FINANCIAL STATEMENTS

Sequentis Reinsurance Company Limited
For the Years Ended
December 31, 2023 and 2022
With Report of Independent Auditors

Sequentis Reinsurance Company Limited

Financial Statements

For the Years Ended December 31, 2023 and 2022

Contents

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Report of Independent Auditors

Board of Directors
Sequentis Reinsurance Company Limited

Opinion

We have audited the financial statements of Sequentis Reinsurance Company Limited (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and comprehensive income (loss), statements of changes in shareholder's equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the incurred and paid claims development for periods prior to the most recent period (not to exceed nine prior periods) and the average annual percentage payout of incurred claims disclosed on pages 21 and 22 be presented to supplement the consolidated financial statements. Such information is the responsibility of management and, although not a part of the consolidated financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ernst + Young LLP

April 29, 2024

Sequentis Reinsurance Company Limited

Balance Sheets

	December 31, 2023	December 31, 2022
Assets		
Invested assets:		
Fixed maturity securities available-for-sale, at fair value (amortized cost: $51,388,915 at 2023; $60,414,923 at 2022)	$ 47,384,362	$ 54,518,174
Investment in Limited Partnership, at fair value (cost: $146,019,936 at 2023; $131,019,936 at 2022)	184,133,761	168,336,483
Total invested assets	231,518,123	222,854,657
Cash and cash equivalents	167,521,711	105,106,490
Investment income due and accrued	209,629	238,919
Deferred policy acquisition costs	17,857,325	18,231,943
Income tax receivable	-	6,038,356
Receivable from affiliate	23,786,018	674,400
Deferred income tax asset, net	3,350,349	1,060,113
Reinsurance recoverable	3,568,522	10,458,125
Other assets	149,532	136,682
Total assets	**447,961,209**	**364,799,685**
Liabilities and shareholder's equity		
Liabilities:		
Reserves for unpaid losses and loss adjustment expenses	176,057,012	141,245,648
Unearned premiums	108,956,297	79,670,262
Funds held under reinsurance treaties	3,628,059	8,954,509
Income tax payable	1,933,438	-
Accrued expenses and other liabilities	882,095	806,569
Total liabilities	291,456,901	230,676,988
Shareholder's equity:		
Common shares – $1.00 par value; 120,000 shares issued and outstanding	120,000	120,000
Additional paid-in capital	175,492,416	160,492,416
Retained deficit	(15,944,511)	(21,831,288)
Accumulated other comprehensive loss	(3,163,597)	(4,658,431)
Total shareholder's equity	156,504,308	134,122,697
Total liabilities and shareholder's equity	**$ 447,961,209**	**$364,799,685**

See accompanying notes.

Sequentis Reinsurance Company Limited

Statements of Operations and Comprehensive Income (Loss)

	Year Ended December 31,	
	2023	**2022**
Revenues		
Assumed written premiums	$ 214,474,558	$ 145,629,731
Change in unearned premium	(29,286,035)	(4,388,705)
Net premiums earned	185,188,523	141,241,026
Net investment income	5,541,663	8,016,783
Total revenues	190,730,186	149,257,809
Expenses		
Losses and loss adjustment expenses	122,938,474	99,937,500
Underwriting, acquisition and insurance expenses	39,104,911	32,582,503
Professional services	659,955	892,828
Management fees	18,380,129	20,641,236
Interest expense	2,220,652	2,294,874
Other expenses	71,507	110,416
Total expenses	183,375,628	156,459,357
Net income (loss) before income taxes	7,354,558	(7,201,548)
Income tax expense (benefit)	1,467,781	(1,573,524)
Net income (loss)	5,886,777	(5,628,024)
Other comprehensive income (loss):		
Unrealized gains (losses), net of taxes	1,494,834	(4,463,046)
Total comprehensive income (loss)	$ 7,381,611	$ (10,091,070)

See accompanying notes.

Sequentis Reinsurance Company Limited

Statements of Changes in Shareholder's Equity

		Common Shares		Additional Paid-In Capital		Retained Deficit		Accumulated Other Comprehensive Loss		Total Shareholder's Equity
Balance at December 31, 2021	**$**	**120,000**	**$**	**141,492,416**	**$**	**(16,203,264)**	**$**	**(195,385)**	**$**	**125,213,767**
Contributions		-		19,000,000		-		-		19,000,000
Net loss		-		-		(5,628,024)		-		(5,628,024)
Other comprehensive loss, net of taxes		-		-		-		(4,463,046)		(4,463,046)
Balance at December 31, 2022	**$**	**120,000**	**$**	**160,492,416**	**$**	**(21,831,288)**	**$**	**(4,658,431)**	**$**	**134,122,697**
Contributions		-		15,000,000		-		-		15,000,000
Net income		-		-		5,886,777		-		5,886,777
Other comprehensive income, net of taxes		-		-		-		1,494,834		1,494,834
Balance at December 31, 2023	**$**	**120,000**	**$**	**175,492,416**	**$**	**(15,944,511)**	**$**	**(3,163,597)**	**$**	**156,504,308**

See accompanying notes.

Sequentis Reinsurance Company Limited

Statements of Cash Flows

	Year Ended December 31,	
	2023	**2022**
OPERATING ACTIVITIES		
Net income (loss)	$ 5,886,777	$ (5,628,024)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization of premium/discount on fixed maturity securities	225,660	221,203
Net gains allocated from investment in Limited Partnership	(797,278)	(6,939,005)
Deferred income taxes	(2,687,598)	971,333
Changes in operating assets and liabilities:		
Investment income due and accrued	29,290	(74,654)
Deferred policy acquisition costs	374,618	(3,936,741)
Income tax receivable	6,038,356	(2,544,857)
Receivable from affiliate	(23,111,618)	24,717,617
Reinsurance recoverable	6,889,603	16,299,137
Other assets	(12,850)	(2,474)
Reserves for unpaid losses and loss adjustment expenses	34,811,364	36,193,945
Unearned premiums	29,286,035	4,388,705
Payable to reinsurers	-	(3,493,333)
Funds held under reinsurance treaties	(5,326,450)	(18,337,899)
Income tax payable	1,933,438	-
Accrued expenses and other liabilities	75,526	395,604
Net cash provided by operating activities	53,614,873	42,230,557
INVESTING ACTIVITIES		
Purchase of fixed maturity securities	-	(17,847,890)
Proceeds from sale of fixed maturity securities	1,340,241	-
Maturities and redemptions of fixed maturity securities	7,460,107	16,882,236
Purchase of investment in Limited Partnership	(15,000,000)	-
Net cash used in investing activities	(6,199,652)	(965,654)
FINANCING ACTIVITIES		
Contributions	15,000,000	19,000,000
Net cash provided by financing activities	15,000,000	19,000,000
Net change in cash and cash equivalents	62,415,221	60,264,903
Cash and cash equivalents, at beginning of period	105,106,490	44,841,587
Cash and cash equivalents, at end of period	$ 167,521,711	$ 105,106,490

See accompanying notes.

1. Organization

Sequentis Reinsurance Company Limited ("Sequentis Re" or the "Company") was incorporated under the laws of Bermuda on October 18, 2017 and commenced operations on April 1, 2018. The Company is a provide of specialty property and casualty reinsurance products and is a 100% owned subsidiary of Sequentis Specialty Holdings Limited, an intermediate holding company incorporated on October 10, 2017 and domiciled in Bermuda. Sequentis Specialty Holdings Limited is owned 100% by Ategrity Specialty Holdings LLC, a holding company incorporated on September 22, 2017 in Delaware. Ategrity Specialty Holdings LLC's sole purpose is to own and operate various insurance companies. Sequentis Re's sole customer is its related party, Ategrity Specialty Insurance Company ("ASIC"), which is a 100% owned subsidiary of Ategrity Specialty Holdings LLC.

As of December 31, 2023 and 2022, Sequentis Re directly owned approximately 73% and 66% of ZP Utility Insurance Fund, L.P. (the "Limited Partnership"), respectively. The Limited Partnership was formed on March 19, 2018 under the laws of the State of Delaware and commenced operations on April 1, 2018. The Limited Partnership operates as a feeder fund in a "master-feeder" structure, in which the Limited Partnership invests substantially all of its assets in ZP Master Utility Fund, Ltd. (the "Master Fund"), an exempted company incorporated in the Cayman Islands. The Master Fund's investment objective is to employ an energy and infrastructure-focused long/short strategy which seeks to deliver absolute returns in all market conditions with minimal correlation to energy sector indices and broader market indices. The Master Fund invests primarily in the equities of electric and gas utilities, integrated utilities, water utilities, telecommunication companies, independent power producers and pipelines, exploration and production companies, oilfield service companies and more broadly in energy and infrastructure-related industries (such as chemicals, materials, transportation infrastructure and real estate equities). The Master Fund's portfolio is generally managed to be balanced.

Zimmer Partners, LP (the "Investment Manager"), a Delaware limited partnership, is the investment manager of the Master Fund and the Limited Partnership. The Investment Manager is registered with the United States Securities and Exchange Commission as a registered investment advisor under the Investment Advisors Act of 1940. ZP Utility Insurance GP, LLC (the "General Partner"), a Delaware limited liability company, is the general partner of the Limited Partnership and is responsible for the investment decisions of the Limited Partnership.

The Investment Manager manages and advises accounts for certain of its affiliates other than the Limited Partnership, some of which may pursue similar investment strategies as the Master Fund, and which, as a result, may hold similar or identical investments as those held by the Master Fund.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which vary in some respects from statutory accounting practices which are prescribed or permitted by the various state insurance departments in the U.S. The accompanying financial statements include the accounts and operations of the Company.

Estimates and Assumptions

The preparation of the Company's financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the Company's financial statements, supplementary information and accompanying notes. Management makes estimates and assumptions that include, but are not limited to, the determination of the following significant items:

- Fair value of financial assets and liabilities, including, but not limited to, securities, loans and derivatives;
- Allowance for credit losses and uncollectible reinsurance recoverables;
- Reserves for losses and loss adjustment expenses, estimated future claims and losses, potential litigation and other claims;
- Revenue recognition including, but not limited to, the timing and amount of insurance premiums and service fees;
- Federal income taxes; and
- Other matters that affect the reported amounts and disclosure of contingencies in the financial statements.

Although these and other estimates and assumptions are based on the best available estimates, actual results could differ materially from management's estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. As of December 31, 2023 and 2022, there was $317,732 and $105,106,490, respectively, held in cash by one major financial institution with daily liquidity. The cash amount on deposit may exceed the insured limit of the institution and exposes the Company to credit risk. As of December 31, 2023 and 2022, the Company held $167,203,979 and $0 of cash equivalents, respectively.

2. Summary of Significant Accounting Policies (continued)

Fixed Maturity Securities and Limited Partnership

Fixed maturity securities classified as "available-for-sale" are carried at fair value with unrealized gains and losses on such securities, net of any deferred taxes, reported as a separate component of accumulated other comprehensive income.

The Company does not have any securities classified as "held-to-maturity".

Realized investment gains or losses are determined on a specific- identification basis. Interest income is recognized as earned and dividend income is recognized on the ex-dividend date.

Fair value generally represents quoted market value prices for securities traded in the public marketplace or prices analytically determined using bid or closing prices for securities not traded in the public marketplace. The Company values its investment in the Limited Partnership at fair value, which is estimated based on the Company's share of the net asset value of the Limited Partnership as provided by the Investment Manager of the underlying investment funds. Changes in investment value of the portion of the Company's investment still held in the Limited Partnership are considered unrealized. These unrealized gains or losses are reflected in the statements of comprehensive income as part of net investment income. When any amount of the investment in the Limited Partnership is disposed of, realized gains/losses are recorded accordingly.

The Company regularly reviews its available-for-sale investments with unrealized losses to assess whether the decline in the fair value is deemed to be a credit loss. An allowance for credit losses is established for any credit-related impairments, limited to the amount by which fair value is below amortized cost. Changes in the allowance for credit losses are recognized in earnings and included in net investment income. Unrealized losses that are not credit-related are recognized in other comprehensive income. See Note 3 for further discussion of credit losses.

Fair Value of Financial Instruments

The fair value of the Company's assets and liabilities that qualify as financial instruments under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") No. 825, *Financial Instruments* approximates the carrying amounts presented in the financial statements.

Fair value estimates are made at a specific point in time based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

2. Summary of Significant Accounting Policies (continued)

Premium Deficiency Reserves

Premium deficiency reserves are established for the amount of the anticipated losses, loss adjustment expenses, commissions and other acquisition costs and maintenance costs that have not previously been expensed that are in excess of the recorded unearned premium reserve and future installment premiums on existing policies. The Company does not consider anticipated investment income when calculating premium deficiency reserves. No premium deficiency reserves were recorded by the Company as of December 31, 2023 and 2022.

Assumed Written Premiums

Assumed written premiums are earned on a pro rata basis over the terms of the policies, which are generally 12 months. The portion of premiums assumed applicable to the unexpired terms of the policies in force is recorded as unearned premiums. Policies are accounted for on an individual basis, with no aggregation by counterparty.

Reinsurance Recoverable

On December 30, 2021, Sequentis Re entered into a loss portfolio transfer of its brokerage property reserves with Carrick Re Limited, an affiliated company, with an effective date of September 30, 2021. As of December 31, 2023 and 2022, the reinsurance recoverable for ceded loss and loss adjustment expense reserves under the agreement was $3.6 million and $8.8 million, respectively. Effective December 27, 2023, Carrick Re Limited was no longer an affiliated company.

Losses and loss adjustment expenses on reinsured business are accounted for on a basis consistent with that used in accounting for the original policies issued and terms of the reinsurance contract. Reinsurance recoverable is reported as an asset. Other amounts payable to or receivable from the reinsurer are netted where the right of offset exists. Funds withheld under the reinsurance agreement are reported as a liability.

Premiums Receivable, Net

All of the Company’s premiums receivable are related to its quota share reinsurance agreement with ASIC, are carried at face value and are included in receivable from affiliate on the balance sheets.

Deferred Policy Acquisition Costs

Costs which are incrementally or directly related to the successful acquisition of new or renewal insurance business are deferred. These deferred costs are primarily ceding commissions paid to Ategrity Specialty Insurance Company. Amortization of such policy acquisition costs is charged to expense in proportion to premium earned over the estimated policy life. To the extent that unearned premiums on existing policies are not adequate to cover projected related costs and expenses, deferred policy acquisition costs are charged to earnings.

2. Summary of Significant Accounting Policies (continued)

Investment in the Limited Partnership

The Company records its investment in the Limited Partnership at fair value, which is equal to the Company's proportionate share of the fair value of the underlying net assets of the Limited Partnership. Unrealized gains and losses on the investment are included in income. At December 31, 2023 and 2022, the Company's investment in the Limited Partnership was $184.1 million and $168.3 million, respectively. The Limited Partnership's investment in the Master Fund represented approximately 9.3% and 8.1% of the net assets of the Master Fund at December 31, 2023 and 2022, respectively. The performance of the Company is directly affected by the performance of the Limited Partnership.

Upon written notice provided at least 45 days prior to the withdrawal date, the investment in the Master Fund may be withdrawn at the end of each calendar quarter to the extent required to pay insurance claims, to pay for reasonable operating expenses or in the event Sequentis Re receives a notification from A.M. Best or is required to diversify its assets pursuant to any law, order or regulation.

Income Taxes

Sequentis Re made an irrevocable election to be taxed as a U.S. domestic corporation under Section 953(d) of the Code effective January 1, 2019. As a result, the Company is subject to U.S. federal income taxes.

Deferred income tax assets and deferred income tax liabilities are provided for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of assets and liabilities and their respective U.S. tax bases. Deferred income tax assets and liabilities are measured using enacted U.S. corporate tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets are reduced by a valuation allowance only when management believes it is more likely than not that some or all of the deferred tax assets will not be realized.

Reserves for Unpaid Losses and Loss Adjustment Expenses

The reserves for unpaid losses and loss adjustment expenses represent the estimated ultimate cost of all reported and unreported losses and loss adjustment expenses incurred and unpaid at the balance sheet date. The Company does not discount this reserve. The process of estimating the reserves for unpaid losses and loss adjustment expenses requires a high degree of judgment and is subject to a number of variables. The estimates are based on actuarial methods that use a combination of management's initial expected loss ratios and reporting patterns for those losses based on industry data and the Company's actual reported losses and loss adjustment expenses. If actual loss emergence is better than initial expected ratio assumptions, the Company will experience favorable development; if it is worse than initial expected ratio assumptions, the Company will experience adverse development.

Catastrophes of significant magnitude, including hurricanes and earthquakes, involve complex coverage issues. In estimating the reserves for unpaid losses and loss adjustment expenses for these catastrophes, management uses case reserve estimates based on information obtained from site inspections by the Company's adjustors and the terms of coverage provided in the policies. Management estimates reserves for incurred but not reported claims for these catastrophes using judgment based on an assessment of the Company's property insurance exposures where the catastrophes occur and the Company's progress in settling claims.

2. Summary of Significant Accounting Policies (continued)

Although management believes that the reserves for unpaid losses and loss adjustment expenses are reasonable, it is possible that the Company's actual incurred losses and loss adjustment expenses will not develop in a manner consistent with the assumptions inherent in the determination of these reserves. Specifically, the Company's actual ultimate loss ratio could differ from management's initial expected loss ratio and/or the Company's actual reporting patterns for losses could differ from the expected reporting patterns. Accordingly, the ultimate settlement of losses and the related loss adjustment expenses may vary significantly from the estimates included in the Company's financial statements. These estimates are reviewed regularly by management and are adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

Accounting Standards Adopted in 2023

On January 1, 2023, the Company adopted ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326)" which replaces the incurred loss methodology for recognizing credit losses. ASU 2016-13 requires recognition of credit losses when it is probable a loss has been incurred. The update requires entities to reflect estimated expected credit losses by considering a broader range of reasonable and supportable information and requires credit losses relating to available-for-sale fixed maturity securities to be presented as an allowance rather than as a write-down of cost basis. The update requires a financial asset measured at amortized cost to be presented at the net amount expected to be collected by means of an allowance for credit losses that runs through net income.

The Company adopted this ASU using the modified-retrospective method. The adoption did not result in the recognition of an allowance for credit losses related to the Company's reinsurance recoverable.

Prospective Accounting Pronouncements

There are no other prospective accounting standards which, upon their effective date, would have a material impact on the Company's financial statements.

3. Investments

The Company considers all fixed maturity securities to be available-for-sale and reports them at fair value with the net unrealized gains or losses reported (after-tax) as a component of other comprehensive income. The proceeds from sales of securities for the years ended December 31, 2023 and 2022 were $1.3 million and $0, respectively. Gross losses of $0.1 million and $0 gross gains or losses were realized on sales of available-for-sale securities during 2023 and 2022, respectively. Gains and losses on securities are determined on a specific-identification basis.

Summarized information for the major categories of the investment portfolio follows:

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2023				
U.S. Treasury securities and obligations guaranteed by the U.S. government	$ -	$ -	$ -	$ -
Municipal taxable	6,174,142	-	(661,765)	5,512,377
Foreign government	-	-	-	-
Commercial mortgage and asset-backed	13,613,107	-	(1,826,573)	11,786,534
Corporates	31,601,666	-	(1,516,215)	30,085,451
Total investments available-for-sale	$ 51,388,915	$ -	$ (4,004,553)	$ 47,384,362

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2022				
U.S. Treasury securities and obligations guaranteed by the U.S. government	$ 1,000,048	$ -	$ (23,278)	$ 976,770
Municipal taxable	6,750,520	-	(957,225)	5,793,295
Foreign government	1,249,961	-	(16,589)	1,233,372
Commercial mortgage and asset-backed	15,102,244	-	(2,182,719)	12,919,525
Corporates	36,312,150	-	(2,716,938)	33,595,212
Total investments available-for-sale	$ 60,414,923	$ -	$ (5,896,749)	$ 54,518,174

3. Investments (continued)

The amortized cost and fair value of available-for-sale investments in fixed maturity securities are as follows:

	Amortized Cost	Fair Value
December 31, 2023		
One year or less	$ 9,890,426	$ 9,674,103
After one year through five years	25,201,930	23,687,883
After five years through ten years	1,601,256	1,382,489
After ten years	1,082,196	853,353
Residential mortgage-backed	10,729,731	9,138,207
Commercial mortgage and asset-backed	502,920	413,581
Other loan-backed	2,380,456	2,234,746
Total	$ 51,388,915	$ 47,384,362
December 31, 2022		
One year or less	$ 5,199,510	$ 5,076,904
After one year through five years	33,648,203	31,102,881
After five years through ten years	5,379,248	4,620,732
After ten years	1,085,718	798,132
Residential mortgage-backed	11,809,711	9,972,111
Commercial mortgage and asset-backed	503,588	389,504
Other loan-backed	2,788,945	2,557,910
Total	$ 60,414,923	$ 54,518,174

Actual maturities may differ for some securities because borrowers have the right to call or prepay obligations with or without penalties.

3. Investments (continued)

The following table shows the Company's gross unrealized losses and fair value for available-for-sale securities aggregated by investment category and the length of time that individual securities have been in a continuous unrealized loss position:

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
December 31, 2023						
Fixed maturity securities:						
U.S. Treasury securities and obligations guaranteed by the U.S. government	$ -	$ -	$ -	$ -	$ -	$ -
Municipal taxable	-	-	5,362,378	(661,765)	5,362,378	(661,765)
Foreign government	-	-	-	-	-	-
Commercial mortgage and asset-backed	-	-	11,786,534	(1,826,573)	11,786,534	(1,826,573)
Corporates	-	-	29,835,451	(1,516,215)	29,835,451	(1,516,215)
Total fixed maturity securities	$ -	$ -	$ 46,984,363	$ (4,004,553)	$ 46,984,363	$ (4,004,553)

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
December 31, 2022						
Fixed maturity securities:						
U.S. Treasury securities and obligations guaranteed by the U.S. government	$ -	$ -	$ 976,770	$ (23,278)	$ 976,770	$ (23,278)
Municipal taxable	3,961,879	(448,860)	1,831,415	(508,366)	5,793,294	(957,226)
Foreign government	-	-	1,233,373	(16,589)	1,233,373	(16,589)
Commercial mortgage and asset-backed	1,298,533	(158,599)	11,620,992	(2,024,119)	12,919,525	(2,182,718)
Corporates	18,148,113	(1,506,782)	15,447,099	(1,210,156)	33,595,212	(2,716,938)
Total fixed maturity securities	$ 23,408,525	$ (2,114,241)	$ 31,109,649	$ (3,782,508)	$ 54,518,174	$ (5,896,749)

As of December 31, 2023 and 2022, the Company held securities of 95 and 109 issuers that were in an unrealized loss position with a total fair value of $46,984,363 and $54,518,174 and gross unrealized loss of $4,004,553 and $5,896,749, respectively. None of the fixed maturity securities with unrealized losses has ever missed, or been delinquent on, a scheduled principal or interest payment date.

The average rating of the Company's fixed maturity security portfolio was A+ and A+ at December 31, 2023 and 2022, respectively.

3. Investments (continued)

The Company regularly reviews its available-for-sale investments with unrealized losses to assess whether the decline in the fair value is deemed to be a credit loss. The Company considers several factors in completing its review of potential credit losses, including the extent to which a security's fair value has been below cost and the financial condition of the issuer. In addition to specific issuer information, the Company also evaluates the current market and interest rate environment. Generally, a change in a security's value caused by a change in the market or interest rate environment does not constitute a credit loss. As a result of this review, management concluded that there were no credit-related impairments of fixed maturity securities at December 31, 2023 or January 1, 2023.

Management does not intend to sell available-for-sale securities in an unrealized loss position, and it is not "more likely than not" that the Company will be required to sell these securities before a recovery in their value to their amortized cost basis occurs.

Major categories of the Company's net investment income are summarized as follows:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Income:		
Interest	$ 1,610,356	1,513,792
Amortization of premium/discount	3,512,672	(184,782)
Realized losses	(71,107)	-
Gross investment income	5,051,921	1,329,010
Investment expense	(307,536)	(251,232)
Change in fair value of Limited Partnership	797,278	6,939,005
Total net investment income	$ 5,541,663	$ 8,016,783

The following table summarizes the change in the Company's unrealized gains or losses on available-for-sale fixed maturity securities:

	Year ended December 31, 2023	Year ended December 31, 2022
Change in unrealized gains	$ -	$ (165,376)
Change in unrealized losses	1,892,196	(5,484,049)
Net change	$ 1,892,196	$ (5,649,425)

3. Investments (continued)

Assets measured at fair value on a recurring basis as of December 31, 2023 and 2022 are summarized below:

	Fair Value Measurements Using			
December 31, 2023	**Quoted Prices in Active Markets for Identical Assets Level 1**	**Significant Other Observable Inputs Level 2**	**Significant Unobservable Inputs Level 3**	**Total**
Fixed maturity securities, available for sale				
U.S. Treasury securities and obligations guaranteed by the U.S. government	$ -	$ -	$ -	$ -
Municipal taxable	-	5,512,377	-	5,512,377
Foreign government	-	-	-	-
Commercial mortgage and asset-backed	-	11,786,534	-	11,786,534
Corporates	-	30,085,451	-	30,085,451
Total fixed maturity securities	-	47,384,362	-	47,384,362
Investment in Limited Partnership	-	184,133,761	-	184,133,761
Total	$ -	$ 231,518,123	$ -	$ 231,518,123

	Fair Value Measurements Using			
December 31, 2022	**Quoted Prices in Active Markets for Identical Assets Level 1**	**Significant Other Observable Inputs Level 2**	**Significant Unobservable Inputs Level 3**	**Total**
Fixed maturity securities, available for sale				
U.S. Treasury securities and obligations guaranteed by the U.S. government	$ -	$ 976,770	$ -	$ 976,770
Municipal taxable	-	5,793,295	-	5,793,295
Foreign government	-	1,233,372	-	1,233,372
Commercial mortgage and asset-backed	-	12,919,525	-	12,919,525
Corporates	-	33,595,212	-	33,595,212
Total fixed maturity securities	-	54,518,174	-	54,518,174
Investment in Limited Partnership	-	168,336,483	-	168,336,483
Total	$ -	$ 222,854,657	$ -	$ 222,854,657

4. Deferred Policy Acquisition Costs

An analysis of deferred policy acquisition costs is as follows:

	Year Ended December 31,	
	2023	**2022**
Balance at beginning of year	$ 18,231,943	$ 14,295,202
Policy acquisition costs deferred	36,357,669	36,519,245
Amortization of policy acquisition costs	(36,732,287)	(32,582,504)
Net change	(374,618)	3,936,741
Balance at end of year	$ 17,857,325	$ 18,231,943

5. Reserves for Unpaid Losses and Loss Adjustment Expenses

The following table reconciles the beginning and ending reserve balances for unpaid losses and loss adjustment expenses, net of reinsurance to the gross amounts reported in the balance sheet:

	As of December 31,	
	2023	**2022**
Balance at Beginning of Period		
Reserves for unpaid losses and loss adjustment expenses	$ 141,245,648	$ 105,051,703
Reinsurance recoverable	(8,778,931)	(26,757,262)
Reserves for unpaid losses and loss adjustment expenses, net of reinsurance	132,466,717	78,294,441
Current Activity		
Incurred losses and loss adjustment expenses, net of reinsurance:		
Current year	109,495,202	101,307,773
Prior year	13,443,272	(1,370,273)
Total net losses and loss adjustment expenses incurred	122,938,474	99,937,500
Payments:		
Current year	(29,402,171)	(27,367,540)
Prior year	(53,502,929)	(18,397,684)
Total payments	(82,905,100)	(45,765,224)
Balance at End of Period		
Reserves for unpaid losses and loss adjustment expenses, net of reinsurance	172,500,091	132,466,717
Reinsurance recoverable	3,556,921	8,778,931
Reserves for unpaid losses and loss adjustment expenses, gross of reinsurance	$ 176,057,012	$ 141,245,648

5. Reserves for Unpaid Losses and Loss Adjustment Expenses (continued)

During the year ended December 31, 2023, the Company's net incurred losses for prior accident years developed unfavorably by $13.4 million primarily due to higher-than-expected emergence in property lines driven by catastrophes in the 2022 accident year and in casualty lines driven by legacy contract business.

During the year ended December 31, 2022, the Company's net incurred losses for prior accident years developed favorably by $1.4 million primarily due to lower-than-expected emergence in property lines driven by fourth quarter 2021 accidents. This favorable development in property was offset by adverse development in the 2020 accident year attributable to the contract casualty line of business.

The following table presents assumed and paid losses and allocated loss adjustment expenses, as of December 31, 2023 and 2022 for the assumed property and casualty lines of business. The information provided regarding assumed and paid accident year claims development for the period ended December 31, 2023 is presented as unaudited supplementary information.

	Assumed Claims and Allocated Claim Adjustment Expenses					As of December 31, 2023	
	Year Ended December 31,					Total of IBNR Liabilities plus Expected Development on Reported Claims	Cumulative # of Reported Claims[1]
Accident Year	**2019**	**2020**	**2021**	**2022**	**2023**		
Property							
2019	$ 6,866,834	$ 6,889,074	$ 7,198,696	$ 8,267,580	$ 8,271,458	$ (7,510)	254
2020		38,824,151	40,657,483	43,078,237	43,809,929	239,867	1022
2021			55,587,507	45,806,905	45,780,181	377,944	948
2022				44,855,872	54,690,743	3,566,218	1290
2023					40,838,470	7,707,121	956
Total					$ 193,390,781		

[1]Claim count information is reported per claim.

	Cumulative Paid Claims and Allocated Claim Adjustment Expenses				
	Year Ended December 31,				
Accident Year	**2019**	**2020**	**2021**	**2022**	**2023**
Property					
2019	$ 1,504,925	$ 6,628,165	$ 7,907,391	$ 7,909,543	$ 8,254,998
2020		17,107,730	32,639,206	38,888,601	41,899,187
2021			26,835,036	40,651,137	43,752,835
2022				22,449,268	46,634,943
2023					26,073,849
Total					166,615,812
Liabilities for unpaid losses and allocated loss adjustment expenses					$ 26,774,969

5. Reserves for Unpaid Losses and Loss Adjustment Expenses (continued)

	Assumed Claims and Allocated Claim Adjustment Expenses					As of December 31, 2023	
	Year Ended December 31,					Total of IBNR Liabilities plus Expected Development on	Cumulative # of Reported
Accident Year	2019	2020	2021	2022	2023	Reported Claims	Claims[1]
Casualty							
2019	$ 5,374,523	$ 5,228,491	$ 4,512,713	$ 4,599,107	$ 4,843,693	$ 561,685	116
2020		22,841,376	24,114,786	24,713,866	23,820,169	3,887,848	578
2021			41,775,801	43,015,841	43,091,952	12,839,925	1292
2022				51,932,188	55,936,876	29,508,019	1598
2023					62,730,695	52,458,448	1084
Total					$ 190,423,385		

[1]Claim count information is reported per claim.

	Cumulative Paid Claims and Allocated Claim Adjustment Expenses				
	Year Ended December 31,				
Accident Year	2019	2020	2021	2022	2023
Casualty					
2019	$ 7,769	$ 123,481	$ 933,249	$ 2,276,572	$ 3,261,569
2020		251,888	4,220,551	9,128,128	15,660,846
2021			959,115	7,205,793	16,549,364
2022				3,612,285	13,808,916
2023					1,630,806
Total					50,911,501
Liabilities for unpaid losses and allocated loss adjustment expenses					$ 139,511,884

The following is supplementary information about average historical claims duration as of December 31, 2023:

	Average Annual Percentage [1] Payout of Incurred Claims by Age				
	Year 1	Year 2	Year 3	Year 4	Year 5
Property	48.6%	38.5%	10.9%	5.8%	4.2%
Casualty	3.4%	16.1%	21.0%	27.5%	20.3%

[1] Calculated using weighted average.

5. Reserves for Unpaid Losses and Loss Adjustment Expenses (continued)

The following table is a reconciliation of the net incurred and paid claims development tables to the liability for unpaid losses and loss adjustment expenses in the balance sheets:

	As of December 31, 2023	As of December 31, 2022
Net outstanding liabilities for unpaid losses and loss adjustment expenses		
Property	$ 26,774,969	$ 32,110,045
Casualty	139,511,884	102,038,224
Liabilities for unpaid losses and loss adjustment expenses	166,286,853	134,148,269
Reinsurance recoverable on unpaid losses and loss adjustment expenses		
Property	3,556,921	8,778,931
Total reinsurance recoverable on unpaid losses and loss adjustment expenses	3,556,921	8,778,931
Impact of Loss Portfolio Transfer	(3,556,921)	(8,778,931)
Net unallocated losses adjustment expenses	9,770,159	7,097,379
Gross liability for unpaid losses and loss adjustment expenses	$ 176,057,012	$ 141,245,648

Sequentis Re has not assumed reinsurance coverage that could reasonably be expected to produce material levels of asbestos claims activity. In addition, management does not believe that Sequentis Re is exposed to environmental liability claims other than those which it has specifically underwritten and priced as an environmental exposure.

6. Reinsurance

On December 30, 2021, Sequentis Re entered into a loss portfolio transfer of its brokerage property reserves with Carrick Re Limited, an affiliated company, with an effective date of September 30, 2021. The Company remains liable if its reinsurer is unable to meet its contractual obligations under the reinsurance agreement. Effective December 27, 2023, Carrick Re Limited was no longer an affiliated company.

Premiums written, premiums earned and losses and loss adjustment expenses incurred are summarized as follows:

	Year Ended December 31,	
	2023	**2022**
Written premiums:		
Direct	$ -	$ -
Assumed	214,474,558	145,629,731
Ceded	-	-
Net written	214,474,558	145,629,731
Earned premiums:		
Direct	-	-
Assumed	185,188,523	141,241,026
Ceded	-	-
Net earned	185,188,523	141,241,026
Losses and loss adjustment expenses:		
Direct	-	-
Assumed	123,470,578	96,942,980
Ceded	(532,104)	2,994,520
Net losses and loss adjustment expenses	$ 122,938,474	$ 99,937,500

At December 31, 2023 and 2022, under the agreement the Company had reinsurance recoverables on unpaid losses of $3.6 million and $8.8 million and reinsurance recoverables on paid losses of $0 million and $1.7 million, respectively.

Reinsurance recoverable is reported as an asset. The Company is exposed to credit losses from reinsurers being unable to meet their obligations. All of the Company's reinsurance recoverables are fully collateralized by funds held, which are reported as a liability on the balance sheets. The Company has not experienced any credit losses from reinsurance recoverables and did not record an allowance for uncollectible reinsurance recoverables as of December 31, 2023 or January 1, 2023.

7. Shareholder's Equity

Sequentis Re's authorized common stock consists of 120,000 issued shares, $1.00 par value, all of which were outstanding as of December 31, 2023 and 2022.

8. Income Taxes

The provision for federal income taxes is different from what would be obtained by applying the statutory federal income tax rate to income before income taxes. Total income tax consists of the following:

	Year Ended December 31,	
	2023	2022
Federal income tax expense (benefit) at applicable statutory rates (current)	$ 4,155,379	$ (2,544,857)
Federal income tax (benefit) expense at applicable statutory rates (deferred)	(2,687,598)	971,333
Total income tax expense (benefit)	$ 1,467,781	$ (1,573,524)

The significant components of the net deferred tax asset at the corporate income tax rate of 21% are as follows:

	As of December 31,	
	2023	2022
Deferred tax assets:		
Unearned premiums	$ 4,576,164	$ 3,346,151
Net unrealized gains on investment	840,956	1,238,317
Reserves for unpaid losses and loss adjustment expenses	2,974,216	2,220,756
Accrued market discount	66,993	-
Total deferred tax assets	8,458,329	6,805,224
Deferred tax liabilities:		
Deferred policy acquisition costs	(3,750,038)	(3,828,708)
Pass-through entities	(1,357,942)	(1,903,306)
Accrued market discount	-	(13,097)
Total deferred tax liabilities	(5,107,980)	(5,745,111)
Net deferred tax assets	$ 3,350,349	$ 1,060,113

Sequentis Re is party to a tax allocation agreement with its ultimate parent Zimmer Financial Services Group LLC and its affiliated companies. The tax sharing agreement provides for an allocation of income tax expense or benefit to each entity that is party to the agreement based on the applicable income tax that would have been incurred as if the entity filed a separate, standalone tax return.

8. Income Taxes (continued)

Sequentis Re files a consolidated federal income tax return with the following entities:

- Zimmer Financial Services Group LLC
- Ategrity Specialty Holdings LLC
- Ategrity Specialty Insurance Company

Sequentis Re classifies all interest and penalties related to uncertain tax positions as income tax expense. The Company did not incur any interest or penalties related to uncertain tax positions during the years ended December 31, 2023 and 2022.

The Company had no reserve for future tax contingencies or liabilities (unrecognized tax benefits) and no valuation allowance at December 31, 2023 and 2022, as the consolidated tax return in which the entities are included has several other profitable entities which would allow the benefit of any future reversing deferred tax assets to be realized.

On December 27, 2023, the Government of Bermuda enacted the Corporate Income Tax Act of 2023, which will apply a 15% corporate income tax to certain Bermuda businesses beginning on January 1, 2025. The Company does not anticipate incurring Bermuda taxes.

The Company's tax returns for the years 2020 and subsequent remain open and subject to examination by the IRS.

9. Other Comprehensive Income

The following table summarizes the components of other comprehensive income:

	Year Ended December 31,	
	2023	**2022**
Unrealized gains (losses) arising during the period, before U.S. income taxes	$ 1,892,196	$ (5,649,425)
U.S. income tax (expense) benefit	(397,362)	1,186,379
Unrealized gains (losses) arising during the period, net of U.S. income taxes	1,494,834	(4,463,046)
Other comprehensive gain (loss)	$ 1,494,834	$ (4,463,046)

10. Related Party Transactions

Sequentis Re, Ategrity Specialty Holdings LLC and ASIC are the limited partners of the Limited Partnership and have entered into an Amended and Restated Limited Partnership Agreement with ZP Utility Insurance GP, LLC, the General Partner of the Limited Partnership. The sole owner of the General Partner is also the controlling shareholder of Ategrity Specialty Holdings LLC.

10. Related Party Transactions (continued)

On January 1, 2019, Sequentis Re entered into a quota share reinsurance agreement with Ategrity Specialty Insurance Company. The agreement and its subsequent amendments generally provide for 80% of Ategrity Specialty Insurance Company business after third-party reinsurance to be ceded to Sequentis Re. The agreement also provides for a ceding commission which is reviewed for adequacy on an annual basis by the Board of Directors. The ceding commission was 17.0% and 21.4% in 2023 and 2022, respectively. Additionally, the agreement provides for a management fee to be paid by Sequentis Re to Ategrity Specialty Insurance Company. This fee represents Sequentis Re's proportional share of Ategrity Specialty Insurance Company's operating expenses related to the business covered by the agreement. All premium revenues recorded were assumed from Ategrity Specialty Insurance Company under this agreement. Management fee expense was $18,380,129 and $20,641,236 for the years ended December 31, 2023 and 2022, respectively.

Balances related to the quota share agreement are included in receivable from affiliate on the balance sheets and include the following:

	As of December 31,	
	2023	2022
Assumed premiums receivable, net of ceding commissions	$ 49,849,902	$ 29,469,405
Assumed paid losses and loss adjustment expenses payable	(20,803,563)	(19,457,132)
Management fee payable	(5,530,026)	(5,160,309)
Other intercompany receivables (payables)	269,705	(4,177,564)
Receivable from affiliate	$ 23,786,018	$ 674,400

On December 30, 2021, Sequentis Re entered into a loss portfolio transfer of its brokerage property reserves with Carrick Re Limited, an affiliated company, with an effective date of September 30, 2021. As of December 31, 2023 and 2022, the reinsurance recoverable for unpaid losses and loss adjustment expenses under the agreement was $3.6 million and $8.8 million, respectively. As of December 27, 2023, Carrick Re Limited was no longer an affiliated company.

On December 21, 2020, JPMorgan Chase Bank issued a letter of credit agreement in the amount of $35.0 million for the benefit of Ategrity Specialty Insurance Company on behalf of Sequentis Re. On December 25, 2020 and amended on December 21, 2021 and on December 23, 2022, Barclays Bank issued a letter of credit agreement in the amount of $35.0 million for the benefit of Ategrity Specialty Insurance Company on behalf of Sequentis Re. There were no draws on these agreements as of December 31, 2023 or 2022. Interest paid on the agreements was $2.1 million and $2.1 million for the years ended December 31, 2023 and 2022, respectively.

In December 2022, Ategrity Specialty Holdings LLC made a cash contribution to the Company of $19.0 million.

In December 2023, Ategrity Specialty Holdings LLC made a non-cash contribution to the Company of $15.0 million in the form of an investment in the Limited Partnership.

11. Commitments and Contingencies

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

12. Statutory Requirements

As a registered insurance company under the Insurance Act 1978, amendments thereto and Related Regulations of Bermuda (the "Act"), the Company is required to prepare Statutory Financial Statements and to file a Statutory Financial Return annually (or as otherwise agreed, in certain circumstances). The Act also requires the Company to meet certain defined measures of solvency and liquidity. The statutory capital and surplus amounted to $156.4 million and $134.0 million as of December 31, 2023 and 2022, respectively. The Company has met the minimum statutory capital and surplus requirements as of December 31, 2023 and 2022. The principal difference between the Company's statutory capital and surplus and shareholder's equity as reported in conformity with GAAP relate to prepaid expenses which are non-admitted assets under the Act.

The Company is prohibited from declaring or paying a dividend if its Class 3A statutory capital and surplus is less than its Enhanced Capital Requirement, if it is in breach of its solvency margin or minimum liquidity ratio or if the declaration or payment of such dividend would cause such breach. Further, the Company must obtain the prior approval of the Bermuda Monetary Authority for a reduction by 15% or more of the total statutory capital or 25% of the total statutory capital and surplus, as set forth in its previous year's financial statements.

13. Subsequent Events

The Company has evaluated subsequent events through April 29, 2024, the date the financial statements were available to be issued. No subsequent events are known.