Carrick

FINANCIAL STATEMENTS

CARRICK RE LTD.
For the Years Ended December 31, 2023 and 2022
With Report of Independent Auditors

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Report of Independent Auditors

The Board of Directors
Carrick Re Ltd.

Opinion

We have audited the financial statements of Carrick Re Ltd. (the Company), which comprise the balance sheet as of December 31, 2023, and the related statement of income and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Other Matter

The financial statements of the Company for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those financial statements on April 28, 2023.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States require that the incurred losses and loss adjustment expenses, net of reinsurance and the cumulative paid losses and loss adjustment expenses, net of reinsurance for the years ending 2022 and prior and the average annual percentage payout of incurred claims by age disclosed on note 7 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ernst & Young Ltd.

Hamilton, Bermuda
April 26, 2024

CARRICK RE LTD.
BALANCE SHEETS
As of December 31, 2023 and 2022
(Expressed in U.S. Dollars)

		2023		2022
Assets				
Investment in ZP Utility Insurance Fund II, L.P., at fair value	$	-	$	17,407,320
Cash and cash equivalents		25,090,846		9,875,240
Accrued investment income		16,264		28,492
Accounts receivable		31,121		-
Deferred charge asset		1,578,786		-
Funds held by reinsured company		38,567,774		11,405,791
Due from affiliates		30,000		50,000
Total assets	$	65,314,791	$	38,766,843
Liabilities				
Loss and loss adjustment expense reserves		31,364,073		11,182,148
Deferred gain on retroactive reinsurance		-		758,263
Insurance balances payable		-		2,219,668
Due to affiliates		553,095		43,144
Accrued expenses and other liabilities		200,921		175,275
Total liabilities	$	32,118,089	$	14,378,498
Shareholders' equity				
Common shares (par value $1.00 each; issued and outstanding 2023 and 2022: 120,000)		120,000		120,000
Additional paid-in capital		16,665,000		16,665,000
Retained earnings		16,411,702		7,603,345
Total Shareholders' Equity		33,196,702		24,388,345
Total liabilities and shareholders' equity	$	65,314,791	$	38,766,843

See accompanying notes to the financial statement

CARRICK RE LTD.
STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
For the Years Ended December 31, 2023 and 2022
(Expressed in U.S. Dollars)

	2023	2022
Income		
Income from investment in ZP Utility Insurance Fund II, L.P.	$ -	$ 640,118
Interest income	458,299	218,859
Total income	458,299	858,977
Expenses		
Net incurred loss and loss adjustment expenses	(8,700,773)	(3,573,829)
Amortization of net deferred charge assets/(liabilities)	(214,210)	(1,530,153)
Net indemnity recoverable	(515,719)	-
Management fees	461,521	808,647
Professional fees	557,998	207,821
Other expenses	61,125	56,887
Total expenses	(8,350,058)	(4,030,627)
Net income and other comprehensive income	$ 8,808,357	$ 4,889,603

See accompanying notes to the financial statements

CARRICK RE LTD.
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
For the Years Ended December 31, 2023 and 2022
(Expressed in U.S. Dollars)

	Common Shares	Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity
Balance as at December 31, 2021	$ 120,000	$ 16,665,000	$ 2,713,742	$ 19,498,742
Capital Contributed	-	-	-	-
Net income	-	-	4,889,603	4,889,603
Balance as at December 31, 2022	$ 120,000	$ 16,665,000	$ 7,603,345	$ 24,388,345
Capital Contributed	-	-	-	-
Net income	-	-	8,808,357	8,808,357
Balance as at December 31, 2023	$ 120,000	$ 16,665,000	$ 16,411,702	$ 33,196,702

See accompanying notes to the financial statements

CARRICK RE LTD.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022
(Expressed in U.S. Dollars)

	2023	2022
Operating activities		
Net income	$ 8,808,357	$ 4,889,603
Adjustments to reconcile net income to net cash used in operating activities:		
Net gains and losses from investment in ZP Utility Insurance Fund II, L.P.	-	(640,118)
Change in:		
Accrued Investment Income	12,228	88,218
Premiums receivable	-	1,373,049
Accounts receivable	(31,121)	2,896,490
Funds held by reinsured company	(27,161,983)	23,016,600
Deferred charge asset	(1,578,786)	-
Due from affiliates	20,000	(20,000)
Loss and loss adjustment expense reserves	20,181,925	(22,565,294)
Deferred gain liability	(758,263)	(1,530,153)
Insurance balances payable	(2,219,668)	2,219,668
Due to affiliates	509,951	22,519
Accrued expenses and other liabilities	25,646	98,084
Net cash (used in) provided by operating activities	(2,191,714)	9,848,666
Investing activities		
Sale of ZP Utility Insurance Fund II, L.P.	17,407,320	-
Net cash provided by investing activities	17,407,320	-
Net change in cash during the period	15,215,606	9,848,666
Cash and cash equivalents, beginning of year	9,875,240	26,574
Cash and cash equivalents, end of year	$ 25,090,846	$ 9,875,240

See accompanying notes to the financial statements

CARRICK RE LTD.
Notes to the Financial Statements
December 31 2023, and 2022

1. Organization

Carrick Re Ltd. (the "Company") was incorporated under the laws of Bermuda on November 21, 2019 and commenced operations on December 1, 2019. The Company is a 100% owned subsidiary of Carrick Holdings (Bermuda) Limited, which is a 100% owned subsidiary of Carrick Group Ltd., a Bermuda registered Company.

On December 27, 2023, Northlight QIAIF plc, a Company regulated by the Central Bank of Ireland, and other minority shareholders acquired Carrick Specialty Holdings LLC ("CSH"), the Company's former ultimate parent, from Zimmer Financial Services Group ("Zimmer"). Immediately after the acquisition, CSH was merged into Carrick Group Ltd.

The Company's aim is to acquire non-life run-off loss portfolios through reinsurance transactions and insurance company acquisitions, as well as provide legacy consultancy and management services.

2. Basis of Presentation and Significant Accounting Policies

Basis of Preparation and Consolidation

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The financial statements include the Company's assets and liabilities at December 31, 2023 and 2022 and results of operations for the years ended December 31, 2023 and 2022. Certain comparative information has been reclassified to conform to the current 2023 presentation.

Use of Estimates

The preparation of the Company's financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. While management believes that the amounts included in the Financial Statements reflect its best estimates and assumptions, actual results could differ from those estimates. The Company's principal estimates include:

- Reserves for losses and loss adjustment expenses ("LAE")

2. Basis of Presentation and Significant Accounting Policies (continued)

Significant Accounting Policies

The following is a summary of significant accounting policies adopted by the Company:

(a) Losses and LAE

The liability for losses and LAE includes an amount determined from reported claims and an amount, based on historical loss experience and industry statistics, for losses incurred but not reported ("IBNR") determined using a variety of actuarial methods. These estimates are continually reviewed and are necessarily subject to the impact of future changes in factors such as claim severity and frequency, changes in economic conditions including the impact of inflation, legal and judicial developments, and medical cost trends. The Company's estimates, at inception and on an ongoing basis, do not include an estimate for potential future commutations and policy buybacks. Commutations and policy buybacks are often unique and circumstance-based, and each commutation or policy buyback is separately negotiated. Therefore, the successful execution of one commutation or policy buyback does not necessarily impact the likelihood of other commutations or policy buybacks occurring in the future. While we believe that the Company's liability for losses and LAE is adequate, the ultimate amount may be in excess of, or less than, the amounts recorded on the Company's financial statements. Adjustments will be reflected as part of the net increase or reduction in losses and LAE liabilities in the periods in which they become known.

Commutations and policy buybacks provide an opportunity for the Company to exit exposures to certain policies and insureds generally at a discount to the Company's estimate of the ultimate liability and provide the Company with the ability to eliminate exposure to further losses. Commutations and policy buybacks can be beneficial to the Company as they legally extinguish liabilities in full, reduce the potential for future adverse loss development, and reduce future claims handling costs. Any material acceleration of payout together with the impact of any material loss reserve savings in any period will also accelerate the amortization of fair value adjustments and deferred charge assets and gain liabilities in that period. Commutations are only executed directly with insureds or reinsureds and any gains realized or losses incurred on the settlement of losses and LAE liabilities through commutations or policy buybacks are recognized upon the execution of a commutation or policy buyback with the insured or reinsured.

The Company also establishes provisions for LAE relating to run-off costs for the estimated duration of the run-off, which are included in the liability for losses and LAE. These provisions are assessed at each reporting date, and provisions relating to future periods are adjusted to reflect any changes in estimates of the periodic run-off costs or the duration of the run-off, including the impact of any acceleration of the run-off period that may be caused by commutations. Provisions relating to the current period together with any adjustment to future run-off provisions are included in net incurred losses and LAE in the statements of income.

2. Basis of Presentation and Significant Accounting Policies (continued)

(b) Retroactive Reinsurance

Retroactive reinsurance policies provide indemnification for losses and LAE with respect to past loss events. The Company uses the balance sheet accounting approach for assumed loss portfolio transfers, whereby at the inception of the contract there are no premiums or losses recorded in earnings.

Deferred Charge Assets and Deferred Gain Liabilities

If, at the inception of a retroactive reinsurance contract, the estimated undiscounted ultimate losses payable are in excess of the premiums received, a deferred charge asset is recorded for the excess; whereas, if the premiums received are in excess of the estimated undiscounted ultimate losses payable, a deferred gain liability is recorded for the excess, such that we don't record any gain or loss at the inception of these retroactive reinsurance contracts.

Deferred charge assets (“DCAs”) and deferred gain liabilities (‘DGLs”) are amortized over the estimated claim payment period of the related contract with the periodic amortization reflected in earnings. The amortization of DCAs and DGLs is adjusted at each reporting period to reflect new estimates of the amount and timing of remaining loss and LAE payments. Changes in the estimated amount and the timing of payments of unpaid losses may have an effect on the unamortized DCAs and DGLs and the amount of periodic amortization. When liabilities for losses and LAE are extinguished through commutations and policy buybacks, they are removed from our estimates for the remaining loss and LAE payments, and this will generally result in an acceleration of the amortization of the DCAs and DGLs. DCAs are assessed at each reporting period for impairment and if the asset is determined to be impaired, then it is written down in the period in which the determination is made with that write down reflected in earnings.

Previously, the amortization of our DGLs was included in net incurred losses and LAE. We now present the amortization of our DCAs and DGLs as a separate line item in our statement of income.

(c) Cash and cash equivalents

Cash equivalents includes money market funds, fixed interest deposits and all highly liquid debt instruments purchased with an original maturity of three months or less.

2. Basis of Presentation and Significant Accounting Policies (continued)

(d) Investments

Investments related solely to the Company's investment in the ZP Utility Insurance Fund II, L.P. ("the Partnership") and are stated at fair value which ordinarily will be the most recently reported net asset value as advised by the fund manager or administrator who provides the Company this information on a monthly basis. The change in fair value is included in net realized and unrealized gains and losses on investments and recognized in net earnings.

(e) Income Tax

The Company is incorporated under the laws of Bermuda and is not required to pay taxes in Bermuda based upon income or capital gains under the Exempted Undertakings Tax Protection Act of 1996. However, in December 2023, the Government of Bermuda enacted the Corporate Income Tax Act 2023 (the "Act"), which amended the Bermuda Exempted Undertakings Tax Protection Act of 1966. The Act introduces a 15% corporate income tax on Bermuda businesses that are part of an In Scope Multinational Enterprise Group ("MNE Group"), effective for tax years beginning on or after January 1, 2025. An MNE Group is an In Scope MNE Group if, with respect to any fiscal year beginning on or after January 1, 2025, the MNE Group had annual revenue of €750 million or more in the consolidated financial statements for at least two of the four fiscal years immediately preceding such fiscal year.

As at December 31, 2023, Carrick Group Ltd. does not meet the minimum criteria necessary to be in scope of the Act.

(f) Funds Held by Reinsured Company

Under funds held arrangements, the reinsured company has retained funds that would otherwise have been remitted to the Company. The funds balance is credited with investment income and losses paid are deducted. The investment income earned is recognized as interest income in the Company's Statement of Income and Other Comprehensive Income.

3. Significant New Business

On December 28th, 2023, the Company and IRB-Brasil Resseguros S.A. ("IRB") entered into a loss portfolio transfer agreement ("LPTA") in respect of all of its policies originally written through its U.K. Branch. Total loss and loss adjustment expenses reinsured by the Company were $36.12 million relating to policies with exposure primarily to U.K. based asbestos, pollution, and health ("APH") risks written between 1975 and 1983 for a premium of $34.0 million with that amount withheld by IRB in a funds withheld account. On February 8, 2024, IRB and Carrick UK Services Limited entered into a services agreement for the administration and handling of the claims arising under the LPTA.

The Company and IRB intend to pursue a portfolio transfer of the business to a wholly-owned affiliate of the Company under Part VII of the Financial Services and Markets Act 2000, which would provide legal finality for IRB's obligations. The transfer would be subject to U.K. court, regulatory and other approvals.

4. Investments

ZP Utility Insurance Fund II, L.P. (the "Partnership")

The Partnership was formed on October 3, 2019 under the laws of the State of Delaware and commenced operations on December 1, 2019. The Partnership operates as a feeder fund in a "master-feeder" structure, where the Partnership invests substantially all of its assets in ZP Master Utility Fund, Ltd. (the "Master Fund"), an exempted company incorporated in the Cayman Islands. The Master Fund's investment objective is to employ an energy and infrastructure-focused, long/short strategy which seeks to deliver absolute returns in all market conditions with minimal correlation to energy sector indices and broader market indices. The Master Fund invests primarily in the equities of electric and gas utilities, integrated utilities, water utilities, telecommunication companies, independent power producers and pipelines, exploration and production companies, oilfield service companies and more broadly in energy and infrastructure-related industries (such as chemicals, materials, transportation infrastructure and real estate equities). The Master Fund's portfolio is generally managed to be balanced.

During the 2023 year the Company's investment in the partnership was repurchased by Zimmer at its closing valuation price on December 31, 2022.

Carrick Re Ltd.
Notes to the Financial Statements

5. Deferred Charge Assets and Deferred Gain Liabilities

The following table presents a reconciliation of the deferred charge assets and deferred gain liabilities for the years ended December 31, 2023 and 2022.

	2023			2022		
	DCA	**DGL**	**Net**	**DCA**	**DGL**	**Net**
Beginning Carrying Value	$ -	($758,263)	($ 758,263)	$ -	($2,288,416)	($ 2,288,416)
Additions	2,122,839	-	2,122,839	-	-	-
Amortization	(544,053)	$758,263	$ 214,210	$ -	$1,530,153	$ 1,530,153
Closing Carrying Value	$1,578,786	$ -	$ 1,578,786	$ -	($ 758,263)	($ 758,263)

The net balance of our deferred charge assets and deferred gain liabilities is shown as a separate line item in our balance sheet.

6. Indemnity

Included as part of the sale agreement between Zimmer and QIAIF which completed on December 27, 2023 ("Completion"), Zimmer and the Company, with effect from Completion, are subject to the following obligations in respect of the Ategrity LPT Contract during the term of the LPT Contract with effect from December 31, 2022:

- if there is a decrease in the book value of the Company then Zimmer shall on demand promptly pay to the Company an amount equal to the amount of such decrease; and
- if there is an increase in the book value of the Company then the Company shall on demand promptly pay to Zimmer an amount equal to the amount of such increase.

The change in book value amount is derived from a formula set out in the sales agreement.

For the year ended December 31, 2023, the amount recovered/recoverable under the agreement from Zimmer was:

Total decrease in book value of Carrick Re for the Year Ended December 31 2023	$ 515,719
Amount recovered by Carrick Re during the year	(500,911)
Amount recoverable from Zimmer as at December 31, 2023	$ 14,808

7. Losses and Loss Adjustment Expenses

The liability for losses and LAE, also referred to as loss reserves, represents the Company's gross estimates before reinsurance for unpaid reported losses and includes losses that have been incurred but not reported ("IBNR"). LAE reserves include allocated loss adjustment expenses ("ALAE"), and unallocated loss adjustment expenses ("ULAE"). ALAE are linked to the settlement of an individual claim or loss, whereas ULAE are based on the Company's estimates of future costs to administer the claims. IBNR represents reserves for loss and LAE that have been incurred but not yet reported to the Company. This includes amounts for unreported claims, development on known claims and reopened claims.

We establish reserves for unpaid reported losses and LAE based on reports from ceding companies and insureds and these represent the estimated ultimate cost of events or conditions that have been reported to us.

The reserves for IBNR losses are established by us based on actuarially determined estimates of ultimate losses and LAE. Inherent in the estimate of ultimate losses and LAE are expected trends in claim severity and frequency, historical loss experience, industry statistics and other factors which may vary significantly as claims are settled.

These estimates are reviewed regularly and are subject to the impact of future changes in the factors noted above as well as economic conditions including the impact of inflation, legal and judicial developments, and medical cost trends.

Any subsequent remeasurement of our reserves will be recorded in net income in the period in which they become known and reflected as part of the net increase or reduction in the estimates of ultimate losses included within net incurred losses and LAE in our statement of income.

Prior period development arises from changes to loss estimates recognized in the current calendar year that relate to loss reserves established in previous calendar years.

Our estimates, at inception and on an ongoing basis, do not include an estimate for potential future commutations and policy buybacks. Commutations and policy buybacks are often unique and circumstance-based, and each commutation or policy buyback is separately negotiated. Therefore, the successful execution of one commutation or policy buyback does not necessarily impact the likelihood of other commutations or policy buybacks occurring in the future.

7. Losses and Loss Adjustment Expenses (continued)

Commutations and policy buybacks provide an opportunity for us to exit exposures to certain policies and insureds generally at a discount to our estimate of the ultimate liability and provide us with the ability to eliminate exposure to further losses which can be beneficial to us as they legally extinguish liabilities in full, reducing the potential for future adverse loss development and future claims handling costs.

The following table summarizes the liability for losses and LAE:

	2023	2022
Outstanding loss reserves	$ 14,792,200	$ 8,701,142
IBNR	13,350,370	2,481,006
ULAE	3,221,503	-
Total Loss and LAE Reserves	$ 31,364,073	$ 11,182,148

The table below provides a reconciliation of the beginning and ending liability for losses and LAE.

	2023	2022
Balance of Losses and LAE reserves as of January 1,	$ 11,182,148	$ 33,747,442
Net incurred losses and LAE:		
Current period	-	-
Prior periods	(8,700,773)	(3,573,829)
Total net incurred losses and LAE	(8,700,773)	(3,573,829)
Net paid losses:		
Current period	-	-
Prior periods	(7,240,141)	(18,991,465)
Total net paid losses	(7,240,141)	(18,991,465)
Assumed business	36,122,839	-
Balance of Losses and LAE reserves as of December 31,	$ 31,364,073	$ 11,182,148

The tables below provide the components of net incurred losses and LAE for the years ended December 31, 2023 and 2022:

	2023	2022
Paid Losses	$ 7,240,141	$ 18,991,465
OLR	(4,956,781)	(12,778,708)
IBNR	(10,955,636)	(9,786,586)
ULAE	(28,497)	-
Net incurred losses and LAE	($8,700,773)	($3,573,829)

7. Losses and Loss Adjustment Expenses (continued)

Disclosures of Incurred and Paid Loss Development, IBNR, Claims Counts and Payout Percentages

The loss development tables set forth our historic incurred and paid loss development through December 31, 2023, as well as the cumulative number of reported claims and IBNR balances for our acquired portfolios as of December 31, 2023.

The following factors are relevant to the loss development information presented in the tables below:

- **Level of Disaggregation:**

In addition to accident year, we have disaggregated the information in the loss development tables by portfolio, line of business and acquisition year. We have presented only the years of portfolio acquisitions as we believe that the current activity on the preceding acquisition years is not meaningful.

- **Assumed Business:**

Assumed net reserves arising from retroactive reinsurance agreements are included in the loss development tables on a prospective basis as the loss reserves are effectively re-underwritten at the date that they are assumed. We believe that the historical loss development prior to our acquisition is not relevant with respect to our own experience managing these acquired loss reserves. Furthermore, the information required to prepare the loss development disclosures on a retrospective basis may not always be available to us.

- **Net Liabilities for Losses and LAE and Net Paid Losses and LAE:**

The loss development tables include reported case reserves and IBNR liabilities as well as cumulative paid losses, both of which include ALAE. The loss development tables exclude ULAE related to retroactive reinsurance agreements.

- **Foreign Exchange:**

The loss development tables exclude the impact of foreign exchange rates. Historical amounts are disclosed on a constant-currency basis, which is achieved by using constant foreign exchange rates between years in the loss development tables, and translating prior year amounts denominated in currencies other than the U.S. dollar, which is our reporting currency, using the closing exchange rates as of December 31, 2023.

- **Reported Claim Counts:**

Reported claim counts are included in the loss development tables on a cumulative basis. We measure claim frequency information on an individual claim count basis. Claim frequency information includes assumed open claims at the claimant level.

7. Losses and Loss Adjustment Expenses (continued)

- **Annual Percentage Payout:**

Annual percentage payout disclosures are based on the payout of claims by age, net of reinsurance. Claim age reflects the number of years that have lapsed since the original acquisition to the date the claim is paid.

(a) Loss Development Tables:

Ategrity

The loss development tables below have been produced relating to Ategrity by accident year:

			Net Cumulative Incurred Losses and allocated LAE			December 31, 2023	
Acquisition Year	Accident Year	Net Reserves Acquired	2021 (Unaudited)	2022 (Unaudited)	2023	IBNR	Claim Counts
2021	2019		(407,535)	361,495	256,149	43,456	13
2021	2020		12,264,181	15,037,347	16,017,357	299,670	56
2021	2021		31,255,648	24,139,621	23,780,677	428,305	73
		45,768,365					
			Total		$ 40,054,183	771,431	

		Net Cumulative Paid Losses and allocated LAE		
Acquisition Year	Accident Year	2021 (Unaudited)	2022 (Unaudited)	2023
2021	2019	175,875	(333,194)	182,730
2021	2020	2,349,504	9,795,689	13,629,093
2021	2021	6,839,472	18,893,822	21,743,365
		Total		$ 35,555,188
		Reserves for losses and lae, net of reinsurance		$ 4,498,995

6. Losses and Loss Adjustment Expenses (continued)

IRB - APH

The loss development tables below have been produced relating to IRB's APH business by accident year:

Acquisition Year	Accident Year	Net Reserves Acquired	Net Cumulative Incurred Losses and allocated LAE 2023	December 31, 2023 IBNR	December 31, 2023 Cumulative Number of Clains
2023	1975		$ 1,074,598	$ 640,010	59
2023	1976		3,697,436	2,220,157	160
2023	1977		4,073,464	2,412,523	237
2023	1978		3,102,001	1,841,797	346
2023	1979		2,871,690	1,698,195	272
2023	1980		2,294,940	1,361,913	194
2023	1981		1,755,272	1,050,535	245
2023	1982		2,259,866	1,346,558	237
2023	1983		11,892	7,250	3
		32,872,839			
		Total	$ 21,141,159	$ 12,578,938	1,753

Acquisition Year	Accident Year	Net Cumulative Paid Losses and allocated LAE 2023
2023	1975	$ -
2023	1976	-
2023	1977	7,640
2023	1978	213
2023	1979	14,182
2023	1980	10,382
2023	1981	2,934
2023	1982	5,919
2023	1983	-
	Total	$ 41,270
	Reserves for losses and lae, net of reinsurance	21,099,889

7. Losses and Loss Adjustment Expenses (continued)

(b) Reconciliation of Loss Development Information to the Reserves for Losses and Loss Expenses

The table below reconciles the loss development information to the Company's reserves for losses and loss expenses as of December 31, 2023:

		2023
Reserves for losses and loss expenses		
Ategrity	$	4,498,995
IRB - APH		21,099,889
Total reserves for losses and loss expenses		25,598,884
Reserves for loss and loss expenses - IRB non-APH		2,543,686
Unallocated loss adjustment expenses		3,221,503
Total reserves for losses and loss expenses	$	31,364,073

(c) Historical Loss Duration

The below table summarizes the historic average annual percentage payout of incurred losses by age, net of reinsurance, as of December 31, 2023:

	Average Annual Payout of Incurred Losses Since Year of Acquisition									
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
					(Unaudited)					
Carrick Re - Ategrity	23.7%	48.0%	18.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Carrick Re - IRB APH	0.2%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

8. Related Party Transactions

On February 1, 2020, the Company entered into a management services agreement with its affiliate, Carrick Limited, for the provision of administrative services. For the years ended December 31, 2023 and 2022, the Company incurred expenses of $461,521 and $808,647, respectively, in relation to the management services agreement.

In addition, its affiliate, Carrick Holdings (Bermuda) Limited incurred expenses of $339,183 relating to legal work associated with the Company in relation to due diligence and change in control work.

As at December 31, 2023 and 2022, the Company had a net (payable)/receivable due from (to) affiliates of ($523,095) and $6,686, respectively.

9. Commitments and Contingencies

In the normal course of business, the Company enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Company's maximum exposure under these arrangements cannot be estimated, as this would involve future claims that may be made against the Company that have not yet occurred. However, the Company expects the risk of loss to be remote.

10. Shareholders' Equity

The Company's authorized common stock consists of 120,000 issued shares, $1.00 par value, all of which were outstanding at December 31, 2023.

11. Dividend Restrictions and Statutory Financial Information

The Company prepares its statutory financial statements in accordance with statutory accounting practices prescribed or permitted by local regulators. Statutory and local accounting differs from U.S. GAAP, including in the treatment of investments, acquisition costs and deferred income taxes, amongst other items.

For the year ended December 31, 2023 the required and actual statutory capital and surplus amounts for the Company were $4,705,000 and $36,386,000 (2022: $2,209,000 and $25,291,000), respectively, and the statutory net income amount for the Company was $8,808,000 (2022: $4,890,000).

11. Dividend Restrictions and Statutory Financial Information (continued)

The Company is registered as a Class 3B insurer under the Insurance Act 1978 of Bermuda and related regulations, as amended (the "Insurance Act"). The Insurance Act imposes certain solvency and liquidity standards and auditing and reporting requirements and grants the Bermuda Monetary Authority ("BMA") powers to supervise, investigate, require information and the production of documents and intervene in the affairs of insurance companies.

The Insurance Act requires that the Company maintain certain solvency and liquidity standards. The minimum liquidity ratio requires that the value of relevant assets not be less than 75% of the amount of relevant liabilities. The minimum solvency margin is determined as a percentage of either net reserves for losses and LAE or premiums.

The Company is required to maintain a minimum statutory capital and surplus (Enhanced Capital Requirement or "ECR") at least equal to the greater of a minimum solvency margin or the Bermuda Solvency Capital Requirement ("BSCR"). The BSCR is calculated based on a standardized risk-based capital model as provided by the BMA.

The Company would be prohibited from declaring or paying any dividends if it were in breach of its minimum solvency margin or liquidity ratio or if the declaration or payment of such dividends would cause it to fail to meet such margin or ratio. In addition, the Company is prohibited, without the prior approval of the BMA, from reducing by 15% or more its total statutory capital, or from reducing by 25% of more its total statutory capital and surplus, as set out in its previous year's statutory financial statements. The Company is required to seek BMA approval for any dividends or distributions.

As of December 31, 2023 the Company exceeded its minimum solvency and liquidity requirement by $31,681,000 (2022: $23,082,000) and was in compliance with its liquidity requirement.

12. Subsequent Events

The Company has evaluated subsequent events through April 26, 2024 the date the financial statements were available to be issued.