Building a better working world

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Independent Auditor's Report

The Board of Directors
Centre Reinsurance (U.S.) Limited

Our Opinion

In our opinion, the condensed financial statements of Centre Reinsurance (U.S.) Limited (the "Company") are prepared, in all material respects, in accordance with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to condensed general purpose financial statements (the "Legislation").

What We Have Audited
The Company's condensed financial statements comprise:

- the condensed balance sheet as at December 31, 2023 and 2022;
- the condensed statement of income for the years then ended;
- the condensed statement of capital and surplus as at December 31, 2023 and 2022; and
- the notes to the condensed financial statements, which include a summary of significant accounting policies.

Basis for Opinion

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

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

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

Emphasis of Matter – Basis of Accounting

Without modifying our opinion, we note that the condensed financial statements have been prepared in accordance with the financial reporting provisions of the Legislation. The accounting policies used and the disclosures made are not intended to, and do not, comply with all of the requirements of International Financial Reporting Standards (IFRS).

Responsibilities of Management and Those Charged with Governance for the Condensed Financial Statements

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Condensed Financial Statements

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the condensed consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Ernst & Young Ltd.

June 14, 2024

Chartered Professional Accountants

Reference: Independent Auditor's Report on the condensed financial statements of Centre Reinsurance (U.S.) Limited as at December 31, 2023 and 2022 and for the years then ended.

CONDENSED CONSOLIDATED BALANCE SHEET
CENTRE REINSURANCE SOLUTIONS (U.S.) LIMITED
As at December 31, 2023
expressed in ['000s] United States Dollars

LINE No.		2023	2022
1.	CASH AND CASH EQUIVALENTS	3,524,512	2,947,065
2.	QUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity	46,557,188	46,296,034
	ii. Other		-
(b)	Total Bonds and Debentures	46,557,188	46,296,034
(c)	Equities		
	i. Common stocks	2,534,823	509,659
	ii. Preferred stocks		
	iii. Mutual funds		
(d)	Total equities	2,534,823	509,659
(e)	Other quoted investments		
(f)	Total quoted investments	49,092,011	46,805,693
3.	UNQUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity		
	ii. Other		
(b)	Total Bonds and Debentures	-	-
(c)	Equities		
	i. Common stocks		
	ii. Preferred stocks		
	iii . Mutual funds		
(d)	Total equities	-	-
(e)	Other unquoted investments		
(f)	Total unquoted investments	-	-
4.	INVESTMENTS IN AND ADVANCES TO AFFILIATES		
(a)	Unregulated entities that conduct ancillary services		
(b)	Unregulated non-financial operating entities		
(c)	Unregulated financial operating entities		
(d)	Regulated non-insurance financial operating entities		
(e)	Regulated insurance financial operating entities		
(f)	Total investments in affiliates	-	-
(g)	Advances to affiliates		
(h)	Total investments in and advances to affiliates	-	-
5.	INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:		
(a)	First liens		
(b)	Other than first liens		
(c)	Total investments in mortgage loans on real estate	-	-
6.	POLICY LOANS		
7.	REAL ESTATE:		
(a)	Occupied by the company (less encumbrances)		
(b)	Other properties (less encumbrances)		
(c)	Total real estate	-	-
8.	COLLATERAL LOANS		
9.	INVESTMENT INCOME DUE AND ACCRUED	348,634	282,304
10.	ACCOUNTS RECEIVABLE	90,571,397	102,896,792
11.	INSURANCE AND REINSURANCE CONTRACT ASSETS		
(a)	Insurance Contract Assets		
(b)	Reinsurance Contract Assets	(82,890,586)	(93,733,631)
(c)	Investment Contracts with Discretionary Participation Features (DPF) assets		
(d)	Total Insurance and Reinsurance Contract Assets	(82,890,586)	(93,733,631)
13.	SUNDRY ASSETS:		
(a)	Derivative instruments		
(b)	Segregated accounts companies - long-term business - variable annuities		
(c)	Segregated accounts companies - long-term business - other		
(d)	Segregated accounts companies - general business		
(e)	Deposit assets		
(f)	Net receivables for investments sold	937	648
(g)	Deferred Income Tax	108,916	363,719
(h)	Prepaid Assets	16,590	15,825
(i)	Income Tax Receivable	-	246,151
(j)	Total sundry assets	126,443	626,342
14.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS		
(a)	Letters of credit		
(b)	Guarantees		
(c)	Other instruments		
(e)	Total letters of credit, guarantees and other instruments	-	-
15.	TOTAL	60,772,411	59,824,565
	INSURANCE LIABILITIES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS		
	INSURANCE LIABILITIES		
17.	GENERAL BUSINESS INSURANCE CONTRACT LIABILITIES	3,296,416	3,193,225
17A.	GENERAL BUSINESS REINSURANCE CONTRACT LIABILITIES		
18.	INVESTMENT CONTRACT WITH DPF LIABILITIES		
27.	LONG-TERM BUSINESS INSURANCE CONTRACT LIABILITIES		-
27A.	LONG-TERM REINSURANCE CONTRACT LIABILITIES		
	OTHER LIABILITIES		

CONDENSED CONSOLIDATED BALANCE SHEET

CENTRE REINSURANCE SOLUTIONS (U.S.) LIMITED
As at December 31, 2023
expressed in ['000s] United States Dollars

LINE No.		2023	2022
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE		
30.	LOANS AND NOTES PAYABLE		
31.	(a) INCOME TAXES PAYABLE	104,201	-
	(b) DEFERRED INCOME TAXES		-
32.	AMOUNTS DUE TO AFFILIATES		
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	63,025	142,051
35.	DIVIDENDS PAYABLE		
36.	SUNDRY LIABILITIES:		
(a)	Derivative instruments		
(b)	Segregated accounts companies		
(c)	Deposit liabilities		
(d)	Net payable for investments purchased		
€	Deferred Income	-	-
(f)	Other sundry liabilities (specify)		
(g)	Other sundry liabilities (specify)		
(h)	Total sundry liabilities	-	-
37.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:		
(a)	Letters of credit		
(b)	Guarantees		
(c)	Other instruments		
(d)	Total letters of credit, guarantees and other instruments	-	-
38.	TOTAL OTHER LIABILITIES	167,226	142,051
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	3,463,642	3,335,275
	CAPITAL AND SURPLUS		
40.	TOTAL CAPITAL AND SURPLUS	57,308,769	56,489,290
41.	TOTAL	60,772,411	59,824,565
		TRUE	TRUE
		(0)	-

Reconciliation of Net Changes in Insurance Contracts Liabilities by Remaining Coverage and Incurred Claim - General Business

Line 17 and 11(a)

	Liability for Remaining Coverage		Liabilities for Incurred Claims			
	Excluding loss component	Loss component	Products not under PAA	(PAA) Estimates of present value of future cash flows	(PAA) Risk adjustment for non-financial risk	Total
Opening assets						-
Opening liabilities	607,972			2,490,635	94,617	3,193,225
Net opening balance	(607,972)	-	-	(2,490,635)	(94,617)	(3,193,225)
Changes in the statement of income or loss						
Insurance revenue						-
Insurance service expenses						
Amortisation of insurance acquisition cash flows						-
Incurred claims and other insurance service expenses				(6,175,335)	(870)	(6,176,205)
Losses and reversals on onerous contracts						-
Adjustments to liabilities for incurred claims						-
Total Insurance service expenses	-	-	-	(6,175,335)	(870)	(6,176,205)
Investment components						-
Insurance service result	-	-	-	(6,175,335)	(870)	(6,176,205)
Net finance expenses from insurance contracts				(142,647)	(1,515)	(144,162)
Effect of movements in exchange rates						-
Total changes in the statement of income or loss	-	-	-	(6,317,981)	(2,385)	(6,320,366)
Cash flows						
Premiums received	(1,761)					(1,761)
Insurance acquisition cash flows						-
Claims and other insurance service expenses paid				6,218,936	-	6,218,936
Total cash flows	(1,761)	-	-	6,218,936	-	6,217,175
Contracts transferred on acquisition of subsidiary						-
Contracts transferred on disposal of subsidiary						-
Net closing balance	(609,733)	-	-	(2,589,681)	(97,002)	(3,296,416)
Closing assets						-
Closing liabilities	609,733			2,589,681	97,002	3,296,416
Net closing balance	(609,733)	-	-	(2,589,681)	(97,002)	(3,296,416)
					(3,296,416)	True
					-	True

CONDENSED CONSOLIDATED BALANCE SHEET

CENTRE REINSURANCE SOLUTIONS (U.S.) LIMITED

As at December 31, 2023

expressed in ['000s] United States Dollars

LINE No.	2023	2022

Reconciliation of Net Changes in Insurance Contracts Liabilities by Remaining Coverage and Incurred Claim - Long-Term Business

Line 27 and 11(a)

	Liability for Remaining Coverage		Liabilities for Incurred Claims			
	Excluding loss component	Loss component	Products not under PAA	(PAA) Estimates of present value of future cash flows	(PAA) Risk adjustment for non-financial risk	Total
Opening assets						-
Opening liabilities						-
Net opening balance	-	-	-	-	-	-
Changes in the statement of income or loss						
Insurance revenue						-
Insurance service expenses						
Amortisation of insurance acquisition cash flows						-
Incurred claims and other insurance service expenses						-
Losses and reversals on onerous contracts						-
Adjustments to liabilities for incurred claims						-
Total Insurance service expenses	-	-	-	-	-	-
Investment components						-
Insurance service result	-	-	-	-	-	-
Net finance expenses from insurance contracts						-
Effect of movements in exchange rates						-
Total changes in the statement of income or loss	-	-	-	-	-	-
Cash flows						
Premiums received						-
Insurance acquisition cash flows						-
Claims and other insurance service expenses paid						-
Total cash flows	-	-	-	-	-	-
Contracts transferred on acquisition of subsidiary						-
Contracts transferred on disposal of subsidiary						-
Net closing balance	-	-	-	-	-	-
Closing assets						-
Closing liabilities	-		-			-
Net closing balance	-	-	-	-	-	-
					-	True
					-	True

Reconciliation of Changes in Net Reinsurance Contracts Assets by Remaining Coverage and Incurred Claims- General Business

Line 11b and 17A

	Assets for Remaining Coverage		Assets for Incurred Claims			
	Excluding loss-recovery component	Loss recovery component	Products not under PAA	(PAA) Estimates of present value of future cashflows	(PAA) Risk adjustment for non-financial risk	Total
Opening assets	(87,232,631)			(6,501,000)		(93,733,631)
Opening liabilities						-
Net opening balance	(87,232,631)	-	-	(6,501,000)	-	(93,733,631)
Changes in the statement of income or loss						
Allocation of reinsurance premiums paid	10,843,045					10,843,045
Amounts recovered from reinsurers						
Recoveries on incurred claims and other incurred reinsurance service expenses				-		-
Recoveries and reversals of recoveries of losses on onerous contracts						-
Adjustments to assets for incurred claims						-
Total Amounts recovered from reinsurers	-	-	-	-	-	-
Investment components and premium refunds						-
Effect of changes in non-performance risk of reinsurers						-
Net expenses from reinsurance contracts held	10,843,045	-	-	-	-	10,843,045
Net Finance income or expenses from reinsurance contracts						-
Effect of movements in exchange rates						-
Total changes in the statement of income or loss	10,843,045	-	-	-	-	10,843,045
Cash flows						
Premiums paid	-					-
Amounts received from reinsurers relating to incurred claims				-		-
Total cash flows	-	-	-	-	-	-
Net closing balance	(76,389,586)	-	-	(6,501,000)	-	(82,890,586)
Closing assets	(76,389,586)			(6,501,000)		(82,890,586)
Closing liabilities			-			-
Net closing balance	(76,389,586)	-	-	(6,501,000)	-	(82,890,586)

CONDENSED CONSOLIDATED BALANCE SHEET
CENTRE REINSURANCE SOLUTIONS (U.S.) LIMITED
As at December 31, 2023
expressed in ['000s] United States Dollars

LINE No.	2023	2022
	(82,890,586)	True
	-	True

Reconciliation of Changes in Net Reinsurance Contracts Assets by Remaining Coverage and Incurred Claims- Long Term

Line 11b and 27A

	Assets for Remaining Coverage			
	Excluding loss-recovery component	Loss recovery component	Amounts recoverable: Incurred claims	Total
Opening assets				-
Opening liabilities				-
Net opening balance	-	-	-	-
Changes in the statement of income or loss				
Allocation of reinsurance premiums paid				-
Amounts recovered from reinsurers				
Recoveries on incurred claims and other incurred reinsurance service expenses				-
Recoveries and reversals of recoveries of losses on onerous contracts				-
Adjustments to assets for incurred claims				-
Total Amounts recovered from reinsurers	-	-	-	-
Investment components and premium refunds				-
Effect of changes in non-performance risk of reinsurers				-
Net expenses from reinsurance contracts held	-	-	-	-
Net Finance income or expenses from reinsurance contracts				-
Effect of movements in exchange rates				-
Total changes in the statement of income or loss	-	-	-	-
Cash flows				
Premiums paid				-
Amounts received from reinsurers relating to incurred claims				-
Total cash flows	-	-	-	-
Net closing balance	-	-	-	-
Closing assets	-		-	-
Closing liabilities				-
Net closing balance	-	-	-	-
			(82,890,586)	True
			82,890,586	True

CONDENSED CONSOLIDATED STATEMENT OF INCOME

CENTRE REINSURANCE SOLUTIONS (U.S.) LIMITED
As at December 31, 2023
expressed in ['000s] United States Dollars

LINE No.		2023	2022
1.	**INSURANCE CONTRACT REVENUE**	-	1,240,402
2.	**INSURANCE SERVICE EXPENSES**		
(a)	Incurred Claims and Insurance Contract Expenses	6,149,655	21,563,439
(b)	Insurance Contract Acquisition Cash Flows		-
(c)	Adjustments to Liabilities for Incurred Claims		-
(d)	Losses (and reversals of losses) on Onerous Insurance Contracts		(38,101,500)
(e)	Other Insurance Service Expenses	26,550	18,930
(f)	TOTAL INSURANCE SERVICE EXPENSES	6,176,205	(16,519,131)
3.	**INSURANCE SERVICE RESULTS BEFORE REINSURANCE**	(6,176,205)	17,759,533
4.	**NET EXPENSES FROM REINSURANCE CONTRACT HELD**		
(a)	Reinsurance recoveries and other income	(4,859,885)	13,721,408
(b)	Reinsurance expenses (allocated reinsurance premiums)		653,371
(c)	TOTAL NET EXPENSES FROM REINSURANCE CONTRACTS HELD	(4,859,885)	14,374,778
5.	**NET INSURANCE SERVICE RESULTS**	(1,316,319)	3,384,755
6.	**INVESTMENT RETURNS**		
(a)	Net interest revenue/investment income	1,636,622	1,192,901
(b)	Net realised fair value gains/(losses) through P&L	40,505	40,287
(c)	Net foreign exchange income		-
(d)	Credit impairment losses on financial assets	1,049	-
(e)	Other investment returns	(103,421)	(82,623)
(f)	TOTAL INVESTMENT RETURNS	1,574,755	1,150,565
7.	**INSURANCE FINANCE RESULTS**		
(a)	Net finance income and expenses from insurance contracts issued	(81,410)	(80,173)
(b)	Net finance income and expenses from reinsurance contracts held	-	-
(c)	TOTAL NET INSURANCE FINANCE RESULTS	(81,410)	(80,173)
8.	**NET INSURANCE FINANCIAL AND INVESTMENT RESULTS**	1,493,345	1,070,392
9.	**COMBINED OTHER INCOME (DEDUCTIONS)**	(108,388)	(322,344)
10.	**PROFIT BEFORE TAX**	68,639	4,132,803
11.	**INCOME TAX**	5,505	871,733
12.	**NET INCOME**	63,133	3,261,070

Unconsolidated Disclosures for Statement of Profit or Loss

Line 1	Notes to Insurance Revenue	
	Contracts not measured under the PAA	
	Amounts relating to changes in liabilities for remaining coverage	
	Expected incurred claims and other insurance service expenses	
	CSM recognised for services provided	
	Change in risk adjustment for non-financial risk for risk expired	
	Allocation of the portion of premiums that relate to the recovery of insurance acquisition cashflows	
	Contracts measured under the General Model	-
	Contracts measured under the PAA	-
	Total Insurance Revenue	-

CONDENSED CONSOLIDATED STATEMENT OF CAPITAL AND SURPLUS

CENTRE REINSURANCE SOLUTIONS (U.S.) LIMITED
As at December 31, 2023
expressed in ['000s] United States Dollars

LINE No.		2023	2022
1.	**CAPITAL:**		
(a)	Capital Stock		
	(i) Common Shares	370,000	370,000
	authorized 370,000 shares of par		
	value $ 1.000 each issued and		
	fully paid 370,000 shares		
	(ii)		
	(A) Preferred shares:		
	authorized shares of par		
	value each issued and		
	fully paid shares		
	aggregate liquidation value for —		
	2023		
	2022		
	(B) Preferred shares issued by a subsidiary:		
	authorized shares of par		
	value each issued and		
	fully paid shares		
	aggregate liquidation value for —		
	2023		
	2022		
	(iii) Treasury Shares		
	repurchased shares of par		
	value each issued		
(b)	Contributed surplus	26,450,390	26,450,390
(c)	Any other fixed capital		
	(i) Hybrid capital instruments		
	(ii) Guarantees and others		
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	26,820,390	26,820,390
2.	**SURPLUS:**		
(a)	Surplus - Beginning of Year	29,668,900	28,560,258
(b)	Add: Income for the year	63,133	3,261,070
(c)	Less: Dividends paid and payable		
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments	975,441	(2,651,078)
(e)	Add (Deduct) change in any other surplus	(219,095)	498,650
(f)	Surplus - End of Year	30,488,379	29,668,900
3.	**MINORITY INTEREST**		
4.	**TOTAL CAPITAL AND SURPLUS**	57,308,769	56,489,290

CENTRE REINSURANCE (U.S.) LIMITED

NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(expressed in United States dollars)

General Notes to the Financial Statements

1. Centre Reinsurance (U.S.) Limited (the Company) is a wholly-owned subsidiary of Centre Group Holdings (U.S.) Limited (CGHUS), a holding company incorporated in the United States. CGHUS is a subsidiary of Zurich Structured Finance, Inc. (ZSF), a company incorporated in the United States. ZSF is a subsidiary of Zurich Finance Company AG, a holding company incorporated in Switzerland, which in turn is owned by Zurich Insurance Company Ltd (Zurich) which is owned by Zurich Insurance Group Ltd (Group), which is also incorporated in Switzerland.

2. The Company provided non-traditional customized insurance, reinsurance, and financial solutions primarily for United States based clients. The Company is currently in a managed run-off. There are two lines of business remaining, credit surety and casualty, which includes a non-significant adverse development cover on a Zurich affiliate's loss portfolio transfer.

3. The condensed general purpose financial statements have been prepared in conformity with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to Condensed General Purpose Financial Statements (the Legislation). The condensed general purpose financial statements are based upon International Financial Reporting Standards (IFRS) but are in accordance with the reporting requirements of the Legislation, which varies in certain respects from IFRS. The more significant variances are as follows:

   - A statement of cash flows is not included;
   - A statement of comprehensive income is not included;
   - The presentation and classification of financial statement line items is in accordance with Schedules IX and XI of the Insurance Account Rules 2016 and differ from the expected presentation and classification under IFRS; and
   - The notes included in the condensed general purpose financial statements have been prepared in accordance with Schedule X of the Insurance Account Rules 2016 and exclude certain information required under IFRS.

   Certain amounts recorded in the condensed financial statements reflect estimates and assumptions made by management. These include assumptions regarding economic factors such as interest and discount rates, currency and credit assumptions, and non-economic factors such as claims frequency and severity expectations. Actual results may differ from the estimates made.

4. Significant accounting policies are as follows:

New accounting standards and amendments to published accounting standards:

IFRS 17 "Insurance Contracts"

IFRS Insurance Contracts provides comprehensive guidance on accounting for insurance contracts issued including investment contracts with discretionary participation features and reinsurance contracts held. It has a significant impact on the measurement of these contracts and the presentation of the insurance revenue and insurance service result. The impact is more pronounced for long duration life contracts, where the measurement under IFRS includes the recognition of a separate component of the insurance liability contractual service margin (CSM) representing unearned profits from in-force contracts. For short duration contracts, all the liabilities for incurred claims are discounted under IFRS which allows for consistency in presentation of short and long-tail businesses. IFRS further introduces a risk adjustment for non-financial risk, a separate component of the liability covering the uncertainty in the amount and timing of future cash flows.

IFRS 17 introduces different measurement models for (re-)insurance contract assets and liabilities reflecting the different extent of policyholder participation in investment performance or performance of the insurance entity: non-participating or indirect participating (general model or the building block approach (BBA)) and direct participating (the variable fee approach (VFA). For short-duration contracts, IFRS 17 permits a simplified approach (the premium allocation approach (PAA)), which can be applied to contracts that have a coverage period of 12 months or less or for which such simplification would produce a measurement of the liability for remaining coverage that would not differ materially from the one that would be produced applying BBA.

The Company determined the transition approach for groups of insurance contracts, depending on the availability of reasonable and supportable historic information. The selected transition approach affected the measurement of the CSM on initial adoption of IFRS 17 as follows:

a. Fully retrospective approach - the CSM 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;

b. Modified retrospective approach - the CSM is calculated using modifications allowed by IFRS 17, taking into account the actual pre-transition fulfillment cash flows; and

c. Fair value approach - the CSM at transition is calculated as the difference between the fair value of a Company of contracts, without the consideration of the demand deposit floor requirement, and the respective fulfillment cash flows measured at the transition date.

When a fully retrospective approach was considered impracticable due to lack of historical data or application of hindsight, the Company chose between a modified retrospective approach or a fair value approach. The Company applied a retrospective transition approach whenever practical.

The Company applied IFRS 17 to (re-)insurance contracts issued and reinsurance contracts held under the fully retrospective approach as of January 1, 2022. Comparative figures are not required to be presented in these condensed financial statements, therefore the comparative figures have not been restated for the effect of the adoption of IFRS 17. The total impact of the adoption of IFRS 17 to the Company’s statutory surplus as the Company was $0.3 million.

<u>IFRS 9 'Financial Instruments'</u>
The Company adopted the requirements of IFRS 9 'Financial Instruments,' including all the relevant amendments, from January 1, 2023. The Company assessed the business model for managing financial assets based on facts and circumstances as of January 1, 2023. The contractual characteristics test (also referred as the 'SPPI test') was conducted based on the contractual terms at initial recognition of the financial assets. The classification, measurement and expected credit loss (ECL) requirements were applied retrospectively by adjusting the opening balance sheet at the date of initial application. The Company applies IFRS 9 for all designated hedge relationships. As permitted by IFRS 9, the Company has not restated comparative periods. The accounting policies for the recognition and measurement of financial assets and liabilities have been amended for the adoption of IFRS 9.

Upon the adoption of IFRS 9, the Company made other presentation changes, including the reclassification of certain commercial real estate loans from mortgage loans to other loans, with the measurement basis continuing to be at amortized cost, to better reflect the nature of the instrument and the way the exposure is managed by the Company.

The Company adopted IFRS 9 'Financial Instruments' effective January 1, 2023. The effect of the adoption of IFRS 9 to the Company's statutory surplus as of January 1, 2023 was $0.2 million.

(a) Insurance contracts issued and reinsurance contracts held

The Company applies accounting policies outlined in this section to insurance contracts issued that transfer significant insurance risk from policyholders or other insurance companies to the Company and reinsurance contracts held that transfer significant insurance risk from the Company to third party reinsurers. The significant insurance risk transfer is determined by comparing the present value of benefits payable if an insured event occurred with the present value of benefits payable if the insured event did not occur. This assessment is made on a contract-by-contract basis at initial recognition and not subsequently reassessed unless the contract has been modified (see below). Investment contracts with discretionary participation features (DPF) are accounted for as insurance contracts if the reporting entity also issues insurance contracts. Furthermore, financial guarantee contracts and certain fixed-fee service contracts (e.g., roadside assistance) issued by the insurance entities in the normal course of business are also accounted for as insurance contracts.

Initial recognition

The Company recognizes groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder becomes due (or when the first payment is received, if there is no due date); or
- An earlier date if facts and circumstances indicate that the group is onerous.

Contract boundary

The measurement of a group of insurance contracts includes all future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services.

Insurance contract classification

The Company issues non-life products through its Property & Casualty (P&C) operations. The majority of such insurance contracts are short-term and either have a contract boundary of one year or less or qualify for the simplified approach (or the premium allocation approach (PAA)) because the measurement of the liability for remaining coverage under PAA does not deviate significantly from the measurement that would apply under the general model (or the building block approach (BBA)). Therefore, such contracts are measured under PAA.

Moreover, the Company issues traditional long duration health and disability reinsurance contracts. The majority of such contracts are long-term and measured under BBA.

Insurance acquisition cash flows (IACF)

Insurance acquisition costs are selling, underwriting and initiating costs typically incurred prior to or at the start of the coverage period of a contract that are directly attributable to the acquisition of portfolios of insurance contracts, including, for example, sales commissions, direct response marketing, premium taxes and in-house expenses directly attributable to sales and policy issuance activities.

IACF are amortized in a systematic way over the coverage period using the same pattern as for insurance revenue recognition. For contracts accounted for under PAA, certain acquisition cash flows are expensed as incurred for contracts where the coverage period of each contract in the Company does not exceed one year.

Insurance service expenses

These expenses consist of claims and other insurance service expenses that the Company incurs in order to fulfill its obligations toward the policyholders that arise within the contract boundary of the underlying (re-)insurance contracts. They also include amortization of insurance acquisition cash flows, changes in the fulfillment cash flows relating the liability for incurred claims (LIC), losses on groups of onerous contracts and reversals of such losses, and impairment and reversal of impairment of assets for pre-coverage insurance acquisition cash flows. Costs incurred that cannot be directly attributed to portfolios of insurance contracts (e.g., cost incurred in connection with future business opportunities) are excluded.

Investment components

Investment components that are not separated based on the requirements outlined above are accounted for as part of the underlying insurance contract. Such investment components, which are treated as non-distinct components, represent amounts that the Company is required to repay to a policyholder under the terms of the insurance contract in all circumstances, regardless of whether an insured event occurs. Any cash flows related to investment components are excluded from insurance revenue and insurance service expenses.

Measurement under PAA

For non-participating insurance contracts that are eligible for PAA, the measurement of the liability for remaining coverage (unexpired risk) is simplified as compared with the measurement under BBA and is accounted for separately from incurred claims (expired risk).

The liability for remaining coverage (LRC) is measured initially based on the premium received less any payments that relate to eligible IACF. Subsequently, the LRC is reduced by the amount recognized as insurance revenue for services provided in the period less any amortization of IACF recognized as an expense in the period. Insurance revenue is generally recognized on a straight-line basis, unless a different pattern represents a better approximation of the release from risk under the insurance contract. Certain insurance contracts (e.g., extended warranty contracts) may include a significant financing component when the premium from the policyholder is due more than 12 months before the Company provides insurance coverage. In this case, the LRC is adjusted for the time value of money.

Where facts and circumstances indicate that a group of contracts is onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected. The net outflow is recorded immediately in profit or loss, resulting in the recognition of a loss component for the liability for remaining coverage and the carrying amount of the liability for the Company of contracts being equal to the fulfillment cash flows.

The liability for incurred claims (LIC) reflects a current, explicit, unbiased and probability-weighted estimate of the present value of the expected future cash outflows considering all reasonable and supportable information available without undue cost or effort about the amount, timing, and uncertainty of those future cash flows. It includes an explicit adjustment for non-financial risk (the risk adjustment, see below). The risk adjustment is recognized as and when the claims are incurred and subsequently released to insurance service expense as the uncertainty associated with the amount and timing of claim payments is resolved.

Generally, the LIC is adjusted for the effect of time value of money and financial risk, unless the respective claims are expected to be paid within one year of being incurred. The Company selected the accounting policy to disaggregate the movement in the LIC resulting from changes in discount rates and to present this in statutory surplus. The unwind of the discount on the LIC based on locked-in accident year discount rates is presented in profit or loss.

Any premium receivables or accrued premium or claims payables that remain outstanding as of the reporting date are presented as part of the insurance contract assets or liabilities.

A premium deficiency reserve (PDR) is established for any RVI contracts within 24 months of expiry if it is apparent that a loss is likely to occur upon expiry of the contract.

Reinsurance contracts held

The Company enters into reinsurance contracts in the normal course of business to limit the potential for losses arising from certain exposures. Reinsurance contracts do not relieve the Company as the originating insurer of its liability. Reinsurance contracts held are recorded separately unless the contract combination criteria specified above are fulfilled.

Similar to insurance contracts issued, reinsurance contracts held are accounted for under PAA, if the qualifying criteria for PAA are fulfilled, or BBA in all other cases. Reinsurance contracts held are measured using assumptions consistent with the assumptions used for the underlying insurance contracts for the fulfillment cash flows. The risk adjustment for non-financial risk represents the amount of risk being transferred by the holder of the reinsurance contract to the issuer of that contract.

If reinsurance contracts held cover underlying onerous insurance contracts, a loss recovery component is recognized only if the reinsurance contract held was entered into before or at the same time as the underlying onerous insurance contracts. The loss recovery component is measured by reference to the percentage of claims from underlying onerous insurance contracts expected to be recovered from the reinsurance contracts held.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts that arises from non-financial risk (insurance risk and other non-financial risk such as lapse risk). The risk adjustment is an explicit adjustment to the estimates of future cash flows to reflect the compensation the

Company would require to make it indifferent between fulfilling a liability that has a range of possible outcomes arising from non-financial risk and fulfilling a liability that will generate fixed cash flows with the same expected present value as the insurance contracts.

The Company estimates the risk adjustment using a confidence level approach. The risk adjustment for the reinsurance contracts held is determined consistently with the risk adjustment for insurance contracts issued.

The Company disaggregates the change in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expense, and the latter between profit or loss and statutory surplus, so that the movement in risk adjustment resulting from changes in discount rates is presented in statutory surplus.

Discount rates

The Company applies bottom-up discount rates for most groups of insurance contracts issued and reinsurance contracts held. Bottom-up discount rates are constructed using risk-free rates, plus an illiquidity premium, where applicable. Risk-free rates are determined by reference to the market interest rates (either swap rates or yields of highly liquid sovereign securities) in the currency of the underlying cash flows for the groups of (re-)insurance contracts. The illiquidity premium is determined by reference to observable market spreads for illiquid instruments (e.g., corporate debt, etc.) adequately corrected to remove credit risk.

Derecognition and contract modification

The Company derecognizes an insurance contract only when the obligation specified in the insurance contract expires or is discharged or canceled, or if the contract is modified in a way that requires derecognition of the original contract and recognition of the new contract with modified terms. The exercise of a right included in the terms of a contract is not a modification.

When an insurance contract is extinguished, the entity is no longer at risk and is therefore no longer required to transfer any economic resources to satisfy the insurance contract. Typically, when the Company buys reinsurance, the underlying insurance contract(s) continue to be recognized as the respective obligations are not extinguished.

lf the terms of an insurance contract are modified, for example, by agreement between the parties to the contract or by a change in regulation, the Company derecognizes the original contract and recognizes the modified contract as a new contract.

A reinsurance contract is derecognized when the contractual rights to the cash flows expire.

Deferred reinsurance losses represent the deficiency of assets received as compared to the liabilities for future policy benefits assumed in connection with reinsurance of existing blocks of health and disability business. Deferred reinsurance losses are amortized over the premium paying period of the related policies using assumptions consistent with those used to compute future policy benefits. Amortization is included in policy claims and benefits in the consolidated statements of income.

(b) Investment Income

Investment income is accounted for under the accrual basis.

(c) Investments

The classification and measurement of investments is driven by the business model under which these assets are held and by their contractual cash flow characteristics. The combined effect of the business model and contractual terms assessment (also referred to as 'solely payment on principal and interests test' (SPPI test)) determines whether the debt instruments are measured at amortized cost, fair value with changes recognized in other comprehensive income (FVOCI) or fair value through profit or loss (FVPL).

The Company primarily holds financial assets to fund insurance liabilities. Specifically, financial assets and insurance liabilities are economically linked and jointly managed with the aim of matching the duration of the assets with the expected obligation toward policyholders. In order to ensure that the contractual cash flows from the financial assets are sufficient to settle insurance liabilities as they become due, the Company may undertake significant buying and selling activities on a regular basis to rebalance its asset portfolio and to meet day-to-day cash flow needs as they arise. Consequently, the majority of the financial assets, including government and supra-national bonds, mortgage and other asset backed securities (ABS/MBS), as well as syndicated loans and other corporate debt, are 'held to collect contractual cash flows and for sale' (HtC&S). Furthermore, the Company has identified specific portfolios that are managed with the aim of holding assets only to collect contractual cash flows over the life of the instrument. These financial assets are managed in the business model 'held to collect contractual cash flows' (HtC).

Debt instruments with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI) are measured at either amortized cost or FVOCI, unless they are managed on a fair value basis.

Debt instruments held under the HtC&S business model that pass the SPPI test are measured at FVOCI. Interest income is determined using the effective interest rate method and included in net investment income. The cumulative unrealized gains or losses recorded in statutory surplus are net of the expected loss allowance and income taxes. When financial assets measured at fair value through statutory surplus are derecognized, the cumulative gains or losses are reclassified from statutory surplus to profit or loss as net capital gains/(losses) on investments. Loss allowances for expected credit losses and any subsequent changes are recorded in profit or loss within net capital gains/(losses) on investments.

Debt instruments held under the HtC business model that pass the SPPI test are carried at amortized cost using the effective interest rate method. Loss allowances for expected credit losses and individual credit impairments are recognized in profit or loss within net capital gains/(losses) on investments, with a corresponding reduction in the gross carrying amount of the financial asset.

Financial assets that fail the SPPI test are always measured at fair value through profit or loss (FVPL). Such assets include equities, fund investments and some ABS/MBS that do not fulfill the SPPI criteria.

Quoted and unquoted investments include investments carried at amortized cost, FVOCI and FVPL. Unquoted investments include hedge funds that are not actively traded. The value of these instruments is obtained from net asset value information and audited financial statements provided by the issuing company. Quantitative unobservable inputs are not developed by the Company when measuring fair value of these assets. In addition, included in unquoted bonds are financial assets for which the fair value is determined using valuation techniques with at least one significant input not being based on observable market data. In circumstances when there is little, if any, market activity for a certain instrument, the Company is required to develop internal valuation inputs based on the best information available about the assumptions that market participants would use when pricing the asset or liability.

The Company recognizes regular purchases and sales of financial assets on the trade date, which is the date on which the Company commits to purchase or sell the asset.

Recognition of expected credit losses

Expected credit loss (ECL) is recognized for debt securities measured at amortized cost, debt securities measured at FVOCI, mortgage loans, lease and trade receivables, and reflects the difference between the contractual cash flows of the instrument and the cash flows the Company expects to receive. ECL is recognized on the following basis:

- 12-months ECL is recognized from the initial recognition of a debt instrument and reflects a portion of lifetime expected credit losses that would result from default events that are possible within 12 months after the reporting date (12-months ECL). The Company applies the low credit risk simplification to recognize 12-months ECL for all financial instruments that have an internal or external investment grade credit rating.; and
- Lifetime ECL is recognized in the event of a significant increase in credit risk (SICR) since initial recognition and reflects lifetime expected credit losses over the expected life of the financial instrument (lifetime ECL). The Company applies a permitted simplification to recognize lifetime ECL for all trade receivables.

At each reporting date, an assessment is conducted to determine whether a SICR has occurred since the initial recognition of a financial asset not covered by the low credit risk practical expedient and/or whether the financial asset has become credit impaired.

Defaulted and Credit-impaired Financial Assets

The Company considers the financial asset as defaulted when one or a combination of events with detrimental impact on the estimated cash flows of the financial asset have occurred (i.e., an incurred credit loss event). The Company places emphasis on counterparty specific factors, such as significant financial difficulty, default or delinquency on interest or principal payments. If one or more default events have occurred, the Company considers the financial assets as credit impaired and recognizes individual credit impairment directly as a reduction of the gross carrying amount. Financial assets and the related credit impairment allowances are partially or fully written off when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

(d) Cash and Cash Equivalents

The Company defines cash and cash equivalents as cash and certain highly liquid short-term investments with an original maturity date of three months or less from the date of purchase.

(expressed in United States dollars)

(e) Commutation Policy

Upon commutation of a contract the "loss and loss expense provisions" line on the Company's balance sheet is reduced and a gain or loss is recorded within "net losses incurred and net loss expenses incurred" line within the income statement for the difference between the carried reserve on the contract and the commutation payment. Commutations can account for a significant part of the Company's business.

(f) Income Tax

Under Bermuda law, the Company has not historically been subject to Bermuda tax on income and capital gains and this remains the case of the year ended 31 December 2023. However, on December 27, 2023, the Government of Bermuda enacted the Corporate Income Tax Act of 2023 which established a 15 percent income tax on net taxable income of Bermuda entities effective January 1, 2025. The Company and its Bermuda affiliates will be subject to Bermuda Corporate Income Tax on their income and capital gains from January 1, 2025 and with the transition into the Act. No deferred tax assets have been recognized in respect of the Bermuda Corporate Income Tax, as it is not probable that sufficient taxable profits will be available to realize the deductible temporary difference or carryforward of unused tax losses or tax credits due to the availability of foreign tax credits (i.e. the US federal income tax suffered by the Company and its affiliates).

The Company has elected under Internal Revenue Code Section 953(d) to be treated as a U.S. domestic insurer for federal income tax purposes, and thus is subject to income taxes imposed by U.S. federal authorities.

Deferred federal income taxes are provided for temporary differences between the financial statement and tax basis of assets and liabilities, principally the discount on unpaid losses and loss adjustment expenses, unearned premium reserves, differences in book and tax basis of investments.

5.	Insurance Revenue	-	See 4(a) above
	Investment income	-	See 4(b) above
	Other income	-	Not applicable.

6-12. Not applicable.

(expressed in United States dollars)

13. The fair value hierarchy of investments is based on the following levels:

Level 1 - includes assets and liabilities for which fair values are determined directly from unadjusted current quoted prices resulting from orderly transactions in active markets for identical assets/liabilities.

Level 2 - includes assets and liabilities for which fair values are determined using significant inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable market inputs.

Level 3 – includes financial assets for which the fair value is determined using valuation techniques with at least one significant input not being based on observable market data. In circumstances when there is little, if any, market activity for a certain instrument, the Company is required to develop internal valuation inputs based on the best information available about the assumptions that market participants would use when pricing the asset or liability. This would normally apply in the case of investments in asset backed securities for which very limited market activity is observed and long-dated derivatives.

Fair Value Hierarchy	*for the year ended December 31*	2023			
		Level 1	**Level 2**	**Level 3**	**Total**
	Assets				
	Available-for-sale securities				
	Bonds and Debentures	-	45,229,828	1,327,360	46,557,188
	Total Available-for-sale securit	-	45,229,828	1,327,360	46,557,188
	Total assets	-	**45,229,828**	**1,327,360**	**46,557,188**

Fair Value Hierarchy	*for the year ended December 31*	2022			
		Level 1	**Level 2**	**Level 3**	**Total**
	Assets				
	Available-for-sale securities				
	Bonds and Debentures	-	44,837,484	1,458,550	46,296,034
	Total Available-for-sale securitie	-	44,837,484	1,458,550	46,296,034
	Total assets	-	**44,837,484**	**1,458,550**	**46,296,034**

(expressed in United States dollars)

14. The following table shows fair value of debt securities held at December 31 by contractual maturity:

Debt securities by maturity	*for the years ended December 31*	**2023**	**2022**
	Due within one year	5,060,491	4,117,867
	Due after one year through five years	25,184,686	24,474,265
	Due after five years through ten years	4,193,250	3,965,144
	Due after ten years	12,118,761	13,738,758
	Total	**46,557,188**	**46,296,034**

15. The below table sets forth the related party transactions reflected in the Statement of Income. All related party transactions are with Zurich affiliate companies.

Statement of Income	*for the year ended December 31*	**2023**		
	Line	**Affiliate**	**3rd Party**	**Total**
	2.(a) Incurred Claims And Insurance Contract Expenses	-	6,149,655	6,149,655
	2.(e) Other Insurance Service Expenses	-	26,550	26,550
	4.(a) Reinsurance Recoveries And Other Income	(4,859,885)	-	(4,859,885)
	6.(a) Interest Revenue/Investment Income	-	1,636,622	1,636,622
	6.(b) Net Realised Fair Value Gains/(Losses) Through P&L	-	40,505	40,505
	6.(d) Credit Impairment Losses On Financial Assets	-	1,049	1,049
	6.(e) Other Investment Returns	(76,065)	(27,356)	(103,421)
	7.(a) Net Finance Expenses From Insurance Contracts Held	-	(81,410)	(81,410)
	7.(b) Net Finance Income From Reinsurance Contracts Held	-	-	-
	9. Combined Other Income (Deductions)	(182,411)	74,024	(108,388)

Statement of Income	*for the year ended December 31*	**2022**		
	Line	**Affiliate**	**3rd Party**	**Total**
	1. Insurance Contract Revenue	-	1,240,402	1,240,402
	2.(a) Incurred Claims And Insurance Contract Expenses	-	21,563,439	21,563,439
	2.(d) Losses (and Reversals of Losses) on Onerous Insurance Contracts	-	(38,101,500)	(38,101,500)
	2.(e) Other Insurance Service Expenses	-	18,930	18,930
	4.(a) Reinsurance Recoveries And Other Income	13,721,408	-	13,721,408
	4.(b) Reinsurance Expenses (Allocated Reinsurance Premiums)	653,371	-	653,371
	6.(a) Interest Revenue/Investment Income	-	1,192,901	1,192,901
	6.(b) Net Realised Fair Value Gains/(Losses) Through P&L	-	40,287	40,287
	6.(e) Other Investment Returns	(59,968)	(22,655)	(82,623)
	7.(a) Net Finance Expenses From Insurance Contracts Held	-	(80,173)	(80,173)
	9. Combined Other Income (Deductions)	(333,661)	11,316	(322,344)

Included in Line 9 Combined Other Income (Deductions) is $0.2 million (2022: $0.3 million) of expenses allocated from a Zurich affiliated company. The allocation is based primarily on the usage by the Company of facilities and other administrative services provided by or for the affiliate.

The Company has investment management fee agreements with Zurich affiliated companies. Aggregate management fee expense during 2023 under such agreements were $0.1 million (2022 - $0.1 million). The respective notes below disclose any related party transactions relating to the balance sheet.

Related party transactions relating to the balance sheet are disclosed on the notes to the consolidated balance sheet below.

16. Not applicable.

17. (a) The Company utilizes reinsurance and retrocessional agreements to reduce its exposure to risk of loss. These agreements provide for recovery of a portion of losses, expenses and future policy benefits from reinsurers and retrocessionaires. The Company remains liable to the extent the reinsurers and retrocessionaires do not meet their obligations under these agreements and therefore provisions are made for amounts considered potentially uncollectible.

    (b) The Company continually monitors its positions with, and the credit quality of, counterparties to its financial instruments. The counterparties to these instruments expose the Company to credit loss in the event of nonperformance. At December 31, 2023, the Company does not anticipate nonperformance and all counterparties are Zurich affiliates.

    (c) At December 31, 2023, the Company had an AA financial strength rating from Standard & Poor's Rating Services. This reflects the receipt from Zurich of a guarantee of all the Company's payment obligations arising under the terms of any and all insurance and reinsurance contracts issued by the Company.

Notes to the Balance Sheet

1. For restricted assets, see Note 17(c).

2. See General Note 4(c) and Note 17(c).

3. Other private equity unquoted investments are carried at fair value unless significant influence exists then they are carried at the underlying equity in net assets of the investee. Investments are adjusted for any declines in value that are impaired. Currently private equity unquoted investments have been fully impaired. See General Note 4(c) for fair value hierarchy level 3 quoted bonds categorized as unquoted.

4.– 8. Not applicable.

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9. Investment income due and accrued is $0.3 million (2022 - $0.3 million).

10. (a) Not applicable.
(b) Included in Accounts receivable is a balance with affiliates of $90.6 million (2022 - $102.9 million). This represents salvage recoverable.

11. The below table shows the reconciliation of insurance and reinsurance contract assets for the current and previous years::

	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss component	Loss recovery component	Estimate of the present value of future cash flows	Risk adjustment	Total
Reinsurance contract assets, as of January 1, 2023	(87,232,631)	-	(6,501,000)	-	(93,733,631)
Reinsurance contract liabilities, as of January 1, 2023	-	-	-	-	-
Net reinsurance contracts as of January 1, 2023	(87,232,631)	-	(6,501,000)	-	(93,733,631)
Reinsurance premiums	10,843,045	-	-	-	10,843,045
Amounts recovered from reinsurance					
Recoveries of incurred claims and other insurance service expenses	-	-	-	-	-
Recoveries and reservesal of recoveries of losses on onerous contracts	-	-	-	-	-
Adjustments to assets for incurred claims	-	-	-	-	-
Amounts recovered from reinsurance	-	-	-	-	-
Total reinsurance service result	(76,389,586)	-	(6,501,000)	-	(82,890,586)
Cash (in)/outflows in the period					
Reinsurance premiums paid	-	-	-	-	-
Amounts received under reinsurance contracts held, including investment components	-	-	-	-	-
Net cash (inflows)/outflows	-	-	-	-	-
Reinsurance finance income/(expense)	-	-	-	-	-
Foreign currency translation effects	-	-	-	-	-
Total changes not related to provision of reinsurance services	-	-	-	-	-
Reinsurance contract assets, as of December 31, 2023	(76,389,586)	-	(6,501,000)	-	(82,890,586)
Reinsurance contract liabilities, as of December 31, 2023	-	-	-	-	-
Net reinsurance contracts as of December 31, 2023	**(76,389,586)**	-	**(6,501,000)**	-	**(82,890,586)**

(expressed in United States dollars)

	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss component	Loss recovery component	Estimate of the present value of future cash flows	Risk adjustment	Total
Reinsurance contract assets, as of January 1, 2022	(41,383,594)	-	(6,512,000)	-	(47,895,594)
Reinsurance contract liabilities, as of January 1, 2022	-	-	-	-	-
Net reinsurance contracts as of January 1, 2022	(41,383,594)	-	(6,512,000)	-	(47,895,594)
Reinsurance premiums	(653,371)	-	-	-	(653,371)
Amounts recovered from reinsurance					
Recoveries of incurred claims and other insurance service expenses	-	-	19,039,981	-	19,039,981
Recoveries and reservesal of recoveries of losses on onerous contracts	-	-	-	-	-
Adjustments to assets for incurred claims	-	-	-	-	-
Amounts recovered from reinsurance	-	-	19,039,981	-	19,039,981
Total reinsurance service result	(42,036,964)	-	12,527,981	-	(29,508,983)
Cash (in)/outflows in the period					
Reinsurance premiums paid	(45,195,667)	-	-	-	(45,195,667)
Amounts received under reinsurance contracts held, including investment components	-	-	(19,028,981)	-	(19,028,981)
Net cash (inflows)/outflows	(45,195,667)	-	(19,028,981)	-	(64,224,648)
Reinsurance finance income/(expense)	-	-	-	-	-
Foreign currency translation effects	-	-	-	-	-
Total changes not related to provision of reinsurance services	-	-	-	-	-
Reinsurance contract assets, as of December 31, 2022	(87,232,631)	-	(6,501,000)	-	(93,733,631)
Reinsurance contract liabilities, as of December 31, 2022	-	-	-	-	-
Net reinsurance contracts as of December 31, 2022	**(87,232,631)**	-	**(6,501,000)**	-	**(93,733,631)**

Line 11 includes reinsurance payable balance of $76.4 million (2022 - $87.2 million) and funds held under reinsurance contracts payable of $6.5 million (2022 - $6.5 million) to a Zurich affiliate.

12. Not applicable.

13. (a) Sundry Assets mainly comprises of deferred income tax asset of $0.1 million (2022 - $0.4 million) The following table shows the details of the deferred income tax position. See General Note 4(i).

Deferred income taxes	*for the year ended December 31*	**2023**	**2022**
	Insurance and reinsurance contract assets and liabilities	(96,461)	(119,651)
	Reserves for unearned premium	25,609	25,609
	Unrealized (gains)/losses on investments	239,096	476,226
	Other	(59,328)	(18,466)
	Deferred income taxes	**108,916**	**363,718**

(b) Not applicable.

14 -16. Not applicable.

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17. (a) Movements in reconciliation of insurance and reinsurance contract liabilities for the current and previous years are summarized as follows:

	Liability for remaining coverage		Liability for incurred claims			
	Excluding loss component	Loss component	(PAA) Estimate of the present value of future cash flows	(PAA) Risk adjustment	Assets for insurance acquisition cash flows	Total
Insurance contract liabilities, as of January 1, 2023	607,972	-	2,490,635	94,617	-	3,193,225
Insurance contract assets, as of January 1, 2023	-	-	-	-	-	-
Net insurance contracts as of January 1, 2023	607,972	-	2,490,635	94,617	-	3,193,225
Insurance revenue	-	-	-	-	-	-
Insurance service expenses						
Amortization of insurance acquisition cash flows	-	-	-	-	-	-
Incurred claims and other incurred insurance service expenses	-	-	6,175,335	870	-	6,176,205
Losses and reversal of losses on onerous contracts	-	-	-	-	-	-
Adjustments to liabilities for incurred claims						-
Insurance service expenses	-	-	6,175,335	870	-	6,176,205
Total gross insurance service result	-	-	6,175,335	870	-	6,176,205
Cash in/(out)flows in the period						
Premiums received	1,761		-			1,761
Insurance acquisition cash flows						-
Claims and other insurance service expenses paid, including investment components	-		(6,218,936)	-		(6,218,936)
Net cash inflows/(outflows)	1,761	-	(6,218,936)	-	-	(6,217,175)
Allocation from assets for insurance acquisition cash flows to insurance contracts	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance finance (income)/expense	-	-	142,647	1,515		144,162
Acquisitions/(divestments) and transfers	-	-	-	-	-	-
Foreign currency translation effects	-	-	-	-	-	-
Total changes not related to provision of insurance service	-	-	142,647	1,515	-	144,162
Insurance contract liabilities, as of December 31, 2023	609,733	-	2,589,681	97,002	-	3,296,416
Insurance contract assets, as of December 31, 2023	-	-	-	-	-	-
Net insurance contracts as of December 31, 2023	**609,733**	**-**	**2,589,681**	**97,002**	**-**	**3,296,416**

(expressed in United States dollars)

	Liability for remaining coverage		Liability for incurred claims			
	Excluding loss component	Loss component	(PAA) Estimate of the present value of future cash flows	(PAA) Risk adjustment	Assets for insurance acquisition cash flows	Total
Insurance contract liabilities, as of January 1, 2022	1,848,374	38,101,500	3,260,867	104,836	-	43,315,577
Insurance contract assets, as of January 1, 2022	-	-	-	-	-	-
Net insurance contracts as of January 1, 2022	1,848,374	38,101,500	3,260,867	104,836	-	43,315,577
Insurance revenue	(1,240,402)	-	-	-	-	(1,240,402)
Insurance service expenses						
Amortization of insurance acquisition cash flows	-	-	-	-	-	-
Incurred claims and other incurred insurance service expenses	-	(38,101,500)	21,581,164	1,204	-	(16,519,131)
Losses and reversal of losses on onerous contracts	-	-	-	-	-	-
Adjustments to liabilities for incurred claims						-
Insurance service expenses	-	(38,101,500)	21,581,164	1,204	-	(16,519,131)
Total gross insurance service result	(1,240,402)	(38,101,500)	21,581,164	1,204	-	(17,759,533)
Cash in/(out)flows in the period						
Premiums received	-		-			-
Insurance acquisition cash flows						-
Claims and other insurance service expenses paid, including investment components	-		(21,955,104)	-		(21,955,104)
Net cash inflows/(outflows)	-	-	(21,955,104)	-	-	(21,955,104)
Allocation from assets for insurance acquisition cash flows to insurance contracts						-
Investment components						-
Insurance finance (income)/expense			(396,292)	(11,423)		(407,715)
Acquisitions/(divestments) and transfers	-	-	-	-	-	-
Foreign currency translation effects	-	-	-	-	-	-
Total changes not related to provision of insurance service	-	-	(396,292)	(11,423)	-	(407,715)
Insurance contract liabilities, as of December 31, 2022	607,972	-	2,490,635	94,617	-	3,193,225
Insurance contract assets, as of December 31, 2022	-	-	-	-	-	-
Net insurance contracts as of December 31, 2022	**607,972**	-	**2,490,635**	**94,617**	-	**3,193,225**

(b) The Company is currently in a managed run-off, therefore, it is expected to experience changes in the net losses incurred and net loss expenses incurred related to prior years. Net premiums earned of $nil (2022 - $0.6 million) was from one of the RVI deals that reached strike date during the year.

(c) Fixed maturities with carrying value of $3.0 million (2022 - $ 3.0 million) at December 31, 2023 were on deposit in various trust accounts for the benefit of reinsurance contract holders. The remaining balance of $0.2 million (2022 - $0.2 million) is unsecured.

20–30. Not applicable.

31. (a) Income taxes payable at year end was $0.1 million (2022 - $nil).

(b) See Notes to the Balance Sheet Note 13.

32. Amounts due to affiliates are unsecured, interest free and have no specific terms of repayment.

33-37. Not applicable.

Notes to the Statement of Income

6. Not applicable.

9. Combined other income and deductions mainly relates to $0.1 million of expenses allocated from a Zurich affiliated company. The allocation is based primarily on the usage by the company of facilities and other administrative services provided by or for the affiliate.

15-36. Not applicable.

CENTRE REINSURANCE (U.S.) LIMITED

NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(expressed in United States dollars)

Notes to the Statement of Capital and Surplus

1. (a) Authorized share capital

(a) Authorized capital stock is comprised of 370,000 voting common shares of $1 par value each.
(b) Not applicable.
(c) Not applicable.
(d) Not applicable.

Issued capital

(a) Issued, called up and fully paid 370,000 voting common shares of $1 par value each.
(b) Not applicable.
(c) Not applicable.

Repurchased shares

(a) Not applicable.

1. (b) Contributed Surplus

There were no changes in contributed surplus during the year.

2. (c) Dividends paid and payable

There were no dividends paid during the year (2022 - $nil).

(a) No changes were made to authorized capital stock during 2023.
(b) Not applicable.
(c) Not applicable.