EVEREST REINSURANCE (BERMUDA), LTD.

(a wholly owned subsidiary of Everest Group, Ltd.)

GAAP Financial Statements

For the Years Ended December 31, 2023 and 2022

Report of Independent Auditors

To the Board of Directors of Everest Reinsurance (Bermuda), Ltd.

Opinion

We have audited the accompanying financial statements of Everest Reinsurance (Bermuda), Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and comprehensive income (loss), of changes in shareholder's equity and of cash flows for the years then ended, including 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 as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years 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 (US GAAS). Our responsibilities under those standards are further described in the Auditors' 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.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the Company has entered into significant transactions with related parties. Our opinion is not modified with respect to this matter.

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 from 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 the financial statements are available to be issued.

Auditors' 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 from material misstatement, whether due to fraud or error, and to issue an auditors' 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 US 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 US 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.

Supplemental Information

Accounting principles generally accepted in the United States of America require that the information about incurred and paid claims development for the years ended December 31, 2014 to December 31, 2022 on pages 22 and 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic 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 of America, 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

PricewaterhouseCoopers LLP

New York, New York
April 25, 2024

EVEREST REINSURANCE (BERMUDA), LTD.
BALANCE SHEET

(Dollars in thousands, except par value per share)	December 31, 2023	December 31, 2022
ASSETS:		
Fixed maturities - available for sale	$ 6,792,365	$ 6,046,611
(amortized cost: 2023, $7,111,527; 2022, $6,528,340; credit allowances: 2023 $(856); 2022, $(8,357))		
Fixed maturities - held to maturity, at amortized cost, net of credit allowances	4,546	27,845
(fair value: 2023, $4,546 ; 2022, $27,845; credit allowances: 2023, $(0); 2022, $(0))		
Equity securities, at fair value	8,693	7,945
Other invested assets	1,230,836	1,171,321
Short-term investments	546,319	105,612
Cash	379,725	245,569
Total investments and cash	8,962,484	7,604,903
Accrued investment income	51,548	43,330
Premiums receivable (net of credit allowances: 2023, $(3,050); 2022, $(3,040))	2,080,772	1,348,651
Reinsurance paid loss recoverables (net of credit allowances: 2023, $(6); 2022 $(6))	3,711	4,776
Reinsurance unpaid recoverables	2,005,638	1,565,974
Funds held by reinsureds	782,725	723,812
Deferred acquisition costs	349,693	212,536
Prepaid reinsurance premiums	760,725	490,132
Income tax asset	490,629	—
Other assets	36,144	21,386
TOTAL ASSETS	$ 15,524,068	$ 12,015,500
LIABILITIES:		
Reserve for losses and loss adjustment expenses	8,199,343	7,219,116
Unearned premium reserve	2,141,996	1,306,378
Funds held under reinsurance treaties	21,094	21,127
Losses in course of payment	67,274	—
Income tax liability	6,906	4,220
Amounts due to reinsurers	686,510	490,815
Deferred gain on retroactive reinsurance	136,819	187,284
Notes payable - affiliated	50,000	—
Other liabilities	18,813	29,115
Total liabilities	11,328,755	9,258,055
Contingencies (Note 8)		
SHAREHOLDER'S EQUITY:		
Common shares, par value: $1.00; 1.25 million shares authorized, issued and outstanding (2023 and 2022)	1,250	1,250
Additional paid-in capital	1,332,529	1,332,529
Accumulated other comprehensive income (loss), net of deferred income tax expense (benefit) of $18,171 at 2023 and $(9,440) at 2022	(452,404)	(644,194)
Retained earnings	3,313,938	2,067,860
Total shareholder's equity	4,195,313	2,757,445
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$ 15,524,068	$ 12,015,500

The accompanying notes are an integral part of the financial statements.

EVEREST REINSURANCE (BERMUDA), LTD.
STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(Dollars in thousands)	Years Ended December 31, 2023	2022
REVENUES:		
Premiums earned	$ 3,084,628	$ 2,214,972
Net investment income	317,450	213,292
Net gains (losses) on investments	(28,012)	(13,920)
Gain (loss) on retroactive reinsurance	—	(2,410)
Other income (expense)	34,991	(116,261)
Total revenues	3,409,056	2,295,673
CLAIMS AND EXPENSES:		
Incurred losses and loss adjustment expenses	1,611,821	1,126,502
Commission, brokerage, taxes and fees	703,218	496,723
Other underwriting expenses	79,308	61,234
Interest, fees and bond issue cost amortization expense	1,736	—
Total claims and expenses	2,396,083	1,684,459
INCOME (LOSS) BEFORE TAXES	1,012,972	611,213
Income tax expense (benefit)	(468,106)	10,163
NET INCOME (LOSS)	$ 1,481,078	$ 601,050
Other comprehensive income (loss), net of tax:		
Unrealized appreciation (depreciation) ("URA(D)") on securities arising during the period	132,836	(548,796)
Reclassification adjustment for realized losses (gains) included in net income (loss)	30,962	6,289
Total URA(D) on securities arising during the period	163,797	(542,507)
Foreign currency translation adjustments	27,993	(55,057)
Total other comprehensive income (loss), net of tax	191,790	(597,564)
COMPREHENSIVE INCOME (LOSS)	1,672,868	3,486

The accompanying notes are an integral part of the financial statements.

EVEREST REINSURANCE (BERMUDA), LTD.
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

(Dollars and share amounts in thousands)	Years Ended December 31, 2023	2022
COMMON SHARES (shares outstanding):		
Balance, beginning of period	1,250	1,250
Balance, end of period	1,250	1,250
COMMON SHARES (par value):		
Balance, beginning of period	$ 1,250	$ 1,250
Balance, end of period	1,250	1,250
ADDITIONAL PAID-IN CAPITAL:		
Balance, beginning of period	1,332,529	1,332,529
Balance, end of period	1,332,529	1,332,529
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS), NET OF DEFERRED INCOME TAXES:		
Balance, beginning of period	(644,194)	(46,630)
Net increase (decrease) during the period	191,790	(597,564)
Balance, end of period	(452,404)	(644,194)
RETAINED EARNINGS:		
Balance, beginning of period	2,067,860	1,896,810
Net income (loss)	1,481,078	601,050
Dividends to Parent	(235,000)	(430,000)
Balance, end of period	3,313,938	2,067,860
TOTAL SHAREHOLDER'S EQUITY, END OF PERIOD	$ 4,195,313	$ 2,757,445

The accompanying notes are an integral part of the financial statements.

EVEREST REINSURANCE (BERMUDA), LTD.
STATEMENT OF CASH FLOWS

(Dollars in thousands)	Years Ended December 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 1,481,078	$ 601,050
Adjustments to reconcile net income to net cash provided by operating activities:		
Decrease (increase) in premiums receivable	(687,090)	(173,200)
Decrease (increase) in funds held by reinsureds, net	(57,587)	(163,615)
Decrease (increase) in reinsurance receivables	(346,453)	(279,329)
Increase (decrease) in reserve for losses and loss adjustment expenses	814,185	862,522
Increase (decrease) in unearned premiums	786,972	250,947
Increase (decrease) in losses in course of payment	69,524	(135,417)
Increase (decrease) in amounts due to reinsurers	164,553	141,173
Change in equity adjustments in limited partnerships	(63,867)	(50,300)
Distribution of limited partnership income	47,655	67,319
Change in other assets and liabilities, net	(919,698)	(191,463)
Amortization of bond premium (accrual of bond discount)	(8,721)	20,839
Net (gains) losses on investments	28,012	13,920
Net cash provided by (used in) operating activities	1,308,565	964,446
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from fixed maturities matured/called/repaid - available for sale	735,136	867,484
Proceeds from fixed maturities sold - available for sale	571,671	246,669
Proceeds from fixed maturities matured/called/repaid - held to maturity	23,299	—
Proceeds from equity securities sold, at fair value	—	13,794
Distributions from other invested assets	2,891,414	1,646,498
Cost of fixed maturities acquired - available for sale	(1,841,258)	(1,617,221)
Cost of fixed maturities acquired - held to maturity	—	(27,846)
Cost of equity securities acquired, at fair value	—	(4,487)
Cost of other invested assets acquired	(2,931,133)	(1,667,823)
Net change in short-term investments	(429,302)	30,894
Net change in unsettled securities transactions	(66)	(18,908)
Net cash provided by (used in) investing activities	(980,239)	(530,946)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid to shareholder	(235,000)	(430,000)
Proceeds from issuance of long term notes payable - affiliated	100,000	—
(Cost of repayment) of long term notes payable - affiliated	(50,000)	—
Net cash provided by (used in) financing activities	(185,000)	(430,000)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(9,170)	32,080
Net increase (decrease) in cash	134,156	35,580
Cash, beginning of period	245,569	209,989
Cash, end of period	$ 379,725	$ 245,569
SUPPLEMENTAL CASH FLOW INFORMATION		
Income taxes paid (recovered)	$ 11,807	$ (3,757)

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Business and Basis of Presentation.

Everest Reinsurance (Bermuda) Ltd. (the "Company" or "Bermuda Re"), a Bermuda insurance company and direct wholly owned subsidiary of Everest Group, Ltd. ("Group"), is registered as a Class 4 insurer and a Class C long-term insurer and underwrites property and casualty reinsurance and insurance and life and annuity business. The Company's U.K. branch writes property and casualty reinsurance for the United Kingdom and European markets.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). All amounts are reported in U.S. dollars.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (and disclosure of contingent assets and liabilities) at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Ultimate actual results could differ, possibly materially, from those estimates.

B. Investments and Cash.

Fixed maturity securities designated as available for sale reflect unrealized appreciation and depreciation, as a result of changes in fair value during the period, in shareholder's equity, net of income taxes in accumulated other comprehensive income (loss) in the balance sheets. The Company reviews all of its fixed maturity - available for sale securities whose fair value has fallen below their amortized cost at the time of review. The Company then assesses whether the decline in value is due to non-credit related or credit related factors. In making its assessment, the Company evaluates the current market and interest rate environment as well as specific issuer information. Generally, a change in a security's value caused by a change in the market, interest rate or foreign exchange environment does not constitute a credit impairment, but rather a non-credit related decline in fair value which is recorded as unrealized losses in accumulated other comprehensive income (loss). If the Company determines that the decline is non-credit related and the Company intends to sell the impaired security, or it is more likely than not that the Company will be required to sell the security before an anticipated recovery in value, the Company records the entire impairment in net gains (losses) on investments in the Company's statements of operations and comprehensive income (loss). If the Company determines that a decline in a security's value is credit related and the Company does not have the intent to sell the security, and it is more likely than not that the Company will not have to sell the security before recovery in value, the Company establishes a credit allowance, equal to the estimated credit loss, which is recorded in net gains (losses) on investments in the Company's statements of operations and comprehensive income (loss). The determination of credit related or non-credit related impairment is first based on an assessment of qualitative factors, which may determine that a qualitative analysis is sufficient to support the conclusion that the present value of expected cash flows equals or exceeds the security's amortized cost basis. However, if the qualitative assessment suggests a credit loss may exist, a quantitative assessment is performed, and the amount of the allowance for a given security will generally be the difference between a discounted cash flow model and the Company's carrying value. The Company will adjust the credit allowance account for future changes in credit loss estimates for a security and record this adjustment through net gains (losses) on investments in the Company's statements of operations and comprehensive income (loss).

Fixed maturity securities designated as held to maturity consist of debt securities for which the Company has both the positive intent and ability to hold to maturity or redemption and are reported at amortized cost, net of the current expected credit loss allowance. Interest income for fixed maturity securities - held to maturity is determined in the same manner as interest income for fixed maturity securities - available for sale. The Company evaluates fixed maturity securities classified as held to maturity for current expected credit losses utilizing risk characteristics of each security, including credit rating, remaining time to maturity, adjusted for prepayment considerations, and subordination level, and applying default and recovery rates, which include the incorporation of historical credit loss experience and macroeconomic forecasts, to develop an estimate of current expected credit losses.

The Company does not create an allowance for uncollectible interest. If interest is not received when due, the interest receivable is immediately reversed and no additional interest is accrued. If future interest is received that has not been accrued, it is recorded as income at that time.

The Company's assessments are based on the issuers' current and expected future financial position, timeliness with respect to interest and/or principal payments, speed of repayments and any applicable credit enhancements or breakeven constant default rates on mortgage-backed and asset-backed securities, as well as relevant information provided by rating agencies, investment advisors and analysts.

Retrospective adjustments are employed to recalculate the values of asset-backed securities. All of the Company's asset-backed and mortgage-backed securities have a pass-through structure. Each acquisition lot is reviewed to recalculate the effective yield. The recalculated effective yield is used to derive a book value as if the new yield were applied at the time of acquisition. Outstanding principal factors from the time of acquisition to the adjustment date are used to calculate the prepayment history for all applicable securities. Conditional prepayment rates, computed with life to date factor histories and weighted average maturities, are used in the calculation of projected prepayments for pass-through security types.

For equity securities, the Company reflects changes in fair value as net gains (losses) on investments. Interest income on all fixed maturities and dividend income on all equity securities are included as part of net investment income in the statements of operations and comprehensive income (loss).

Short-term investments comprise securities due to mature within one year from the date of purchase and are stated at cost, which approximates fair value.

Realized gains or losses on sales of investments are determined on the basis of identified cost. For some non-publicly traded securities, market prices are determined through the use of pricing models that evaluate securities relative to the U.S. Treasury yield curve, taking into account the issue type, credit quality, and cash flow characteristics of each security. For other non-publicly traded securities, investment managers' valuation committees will estimate fair value and in many instances, these fair values are supported with opinions from qualified independent third parties. All fair value estimates from investment managers are reviewed by the Company for reasonableness. For publicly traded securities, fair value is based on quoted market prices or valuation models that use observable market inputs. When a sector of the financial markets is inactive or illiquid, the Company may use its own assumptions about future cash flows and risk-adjusted discount rates to determine fair value.

Other invested assets include limited partnerships and other investments. Limited partnerships are accounted for under the equity method of accounting, which can be recorded on a monthly or quarterly lag and are included within net investment income.

Cash includes cash on hand. Restricted cash is included within cash in the balance sheets and represents amounts held for the benefit of third parties that is legally or contractually restricted as to its withdrawal or usage. Amounts include trust funds set up for the benefit of ceding companies.

C. Allowance for Premium Receivable and Reinsurance Recoverables.

The Company applies the Current Expected Credit Losses (CECL) methodology for estimating allowances for credit losses. The Company evaluates the recoverability of its premiums and reinsurance recoverable balances and establishes an allowance for estimated uncollectible amounts.

Premiums receivable are primarily comprised of premiums due from policyholders/cedents. Balances are considered past due when amounts that have been billed are not collected within contractually stipulated time periods. For these balances, the allowance is estimated based on recent historical credit loss and collection experience, adjusted for current economic conditions and reasonable and supportable forecasts, when appropriate.

The Company records total credit loss expenses related to premiums receivable in other underwriting expenses in the Company's statements of operations and comprehensive income (loss).

The allowance for uncollectible reinsurance recoverable reflects management's best estimate of reinsurance cessions that may be uncollectible in the future due to reinsurers' unwillingness or inability to pay. The allowance for uncollectible reinsurance recoverable comprises an allowance and an allowance for disputed balances. Based on this analysis, the Company may adjust the allowance for uncollectible reinsurance recoverable or charge off reinsurer balances that are determined to be uncollectible.

Due to the inherent uncertainties as to collection and the length of time before reinsurance recoverable become due, it is possible that future adjustments to the Company's reinsurance recoverable, net of the allowance, could be required, which could have a material adverse effect on the Company's results of operations or cash flows in a particular quarter or annual period.

The allowance is estimated as the amount of reinsurance recoverable exposed to loss multiplied by estimated factors for the probability of default. The reinsurance recoverable exposed is the amount of reinsurance recoverable net of collateral and other offsets, considering the nature of the collateral, potential future changes in collateral values, and historical loss information for the type of collateral obtained. The probability of default factors are historical insurer and reinsurer defaults for liabilities with similar durations to the reinsured liabilities as estimated through multiple economic cycles. Credit ratings are forward-looking and consider a variety of economic outcomes. The Company's evaluation of the required allowance for reinsurance recoverable considers the current economic environment as well as macroeconomic scenarios.

The Company records credit loss expenses related to reinsurance recoverable in Incurred losses and loss adjustment expenses in the Company's statements of operations and comprehensive income (loss). Write-offs of reinsurance recoverable and any related allowance are recorded in the period in which the balance is deemed uncollectible.

D. Deferred Acquisition Costs.
Acquisition costs, consisting principally of commissions and brokerage expenses and certain premium taxes and fees incurred at the time a contract or policy is issued and that vary with and are directly related to the Company's reinsurance and insurance business, are deferred and amortized over the period in which the related premiums are earned. Deferred acquisition costs are limited to their estimated realizable value by line of business based on the related unearned premiums, anticipated claims and claim expenses and anticipated investment income.

E. Reserve for Losses and Loss Adjustment Expenses.
The reserve for losses and loss adjustment expenses ("LAE") is based on individual case estimates and reports received from ceding companies. A provision is included for losses and LAE incurred but not reported ("IBNR") based on past experience. Provisions are also included for certain potential liabilities, including those relating to asbestos and environmental ("A&E") exposures, catastrophe exposures, COVID-19 and other exposures, for which liabilities cannot be estimated using traditional reserving techniques. See also Note 4. The reserves are reviewed periodically and any changes in estimates are reflected in earnings in the period the adjustment is made. The Company's loss and LAE reserves represent management's best estimate of the ultimate liability. Loss and LAE reserves are presented gross of reinsurance recoverable and incurred losses and LAE are presented net of reinsurance.

Accruals for commissions are established for reinsurance contracts that provide for the stated commission percentage to increase or decrease based on the loss experience of the contract. Changes in estimates for such arrangements are recorded as commission expense. Commission accruals for contracts with adjustable features are estimated based on expected loss and LAE.

F. Premium Revenues.
Written premiums are earned ratably over the periods of the related insurance and reinsurance contracts. Unearned premium reserves are established relative to the unexpired contract period. For reinsurance contracts, such reserves are established based upon reports received from ceding companies or estimated using pro rata methods based on statistical data. Reinstatement premiums represent additional premium recognized and earned at the time a loss event occurs and losses are recorded, most prevalently catastrophe related, when limits have been depleted under the original reinsurance contract and additional coverage is granted. The recognition of reinstatement premiums is based on estimates of loss and LAE, which reflects management's judgement. Written and earned premiums and the related costs, which have not yet been reported to the Company, are estimated and accrued. Premiums are net of ceded reinsurance.

During 2023, the Company refined its premium estimation methodology for its risk attaching reinsurance contracts to continue to recognize gross written premium over the term of the treaty, albeit over a different pattern than what was previously used. The refined estimate resulted in an increase of gross written premium for the twelve months ended December 31, 2023 period and has further aligned the estimation methodology across Group reinsurance operations. This change had no impact on the total written premium to be recognized over the term of the treaty. There was no impact on net earned premium and therefore, no impact on income from continuing operations, or net income.

G. Prepaid Reinsurance Premiums.

Prepaid reinsurance premiums represent unearned premium reserves ceded to other reinsurers.

H. Income Taxes.
With the assent of the governor on December 27, 2023, the Bermuda Corporate Income Tax Act of 2023 ("The 2023 Act") became law. Beginning in 2025, a 15% corporate income tax will be applicable to Bermuda businesses that are part of multinational enterprise groups with annual revenue of €750 million or more. The company will be subject to the new corporate income tax.

The U.K. branch of Bermuda Re files a U.K. income tax return. Income taxes have been recorded to recognize the tax effect of temporary differences between the financial reporting and income tax basis of assets and liabilities, which arise because of differences between GAAP and U.K. income tax accounting rules.

As an accounting policy, the Company has adopted the aggregate portfolio approach for releasing disproportionate income tax effects from accumulated other comprehensive income ("AOCI").

I. Foreign Currency.
Assets and liabilities relating to foreign operations are translated into U.S. dollars at the exchange rates in effect at the balance sheet date; revenues and expenses are translated into U.S. dollars using average exchange rates in effect during the reporting period. Gains and losses resulting from translating foreign currency financial statements, net of deferred income taxes, are excluded from net income (loss) and accumulated in shareholder's equity. Gains and losses resulting from foreign currency transactions, other than debt securities available for sale, are recorded through the statements of operations and comprehensive income (loss) in other income (expense). Gains and losses resulting from changes in the foreign currency exchange rates on debt securities, available for sale, are recorded in the balance sheets in accumulated other comprehensive income (loss) as unrealized appreciation (depreciation) and any losses which are deemed non-credit related are charged to net income (loss) as net realized capital loss.

J. Retroactive Reinsurance.
The gains on assumed retroactive contracts are deferred and amortized into income based on cash payouts. Losses on assumed retroactive contracts are recognized immediately into income.

K. Share-Based Compensation
Certain employees of the Company participate in the Group Employee Stock Incentive Plan. These financial statements include the total cost of share compensation for the plan, calculated using the fair value method of accounting for share-based employee compensation. This stock compensation plan is in respect of shares of Group. Amounts expensed to income in respect to this plan are included in operating expenses.

L. Recent Accounting Pronouncements.

Adoption of New Accounting Standards
The Company did not adopt any new accounting standards that had a material impact in 2023.

Future Adoption of Recently Issued Accounting Standards
The Company assessed the adoption impacts of recently issued accounting standards that are effective after 2023 by the Financial Accounting Standards Board on the Company's financial statements. Additionally, the Company assessed whether there have been material updates to previously issued accounting standards that are effective after 2023. There were no accounting standards identified, other than those directly referenced below, that are expected to have a material impact to the Company.

Improvements to Income Tax Disclosures. In December 2023, the Financial Accounting Standards Board issued Accounting Standard Update No. 2023-09, which requires expanded income tax disclosures, including the disaggregation of existing disclosures related to the tax rate reconciliation and income taxes paid. The guidance is effective for annual periods beginning after December 15, 2024. Prospective application is required, with retrospective application permitted. The Company is currently evaluating the effect the updated guidance will have on the Company's financial statement disclosures.

2. INVESTMENTS

The tables below present the amortized cost, allowance for credit losses, gross unrealized appreciation/(depreciation) ("URA(D)") and fair value of fixed maturity securities - available for sale for the periods indicated:

(Dollars in thousands)	At December 31, 2023 Amortized Cost	Allowance for Credit Losses	Unrealized Appreciation	Unrealized Depreciation	Fair Value
Fixed maturity securities - available for sale					
U.S. Treasury securities and obligations of					
U.S. government agencies and corporations	$ 677,196	$ —	$ 3,041	$ (30,594)	$ 649,643
U.S. Corporate securities	2,082,280	—	17,333	(112,315)	1,987,298
Asset-backed securities	247,423	—	1,045	(1,362)	247,107
Mortgage-backed securities					
Commercial	403,481	—	641	(30,622)	373,500
Agency residential	1,759,622	—	14,803	(81,425)	1,693,000
Non-agency residential	929	—	—	(82)	847
Foreign government securities	497,066	—	6,638	(42,210)	461,494
Foreign corporate securities	1,443,530	(856)	17,508	(80,705)	1,379,477
Total fixed maturity securities - available for sale	$ 7,111,527	$ (856)	$ 61,008	$ (379,315)	$ 6,792,365

(Some amounts may not reconcile due to rounding.)

(Dollars in thousands)	At December 31, 2022 Amortized Cost	Allowance for Credit Losses	Unrealized Appreciation	Unrealized Depreciation	Fair Value
Fixed maturity securities - available for sale					
U.S. Treasury securities and obligations of					
U.S. government agencies and corporations	$ 671,759	$ —	$ 5,480	$ (38,386)	$ 638,853
U.S. Corporate securities	2,252,485	—	14,455	(155,858)	2,111,082
Asset-backed securities	63,003	—	262	(3,042)	60,223
Mortgage-backed securities					
Commercial	354,368	—	203	(36,407)	318,164
Agency residential	1,303,991	—	2,834	(95,405)	1,211,420
Non-agency residential	1,001	—	—	(110)	891
Foreign government securities	407,764	—	3,463	(55,370)	355,857
Foreign corporate securities	1,473,969	(8,357)	15,291	(130,782)	1,350,121
Total fixed maturity securities - available for sale	$ 6,528,340	$ (8,357)	$ 41,988	$ (515,360)	$ 6,046,611

(Some amounts may not reconcile due to rounding.)

The following tables show amortized cost, allowance for credit losses, gross URA(D) and fair value of fixed maturity securities - held to maturity for the periods indicated:

(Dollars in thousands)	At December 31, 2023 Amortized Cost	Allowance for Credit Losses	Unrealized Appreciation	Unrealized Depreciation	Fair Value
Fixed maturity securities - held to maturity					
Asset-backed securities	$ 4,546	$ —	$ —	$ —	$ 4,546
Total fixed maturity securities - held to maturity	$ 4,546	$ —	$ —	$ —	$ 4,546

(Some amounts may not reconcile due to rounding.)

	At December 31, 2022				
(Dollars in thousands)	Amortized Cost	Allowance for Credit Losses	Unrealized Appreciation	Unrealized Depreciation	Fair Value
Fixed maturity securities - held to maturity					
Asset-backed securities	$ 27,845	$ —	$ —	$ —	$ 27,845
Total fixed maturity securities - held to maturity	$ 27,845	$ —	$ —	$ —	$ 27,845

(Some amounts may not reconcile due to rounding.)

The amortized cost and fair value of fixed maturity securities - available for sale are shown in the following table by contractual maturity. As the stated maturity of such securities may not be indicative of actual maturities, the totals for mortgage-backed and asset-backed securities are shown separately.

	At December 31, 2023		At December 31, 2022	
(Dollars in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Fixed maturity securities - available for sale				
Due in one year or less	$ 449,019	$ 434,702	$ 471,550	$ 477,561
Due after one year through five years	2,532,759	2,430,651	2,708,244	2,537,102
Due after five years through ten years	1,443,609	1,346,879	1,434,980	1,282,328
Due after ten years	274,685	265,680	191,202	158,922
Asset-backed securities	247,423	247,107	63,003	60,223
Mortgage-backed securities:				
Commercial	403,481	373,500	354,368	318,164
Agency residential	1,759,622	1,693,000	1,303,992	1,211,420
Non-agency residential	929	847	1,001	891
Total fixed maturity securities - available for sale	$ 7,111,527	$ 6,792,365	$ 6,528,340	$ 6,046,611

(Some amounts may not reconcile due to rounding.)

The amortized cost and fair value of fixed maturity securities - held to maturity are shown in the following table by contractual maturity. As the stated maturity of such securities may not be indicative of actual maturities, the totals for asset-backed securities are shown separately.

	At December 31, 2023		At December 31, 2022	
(Dollars in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Fixed maturity securities - held to maturity				
Asset-backed securities	$ 4,546	$ 4,546	$ 27,845	$ 27,845
Total fixed maturity securities - held to maturity	$ 4,546	$ 4,546	$ 27,845	$ 27,845

(Some amounts may not reconcile due to rounding.)

The changes in net URA(D) for the Company’s investments are as follows:

	Years Ended December 31,	
(Dollars in thousands)	2023	2022
Increase (decrease) during the period between the fair value and cost of investments carried at fair value, and income taxes thereon:		
Fixed maturity securities - available for sale	$ 155,066	$ (552,910)
Change in unrealized appreciation (depreciation), pre-tax	155,066	(552,910)
Income tax benefit (expense)	8,731	10,403
Change in unrealized appreciation (depreciation), net of income taxes, included in shareholder's equity	$ 163,797	$ (542,507)

(Some amounts may not reconcile due to rounding.)

The tables below display the aggregate fair value and gross unrealized depreciation of fixed maturity securities - available for sale by security type and contractual maturity, in each case subdivided according to length of time that individual securities had been in a continuous unrealized loss position for the periods indicated:

	Duration of Unrealized Loss at December 31, 2023 By Security Type					
	Less than 12 months		Greater than 12 months		Total	
(Dollars in thousands)	Fair Value	Gross Unrealized Depreciation	Fair Value	Gross Unrealized Depreciation	Fair Value	Gross Unrealized Depreciation
Fixed maturity securities - available for sale						
U.S. Treasury securities and obligations of						
U.S. government agencies and corporations	$ 68,283	$ (1,055)	$ 486,435	$ (29,539)	$ 554,718	$ (30,594)
U.S. Corporate securities	258,973	(9,677)	1,162,004	(102,638)	1,420,978	(112,315)
Asset-backed securities	12,511	(499)	26,181	(863)	38,692	(1,362)
Mortgage-backed securities						
Commercial	160,738	(18,406)	161,271	(12,216)	322,008	(30,622)
Agency residential	184,392	(2,193)	883,090	(79,232)	1,067,482	(81,425)
Non-agency residential	—	—	847	(82)	847	(82)
Foreign government securities	51,010	(4,178)	268,654	(38,032)	319,664	(42,210)
Foreign corporate securities	143,872	(3,238)	832,741	(77,467)	976,612	(80,705)
Total fixed maturity securities	$ 879,779	$ (39,247)	$3,821,223	$ (340,068)	$ 4,701,002	$ (379,315)

(Some amounts may not reconcile due to rounding.)

	Duration of Unrealized Loss at December 31, 2023 By Maturity					
	Less than 12 months		Greater than 12 months		Total	
(Dollars in thousands)	Fair Value	Gross Unrealized Depreciation	Fair Value	Gross Unrealized Depreciation	Fair Value	Gross Unrealized Depreciation
Fixed maturity securities						
Due in one year or less	$ 70,866	$ (1,089)	$ 316,786	$ (14,147)	$ 387,652	$ (15,236)
Due in one year through five years	295,863	(7,299)	1,564,881	(110,451)	1,860,743	(117,750)
Due in five years through ten years	140,390	(9,605)	789,539	(105,302)	929,929	(114,908)
Due after ten years	15,020	(155)	78,629	(17,775)	93,648	(17,930)
Asset-backed securities	12,511	(499)	26,181	(863)	38,692	(1,362)
Mortgage-backed securities	345,129	(20,599)	1,045,208	(91,530)	1,390,337	(112,129)
Total fixed maturity securities	$ 879,779	$ (39,247)	$3,821,223	$ (340,068)	$ 4,701,002	$ (379,315)

(Some amounts may not reconcile due to rounding.)

The aggregate fair value and gross unrealized losses related to fixed maturity securities - available for sale in an unrealized loss position at December 31, 2023 were $4.7 billion and $379.3 million, respectively. The fair value of securities for the single issuer (the United States government) whose securities comprised the largest unrealized loss position at December 31, 2023, did not exceed 8.2% of the overall fair value of the Company's fixed maturity securities. The fair value of the securities for the issuer with the second largest unrealized loss comprised less than 1.5% of the Company's fixed maturity securities. In addition, as indicated on the above table, there was no significant concentration of unrealized losses in any one market sector. The $39.2 million of unrealized losses related to fixed maturity securities that have been in an unrealized loss position for less than one year were generally comprised of U.S. and foreign corporate securities, agency residential mortgage-backed securities, commercial mortgage-backed securities and foreign government securities. Of these unrealized losses, $39.2 million were related to securities that were rated investment grade by at least one nationally recognized statistical rating agency. The $340.1 million of unrealized losses related to fixed maturity securities in an unrealized loss position for more than one year related primarily to U.S. and foreign corporate securities, agency residential mortgage-backed securities, commercial mortgage-backed securities, foreign government securities and U.S. government agencies and corporations. Of these unrealized losses, $334.3 million were related to securities that were rated investment grade by at least one nationally recognized statistical rating agency. In all instances, there were no projected cash flow shortfalls to recover the full book value of the investments and the related interest obligations. The mortgage-backed securities still have excess credit coverage and are current on interest and principal payments.

The tables below display the aggregate fair value and gross unrealized depreciation of fixed maturity securities - available for sale by security type and contractual maturity, in each case subdivided according to length of time that individual securities had been in a continuous unrealized loss position for the periods indicated:

	Duration of Unrealized Loss at December 31, 2022 By Security Type					
	Less than 12 months		Greater than 12 months		Total	
(Dollars in thousands)	Fair Value	Gross Unrealized Depreciation	Fair Value	Gross Unrealized Depreciation	Fair Value	Gross Unrealized Depreciation
Fixed maturity securities - available for sale						
U.S. Treasury securities and obligations of						
U.S. government agencies and corporations	$ 300,439	$ (13,093)	$ 237,390	$ (25,293)	$ 537,829	$ (38,386)
U.S. Corporate securities	1,360,184	(85,351)	397,168	(70,507)	1,757,352	(155,858)
Asset-backed securities	46,148	(2,376)	10,382	(666)	56,530	(3,042)
Mortgage-backed securities						
Commercial	267,797	(32,671)	48,026	(3,736)	315,823	(36,407)
Agency residential	852,660	(59,450)	213,958	(35,955)	1,066,618	(95,405)
Non-agency residential	891	(110)	—	—	891	(110)
Foreign government securities	216,797	(23,218)	101,143	(32,152)	317,940	(55,370)
Foreign corporate securities	829,620	(75,567)	265,508	(55,215)	1,095,128	(130,782)
Total fixed maturity securities	$3,874,536	$ (291,836)	$1,273,575	$ (223,524)	$ 5,148,111	$ (515,360)

(Some amounts may not reconcile due to rounding.)

	Duration of Unrealized Loss at December 31, 2022 By Maturity					
	Less than 12 months		Greater than 12 months		Total	
(Dollars in thousands)	Fair Value	Gross Unrealized Depreciation	Fair Value	Gross Unrealized Depreciation	Fair Value	Gross Unrealized Depreciation
Fixed maturity securities						
Due in one year or less	$ 304,246	$ (4,010)	$ 9,992	$ (3,457)	$ 314,238	$ (7,467)
Due in one year through five years	1,555,474	(90,859)	614,933	(87,421)	2,170,407	(178,280)
Due in five years through ten years	765,959	(85,660)	319,291	(74,143)	1,085,250	(159,803)
Due after ten years	81,361	(16,700)	56,993	(18,146)	138,354	(34,846)
Asset-backed securities	46,148	(2,376)	10,382	(666)	56,530	(3,042)
Mortgage-backed securities	1,121,348	(92,231)	261,984	(39,691)	1,383,332	(131,922)
Total fixed maturity securities	$3,874,536	$ (291,836)	$1,273,575	$ (223,524)	$ 5,148,111	$ (515,360)

(Some amounts may not reconcile due to rounding.)

The aggregate fair value and gross unrealized losses related to fixed maturity securities - available for sale in an unrealized loss position at December 31, 2022 were $5.1 billion and $515.4 million, respectively. The fair value of securities for the single issuer (the United States government) whose securities comprised the largest unrealized loss position at December 31, 2022, did not exceed 1.4% of the overall fair value of the Company's fixed maturity securities. The fair value of the securities for the issuer with the second largest unrealized loss comprised less than 0.7% of the Company's fixed maturity securities. In addition, as indicated on the above table, there was no significant concentration of unrealized losses in any one market sector. The $291.8 million of unrealized losses related to fixed maturity securities that have been in an unrealized loss position for less than one year were generally comprised of U.S. and foreign corporate securities, agency residential mortgage-backed securities, commercial mortgage-backed securities and foreign government securities. Of these unrealized losses, $276.2 million were related to securities that were rated investment grade by at least one nationally recognized statistical rating agency. The $223.5 million of unrealized losses related to fixed maturity securities in an unrealized loss position for more than one year related primarily to U.S. and foreign corporate securities, agency residential mortgage-backed securities, foreign government securities and U.S. government agencies and corporations. Of these unrealized losses, $220.7 million were related to securities that were rated investment grade by at least one nationally recognized statistical rating agency. In all instances, there were no projected cash flow shortfalls to recover the full book value of the investments and the related interest obligations. The mortgage-backed securities still have excess credit coverage and are current on interest and principal payments.

The components of net investment income are presented in the table below for the periods indicated:

	Years Ended December 31,	
(Dollars in thousands)	2023	2022
Fixed maturities	$ 210,359	$ 165,331
Equity securities	—	—
Short-term investments and cash	37,943	8,988
Other invested assets:		
Limited partnerships	63,867	50,300
Other	4,911	—
Gross investment income before adjustments	317,081	224,619
Funds held interest income (expense)	5,210	(3,576)
Future policy benefit reserve income (expense)	(1,102)	(912)
Gross investment income	321,189	220,131
Investment expenses	3,740	6,839
Net investment income	$ 317,450	$ 213,292

(Some amounts may not reconcile due to rounding.)

The Company records results from limited partnership investments on the equity method of accounting with changes in value reported through net investment income. The net investment income from limited partnerships is dependent upon the Company's share of the net asset values of interests underlying each limited partnership. Due to the timing of receiving financial information from these partnerships, the results are generally reported on a one month or quarter lag. If the Company determines there has been a significant decline in value of a limited partnership during this lag period, a loss will be recorded in the period in which the Company identifies the decline.

The Company had contractual commitments to invest up to an additional $637 million in limited partnerships at December 31, 2023. These commitments will be funded when called in accordance with the partnership and loan agreements, which have investment periods that expire, unless extended, through 2027.

Variable Interest Entities ("VIE")

The Company is engaged with various special purpose entities and other entities that are deemed to be VIEs primarily as an investor through normal investment activities but also as an investment manager. A VIE is an entity that either has investors that lack certain essential characteristics of a controlling financial interest, such as simple majority kick-out rights, or lacks sufficient funds to finance its own activities without financial support provided by other entities. The Company performs ongoing qualitative assessments of its VIEs to determine whether the Company has a controlling financial interest in the VIE and therefore is the primary beneficiary. The Company is deemed to have a controlling financial interest when it has both the ability to direct the activities that most significantly impact the economic performance of the VIE and the obligation to absorb losses or right to receive benefits from the VIE that could potentially be significant to the VIE. Based on the Company's assessment, if it determines it is the primary beneficiary, the Company consolidates the VIE in the Company's Financial Statements. As of December 31, 2023 and 2022, the Company did not hold any securities for which it is the primary beneficiary.

The Company, through normal investment activities, makes passive investments in general and limited partnerships and other alternative investments. For these non-consolidated VIEs, the Company has determined it is not the primary beneficiary as it has no ability to direct activities that could significantly affect the economic performance of the investments. The Company's maximum exposure to loss as of December 31, 2023 and 2022 is limited to the total carrying value of $1.1 billion and $1.1 billion, respectively, which are included in limited partnerships and other alternative investments in Other Invested Assets in the Company's Balance Sheets. As of December 31, 2023, the Company has outstanding commitments totaling $636.6 million whereby the Company is committed to fund these investments and may be called by the partnership during the commitment period to fund the purchase of new investments and partnership expenses. These investments are generally of a passive nature in that the Company does not take an active role in management.

In addition, the Company makes passive investments in structured securities issued by VIEs for which the Company is not the manager. These investments are included in asset-backed securities, which includes collateralized loan obligations and are classified as fixed maturities - available for sale. The Company has not provided financial or other support with respect to these investments other than its original investment. For these investments, the Company determined it is not the primary beneficiary due to the relative size of the Company's investment in comparison to the principal amount of the structured securities issued by the VIEs, the level of credit subordination which reduces the Company's obligation to absorb losses or right to receive benefits and the Company's inability to direct the activities that most significantly impact the economic performance of the VIEs. The Company's maximum exposure to loss on these investments is limited to the amount of the Company's investment.

The components of net gains (losses) on investments are presented in the table below for the periods indicated:

	Years Ended December 31,	
(Dollars in thousands)	2023	2022
Fixed maturity securities:		
Allowance for credit losses	$ 7,501	$ (6,110)
Gains (losses) from sales	(35,806)	1,225
Equity securities, fair value:		
Gains (losses) from sales	—	(4,409)
Gains (losses) from fair value adjustments	285	(4,859)
Other invested assets	—	233
Short-term investments gain (loss)	8	—
Total net gains (losses) on investments	(28,012)	(13,920)

(Some amounts may not reconcile due to rounding.)

The following table provides a roll forward of the Company's beginning and ending balance of allowance for credit losses for the periods indicated:

	Roll Forward of Allowance for Credit Losses					
	Twelve Months Ended December 31, 2023			Twelve Months Ended December 31, 2022		
(Dollars in thousands)	Corporate Securities	Foreign Corporate Securities	Total	Corporate Securities	Foreign Corporate Securities	Total
Beginning Balance	$ —	$ (8,357)	$ (8,357)	$ —	$ (2,247)	$ (2,247)
Credit losses on securities where credit losses were not previously recorded	(209)	—	(209)	—	(14,748)	(14,748)
Increases in allowance on previously impaired securities	—	—	—	—	(753)	(753)
Decreases in allowance on previously impaired securities	—	—	—	—	—	—
Reduction in allowance due to disposals	209	7,501	7,710	—	9,391	9,391
Total fixed maturity securities	$ —	$ (856)	$ (856)	$ —	$ (8,357)	$ (8,357)

(Some amounts may not reconcile due to rounding.)

The proceeds and split between gross gains and losses, from sales of fixed maturity securities - available for sale and equity securities, are presented in the table below for the periods indicated:

	Years Ended December 31,	
(Dollars in thousands)	2023	2022
Proceeds from sales of fixed maturity securities - available for sale	$ 571,671	$ 246,669
Gross gains from sales	13,331	24,145
Gross losses from sales	(49,137)	(22,920)
Proceeds from sales of equity securities	$ —	$ 13,794
Gross gains from sales	—	36
Gross losses from sales	—	(4,445)

3. FAIR VALUE

GAAP guidance regarding fair value measurements address how companies should measure fair value when they are required to use fair value measures for recognition or disclosure purposes under GAAP and provides a common definition of fair value to be used throughout GAAP. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants at the measurement date. In addition, it establishes a three-level valuation hierarchy for the disclosure of fair value measurements. The valuation hierarchy is based on the transparency of inputs to the valuation of an asset or liability. The level in the hierarchy within which a given fair value measurement falls is determined based on the lowest level input that is significant to the measurement, with Level 1 being the highest priority and Level 3 being the lowest priority.

The levels in the hierarchy are defined as follows:

Level 1: Inputs to the valuation methodology are observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in an active market;

Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument;

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company's fixed maturity and equity securities are managed both internally and on an external basis by independent, professional investment managers using portfolio guidelines approved by the Company. The Company obtains prices from nationally recognized pricing services. These services seek to utilize market data and observations in their evaluation process. These services use pricing applications that vary by asset class and incorporate available market information and when fixed maturity securities do not trade on a daily basis the services will apply available information through processes such as benchmark curves, benchmarking of like securities, sector groupings and matrix pricing. In addition, they use model processes, such as the Option Adjusted Spread model to develop prepayment and interest rate scenarios for securities that have prepayment features.

The Company does not make any changes to prices received from the pricing services. In addition, the Company has procedures in place to review the reasonableness of the prices from the service providers and may request verification of the prices. The Company also continually performs quantitative and qualitative analysis of prices, including but not limited to initial and ongoing review of pricing methodologies, review of prices obtained from pricing services and third party investment asset managers, review of pricing statistics and trends, and comparison of prices for certain securities with a secondary price source for reasonableness. No material variances were noted during these price validation procedures. In limited situations, where financial markets are inactive or illiquid, the Company may use its own assumptions about future cash flows and risk-adjusted discount rates to determine fair value.

Equity securities denominated in U.S. currency with quoted prices in active markets for identical assets are categorized as Level 1 since the quoted prices are directly observable. Equity securities traded on foreign exchanges are categorized as

Level 2 due to the added input of a foreign exchange conversion rate to determine fair value. The Company uses foreign currency exchange rates published by nationally recognized sources.

Fixed maturity securities listed in the tables have been categorized as Level 2, since a particular security may not have traded but the pricing services are able to use valuation models with observable market inputs such as interest rate yield curves and prices for similar fixed maturity securities in terms of issuer, maturity and seniority. For foreign government securities and foreign corporate securities, the fair values provided by the third-party pricing services in local currencies, and where applicable, are converted to U.S. dollars using currency exchange rates from nationally recognized sources.

In addition, fixed maturities with fair values categorized as Level 3 will result when prices are not available from the nationally recognized pricing services and are obtained from investment managers and are derived using unobservable inputs. The Company will value the securities with unobservable inputs using comparable market information or receive fair values from investment managers. The investment managers may obtain non-binding price quotes for the securities from brokers. The single broker quotes are provided by market makers or broker-dealers who are recognized as market participants in the markets in which they are providing the quotes. The prices received from brokers are reviewed for reasonableness by the third-party asset managers and the Company. If the broker quotes are for foreign denominated securities, the quotes are converted to U.S. dollars using currency exchange rates from nationally recognized sources.

At December 31, 2023 and 2022, there were no fixed maturities fair valued using unobservable inputs.

The composition and valuation inputs for the presented fixed maturities categories Level 1 and Level 2 are as follows:

- U.S. Treasury securities and obligations of U.S. government agencies and corporations are primarily comprised of U.S. Treasury bonds and the fair value is based on observable market inputs such as quoted prices, reported trades, quoted prices for similar issuances or benchmark yields;

- Obligations of U.S. states and political subdivisions are comprised of state and municipal bond issuances and the fair values are based on observable market inputs such as quoted market prices, quoted prices for similar securities, benchmark yields and credit spreads;

- Corporate securities are primarily comprised of U.S. corporate and public utility bond issuances and the fair values are based on observable market inputs such as quoted market prices, quoted prices for similar securities, benchmark yields and credit spreads;

- Asset-backed and mortgage-backed securities fair values are based on observable inputs such as quoted prices, reported trades, quoted prices for similar issuances or benchmark yields and cash flow models using observable inputs such as prepayment speeds, collateral performance and default spreads;

- Foreign government securities are comprised of global non-U.S. sovereign bond issuances and the fair values are based on observable market inputs such as quoted market prices, quoted prices for similar securities and models with observable inputs such as benchmark yields and credit spreads and then, where applicable, converted to U.S. dollars using an exchange rate from a nationally recognized source;

- Foreign corporate securities are comprised of global non-U.S. corporate bond issuances and the fair values are based on observable market inputs such as quoted market prices, quoted prices for similar securities and models with observable inputs such as benchmark yields and credit spreads and then, where applicable, converted to U.S. dollars using an exchange rate from a nationally recognized source.

The following tables present the fair value measurement levels for all assets and liabilities, which the Company has recorded at fair value as of the periods indicated:

(Dollars in thousands)	December 31, 2023	Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Fixed maturities - available for sale				
U.S. Treasury securities and obligations of				
U.S. government agencies and corporations	$ 649,643	$ —	$ 649,643	$ —
U.S. Corporate securities	1,987,298	—	1,987,298	—
Asset-backed securities	247,107	—	247,107	—
Mortgage-backed securities	—			
Commercial	373,500	—	373,500	—
Agency residential	1,693,000	—	1,693,000	—
Non-agency residential	847	—	847	—
Foreign government securities	461,494	—	461,494	—
Foreign corporate securities	1,379,477	—	1,379,477	—
Total fixed maturities - available for sale	6,792,365	—	6,792,365	—
Equity securities, fair value	8,693	—	8,693	—
Equity put options	139	—	—	139

(Some amounts may not reconcile due to rounding.)

(Dollars in thousands)	December 31, 2022	Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Fixed maturities - available for sale				
U.S. Treasury securities and obligations of				
U.S. government agencies and corporations	$ 638,853	$ —	$ 638,853	$ —
U.S. Corporate securities	2,111,082	—	2,111,082	—
Asset-backed securities	60,223	—	60,223	—
Mortgage-backed securities				
Commercial	318,164	—	318,164	—
Agency residential	1,211,420	—	1,211,420	—
Non-agency residential	891	—	891	—
Foreign government securities	355,857	—	355,857	—
Foreign corporate securities	1,350,121	—	1,350,121	—
Total fixed maturities - available for sale	6,046,611	—	6,046,611	—
Equity securities, fair value	7,945	—	7,945	—

(Some amounts may not reconcile due to rounding.)

The following table presents the activity under Level 3, fair value measurements using significant unobservable inputs for fixed maturity securities - available for sale for the periods indicated:

(Dollars in thousands)	December 31, 2023 Corporate Securities	December 31, 2023 Total	December 31, 2022 Corporate Securities	December 31, 2022 Total
Beginning balance	$ —	$ —	$ 70,649	$ 70,649
Total gains or (losses) (realized/unrealized)				
Included in earnings	—	—	14,514	14,514
Included in other comprehensive income (loss)	—	—	—	—
Purchases, issuances and settlements	—	—	(85,163)	(85,163)
Transfers in and/or (out) of Level 3	—	—	—	—
Ending balance	$ —	$ —	$ —	$ —
The amount of total gains or losses for the period included in earnings (or changes in net assets) attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	$ —	$ —	$ —	$ —

(Some amounts may not reconcile due to rounding.)

There were no transfers of assets in/(out) of Level 3 during 2023 and 2022.

Financial Instruments Disclosed, But Not Reported, at Fair Value

Certain financial instruments disclosed, but not reported, at fair value are excluded from the fair value hierarchy tables above. Fair values of fixed maturity securities - held to maturity, which are measured at amortized cost as a practical expedient to determine fair value, can be found within Note 2. Short-term investments are stated at cost, which approximates fair value. See Note 1.

4. RESERVE FOR LOSSES AND LAE

Reserve for losses and LAE.

The following table provides a roll forward of the Company’s beginning and ending reserve for losses and LAE and is summarized for the periods indicated:

(Dollars in thousands)	At December 31, 2023	At December 31, 2022
Gross reserves at January 1	$ 7,219,116	$ 6,629,769
Less reinsurance recoverables on unpaid losses	(1,565,974)	(1,422,030)
Net reserves at January 1	5,653,142	5,207,739
Incurred related to:		
Current year	1,600,386	1,169,408
Prior years	11,435	(42,906)
Total incurred losses and LAE	1,611,821	1,126,502
Paid related to:		
Current year	82,771	31,639
Prior years	1,090,990	514,981
Total paid losses and LAE	1,173,762	546,620
Foreign exchange/translation adjustment	102,503	(134,479)
Net reserves at December 31	6,193,705	5,653,142
Plus reinsurance recoverables on unpaid losses	2,005,638	1,565,974
Gross reserves at December 31	$ 8,199,343	$ 7,219,116

(Some amounts may not reconcile due to rounding.)

Current year incurred losses were $1.6 billion and $1.2 billion at December 31, 2023 and 2022, respectively. The increase in current year incurred losses from 2023 and 2022 was primarily due to higher catastrophe losses compared to the prior year, and the impact of the increase in premiums earned.

Prior years' incurred losses increased by $11.4 million and decreased by $42.9 million for the years ended December 31, 2023 and 2022, respectively. The prior years' incurred for 2023 includes favorable development of $37 million of commutations from stop loss agreements between Everest Re and Bermuda Re which was offset by adverse loss development on prior year catastrophes. The decrease in prior years' incurred for 2022 was primarily attributable to long-tail lines such as general liability, auto liability and professional liability and to a lesser degree non-cat property lines.

The following is information about incurred and paid claims development as of December 31, 2023, net of reinsurance, as well as cumulative claim frequency and the total of incurred but not reported liabilities (IBNR) plus expected development on reported claims included within the net incurred claims amounts. Each of the Company's financial reporting segments has been disaggregated into casualty and property business. The casualty and property segregation results in groups that have homogeneous loss development characteristics and are large enough to represent credible trends. Generally, casualty claims take longer to be reported and settled, resulting in longer payout patterns and increased volatility. Property claims on the other hand, tend to be reported and settled quicker and therefore tend to exhibit less volatility. The property business is more exposed to catastrophe losses, which can result in year over year fluctuations in incurred claims depending on the frequency and severity of catastrophes claims in any one accident year.

The information about incurred and paid claims development for the years ended December 31, 2014 to December 31, 2022 is presented as supplementary information.

The Cumulative Number of Reported Claims is not shown, as it is impractical to provide the information. The loss activity includes pro rata contracts for which ceding companies provide only summary information via a bordereau. This summary information does not include the number of reported claims underlying the paid and reported losses. Therefore, it is not possible to provide this information.

Reconciliation of the Disclosure of Incurred and Paid Claims Development to the Liability for Unpaid Claims and Claim Adjustment Expenses

The reconciliation of the net incurred and paid claims development tables to the liability for claims and claim adjustment expenses in the statement of financial position is as follows:

(Dollars in thousands)		December 31, 2023
Net outstanding liabilities		
Casualty	$	4,652,044
Property		1,477,048
Liabilities for unpaid claims and claim adjustment expenses, net of reinsurance		6,129,093
Reinsurance recoverable on unpaid claims		
Casualty		1,270,669
Property		734,969
Total reinsurance recoverable on unpaid claims		2,005,638
Insurance lines other than short-duration		—
Unallocated claims adjustment expenses		52,763
Other		11,850
		64,613
Total gross liability for unpaid claims and claim adjustment expense	$	8,199,343

(Some amounts may not reconcile due to rounding.)

The following tables present the ultimate loss and ALAE and the paid loss and ALAE, net of reinsurance for casualty and property, as well as the average annual percentage payout of incurred claims by age, net of reinsurance for each of our disclosed lines of business.

Casualty Business

	Ultimate Incurred Loss and Allocated Loss Adjustment Expenses, Net of reinsurance Years Ended December 31,										At December 31, 2023	
Accident Year	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022 (unaudited)	2023	Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
(Dollars in thousands)												
2014	662,849	743,258	690,971	686,287	582,764	565,729	579,805	574,572	567,160	554,842	$ 21,207	N/A
2015		718,247	716,486	718,957	722,862	639,649	679,286	678,819	675,340	675,575	61,999	N/A
2016			611,998	763,199	804,355	838,381	851,562	841,714	861,962	892,808	89,556	N/A
2017				812,282	808,227	798,430	912,378	896,229	935,162	1,014,160	88,917	N/A
2018					362,723	363,558	412,980	412,610	430,208	465,762	170,702	N/A
2019						437,122	473,749	474,348	473,586	478,927	161,552	N/A
2020							588,066	598,467	599,216	562,791	253,680	N/A
2021								735,155	737,200	826,301	532,824	N/A
2022									849,189	831,062	696,221	N/A
2023										629,683	569,124	N/A
										6,931,912		

(Some amounts may not reconcile due to rounding.)

	Cumulative Paid Loss and Allocated Loss Adjustment Expenses, Net of Reinsurance Years Ended December 31,									
Accident Year	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022 (unaudited)	2023
(Dollars in thousands)										
2014	$ 57,969	$ 130,420	$ 208,188	$ 275,303	$ 365,481	$ 427,123	$ 460,698	$ 495,148	$ 507,025	$ 513,399
2015		56,048	141,614	174,493	287,597	378,826	427,525	483,198	494,848	508,896
2016			62,904	14,670	143,446	235,764	340,555	410,265	459,501	490,413
2017				2,000	61,228	195,450	350,279	461,397	514,535	569,587
2018					21,979	42,875	78,210	154,410	191,899	257,950
2019						27,552	56,162	98,689	158,512	197,914
2020							28,984	87,608	156,891	221,616
2021								39,297	82,450	137,894
2022									18,726	56,414
2023										21,166
										2,975,250
All outstanding liabilities prior to 2014, net of reinsurance										695,382
Liabilities for claims and claim adjustment expenses, net of reinsurance										$ 4,652,044

(Some amounts may not reconcile due to rounding.)

	Average Annual Percentage Payout of Incurred Loss by Age, Net of Reinsurance (unaudited)									
Years	1	2	3	4	5	6	7	8	9	10
Casualty	4.9 %	5.7 %	10.5 %	13.5 %	11.6 %	8.3 %	6.2 %	3.6 %	2.1 %	1.1 %

Property Business

	Ultimate Incurred Loss and Allocated Loss Adjustment Expenses, Net of reinsurance Years Ended December 31,										At December 31, 2023	
Accident Year	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022 (unaudited)	2023	Total of IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
(Dollars in thousands)												
2014	$ 799,664	$ 685,439	$ 650,452	$ 588,609	$ 587,156	$ 582,868	$ 575,949	$ 576,743	$ 575,469	$ 577,068	$ 1,878	N/A
2015		907,735	717,860	663,699	638,834	635,577	629,021	630,759	635,177	635,040	3,428	N/A
2016			1,133,005	918,592	943,292	940,214	920,725	920,919	917,098	921,856	5,023	N/A
2017				1,648,961	1,643,657	1,624,017	1,663,808	1,644,333	1,636,430	1,657,728	7,118	N/A
2018					280,163	282,601	284,398	287,121	286,458	234,233	11,441	N/A
2019						263,011	264,698	279,232	278,568	285,500	12,225	N/A
2020							271,581	284,521	281,665	286,890	13,660	N/A
2021								339,256	330,863	297,158	53,438	N/A
2022									308,937	313,811	131,536	N/A
2023										326,161	188,379	N/A
										$ 5,535,444		

(Some amounts may not reconcile due to rounding.)

	Cumulative Paid Loss and Allocated Loss Adjustment Expenses, Net of Reinsurance Years Ended December 31,									
Accident Year	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022 (unaudited)	2023
(Dollars in thousands)										
2014	$ 243,641	$ 422,452	$ 491,360	$ 533,987	$ 548,647	$ 552,595	$ 559,811	$ 561,142	$ 564,921	$ 567,014
2015		262,349	414,423	504,378	563,406	574,663	596,455	599,468	601,824	605,485
2016			315,008	525,864	699,297	799,676	837,600	849,763	855,701	860,620
2017				97,023	677,833	871,057	1,090,042	1,155,339	1,214,036	1,219,131
2018					49,532	112,257	146,131	183,337	194,267	216,867
2019						47,822	113,365	150,560	181,492	207,265
2020							24,392	93,833	146,456	205,866
2021								23,213	99,358	148,479
2022									(35,017)	36,335
2023										30,672
										4,097,733
All outstanding liabilities prior to 2014, net of reinsurance										39,337
Liabilities for claims and claim adjustment expenses, net of reinsurance										1,477,048

(Some amounts may not reconcile due to rounding.)

	Average Annual Percentage Payout of Incurred Loss by Age, Net of Reinsurance (unaudited)									
Years	1	2	3	4	5	6	7	8	9	10
Casualty	19.1 %	28.2 %	14.3 %	11.9 %	3.8 %	3.0 %	0.6 %	0.4 %	0.6 %	0.4 %

Reserving Methodology

The Company maintains reserves equal to our estimated ultimate liability for losses and loss adjustment expense (LAE) for reported and unreported claims for our insurance and reinsurance businesses. Because reserves are based on estimates of ultimate losses and LAE by underwriting or accident year, the Company uses a variety of statistical and actuarial techniques to monitor reserve adequacy over time, evaluate new information as it becomes known, and adjust reserves whenever an adjustment appears warranted. The Company considers many factors when setting reserves including: (1) exposure base and projected ultimate premium; (2) expected loss ratios by product and class of business, which are developed collaboratively by underwriters and actuaries; (3) actuarial methodologies and assumptions which analyze loss reporting and payment experience, reports from ceding companies and historical trends, such as reserving patterns, loss payments, and product mix; (4) current legal interpretations of coverage and liability; and (5) economic conditions. Management's best estimate is developed through collaboration with actuarial, underwriting, claims, legal and finance departments and culminates with the input of reserve committees. Each reserve committee includes the participation of the relevant parties from actuarial, finance, claims and segment senior management and has the responsibility for recommending and approving management's best estimate. Reserves are further reviewed by Everest's Chief Reserving Actuary and senior management. The objective of such process is to determine a single best estimate viewed by management to be the best estimate of its ultimate loss liability. Actual loss and LAE ultimately paid may deviate, perhaps substantially, from such reserves. Net income will be impacted in a period in which the change in estimated ultimate loss and LAE is recorded.

Reserving for reinsurance requires evaluation of loss information received from ceding companies. Ceding companies report losses in many forms depending on the type of contract and the agreed or contractual reporting requirements. Generally, pro rata contracts require the submission of a monthly/quarterly account, which includes premium and loss activity for the period with corresponding reserves as established by the ceding company. This information is recorded in the Company's records. For certain pro rata contracts, the Company may require a detailed loss report for claims that exceed a certain dollar threshold or relate to a particular type of loss. Excess of loss and facultative contracts generally require individual loss reporting with precautionary notices provided when a loss reaches a significant percentage of the attachment point of the contract or when certain causes of loss or types of injury occur. Experienced Claims staff handle individual loss reports and supporting claim information. Based on evaluation of a claim, the Company may establish additional case reserves in addition to the case reserves reported by the ceding company. To ensure ceding companies are submitting required and accurate data, Everest's Underwriting, Claim, Reinsurance Accounting, and Internal Audit Departments perform various reviews of ceding companies, particularly larger ceding companies, including on-site audits.

The Company assigns business to exposure groupings so that the underlying exposures have reasonably homogeneous loss development characteristics, and are large enough to facilitate credible estimation of ultimate losses. The Company periodically reviews its exposure groupings and may change groupings over time as business changes. One of the key selection characteristics for the exposure groupings is the historical duration of the claims settlement process. Business in which claims are reported and settled relatively quickly are commonly referred to as short tail lines, principally property lines. On the other hand, casualty claims tend to take longer to be reported and settled and casualty lines are generally referred to as long tail lines. Estimates of ultimate losses for shorter tail lines, with the exception of loss estimates for large catastrophic events, generally exhibit less volatility than those for the longer tail lines.

The Company uses a variety of actuarial methodologies, such as the expected loss ratio method, chain ladder methods, and Bornhuetter-Ferguson methods, supplemented by judgment where appropriate, to estimate ultimate loss and LAE for each exposure group.

Expected Loss Ratio Method: The expected loss ratio method uses earned premium times an expected loss ratio to calculate ultimate losses for a given underwriting or accident year. This method relies entirely on expectation to project ultimate losses with no consideration given to actual losses. As such, it may be appropriate for an immature underwriting or accident year where few, if any, losses have been reported or paid, but less appropriate for a more mature year.

Chain Ladder Method: Chain ladder methods use a standard loss development triangle to project ultimate losses. Age-to-age development factors are selected for each development period and combined to calculate age-to-ultimate development factors which are then applied to paid or reported losses to project ultimate losses. This method relies entirely on actual paid or reported losses to project ultimate losses. No other factors such as changes in pricing or other expectations are taken into account. It is most appropriate for groups with homogeneous, stable experience where past development patterns are expected to continue in the future. It is least appropriate for groups which have changed significantly over time or which are more volatile.

Bornhuetter-Ferguson Method: The Bornhuetter-Ferguson method is a combination of the expected loss ratio method and the chain ladder method. Ultimate losses are projected based partly on actual reported (or paid) losses and partly on expectation. Incurred but not reported (IBNR) reserves are calculated using earned premium, an a priori loss ratio, and selected age-to-age development factors and added to actual paid or reported losses to determine ultimate losses. It is more responsive to actual reported or paid development than the expected loss ratio method but less responsive than the chain ladder method. The reliability of the method depends on the accuracy of the selected a priori loss ratio.

Although the Company uses similar actuarial methods for both short tail and long tail lines, the faster reporting of experience for the short tail lines allows the Company to have greater confidence in its estimates of ultimate losses for short tail lines at an earlier stage than for long tail lines. As a result, the Company utilizes, as well, exposure-based methods to estimate its ultimate losses for longer tail lines, especially for immature underwriting or accident years. For both short and long tail lines, the Company supplements these general approaches with analytically based judgments.

Key actuarial assumptions contain no explicit provisions for reserve uncertainty nor does the Company supplement the actuarially determined reserves for uncertainty.

Carried reserves at each reporting date are the management's best estimate of ultimate unpaid losses and LAE at that date. The Company completes detailed reserve studies for each exposure group annually for both reinsurance and insurance operations. The completed annual reserve studies are "rolled-forward" for each accounting period until the subsequent reserve study is completed. Analyzing the roll-forward process involves comparing actual reported losses to expected losses based on the most recent reserve study. The Company analyzes significant variances between actual and expected losses and post adjustments to its reserves as warranted.

Certain reserves, including losses from widespread catastrophic events and COVID-19 related losses, cannot be estimated using traditional actuarial methods. These types of events are reserved for separately using a variety of statistical and actuarial techniques. We estimate losses for these types of events based on information derived from catastrophe models, quantitative and qualitative exposure analyses, reports and communications from ceding companies and development patterns for historically similar events, where available.

The Company continues to receive claims under expired insurance and reinsurance contracts asserting injuries and/or damages relating to or resulting from environmental pollution and hazardous substances, including asbestos. Environmental claims typically assert liability for (a) the mitigation or remediation of environmental contamination or (b) bodily injury or property damage caused by the release of hazardous substances into the land, air or water. Asbestos claims typically assert liability for bodily injury from exposure to asbestos or for property damage resulting from asbestos or products containing asbestos.

The Company's reserves include an estimate of the Company's ultimate liability for A&E claims. The Company's A&E liabilities stem from Mt. McKinley Insurance Company's ("Mt. McKinley") direct insurance business and Everest Reinsurance Company's ("Everest Re"), an affiliated entity, assumed reinsurance business. Mt. McKinley was a former wholly-owned subsidiary that was sold in 2015 to Clearwater Insurance Company ("Clearwater"), a subsidiary of Fairfax Financial. All of the contracts of insurance and reinsurance, under which the company has received claims during the past three years, expired more than 20 years ago. There are significant uncertainties surrounding the Company's reserves for its A&E losses. Liabilities related to Mt. McKinley's direct business, which had been ceded to Bermuda Re previously, were retroceded to an affiliate of Clearwater in July 2015, concurrent with the sale of Mt. McKinley to Clearwater.

Concurrently with the closing, the Company entered into a retrocession treaty with an affiliate of Clearwater. Per the retrocession treaty, the Company retroceded 100% of the liabilities associated with certain Mt. McKinley policies. As consideration for entering into the retrocession treaty, the Company transferred cash of $140.3 million, an amount equal to the net loss reserves as of the closing date. The maximum liability retroceded under the retrocession treaty will be $440.3 million, equal to the retrocession payment plus $300 million. The Company will retain liability for any amounts exceeding the maximum liability retroceded under the retrocession treaty.

On December 20, 2019, the retrocession treaty was amended and included a partial commutation. As a result of this amendment and partial commutation, gross A&E reserves and correspondingly reinsurance recoverables were reduced by $43.4 million. In addition, the maximum liability permitted to be retroceded increased to $450.3 million.

In 2022, the Company posted additional A&E reserves of $24.2 million, following a comprehensive actuarial reserving review. This increase in reserves brings the Company's A&E position in line with the overall industry survival ratios.

A&E exposures represent a separate exposure group for monitoring and evaluating reserve adequacy. The following table summarizes incurred losses with respect to A&E reserves on both a gross and net of reinsurance basis for the periods indicated:

(Dollars in thousands)	At December 31, 2023	2022
Gross basis:		
Beginning of period reserves	$ 47,247	$ 27,681
Incurred losses	—	24,232
Paid losses	(4,515)	(4,667)
End of period reserves	$ 42,732	$ 47,247
Net basis:		
Beginning of period reserves	$ 47,247	$ 27,681
Incurred losses	—	24,232
Paid losses	(4,515)	(4,667)
End of period reserves	$ 42,732	$ 47,247

(Some amounts may not reconcile due to rounding.)

Reinsurance Recoverables. Reinsurance recoverables for both paid and unpaid losses were $2.0 billion and $1.6 billion at December 31, 2023 and 2022, respectively. At December 31, 2023, $1.1 billion, or 56.5%, was receivable from Everest International Reinsurance, Ltd. (“Everest International”). No other retrocessionaire accounted for more than 5% of reinsurance recoverables.

5. REINSURANCE

The Company engages in reinsurance transactions, including agreements with affiliates Everest Re, Everest International, Everest Reinsurance Company (Ireland), dac (“Ireland Re”), Everest Insurance (Ireland), dac (“Ireland Insurance”), Everest Insurance Company of Canada (“Everest Canada”), Everest International Assurance (“Everest Assurance”) and Mt. Logan Re, primarily driven by enterprise risk and capital management considerations under which business is assumed or ceded at market rates and terms. These agreements provide for recovery from reinsurers of a portion of losses and LAE under certain circumstances without relieving the ceding company of its underlying obligations to the policyholders. Losses and LAE incurred and premiums earned are reported after deduction for reinsurance. In the event that one or more of the reinsurers were unable to meet their obligations under these reinsurance agreements, the Company would not realize the full value of the reinsurance recoverable balances. The Company may hold partial collateral, including letters of credit and funds held, under these agreements. See also Note 4 and Note 7.

Balances are considered past due when amounts that have been billed are not collected within contractually stipulated time periods, generally 30, 60 or 90 days. To manage reinsurer credit risk, a reinsurance security review committee evaluates the credit standing, financial performance, management and operational quality of each potential reinsurer. In placing reinsurance, the Company considers the nature of the risk reinsured, including the expected liability payout duration, and establishes limits tiered by reinsurer credit rating.

Where its contracts permit, the Company secures future claim obligations with various forms of collateral or other credit enhancement, including irrevocable letters of credit, secured trusts, funds held accounts and group-wide offsets.

See Note 1C for discussion of allowance on reinsurance recoverables.

Insurance companies, including reinsurers, are regulated and hold risk-based capital to mitigate the risk of loss due to economic factors and other risks. Non-U.S. reinsurers are either subject to a capital regime substantively equivalent to domestic insurers or we hold collateral to support collection of reinsurance receivable. As a result, there is limited history of losses from insurer defaults.

Premiums written and earned and incurred losses and LAE are comprised of the following for the periods indicated:

(Dollars in thousands)	Years Ended December 31, 2023	2022
Written premiums:		
Direct	$ 1,054	$ 8,061
Assumed	4,912,842	3,315,041
Ceded	(1,276,621)	(988,472)
Net written premiums	$ 3,637,275	$ 2,334,630
Premiums earned:		
Direct	$ 2,944	$ 3,700
Assumed	4,125,715	3,071,446
Ceded	(1,044,031)	(860,173)
Net premiums earned	$ 3,084,628	$ 2,214,972
Incurred losses and LAE:		
Direct	$ 11,201	$ 22,460
Assumed	2,270,554	1,699,940
Ceded	(669,934)	(595,898)
Net incurred losses and LAE	$ 1,611,821	$ 1,126,502

The table below represents affiliated quota share reinsurance agreements ("whole account quota share") for all new and renewal business for the indicated coverage period that are currently still active:

(Dollars, British pounds and euros in thousands)

Coverage Period	Ceding Company	Percent Ceded	Assuming Company	Type of Business	Single Occurrence Limit	Aggregate Limit
01/01/2006-12/31/2008	Bermuda Re (U.K. Branch)	30.0 %	Everest International	property business	€ 400,000	—
01/01/2009-12/31/2009	Bermuda Re (U.K. Branch)	50.0 %	Everest International	property business	€ 200,000	—
01/01/2010-12/31/2010	Bermuda Re (U.K. Branch)	50.0 %	Everest International	property business	€ 160,000	—
01/01/2011-12/31/2011	Bermuda Re (U.K. Branch)	50.0 %	Everest International	property / casualty business	€ 80,000	—
01/01/2011-12/31/2012	Bermuda Re (U.K. Branch)	50.0 %	Everest International	property / casualty business	£ 70,000	—
01/01/2013-12/31/2015	Bermuda Re (U.K. Branch)	59.5 %	Everest International	property business	£ 70,000	—
01/01/2016-12/31/2016	Bermuda Re (U.K. Branch)	50.0 %	Everest International	property business	£ 130,000	—
01/01/2017-12/31/2018	Bermuda Re (U.K. Branch)	50.0 %	Everest International	property business	£ 70,000	—
01/01/2019-12/31/2019	Bermuda Re (U.K. Branch)	50.0 %	Everest International	property business	£ 76,000	—
01/01/2020-12/31/2020	Bermuda Re (U.K. Branch)	50.0 %	Everest International	property business	£ 84,000	—
01/01/2021-12/31/2021	Bermuda Re (U.K. Branch)	60.0 %	Everest International	property business	£ 60,000	—
01/01/2022-12/31/2022	Bermuda Re (U.K. Branch)	70.0 %	Everest International	property business	£ 75,000	—
01/01/2023-12/31/2023	Bermuda Re (U.K. Branch)	70.0 %	Everest International	property business	£ 66,500	—
01/01/18	Everest Canada	80.0 %	Bermuda Re	property / casualty business	—	—
01/01/20	Everest International Assurance	100.0 %	Bermuda Re	property / casualty business	—	—
07/01/2022-12/31/2023	Everest Insurance (Ireland), dac	60.0 %	Bermuda Re	property / casualty business	$ 60,000	—
01/01/23	Ireland Re	80.0 %	Bermuda Re	property business	€ 72,000	—

Effective April 1, 2018, the Company entered into a retroactive reinsurance transaction with one of the Mt. Logan Re segregated accounts to retrocede $269 million of casualty reserves related to accident years 2002 through 2015. As consideration for entering the agreement, the Company transferred cash of $252 million to the Mt. Logan Re segregated account. The maximum liability to be retroceded under the agreement will be $319 million. The Company will retain liability for any amounts exceeding the maximum liability. Effective July 1, 2022, the Company has commuted this reinsurance agreement with Mt. Logan segregated account.

Everest Re had quota share reinsurance agreements in place with the Company from 2010 through the end of 2017. Quota share percentages ranged from 44% to 60% depending on the year. As of December 31, 2017, the quota share reinsurance agreements between Everest Re and the Company were not renewed and the existing quota share were put into run-off. As of December 31, 2023 and 2022, the Company had assumed loss reserves of $759 million and $910 million in connection with these agreements.

Everest Re - Canadian Branch had quota share reinsurance agreements in place with the Company from 2010 through the end of 2017. Quota share percentages ranged from 60% to 75% depending on the year. As of December 31, 2017, the quota share reinsurance agreements between Everest Re - Canadian Branch and the Company were not renewed and the existing quota share were put into run-off. As of December 31, 2023 and 2022, the Company had assumed loss reserves of $45 million and $56 million in connection with these agreements.

Effective January 1, 2018, the Company entered into a twelve-month whole account aggregate stop loss reinsurance contract ("stop loss agreement") with Everest Re. Through the stop loss agreement, the Company provides Everest Re with coverage for ultimate net losses on applicable net earned premiums above a retention level, subject to certain other coverage limits and conditions. The stop loss agreement was most recently renewed effective January 1, 2024. The stop loss agreements between Everest Re and Bermuda Re that were effective for 2018 and 2019 were both commuted during the third quarter of 2023. The commutations of the agreements resulted in the recognition of an aggregate gain of $37 million for the Company.

The table below represents loss portfolio transfer reinsurance agreements whereby net insurance exposures and reserves were transferred from an affiliate.

(Dollars in thousands)

Effective Date	Transferring Company	Assuming Company	% of Business or Amount of Transfer	Covered Period of Transfer
10/01/2001	Everest Re - Belgium Branch	Bermuda Re	100%	All years
10/01/2008	Everest Re	Bermuda Re	$ 747,022	01/01/2002-12/31/2007
12/31/2017	Everest Re	Bermuda Re	$ 970,000	All years

On December 31, 2017, the Company entered into a loss portfolio transfer ("LPT") agreement with Everest Re. The LPT agreement covers Everest Re loss reserves of $2.3 billion for accident years 2017 and prior. As a result of the LPT agreement, the Company received $1.0 billion of cash and fixed maturity securities from Everest Re and assumed $970 million of loss reserves to Everest Re. The deferred gain balance was $185 million and $188 million on December 31, 2023 and 2022, respectively. As part of the LPT agreement, the Company will provide an additional $500 million of adverse development coverage on the subject loss reserves. As of December 31, 2023 and 2022, the Company had assumed loss reserves of $807 million and $804 million, respectively recorded on its balance sheets.

Everest Re entered into a catastrophe excess of loss reinsurance contract with Bermuda Re (UK Branch), effective January 1, 2021 through December 31, 2021. The contract provides Bermuda Re (UK Branch), with up to £100 million of reinsurance coverage for each catastrophe occurrence above £24 million. Bermuda Re (UK Branch) paid Everest Re £5 million for this coverage. This agreement was most recently renewed effective January 1, 2024.

Bermuda Re has entered into catastrophe excess of loss reinsurance contracts with Ireland Re beginning in 2010. The table below represents Bermuda Re's liability limits for any losses per one occurrence and for aggregate losses under each contract.

	Liability Limits	
(Euros in thousands)	Exceeding	Not to Exceed
01/01/2010 - 12/31/2010		
Losses per one occurrence	€ 45,000	€ 45,000
Aggregate losses	€ —	€ 100,000
01/01/2011 - 12/31/2011		
Losses per one occurrence	€ 75,000	€ 50,000
Aggregate losses	€ —	€ 100,000
01/01/2012 - 12/31/2012		
Losses per one occurrence	€ 75,000	€ 25,000
Aggregate losses	€ —	€ 50,000
01/01/2013 -		
Losses per one occurrence	€ 75,000	€ 50,000
Aggregate losses	€ —	€ 100,000

The following tables summarize the premiums and losses assumed and ceded by the Company to and from its affiliates for the periods indicated:

Everest Re and subsidiaries	Years Ended December 31,	
(Dollars in thousands)	2023	2022
Assumed written premiums	$ 1,563,646	$ 546,436
Assumed earned premiums	1,194,253	519,349
Assumed losses and LAE	446,955	113,375

Everest International	Years Ended December 31,	
(Dollars in thousands)	2023	2022
Ceded written premiums	$ 1,135,979	$ 861,417
Ceded earned premiums	925,402	722,746
Ceded losses and LAE	629,844	443,352

Mt. Logan Re Segregated Accounts	Years Ended December 31,	
(Dollars in thousands)	2023	2022
Ceded written premiums	$ 12,166	$ 16,164
Ceded earned premiums	12,405	17,078
Ceded losses and LAE	7,143	2,355

6. CREDIT FACILITIES

The Company has multiple active letter of credit facilities for a total commitment of up to $1.7 billion as of December 31, 2023, providing for the issuance of letters of credit. The Company also has additional uncommitted letter of credit facilities of up to $240 million which may be accessible via written request and corresponding authorization from the applicable lender. There is no guarantee the uncommitted capacity will be available to us on a future date.

The terms and outstanding amounts for each facility are discussed below:

Bermuda Re Wells Fargo Bilateral Letter of Credit Facility

Effective February 23, 2021, Bermuda Re entered into a letter of credit issuance facility with Wells Fargo referred to as the "2021 Bermuda Re Wells Fargo Bilateral Letter of Credit Facility." The Bermuda Re Wells Fargo Bilateral Letter of Credit Facility originally provided for the issuance of up to $50 million of secured letters of credit. Effective May 5, 2021, the agreement was amended to provide for the issuance of up to $500 million of secured letters of credit. Effective May 2, 2023, the agreement was amended to extend the availability of committed issuance for an additional year.

The following table summarizes the outstanding letters of credit for the periods indicated:

(Dollars in thousands)	At December 31, 2023			At December 31, 2022		
Bank	Commitment	In Use	Date of Expiry	Commitment	In Use	Date of Expiry
Wells Fargo Bank Bilateral LOC Agreement	$ 500,000	$ 97,340	6/24/2024	$ 500,000	$ 463,068	12/29/2023
		71,157	6/28/2024		—	
		317,949	12/31/2024		—	
Total Bermuda Re Wells Fargo Bilateral LOC Agreement	$ 500,000	$ 486,446		$ 500,000	$ 463,068	

Bermuda Re Citibank Letter of Credit Facility

Effective August 9, 2021, Bermuda Re entered into a new letter of credit issuance facility with Citibank N.A. which superseded the previous letter of credit issuance facility with Citibank that was effective December 31, 2020. Both of these are referred to as the "Bermuda Re Citibank Letter of Credit Facility". The current Bermuda Re Citibank Letter of Credit Facility provides for the committed issuance of up to $230 million of secured letters of credit. In addition, the facility provided for the uncommitted issuance of up to $140 million, which may be accessible via written request by the Company and corresponding authorization from Citibank N.A. Effective December 13, 2023, the agreement was amended to extend the availability of committed issuance for an additional two years.

The following table summarizes the outstanding letters of credit for the periods indicated:

(Dollars in thousands)	At December 31, 2023			At December 31, 2022		
Bank	Commitment	In Use	Date of Expiry	Commitment	In Use	Date of Expiry
Bermuda Re Citibank LOC Facility - Committed	$ 230,000	$ 499	1/21/2024	$ 230,000	$ 499	1/21/2023
		4,425	2/29/2024		4,425	2/28/2023
		1,417	3/1/2024		1,302	3/1/2023
		3,402	9/23/2024		710	8/15/2023
		608	12/1/2024		3,391	9/23/2023
		396	12/16/2024		395	12/16/2023
		137	12/20/2024		136	12/20/2023
		216,733	12/31/2024		212,371	12/31/2023
		712	8/15/2025		256	12/1/2024
Bermuda Re Citibank LOC Facility - Uncommitted	140,000	104,889	12/31/2024	140,000	87,269	12/31/2023
		7,094	12/30/2027		163	9/30/2026
					17,743	12/30/2026
Total Citibank Bilateral Agreement	$ 370,000	$ 340,312		$ 370,000	$ 328,660	

Bermuda Re Bayerische Landesbank Bilateral Secured Credit Facility

Effective August 27, 2021 Bermuda Re entered into a letter of credit issuance facility with Bayerische Landesbank, an agreement referred to as the “Bermuda Re Bayerische Landesbank Bilateral Secured Credit Facility”. The Bermuda Re Bayerische Landesbank Bilateral Secured Credit Facility provides for the committed issuance of up to $200 million of secured letters of credit.

The following table summarizes the outstanding letters of credit for the periods indicated:

(Dollars in thousands)	At December 31, 2023			At December 31, 2022		
Bank	Commitment	In Use	Date of Expiry	Commitment	In Use	Date of Expiry
Bayerische Landesbank Bilateral Secured Credit Facility	$ 200,000	$ 191,733	12/31/2024	$ 200,000	$ 182,618	12/31/2023

Bermuda Re Bayerische Landesbank Bilateral Unsecured Letter of Credit Facility

Effective December 30, 2022, Bermuda Re entered into a new additional letter of credit issuance facility with Bayerische Landesbank, New York Branch, referred to as the “Bayerische Landesbank Bilateral Unsecured Letter of Credit Facility”. The Bermuda Re Bayerische Landesbank Bilateral Unsecured Letter of Credit Facility provides for the committed issuance of up to $150 million of unsecured letters of credit and is fully and unconditionally guaranteed by Group, as Parent Guarantor.

The following table summarizes the outstanding letters of credit for the periods indicated:

(Dollars in thousands)	At December 31, 2023			At December 31, 2022		
Bank	Commitment	In Use	Date of Expiry	Commitment	In Use	Date of Expiry
Bayerische Landesbank Bilateral Unsecured LOC Agreement - Committed	$ 150,000	$ 150,000	12/31/2024	$ 150,000	$ 150,000	12/31/2023

Bermuda Re Lloyd’s Bank Letter of Credit Facility

Effective December 27, 2023, Bermuda Re entered into an amended and restated letter of credit issuance facility with Lloyd’s Bank Corporate Markets PLC, to add Ireland Insurance as an account party with access to a $15 million sub-limit for the issuance of letters of credit, an agreement referred to as the “Bermuda Re Lloyd’s Bank Letter of Credit Facility”, which superseded the previous letter of credit issuance facility with Lloyd’s Bank that was effective August 18, 2023. The Bermuda Re Lloyd’s Bank Letter of Credit Facility provides for the committed issuance of up to $250 million of unsecured letters of credit and is fully and unconditionally guaranteed by Group, as Parent Guarantor.
The following table summarizes the outstanding letters of credit for the periods indicated:

(Dollars in thousands)	At December 31, 2023			At December 31, 2022		
Bank	Commitment	In Use	Date of Expiry	Commitment	In Use	Date of Expiry
Bermuda Re Lloyd's Bank Credit Facility - Committed	$ 250,000	$ 234,951	12/31/2024	$ 50,000	$ 50,000	12/31/2023
Bermuda Re Lloyd's Bank Credit Facility - Uncommitted	—			200,000	135,665	12/31/2023
Total Bermuda Re Lloyd's Bank Credit Facility	$ 250,000	$ 234,951		$ 250,000	$ 185,665	

Bermuda Re Barclays Credit Facility

Effective November 3, 2021 Bermuda Re entered into a letter of credit issuance facility with Barclays Bank PLC, an agreement referred to as the “Bermuda Re Barclays Credit Facility”. The Bermuda Re Barclays Credit Facility provides for the committed issuance of up to $200 million of secured letters of credit.

The following table summarizes the outstanding letters of credit for the periods indicated:

(Dollars in thousands)	At December 31, 2023			At December 31, 2022		
Bank	Commitment	In Use	Date of Expiry	Commitment	In Use	Date of Expiry
Bermuda Re Barclays Bilateral Letter of Credit Facility	$ 200,000	$ 168,427	12/30/2024	$ 200,000	$ 179,455	12/31/2023
		13,626	12/31/2024			
Total Bermuda Re Barclays Bilateral Letter of Credit Facility	$ 200,000	$ 182,053		$ 200,000	$ 179,455	

Bermuda Re Nordea Bank Letter of Credit Facility

Effective November 21, 2022, Bermuda Re entered into a letter of credit issuance facility with Nordea Bank ABP, New York Branch, referred to as the "Nordea Bank Letter of Credit Facility". The Bermuda Re Nordea Bank Letter of Credit Facility provides for the committed issuance of up to $200 million of unsecured letters of credit, and subject to credit approval, uncommitted issuance of $100 million for a maximum total facility amount of $300 million.

The following table summarizes the outstanding letters of credit for the periods indicated:

(Dollars in thousands)	At December 31, 2023			At December 31, 2022		
Bank	Commitment	In Use	Date of Expiry	Commitment	In Use	Date of Expiry
Nordea Bank Letter of Credit Facility - Committed	$ 200,000	$ 200,000	12/31/2024	$ 200,000	$ 50,000	12/31/2023
Nordea Bank Letter of Credit Facility - Uncommitted	100,000	100,000	12/31/2024	100,000	100,000	12/31/2023
Total Nordea Bank ABP, NY LOC Facility	$ 300,000	$ 300,000		$ 300,000	$ 150,000	

7. TRUST AGREEMENTS AND OTHER RESTRICTED ASSETS

The Company maintains certain restricted assets as security for potential future obligations, primarily to support its underwriting operations. The following table summarizes the Company's restricted assets:

	At December 31,	
(Dollars in thousands)	2023	2022
Collateral in trust for non-affiliated agreements [1]	$ 1,514,445	$ 1,443,610
Collateral in trust for affiliated agreements [1]	$ 988,479	$ 1,270,294
Collateral for secured letter of credit facilities	1,438,047	1,509,357
Funds held by reinsureds	782,725	723,812
Total restricted assets	$ 4,723,695	$ 4,947,073

[1] At December 31, 2023 and December 31, 2022, the total amount on deposit in trust accounts includes $106 million and $120 million of restricted cash, respectively.

8. CONTINGENCIES

In the ordinary course of business, the Company is involved in lawsuits, arbitrations and other formal and informal dispute resolution procedures, the outcomes of which will determine the Company's rights and obligations under insurance and reinsurance agreements. In some disputes, the Company seeks to enforce its rights under an agreement or to collect funds owing to it. In other matters, the Company is resisting attempts by others to collect funds or enforce alleged rights. These disputes arise from time to time and are ultimately resolved through both informal and formal means, including negotiated resolution, arbitration and litigation. In all such matters, the Company believes that its positions are legally and commercially reasonable. The Company considers the statuses of these proceedings when determining its reserves for unpaid loss and loss adjustment expenses.

Aside from litigation and arbitrations related to these insurance and reinsurance agreements, the Company is not a party to any other material litigation or arbitration.

Effective December 15, 2017, the Company entered into a guaranty agreement with Everest Insurance (Ireland), dac ("Ireland Re"), an affiliated company. The guaranty agreement states that the Company will guarantee payment of Ireland Insurance's undisputed obligations if Ireland Insurance fails to pay any of its undisputed obligations in a legal timeframe as a result of its financial inability to make payment.

Effective July 15, 2022, the Company entered into a guaranty agreement with Everest Compañia de Seguros Generales Chile S.A. ("Everest Chile"), an affiliated company. The guaranty agreement states that the Company will guarantee payment of Everest Chile's undisputed obligations if Everest Chile fails to pay any of its undisputed obligations in a legal timeframe as a result of its financial inability to make payment.

9. LEASES

The Company enters into lease agreements for real estate that is primarily used for office space in the ordinary course of business. These leases are accounted for as operating leases, whereby lease expense is recognized on a straight-line basis over the term of the lease.

Supplemental information related to operating leases is as follows for the periods indicated:

	Years Ended December 31,	
(Dollars in thousands)	2023	2022
Lease expense incurred:		
Operating lease cost	$ 326	$ 308

	Years Ended December 31,	
(Dollars in thousands)	2023	2022
Operating lease right of use assets	$ 3,467	$ 254
Operating lease liabilities	3,467	254

	At December 31,	
(Dollars in thousands)	2023	2022
Weighted average remaining operating lease term	6.4 years	0.4 years
Weighted average discount rate on operating leases	0.18 %	0.01 %

The operating lease right of use assets are included in other assets and the operating lease liabilities are included in other liabilities on the balance sheets.

Maturities of the existing lease liabilities are expected to occur as follows:

(Dollars in thousands)	
2024	$ 678
2025	678
2026	678
2027	678
2028	678
Thereafter	961
Net commitments	$ 4,353

10. COMPREHENSIVE INCOME (LOSS)

The following table presents the components of other comprehensive income (loss) in the statements of operations and comprehensive income (loss) for the periods indicated:

	Years Ended December 31,					
	2023			2022		
(Dollars in thousands)	Before Tax	Tax Effect	Net of Tax	Before Tax	Tax Effect	Net of Tax
URA(D) on securities - non-credit related	$ 126,761	$ 6,075	$ 132,836	$ (557,562)	$ 8,766	$(548,796)
Reclassification of net realized losses (gains) included in net income (loss)	28,305	2,656	30,962	4,652	1,637	6,289
Foreign currency translation adjustments	27,993	—	27,993	(55,057)	—	(55,057)
Total other comprehensive income (loss)	$ 183,059	$ 8,731	$ 191,790	$ (607,967)	$ 10,403	$(597,564)

(Some amounts may not reconcile due to rounding.)

The following table presents details of the amounts reclassified from AOCI for the periods indicated:

AOCI component	Years Ended December 31, 2023	2022	Affected line item within the statements of operations and comprehensive income (loss)
(Dollars in thousands)			
URA(D) on securities	$ 28,305	$ 4,652	Other net realized capital gains (losses)
	2,656	1,637	Income tax expense (benefit)
	$ 30,962	$ 6,289	Net income (loss)

(Some amounts may not reconcile due to rounding.)

The following table presents the components of the change in accumulated other comprehensive income (loss), net of tax, in the balance sheets for the periods indicated:

	Years Ended December 31,	
(Dollars in thousands)	2023	2022
Beginning balance of URA(D) on securities	$ (463,471)	$ 79,036
Current period change in URA(D) of investments - non-credit related	163,797	(542,507)
Ending balance of URA(D) on securities	$ (299,674)	$ (463,471)
Beginning balance of foreign currency translation adjustments	(180,723)	(125,666)
Current period change in foreign currency translation adjustments	27,993	(55,057)
Ending balance of foreign currency translation adjustments	(152,730)	(180,723)
Ending balance of accumulated other comprehensive income (loss)	$ (452,404)	$ (644,194)

(Some amounts may not reconcile due to rounding.)

11. RELATED-PARTY TRANSACTIONS

The Company has engaged in reinsurance transactions with Everest Re, Everest Assurance, Everest Canada, Ireland Insurance and Ireland Re under which business is assumed and Everest International and Mt. Logan Re under which business is ceded. See Note 5.

As of May 19, 2023, Bermuda Re entered into a $100 million long-term note agreement with Group. The note will pay interest annually at a rate of 3.72% and is scheduled to mature in May 2053. Bermuda Re repaid $50 million to Everest Group, Ltd. in September 2023; the remaining $50 million is outstanding as of December 31, 2023. At December 31, 2023, this transaction was included within notes payable - affiliated in the balance sheets of the Company.

Everest Global Services, Inc. ("Everest Global"), an affiliate of Bermuda Re, provides centralized management and home office services, through a management agreement. Services provided by Everest Global include executive managerial services, legal services, actuarial services, accounting services, information technology services and others.

The following table presents the expenses incurred by Bermuda Re from services provided by Everest Global for the periods indicated:

	Years Ended December 31,	
(Dollars in thousands)	2023	2022
Expenses incurred	$ 37,324	$ 39,008

12. INCOME TAXES

With the assent of the governor on December 27, 2023, the Bermuda Corporate Income Tax Act of 2023 ("The 2023 Act") became law. Beginning in 2025, a 15% corporate income tax will be applicable to Bermuda businesses that are part of multinational enterprise groups with annual revenue of €750 million or more. Group's Bermuda entities will be subject to the new corporate income tax. The Company has evaluated The 2023 Act and has recorded $483 million of net deferred income tax benefits in 2023 related to it. The net deferred income tax benefits relate primarily to a default provision in the law which allows for what is called an "Economic Transition Adjustment" ("ETA"). The ETA allows companies to establish deferred tax assets or liabilities related to the revaluation of intangible assets, excluding goodwill, and their other assets and liabilities, based on fair value as of September 30, 2023. The deferred tax assets or liabilities are then amortized in accordance with The 2023 Act.

The UK Branch of Bermuda Re is subject to UK income taxes on its income.

The provision for income taxes in the statement of operations and comprehensive income (loss) has been determined by reference to the applicable tax laws of jurisdictions in which the income of Bermuda Re is subject to tax. It reflects the permanent differences between financial and taxable income. The significant components of the provision are as follows for the periods indicated:

	Years Ended December 31,			
(Dollars in thousands)	2023		2022	
Current foreign tax expense (benefit)	$	14,926	$	10,028
Deferred tax expense (benefit)		(483,056)		—
Deferred foreign tax expense (benefit)		24		135
Total income tax expense (benefit)	$	(468,106)	$	10,163

The weighted average expected tax provision has been calculated using the pre-tax income (loss) in each jurisdiction multiplied by that jurisdiction's applicable statutory tax rate. Reconciliation of the difference between the provision for income taxes and the expected tax provision at the weighted average tax rate for the periods indicated is provided below:

	Years Ended December 31,			
(Dollars in thousands)	2023		2022	
Expected tax provision at the applicable statutory rate	$	26,903	$	1,483
Bermuda corporate income tax		(483,056)		—
2023 and prior year benefit related to the HMRC APA agreement		(13,300)		2,260
Withholding tax		1,324		448
Other		23		5,972
Total income tax provision	$	(468,106)	$	10,163

On October 20, 2017, Her Majesty's Revenue and Customs ("HMRC") signed an Advance Pricing Agreement ("APA") covering tax years 2016 – 2020 with regard to the pricing of the quota share agreement between the UK Branch of Bermuda Re and Everest International. As long as the terms of the quota share agreement on which the APA is based remain consistent in the years subsequent to 2020, the Company is permitted to continue applying the terms of the APA. The tax provision includes a $13.3 million tax expense for tax year 2023 and a $2.3 million tax expense for tax year 2022.

Deferred income taxes reflect the tax effect of the temporary differences between the value of assets and liabilities for financial statement purposes and such values are measured by the U.S. tax laws and regulations. The principal items making up the net deferred income tax assets/(liabilities) are as follows for the periods indicated:

	Years Ended December 31,			
(Dollars in thousands)	2023		2022	
Deferred tax assets:				
Bermuda intangible asset	$	442,860	$	—
Bermuda loss reserves		79,950		—
Total deferred tax assets		522,810		—
Deferred tax liabilities:				
Fair value investments		39,609		—
Net unrealized investment gains		99		71
Other liabilities		145		—
Total deferred liabilities		39,853		71
Net deferred tax assets		482,957		(71)
Less: Valuation allowance		—		—
Total net deferred tax assets/(liabilities)	$	482,957	$	(71)

13. DIVIDEND RESTRICTIONS AND STATUTORY FINANCIAL INFORMATION

Dividend Restrictions.

Under Bermuda law, Bermuda Re is prohibited from declaring or making payment of a dividend if it fails to meet its minimum solvency margin or minimum liquidity ratio. As a long term insurer, Bermuda Re is also unable to declare or pay a dividend to anyone who is not a policyholder unless, after payment of the dividend, the value of the assets in their long-term business fund, as certified by their approved actuary, exceeds their liabilities for long-term business by at least the $250 thousand minimum solvency margin.

Prior approval of the BMA is required if Bermuda Re's dividend payments would exceed 25% of their prior year-end total statutory capital and surplus.

Statutory Financial Information.

Bermuda Re prepares its statutory financial statements in conformity with the accounting principles set forth in Bermuda in The Insurance Act 1978, amendments thereto and related regulations. The statutory capital and surplus of Bermuda Re was $3.7 billion and $2.8 billion at December 31, 2023 and 2022, respectively. The statutory net income of Bermuda Re was $1.0 billion and $603 million for the years ended December 31, 2023 and 2022, respectively.

Capital Restrictions.

In Bermuda, Bermuda Re is subject to the BSCR administered by the BMA. No regulatory action is taken if an insurer's capital and surplus is equal to or in excess of their enhanced capital requirement determined by the BSCR model. In addition, the BMA has established a target capital level for each insurer, which is 120% of the enhanced capital requirement.

The regulatory targeted capital and the actual statutory capital for Bermuda Re was as follows:

	Bermuda Re [1]	
	At December 31,	
(Dollars in thousands)	2023[2]	2022
Regulatory targeted capital	$ 2,669,205	$ 2,216,919
Actual capital	3,710,920	2,759,404

[1] Regulatory targeted capital represents the target capital level from the applicable year's BSCR calculation.

[2] In accordance with guidance issued by the BMA in February 2024, Bermuda Re has not reflected the impacts of the Economic Transition Adjustment recognized in response to the Bermuda Corporate Income Tax Act of 2023 ("the 2023 Act") in its 2023 regulatory targeted capital or actual capital. The BMA expects to complete its assessment before the 2023 Act becomes effective and to issue directives within a timeline that will be compatible with the 2023 Act coming into effect.

14. SUBSEQUENT EVENTS

The Company has evaluated known recognized and non-recognized subsequent events through April 25, 2024, the date the financial statements are available to be issued. The Company does not have any subsequent events to report.