SOMERSET
REINSURANCE

Somerset Reinsurance Ltd.

Consolidated Financial Statements

for the year ended 31 December 2023

Somerset Reinsurance Ltd.

Content

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder and Audit Committee of
Somerset Reinsurance Ltd.

Opinion

We have audited the consolidated financial statements of Somerset Reinsurance Ltd. ("the Company"), which comprise the consolidated statement of profit or loss, the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of comprehensive income or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements of the Chartered Professional Accountants of Bermuda that are relevant to our audit of the consolidated financial statements in Bermuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Predecessor Auditor's Opinion on 2022 Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2022 were audited by another auditor whose report, dated March 28, 2023, expressed an unmodified opinion on those statements.

Adoption of IFRS 17

As part of our audit of the December 31, 2023 financial statements, we also audited the adjustments that were applied to retrospectively restate the December 31, 2022 financial statements in line with the Company's adoption of IFRS 17 and IFRS 9 summarized in Note 2. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the December 31, 2022 financial statements of the company other than with respect to these retrospective adjustments and, accordingly, we do not express an opinion or any other form of assurance on the December 31, 2022 financial statements taken as a whole.

Responsibilities of Management's for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieved fair presentation.

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

Deloitte Ltd.

March 14, 2024

Somerset Reinsurance Ltd.

Statement of Profit and Loss

For the years ended 31 December

In USD thousands	Notes	2023	2022 (Restated)
Revenue			
Insurance revenue	11.1	168,460	51,436
Insurance service expenses	11.1	(127,096)	(29,139)
Insurance service result before reinsurance contracts held		**41,364**	**22,297**
Net expenses from reinsurance contracts held		-	-
Insurance service result		**41,364**	**22,297**
Investment interest income	11.8	(4,827)	7,852
Net gains (losses) on FVOCI securities	11.8	(4,658)	(6,513)
Net gains (losses) on FVTPL securities	11.8	31,883	(34,213)
Total net investment income		**22,398**	**(32,874)**
Insurance finance income (expenses) from insurance contracts:			
Insurance finance income / (expenses) from insurance contracts issued		14,478	18,568
Insurance finance expenses from reinsurance contracts held		-	-
Net insurance finance income/(expenses)	11.8	**14,478**	**18,568**
Net insurance and investment result		**78,240**	**7,991**
Other income		712	-
Other finance costs		(1,404)	(1,138)
Other operating expenses		(6,052)	(2,725)
Other income/(expenses)		**(6,744)**	**(3,863)**
Profit before income tax		**71,496**	**4,128**
Income tax benefit (expense)	13	(7,727)	7,461
Profit for the year		**63,769**	**11,589**

See accompanying notes to the financial statements.

Somerset Reinsurance Ltd.

Consolidated Statement of Comprehensive Income or (Loss)

For the years ended 31 December

In USD thousands	**Notes**	**2023**	**2022 (Restated)**
Profit for the year		**63,769**	**11,589**
Items that may be reclassified subsequently to profit or (loss)			
Change in fair value of financial assets from FVOCI	11.8	2,006	(97,399)
Insurance finance income/(expenses) from insurance contracts held		-	-
Insurance finance income/(expenses) from insurance contracts issued	11.8	(45,340)	(22,482)
Income tax relating to these items		5,394	15,350
Items that may not be reclassified subsequently to profit or (loss)			
Change in fair value of equity investments at FVOCI	11.8	1,044	-
Income tax relating to these items		(131)	-
Other comprehensive income (loss) for the year, net of tax		**(37,027)**	**(104,531)**
Total comprehensive income for the year		**26,742**	**(92,942)**

See accompanying notes to the financial statements.

Somerset Reinsurance Ltd.

Consolidated Statement of Financial Position

as at

In USD thousands	Notes	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
Assets				
Cash and cash equivalents	2.2, 9	50,798	132,918	124,969
Restricted cash and cash equivalents	2.2, 9	26,230	9,725	60,490
FVOCI securities	2.2, 7.2, 7.5, 8	564,576	502,018	586,798
FVTPL securities	2.2, 7.5, 8	269,866	238,272	305,368
Amortized cost securities	7.2	15,694	7,633	-
Insurance contract assets		111,547	119,591	72,066
Reinsurance contract held assets		-	-	-
Investments in unconsolidated affiliate entities	10	243,456	312,268	360,524
Other assets	9, 17	152,147	140,737	19,937
Total Assets		**1,434,314**	**1,463,162**	**1,530,152**
Liabilities and equity				
Liabilities				
Insurance contract liabilities	7.5, 11.2, 11.3	555,014	628,471	711,424
Reinsurance contract held liabilities		-	-	-
Investment contract liabilities	2.2, 7.5	249,946	247,641	334,835
Other liabilities	9, 18	141,135	125,573	22,674
Total liabilities		**946,095**	**1,001,685**	**1,068,933**
Equity				
Common shares		250	250	250
Additional paid in capital		501,568	501,568	408,368
Accumulated other comprehensive income		(169,971)	(132,944)	(28,413)
Retained earnings		156,372	92,603	81,014
Total equity		**488,219**	**461,477**	**461,219**
Total liabilities and equity		**1,434,314**	**1,463,162**	**1,530,152**

See accompanying notes to the financial statements.

Somerset Reinsurance Ltd.

Consolidated Statement of Cash Flows

For the years ended 31 December

In USD thousands	2023	2022 (Restated)
Cash flows from operating activities		
Net profit/(losses)	63,769	11,589
Adjustments to reconcile net profit to net cash provided by operating activities:		
Adjustment for utilized(recognized) deferred taxes	8,972	(2,124)
Adjustment for option issuance	3,311	3,358
Adjustment for share awards issuance	3,934	4,386
Net realized gains/losses on disposal of investments FVOCI	4,658	7,449
Net realized gains/losses on disposal of investments FVTPL	-	(23,145)
Net unrealized gains/losses on investments FVTPL	(31,882)	57,370
Adjustment for depreciation and amortization	3,524	3,405
Changes in:		
Restricted cash and cash equivalents	(16,505)	50,765
Insurance contracts assets/liabilities	(142,870)	(144,924)
Reinsurance contracts held assets/liabilities	-	-
Investment contract liabilities	(20,785)	67,350
Other assets	(9,998)	(30,568)
Other liabilities	2,997	(75,407)
Total net cash flows (used in) / from operating activities	**(130,875)**	**(70,496)**
Cash flows from/ (used in) investing activities		
Maturities and sales of fixed income securities - FVOCI	114,673	176,516
Purchases of fixed income securities - FVOCI	(120,390)	(204,932)
Maturities and sales of fixed income securities - FVTPL	27,038	2,454
Purchases of fixed income securities - FVTPL	(49,085)	(11,986)
Purchases of fixed income securities – Amortized cost	(28,764)	-
Sales of fixed income securities – Amortized cost	692	-
Redemptions of investments in unconsolidated affiliate entities - FVTPL	140,000	243,000
Purchases of investments in unconsolidated affiliate entities - FVTPL	(50,000)	-
Borrowings/(repayments) from unconsolidated affiliate entities	14,591	(219,807)
Total net cash flows from/ (used in) investing activities	**48,755**	**(14,755)**

Somerset Reinsurance Ltd.

Consolidated Statement of Cash Flows

For the years ended 31 December

In USD thousands	**2023**	**2022 (Restated)**
Cash flows from/ (used in) financing activities		
Repurchase of shares/options	-	-
Issuance of shares/options	-	-
Capital injection from capital raise	-	93,200
Total net cash flows from/ (used in) financing activities	**-**	**93,200**

Total change in cash and cash equivalents	**(82,120)**	**7,949**
Cash and cash equivalents as at beginning of year	132,918	124,969
Cash and cash equivalents as at end of year	**50,798**	**132,918**

Components of cash and cash equivalents		
Cash at banks and in hand	2,667	3,974
Cash equivalents	48,131	128,944
Total cash and cash equivalents as at end of year	**50,798**	**132,918**

The Group paid income taxes in the amount of $17 during the year (2022: refund $4,424).

The Group has received and paid interest on trust and general assets during the year in the amount of $46,509 and $10,409 respectively (2022: $35,853 and $4,808 respectively).

The Group has non-cash transactions related to deferred tax assets and deferred tax liabilities in the amount of $ 26,621 and $17,466 respectively (2022: $96,370 and $88,246).

See accompanying notes to the financial statements.

Somerset Reinsurance Ltd.

Consolidated Statement of Changes in Equity

For the years ended 31 December

In USD thousands Notes	Notes	Common shares	Additional paid in capital	Accumulated other comprehensive income	Retained earnings	Total equity
Restated balance as at 31 December 2022		250	501,568	(132,944)	92,603	461,477
Net profit or (loss)		-	-	-	63,769	63,769
Other comprehensive income		-	-	(37,027)	-	(37,027)
Balance as at 31 December 2023		250	501,568	(169,971)	156,372	488,219

In USD thousands Notes	Notes	Common shares	Additional paid in capital	Accumulated other comprehensive income	Retained earnings	Total equity
Balance as at 31 December 2021 as originally presented		250	408,368	13,509	153,361	575,488
Adjustment on initial Application of IFRS 9 and 17, Net of tax		-	-	(41,922)	(72,347)	(114,269)
Restated balance, as at 31 December 2021		**250**	**408,368**	**(28,413)**	**81,014**	**461,219**
Additional capital		-	93,200	-	-	93,200
Net profit or (loss) restated		-	-	-	11,589	11,589
Other comprehensive income restated		-	-	(104,531)	-	(104,531)
Restated Balance as at 31 December 2022		250	501,568	(132,944)	92,603	461,477

See accompanying notes to the financial statements.

1. Group information

Somerset Reinsurance Ltd. ("the Group") is a private limited company registered in Bermuda and was incorporated on 18 September 2014. The Group received its Class E reinsurance license on 12 December 2014 from the Bermuda Monetary Authority (BMA). The address of the registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. During the second quarter of 2021, the ownership structure of Somerset Reinsurance Ltd. ("Somerset Re") was reorganized by way of the interposition of a new holding company named Somerset Reinsurance Holdings Ltd. ("SRHL") between Somerset Re and its then current members (the "Shareholders") triggering a change of the direct ownership of Somerset Re, which resulted in SRHL holding all of the issued and outstanding common shares of Somerset Re (the "Reorganization"). The Reorganization was effected by way of a merger between Somerset Re and a newly formed wholly owned subsidiary of SRHL named Somerset Merger Company Ltd. ("Merger Comp[any") pursuant to section 104H of the Companies Act 1981 of Bermuda (the "Merger"). On 24 May 2021, Merger Company merged with and into Somerset Re with Somerset Re being the surviving company following the Merger. As a result of the Merger, SRHL became the sole member and parent company of Somerset Re and the Shareholders became members of SRHL. In connection with the Merger, the Memorandum of Association of Somerset Re was altered to reflect a reduction of the authorized share capital of Somerset Re from US$104,000,000 divided into 100,000,000 common shares of par value US$1.00 each and 4,000,000 preference shares par value US$1.00 each to US$250,000 divided into 250,000 common shares of par value US$1.00 each.

The principal activities of the Group are to conduct life and annuity reinsurance business and to perform services related thereto.

On 12 March 2024 the Board of Directors approved the financial statements and authorized them for issue.

1.1. Basis for preparation

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. This involves a higher degree of judgement or complexity in areas where assumptions and estimates are significant to the financial statements. These significant estimates and judgements are disclosed in Note 4.

The financial statements have been prepared on a historical cost basis, except financial instruments (including unconsolidated affiliate entities) carried at fair value through profit or loss (FVTPL) or at fair value through OCI (FVOCI), and the insurance and investment liabilities which are remeasured using current assumptions each period.

Changes have been made to the presentation of the Group's financial statements arising from the adoption of IFRS 9 and 17. Comparatives for 2022 have been restated for the impact of IFRS 9 and 17. Except for the impact of IFRS 9 and 17, there has been no change in the basis of accounting for any of the underlying transactions.

2. Transition – Changes to accounting policies

In these financial statements, the Group applied IFRS 17 Insurance contracts for the first time which is mandatorily effective for the annual periods beginning on or after January 1, 2023.

IFRS 9 replaced IAS 39 for annual periods beginning on or after 1 January 2018. However, the Group elected, under the amendments to IFRS 4 to apply the temporary exemption from IFRS 9, deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17.

The application of IFRS 17 and IFRS 9 in the current year had a material impact on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these financial statements. The related changes to significant accounting policies are described in the applicable subsections below.

2.1. IFRS 17 Contracts

IFRS 17 replaces IFRS 4 insurance contracts for annual periods beginning on or after 1 January 2023. The adoption of IFRS 17 did not change the classification of the Group's insurance contracts.

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Group's estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin (CSM).

IFRS 17 requires recognition of profit from a group of insurance contracts over the period the Group provides insurance coverage, as the Group is released from risk. If a group of contracts is expected to be onerous (i.e., loss making) over the remaining coverage period, the Group recognizes the loss immediately.

Non-distinctive investment components are not included in insurance revenue and insurance service expenses. The Group applies the general measurement model ('GMM').

Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are temporarily recognized as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts once the related contracts have been recognized.

For presentation in the statement of financial position, the Group aggregates portfolios of insurance contracts and presents separately at carrying value:

- Portfolios of insurance contracts that are assets
- Portfolios of insurance contracts that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

The Group adopted the full retrospective approach for all insurance contracts classified under IFRS 17. Based on the full retrospective approach, the contract service margin ('CSM') at inception is based on initial assumptions when groups of contracts were incepted and rolled forward to the date of transition, as if IFRS 17 had always been applied. On transition, the value of the liabilities under IFRS 17 will be equal to the value of the fulfilment cash flows, measured prospectively as the present value of the best estimate cash flows and risk adjustment, plus the remaining contractual service margin ('CSM') on the existing contracts.

The full retrospective approach requires existing contracts to be measured as though IFRS 17 had been applied since the inception of the contracts, to calculate the CSM as at the transition date. This is done by calculating the IFRS 17 contract groups and insurance liability amounts at the inception of the contract and rolling forward the CSM for each group of contracts forward from inception to the transition date, using the same data and assumptions used to calculate historical reserves at each point in time. Relevant historical experience adjustments and assumption changes unlock the CSM.

Accounting items such as deferred acquisition costs, value of business acquired, and insurance payables / receivables no longer exist under IFRS 17 accounting but are rather included as part of the calculation of the fulfilment cash flows. Any differences between the IFRS 4 liability balance prior to transition and the new IFRS 17 liability balance has been recognized as a change in the opening shareholder's equity.

The Group has determined that the funds withheld (FWH) arrangements in some of the insurance contracts do not meet the criteria for separation under IFRS 17 and thus they are not bifurcated. As a result of the adoption of IFRS 17, these are no longer be treated as separate financial instruments assets as they were previously under IFRS 4 and IFRS 39. FWH are instead included as part of the fulfilment cash flows within the scope of IFRS 17.

2.2. IFRS 9 Contracts

Financial assets under IAS 39 were previously classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available for sale financial assets.

Financial assets under IFRS 9 classifications include:

i. Financial assets at fair value through profit or loss including equity instruments and derivatives;
ii. Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition;
iii. Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition; and
iv. Debt instruments at amortized cost.

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed (see Business Model Assessment section, Note 3.2.2) and its contractual cash flow characteristics (see Solely Payment of Principal and Interest (SPPI) section below, Note 3.2.2). Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 requires a forward-looking 'expected credit loss' ("ECL") model (See ECL section, Note 7.2). The new impairment model applies to financial assets measured at amortized cost, debt investments at fair value other comprehensive Income ("FVOCI") and lease receivables.

Financial liabilities continue to be measured in one of two categories, which are fair value through profit and loss ("FVTPL") or amortized costs. Financial liabilities are measured at amortized cost unless they are required to be measured at FVTPL or if elected to be measured at FVTPL.

Under IFRS 9, modifications have been made to the current IAS 39 standards related to hedge accounting, qualifying criteria for hedge accounting, designation of hedging instruments, designation of hedged items, and alternative to hedge accounting. While such changes have been introduced by IFRS 9, Somerset Re does not apply for hedge accounting.

The Group has elected to apply IFRS 9 retrospectively and restated comparative information for 2022 for financial instruments in the scope of IFRS 9. Differences arising from the adoption of IFRS 9 have been recognized in retained earnings as of 1 January 2022.

All amounts in 000's unless otherwise stated.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 January 2022.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets:				
Classified to amortized cost under IFRS 9	Loans and receivables (cash and cash equivalents)	Amortized cost	185,459	185,459
Classified to FVOCI under IFRS 9	AFS	FVOCI	582,915	582,915
Classified to FVOCI under IFRS 9	FVTPL	FVOCI	3,883	3,883
Classified to FVTPL under IFRS 9	AFS	FVTPL	305,368	305,368
Total financial assets			1,077,625	1,077,625
Financial liabilities:				
Classified to FVTPL under IFRS 9*	Amortized cost	FVTPL	-	334,835
Total financial liabilities			-	334,835

**Financial liabilities primarily consist of investment contract liabilities prior to the initial application of IFRS 9, investment contract liabilities were accounted for under IFRS 4. These investment contracts do not transfer insurance risks and are therefore accounted for under IFRS 9 as a financial liability.*

All amounts in 000's unless otherwise stated.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 January 2022.

	31 December 2021 IAS 39	Reclassification	Remeasurement	1 January 2022 IFRS 9
Classified to amortized cost under IFRS 9				
From loans and receivables				
Cash and cash equivalents	124,969	-	-	124,969
Restricted cash and cash equivalents	60,490	-	-	60,490
Total amortized cost	**185,459**	**-**	**-**	**185,459**
Classified to FVOCI under IFRS 9				
From AFS	888,283	(305,368)	-	582,915
From FVTPL	-	3,883	-	3,883
Total FVOCI	**888,283**	**(301,485)**	**-**	**586,798**
Classified to FVTPL under IFRS 9				
From AFS	-	305,368	-	305,368
From FVTPL	3,883	(3,883)	-	-
Total FVOCI	**3,883**	**301,485**	**-**	**305,368**

3. Significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its financial statements:

3.1. Functional currency

The Group's financial statements are presented in United States (US) Dollars, which is the Group's functional currency. All amounts, including amounts presented in the notes (except Note 12) have been rounded to the nearest thousand, unless otherwise indicated.

Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rate, at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date. Foreign exchange differences arising on monetary items are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

3.2. Insurance risk

Insurance contracts are contracts under which the Group accepts significant insurance risk from policyholders by agreeing to compensate the policyholders if a specified uncertain future event adversely affects the policyholders.

In making this assessment, all substantive rights, and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

3.2.1 IFRS 17 Insurance contracts

Unit of account

Insurance contracts that are subject to similar risks and are managed together are included within a portfolio, as defined under IFRS 17. Generally, contracts in the same product line are included within the same portfolio if they are managed together, and contracts in different product lines with dissimilar risks are included in different portfolios. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition or (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently. These groups represent the level of aggregation at which insurance contracts are initially recognized and measured. Such groups are not subsequently reconsidered.

For each portfolio, the Group determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. The type of insurance contract, and whether the contract is a closed block contract or flow contract, will determine the level of granularity in which the onerous assessment is performed. For closed block deals, an onerous assessment will be performed at the treaty level. While for flow treaties, the onerous assessment will be performed at the cohort level.

Recognition, modification, and derecognition

Insurance contracts are initially recognized from the earliest of one of the following (i) the beginning of the coverage period of the group of contracts; (ii) the date when the first payment from the policyholder in the group is due or received, if there is no due date; or (iii) when Group determines that a group of contracts becomes onerous.

An insurance contract is derecognized when its obligation under the contract has expired, the contract is cancelled, the insurer is fully discharged from its obligation under the contract; or when a modification of a contract results in derecognition.

When an insurance contract is modified by Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the fulfilment cash flow ("FCF"), unless the conditions for the derecognition of the original contract are met. If these conditions are met, Group derecognizes the original contract and recognizes the modified contract as a new contract.

Insurance contracts acquired in a business combination within the scope of IFRS 3 or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

Initial Measurement

Contract boundary
The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed every reporting period.

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that existed during the reporting period in which the policyholder is obligated to pay premiums, or the Group has a substantive obligation to provide the policyholder with insurance contract services.
A substantive obligation ends when the Group has the practical ability to reprice the risks of the particular cedant or

change the level of benefits so that the price fully reflects those risks; or both the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the cedant to the Group, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Cash flows outside the insurance contracts issued boundary relate to future insurance contracts issued and are recognized when those contracts meet the recognition criteria.

Fulfilment cash flows within contract boundary

The fulfilment cash flows (FCF) are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits, and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows are (i) based on a probability weighted mean of the full range of possible outcomes; (ii) determined from the perspective of the Group, provided the estimates are consistent with observable market prices for market variables; and (iii) reflect conditions existing at the measurement date.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts issued, including timing, currency, and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts issued requires significant judgement and estimation. Refer to Note 4.1.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts. Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in Note 4.4.

Insurance acquisition costs

The Group defines acquisition cash flows as cash flows that arises from costs of selling, underwriting, and signing new insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis.
Insurance acquisition cash flows not directly attributable to a group of insurance contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio.

The asset for insurance acquisition cash flows is tested for impairment annually. In testing for impairment, the carrying value of the asset is compared to the expected net cash inflow for the related group of insurance contracts.

Pre-recognition cash flows within the contract boundary

Before a group of insurance contracts is recognized, the Group could recognize assets or liabilities for cash flows related to a group of insurance contracts other than insurance acquisition cash flows, either because of the occurrence of the cash flows or because of the requirements of another IFRS standard. Cash flows are related to the group of insurance contracts if they would have been included in the FCF at initial recognition of the group if they had been paid or received after that date. Such assets or liabilities (referred to as pre-recognition cash flows) are included in the carrying amount of the related portfolios of insurance contracts.

Contractual service margin

The contractual service margin ("CSM") is a component of the carrying amount of the asset or liability for the insurance contracts representing the unearned profit that the Group will recognize as it provides coverage in the future.

Unless a group of contracts is onerous, the CSM at initial recognition is an amount that results in no income or expenses, and arises from the initial recognition of the FCF, the derecognition at the date of initial recognition of any asset or liability recognized for insurance acquisition cash flows; or cash flows arising from the contracts in the group at that date.

At inception if the CSM is negative, the group of insurance contracts issued is onerous. A loss from onerous insurance contracts issued is recognized in profit or loss immediately with no CSM recognized on the balance sheet on initial recognition. At inception certain contracts were assessed as onerous.

For insurance contracts acquired in a portfolio transfer or a business combination within the scope of IFRS 3, at initial recognition, the CSM is an amount that results in no income or expenses arising from:

a. the initial recognition of the FCF; and
b. cash flows arising from the contracts in the group at that date, including the fair value of the groups of contracts acquired as at the acquisition date as a proxy of the premiums received.

No insurance contracts acquired were assessed as onerous at initial recognition.

The Group did not acquire any reinsurance contracts held.

Subsequent measurement

Changes in fulfilment cash flows

The FCF are updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing, and uncertainty of future cash flows and of discount rates. The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated. Any changes that relate to current or past service are recognized in profit or loss. Any changes that relate to future service are recognized by adjusting the CSM or the loss component within the liability of remaining coverage measured at the established discount rate.

The following adjustments relate to future service and thus adjust the CSM, each being measured using the discount rate at initial recognition, with the exception of (c):

a. Experience adjustments – arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
b. Changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
c. Differences between any investment component expected to become payable in the period and the actual

investment component that becomes payable in the period, determined by comparing (i) the actual investment component that becomes payable in a period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and

d. Changes in the risk adjustment for non-financial risk that relate to future service.

Changes to the contractual service margin

The contractual service margin at the end of the reporting period represents the expected unearned margin (at the locked-in discount rate) in a group of insurance contracts that has not yet been recognized in profit or loss because it relates to the future service to be provided under the contracts in the group.

The carrying amount at the end of each reporting period for a group of insurance contracts is the sum of (i) the liability of remaining coverage, comprising the FCF related to future service allocate to the group at that date and the CSM of the group at that date; and (ii) the liability of incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

The CSM balance is increased for new insurance contracts added to the group, interest accreted and adjusted for changes in fulfilment cash flows relating to future service and currency exchange differences, and decreased for the amount released as a result of amortization of CSM.

Certain changes in the FCF are recognized in the CSM to the extent the CSM is available. In such cases, when an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognized in insurance service expenses and a loss component is recognized within the liability of remaining coverage. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.

Interest accretion on the CSM

Interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items (locked-in discount rates). If more contracts are added to the existing groups or portfolios in the subsequent reporting periods (within the annual cohort time period), the Group revises the locked-in discount curves by calculating weighted-average discount curves over the period that contracts in the group are issued. The weighted-average discount curves are determined by multiplying the new CSM added to the group and their corresponding discount curves over the total CSM.

Loss components

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Group recognizes the excess in insurance service expenses, and it records the excess as a loss component of the LRC. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes.

The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for nonfinancial risk at the beginning of each year (or on initial

recognition if a group of contracts is initially recognized in the year).
If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

Release of the CSM to profit or loss

The amount of the CSM recognized in profit or loss for services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units. The coverage period for these contracts is determined based on the coverage of the insurance contracts whose cash flows are included in the respective contract boundary.

The total number of coverage units in a group is the quantity of coverage provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering benefits provided, expected coverage duration of contracts in the group, and likelihood of insured events occurring, only to the extent that they affect the expected duration of contracts in the group.

The Group determines coverage unit based on the risks associated with the respective treaty. Coverage units used for each treaty may include, for example, the face amount or account value.

3.2.2 IFRS 9 contracts – financial instruments

IFRS 9 recognition and measurement of financial instruments

Business model

The business model reflects how the Group manages assets in order to generate cash flows. That is, it reflects whether the Group's objective is solely to collect the contractual cash flows from assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of the other business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. To ensure that the contractual cash flows from the financial assets are sufficient to settle those liabilities, the Group may undertake significant buying and selling activity on a regular basis to rebalance its portfolio of assets and to meet cash flow needs as they arise. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the other business model and measured at FVTPL.

Solely payments of principal and interest ("SPPI")

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent SPPI (the SPPI test). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

Accounting mismatch

The Group may irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates an accounting mismatch arising from assets and liabilities being measured on different bases.

Initial recognition and measurement

On initial recognition, a financial asset is classified as measured at amortized cost, FVOCI or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. Immediately after initial recognition, an expected credit loss allowance is recognized for financial assets measured at amortized cost and investments in debt instruments measured at FVOCI.

Debt instruments

The classification and subsequent measurement of debt instruments depend on:

a. The Group's business model for managing the asset; and
b. The cash flow characteristics of the asset (represented by SPPI).

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

a. Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at AC. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured as described further below. Interest revenue from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the effective interest rate ("EIR") method.
b. Fair value through other comprehensive income: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized costs, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in net return on investments and other investment income. Interest revenue from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the EIR method.
c. Fair value through profit and loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. Also, some assets are voluntarily measured at FVTPL, because this significantly reduces an accounting mismatch. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized and presented in the consolidated statement of profit or loss within net gains on FVTPL investments in the period in which it arises.

Impairment

Impairment of Group's financial assets held at FVOCI or amortized cost is measured with a forward-looking expected credit loss (ECL) approach, in which the Group records an allowance for ECLs of such financial assets.

For debt instruments, the ECL is initially based on the portion of lifetime ECLs that would result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant deterioration in credit risk since origination or purchase of the assets, the allowance is based on the full lifetime ECL.

For impairment, the Group evaluates when a significant increase in credit risk exists (See Note 7.2). In general, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due, unless there is evidence to the contrary.

3.3. Insurance revenue

The Group recognizes insurance revenue as it satisfies and provides services under its insurance contracts. The insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Group expects to receive consideration and is comprised of the release of CSM, changes in the risk adjustment for non-financial risk relating to current services, expected net cash outflows during the period and recovery of acquisition cash flows.

3.4. Insurance service expenses

Insurance service expenses arising from insurance contracts are recognized in the statement of profit and loss as they are incurred. They are comprised of:

- incurred claims and benefits, excluding investment components reduced by loss component allocations;
- other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognized at the date of initial recognition;
- amortization of insurance acquisition cash flows;
- changes that relate to past services – changes in the FCF relating to the LIC;
- changes that relate to future services – changes in the FCF that result in onerous contracts and reversals of those losses; and
- insurance acquisition cash flows assets impairments.

3.5. Insurance finance income or expenses

Insurance finance income or expenses comprise changes in the carrying amounts of groups of insurance contracts arising from the effects of the time value of money, financial risk, and changes therein. The main amounts recognized within insurance finance income or expenses include interest accreted on the FCF and CSM, the effect of changes in interest rates and other financial assumptions, and foreign exchange differences.

The Group has elected the accounting policy choice available under IFRS 17 to recognize the impact of changes in discount rates and other financial variables in other comprehensive income (OCI).

Insurance finance income or expense in the income statement is representative of the Group's use of the locked-in discount rate.

3.6. Financial Liabilities

Investment contracts are considered financial liabilities. The Group designates these investment contracts to be measured at FVTPL, because it eliminates or significantly reduces a measurement or recognition inconsistency (that is, an accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Changes in the fair value of financial liabilities measured at FVTPL related to own credit risk are presented in the consolidated statement of profit or loss to prevent accounting mismatch.

3.7. Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group is taxed.

On 200 December 2021, the OECD released proposed model legislation for Pillar Two (the "Model Rules"). The Model Rules included a set of rules, principally the income inclusion rule and undertaxed payments rules, which together have the intended effect of imposing a minimum tax rate of 15% on multinational groups with revenues in excess of €750 million. Additionally, the Model Rules anticipated the implementation of qualifying domestic top-up taxes ("QDMTT") in local jurisdictions. The proposed corporate income tax (CIT) is expected to take effect in January 2025. As of 2023, there is no impact as the Group falls below this threshold.

Under current Bermuda law, the Group is not required to pay any taxes in Bermuda on either income or capital gains. The Group has received an assurance from the Minister of Finance of Bermuda under The Exempted Undertakings Tax Protection Act, 1966 of Bermuda that in the event of any such taxes being imposed the Group will be exempted from taxation until the year 2035. Notwithstanding the above, on 27 December 2023, the Bermuda government enacted the Corporate Income Tax Act 2023 ("the Act") which will apply for accounting periods starting on or after January 1, 2025. Under the Act, any liability to the tax will apply regardless of any assurances previously provided under the Exempted Undertakings Tax Protection Act 1966 of Bermuda.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Where the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority, the corresponding asset and liabilities maybe presented on a net basis.

3.8. Indirect taxes

Indirect taxes are included in general and administrative expenses.

3.9. Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset have expired or substantially all risks and rewards of ownership have been transferred or the risks and rewards have neither been transferred nor retained, but control of the asset has been transferred.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

3.10. Derivatives

The Group may choose to enter into forward contracts, futures, forward rate agreements, currency and interest rate swaps, options and other derivative financial instruments for hedging risk exposures or for trading purposes. The notional amounts or contract volumes of derivatives, which are used to express the volume of instruments outstanding and to provide a basis for comparison with other financial instruments, do not, except for certain foreign exchange contracts, represent the amounts that are effectively exchanged by the parties and, therefore, do not measure the Group's exposure to credit risk. The amounts exchanged are calculated on the basis of the notional amounts or contract volumes and other terms of the derivatives that relate to interest or exchange rates, securities prices and the volatility of these rates and prices.

Derivative financial assets embedded in non-trading financial assets are measured together with the host contract, regardless of if the economic risks and characteristics of the derivative are not closely related to the host contract. As such, the contract derivative's classification is aligned with the host contract which could be classified as amortized cost, FVOCI or FVTPL contingent on the classification of the host contract.

Derivatives embedded in other financial liabilities or in insurance contracts which are not closely related to the host contract are separated and measured at fair value in the statement of financial position. Changes in the fair value are included in investment related gains/(losses) in the statement of profit or loss.

3.11. Interest Income

Interest income is recorded using the effective interest rate ("EIR") method for financial assets. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

3.12. Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. The Group presents the investment in unconsolidated affiliate entities on a net basis.

3.13. Fair value hierarchy of financial instruments

For reporting purposes, a fair value hierarchy is established that categorizes the inputs to valuation techniques used to measure fair value into level 1, 2 or 3. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in

active markets for identical assets or liabilities (level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs).
The fair value of assets or liabilities included in level 1 is based on unadjusted quoted prices in active markets for identical assets or liabilities. The fair value of assets or liabilities that are not traded in an active market is determined using valuation techniques. If all significant inputs to these valuation techniques are observable (directly and indirectly) in the market, the assets or liabilities are included in level 2.

If one or more significant inputs to these valuation techniques are not observable in the market, the assets or liabilities are included in level 3. Such inputs may include information that is derived through extrapolation which is not substantiated by observable market data or that reflects the Group's assumptions about what market participants would use in pricing the asset or liability.

An analysis of fair values of financial instruments is provided in Note 9.

3.14. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position are comprised of cash on hand, cash at banks, cash in transit and short-term deposits with an original maturity of three months or less.

Restricted cash and cash equivalents consist of cash and cash equivalents held in trust as part of the reinsurance agreement to secure all statutory reserves and liabilities of the ceding party. Restricted cash and cash equivalents are reported as a separate line item on the statement of financial position. Changes in the restricted cash and cash equivalents balance are reported in operating activities within the statement of cash flows.

3.15. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

The amounts recognized as a provision represent the best estimate of the expenditure required to settle the obligations.

3.16. Employee benefit liabilities

The Group's pension schemes are classified as defined contribution plans under IFRS.

3.17. Investment in unconsolidated affiliate entities

The investments in unconsolidated affiliate entities are managed and their performance is evaluated on a fair value basis in accordance with the Group's investment strategy.

After initial measurement, financial assets at fair value through profit or loss are subsequently measured at fair value, with unrealized gains or losses recognized in the statement of profit or loss.

Interest earned while holding fair value through profit or loss investments is reported as investment interest income using the effective interest rate ("EIR"). When the asset is derecognized, the gain or loss is recognized in the statement of profit or loss.

3.18. Other assets and other liabilities

3.18.1 Accrued income and prepaid expenses

Accrued income and prepaid expenses include revenues relating to the current financial period, but which are receivable in a subsequent financial period and payments made during the financial period but relating to a subsequent financial period.

3.18.2 Deferred income and accrued expenses

Deferred income is received but related to a subsequent financial period. Accrued expenses consist of charges relating to the current financial period, but which are payable in a subsequent financial period.

3.19. Share awards and option-based compensation plan

The Group operates a cash-settled, option-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognized in the statement of profit or loss with a corresponding increase in a liability over the vesting period. As the fair value of the services received cannot reliably be measured, the value is measured by reference to the fair value of the option instruments granted.

The Group granted restricted common share awards to certain employees. The award is governed by the Share Grant and Restriction Agreement. The fair value of the employee services received in exchange for the grant of the award is recognized in the statement of profit or loss with a corresponding increase in a liability over the vesting period.

At each subsequent reporting date until vesting, the entity calculates a best estimate of the cumulative charge to profit or loss at that date.

3.20. Property and equipment

Property and equipment are carried at cost less accumulated depreciation. This is included in other assets on the statement of financial position. Depreciation is principally calculated using the straight-line method to allocate the cost of the asset's residual values over the asset's estimated useful life as follows:

Property and equipment	Estimated useful lives
Furniture and fixtures	8 years
office equipment	8 years
computer equipment	3 years
leasehold improvements	3 years

The asset's residual value and useful life is reviewed, and adjusted if appropriate, at each statement of financial position date.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the statement of profit or loss during the financial period in which they are incurred. Realized gains or losses on disposals are determined by comparing proceeds with the carrying amount and are included in profit or loss. Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

3.21. Intangible assets

Intangible assets consist of acquired computer software licenses and related development costs, as well as right-of-use assets relating to lease contracts. These are included in other assets on the statement of financial position.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on a straight-line basis for the expected useful life of five years.

Development costs that are directly associated with these identifiable software products controlled by the Group and that will generate future economic benefits are capitalized. Computer software development costs recognized as assets are amortized using the straight-line method over their useful lives of five years.

The principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees are required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

At inception, the right-of-use asset relating to the lease contract is recognized at the lower of the present value of the minimum lease payments or fair value and is depreciated over its estimated useful life. The corresponding lease obligations are recorded as other liabilities in the statement of financial position.

4. Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make significant judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures in the notes. Although some uncertainty is inherent in these judgements and estimates, management believes that the amounts recorded are reasonable. The basis for determining amounts is historical experience, and management's expectations of future events regarding the items concerned at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The following are key assumptions as they could have a material impact on the carrying amounts of assets and liabilities. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

4.1. Discount rates

Group determined the use of a top-down approach to derive the discount rates for the different reinsurance contracts. Under this approach, the discount rate is determined as the yield implicit in the fair value of a reference portfolio adjusted for differences between the reference portfolio of assets and respective liability cash flows, eliminating any risk factors unrelated to the insurance contract liabilities such as credit risk, and adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows, known as illiquidity premium.

Cash flows varying based on underlying items are discounted using a discount rate that reflects the variability of the

All amounts in 000's unless otherwise stated.

underlying assets. The cash flows arising from the investment component are discounted using the expected return of the assets supporting the investment component.
The yield curves that were used to discount the estimates of future cash flows that do not vary based on the returns of the underlying items are as follows:

		2023					2022				
Product	**Currency**	**1 year**	**5 years**	**10 years**	**20 years**	**30 years**	**1 year**	**5 years**	**10 years**	**20 years**	**30 years**
Life and annuity	US	6.0%	5.5%	5.7%	6.0%	5.9%	6.0%	5.9%	5.8%	6.2%	6.0%

Group has chosen to disaggregate insurance finance income or expenses between profit or loss and OCI. The amount included in profit or loss is determined using the discount rates determined on initial recognition of the contracts. The amount included in OCI is the change between the discount rate used at initial recognition and current market yield.

4.2. Estimates of future cash flows to fulfil insurance contracts

Included in the measurement of each group of contracts in the scope of IFRS 17 are all the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability weighted expected future cash flows. The Group estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these estimates, the Group uses information about past events, current conditions, and forecasts of future conditions. The Group's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing, and probability of cash flows. The probability weighted average of the future cash flows is calculated using a deterministic scenario representing the probability weighted mean of a range of scenarios.

Fulfillment cash flows are defined as any cashflow arising from contractually defined benefit, premium, or expense payments. These will be projected at a policy level and summarized at a cohort level.

Group considers a variety of expenses that need to be evaluated to determine if the expenses are incorporated as part of the fulfilment cash flows and to determine the allocation of such expenses.

Direct acquisition expenses are expenses paid to third parties and are associated with acquisition of new business. Fees paid directly to the cedent as part of the initial agreement or as reimbursement for costs incurred will be treated as premium reductions. For block treaties there is only a cohort, therefore no allocation method is needed. For flow treaties the acquisition expenses associated with each issue year cohort will be assigned based on when they are incurred. These costs will be specified within the treaty and vary directly with the acquisition of new business.

Certain acquisition expenses are allocated to new cohorts annually to reflect home office costs associated with underwriting, marketing, and other business acquisition related activities. Judgement in determining the allocation percentage from different departments includes consideration to the actual efforts to underwrite deals from each department to acquisition expense.

Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

4.3. Funds withheld

Funds withheld balances which do not meet the criteria for bifurcation are included in the FCF as a cash flow within the scope of IFRS 17.

4.4. Methods used to measure the risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty relating to the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favorable and unfavorable outcomes in a way that reflects the Group's degree of risk aversion. The Group estimates an adjustment for non-financial risk separately from all other estimates.

In the cost of capital method, the risk adjustment is determined by applying a cost rate to the present value of projected capital relating to non-financial risk. The cost rate is set at 6% per annum representing the return required to compensate for the exposure to non-financial risk. Additionally, capital risk factors incorporated in the determination of risk adjustments vary by type of product with deferred annuities typically receiving a lower capital charge than mortality products. The diversification benefit is included to reflect the diversification in contracts sold across the entity and is incorporated as part of the cost of capital calculation.

The resulting amount of the calculated risk adjustment for the 2023 year corresponds to the confidence level of 71%. (2022 - 80%).

The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2023 and 2022.

4.5. Valuation of Fixed Income securities

The Group obtains pricing information from a range of pricing services and brokers. Where the fair values of securities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of discounted cash flow models and/or mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgments include considerations of liquidity risk, credit risk, and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. The valuation techniques include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and, if applicable, enterprise valuation and may include a number of assumptions relating to variables such as credit risk and interest rates. Changes in assumptions relating to these variables could positively or negatively impact the reported fair value of these instruments.

4.6. Taxes

For current tax, uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

Deferred tax assets (including unused tax losses and unused tax credits) are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits.

All amounts in 000's unless otherwise stated.

5. Adoption of new and revised Standards

Standards and interpretations issued but not yet effective.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Amendment to IFRS 16 – Leases on sale and leaseback

In September 2022, amendments were made to include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. This takes effect for annual periods beginning on 1 January 2024. The Group plans to adopt the new standard on the required effective date. The Group is still evaluating the impact of the standard.

Amendment to IAS 1 – Non-current liabilities with covenants

In November 2022, amendments were made to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. This takes effect for annual periods beginning on 1 January 2024. The Group plans to adopt the new standard on the required effective date. The Group is still evaluating the impact of the standard.

6. Financial assets and liabilities

The carrying amounts of the financial assets and liabilities, measured under IFRS 9, held by the Group are:

31 December 2023	AC	FVOCI		FVTPL		Total
		Designated	Mandatory	Designated	Mandatory	
Cash and cash equivalents	50,798	-	-	-	-	50,798
Restricted cash and cash equivalents	26,230	-	-	-	-	26,230
Corporate Bond Securities	11,839	-	388,624	187,684	3,102	591,249
Asset Backed Securities	-	-	88,321	16,385	-	104,706
Commercial Mortgage Backed Securities	-	-	37,853	28,165	-	66,018
Other Equities	-	17,475	-	-	28,896	46,371
Municipal Securities	-	-	27,272	3,735	-	31,007
Residential Mortgage Backed Securities	-	-	5,031	-	-	5,031
Private Loans	3,855	-	-	-	-	3,855
US Government and Government Agency	-	-	-	1,899	-	1,899
Total investment assets and cash and cash equivalents	**92,722**	**17,475**	**547,101**	**237,868**	**31,998**	**927,164**
Total financial contract liabilities	**-**	**-**	**-**	**(249,946)**	**-**	**(249,946)**

All amounts in 000's unless otherwise stated.

31 December 2022	AC	FVOCI		FVTPL		Total
		Designated	Mandatory	Designated	Mandatory	
Cash and cash equivalents	132,918	-	-	-	-	132,918
Restricted cash and cash equivalents	9,725	-	-	-	-	9,725
Corporate Bond Securities	7,633	-	356,689	179,530	2,786	546,638
Commercial Mortgage Backed Securities	-	-	39,456	30,194	-	69,650
Asset Backed Securities	-	-	44,243	20,329	-	64,572
Municipal Securities	-	-	26,131	3,466	-	29,597
US Government and Government Agency	-	-	20,684	-	-	20,684
Other Equities	-	8,953	-	-	-	8,953
Residential Mortgage Backed Securities	-	-	5,862	-	-	5,862
Non US Government & Supranationals	-	-	-	1,967	-	1,967
Total investment assets and cash and cash equivalents	**150,276**	**8,953**	**493,065**	**235,486**	**2,786**	**890,566**
Total financial contract liabilities	**-**	**-**	**-**	**(247,641)**	**-**	**(247,641)**

Equity investments designated as FVOCI

The group has designated the following equity investments as at FVOCI to reduce an accounting mismatch. The equity investments designated as FVOCI are included in, or expected to be moved into, portfolios that back reinsurance liabilities that are marked through the statement of OCI.

	Fair Value at 31 December		Investments held Dividend recognized in income		Investments derecognized Dividend recognized in income	
	2023	2022	2023	2022	2023	2022
Other equities – Collateralized Fund Obligation	17,475	8,953	47	-	-	-

7. Risk management, policies and procedures

The Group's core business is to reinsure portfolios of life insurance and annuity policies. The reinsurance of life insurance and annuity policies represents a mid-term to long-term promise to the ceding companies. To fulfill its future payment obligations to the ceding companies, the Group must be financially sound over an extended period of time. The ability to remain financially sound and strong depends on a number of risk factors. The Group's identified risks can be categorized into financial, insurance and operational risks. All of these risk categories can impact the financial stability of the Group.

Risks must be identified, assessed, managed, and monitored. Roles, responsibilities, and accountabilities for decision making are structured in line with the Three Lines of Defense principles, with supervision of these activities by the Board or its delegates or designees, thereby achieving effective segregation of duties. In particular:

- The first line of defense resides with the functional leaders (i.e., the Chief Investment Officer (CIO), the Chief Actuary (CA), the Chief Underwriting Officer (CUO) and the Chief Financial Officer (CFO));
- The second line of defense resides with the Chief Risk Officer (CRO) and the Risk and Asset/Liability Management (RALM) Committee for the Executive Management oversight function; and
- The third line of defense resides with the Group's Internal Audit function.

Within Executive Management, risk appetite and key risk management decisions reside with the RALM Committee. Members of the RALM include the CEO, CIO, CUO, CA, CFO and the CRO.

Quarterly, the RALM committee meets to assess risk levels with all risk owners and identify and assess key controls and related control owners, as well as defining the proper key risk levels for all areas.

The supervisory responsibility relating to oversight of risk management by the Executive Management is a Board of Directors oversight function, which includes the activities of the Investment, Risk and Capital Committee (IRCC) and Audit Committee (AC). The Audit Committee is assisted in its supervisory responsibilities by the Group's internal audit function and the Group's compliance function.

The CRO, oversees and assures effective monitoring and control of all identified risks in the business. Among the CRO responsibilities are the development, maintenance, and proper utilization of the Group's risk management framework. Additionally, a major responsibility of the CRO is to supervise all limits / tolerances, report any breaches, and follow up with the respective stakeholders on remedial actions.

7.1. Financial risk management objectives and policies

The Group is exposed to financial risk through its financial assets, financial liabilities, and other liabilities. In particular, the key financial risk is that the financial assets are not sufficient to fund the obligations arising from financial, insurance and other liabilities.

7.2. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Group has a credit risk policy in place that is approved by the RALM and sets out how credit risk is measured, managed, monitored, and reported. The execution itself is performed by the credit risk department and asset managers. The credit risk policy is evaluated at least on a yearly basis, and it is adjusted as approved by the RALM if needed.

The Group manages credit risk by setting credit risk limits within the risk appetite set by the RALM. Asset managers are instructed to operate within these credit limits, and the credit risk department monitors whether credit limits are exceeded.
Credit limits are set for individual counterparties and industry concentrations. The Group's policy is to invest in high-quality, liquid (that is, investment-grade) financial instruments. If credit risk deteriorates significantly, it is the Group's policy to sell these investments and to purchase high-quality, liquid financial instruments in return.

Model for expected credit loss

IFRS 9 outlines a three-stage model for impairment, based on changes in credit quality since initial recognition, as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1, and it has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to

Stage 2, but it is not yet deemed to be credit-impaired.

- If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3.

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of the lifetime ECL that results from default events possible within the next 12 months. Instruments in Stage 2 or 3 have their ECL measured based on the ECL on a lifetime basis.

Definition of default and credit impaired assets

Factors considered in Group's definition of when a financial instrument is in default, which is fully aligned with the definition of credit-impaired, are when the borrower is more than 90 days past due on its contractual payments and when the borrower is considered to be under significant financial difficulty.

An instrument is considered to no longer be in default when it no longer meets any of the default criteria.

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month (12M) or lifetime basis, depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The ECL is the discounted product of the PD, EAD and LGD, defined as follows:

- The probability of default (PD) represents the likelihood of a borrower defaulting on its financial obligation (according to the definition of default and credit-impaired assets above), either over the next 12 months (12M PD) or over the remaining lifetime (Lifetime PD) of the obligation.
- The exposure at default (EAD) is based on the amounts that the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.
- The loss given default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. The LGD varies by type of borrower, type and seniority of claim, and availability of collateral or other credit support. The LGD is expressed as a percentage loss per unit of exposure at the time of default. The LGD is calculated on a 12M or lifetime basis, where the 12M LGD is the percentage of loss expected to be made if the default occurs in the next 12 months, and the lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime.

ECL is measured on a collective basis in which factors considered include similar characteristics of debt instruments, designated measurements, and the investment grade characteristics.

Forward-looking economic information is also included in determining the 12M and Lifetime PD, EAD and LGD. These assumptions vary by product type.

The assumptions underlying the ECL calculation are monitored and reviewed on a quarterly basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Significant increase in credit risk

The Group considers a financial instrument to have experienced a significant increase in credit risk when there are significant adverse credit rating impacts to the investments and forward-looking information indicates unfavorable terms to the investments.

Low credit risk debt instruments

The Group has used the low credit risk exemption for financial instruments when they meet the following conditions:

- the financial instrument has a low risk of default.
- the borrower is considered to have a strong capacity to meet its obligations in the near term; and
- the Group expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the borrower to fulfil its obligations.

The Group defines low credit risk financial assets as financial assets that are 'investment grade' at the reporting date, based on the Group's credit grading policies. For such instruments, the significant increase in credit risk ("SICR") is not assessed, and the impairment allowance is calculated, and the financial asset is measured using the 12M ECL, provided that the financial asset meets the criteria above.

Forward-looking information incorporated in the ECL models

The assessment of a significant increase in credit risk and the calculation of the ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and the ECL for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore the actual outcomes might be significantly different from those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes, and it has analyzed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

All amounts in 000's unless otherwise stated.

Amounts arising from expected credit loss

The following tables explain the changes in the loss allowance for FVOCI debt securities between the beginning and the end of the annual period:

	Stage 1		Stage 2		Stage 3		Total	
	Carrying amount	**Related ECL allowance**	**Carrying amount**	**Related ECL allowance**	**Carrying amount**	**Related ECL allowance**	**Carrying amount**	**Related ECL allowance**
Balance as at 1 January 2023	491,507	-	1,558	-	-	-	493,065	-
Transfer to Stage 1	909	-	(909)	-	-	-	-	-
Transfer to Stage 2	(2,481)	-	2,481	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
Purchases	179,276	-	-	-	-	-	179,276	-
Matured or sold	(114,673)	-	-	-	-	-	(114,673)	-
Remeasurements (1)	(10,503)	-	(64)	-	-	-	(10,567)	-
Total impairment charge for the period (2)	-	225	-	415		-	-	640
Balance as at 31 December 2023	544,035	225	3,066	415	-	-	547,101	640

(1) Includes releases of ECL allowance.
(2) There have been no write-offs or recoveries to write-offs during the year. Unwind of discount was immaterial and therefore not separately presented.

All amounts in 000's unless otherwise stated.

	Stage 1		Stage 2		Stage 3		Total	
	Carrying amount	Related ECL allowance	Carrying amount	Related ECL allowance	Carrying amount	Related ECL allowance	Carrying amount	Related ECL allowance
Balance as at 1 January 2022	581,416	-	5,382	-	-	-	586,798	-
Transfer to Stage 1	759	-	(759)	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
Purchases	170,015	-	-	-	-	-	170,015	-
Matured or sold	(155,826)	-	(2,359)	-	-	-	(158,185)	-
Remeasurements (1)	(104,857)	-	(706)	-	-	-	(105,563)	-
Total impairment charge for the period (2)	-	-	-	-	-	-	-	-
Balance as at 31 December 2022	491,507	-	1,558	-	-	-	493,065	-

(1) Includes releases of ECL allowance.
(2) There have been no write-offs or recoveries to write-offs during the year. Unwind of discount was immaterial and therefore not separately presented.

Changes of the ECL allowance predominantly pertain to respective changes of the credit ratings associated with the financial assets.

Credit risk grading

The Group uses external credit risk ratings to assess credit risk, because external credit risk ratings are available for all debt instruments held, with the exception of those labeled Not Rated. The Group's practice is to use third party independent credit ratings where available. Securities for which management was unable to obtain an independent credit rating are shown as Not Rated.

The credit ratings are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A- rating is lower than the difference in the PD between a B and B- rating.

All amounts in 000's unless otherwise stated.

Credit risk exposure

The following table contains an analysis of the credit risk exposure of debt instruments for which an ECL allowance is recognized. The carrying amount of financial assets below represents the Group's maximum exposure to credit risk on these assets.

	2023			2022		
	Investment grade	**Standard monitoring**	**Not Rated**	**Investment grade**	**Standard monitoring**	**Not Rated**
	BBB and above	**BB and below**		**BBB and above**	**BB and below**	
FVOCI securities						
Corporate Bond Securities	386,144	2,481	-	353,256	3,432	-
Asset Backed Securities	88,321	-	-	44,243	-	-
Commercial Mortgage-Backed Securities	37,267	585	-	38,807	649	-
Municipal Securities	27,272	-	-	26,131	-	-
Other Equities		-	17,475	-	-	8,953
Residential Mortgage-Backed Securities	5,031	-	-	5,862	-	-
US Government and Governmental Agency	-	-	-	20,684	-	-
Total FVOCI Assets	**544,035**	**3,066**	**17,475**	**488,983**	**4,081**	**8,953**
Amortized cost securities						
Corporate Bond Securities	11,844	-	-	7,633	-	-
Private Loans	3,850	-	-	-	-	-
Total Amortized cost securities	**15,694**	**-**	**-**	**7,633**	**-**	**-**
Total carrying amount	**559,729**	**3,066**	**17,475**	**496,616**	**4,081**	**8,953**

Financial liabilities designated at FVTPL and presenting effects attributable to credit risk in profit and loss

Investment contract liabilities have been designated as at FVTPL, along with the attributable credit risk presented in profit and loss. There were no changes in credit risk recognized during the year (2022: $Nil)

The change in fair value attributable to changes in credit risk is determined based on established credit ratings of the respective obligator and considers the Group's obligation priorities to the policyholders. If a credit rating of the obligator is not available, Group will use the credit rating of an insurance company with similar characteristics. When such information is not observable, the change in fair value attributable to changes in credit risk is determined as the total amount of the change in fair value that is not attributable to changes in the observed benchmark interest rate or in other market rates. In the absence of specific observable data, this approach provides a reasonable approximation of changes attributable to credit risk because it estimates the change of margin above the benchmark that the market may require for holding the financial liability.

7.3. Concentration risk

Concentration of risk arises from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. The Group has its cash and restricted cash deposited at banks whose short-term local currency ratings are A-1 to A-2 or equivalent according to third-party credit ratings. The Group's fixed income and funds withheld investments are held by custodians whose short-term local currency ratings are A-1 to A-2 or equivalent according to third party currency ratings. The Group's maximum permitted combined holding of a fixed income or funds withheld investment cannot exceed the limits set out in the Group's investment management framework, which provides maximum issuer and maximum sector exposures on an aggregated basis in order to manage concentration risk.

7.4. Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is not exposed to any significant currency risk. Any current exposure relates primarily to an insignificant portion of operating expenses as some of them are denominated in non-USD currencies. The Group's functional currency is USD.

Any changes caused by foreign currency on financial instruments would be recorded in the Group's profit or loss and therefore also in the retained earnings (which includes the profit/loss of the current reporting period). The amount of impact due to changes caused by foreign currency is minimal because financial instruments denominated in foreign currency are immaterial to the financial statements.

7.5. Liquidity risk

Liquidity risk is the risk that insufficient cash resources may be available to pay obligations when due. The Group's liquidity risk management approach consists of 1) monitoring the duration of the assets and liabilities and realigning the investment portfolios as needed; 2) monitoring collateral requirements on a monthly basis against available cash and, 3) maintaining a significant portion of liquid assets in the investment portfolios. The Group is currently exposed to liquidity risk on its obligations to its creditors and cedants. Exposure to liquidity risk is based on the earliest time the Group could be contractually required to repay any outstanding amounts. The assets contractual terms may not be consistent with duration.

The below tables show a liquidity shortfall in the 1-5 years bucket; however, the tables are completed with the final legal maturities of assets. In the case of prepaying structured securities, the legal maturities can be far greater than the actual weighted average lives of the securities. This would cause the below analysis to skew asset maturities long. The Group matches asset duration and liability duration and is comfortable that no material liquidity shortfall exists in the 1-5 years bucket.

All amounts in 000's unless otherwise stated.

Additionally, the tables present the estimated amount and timing of the remaining contractual discounted cash flows arising from investment assets and insurance liabilities. When debt securities mature, the proceeds that are not needed to meet liability cash flows will be reinvested.

					2023
	Carry Amount	**Up to 1 year**	**1-5 years**	**5-10 years**	**> 10 years**
Financial assets					
Cash and cash	50,798	50,798	-	-	-
Restricted cash and cash equivalents	26,230	26,230	-	-	-
FVOCI securities	564,576	25,534	137,337	141,367	260,338
FVTPL securities	269,866	-	40,996	43,415	185,455
AC securities	15,694	-	-	15,694	-
Investments in unconsolidated affiliate entities	243,456	243,456	-	-	-
Other assets	22,690	22,690	-	-	-
Total financial assets	**1,193,310**	**368,708**	**178,333**	**200,476**	**445,793**
Financial liabilities					
Investment contract liabilities	249,946	25,216	84,012	69,663	71,055
Other liabilities	48,659	48,659	-	-	-
Total investment and other liabilities	**298,605**	**73,875**	**84,012**	**69,663**	**71,055**
Insurance liabilities					
Net insurance contract liabilities	443,467	38,964	157,228	118,680	128,595
Total net insurance contract liabilities	**443,467**	**38,964**	**157,228**	**118,680**	**128,595**
Financial assets/(liabilities)	**451,238**	**255,869**	**(62,907)**	**12,133**	**246,143**

All amounts in 000's unless otherwise stated.

					2022
	Carry Amount	Up to 1 year	1-5 years	5-10 years	> 10 years
Financial assets					
Cash and cash	132,918	132,918	-	-	-
Restricted cash and cash equivalents	9,725	9,725	-	-	-
AC securities	7,633	-	-	7,633	-
FVOCI securities	502,018	40,857	131,282	135,349	194,530
FVTPL securities	238,272	-	11,641	74,575	152,056
Investments in unconsolidated affiliate entities	312,268	312,268	-	-	-
Other assets	23,572	23,572	-	-	-
Total financial assets	**1,226,406**	**519,340**	**142,923**	**217,557**	**346,586**
Financial liabilities					
Investment contract liabilities	247,641	24,983	83,237	69,020	70,401
Other liabilities	38,076	38,076	-	-	-
Total investment and other liabilities	**285,717**	**63,059**	**83,237**	**69,020**	**70,401**
Insurance liabilities					
Net insurance contract liabilities	508,880	44,711	180,420	136,185	147,564
Total not insurance contract liabilities	**508,880**	**44,711**	**180,420**	**136,185**	**147,564**
Financial assets/(liabilities)	**431,809**	**411,570**	**(120,734)**	**12,352**	**128,621**

7.6. Market risk

The sensitivity analysis shows the effect of capital market events on the value of financial instruments and the corresponding impact on profit or loss and equity.

Market risk – interest rates

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments within the Group's fixed income investment portfolio. Interest on floating rate instruments is re–priced at intervals of less than one year. Interest on fixed interest rate instruments are priced at inception of the financial instrument and is fixed until maturity.

To manage interest rate risk, the Group adheres to a duration match between its liabilities and its overall asset portfolio to minimize economic risk due to yield curve changes, reinvestment risk, liquidity concerns and capital adequacy requirements. The difference in the weighted average of the asset and liability duration is 0.2 years (2022 – 0.9 years).

All amounts in 000's unless otherwise stated.

Under current accounting guidance the change in economic value of the liabilities which the Group's invested assets are backing is not captured on a periodic basis and as such the movements in valuation of fixed income securities and the funds withheld portfolio will impact reported financial results without the benefit of the inverse economic impact on the related financial liabilities.

Market risk – Net asset value (NAV)

The following tables demonstrate the sensitivity to a reasonably possible change in the NAV of the Investments in unconsolidated affiliate entities, with all other variables held constant, on the Group's profit before tax and the Group's equity due to changes in the NAV.

				2023
Category	**Change in NAV**	**Impact on pre-tax profit/loss**	**Impact on pre-tax OCI**	**Total change in market value**
Financial instruments	NAV 10% higher	46,665	-	46,665
	NAV 10% lower	(46,665)	-	(46,665)

				2022
Category	**Change in NAV**	**Impact on pre-tax profit/loss**	**Impact on pre-tax OCI**	**Total change in market value**
Financial instruments	NAV 10% higher	51,038	-	51,038
	NAV 10% lower	(51,038)	-	(51,038)

Market risk – Fair value prices

The following table demonstrates the sensitivity to a reasonably possible change in the prices of the fixed income investment portfolio for investments classified as FVOCI and FVTPL, with all other variables held constant, on the Group's profit before tax and the Group's equity due to changes in the prices.

				2023
Category	**Change in interest rates**	**Impact on pre- tax profit/loss**	**Impact on pre-tax OCI**	**Total change in market value**
Financial instruments	Interest rate 3% higher	(4,432)	(82,959)	(87,391)
	Interest rate 3% lower	11,214	126,684	137,898
Insurance contracts	Interest rate 3% higher	-	(268,191)	(268,191)
	Interest rate 3% lower	-	188,308	188,308

All amounts in 000's unless otherwise stated.

				2022
Category	**Change in interest rates**	**Impact on pre- tax profit/loss**	**Impact on pre-tax OCI**	**Total change in market value**
Financial instruments	Interest rate 3% higher	(4,441)	(49,302)	(49,306)
	Interest rate 3% lower	11,238	74,610	74,621
Insurance contracts	Interest rate 3% higher	-	(209,645)	(209,645)
	Interest rate 3% lower	-	155,781	155,781

7.7. Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount and timing of the resulting claim. For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using actuarial techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its reinsurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Factors that increase insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

The net carrying amount of insurance contracts represents life and annuity products is $443,467 (2022: $508,880).

Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or widespread changes in lifestyles such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

At present, these risks do not vary significantly in relation to the geographical location of the risk reinsured by the Group. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Group manages risks through its underwriting strategy. The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits.

All amounts in 000's unless otherwise stated.

Sensitivities

The following analysis is performed for reasonably possible movements in lapse and mortality assumptions respectively, with all other assumptions held constant for the subsequent year. The projected impact on pre-tax income and reserve for the future 12-month period beginning 31 December and comparative amounts are shown in the tables below:

		2023		2022	
	Change in Lapse Rate	**Increase/ (decrease) on Liabilities**	**Increase/ (decrease) on pre-tax profit & loss**	**Increase/ (decrease) on Liabilities**	**Increase/ (decrease) on pre-tax profit & loss**
Insurance Contracts	Rate 40% higher	(5,726)	(6,326)	(2,951)	(3,260)
	Rate 40% lower	500	4,711	240	2,012

		2023		2022	
	Change in Mortality Rate	**Increase/ (decrease) on Liabilities**	**Increase/ (decrease) on pre-tax profit & loss**	**Increase/ (decrease) on Liabilities**	**Increase/ (decrease) on pre-tax profit & loss**
Insurance Contracts	Rate 40% higher	(6,894)	(10,602)	(6,873)	(10,571)
	Rate 40% lower	7,204	11,045	7,157	10,973

8. Fair value measurement

The Group classifies fixed income securities as either FVOCI or FVTPL depending upon management's intent for the portfolio. Changes to the fair value of FVTPL securities are reflected in the statement of profit or loss, while changes to the fair value of FVOCI securities are reflected as other comprehensive income.

The Group's holdings in the unconsolidated affiliate entities are valued using the net asset values (NAVs) as an approximation to the fair value per the underlying audited financial statements.

All amounts in 000's unless otherwise stated.

	Level 1	Level 2	Level 3	Total 2023
Financial assets				
FVOCI Securities				
Corporate Bond Securities	-	388,624	-	388,624
Asset Backed Securities	-	88,321	-	88,321
Commercial Mortgage Backed Securities	-	37,853	-	37,853
Municipal Securities	-	27,272	-	27,272
Other Equities	-	-	17,475	17,475
Residential Mortgage Backed Securities	-	5,031	-	5,031
Total FVOCI Securities	**-**	**547,101**	**17,475**	**564,576**
FVTPL Securities				
Corporate Bond Securities	-	190,786	-	190,786
Other Equities	-	-	28,896	28,896
Commercial Mortgage Backed Securities	-	28,165	-	28,165
Asset Backed Securities	-	16,385	-	16,385
Municipal Securities	-	3,735	-	3,735
Non US Government & Supranationals	-	1,899	-	1,899
Total FVTPL Securities	**-**	**240,970**	**28,896**	**269,866**
Investments in unconsolidated affiliate entities - FVTPL	-	207,641	35,815	243,456
Total financial assets	**-**	**995,712**	**82,186**	**1,077,898**

	Level 1	Level 2	Level 3	Total 2023
Financial liabilities				
Investment contract liabilities	-	-	249,946	249,946
Total financial liabilities	**-**	**-**	**249,946**	**249,946**

All amounts in 000's unless otherwise stated.

	Level 1	Level 2	Level 3	Total
				2022
Financial assets				
FVOCI Securities				
Corporate Bond Securities	-	356,689	-	356,689
Asset Backed Securities	-	44,243	-	44,243
Commercial Mortgage Backed Securities	-	39,456	-	39,456
Municipal Securities	-	26,131	-	26,131
US Government and Government Agency	20,684	-	-	20,684
Other Equities	-	-	8,953	8,953
Residential Mortgage Backed Securities	-	5,862	-	5,862
Total FVOCI Securities	**20,684**	**472,381**	**8,953**	**502,018**
FVTPL Securities				
Corporate Bond Securities	-	182,316	-	182,316
Commercial Mortgage Backed Securities	-	30,194	-	30,194
Asset Backed Securities	-	20,329	-	20,329
Municipal Securities	-	3,466	-	3,466
Non US Government & Supranationals	-	1,967	-	1,967
Total FVTPL Securities	**-**	**238,272**	**-**	**238,272**
Investments in unconsolidated affiliate entities - FVTPL	-	312,268	-	312,268
Total financial assets	**20,684**	**1,022,921**	**8,953**	**1,052,558**

	Level 1	Level 2	Level 3	Total
				2022
Financial liabilities				
Investment contract liabilities	-	-	247,641	247,641
Total financial liabilities	**-**	**-**	**247,641**	**247,641**

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group has not transferred any assets or liabilities between level 1 and level 2, or between level 2 and level 3, within the fair value hierarchy.

All amounts in 000's unless otherwise stated.

The following table presents the Level 3 assets and liabilities of the Group as at 31 December 2023:

	FVOCI securities	FVTPL securities	Investments in unconsolidated affiliate entity	Total level 3 assets	Investment contract liabilities	Total level 3 liabilities
Balance, beginning of period	8,953	-	-	**8,953**	(247,641)	**(247,641)**
Purchases	12,598	22,092	50,000	**84,690**	-	**-**
Sales	(5,120)	-	(15,000)	**(20,120)**	23,321	**23,321**
Total gains/(losses)						
Included in net profit	-	6,804	815	**7,619**	(25,626)	**(25,626)**
Included in OCI	1,044	-	-	**1,044**	-	**-**
Transfers into level 3	-	-	-	**-**	-	**-**
Net transfers out of level 3	-	-	-	**-**	-	**-**
Balance, end of period	**17,475**	**28,896**	**35,815**	**82,186**	**(249,946)**	**(249,946)**
Changes in unrealized gains/(losses) for the year related to investments still held at 31 December 2023	1,044	6,804	815	**8,663**	-	**-**
Total gains/(losses) for the year included in investment interest income	-	-	-		(25,626)	**(25,626)**
Total gains/(losses) for the year included in net gains (losses) on FVTPL investments	-	6,804	815	**7,619**	-	**-**
Total gains/(losses) for the year included in net gains (losses) on FVOCI investments	-	-	-	**-**	-	**-**
Total gains/(losses) for the year included in change in fair value of equity investments at FVOCI	1,044	-	-	**1,044**	-	**-**

All amounts in 000's unless otherwise stated.

The following table presents the Level 3 assets and liabilities of the Group as at 31 December 2022:

	FVOCI securities	FVTPL securities	Investments in unconsolidated affiliate entity	Total level 3 assets	Investment contract liabilities	Total level 3 liabilities
Balance, beginning of period	6,572	-	-	**6,572**	(334,835)	**(334,835)**
Purchases	37,003	-	-	**37,003**	-	**-**
Sales	(34,206)	-	-	**(34,206)**	23,432	**23,432**
Total gains/(losses)						
Included in net profit	(384)	-	-	**(384)**	63,762	**63,762**
Included in OCI	(32)	-	-	**(32)**	-	**-**
Transfers into level 3	-	-	-	**-**	-	**-**
Net transfers out of level 3	-	-	-	**-**	-	**-**
Balance, end of period	**8,953**	**-**	**-**	**8,953**	**(247,641)**	**(247,641)**
Changes in unrealized gains/(losses) for the year related to investments still held at 31 December 2022	**-**	**-**	**-**	**-**	**-**	**-**
Total gains/(losses) for the year included in investment interest income	3	-	-	**3**	63,762	**63,762**
Total gains/(losses) for the year included in net gains (losses) on FVTPL investments	-	-	-	**-**	**-**	**-**
Total gains/(losses) for the year included in net gains (losses) on FVOCI investments	(387)	-	-	**(387)**	**-**	**-**
Total gains/(losses) for the year included in change in fair value of equity investments at FVOCI	(32)	-	-	**(32)**	**-**	**-**

The Group considers prices for actively traded securities to be derived based on quoted prices in an active market for identical assets, which are level 1 inputs in the fair value hierarchy. Most securities are valued using prices supplied by pricing services. The Group considers prices for other securities that may not be as actively traded which are priced via pricing services, or with reference to interest rates and yield curves, to be derived based on inputs that are observable for the asset, either directly or indirectly, which are level 2 inputs in the fair value hierarchy.

US government and government agency securities include US treasuries. US treasury prices are from quoted (unadjusted) market prices in active markets, therefore, classified as level 1.

The following sections outline the valuation techniques and significant inputs used in the fair value measurement of financial instruments categorized within level 2 of the fair value hierarchy.

Corporate bond securities consist primarily of investment-grade debt of a wide variety of corporate issuers and industries. The fair values of these securities are determined using the spread above the risk-free yield curve, reported trades, broker/dealer quotes, benchmark yields, and industry and market indicators. These are considered observable market inputs and, therefore, the fair value of these securities is classified within level 2.

Residential and commercial mortgage-backed securities include both agency and non-agency originated securities. Agency originated securities include securities issued by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and other U.S. government agencies. The significant inputs used to determine the fair value of these securities includes the spread above the risk-free yield curve, reported trades, benchmark yields, broker/dealer quotes, prepayment speeds, and default rates. These are considered observable market inputs and, therefore the fair values of these securities are classified within level 2.

Investments in unconsolidated affiliate entities classified as level 2 assets comprise of funds that are based on net asset values (NAV) substantiated by observable market data such as recent transactions or valuation techniques that reflect the market participant's assumptions.

Level 3 unobservable inputs as at 31 December 2023

The following table presents the unobservable inputs that the Group used in the pricing of level 3 assets at year end, as well as a description of how changes in those unobservable inputs could affect the net profit or loss of the Group:

Type of asset (liability)	Fair Value	Valuation technique	Significant unobservable input	Input value	Impact of changes to significant unobservable input
Investments in unconsolidated affiliate entities – Investment funds	35,815	Net asset value	Underlying net assets		An increase in the underlying net assets would result in an increase in the fair value of the asset. A decrease in the underlying net assets would result in a decrease in the fair value of the asset.
Other Equities – Investment funds	28,896	Net asset value	Underlying net assets		An increase in the underlying net assets would result in an increase in the fair value of the asset. A decrease in the underlying net assets would result in a decrease in the fair value of the asset.
Other Equities – Collateralized Fund Obligations	17,475	Net asset value	Underlying net assets		An increase in the underlying net assets would result in an increase in the fair value of the asset. A decrease in the underlying net assets would result in a decrease in the fair value of the asset.
Investment contract liabilities	(249,946)	Discounted cash flows	Discount rate	4.0-8.7%	An increase in the discount rate would result in a decrease in the fair value of the liabilities. A decrease in the discount rate would result in an increase in the fair value of the liabilities.

All amounts in 000's unless otherwise stated.

Level 3 unobservable inputs as at 31 December 2022

The following table presents the unobservable inputs that the Group used in the pricing of level 3 assets at year end, as well as a description of how changes in those unobservable inputs could affect the net profit or loss of the Group:

Type of asset	Fair Value	Valuation technique	Significant unobservable input	Input value	Impact of changes to significant unobservable input
Other Equities – Collateralized Fund Obligations	8,953	Net asset value	Underlying net assets		An increase in the underlying net assets would result in an increase in the fair value of the asset. A decrease in the underlying net assets would result in a decrease in the fair value of the asset.
Investment contract liabilities	(247,641)	Discounted cash flows	Discount rate	5.1-6.1%	An increase in the discount rate would result in a decrease in the fair value of the liabilities. A decrease in the discount rate would result in an increase in the fair value of the liabilities.

9. Fair value of financial instruments carried at notional amounts

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements at their notional amounts.

Fair Values

	Carrying amount 2023	Fair value 2023
Financial assets		
Cash and cash equivalents	50,798	50,798
Restricted cash and cash equivalents	26,230	26,230
Amortized cost securities	15,694	15,694
Other assets	22,690	22,690
Total	**115,412**	**115,412**

	Carrying amount 2023	Fair value 2023
Financial liabilities		
Other liabilities	48,659	48,659
Total	**48,659**	**48,659**

All amounts in 000's unless otherwise stated.

Fair Values

	Carrying amount 2022	Fair value 2022
Financial assets		
Cash and cash equivalents	132,918	132,918
Restricted cash and cash equivalents	9,725	9,725
Amortized cost securities	7,633	7,633
Other assets	23,572	23,572
Total	**173,848**	**173,848**

	Carrying amount 2022	Fair value 2022
Financial liabilities		
Other liabilities	38,076	38,076
Total	**38,076**	**38,076**

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The Group's cash and cash equivalents consist of cash on hand, cash at banks, cash in transit and short-term deposits with an original maturity of three months or less and are recognized at their notional amount.
- All receivables and payables approximate their fair values and are recognized at their notional amounts as they are short-term instruments and the effect of discounting them is considered immaterial.

10. Interests in unconsolidated affiliate entities

Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. The Group classifies its interests in structured entities at fair value through profit or loss. The Group is the sole investor in such structured entities (investment funds).

The Group does not have power over activities that significantly drive their economic performance (i.e., the Group is not involved in the investment decision process, nor does it have decision rights). These activities are carried out solely by the entity managing the Group's investment and therefore the Group is deemed not to control the structured entities and does not consolidate them. Instead, the "net approach" (net asset value accounting) is applied. Although the threshold for control is not met, the Group has significant influence over the structured entities on the basis of its ownership percentage and therefore they are disclosed as unconsolidated affiliate entities.

The carrying amount of the Group's investment in the structured entities approximates the fair value that is disclosed in the statement of the financial position. The structured entities do not have any recourse rights to the Group and the Group's maximum exposure to loss is the carrying amount of the structured entities that is disclosed in the statement of financial position.

The Group has a loan facility agreement with one structured entity as the "Lender" with a maximum borrowing amount of $1,500,000 but limited to $258,498 (2022: $306,226) as at the year-end date. The agreement has a maturity date of five years from the date of the agreement, upon which the outstanding balance will be due and payable. The agreement includes the right to offset the loan against the investment in the unconsolidated affiliate entities.

All amounts in 000's unless otherwise stated.

	Assets 2023	Liabilities 2023	Assets 2022	Liabilities 2022
Gross Amounts of Recognized Assets and Liabilities on the Statement of Financial Position	466,645	(223,189)	510,377	(198,109)
Gross Amounts Offset on the Statements of Financial Position	(223,189)	223,189	(198,109)	198,109
Net investments in unconsolidated affiliate entities	243,456	-	312,268	-

The interest rate on amounts borrowed is SOFR + 0.5% and interest is due to the Lender at the end of each 90-day period. The interest expense paid to the Lender for the year ended 31 December 2023 is $10,489 (2022: $5,399) and the balance owing to the Lender at 31 December 2023 is USD $850 (2022: $770).

11. Insurance contracts

11.1. Insurance revenue and insurance service result

Analysis of insurance revenue and insurance service expenses is included in the following tables:

	2023	2022
Insurance Revenue		
Amounts relating to changes in the liability for remaining coverage		
Expected insurance service expenses incurred in the period	121,713	18,545
Change in the risk adjustment for non-financial risk	7,863	9,476
Amount of contractual service margin recognized in profit or loss	31,250	13,789
Other amounts	5,622	8,350
Amounts relating to recovery of insurance acquisition cash flows		
Allocation for the recovery of insurance acquisition cash flows	2,012	1,276
Insurance revenue	**168,460**	**51,436**
Insurance service expenses		
Incurred claims and other directly attributable expenses	(128,239)	(29,772)
Changes that relate to past service	-	-
Losses on onerous contracts and reversal of those losses	3,155	1,909
Insurance acquisition cash flows amortization	(2,012)	(1,276)
Insurance acquisition cash flows assets impairment	-	-
Total insurance service expenses	**(127,096)**	**(29,139)**
Total insurance service result	**41,364**	**22,297**

All amounts in 000's unless otherwise stated.

11.2. Net insurance contract liabilities

	2023	2022
BEL – Fulfillment cash outflows	4,978,696	4,103,740
Risk Adjustment	63,831	88,646
Contractual service margin	371,487	326,405
Gross modelled fulfilment outflows	**5,414,014**	**4,518,791**
BEL – Fulfillment cash inflows: assets withheld	(4,876,191)	(3,859,623)
BEL – Fulfillment cash inflows: Policy loan	(70,252)	(75,605)
Non-modeled reserves	32,049	30,376
Net reinsurance receivables/payables	(56,153)	(105,059)
Net insurance contract liabilities	**443,467**	**508,880**
Insurance contract liabilities	555,014	628,471
Insurance contract assets	(111,547)	(119,591)
Net insurance contract liabilities (assets))	**443,467**	**508,880**

11.3. Expected recognition of the contractual service margin

An analysis of the expected recognition of the CSM remaining at the end of the reporting period:

As at 31 December 2023

	1 year	5 years	10 years	20 years	30 years	> 30 Years	Total
Insurance contracts							
Life and Annuity unit	27,958	95,947	88,588	100,083	41,583	17,328	371,487
	27,958	**95,947**	**88,588**	**100,083**	**41,583**	**17,328**	**371,487**

As at 31 December 2022

	1 year	5 years	10 years	20 years	30 years	>30 Years	Total
Insurance contracts							
Life and Annuity unit	29,933	97,531	82,445	81,324	26,448	8,815	326,405
	29,933	**97,531**	**82,445**	**81,324**	**26,448**	**8,815**	**326,405**

All amounts in 000's unless otherwise stated.

11.4. Reconciliation of the liability for remaining coverage and the liability for incurred claims

2023	Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)	Total
	Excluding loss component	Loss component		
Insurance contract liabilities as at 01/01	519,435	19,079	89,957	628,471
Insurance contract assets as at 01/01	119,591	-	-	119,591
Net insurance contract (assets)/liabilities as at 01/01	**399,844**	**19,079**	**89,957**	**508,880**
Insurance revenue	**(168,460)**	**-**	**-**	**(168,460)**
Expected insurance claims and other insurance service expenses	(129,347)	-	-	(129,347)
CSM recognized for services provided	(31,250)	-	-	(31,250)
Change on risk adjustment for the risk expired	(7,863)	-	-	(7,863)
Insurance service expenses	**3,685**	**(4,454)**	**127,865**	**127,096**
Incurred claims and other insurance expenses	-	(1,298)	127,865	126,567
Amortization of insurance acquisition cash flows	2,012	-	-	2,012
Losses on onerous contracts and reversals of those losses	-	(3,156)	-	(3,156)
Changes to liabilities for incurred claims	1,673	-	-	1,673
Insurance service result	**(164,775)**	**(4,454)**	**127,865**	**(41,364)**
Finance (income)/ expenses from insurance contracts issued	**37,160**	**94**	**-**	**37,254**
Finance expenses from insurance contracts recognized in profit or loss	(8,643)	557	-	(8,086)
Finance expenses from insurance contracts recognized in OCI	45,803	(463)	-	45,340
Total amounts recognized comprehensive income	**(127,615)**	**(4,360)**	**127,865**	**(4,110)**
Investment components	(558,292)	-	558,292	-
Cash flows				
Premiums received	-	-	-	-
Claims and other expenses paid	559,877	-	(620,185)	(60,308)
Insurance acquisition cash flows	(995)	-	-	(995)
Total cash flows	**558,882**	**-**	**(620,185)**	**(61,303)**
Net insurance contract (assets)/liabilities as at 31/12	**272,819**	**14,719**	**155,929**	**443,467**
Insurance contract assets as at 31/12	111,547	-	-	111,547
Insurance contract liabilities as at 31/12	384,366	14,719	155,929	555,014
Net insurance contract (assets)/liabilities as at 31/12	**272,819**	**14,719**	**155,929**	**443,467**

All amounts in 000's unless otherwise stated.

2022	Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)	Total
	Excluding loss component	Loss component		
Insurance contract liabilities as at 01/01	594,858	35,866	80,700	711,424
Insurance contract assets as at 01/01	72,066		-	72,066
Net insurance contract (assets)/liabilities as at 01/01	**522,792**	**35,866**	**80,700**	**639,358**
Insurance revenue	**(51,436)**	**-**	**-**	**(51,436)**
Expected insurance claims and other insurance service expenses	(28,171)	-	-	(28,171)
CSM recognized for services provided	(13,789)	-	-	(13,789)
Change on risk adjustment for the risk expired	(9,476)	-	-	(9,476)
Insurance service expenses	**7,026**	**(8,388)**	**30,501**	**29,139**
Incurred claims and other insurance expenses	-	(6,479)	30,501	24,022
Amortization of insurance acquisition cash flows	1,276	-	-	1,276
Losses on onerous contracts and reversals of those losses	-	(1,909)	-	(1,909)
Changes to liabilities for incurred claims	5,750	-	-	5,750
Insurance service result	**(44,410)**	**(8,388)**	**30,501**	**(22,297)**
Finance (income)/ expenses from insurance contracts issued	**17,208**	**(8,398)**	**-**	**8,810**
Finance expenses from insurance contracts recognized in profit or loss	(15,447)	1,775	-	(13,672)
Finance expenses from insurance contracts recognized in OCI	32,655	(10,173)	-	22,482
Total amounts recognized comprehensive income	**(27,202)**	**(16,786)**	**30,501**	**(13,487)**
Investment components	**(309,327)**	-	**309,327**	-
Cash flows				
Premiums received	-	-	-	-
Claims and other expenses paid	224,186	-	(330,571)	(106,385)
Insurance acquisition cash flows	(10,606)	-	-	(10,606)
Total cash flows	**213,580**	**-**	**(330,571)**	**(116,991)**
Net insurance contract (assets)/liabilities as at 31/12	**399,843**	**19,080**	**89,957**	**508,880**
Insurance contract assets as at 31/12	(119,591)	-	-	(119,591)
Insurance contract liabilities as at 31/12	519,434	19,080	89,957	628,471
Net insurance contract (assets)/liabilities as at 31/12	**399,843**	**19,080**	**89,957**	508,880

All amounts in 000's unless otherwise stated.

11.5. Reconciliation of the measurement components of insurance contract issued balances

2023	Estimates of the present value of future cash flows	Risk adjustment (RA)	Contractual service margin (CSM)	Total
Insurance contract liabilities as at 01/01	474,064	36,303	118,104	628,471
Insurance contract assets as at 01/01	380,235	(52,342)	(208,302)	119,591
Net insurance contract (assets)/liabilities as at 01/01	**93,829**	**88,645**	**326,406**	**508,880**
Changes that relate to current services	**(7,369)**	**(7,863)**	**(31,250)**	**(46,482)**
Contractual service margin recognized for services provided	-	-	(31,250)	(31,250)
Risk adjustment recognized for the risk expired	-	(7,863)	-	(7,863)
Experience adjustments	(7,369)	-	-	(7,369)
Changes that relate to future services	**(16,452)**	**(34,432)**	**56,002**	**5,118**
Contracts initially recognized in the period	(206,161)	5,444	225,607	24,890
Changes in estimates that adjust the contractual service margin	181,740	(35,035)	(169,190)	(22,485)
Changes in estimates that do not adjust the contractual service margin	6,296	(4,841)	(415)	1,040
Changes to liabilities for incurred claims	1,673	-	-	1,673
Changes that relate to past services	**-**	**-**	**-**	**-**
Adjustments to liabilities for incurred claims	-	-	-	-
Insurance service result	**(23,821)**	**(42,295)**	**24,752**	**(41,364)**
Finance (income)/ expenses from insurance contracts issued	**(556)**	**17,481**	**20,329**	**37,254**
Finance expenses from insurance contracts issued recognized in profit or loss	(30,523)	3,802	18,635	(8,086)
Finance expenses from insurance contracts issued recognized in OCI	29,967	13,679	1,694	45,340
Total amounts recognized comprehensive income	**(24,377)**	**(24,814)**	**45,081**	**(4,110)**
Cash flows				
Premiums received	-	-	-	-
Claims and other expenses paid	(60,308)	-	-	(60,308)
Insurance acquisition cash flows	(995)	-	-	(995)
Total cash flows	**(61,303)**	**-**	**-**	**(61,303)**
Other movements	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	**8,149**	**63,831**	**371,487**	**443,467**
Insurance contract liabilities as at 31/12	470,230	15,593	69,191	555,014
Insurance contract assets as at 31/12	462,081	(48,238)	(302,296)	111,547
Net Insurance contract (assets)/liabilities as at 31/12	**8,149**	**63,831**	**371,487**	**443,467**

All amounts in 000's unless otherwise stated.

2022	Estimates of the present value of future cash flows	Risk adjustment (RA)	Contractual service margin (CSM)	Total
Insurance contract liabilities as at 01/01	620,211	33,976	57,237	711,424
Insurance contract assets as at 01/01	286,008	(63,483)	(150,459)	72,066
Net insurance contract (assets)/liabilities as at 01/01	**334,203**	**97,459**	**207,696**	**639,358**
Changes that relate to current services	**(4,990)**	**(9,476)**	**(13,789)**	**(28,255)**
Contractual service margin recognized for services provided	-	-	(13,789)	(13,789)
Risk adjustment recognized for the risk expired	-	(9,476)	-	(9,476)
Experience adjustments	(4,990)	-	-	(4,990)
Changes that relate to future services	**(143,867)**	**24,150**	**125,675**	**5,958**
Contracts initially recognized in the period	(182,115)	29,804	152,311	-
Changes in estimates that adjust the contractual service margin	41,868	(5,815)	(26,636)	9,417
Changes in estimates that do not adjust the contractual service margin	(9,370)	161	-	(9,209)
Changes to liabilities for incurred claims	5,750	-	-	5,750
Changes that relate to past services	**-**	**-**	**-**	**-**
Adjustments to liabilities for incurred claims	-	-	-	-
Insurance service result	**(148,857)**	**14,674**	**111,886**	**(22,297)**
Finance (income)/ expenses from insurance contracts issued	**25,474**	**(23,488)**	**6,824**	**8,810**
Finance expenses from insurance contracts issued recognized in profit or loss	(23,612)	3,116	6,824	(13,672)
Finance expenses from insurance contracts issued recognized in OCI	49,086	(26,604)	-	22,482
Total amounts recognized comprehensive income	**(123,383)**	**(8,814)**	**118,710**	**(13,487)**
Cash flows				
Premiums received	-	-	-	-
Claims and other expenses paid	(106,385)	-	-	(106,385)
Insurance acquisition cash flows	(10,606)	-	-	(10,606)
Total cash flows	**(116,991)**	**-**	**-**	**(116,991)**
Other movements	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	**93,829**	**88,645**	**326,406**	**508,880**
Insurance contract liabilities as at 31/12	474,064	36,303	118,104	628,471
Insurance contract assets as at 31/12	380,235	(52,342)	(208,302)	119,591
Net Insurance contract (assets)/liabilities as at 31/12	**93,829**	**88,645**	**326,406**	**508,880**

11.6. Assets for insurance acquisition cash flows

Insurance acquisition cash flows that arise before the recognition of the related insurance contracts are temporarily recognized as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts once the related contracts have been recognized.

All amounts in 000's unless otherwise stated.

Insurance contracts Issued	2023	2022
Opening asset	-	-
Cash flows recognized as an asset during the year	13,517	10,606
Amounts allocated to insurance contracts	(995)	(10,606)
Amounts derecognized on initial recognition of groups of insurance contracts	-	-
Impairment losses recognized during the year	-	-
Reversal of impairment losses recognized in prior periods	-	-
Closing asset	**12,522**	**-**
Cumulative impairment, net of reversals, recognized as at the end of the period	**-**	**-**

Expected timing of derecognition of insurance acquisition cash flow asset

Number of years until expected derecognition	1	2	3	Total
As at 31 December 2023	9,660	1,431	1,431	**12,522**
As at 31 December 2022	-	-	-	**-**

11.7. Impact of contracts recognized in the year

The components of new business for insurance contracts issued is included in the following table:

	Contracts issued		
2023	**Non-onerous**	**Onerous**	**Total**
Insurance contract liabilities			
Estimate of present value of future cash outflows			
Claims and other directly attributable expenses	754,115	-	754,115
Insurance acquisition cash flows	995	-	995
Estimate of present value of future cash outflows	755,110	-	755,110
Estimates of present value of future cash inflows	(844,096)	-	(844,096)
Risk adjustment for non-financial risk	5,907	-	5,907
Insurance acquisition cash flows assets and other pre-recognition cash flows derecognized	-	-	-
Contractual service margin	83,079	-	83,079
Increase in ICL from contracts recognized in the period	**-**	**-**	**-**

All amounts in 000’s unless otherwise stated.

2022	Contracts issued Non-onerous	Onerous	Total
Insurance contract liabilities			
Estimate of present value of future cash outflows			
Claims and other directly attributable expenses	1,602,616	226,185	1,828,801
Insurance acquisition cash flows	23,440	-	23,440
Estimate of present value of future cash outflows	1,626,056	226,185	1,852,241
Estimates of present value of future cash inflows	(1,780,927)	(237,542)	(2,018,469)
Risk adjustment for non-financial risk	92,226	6,827	99,053
Insurance acquisition cash flows assets and other pre-recognition cash flows derecognized	-	-	-
Contractual service margin	62,645	4,530	67,175
Increase in ICL from contracts recognized in the period	**-**	**-**	**-**

All amounts in 000's unless otherwise stated.

11.8. Investment income and insurance finance income and expenses

An analysis of net investment income and net insurance finance expenses is presented below:

	2023	2022
Net investment income (expenses) - investments		
Investment interest income	(4,827)	7,852
Net gains (losses) on FVTPL securities	31,883	(34,213)
Net credit impairment losses	(651)	-
Net losses on FVOCI securities	(957)	(103,912)
Total net investment income	**25,448**	**(130,273)**
Represented by:		
Amounts recognized in profit or loss	22,398	(32,874)
Amounts recognized in OCI	3,050	(97,399)

	2023	2022
Insurance finance income / (expenses) from insurance contracts issued		
Interest accreted to insurance contracts recognized / (charged) to profit and loss	43,758	31,902
Due to changes in interest rates and other financial assumptions recognized / (charged) to OCI	(45,340)	(22,482)
Investment finance costs	(29,280)	(13,334)
Total insurance finance income / (expenses) recognized in profit and loss and OCI	**(30,862)**	**(3,914)**
Represented by:		
Amounts recognized in profit or loss	14,478	18,568
Amounts recognized in OCI	(45,340)	(22,482)

All amounts in 000's unless otherwise stated.

The net gain or loss for each class of financial instrument by measurement category is as follows:

31 December 2023	AC	FVOCI		FVTPL		Total
		Designated	Mandatory	Designated	Mandatory	
Investment Interest Income						
Interest and dividend income	4,683	47	24,406	8,765	98	37,999
Other	1,224	-	-	-	-	1,224
Investment cost	(5,660)	-	-	-	-	(5,660)
Insurance interest expense	-	-	(35,673)	(2,717)	-	(38,390)
Total investment interest income (expense)	247	47	(11,267)	6,048	98	(4,827)
Net gains (losses)						
Investments in unconsolidated affiliate entities	-	-		-	35,778	35,778
Changes in unrealized gains (losses)	-	1,044	2,006	12,074	7,121	22,245
Net credit impairment losses	(11)	-	(640)	-	-	(651)
Realized gains (losses)	-	-	(4,007)	-	-	(4,007)
Investment contract liability				(23,090)	-	(23,090)
Total net gains (losses)	(11)	1,044	(2,641)	(11,016)	42,899	30,275
Total interest revenue and investment income	**236**	**1,091**	**(13,908)**	**(4,968)**	**42,997**	**25,448**
Amounts recognized in profit or loss	236	47	(15,914)	(4,968)	42,997	22,398
Amounts recognized in OCI		1,044	2,006	-	-	3,050
Total interest revenue and investment income	**236**	**1,091**	**(13,908)**	**(4,968)**	**42,997**	**25,448**

All amounts in 000's unless otherwise stated.

31 December 2022	AC	FVOCI		FVTPL		Total
		Designated	Mandatory	Designated	Mandatory	
Investment Interest Income						
Interest and dividend income	1,166	-	20,117	8,561	-	29,844
Other	810	-	-	-	-	810
Investment cost	(2,578)	-	-	-	-	(2,578)
Insurance interest expense	-	-	(18,230)	(2,099)	-	(20,329)
Total investment interest income (expense)	(602)	-	1,887	6,462	-	7,747
Net gains (losses)						
Investments in unconsolidated affiliate entities	-	-	-	-	(25,064)	(25,064)
Changes in unrealized gains (losses)	-	-	(97,399)	(70,780)	(3,282)	(171,461)
Net credit impairment losses	-	-	-	-	-	-
Realized gains (losses)	-	-	(6,513)	(12)	(936)	(7,461)
Investment contract liability				65,861	-	65,861
Total net gains (losses)	-	-	(103,912)	(4,931)	(29,282)	(138,125)
Total interest revenue and investment income	**(602)**	**-**	**(102,025)**	**1,531**	**(29,282)**	**(130,378)**
Amounts recognized in profit or loss	(602)	-	(4,626)	1,531	(29,282)	(32,979)
Amounts recognized in OCI		-	(97,399)	-	-	(97,399)
Total interest revenue and investment income	**(602)**	**-**	**(102,025)**	**1,531**	**(29,282)**	**(130,378)**

All amounts in 000's unless otherwise stated.

12. Share awards and option compensation plans

Amounts in this note are presented in units and US Dollars.

In December 2022, as part of the interposition and merger all issued share-based compensation in the Group has been exercised, repurchased/cancelled, or reissued as share based compensation in Somerset Holdings International Ltd. ("SHIL") and Somerset Reinsurance Holding Ltd. ("SRHL").

The Group issued the following share-based compensation to directors and employees as adopted by the Board of Directors. The criteria which must be fulfilled by a beneficiary to be granted share-based compensation under the plan shall be set by the Board of Directors in its sole discretion.

Each option entitles the beneficiary to acquire one common share of parent against payment of the exercise price. Once they have vested, the options are exercisable up to the tenth anniversary of the granting date. The method of settlement of the option is by cash. The Group recognizes the acquisition of the options due to related party. The Group has no legal or constructive obligation to repurchase the options.

The Group's issued and outstanding options and restricted stock.

	2023	Weighted Average	2022	Weighted Average
Options opening balance	1,512,500	13.13	8,370,038	12.62
Granted	540,000	16.69	1,512,500	13.13
Exercised	-	-	(8,370,038)	12.62
Forfeited/expired	(30,000)	13.00	-	-
Options, closing balance	**2,022,500**	**14.08**	**1,512,500**	**13.13**

The vesting period on these options are 20% - 50% on each anniversary of the Granting Date for two - five consecutive years.

The fair value of the 2023 issued options granted was determined using a Black Scholes model. The significant inputs into the model are as follows:

	Total
Weighted Average Strike Price	$16.69
Expected Volatility	15%
Risk-Free Interest Rate	3.43
Expected Dividend Yield	0%
Expected Life (years)	6

All amounts in 000's unless otherwise stated.

The total cost recognized relating to share options for the year ended 31 December 2023 is $3,708,112 (2022: $3,723,691).

Restricted share grants (RSG)

	2023	Weighted Average Price	2022	Weighted Average Price
RSG opening balance	287,834	16.78	437,900	13.00
RSG Granted	305,273	16.69	566,143	16.78
RSG Forfeited	(11,360)	16.78	-	-
RSG Vested	(143,916)	16.78	(428,374)	14.23
RSG Repurchased	-	-	(287,835)	14.83
RSG closing balance	**437,831**	**16.72**	**287,834**	**16.78**

RSG holders are entitled to the same dividends and payments as the standard shareholder.

The total costs recognized relating to RSG is $5,285,550 (2022: $5,470,940).

13. Income tax (benefit)/expense

The Group recognized income taxes in the Statement of profit or loss on its profits for the reporting period.

	2023	2022
Current income tax expense	67	(4,424)
Deferred income tax expense	7,660	(3,037)
Total income tax expense	**7,727**	**(7,461)**

The actual income tax expense differs from the expected amount as follows:

	2023	2022
Profit before income tax	**71,496**	**4,128**
Effective tax rate	11.5%	12.50%
Income tax calculated using the tax rate	8,254	430
Increase/(reduction) in taxes resulting from:		
Adjustments for permanent and temporary differences	16,923	315
Recognition of deferred tax assets for tax losses	-	(91,116)
Recognition/(amortization) of profits from new IFRS standards	(17,467)	87,334
Tax recognized for prior year	17	(4,424)
Income tax expense	**7,727**	**(7,461)**

All amounts in 000's unless otherwise stated.

Deferred tax assets and liabilities

At 31 December 2023, the Group has recognized the following net tax assets and liabilities.

	2023	2022
Deferred tax assets	115,776	116,369
Deferred tax liabilities	(89,228)	(87,334)
Net deferred taxes	**26,548**	**29,035**

As at 31 December 2023, the Group has $558,144 of unused tax losses representing a deferred tax asset of $69,768 (2022 $96,388), utilizing $26,620 during the year (2022: $Nil).

The adoption of IFRS 9 and IFRS 17 IFRS standards resulted in the recognition of $698,671 of taxable income that will be evenly included in our corporate income tax return over the course of five years. As at 31 December 2023, the related deferred tax liabilities amounted to $69,867 (2022: $87,334).

14. Equity

Share Capital

For all share capital, par value is $1.00 (one dollar). These are issued and fully paid.

	2023		2022	
	Number	Carrying Value	Number	Carrying Value
Common Shares				
Authorized	250	-	250	-
Issued and Outstanding	250	$250	250	$250
Total shares issued and outstanding	**250**	**$250**	**250**	**$250**
Additional paid in capital		$501,568		$501,568
Total share capital		**$501,818**		**$501,818**

During 2021 the Group reorganization resulted in Somerset Re Ltd. merging with Somerset Merger Company Ltd. this caused a reduction to authorized shares to 250,000 shares wholly owned by Somerset Reinsurance Holdings Ltd. The value of the Group equity did not change as a result of this merger. While the shares were reduced to the legal minimum of shares required, the balance of shares previously held was transferred to Common shares/Additional paid in capital. These changes are in accordance with the Somerset Merger agreement dated 24 May 2021.

No new shares have been issued in 2023 (2022: Nil) and none repurchased (2022: Nil).

There was no additional capital contribution during 2023 (2022: $93,200).

15. Capital management

The Group's objectives when managing capital are to comply with the regulatory capital requirements, to define and manage economic capital and to fulfill the Group's target on rating agency capital requirements. The Group also actively manages the composition and quality of the capital to continuously optimize its capital structure. The Group is supervised by the Bermuda Monetary Authority (BMA), the regulatory body in Bermuda, which obtained Solvency II equivalence. Under BMA regulations, the Group is licensed as a Class E insurer and the Group has to meet and maintain the relevant solvency margin and an enhanced capital requirement in accordance with the provisions of the Insurance Act, 1978 of Bermuda. As of 31 December 2023, and 2022, the amount of statutory capital and surplus exceeds the minimum solvency margin requirement.

All amounts in 000's unless otherwise stated.

The Bermuda Insurance Act 1978 and Related Regulations limits the maximum amount of annual dividends and distributions that may be paid by the Group. Before reducing by 15 percent or more of its statutory capital, as set out in the prior year's financial statements, the Group shall request the approval of the BMA. In addition, the Bermuda Companies Act 1981 limits the Group's ability to pay dividends and distributions to shareholders if there are reasonable grounds for believing that the Group would be unable to pay its liabilities as they become due, or if the realizable value of its assets would be less than the aggregate of its liabilities, issued share capital and contributed surplus accounts. The Group meets all requirements of the Act and there are no additional restrictions on the distribution of retained earnings.

No dividends have been paid in 2023 (2022 $Nil).

16. Related party transactions

The Group's shareholders, through related affiliates, manage certain Group Investments. The Group incurred the following:

	2023	2022
Investment performance fees	7,742	-
Investment management fees	18,335	13,706
Other expenses incurred	17,729	9,107
Total costs through investments in affiliates	**43,806**	**22,813**

The Group's transactions with the unconsolidated affiliate entities are disclosed in Note 10.

The Group has related party has payables to the Parent included in Note 18 relating to LTI.

Key management compensation

Key management consists of the members of the Board of Directors of the Group and the members of the Senior Management Team of the Group. These individuals have the authority and responsibility for planning, directing and controlling the activities of the Group.

	2023	2022
Short-term employee benefits	9,709	9,641
Long-term incentive benefits	10,533	9,150
Directors' fees	418	194
Total key management compensation	**20,660**	**18,985**

The Group has defined contribution pension plans for its employees. The expense recognized for these obligations in the reporting period, due to key management, was $291 (2022: $275).

All amounts in 000's unless otherwise stated.

17. Other assets

	2023	2022
Investments pending settlement	3,052	2,180
Accrued income and prepayments	9,541	7,761
Insurance prepaid acquisition costs	12,522	-
Deferred tax assets	115,776	116,280
Due from related party	10,651	7,399
Other receivables	605	7,117
Total other assets	**152,147**	**140,737**

18. Other liabilities

	2023	2022
Payroll and employee related expenses	14,342	13,010
Accrued expenses	6,316	8,877
Accrued investments expenses	7,666	1,796
Deferred tax liabilities	89,228	87,334
Due to related party	23,583	14,556
Total other liabilities	**141,135**	**125,573**

19. Contingent liabilities and other financial commitments

At 31 December 2023 the Group had outstanding letter of credit facilities valued at $200,000 (2022: $175,000) and has drawn down $122,075 (2022: $93,775).

At 31 December 2023 the Group had outstanding commitments for the purchase of investments of $62,166 (2022: 69,663).

The Group is party to a reinsurance agreement where remote risks are being assumed, no assets or liabilities are being transferred to the Group. Risks, if any, would transfer to the Group if the cedant does not renew or recapture from the current reinsurer.

It is not expected that any future payment will have an effect on the consolidated financial position of the Group.

At 31 December 2023, the contingent assets and liabilities were as follows:

	2023	2022
Assets	745,525	518,265
Liabilities	296,942	416,595
Net Impact	**448,583**	**101,670**

Other than the above, the Group is not aware of any guarantees or commitments that have not been adequately presented.

20. Events after the reporting period

The Group is not aware of any material events that were not recorded or disclosed in these financial statements.