confidence level of approximately 90% over a one-year period. It should also be noted that neither operational nor credit risks are taken into account in the calculation of the risk adjustment for non-financial risk under IFRS 17. To determine the risk adjustment for non-financial risk, we applied a cost-of-capital method with a cost-of-capital rate of 6%.

In addition to the above-mentioned effects on equity at January 1, 2022, initial application of IFRS 17 had the following impacts on the result for the 2022 financial year:

Initial application of IFRS 17 resulted in an increase in the result for the 2022 financial year amounting to $82,532.

The result under IFRS 17 was affected by the interest-rate levels at the transition date January 1, 2022 and by the interest-rate developments in 2022. Due to the comparatively low interest-rate levels at January 1, 2022, there were minor unwinding-of-discount effects on the insurance portfolio overall. By contrast, losses that occurred in the 2022 financial year were discounted at higher discount rates for the 2022 accident year as a result of the substantial rise in interest rates over the course of 2022.

The services we rendered in the comparative period and the associated recognition in profit or loss of the contractual service margin resulted in an earlier recognition of profits in life reinsurance than under IFRS 4.

Insurance revenue is lower than gross premiums written because amounts that are repaid to policyholders under all circumstances, regardless of whether an insured event occurs, are not recognised as insurance revenue under IFRS 17. This relates in particular to commissions and profit commissions. The reduction in revenue does not affect the insurance service result, as the insurance service expenses are likewise reduced.

Presentation in the balance sheet and income statement

With the introduction of IFRS 17, certain items that have previously been presented separately in our financial statements will be omitted as the resulting cash flows are now recognised as part of the measurement models, such as deferred acquisition costs and funds withheld.

3. Changes in Accounting Policies (continued)

Effects from the initial application of IFRS 9

Retrospective application and comparative information

We have applied the requirements of IFRS 9 for the classification and measurement of financial instruments retrospectively as of January 1, 2023. Initial application is made in accordance with the transition requirements of IFRS 9.

As a general principle, we use the option not to restate comparative information, but continue to present it in accordance with IAS 39, except when we apply the classification overlay approach permissible under IFRS 17.

Classification and measurement of financial instruments

The classification of financial assets is based on the business model under which the financial assets are managed and on the solely payments of principal and interest (SPPI) criteria.

Our financial assets will mainly be measured at fair value through other comprehensive income, particularly bonds that are managed within the business model “hold to collect and sell” and also pass the SPPI test.

Financial assets measured at fair value through profit or loss include, in particular, insurance-related financial instruments.

(Expressed in Thousands of US Dollars)

3. Changes in Accounting Policies (continued)

The following table presents the reconciliation of measurement categories from IAS 39 to IFRS 9 for financial assets and the impact on retained earnings following reclassification and/or remeasurement.

Reconciliation of measurement categories from IAS 39 to IFRS 9 – Financial assets

	IAS 39 measurement category	Carrying amount at 12.31.2022	IFRS 9 measurement category	Re-classification	Re-measurement	Carrying amount at 1.1.2023	Effects on retained earnings
Financial assets							
Cash and cash equivalents	Loans and receivables	16,247	Amortised cost	16,247	-	16,247	-
Financial investments	Available-for-sale	108,062	FVOCI	108,062	-	108,062	-
Insurance-related financial investments	Loans and receivables	102,091	FVPL	102,091	(7,816)	94,275	(7,816)
Total		**226,400**		**226,400**	**(7,816)**	**218,584**	**(7,816)**
			Total effects on retained earnings before tax				(7,816)
			Effects from deferred tax				1,641
			Total effects on retained earnings after tax				**(6,175)**

Impairment

IFRS 9 specifies the use of an expected credit loss model for the recognition of impairment losses. This requires recognising a loss allowance equal to the amount of expected credit losses when a financial asset is initially recognised. The model is applied to recognise impairment losses on financial assets measured at amortised cost or at fair value through other comprehensive income.

A three-stage impairment model is used to recognise and measure impairment losses on financial assets.

Stage 1: On initial recognition, financial instruments are always assigned to Stage 1 of the impairment model and they remain at Stage 1 if their credit risk has not increased significantly since they were initially recognised. The loss allowance is measured at an amount equal to the 12-month expected credit losses, which represents the expected credit losses that result from default events that may occur within 12 months of the reporting date.

Stage 2: If the credit risk of a financial instrument has increased significantly since initial recognition but there is no objective evidence of impairment, the loss allowance at Stage 2 of the impairment model is measured at an amount equal to the lifetime expected credit loss.

Stage 3: If in addition to a significant increase in credit risk, there is objective evidence of impairment, the instrument is allocated to Stage 3 of the impairment model (credit-impaired financial assets). As in Stage 2, the loss allowance is measured at an amount equal to the lifetime expected credit losses. Interest revenue is calculated by applying the effective interest method – unlike in Stage 1 and Stage 2 – on the basis of the net carrying amount of the financial asset (i.e. after deducting the loss allowance).

As a matter of principle, a significant increase in credit risk is assumed if this risk (measured in terms of the probability of default) has increased by more than two percentage points since the financial instrument was initially recognised.

We assume that the credit risk of a financial investment has not increased significantly if it has low credit risk as of the reporting date (low credit risk exception).

3. Changes in Accounting Policies (continued)

We generally assume that changes in the risk of default occurring over the next 12 months are a reasonable approximation of the changes in the lifetime risk of a default occurring. If there are indications that only an assessment based on the entire lifetime of the financial instrument is appropriate, such an assessment is made.

We generally make use of the rebuttable presumption that the credit risk has increased significantly since initial recognition if a contractual payment is more than 30 days past due, unless we have evidence to the contrary.

Objective evidence of credit impairment includes, but is not limited to:

− significant financial difficulty of the borrower;
− a breach of contract (such as a default or past due event);
− it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; and
− the disappearance of an active market for the financial asset because of financial difficulties.

To measure expected credit losses, we use the probability of default, the loss given default, and the exposure at default.

Expected credit losses are equal to the discounted product of these three components. The calculation includes probability-weighted scenarios that take account of reasonable and supportable information that is available without disproportionate cost or effort as at the reporting date and incorporates past events, current conditions, and forecasts of future economic conditions.

Financial assets are written off if, based on a reasonable assessment, it must be assumed that these assets are not recoverable. Indicators for this include a debtor lacking sufficient assets to service their debts or failing to commit to a repayment schedule. Upon completion of insolvency proceedings against a debtor, the financial assets are likewise deemed to be no longer recoverable and are fully derecognised. Such write-offs do not have an impact on profit or loss since the amounts are reflected in the loss allowance and therefore have already been recognised previously through profit or loss.

Our investment guidelines do not provide for the acquisition of purchased or originated credit-impaired financial assets.

Impact on equity

The new requirements for classifying financial assets and financial liabilities have overall led to a reduction in equity of $6,175 at January 1, 2023.

The initial application of the impairment requirements under the expected credit loss model at January 1, 2023 resulted only in an inconsequential reduction in equity.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Overarching accounting policies

Fair value

Fair Value Measurement ("IFRS 13") defines fair value as 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. All financial instruments and other assets and liabilities that are recognised at fair value – and such financial instruments and other items for which fair values are disclosed solely in the Notes – are allocated to one of the three fair value hierarchy levels of IFRS 13.

The allocation of an instrument to a level indicates the extent to which observable market inputs helped to measure the instrument. If market prices are available, these constitute the most objective inputs for measurement at fair value and are to be used. If measurement is carried out using a model, any available inputs observable in the market are used first. If necessary, these inputs are supplemented with unobservable input factors and internal estimates.

In the case of Level 1, valuation is based on quoted prices in active markets for identical financial instruments which the Company can refer to at the valuation date. The financial instruments we have allocated to this level includes cash and cash equivalents.

Assets allocated to Level 2 are valued using models based on observable market data. The inputs used for valuation must be observable throughout the instrument's contract period. In addition, Level 2 includes financial assets and liabilities for which valuation and the market data required for valuation are provided by price quoters, but for which it is not possible to completely determine to which extent the data used is observable in the market. The financial instruments we have allocated to Level 2 mainly comprise financial investments (fixed income securities).

We allocate to Level 3 assets and liabilities for which unobservable market inputs have a significant impact on valuation. The inputs used reflect the Company's assumptions regarding the factors which market players would consider in their pricing. To this end, we use the best available market information, supplemented with internal company data. The financial instruments allocated to Level 3 include insurance-related financial instruments.

In the case of instruments not traded on an active market, we decide on a case-by-case basis to which level of the fair value hierarchy to allocate the respective fair values.

Financial investments are typically managed within the business model "hold to collect and sell" and measured either at fair value through other comprehensive income or at fair value through profit or loss, depending on whether they pass the SPPI test. These are presented in instruments subject to interest-rate and credit risk. All financial investments passed the SPPI test and therefore are measured at fair value through other comprehensive income.

Insurance-related financial instruments are managed within the business model "other" based on their fair value.

Cash and cash equivalents are managed within the business model "hold to collect" and – if they pass the SPPI test – are measured at amortised cost.

(Expressed in Thousands of US Dollars)

4. Summary of Significant Accounting Policies (continued)

Carrying amounts and measurement categories of economic asset classes of financial assets

					12.31.2023
		IFRS 9 measurement category			
			Fair value through profit or loss		Fair value through other comprehensive income
	Carrying amount	Amortised cost	Mandatory	Designated	
Financial investments					
Instruments subject to interest-rate and credit risk	132,616	134,277	-	-	132,616
Insurance-related financial instruments	64,477	68,750	64,477	-	-
Cash and cash equivalents	11,584	11,584	11,584	-	-
Total	**208,677**	**214,611**	**76,061**	**-**	**132,616**

					12.31.2022
		Measurement basis under IAS 39			
			Fair value through profit or loss		Fair value through other comprehensive income
	Carrying amount	Amortised cost	Mandatory	Designated	
Financial investments					
Instruments subject to interest-rate and credit risk	108,062	113,943	-	-	108,062
Insurance-related financial instruments[1]	N/A	N/A	N/A	N/A	N/A
Cash and cash equivalents	16,247	16,247	16,247	-	-
Total	**124,309**	**130,190**	**16,247**	**-**	**108,062**

[1]As the transition to IFRS 9 was not effective until January 1, 2023, previous year values for insurance-related financial instruments are not applicable.

Insurance contracts

Our insurance contracts are presented under the following items at a portfolio level in the balance sheet:

− Insurance contract assets
− Reinsurance contract assets
− Insurance contract liabilities
− Reinsurance contract liabilities

We began recognising insurance contracts as per IFRS 17 in the 2023 financial year.

4. Summary of Significant Accounting Policies (continued)

Classification as an insurance contract

A contract is classified as an insurance contract within the scope of IFRS 17 if it transfers significant insurance risk. We make this assessment as part of risk transfer testing. We classify an insurance risk as significant if an insured event could cause the payment of additional amounts that are significant in any single scenario, excluding scenarios that have no commercial substance, and there is a possibility of a loss on a present-value basis. Alternatively, we classify contracts as insurance contracts if they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts. Contracts that do not transfer significant insurance risk are generally financial instruments and are accounted for in accordance with IFRS 9 requirements.

Level of aggregation

Recognition and measurement occur at the level of groups of insurance contracts. We begin by including insurance contracts in a portfolio that are subject to similar risks and managed together. In a second step, we assign each portfolio – based on its profitability – to one of the following three groups of insurance contracts:

− group of contracts that are onerous at initial recognition;
− group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and
− group of the remaining contracts in the portfolio.

We classify an insurance contract as onerous at initial recognition if the risk-adjusted present value of all the expected cash flows for contract fulfilment results in a net cash outflow. Due to changes in estimates relating to future service, a group of insurance contracts can become onerous upon subsequent measurement. This nevertheless does not affect the classification into different groups at initial recognition. In other words, the composition of the groups is not reassessed.

We also ensure that all the contracts within a group were issued within one year. We thus do not use the annual cohort exemption.

Recognition

A group of insurance contracts issued is recognised from the earliest of the following:

− the beginning of the coverage period of the group of contracts;
− the date when the first payment from a policyholder in the group becomes due; or
− for a group of onerous contracts, when the group becomes onerous.

Measurement

IFRS 17 provides a consistent accounting model for all insurance contracts. The basic approach consists in applying the general measurement model (GMM).

For all measurement models, there is a distinction between a pre-claims stage (liability for remaining coverage – LRC) and a claims stage after the occurrence of an insured event (liability for incurred claims – LIC). Please see below for more detailed explanations of the starting points for the valuation approaches.

4. Summary of Significant Accounting Policies (continued)

General Measurement Model (GMM)

The GMM is based on a building block approach that consists of four blocks. The expected future cash flows for contract fulfilment form the basis for measuring our assets and liabilities from insurance business (building block 1). Cash flows are discounted in order to reflect the time value of money and the financial risks (building block 2). Comparing the present value of expected cash inflows against the present value of expected cash outflows results in the present value of the net cash flows relevant for the measurement. This present value is subjected to a risk adjustment to reflect the uncertainty arising from non-financial risk pertaining to the amount and the timing of cash flows (building block 3). For groups of insurance contracts classified as profitable at initial recognition, we recognise a contractual service margin which represents the unearned profit (building block 4). The latter is recognised over time as insurance contract services are provided over the coverage period.

By contrast, for groups of insurance contracts where the sum of the present value of future cash outflows and the risk adjustment for non-financial risk exceeds the present value of expected future cash inflows, a loss component that reflects the expected loss on initial recognition is recognised directly as an expense.

For subsequent measurement of the LRC, building blocks 1, 2 and 3 are remeasured using current assumptions and inputs. The contractual service margin is adjusted to reflect changes in non-financial assumptions of future coverage and new business margins, among other things, and is amortized as insurance contract services are provided over time. The carrying amount of the LRC is – at the end of each reporting period – the sum of the present value of expected net outflows, the risk adjustment for non-financial risk, and the contractual service margin.

Cash flows (building block 1)

The starting point for measuring groups of insurance contracts is based on a current estimate of all cash flows required to fulfil the contract within the contract boundary.

Cash flows that need to be taken into account include premium payments, expenses for claims and benefits, administration costs, and other insurance related cash flows. The cash flows included in the measurement model reflect our current estimates and expectations regarding the fulfilment of our insurance obligations at each reporting date. We include in the cash flows an allocation of certain fixed and variable overhead costs that can be directly attributed to the fulfilment of insurance contracts.

Discounting (building block 2)

Under the GMM, future cash flows are discounted using current discount rates. Measurement thus considers the time value of money, so that cash flows expected to occur at different times are made comparable. In this context, we select discount rates that are as consistent as possible with the overall cash flow characteristics of the groups of insurance contracts and make use of observable market inputs wherever possible. Discount rates are determined using a bottom-up approach, with the Solvency II interest-rate curves published by the supervisory authority EIOPA (European Insurance and Occupational Pensions Authority) serving as the starting point for risk-free interest rates. We ensure that credit spreads have no effect on the discounting of the cash flows or the risk adjustment for non-financial risk. The discount rates we use do not take into consideration any type of default risk.

At each reporting date, the fulfilment cash flows for the LRC and LIC are remeasured using current discount rates. IFRS 17 provides for the option, applied at portfolio level, to recognise the impact of changes in discount rates and financial risk in other comprehensive income rather than in the consolidated income statement. We make use of this option.

(Expressed in Thousands of US Dollars)

4. Summary of Significant Accounting Policies (continued)

To discount cash flows, we use the following yield curves:

Yield curves for major currencies (US dollar)

	12.31.2023					12.31.2022				
	1 year	5 years	10 years	15 years	20 years	1 year	5 years	10 years	15 years	20 years
Insurance contracts	4.76%	3.21%	3.49%	3.58%	3.18%	5.07%	3.55%	3.81%	3.64%	3.12%
Reinsurance contracts	4.76%	3.21%	3.49%	3.58%	3.18%	5.07%	3.55%	3.81%	3.64%	3.12%

Risk adjustment for non-financial risk (building block 3)

Cash flows arising from insurance contracts usually involve a degree of uncertainty regarding the point in time an insured event occurs and the amount of a claim. In addition, there may be changes to the assumptions made about the insurance business as a result of changes in policyholder behaviour, e.g. related to exercising available options. To take this uncertainty into consideration, IFRS 17 provides for a third building block: an explicit risk adjustment for non-financial risk that represents compensation for bearing the risk. The sum of the risk adjustment for non-financial risk and the present value of net cash flows represents the fulfilment cash flows specific to a party that are relevant for measurement.

The risk adjustment for non-financial risk is determined in accordance with our internal risk model, taking Group-wide risk diversification into account. We apply a cost-of-capital method for determining the risk adjustment for non-financial risk. More specifically, we apply a cost-of-capital rate of 6% to the amount of capital required at each future reporting date on a going-concern basis, and we discount the result using the risk-free rates. The level of risk adjustment for non-financial risk used by the Company corresponds to a confidence level of approximately 90% over a one-year period. Like the present value of the cash flows, the risk adjustment for non-financial risk is reviewed at each reporting date and updated to reflect the current conditions.

Contractual service margin (building block 4)

The contractual service margin represents the unearned profit at initial recognition that is spread over the coverage period as insurance contract services are provided. If at initial recognition the present value of expected inflows exceeds the present value of expected outflows plus the risk adjustment for non-financial risk, the expected profit from the insurance cover is initially recognised as a contractual service margin and taken into account when measuring the LRC. The initial recognition of profitable groups of insurance contracts thus does not affect profit or loss. If additional profitable contracts are added to a group of insurance contracts within an annual cohort over time, the expected profit from the new business is added to the contractual service margin at initial recognition. On subsequent measurement, the change in the contractual service margin is recognised in profit or loss in the income statement as part of insurance revenue. The amount of the contractual service margin to be recognised in profit or loss for each period is determined by coverage units. These are used to determine the quantity of services provided for the in-force insurance contracts in the current reporting period in relation to the expected total insurance contract services provided over the whole of the coverage period. For all of our insurance business, we define the coverage units in such a way as to ensure that they reflect the services provided as accurately as possible. We generally use volume-based coverage units such as the sum insured or the capital at risk, which may be adjusted to reflect the specific characteristics of the insurance business concerned.

By contrast, if we expect a loss at initial recognition, we identify a corresponding portion of the present value of the expected net cash flows plus the risk adjustment for non-financial risk as a loss component. We recognise the expected loss in the consolidated income statement at initial recognition of the group of contracts or as soon as we become aware that the group of insurance contracts is onerous. When aggregating contracts into groups, we ensure that onerous groups of insurance contracts are not combined with profitable groups. At subsequent measurement, our control procedures are also designed to identify at an early stage, any groups of insurance contracts that are to be classified as onerous in terms of future coverage. A loss component will always reflect the expected loss from the insurance contract services still to be provided at a given point in time. We systematically amortise the loss component based on the remaining cash flows and the risk adjustment for non-financial risk until the end of the coverage period.

4. Summary of Significant Accounting Policies (continued)

An initially profitable group of insurance contracts within an annual cohort may become onerous on subsequent measurement. In this case, a loss component has to be recognised. Conversely, a group of insurance contracts classified as onerous can become profitable on subsequent measurement, giving rise to a contractual service margin. At the end of the coverage period, both the loss component and the contractual service margin have been completely amortised in profit or loss.

Balance sheet

Cash and cash equivalents

Cash and cash equivalents are financial instruments and are managed within the business model "hold to collect". As a result, they are measured at amortised cost or at their nominal value due to their short-term nature.

Financial investments

The Company recognises the purchase and sale of directly held financial assets as of the trade date.

Financial investments classification for the purposes of subsequent measurement is determined on the basis of the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

Financial investments are mostly used to back insurance liabilities and are managed as part of our asset-liability management on the basis of their duration and risk profile. This means that the management strategy is aimed at both collecting contractual cash flows and selling financial assets. As a result, these financial investments are managed within the business model "hold to collect and sell" and pass the SPPI test. They are measured at fair value through other comprehensive income.

Accounting policies for the comparative information pursuant to IAS 39

In the context of the initial adoption of IFRS 9, we generally make use of the option not to restate comparative information, but rather to continue to present it in accordance with IAS 39. The section below summarises the significant accounting policies for those financial instruments reported in accordance with IAS 39 in the comparative period.

Fixed-interest or non-fixed-interest securities available for sale that were not designated at fair value through profit or loss are accounted for at fair value under IAS 39, with resulting changes in value recognised in other comprehensive income with no effect on profit or loss. Unrealised gains or losses are calculated taking into account interest accrued and, after deduction of deferred taxes, are recognised directly in equity under "Other reserves".

The investment result under IAS 39 comprises regular income, income from write-ups, gains and losses on the disposal of investments, other income, write-downs of investments, management expenses, interest charges and other expenses. Regular income and expenses from investments are calculated in accordance with the effective interest method.

Under IAS 39, we assessed at each reporting date whether there was any substantial objective evidence of impairment in a financial asset or group of financial assets. As the recognition of impairments – both on the merits and in terms of amount – is based on discretionary judgment and estimates, we have established a process that guarantees that at every reporting date, all investments that might be subject to impairment are identified and tested for impairment.

IAS 39 contains a list providing objective evidence of impairment of financial assets. In the case of fixed-interest securities, the main basis for establishing impairment is an indication of substantial financial difficulty on the part of the issuer, the current market situation, or media reports on the issuer.

4. Summary of Significant Accounting Policies (continued)

Insurance contract assets

Insurance contracts issued that are recognised as assets under the accounting policies are presented separately from the liabilities at a portfolio level in the statement of financial position.

The recognition and measurement of insurance contracts issued that are assets follows the same procedure as for insurance contracts issued that are liabilities (see "Insurance contract liabilities").

Reinsurance contract assets

The recognition and measurement of reinsurance contracts held generally follows the requirements for insurance contracts issued. For details, please refer to the information in the section entitled "Insurance contracts" under "Overarching accounting policies". Significant differences to the recognition and measurement requirements for insurance contracts issued are set out below.

A group of reinsurance contracts held is recognised from the earlier of the following: the beginning of the coverage period of the group of contracts, or the date when an onerous group of underlying insurance contracts is recognised.

With respect to a group of reinsurance contracts held that provide proportionate coverage, the group is not recognised until the date on which any underlying insurance contract is recognised – if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

The estimates of future cash flows and their discounting are determined at the reporting date on the basis of current assumptions, which are in line with the assumptions we made for measuring the underlying insurance contracts issued.

We determine the risk adjustment for non-financial risk of reinsurance contracts held as the proportion of the risks that is effectively transferred to the reinsurer, with the net risk capital after retrocession serving here as the basis. We ensure in this context the best possible consistency when determining the risk adjustment for non-financial risk as regards the underlying gross business.

In contrast to insurance contracts issued, the contractual service margin for reinsurance contracts held can be positive or negative. In the case of prospective reinsurance coverage, it is necessary upon purchasing reinsurance to defer both a net gain and a net cost over the coverage period. We offset against the contractual service margin any changes in the fulfilment cash flows, provided that the changes relate to future service. However, if the changes in estimates are attributable to changes that do not adjust the contractual service margin of the group of reinsured insurance contracts, we recognise their impact on the measurement of the reinsurance contract held in profit or loss. In this way, we achieve a consistent presentation of gross business and reinsurance contracts held. We instead recognise any such changes in profit or loss. As part of subsequent measurement, the contractual service margin is spread out over the remaining coverage period on the basis of the coverage units.

In the case of retroactive reinsurance contracts held, which provide coverage against adverse development of claims after the occurrence of an insured event, we recognise the net cost of purchasing reinsurance as an expense in profit or loss. Conversely, an expected net gain is spread over the settlement period of the underlying contracts in a contractual service margin on the basis of coverage units.

If a loss is recognised for an onerous group of underlying insurance contracts, we set up a loss-recovery component. In proportion to the anticipated recoveries, we thus match the loss component of the underlying gross business recognised as an expense with a loss-recovery component recognised as income. As a consequence, effective reinsurance coverage is thus offset in the financial statements and only the effects of losses from the underlying gross business that are not covered by reinsurance are recognised in profit or loss in the respective period. Reversals of the loss-recovery component adjust the contractual service margin, provided that the reversals are not changes in the fulfilment cash flows of the group of reinsurance contracts held.

4. Summary of Significant Accounting Policies (continued)

The loss-recovery component is calculated by multiplying the recognised loss by the percentage of claims on the underlying insurance contracts that are expected to be recoverable. Upon subsequent measurement, the loss-recovery component is adjusted to reflect the changes in the underlying loss component of the underlying insurance contracts.

Insurance-related financial instruments

Insurance-related financial instruments are not utilised for asset-liability management. Instead, they are managed based on their fair value within the business model "other", meaning they are measured at fair value through profit or loss.

In particular, insurance-related financial instruments include insurance contracts that do not transfer significant insurance risk.

Other assets

Other assets include receivables from affiliates and other receivables, which relate to the run-off property and casualty business.

Deferred tax assets

Deferred tax assets are recognised in cases where asset items have to be valued lower, or liability items higher, in the statement of financial position than in the tax basis balance sheet, and these differences will be eliminated at a later date with a corresponding effect on taxable income (temporary differences). Also included are tax assets deriving from tax loss carryforwards. Deferred tax assets are recognised to the extent that, on the basis of tax result planning, it is probable that they will be utilised. Changes in tax rates and tax legislation that have already been adopted by the government at the balance sheet date are taken into account.

Deferred tax assets and deferred tax liabilities are reported on a net basis, given that they refer to the same taxable entity and the same tax authority.

Insurance contract liabilities

In the case of insurance contracts issued that are liabilities, we present the following items separately in the consolidated balance sheet: the LRC, the LIC, and other technical liabilities. The section below describes how the individual items are reported based on the various measurement models.

Liability for remaining coverage

The LRC comprises the payment obligations for insured events that have not yet occurred and for other insurance contract services that have not yet been provided. Under the GMM, the LRC is the sum of the present value of the risk-adjusted future cash flows (fulfilment cash flows – consisting of building blocks 1, 2 and 3) – and the contractual service margin (building block 4). We remeasure the estimated present value of the future cash flows and the risk adjustment for non-financial risk at each reporting date on the basis of current assumptions. In addition, we recognise the expected profit attributable to the provision of insurance coverage for a group of insurance contracts as a contractual service margin, and thus explicitly as part of the LRC. We adjust the contractual service margin for any changes in fulfilment cash flows relating to future services or establish a loss component and recognise it as an expense as soon as the contractual service margin has been depleted.

4. Summary of Significant Accounting Policies (continued)

Liability for incurred claims

The LIC comprises the payment obligations for incurred claims that have not yet been settled and for other insurance contract services already provided. It is measured by applying the first three building blocks of the GMM, i.e. by calculating the present value of the risk-adjusted future cash flows. We start by determining, based on our actuarial estimate, the requisite present value of the cash outflows expected to occur by the time the insured event has been definitively settled. The present value of the cash outflows reflects both the expected payments to the policyholder as well as our claims settlement expenses and administration costs. We add a risk adjustment for non-financial risk to the present value of the cash outflows to account for any remaining uncertainty as to the ultimate amount of claims or their payout dates.

In the context of estimates and in line with the LRC, we consider past experience and assumptions about future developments. By applying our actuarial projection methods, we ensure appropriate reserving for incurred claims on an expected value basis.

We use current discount rates when discounting future cash outflows and use the option to recognise the effect of changes in financial inputs on measurement in other comprehensive income in equity. In this context, the measurement is based on different reference interest rates, depending on the specific measurement model used. Under the GMM, current discount rates are used to determine the fulfilment cash flows.

Changes in the measurement of the LIC arising from updated actuarial estimates or updated costs are recognised in profit or loss.

Reinsurance contract liabilities

Reinsurance contracts held that are recognised as liabilities due to application of the accounting policies are presented separately from the assets at a portfolio level in the balance sheet.

The recognition and measurement of reinsurance contracts held that are liabilities follows the same procedure as for reinsurance contracts held that are assets. See “Reinsurance contract assets” above.

Other liabilities

Other liabilities include accounts payable and accruals and other payables relating to the run-off property and casualty business.

Deferred tax liabilities

Deferred tax liabilities are recognised if asset items have to be valued higher, or liabilities items lower, in the balance sheet than in the tax accounts of the reporting company, and these differences will be eliminated at a later date with a corresponding impact on taxable income (temporary differences).

Shareholder’s equity

The items authorized, issued, and fully paid shares and contributed surplus contain the amounts that the equity holders of Munich Re have paid in on shares.

Under retained earnings, we show the profits which the Company has earned and retained since inception. In addition, the adjustment amount resulting from changes in accounting policies for earlier periods not included in the financial statements is recognised in the opening balance of the retained earnings for the earliest prior period reported.

4. Summary of Significant Accounting Policies (continued)

We use the item other reserves to report unrealised gains and losses resulting from the measurement of financial investments at fair value through other comprehensive income. We also report insurance finance income or expenses for our insurance portfolio under "Other reserves". These recognise the impact of changes in discount rates.

Income Statement

Insurance service result

Insurance revenue is the consideration we are expected to receive for the insurance contract services we provide; investment components are excluded from insurance revenue. An investment component is any amount that an insurance contract requires us to repay to the policyholder in all circumstances – regardless of whether an insured event occurs, e.g. either as a claims payment or as a participation in profit. An investment component is not recognised as insurance revenue and also the repayment of this amount is recognised with no impact on profit or loss. Particularly performance-related or fixed commissions and profit commissions in reinsurance are investment components in our business, provided that we first receive the premium before such repayments are made to the policyholder. Excluding investment components from insurance revenue does not affect the insurance service result, as there are corresponding reductions in the insurance service expenses.

The insurance service expenses comprise claims expenses in particular (without repayment of any investment components).

Within the insurance service result, income or expenses from reinsurance contracts held are presented separately.

Result from insurance-related financial instruments

The result from insurance-related financial instruments includes regular income and expenses and changes in the fair value of financial instruments associated with insurance contracts that do not transfer significant insurance risk.

Net investment income (expense)

The investment result comprises of regular income and expenses, gains and losses on the disposal of investments, other income, expected credit losses on financial investments not measured at fair value through profit or loss, management expenses, interest charges, and other expenses. Regular income and expenses from financial investments not measured at fair value through profit or loss are calculated using the effective interest method with impact on profit or loss.

Insurance finance income or expenses

Insurance finance income or expenses include the effect from the accretion of interest on the present value of the net cash flows, the risk adjustment for non-financial risk, and the contractual service margin. Conversely, we recognise the impact of changes in interest rates in other comprehensive income in equity for our insurance portfolio.

Other operating income (expense)

Other operating income (expense) is primarily non-attributable IFRS 17 expenses.

(Expressed in Thousands of US Dollars)

5. Fair Value Hierarchy

All assets and liabilities measured at fair value, or not measured at fair value in the balance sheet but for which a fair value has to be disclosed in the notes, are allocated to one of the fair value hierarchy levels set out in IFRS 13. Information on the criteria for allocation to the individual levels of the fair value hierarchy can be found in the section entitled “Fair value” under “Overarching accounting policies” in Note 4.

The fair value of the financial investments is based on established valuation techniques in line with the present value principle and taking observable and, in some cases, unobservable market inputs into account.

The insurance-related financial instruments do not transfer significant insurance risk and are allocated to Level 3 of the fair value hierarchy, as unobservable market inputs are used in their valuation. Generally, the unobservable inputs are developed using the best information available in the circumstances, taking into account all information about market participant assumptions that is reasonably available.

In the following table, we present the fair values of our assets at the reporting date for each level of the fair value hierarchy.

Allocation of assets to levels of the fair value hierarchy

				12.31.2023
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	11,584	-	-	11,584
Financial investments	-	132,616	-	132,616
Insurance-related financial instruments	-	-	64,477	64,477
Total	**11,584**	**132,616**	**64,477**	**208,677**

				12.31.2022
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	16,427	-	-	16,427
Financial investments	-	108,062	-	108,062
Insurance-related financial instruments[1]	N/A	N/A	N/A	N/A
Total	**16,427**	**108,062**	**-**	**124,309**

[1] As the transition to IFRS 9 was not effective until January 1, 2023, previous year values for insurance-related financial instruments are not applicable.

Regularly, at the beginning of each reporting date, we assess whether the allocation of our assets and liabilities to the levels of the fair value hierarchy is still appropriate. If changes in the basis of valuation have occurred – for instance, if a market is no longer active or the valuation was performed using inputs requiring a different allocation – we make the necessary adjustments.

No transfers between the levels of the fair value hierarchy were carried out in the current or previous reporting periods.

(Expressed in Thousands of US Dollars)

5. Fair Value Hierarchy (continued)

The following table shows a reconciliation of the fair values of assets and liabilities allocated to Level 3 broken down by class. As the transition to IFRS 9 was not effective until January 1, 2023, previous year values are not applicable.

Insurance-related financial instruments

	12.31.2023	12.31.2022
Fair value at January 1[1]	**94,275**	**N/A**
Gains recognised in profit or loss	3,539	N/A
Additions	4	N/A
Disposals	(8,341)	N/A
Redemptions	(25,000)	N/A
Fair value at December 31	**64,477**	**N/A**

[1] Represents IFRS 9 transition at January 1, 2023.

Changes in fair value recognised in the statement of profit or loss for assets allocated to Level 3 of the fair value hierarchy are presented in the result from insurance-related financial instruments.

Sensitivity of unobservable inputs used to measure fair value

The values of the unobservable inputs at the reporting date can be derived using a range of reasonably possible alternatives that we determine based on management judgment. The values we select for such unobservable inputs used to measure fair value are reasonable and commensurate with the prevailing market conditions and the respective measurement approach. This includes but is not limited to risk compensation and return expectations, as well as actuarial inputs underlying the projected cash flows (e.g. biometric data and assumptions).

Insurance-related financial instruments are comprised of contracts that do not transfer significant insurance risk. Due to experience refund and loss carrying features in these contracts, even if demographic assumptions were to deviate, the resulting changes in the fair value of the insurance-related financial instruments would be immaterial in the majority of scenarios, as these contracts do not transfer significant insurance risk. It should also be noted that the disclosures are neither a prediction nor an indication of future changes in fair value.

6. Cash and Cash Equivalents

Cash and cash equivalents are financial instruments and are managed within the business model “hold to collect”. As a result, they are measured at amortised cost or at their nominal value due to their short-term nature.

(Expressed in Thousands of US Dollars)

7. Financial Investments

Our financial investments are generally managed on the basis of their asset class as defined by our Asset Liability Management unit. For explanatory purposes, financial investments are divided into three classes – those subject to equity risk, those subject to interest-rate and credit risk, and alternative investments. The Company only invests in those subject to interest-rate and credit risk.

The following table provides an overview of the product groups that come under financial investments.

Breakdown of financial investments

	12.31.2023	12.31.2022
US government	132,616	108,062
Total	**132,616**	**108,062**

Approximately 65% of the fixed-interest securities are US treasury notes and the remaining 35% are US treasury bills. The proportion of the instruments shown above that have a lifetime of less than one year amounted to $106,994 (2022: $4,646).

Of the $1,661 (2022: $5,881) in unrealised losses, $1,310 (2022: $4,646) has been recognised in equity (other reserves) after deduction of deferred taxes and expected credit losses of $3 (2022: $0).

No impairments were recognised in the investment portfolio in 2023 or 2022.

(Expressed in Thousands of US Dollars)

8. Reinsurance Contracts Held

We measure our reinsurance contracts held in accordance with the GMM.

The following table presents the changes during the financial year, broken down by asset components, for reinsurance contracts held that are measured using the GMM.

Development of reinsurance contracts held, broken down by asset components

				12.31.2023
	Assets for remaining coverage		Assets for the recovery of incurred claims	Total
	Excl. loss-recovery component	Loss-recovery component		
Carrying amount at January 1 (net)				
Carrying amount at January 1 – Insurance portfolios that are assets	3,190	-	-	3,190
Carrying amount at January 1 – Insurance portfolios that are liabilities	(45,245)	-	4,256	(40,989)
	(42,055)	**-**	**4,256**	**(37,799)**
Insurance service result				
Insurance revenue ceded				
Expected recoveries of claims and other expenses in the reporting period	(16,462)	-	-	(16,462)
Expected reversal of risk adjustment in the reporting period	(2,048)	-	-	(2,048)
Net cost/gain for the service received in the reporting period	(30,531)	-	-	(30,531)
Experience adjustments for premiums and related cash flows	(23,670)	-	-	(23,670)
	(72,711)	**-**	**-**	**(72,711)**
Income from reinsurance contracts held for claims incurred				
Claims and other expenses reimbursed by reinsurers	-	-	(35)	(35)
Changes that relate to past service	-	-	(68)	(68)
	-	**-**	**(103)**	**(103)**
Subtotal	**(72,711)**	**-**	**(103)**	**(72,814)**
Insurance finance income or expenses from reinsurance contracts held				
Accretion of interest	(1,273)	-	54	(1,219)
	(1,273)	**-**	**54**	**(1,219)**
Changes recognised in other comprehensive income				
Effects from changes in market variables	(12,388)	-	106	(12,282)
	(12,388)	**-**	**106**	**(12,282)**
Cash flows				
Premiums paid	71,713	-	-	71,713
Reimbursements received for claims and other expenses	-	-	(1,985)	(1,985)
	71,713	**-**	**(1,985)**	**69,728**
Carrying amount at December 31 (net)				
Carrying amount at December 31 – Insurance portfolios that are assets	4,115	-	-	4,115
Carrying amount at December 31 – Insurance portfolios that are liabilities	(60,829)	-	2,328	(58,501)
	(56,714)	**-**	**2,328**	**(54,386)**

(Expressed in Thousands of US Dollars)

8. Reinsurance Contracts Held (continued)

				12.31.2022
	Assets for remaining coverage		Assets for the recovery of incurred claims	Total
	Excl. loss-recovery component	Loss-recovery component		
Carrying amount at January 1 (net)				
Carrying amount at January 1 – Insurance portfolios that are assets	-	-	-	-
Carrying amount at January 1 – Insurance portfolios that are liabilities	(111,170)	-	-	(111,170)
	(111,170)	**-**	**-**	**(111,170)**
Insurance service result				
Insurance revenue ceded				
Expected recoveries of claims and other expenses in the reporting period	(13,347)	-	-	(13,347)
Expected reversal of risk adjustment in the reporting period	(1,564)	-	-	(1,564)
Net cost/gain for the service received in the reporting period	(23,785)	-	-	(23,785)
Experience adjustments for premiums and related cash flows	7,635	-	-	7,635
	(31,061)	**-**	**-**	**(31,061)**
Income from reinsurance contracts held for claims incurred				
Claims and other expenses reimbursed by reinsurers	-	-	9,104	9,104
Changes that relate to past service	-	-	(454)	(454)
	-	**-**	**8,650**	**8,650**
Subtotal	**(31,061)**	**-**	**8,650**	**(22,411)**
Insurance finance income or expenses from reinsurance contracts held				
Accretion of interest	(332)	-	-	(332)
	(332)	**-**	**-**	**(332)**
Changes recognised in other comprehensive income				
Effects from changes in market variables	76,860	-	(193)	76,667
	76,860	**-**	**(193)**	**76,667**
Cash flows				
Premiums paid	23,648	-	-	23,648
Reimbursements received for claims and other expenses	-	-	(4,201)	(4,201)
	23,648	**-**	**(4,201)**	**19,447**
Carrying amount at December 31 (net)				
Carrying amount at December 31 – Insurance portfolios that are assets	3,190	-	-	3,190
Carrying amount at December 31 – Insurance portfolios that are liabilities	(45,245)	-	4,256	(40,989)
	(42,055)	**-**	**4,256**	**(37,799)**

(Expressed in Thousands of US Dollars)

8. Reinsurance Contracts Held (continued)

The table below presents the changes in the measurement components of reinsurance contracts held in the financial year. The reconciliation of reinsurance contracts held, broken down by measurement components, reveals which changes in the present values of expected net cash flows, including the risk adjustment for non-financial risk, occurred during the year and how these changes affected the net cost/gain. The measurement components include elements of reinsurance contracts held that are measured using the GMM.

Development of reinsurance contracts held, broken down by measurement components

				12.31.2023
	Present value of expected net cash flows	Risk adjustment	Net cost/gain	Total
Carrying amount at January 1 (net)				
Carrying amount at January 1 – Insurance portfolios that are assets	(38,616)	-	41,806	3,190
Carrying amount at January 1 – Insurance portfolios that are liabilities	(296,179)	34,668	220,522	(40,989)
	(334,795)	**34,668**	**262,328**	**(37,799)**
Insurance service result				
Changes that relate to service provided in the reporting period				
Net cost/gain for service in the reporting period	-	-	(30,531)	(30,531)
Change in risk adjustment	-	(2,053)	-	(2,053)
Experience adjustments	(40,162)	-	-	(40,162)
	(40,162)	**(2,053)**	**(30,531)**	**(72,746)**
Changes that relate to future service				
Effects of contracts initially recognised in the period	(36,197)	1,575	34,622	-
Changes in estimates leading to adjustments to net cost/gain	(125,905)	20,910	104,995	-
	(162,102)	**22,485**	**139,617**	**-**
Changes that relate to past service				
Changes in the present value of expected net cash flows in relation to claims incurred	(68)	-	-	(68)
	(68)	**-**	**-**	**(68)**
Subtotal	**(202,332)**	**20,432**	**109,086**	**(72,814)**
Insurance finance income or expenses from reinsurance contracts held				
Accretion of interest	(6,685)	775	4,691	(1,219)
	(6,685)	**775**	**4,691**	**(1,219)**
Changes recognised in other comprehensive income				
Effects from changes in market variables	(3,375)	(8,907)	-	(12,282)
	(3,375)	**(8,907)**	**-**	**(12,282)**
Cash flows				
Premiums paid	71,713	-	-	71,713
Reimbursements received for claims and other expenses	(1,985)	-	-	(1,985)
	69,728	**-**	**-**	**69,728**
Carrying amount at December 31 (net)				
Carrying amount at December 31 – Insurance portfolios that are assets	(32,545)	-	36,660	4,115
Carrying amount at December 31 – Insurance portfolios that are liabilities	(444,914)	46,968	339,445	(58,501)
	(477,459)	**46,968**	**376,105**	**(54,386)**

(Expressed in Thousands of US Dollars)

8. Reinsurance Contracts Held (continued)

				12.31.2022
	Present value of expected net cash flows	**Risk adjustment**	**Net cost/gain**	**Total**
Carrying amount at January 1 (net)				
Carrying amount at January 1 – Insurance portfolios that are assets	-	-	-	-
Carrying amount at January 1– Insurance portfolios that are liabilities	(249,668)	39,771	98,727	(111,170)
	(249,668)	**39,771**	**98,727**	**(111,170)**
Insurance service result				
Changes that relate to service provided in the reporting period				
Net cost/gain for service in the reporting period	-	-	(23,785)	(23,785)
Change in risk adjustment	-	(1,564)	-	(1,564)
Experience adjustments	3,392	-	-	3,392
	3,392	**(1,564)**	**(23,785)**	**(21,957)**
Changes that relate to future service				
Effects of contracts initially recognised in the period	(78,748)	3,200	75,548	-
Changes in estimates leading to adjustments to net cost/gain	(125,794)	15,016	110,778	-
	(204,542)	**18,216**	**186,326**	**-**
Changes that relate to past service				
Changes in the present value of expected net cash flows in relation to claims incurred	(465)	11	-	(454)
	(465)	**11**	**-**	**(454)**
Subtotal	**(201,615)**	**16,663**	**162,541**	**(22,411)**
Insurance finance income or expenses from reinsurance contracts held				
Accretion of interest	(1,602)	210	1,060	(332)
	(1,602)	**210**	**1,060**	**(332)**
Changes recognised in other comprehensive income				
Effects from changes in market variables	98,643	(21,976)	-	76,667
	98,643	**(21,976)**	**-**	**76,667**
Cash flows				
Premiums paid	23,648	-	-	23,648
Reimbursements received for claims and other expenses	(4,201)	-	-	(4,201)
	19,447	**-**	**-**	**19,447**
Carrying amount at December 31 (net)				
Carrying amount at December 31 – Insurance portfolios that are assets	(38,616)	-	41,806	3,190
Carrying amount at December 31 – Insurance portfolios that are liabilities	(296,179)	34,668	220,522	(40,989)
	(334,795)	**34,668**	**262,328**	**(37,799)**

Changes that relate to service in the reporting period reflect changes in the respective measurement components, which are recognised in profit or loss. Changes in the measurement components relating to insurance service in future reporting periods are offset against the contractual service margin, unless they result from changes in estimates for underlying contracts recognised in profit or loss.

(Expressed in Thousands of US Dollars)

8. Reinsurance Contracts Held (continued)

Concluded and acquired reinsurance contracts held, initially recognised in the financial year and measured using the GMM, are broken down as follows:

Reinsurance contracts held – Contracts initially recognised in the financial year

			12.31.2023
	Reinsurance contracts held (issued)	**Reinsurance contracts held (acquired)**	**Total**
Estimated present value of future cash outflows and inflows			
Estimated present value of future cash outflows	(73,499)	-	(73,499)
Estimated present value of future cash inflows	37,302	-	37,302
	(36,197)	**-**	**(36,197)**
Risk adjustment	1,575	-	1,575
Net cost/gain	34,622	-	34,622
Total	-	-	-

			12.31.2022
	Reinsurance contracts held (issued)	**Reinsurance contracts held (acquired)**	**Total**
Estimated present value of future cash outflows and inflows			
Estimated present value of future cash outflows	(161,875)	-	(161,875)
Estimated present value of future cash inflows	83,127	-	83,127
	(78,748)	**-**	**(78,748)**
Risk adjustment	3,200	-	3,200
Net cost/gain	75,548	-	75,548
Total	-	-	-

(Expressed in Thousands of US Dollars)

8. Reinsurance Contracts Held (continued)

The following table presents our forecast of the recognition in profit or loss of the net cost/gain for reinsurance contracts held that are measured using the GMM.

Forecast of the recognition in profit or loss of the net cost/gain for reinsurance contracts held for the financial year

	12.31.2023	12.31.2022
Carrying amount at December 31– Net cost/gain	**376,105**	**262,328**
Expected amounts recognised in profit or loss		
Year 1 change	18,336	15,130
Year 2 change	17,463	14,298
Year 3 change	16,524	13,223
Year 4 change	15,523	12,243
Year 5 change	14,664	11,331
Year 6 change	13,550	10,439
Year 7 change	12,814	9,778
Year 8 change	12,186	9,099
Year 9 change	11,398	8,435
Year 10 change	10,650	7,743
Year 11 and subsequent change	232,997	150,609

The following table presents the effects on the contractual service margin resulting from the initial measurement of reinsurance contracts held that were measured at the transition date applying the fair value approach.

Breakdown of insurance revenue ceded and reconciliation of net cost/gains by using the fair value approach

	12.31.2023	12.31.2022
Insurance revenue ceded	**(72,711)**	**(31,061)**
Carrying amount at January 1 – Net cost/gain	**262,328**	**98,727**
Net cost/gain for service in the reporting period	(30,531)	(23,785)
Changes in estimates leading to adjustments to net cost/gain	104,995	110,778
Effects of contracts initially recognised in the period	34,622	75,548
Insurance finance income or expenses	4,691	1,060
Carrying amount at December 31 – Net cost/gain	**376,105**	**262,328**

(Expressed in Thousands of US Dollars)

9. Insurance-related Financial Instruments

Breakdown of insurance-related financial instruments

	12.31.2023	12.31.2022
Insurance contracts that do not transfer significant insurance risk	64,477	N/A
Total	**64,477**	**N/A**

Insurance-related financial instruments are instruments that are directly linked to insurance business. Insurance contracts that do not transfer significant insurance risk are presented in the insurance-related financial assets as they do not fall within the scope of IFRS 17. As the transition to IFRS 9 was not effective until January 1, 2023, previous year values are not applicable.

As of December 31, 2023, the Company also recognised $459,464 (2022: $393,300) as a deposit asset, which is equal to a deposit liability of $459,464 (2022: $393,300). The balances are presented net due to legal right of offset.

(Expressed in Thousands of US Dollars)

10. Insurance Contracts Issued

We measure our insurance contracts issued in accordance with the GMM.

The table below shows the changes in carrying amounts of the insurance contracts issued in the past financial year, broken down by liability component:

Changes in insurance contracts issued by liability component

				12.31.2023
	Liability for remaining coverage		Liability for incurred claims	Total
	excluding loss component	Loss component		
Carrying amount at January 1 (net)				
Carrying amount at January 1 – Insurance portfolios that are assets	659,977	-	(166,003)	493,974
Carrying amount at January 1 – Insurance portfolios that are liabilities	69,154	-	(77,427)	(8,273)
	729,131	**-**	**(243,430)**	**485,701**
Insurance service result				
Insurance revenue				
Expected claims incurred and other expenses in the reporting period	548,271	-	-	548,271
Expected reversal of risk adjustment in the reporting period	19,840	-	-	19,840
Contractual service margin for services provided in the reporting period	109,549	-	-	109,549
Experience adjustments for premium receipts and related cash flows	(13,853)	-	-	(13,853)
	663,807	**-**	**-**	**663,807**
Insurance service expenses				
Claims and other insurance service expenses	-	-	(564,670)	(564,670)
Changes that relate to past service	-	-	38,343	38,343
	-	**-**	**(526,327)**	**(526,327)**
Subtotal	**663,807**	**-**	**(526,327)**	**137,480**
Investment components	**131,182**	**-**	**(131,182)**	**-**
Insurance finance income or expenses from insurance contracts issued				
Accretion of interest	15,214	-	(3,653)	11,561
	15,214	**-**	**(3,653)**	**11,561**
Changes presented in other comprehensive income				
Effects from changes in market variables	1,135	-	(5,279)	(4,144)
	1,135	**-**	**(5,279)**	**(4,144)**
Cash flows				
Premiums received	(680,807)	-	-	(680,807)
Claims and other insurance service expenses	-	-	668,982	668,982
	(680,807)	**-**	**668,982**	**(11,825)**
Carrying amount at December 31 (net)				
Carrying amount at December 31 – Insurance portfolios that are assets	859,662		(240,889)	618,773
Carrying amount at December 31 – Insurance portfolios that are liabilities	-	-	-	-
	859,662	**-**	**(240,889)**	**618,773**

(Expressed in Thousands of US Dollars)

10. Insurance Contracts Issued (continued)

				12.31.2022
	Liability for remaining coverage		Liability for incurred claims	Total
	excluding loss component	Loss component		
Carrying amount at January 1 (net)				
Carrying amount at January 1 – Insurance portfolios that are assets	1,111,860	-	(212,876)	898,984
Carrying amount at January 1 – Insurance portfolios that are liabilities	-	-	-	-
	1,111,860	**-**	**(212,876)**	**898,984**
Insurance service result				
Insurance revenue				
Expected claims incurred and other expenses in the reporting period	530,484	-	-	530,484
Expected reversal of risk adjustment in the reporting period	18,297	-	-	18,297
Contractual service margin for services provided in the reporting period	78,027	-	-	78,027
Experience adjustments for premium receipts and related cash flows	17,436	-	-	17,436
	644,244	**-**	**-**	**644,244**
Insurance service expenses				
Claims and other insurance service expenses	-	-	(526,621)	(526,621)
Changes that relate to past service	-	-	(19,906)	(19,906)
	-	**-**	**(546,527)**	**(546,527)**
Subtotal	**644,244**	**-**	**(546,527)**	**97,717**
Investment components	**118,757**	**-**	**(118,757)**	**-**
Insurance finance income or expenses from insurance contracts issued				
Accretion of interest	2,539	-	(936)	1,603
	2,539	**-**	**(936)**	**1,603**
Changes presented in other comprehensive income				
Effects from changes in market variables	(579,751)	-	10,534	(569,217)
	(579,751)	**-**	**10,534**	**(569,217)**
Cash flows				
Premiums received	(568,518)	-	-	(568,518)
Claims and other insurance service expenses	-	-	625,132	625,132
	(568,518)	**-**	**625,132**	**56,614**
Carrying amount at December 31 (net)				
Carrying amount at December 31 – Insurance portfolios that are assets	659,977	-	(166,003)	493,974
Carrying amount at December 31 – Insurance portfolios that are liabilities	69,154	-	(77,427)	(8,273)
	729,131	**-**	**(243,430)**	**485,701**

The LIC contains both individual claim reserves and reserves for claims incurred but not yet reported. The average duration of the LIC is mostly short.

For our contract portfolios, we exercise the option to recognise the effect of changes in interest rates on the measurement of insurance items directly in equity.

(Expressed in Thousands of US Dollars)

10. Insurance Contracts Issued (continued)

The table below shows how the measurement components that make up the LRC and LIC changed during the financial year:

Changes in insurance contracts issued by measurement component

				12.31.2023
	Present value of expected net cash flows	Risk adjustment	Contractual service margin	Total
Carrying amount at January 1 (net)				
Carrying amount at January 1 – Insurance portfolios that are assets	1,972,055	(258,590)	(1,219,491)	493,974
Carrying amount at January 1 – Insurance portfolios that are liabilities	14,359	(1,266)	(21,366)	(8,273)
	1,986,414	**(259,856)**	**(1,240,857)**	**485,701**
Insurance service result				
Changes that relate to service provided in the reporting period				
Contractual service margin for services provided in the reporting period	-	-	109,549	109,549
Change in risk adjustment	-	19,742	-	19,742
Experience adjustments	(30,351)	-	-	(30,351)
	(30,351)	**19,742**	**109,549**	**98,940**
Changes that relate to future service				
Effects of contracts initially recognised in the period	328,397	(57,998)	(270,399)	-
Changes in estimates adjusting the contractual service margin	234,807	(27,796)	(207,011)	-
	563,204	**(85,794)**	**(477,410)**	**-**
Changes that relate to past service				
Changes in fair values of expected net cash flows in relation to losses incurred	38,343	197	-	38,540
	38,343	**197**	**-**	**38,540**
Subtotal	**571,196**	**(65,855)**	**(367,861)**	**137,480**
Insurance finance income or expenses				
Accretion of interest	52,476	(8,399)	(32,516)	11,561
	52,476	**(8,399)**	**(32,516)**	**11,561**
Changes presented in other comprehensive income				
Effects from changes in market variables	(30,457)	26,313	-	(4,144)
	(30,457)	**26,313**	**-**	**(4,144)**
Cash flows				
Premiums received	(680,807)	-	-	(680,807)
Claims and other insurance service expenses	668,982	-	-	668,982
	(11,825)	**-**	**-**	**(11,825)**
Carrying amount at December 31 (net)				
Carrying amount at December 31 – Insurance portfolios that are assets	2,567,804	(307,797)	(1,641,234)	618,773
Carrying amount at December 31 – Insurance portfolios that are liabilities	-	-	-	-
	2,567,804	**(307,797)**	**(1,641,234)**	**618,773**

(Expressed in Thousands of US Dollars)

10. Insurance Contracts Issued (continued)

				12.31.2022
	Present value of expected net cash flows	Risk adjustment	Contractual service margin	Total
Carrying amount at January 1 (net)				
Carrying amount at January 1 – Insurance portfolios that are assets	1,933,270	(296,499)	(737,787)	898,984
Carrying amount at January 1 – Insurance portfolios that are liabilities	-	-	-	-
	1,933,270	**(296,499)**	**(737,787)**	**898,984**
Insurance service result				
Changes that relate to service provided in the reporting period				
Contractual service margin for services provided in the reporting period	-	-	78,027	78,027
Change in risk adjustment for non-financial risk	-	18,232	-	18,232
Experience adjustments	21,337	-	-	21,337
	21,337	**18,232**	**78,027**	**117,596**
Changes that relate to future service				
Effects of contracts initially recognised in the period	692,988	(123,127)	(569,861)	-
Changes in estimates adjusting the contractual service margin	(13,473)	14,709	(1,236)	-
	679,515	**(108,418)**	**(571,097)**	**-**
Changes that relate to past service				
Changes in fair values of expected net cash flows in relation to losses incurred	(19,906)	27	-	(19,879)
	(19,906)	**27**	**-**	**(19,879)**
Subtotal	**680,946**	**(90,159)**	**(493,070)**	**97,717**
Insurance finance income or expenses from insurance contracts issued				
Accretion of interest	14,314	(2,711)	(10,000)	1,603
	14,314	**(2,711)**	**(10,000)**	**1,603**
Changes presented in other comprehensive income				
Effects from changes in market variables	(698,730)	129,513	-	(569,217)
	(698,730)	**129,513**	**-**	**(569,217)**
Cash flows				
Premiums received	(568,518)	-	-	(568,518)
Claims and other insurance service expenses	625,132	-	-	625,132
	56,614	**-**	**-**	**56,614**
Carrying amount at December 31 (net)				
Closing balance at December 31 – Insurance portfolios that are assets	1,972,055	(258,590)	(1,219,491)	493,974
Closing balance at December 31 – Insurance portfolios that are liabilities	14,359	(1,266)	(21,366)	(8,273)
	1,986,414	**(259,856)**	**(1,240,857)**	**485,701**

We adjusted the contractual service margin to reflect changes in estimates relating to insurance services in future reporting periods. This was mainly attributable to model and assumption changes as well as regular data updates.

All changes in the LIC that relate to claims incurred in prior periods affect primarily the present value of expected net cash flows; they are recognised immediately through profit or loss.

(Expressed in Thousands of US Dollars)

10. Insurance contracts issued (continued)

The underwritten or acquired insurance contracts issued and recognised in the financial year for the first time and measured under the GMM had the following amounts:

Insurance contracts issued, recognised in the financial year for the first time

					12.31.2023
	Insurance contracts issued		Insurance contracts acquired		Total
	Non-onerous	Onerous	Non-onerous	Onerous	
Estimated present value of future cash inflows and outflows					
Estimated present value of future cash inflows	1,895,897	-	-	-	1,895,897
Estimated present value of future cash outflows					
Expected future claims, expenses and investment components	(1,567,500)	-	-	-	(1,567,500)
	328,397	**-**	**-**	**-**	**328,397**
Risk adjustment	(57,998)	-	-	-	(57,998)
Contractual service margin	(270,399)	-	-	-	(270,399)
Total	**-**	**-**	**-**	**-**	**-**

					12.31.2022
	Insurance contracts issued		Insurance contracts acquired		Total
	Non-onerous	Onerous	Non-onerous	Onerous	
Estimated present value of future cash inflows and outflows					
Estimated present value of future cash inflows	4,005,438	-	-	-	4,005,438
Estimated present value of future cash outflows					
Expected future claims, expenses and investment components	(3,312,450)	-	-	-	(3,312,450)
	692,988	**-**	**-**	**-**	**692,988**
Risk adjustment	(123,127)	-	-	-	(123,127)
Contractual service margin	(569,861)	-	-	-	(569,861)
Total	**-**	**-**	**-**	**-**	**-**

(Expressed in Thousands of US Dollars)

10. Insurance contracts issued (continued)

The table below shows our forecast of the recognition in profit or loss of the contractual service margin for insurance contracts issued that are measured under the GMM. The recognition of the contractual service margin in profit or loss will influence the amount of insurance revenue, and thus the insurance service result and the amount of the LRC, in subsequent reporting periods.

Forecast of the recognition of the contractual service margin in profit or loss

	12.31.2023	12.31.2022
Carrying amount at December 31 - Contractual service margin	**(1,641,234)**	**(1,240,857)**
Expected amounts recognised in profit or loss		
Year 1 change	(108,640)	(88,497)
Year 2 change	(87,861)	(80,928)
Year 3 change	(81,808)	(64,499)
Year 4 change	(76,860)	(59,322)
Year 5 change	(72,293)	(55,725)
Year 6 change	(66,333)	(51,740)
Year 7 change	(62,210)	(48,387)
Year 8 change	(58,872)	(45,187)
Year 9 change	(54,843)	(42,463)
Year 10 change	(50,939)	(39,036)
Year 11 and subsequent change	(920,575)	(665,073)

The effects of the measurement of insurance contracts issued, which were measured at the transition date by applying the fair value approach to the contractual service margin, are presented in the table below:

Breakdown of insurance revenue and reconciliation of the contractual service margin using the fair value approach

	12.31.2023	12.31.2022
Insurance revenue ceded	**663,807**	**644,244**
Carrying amount at January 1 – Contractual service margin	**(1,240,857)**	**(737,787)**
Contractual service margin for services provided in the reporting period	109,549	78,027
Changes in estimates adjusting the contractual service margin	(207,011)	(1,236)
Effects of contracts initially recognised in the period	(270,399)	(569,861)
Insurance finance income or expenses	(32,516)	(10,000)
Carrying amount at December 31 - Contractual service margin	**(1,641,234)**	**(1,240,857)**

(Expressed in Thousands of US Dollars)

11. Other Assets

Breakdown of other assets

	12.31.2023	12.31.2022
Receivables from affiliates	924	1,323
Other receivables	2,123	2,157
Total	**3,047**	**3,480**

The other receivables balance relates to the property and casualty business.

12. Other Liabilities

Breakdown of other liabilities

	12.31.2023	12.31.2022
Accounts payable and accruals	5,452	3,075
Other payables	2,120	2,155
Total	**7,572**	**5,230**

Accounts payable and accruals with a remaining term of less than one year are $4,055 (2022: $1,441) and all other payables relate to the property and casualty business, which is in run-off.

13. Shareholder’s Equity

The Company has issued 370,000 (2022: 370,000) common shares at $0.001 each, which are fully paid.

Under retained earnings, we show the profits which the Company has earned and retained since inception. In addition, the adjustment amount resulting from changes in accounting policies for earlier periods not included in the consolidated financial statements is recognised in the opening balance of the retained earnings for the earliest period reported.

We use the item “Other reserves” to report unrealised gains and losses resulting from the measurement of financial investments at fair value through other comprehensive income.

Contributed surplus represents amounts contributed by the common shareholder in addition to the subscription to the issued share capital. In 2023, the Company declared a dividend in the amount of $450,000 (2022: $0) and received $450,000 (2022: $0) in capital contributions from the Parent.

(Expressed in Thousands of US Dollars)

14. Insurance Revenue

Insurance revenue

	12.31.2023	12.31.2022
Insurance revenue from insurance contracts issued		
Expected claims incurred and other expenses in the reporting period	548,271	530,484
Expected reversal of risk adjustment for non-financial risk for the reporting period	19,840	18,297
Contractual service margin for services provided in the reporting period	109,549	78,027
Experience adjustments for premium receipts and related cash flows	(13,853)	17,436
	663,807	**644,244**
Insurance revenue ceded from reinsurance contracts held	**(72,711)**	**(31,061)**

Insurance contracts issued are measured exclusively using the GMM.

Insurance revenue from insurance contracts issued corresponds to the reversal of the LRC to reflect the services we provided during the reporting period.

Insurance revenue ceded comprises the share of the premium which is offset against the expected recoveries of claims and other expenses, as well as the expected reversal of the risk adjustment for non-financial risk and the expected recognition in profit or loss of the contractual service margin in the reporting period.

15. Insurance Service Expenses and Income from Reinsurance Contracts Held

Insurance service expenses

	12.31.2023	12.31.2022
Insurance service expenses from insurance contracts issued		
Claims expenses	(556,196)	(518,789)
Changes from underlying items	99	(39)
Administration expenses	(8,573)	(7,793)
Other insurance service income (expenses)	38,343	(19,906)
	(526,327)	**(546,527)**
(Expenses) Income from reinsurance contracts held	**(103)**	**8,650**

16. Result from Insurance-related Financial Instruments

Result from insurance-related financial instruments

	12.31.2023	12.31.2022
Result from contracts that do not transfer significant insurance risk	43,534	30,881
Expense for management of insurance-related financial instruments	(1,010)	(684)
Total	**42,524**	**30,197**

(Expressed in Thousands of US Dollars)

17. Investment Result

Investment result by type of investment

	12.31.2023	12.31.2022
Result from financial investments	410	1,688
Expenses for the management of investments and other expenses	(204)	(208)
Total	**206**	**1,480**

18. Insurance Finance Income or Expenses

Insurance finance income or expenses comprise insurance finance income or expenses from insurance contracts issued and insurance finance income or expenses from reinsurance contracts held.

Insurance finance income or expenses

	12.31.2023	12.31.2022
Insurance finance income from insurance contracts issued		
Accrued interest from insurance contracts issued	11,561	1,603
Insurance finance expense from reinsurance contracts held		
Accrued interest expense from reinsurance contracts held	(1,219)	(332)
Total	**10,342**	**1,271**

Insurance finance income from insurance contracts issued amounted to $11,561 (2022: $1,603), all of which was attributable to accrued interest. The effects from changes in interest rates are recognised in equity for the majority of our insurance portfolios (see section "Summary of Significant Accounting Policies" in Note 4).

Insurance finance expense from reinsurance contracts held in this financial year amounted to $(1,219) (2022: $(332)), all of which was attributable to accrued interest.

19. Other Operating Income and Expenses

Other operating income and expenses

	12.31.2023	12.31.2022
Other operating income	**52**	**-**
Thereof:		
Interest and similar income	52	-
Other operating expenses	**(1,785)**	**(213)**
Thereof:		
Other non-underwriting expenses	(1,360)	-
Administrative expenses	(425)	(213)

Other operating income was comprised of $52 (2022: $0) from interest income.

Other non-underwriting expenses of $1,360 (2022: $0) relate to non-attributable IFRS 17 expenses.

Administrative expenses included expenses of $312 ($2022: $117) that pertain to Company general and administrative expenses and expenses of $113 (2022: $96) related to the run-off property and casualty business.

(Expressed in Thousands of US Dollars)

20. Taxes on Income

Currently the Company is not required to pay any taxes in Bermuda on profits or income or capital gains. In 2023, Bermuda enacted new tax legislation at a tax rate of 15% for companies doing business in Bermuda. The new tax legislation is effective for tax years beginning in 2025. The Company is subject to the new Bermuda tax legislation, which allows for foreign taxes paid (US) against the new Bermuda income tax rate of 15%.

The Company has made an irrevocable election under Section 953(d) of the United States Internal Revenue Code of 1986, as amended, to treat the Company as a domestic insurance company for United States federal income tax purposes. As a result of the "domestic election", the Company is subject to US taxation on its worldwide income as if it were a US corporation. The Company joins with the Ultimate Parent and its affiliates in filing a consolidated US income tax return. The consolidated companies have executed a tax allocation agreement. Under this agreement, the US income tax provision has been determined substantially on the basis of a separate return computation.

Total income tax expense attributable to loss from continuing operations for the years ended December 31, 2023 and 2022 consist of:

Total income tax expense attributable to income from continuing operations

			12.31.2023			12.31.2022
	Current	Deferred	Total	Current	Deferred	Total
Federal income tax benefit/(expense)	-	(24,840)	(24,840)	82	(23,137)	(23,055)
Total federal and foreign income tax benefit/(expense)	**-**	**(24,840)**	**(24,840)**	**82**	**(23,137)**	**(23,055)**

The table below shows the reconciliation between the expected taxes on income and the tax on income actually shown. The expected tax expenses are calculated by multiplying the consolidated result before taxes on income (after "other tax") by the federal statutory income tax rate. The Company's federal statutory rate for the years ended December 31, 2023 and 2022, was 21%.

Federal income tax expense

	12.31.2023	12.31.2022
Income before tax	116,005	108,041
Income tax rate	21%	21%
Tax expense at federal statutory income tax rate	**(24,361)**	**(22,689)**
Tax effect of		
Prior period adjustment	(236)	(366)
Valuation allowance	(243)	
Federal income tax expense	**(24,840)**	**(23,055)**

The effective tax burden is the ratio between the "Taxes on income" shown and the "Result before taxes on income (after "other tax"). In the 2023 financial year, the tax burden was 21.4% (2022: 21.3%).

(Expressed in Thousands of US Dollars)

20. Taxes on Income (continued)

The net deferred income taxes at December 31, 2023 and 2022, represent the net temporary differences between the tax bases of assets and liabilities and their amounts for financial reporting. The components of the net deferred income taxes, based on a tax rate of 21% at December 31, were as follows:

Components of the net deferred income taxes

	12.31.2023	12.31.2022
Federal net operating loss carryforward	117,904	155,526
Financial investments	348	1,235
Insurance and reinsurance contracts	258,002	241,651
Deferred acquisition costs	1,258	-
Employee benefits	962	543
Capital loss carryforward	243	-
Gross deferred tax assets	378,717	398,955
Valuation allowance	(243)	-
Deferred tax assets	**378,474**	**398,955**
Financial investments	31	21
Insurance-related financial instruments	13,540	19,688
Insurance and reinsurance contracts	426,534	420,247
Unapplied cash	100	92
Deferred tax liabilities	**440,205**	**440,048**
Net deferred tax liabilities	**61,731**	**41,093**

At December 31, 2023, the Company had a net operating loss carryforward of $561,446 (2022: $740,598) that does not expire and a capital loss carryforward of $1,157 (2022: $0) for federal income tax purposes which expires in 2028.

The Company is using reinsurance tax planning strategies to support the utilization of deferred tax assets. The Company is in a net deferred tax liability position and no valuation allowance is necessary for operating deferred tax assets.

Directly recognised in equity for fixed income securities available-for-sale were $348 (2022: $1,235).

21. Risks

Risk Management System

Our approach to risk management ensures the existence of an appropriate risk and control culture by assigning clear roles and responsibilities for all material risks. Risk management functions exist at different levels of the organization including the business units. The Company's risk management system has been approved by the Company's Board of Directors.

Insurance Risks

Insurance (or biometric) risk refers to the risk that the costs of claims and benefits paid may deviate from the expected costs due to random fluctuation or change of circumstances. In this context, insurance risk management addresses risk selection, pricing and assumption setting, and claims management. Insurance risks are generally managed through the use of profitability targets, authority limits, and retention limits. The acceptance and management of insurance risk is the Company's core business. The Company has a high appetite for insurance risks and the current exposure to insurance risk is acceptable.

The Company's main insurance risks are:

- Mortality risk
- Lapse risk

With the objective of ensuring that sufficient reserves are available to cover the liabilities associated with the reinsurance contracts that it issues, the Company purchases reinsurance as part of its risk mitigation program. Reinsurance held (outward reinsurance) is placed to reduce the overall exposure of the Company to certain classes of business. All of the Company's retrocessions are with affiliates within Munich Re. Given Munich Re's excellent credit standings, the Company's default risk on reinsurance receivables is relatively small.

Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying insurance contract liabilities and in accordance with the reinsurance contracts.

Mortality Risk

Mortality risk is the risk of benefits payable in life business exceeding our expectations due to higher than expected mortality experience. Lines of business reinsured by the Company exposed to higher-than-expected mortality risk are Individual Life and Group Life.

In order to mitigate mortality risk, the Company cedes large individual mortality risks above $7,500 per life to Munich Re. The Company also has an excess of loss treaty with Munich Re that provides liquidity in extreme adverse mortality scenarios.

Lapse Risk

Lapse Risk is the risk that a policyholder stops paying premiums. Traditional business has different lapse risk profiles. Lower lapse typically is adverse for some legacy Individual Life business, although lapse rate assumptions are low for these products. Higher lapse is adverse for new Individual Life business due to lost tail profits, but since premiums and claims are fairly well matched, the expected impact is not significant.

(Expressed in Thousands of US Dollars)

21. Risks (continued)

Sensitivity to Insurance Risks

The Company assesses its exposure to insurance risk through various adverse scenarios.

The following sensitivity analysis estimates the impact on contractual service margin, profit before tax, and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions were changed on an individual basis. It should be noted that movements in these assumptions are non–linear. The Company uses Solvency II Best Estimate Liability sensitivities to estimate the contractual service margin impact. The method used for deriving sensitivity information and significant assumptions made did not change from the previous period.

Life insurance contracts issued

				12.31.2023
	Change in assumptions	Impact on CSM	Impact on profit before tax	Impact on equity
Mortality	+ 5%	(544,675)	(35,949)	-
Mortality	+ 0.25% annually	(535,812)	(35,364)	-
Mortality	200-year pandemic shock	(229,191)	(15,127)	-
Risk-free yield	+ 100 bps	-	-	(201,722)

				12.31.2022
	Change in assumptions	Impact on CSM	Impact on profit before tax	Impact on equity
Mortality	+ 5%	(486,031)	(34,508)	-
Mortality	+ 0.25% annually	(488,833)	(34,707)	-
Mortality	200-year pandemic shock	(203,369)	(14,439)	-
Risk-free yield	+ 100 bps	-	-	(130,750)

(Expressed in Thousands of US Dollars)

21. Risks (continued)

Reinsurance contracts held

				12.31.2023
	Change in assumptions	Impact on CSM	Impact on profit before tax	Impact on equity
Mortality	+ 5%	47,424	2,276	-
Mortality	+ 0.25% annually	55,832	2,680	-
Mortality	200-year pandemic shock	8,556	411	-
Risk-free yield	+ 100 bps	-	-	63,759

				12.31.2022
	Change in assumptions	Impact on CSM	Impact on profit before tax	Impact on equity
Mortality	+ 5%	30,951	1,795	-
Mortality	+ 0.25% annually	40,069	2,324	-
Mortality	200-year pandemic shock	5,744	333	-
Risk-free yield	+ 100 bps	-	-	36,441

Concentrations of Insurance Risk

Concentration risk is defined as a group of heavily correlated risks that have a potential to cause significant loss or default in a short period of time. The assumed business follows strict underwriting guidelines that limit the exposure to single individuals, households, extended families, business associates, and sports teams.

Liquidity Risk

The Company maintains a portfolio of securities that primarily comprises high quality liquid assets that can be easily monetised. Liquidity risk arising from insurance contracts is managed using financial projections and forecasts to ensure the Company is able to meet its expected liquidity requirements.

The Company issues insurance contracts, investment contracts, and contracts that provide investors with interests in collective investment schemes managed by the Company. The nature and extent of the underwriting and financial risks arising from these contracts are determined by the contract design. The risks are evaluated for risk management purposes in conjunction with the risks mitigated by related reinsurance contracts and the risks arising from financial assets held to fund the settlement of the liabilities. The extent to which profit or loss and equity in any period are sensitive to financial risks depends on the extent to which they are economically hedged or borne by contract holders and the extent of any mismatches inherent in the accounting policies adopted by the Company.

The following policies and procedures are in place to mitigate the Company’s exposure to liquidity risk:

The Company’s liquidity risk policy sets out the assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company’s risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow. The Company also has committed lines of credit that it can access to meet liquidity needs.

(Expressed in Thousands of US Dollars)

21. Risks (continued)

Maturity Profiles

The following table summarizes the maturity profile of portfolios of insurance contracts issued and portfolios of reinsurance contracts held that are liabilities of the Company based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

Maturity analysis of the remaining undiscounted contractual net cash flows

								12.31.2023
	≤ 1 year	> 1 year and ≤ 2 years	> 2 years and ≤ 3 years	> 3 years and ≤ 4 years	> 4 years and ≤ 5 years	> 5 years and ≤ 10 years	> 10 years	Total
Insurance contracts issued that are liabilities	-	-	-	-	-	-	-	-
Reinsurance contracts held that are liabilities	(13,863)	(12,231)	(14,882)	(16,914)	(18,430)	(103,014)	(613,341)	(792,675)
Total	**(13,864)**	**(12,231)**	**(14,882)**	**(16,914)**	**(18,430)**	**(103,014)**	**(613,341)**	**(792,675)**

								12.31.2022
	≤ 1 year	> 1 year and ≤ 2 years	> 2 years and ≤ 3 years	> 3 years and ≤ 4 years	> 4 years and ≤ 5 years	> 5 years and ≤ 10 years	> 10 years	Total
Insurance contracts issued that are liabilities	2,269	(79,088)	2,412	97,800	-	-	-	23,393
Reinsurance contracts held that are liabilities	(8,688)	(19,426)	(9,799)	(9,828)	(11,061)	(67,712)	(383,877)	(510,391)
Total	**(6,419)**	**(98,514)**	**(7,387)**	**(87,972)**	**(11,061)**	**(67,712)**	**(383,877)**	**(486,998)**

The insurance contracts issued and reinsurance contracts held that are liabilities invariably have longer maturities, which correspond to the cover and run-off periods of the underlying risks. With these numerical estimates, it should be borne in mind that this forward-looking data may involve considerable uncertainty.

Market Risk

The Company does not write any business that contains financial options or guarantees. The Company is exposed to changes in interest rates due to the impact on valuations. The table below shows the interest rates associated with the Company's cash and cash equivalents and financial investments.

Interest rates

		Coupon Rate		Yield to Maturity
	12.31.2023	12.31.2022	12.31.2023	12.31.2022
Financial investments	0.80%	0.64%	3.17%	4.65%
Money market funds	5.28%	3.79%	5.28%	3.79%
Financial investments including cash equivalents	1.12%	1.01%	3.32%	4.54%

(Expressed in Thousands of US Dollars)

21. Risks (continued)

The table below shows the impact of a shift in yield curves for the Company's financial investments and insurance-related financial instruments. Note, as the transition to IFRS 9 was not effective until January 1, 2023, previous year values for insurance-related financial instruments are not applicable.

Impact of shift in yield curves

	Profit and Loss $		Equity $	
	12.31.2023	12.31.2022	12.31.2023	12.31.2022
Financial investments				
+100 basis point shift in yield curves	-	-	(925)	(1,539)
–100 basis point shift in yield curves	-	-	940	1,571
Insurance-related financial instruments				
+100 basis point shift in yield curves	(865)	N/A	-	N/A
–100 basis point shift in yield curves	885	N/A	-	N/A

Exposure to market risk is also controlled through the existence of limits and thresholds in the Company's Risk Strategy.

Credit Risk

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

The Company's credit risk policy sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

Credit risk relating to financial instruments is monitored by the investments team of the Company. It is their responsibility to review and manage credit risk, including environmental risk for all counterparties. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits. It is the Company's policy to invest in high quality financial instruments with a low risk of default. If there is a significant increase in credit risk, the policy dictates that the instrument should be sold and amounts recovered reinvested in high quality instruments.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the Board of Directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy.

(Expressed in Thousands of US Dollars)

21. Risks (continued)

The following tables analyze the rating structure of cash and cash equivalents, financial investments, reinsurance contract assets, and insurance-related financial instruments using the lowest of Standard & Poor's, A.M. Best, Moody's or Fitch ratings:

Rating structure

							12.31.2023
	AAA	AA	A	BBB	BB	NR	
	$	$	$	$	$	$	Total
Cash and cash equivalents	10,308	-	1,276	-	-	-	11,584
Financial investments	-	132,616	-	-	-	-	132,616
Reinsurance contracts	-	4,115	-	-	-	-	4,115
Insurance-related financial instruments	-	64,477	-	-	-	-	64,477
Total	**10,308**	**201,208**	**1,276**	**-**	**-**	**-**	**212,792**

							12.31.2022
	AAA	AA	A	BBB	BB	NR	
	$	$	$	$	$	$	Total
Cash and cash equivalents	14,894	-	1,353	-	-	-	16,247
Financial investments	-	108,062	-	-	-	-	108,062
Reinsurance contracts	-	3,190	-	-	-	-	3,190
Insurance-related financial instruments[1]	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	**14,894**	**111,252**	**1,353**	**-**	**-**	**-**	**127,499**

[1]As the transition to IFRS 9 was not effective until January 1, 2023, previous year values for insurance-related financial instruments are not applicable.

The Company actively manages its product mix to ensure that there is no significant concentration of credit risk.

22. Capital Management

The preservation and consistent enhancement of its capital is a key strategic objective for the Company. The Company met all applicable local minimum capital requirements in the year under review.

(Expressed in Thousands of US Dollars)

23. Related-Party Disclosures

The Company transacts business with affiliated companies on a regular basis. These transactions primarily consist of reinsurance agreements and investment management agreements. The Company had the following activity with affiliated companies under reinsurance agreements and investment management agreements as of December 31, 2023 and 2022:

	12.31.2023	12.31.2022
Statement of financial position		
Insurance contract assets	618,773	493,974
Reinsurance contract assets	4,115	3,190
Insurance-related financial instruments	64,477	102,091
Other assets	3,047	3,480
Insurance contract liabilities	-	8,273
Reinsurance contract liabilities	58,501	40,989
Other liabilities	2,813	2,414
Statement of profit and loss		
Insurance revenue	663,807	644,244
Insurance service expense	(517,753)	(538,733)
Insurance revenue ceded	(72,711)	(31,061)
(Expense) income from reinsurance contracts held	(103)	8,650
Result from insurance-related financial instruments	42,524	30,197
Net investment expense	(204)	(208)
Finance income from insurance contracts issued	11,561	1,603
Finance expense from reinsurance contracts held	(1,219)	(332)
Other operating expense	(138)	(144)

All transactions and balances arise from the normal course of business and are unsecured.

The Company has an investment management agreement in place with a related party to manage the Company's investment portfolio. Investment management fees incurred during the year amounted to $179 (2022: $183) of which $0 (2022: $0) was payable at year-end. These fees are included in net investment income. $25 (2022: $25), also included in net investment income, are related to other investment services provided by related parties.

24. Statutory Requirements

Munich Re of Bermuda, Ltd. is a Class C long-term insurer. As a Class C insurer, the Company is required to maintain a solvency margin and an enhanced capital requirement in accordance with the provisions of the Bermuda Insurance Act 1978.

The enhanced capital requirement ("ECR") is calculated using the Bermuda Solvency Capital Requirement ("BSCR") model, a standardised model used to measure the risk associated with an insurer's assets, liabilities, and insurance related risk exposure. The Company is required to maintain a minimum statutory capital and surplus equal to the higher of the capital requirements as measured by the BSCR and the minimum solvency margin ("MSM"). As a Class C long-term insurer, the Company's MSM is defined as the greater of 1.5% of assets; $500,000; and 25% of the ECR.

Pursuant to the Insurance Act 1978, if the Company fails to meet its MSM or ECR at any time, the Company is prohibited from declaring or paying a dividend. The Company is further prohibited from declaring or paying in any financial year dividends of more than 25% of its total statutory capital and surplus unless it files with the Bermuda Monetary Authority, at least seven days before such payment, an affidavit stating that it will continue to meet its required margins. In accordance with its Class 3 insurance license, the Company is required to maintain a minimum statutory capital and surplus of $120 (2022: $120). Actual statutory capital and surplus is $380 (2022: $493). The Company is also required to maintain a minimum liquidity ratio whereby the value of its relevant assets is not less than 75% of the amount of its relevant liabilities. Relevant assets include cash and cash equivalents and other assets. Certain categories of assets do not qualify as relevant assets under the statute. The relevant liabilities are total general business insurance reserves (net of reinsurance recoverable) and total other liabilities, less sundry liabilities. At December 31, 2023, the Company was required to maintain relevant assets of $0 (2022: $0). At that date, relevant assets under its Class 3 insurance license were $377 (2022: $490) and the minimum liquidity ratio was therefore met. As of December 31, 2023, the Company's statutory capital and surplus exceeded all calculated minimum regulatory requirements.

25. Subsequent Events

The Company has evaluated events subsequent to December 31, 2023, and through April 30, 2024, which is the date these financial statements were available to be issued and has determined there are no material subsequent events requiring adjustment to or disclosure in the financial statements.