Mozart Insurance Limited

(Incorporated in Bermuda)

Financial Statements

December 31, 2023

(expressed in U.S. dollars)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholder of
Mozart Insurance, Ltd.

Opinion

We have audited the financial statements of Mozart Insurance, Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2023 and the related statements of comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Other Matter

The financial statements for the year ended December 31, 2022 were audited by other auditors who expressed an unmodified opinion on those financial statements in their report dated April 28, 2023.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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 independent of Mozart Insurance, Ltd. in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct ("CPA Bermuda Rules") that are relevant to our audit of the financial statements in Bermuda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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 a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Grant Thornton (Bermuda) Limited
Independent Auditors' Report

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Board of Directors, as a body and the Shareholder, in accordance with the agreed scope of our engagement. Our audit work has been undertaken so that we might state to Board of Directors and Shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Board of Directors as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton (Bermuda) Limited

Hamilton, Bermuda
June 25, 204

Mozart Insurance Limited
Statement of Financial Position
As at December 31, 2023
(Expressed in United States Dollars)

	Notes	31-Dec-23	31-Dec-22 *restated*	1-Jan-22 *restated*
Assets				
Cash and cash equivalents	4	364,803	3,308,874	534,742
Investment at market value	5	14,421,415	8,729,795	9,437,902
Prepaid expenses and other assets		9,630	9,541	13,048
Total assets		14,795,848	12,048,210	9,985,692
Liabilities				
Insurance contract liabilities	6	1,459,150	1,231,414	291,111
Accounts payable and accrued expenses		135,370	107,870	79,825
Total liabilities		1,594,520	1,339,284	370,936
Shareholder's equity				
Share capital	11	120,000	120,000	120,000
Contributed Surplus	11	6,497,324	6,497,324	6,497,324
Retained Earnings		6,584,004	4,091,603	2,997,433
Total shareholder's equity		13,201,328	10,708,926	9,614,756
Total liabilities and shareholder's equity		14,795,848	12,048,210	9,985,692

Director

Director

Mozart Insurance Limited
Statement of Comprenhensive Income
For the year ended December 31, 2023
(Expressed in United States Dollars)

	Note	December 31, 2023	December 31, 2022 *restated*
Insurance Revenue	8	25,301,996	14,463,819
Insurance Service expense	7 & 8	(21,558,352)	(10,442,748)
Insurance Service Result	8	3,743,644	4,021,071
Net investment income/ (loss)	9	1,214,123	(1,330,465)
Insurance finance (expenses)/income for insurance contracts issued	10	(1,104,975)	381,478
Net insurance and investment result		3,852,792	3,072,084
General and administrative expenses	13	(574,941)	(820,513)
Foreign exchange gain/(loss)		1,214,550	(1,157,402)
Total other income/(expenses)		639,610	(1,977,914)
Income for the year		4,492,402	1,094,170

Mozart Insurance Limited
Statement of Changes in Shareholder's Equity
For the year ended December 31, 2023
(Expressed in United States Dollars)

	Share capital $	Contributed surplus $	Retained surplus/ (deficit) $	Total shareholder's equity $
December 31, 2021 (as previosly reported)	**120,000**	**6,497,324**	**2,588,374**	**9,205,698**
Impact of initial application of IFRS 17	-	-	409,058	409,058
Restated balance as at January 1, 2022	**120,000**	**6,497,324**	**2,997,432**	**9,614,756**
Income for the year	-	-	1,094,170	1,094,170
December 31, 2022	**120,000**	**6,497,324**	**4,091,602**	**10,708,926**
Income for the year	-	-	4,492,402	4,492,402
Dividend payment			(2,000,000)	(2,000,000)
December 31, 2023	**120,000**	**6,497,324**	**6,584,004**	**13,201,327**

Mozart Insurance Limited
Statement of Cash Flows
For the year ended December 31, 2023
(Expressed in United States Dollars)

	December 31, 2023	**December 31, 2022** ***restated***
Cash flows from Operating Activities		
Net Income / (Loss)	4,492,402	1,094,170
Change in non-cash balances relating to operations:		
Change in unrealized gain (loss) on investments	(1,169,271)	1,232,697
Non-cash interst income	(64,861)	(14,928)
Net realized Loss/(Gain)	92,744	156,072
(+/-) Non Operating Income/Expenses:		
Investment Expenses	54,152	51,972
Interest & Dividend Income	(138,632)	(41,309)
FX (Gain)/Loss on Investments	1,034	(1,489)
Changes in assets and liabilities		
Prepaid expenses and other assets	(89)	3,507
Insurance contract liabilities	227,737	940,303
Payable and accrued expenses	27,500	28,045
Net Cash Provided In Operating Activities	3,522,716	3,449,040
Cash flows from Financing Activities		
Dividend	(2,000,000)	-
Net Cash Used In Financing Activities	(2,000,000)	-
Cash flows from Investing Activities		
Proceeds on sales of marketable investments, FVTPL	2,281,500	3,297,172
Purchase of marketable investments, FVTPL	(6,831,732)	(3,962,908)
Investment Expenses	(54,152)	(51,972)
Interest & Dividend Income	138,632	41,309
FX Gain/(Loss) on Investments	(1,034)	1,489
Net Cash Flows Used In Investing Activities	(4,466,786)	(674,909)
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,944,071)	2,774,131
Cash and cash equivalents – Beginning of year	3,308,874	534,742
Cash and cash equivalents – End of year	364,803	3,308,874

(Expressed in United States Dollars)

1. *The Company*

Mozart Insurance Ltd. ("the Company") was incorporated under the laws of Bermuda on July 12, 2019 and has its place of business in Bermuda. On September 26, 2019, the Company registered as a Class 3A insurer under The Insurance Act 1978 (Bermuda) amendments thereto and related regulations ("The Insurance Act"). The address of the Company's registered office is Crawford House, 50 Cedar Avenue, Hamilton HM11, Bermuda.

The Company is owned by Newport International Limited, a company incorporated and registered in Bermuda. The ultimate beneficial owners of the Company are Lilian Gutt de Mishaan (75%) and Alberto Mishaan Gutt (25%). The Company assumed the business previously written in a Bermuda segregated account company managed by Independent Risk Solutions Ltd. (IRSL), a Bermuda registered company.

Effective March 1, 2017, the Bermuda segregated account entered into a reinsurance agreement with Ocean Re. Under the agreement, the segregated account ultimately provided excess of loss reinsurance under a treaty covering multiple lines of business and will take the form of a non-proportional excess of loss policy. Risks covered include Surety Bonds, General Liability, Group Life and Property. The segregated account cancelled its agreement with Ocean Re as of February 28, 2018 and was commuted on July 22, 2021, then entered into a reinsurance agreement with Hanover Re. This agreement covered the same lines of business as they had with Ocean Re and was effective as of May 15, 2018. The program was renewed on May 15, 2019 until May 14, 2020. The Hannover Re contract was commuted on November 22, 2021.

The Company chose Munich Re as reinsurer for the period policy after May 15, 2020 and renewed on a yearly basis. The actual treaty with Munich Re is for the period January 2023 to December 31, 2024 and had the following lines of business and limits:

Contract Line	Contract Type	Currency	Contract Limit in COP	Signed Line	Line%	Limit per Loss in COP
Motor	QS	COP	500 SMMLV	64%	100%	3,000,000,000
TPL Auto	QS	COP	500 SMMLV	64%	100%	20,000,000,000
Lease	QS	COP	12,000,000	64%	100%	600,000,000
Personal Accidents	QS	COP	500,000,000	64%	100%	500,000,000
Electronic equipment	QS	COP	50,000,000	64%	100%	50,000,000

2. *Summary of significant accounting policies*

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

(a) Statement of compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations as issued by the International Accounting Standards Board (IASB). The statement of financial position is presented in order of liquidity.

The financial statements were authorised for issue by the Board of Directors on June 25, 2024.

(b) Basis of presentation

The Company’s financial statements have been prepared under the historical cost basis, except for investments, which are recorded at fair value, and reserves for losses and loss expenses, which are estimated.

The Company has prepared its financial statements in conformity with IFRS 17 “Insurance Contracts”, effective January 1, 2023 and believes it is in compliance with the standard.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of accounting polices and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Certain comparative figures have been reclassified to conform to the current year’s presentation and disclosure.

(c) Functional currency

The financial statements are presented in United States dollars, which is the Company’s functional currency.

(d) Translation of foreign currencies

Monetary assets and liabilities originating in other currencies are translated into United States dollars (the functional currency) at the rates of exchange in effect at the reporting date. Non-monetary items originating in other currencies are translated into United States dollars at the rates of exchange in effect at the dates when the transactions occurred. Revenue and expense items are translated into United States dollars at the rate of exchange prevailing at the time of the transaction. The resulting exchange gains or losses are recognized in net income. For the year ended, December 31, 2023, the statement of comprehensive income reflects foreign currency transaction gain of $1,214,550 and (loss) for 2022 ($1,157,402).

(e) Cash and cash equivalents

The Company considers all highly liquid debt instruments with a maturity of 90 days or less at the date of purchase to be cash equivalents.

(f) Marketable investments

All of the Company's investments are classified as fair value through profit or loss ("FVTPL") and are carried at fair value, based on quoted market prices. Unrealized gains and losses on fixed income securities purchased for amounts other than their face value are reflected in net income in the income statement accordingly.

Investment income is stated net of investment management and custody fees. Interest income is recognized on the accrual basis and includes the amortization of premium or discount on fixed interest securities purchased at amounts different from their par value.

Unrealized and realized gains and losses on investments are included in investment income and Other Comprehensive Income. Purchases and sales of investments are recorded on a trade date basis and the cost of securities sold is determined on a first-in, first-out basis.

(g) Fair value measurements

Fair value of investments is disclosed based on a fair value hierarchy that reflect the quality of inputs used to measure fair value. The valuation hierarchy is based upon whether the inputs to the valuation of an asset or liability are observable or unobservable in the market at the measurement date, with quoted market prices being the highest level (Level 1) and unobservable inputs being the lowest level (Level 3). A fair value measurement will fall within the level of the hierarchy based on the input that is significant to determining such measurement. The three levels are defined as follows:

- Level 1 – inputs are based upon quoted prices for identical instruments traded in active markets.

- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for similar or identical instruments in inactive markets and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets and liabilities.

- Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models and similar valuation techniques.

(h) Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(i) Significant judgements and estimates

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Management discussed with the Board of Directors the development, selection and disclosure of the Company's critical accounting policies and estimates, and the application of these policies and estimates.

The estimation of the ultimate liability arising from claims made under insurance and reinsurance contracts is the Company's most critical accounting estimate. There is further disclosure in relation to this estimate within Note 3. The Company's estimate for reported and unreported losses and the process for establishing resulting provisions and related reinsurance recoverable are continually reviewed and updated, and adjustments resulting from this review are reflected in the income statement. The process relies upon the use of external advisors and the assumption that past experience is an appropriate basis for predicting future events. It is reasonably possible that the technical provisions will be settled at amounts that are materially different from the balances currently recorded and would therefore require a material adjustment to the carrying value.

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to industry data and past claims development experience. This includes assumptions in respect of the timing of claims, average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. For certain policies an assumption is made that the loss reserves will equal known claims at the time the policy expires. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: one–off occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

(j) Insurance and Reinsurance contracts

The Company applies the Premium Allocation Approach (“PAA”) to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company’s previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company discounts cash flows expected to take more than one year after the date on which the claims are incurred, and it includes an explicit risk adjustment for non-financial risk.

Liability for remaining coverage - LRC
The Company enters into various insurance contracts that transfer significant insurance risk. The Company defines significant insurance risk as the possibility of having to pay, on the occurrence of an insured event, an amount that is significant in relation to the premiums earned by the Company on such contracts. The contracts are on a claims incurred basis and are classified as short-term.

Insurance acquisition cash flows - IACF
Insurance acquisition cash flows are allocated to related groups of insurance contracts recognized in the statement of financial position. An asset for insurance acquisition cash flows is recognized for acquisition cash flows incurred before the related group of insurance contracts has been recognized.

Liability for incurred claims - LIC
The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Incurred Loss Development Method and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company’s past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios.

Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims’ development data on which the projections are based.

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

Risk adjustment for non-financial risk - RA
The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company applies a cost of capital approach to calculate the risk adjustment which is based on the BMA guidance notes that prescribes a risk margin calculation to reflect the uncertainty associated with the probability-weighthed cash flows and the compensation for the risk of future cash flows being worse than expected and for the cost of holding regulatory capital.

The Company has estimated the confidence level corresponding to its risk adjustment calculated using a cost of capital approach is 68%. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 68^{th} percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required.

Insurance revenue
The insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The standar allows to allocate the expected premium receipts to each period on the following base:

- the passage of time; or
- the expected timing of incurred insurance service expenses

The Company allocates the expected premium receipts to each period on the passage of time

Insurance service expenses
Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They comprise the following items.
- Incurred claims and other insurance service expenses:
- Amortisation of insurance acquisition cash flows: the Company amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts.
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

Insurance finance expenses/income for insurance contracts issued
Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance contracts arising from the effects of the time value of money and financial risk.

(k) Changes in accounting policies and disclosures

New and amended standards and interpretations.

IFRS 17 Insurance Contracts
The accounting policies adopted by the Company for the preparation of its financial statements as of December 31, 2023, are consistent with those that were used for the preparation of its financial statements as of December 31, 2022, except for the application of IFRS 17, as indicated below.

These modifications and new interpretations required the revision of accounting policies, the remeasurement and/or presentation of certain items in the financial statements and certain additional disclosures. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Company applied IFRS 17 for the first time as of January 1, 2023. The nature of the changes due to the adoption of the new accounting standards are described in the following paragraphs. The Company has restated the comparative information as of for December 31, 2022. The nature of the changes in accounting policies can be summarized, as follows:

Changes to classification and measurement

In May 2017, the IASB published IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. IFRS 17 applies to all types of insurance contracts as well as to certain guarantees and financial instruments with discretionary participation features. In contrast to the requirements in IFRS 4, which are largely based on grandfathering of previous local accounting policies, IFRS 17 provides a comprehensive and consistent approach to insurance contracts. The core of IFRS 17 is the general model, supplemented by a specific adaption for contracts with direct participation features (the variable fee approach) and a simplified approach (the premium allocation approach) mainly for short-duration contracts.

The main features of the new accounting model for insurance contracts are, as follows: the measurement of the present value of future cash flows incorporating an explicit risk adjustment and remeasured every reporting period (the fulfilment cash flows); a contractual service margin that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (coverage period); the presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of insurance services provided during the period; and extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

The Company has initially applied IFRS 17, including any consequential amendments to other standards, from January 1, 2023. This standard has resulted in significant changes to the accounting for reinsurance contracts. As a result, the Company has restated specific comparative amounts and presented a third statement of financial position as of January 1, 2022.

The Company applies the PAA to simplify the measurement of contracts. The PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for incurred claims, the Company discounts cash flows expected to take more than one year after the date on which the claims are incurred, and it includes an explicit risk adjustment for non-financial risk.

The measurement principles of the PAA differ from the ‘earned premium approach’ used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognized in revenue for insurance services provided.
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision).

(Expressed in United States Dollars)

- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the reinsurance contracts issued. Colombian risk free rates are determined by reference to the European Insurance and Occupational Pensions Authority ("EIOPA") risk-free rates. The USD implied liquidity premium adjustment is determined by reference to the Bermuda Monetary Authority and are applied to the Colombian risk-free rates.

The table below set out the yield curves used to discount the cash flows of reinsurance contracts.

The yield curve as at 31 December 2023

Maturity	Spot Rate	Maturity	Spot Rate
1	10.47%	26	9.26%
2	10.45%	27	9.15%
3	10.49%	28	9.04%
4	10.57%	29	8.93%
5	10.65%	30	8.83%
6	10.76%	31	8.73%
7	10.86%	32	8.64%
8	10.93%	33	8.55%
9	11.01%	34	8.46%
10	11.08%	35	8.38%
11	11.09%	36	8.30%
12	11.06%	37	8.22%
13	10.99%	38	8.15%
14	10.89%	39	8.08%
15	10.77%	40	8.01%
16	10.63%	41	7.95%
17	10.49%	42	7.88%
18	10.33%	43	7.82%
19	10.16%	44	7.77%
20	10.00%	45	7.71%
21	9.87%	46	7.66%
22	9.75%	47	7.61%
23	9.62%	48	7.56%
24	9.50%	49	7.51%
25	9.38%	50	7.47%

Level of aggregation

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together.

Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit'. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Company applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, the Company portfolios of contracts are divided into two groups, as follows:

- A group of contracts that are onerous at initial recognition (if any) - Onerous
- A group of the remaining contracts in the portfolio (if any) - Other profiable

Munich Re contract, in its entirety, comprise Mozart's definition of a Portfolio as a group of the remaining contracts in the portfolio – Other profitable. The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business.

Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates insurance contracts issued and presents separately:

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

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The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following line items:

- Gross written Premiums
- Change in unearned premium
- Sales commission expense
- Tax expense
- Claims expenses
- Change in OSLR
- Change in IBNR

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue.
- Insurance service expenses.
- Insurance finance income or expenses.

The Company provides disaggregated qualitative and quantitative information about:

- Amounts recognized in its financial statements from insurance contracts.
- Significant judgements, and changes in those judgements, when applying the standard

Transition

On transition date, January 1, 2022, the Company:

- Has identified, recognized, and measured each group of insurance contracts as if IFRS 17 has always been applied.
- Has identified, recognized, and measured assets for insurance acquisition cash flows as if IFRS 17 has always been applied.
- Derecognized any existing balances that would not exist had IFRS 17 always been applied.
- Recognized any resulting net difference in equity.

3. *Insurance and financial risk*

Insurance risk

Insurance contracts

The Company currently issues the contract mentioned in Note 1. The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with these insurance contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random and the actual number and amount of claims will vary from year to year.

The following tables show the concentration of net insurance contract liabilities by type of contract:

	2023			2022		
Line of business	$			$		
	Reinsurance contracts issued	**Reinsurance Held**	**Net**	**Reinsurance contracts issued**	**Reinsurance Held**	**Net**
TPL Motor	16,613,230	-	16,613,230	10,760,884	-	10,760,884
Auto Motor	5,828,483	-	5,828,483	2,682,307	-	2,682,307
Lease	5,477,443	-	5,477,443	1,050,186	-	1,050,186
Personal Accident	480,363	-	480,363	301,992	-	301,992
Electronic equipment	2,703,853	-	2,703,853	-	-	-
Total	**31,103,373**	**-**	**31,103,373**	**14,795,369**	**-**	**14,795,369**

Concentration of insurance risk by geographical locations

The Company was founded to received reinsurance from Colombia through Munich Re therefore, the geographical concentration of the Company's insurance contract liabilities is in Colombia, and the currency risk exposure is in Colombian Peso (COP).

Claims development table.

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

(Expressed in United States Dollars)

As required by IFRS 17, in setting claims provisions, the Company considers the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

The Company has not disclosed previously unpublished information about claims development that occurred earlier than five years before the end of the annual reporting period in which it first applies IFRS 17.

The cumulative payments inception to date are for $7,108,758 and the claims and claims expenses paid during the year for $6,697,785 are including the 12% expenses incurred in Auto TLP ($1,993,587.66). The development tables are based on Mozart's historical claims experience. In addition, Deloitte used a regional Loss Development Factor (LDF) benchmark for companies that write third-party liability automotive insurance in South America to compare to the experience seen through the original insurance company losses.

All Lines Combined	**Prior to 2020**	**2020**	**2021**	**2022**	**2023**	**Current estimate**
Estimate of ultimate claims						
At end of year		807,381	2,723,994	3,020,789	7,392,284	7,392,284
One year later		4,003,277	4,369,388	5,898,586		5,898,586
Two years later		2,837,204	5,165,391			5,165,391
Three years later		3,315,240				3,315,240
Current estimate of ultimate claims						21,771,505
Discount in Loss reserves						(3,076,485)
Current estimate of the risk adjustment						593,807
Less: Cumulative payments to date (from inception to date)						(7,108,758)
Liability recognised in the Statement of Financial Position						12,180,069

Financial risk

Liquidity risk

Liquidity risk is the risk of having insufficient cash resources to meet cash outflow commitments as they fall due. Liquidity risk arises from general business activities and in the course of managing the assets and liabilities. There is a risk of loss to the extent that the sale of a security prior to maturity is required to provide liquidity to satisfy claims and other cash outflows. The liquidity requirements of the Company's business have been met primarily by funds generated by operations, asset maturities and income and other returns received on securities. The Company generally maintains a conservative liquidity position that exceeds anticipated obligations. The Company has policies to limit and monitor its exposure to individual issuers and to ensure that assets and liabilities are broadly matched in terms of their duration. Management believes the Company has sufficient funds to meet its liabilities and to satisfy regulatory capital requirements as at December 31, 2023 due to the cash and cash equivalents held by the Company exceeding the total liabilities recognized on the statement of financial position.

Maturity analysis for insurance liabilities is analyzed in the tables below.

	Carrying amount 2023	0-1 year	1+ years
Insurance Contract Liabilities	1,459,150	(5,913,760)	7,372,910

	Carrying amount 2022	0-1 year	1+ years
Insurance Contract Liabilities	1,231,414	(3,170,799)	4,402,213

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument, insurance contract issued will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk); market interest rates (interest rate risk); and market prices (price risk).

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument, insurance contract assets and/or liabilities will fluctuate because of changes in foreign exchange rates.

The Company's principal transactions are carried out using US dollars ("functional currency") and its exposure to foreign exchange risk arises primarily with respect to the COP based on the reinsurance contracts. The Company's financial assets are primarily denominated in the same currency as its insurance contract liabilities, which is the US dollar.

Interest rate risk

Interest rate risk is the potential for financial loss arising from changes in interest rates. The Company actively manages its interest rate exposure with the objective of enhancing net investment income within established risk tolerances and Board approved investment policies. The Company is exposed to interest rate price risk on monetary assets that have a fixed interest rate. During periods of rising interest rates, the market value of the existing fixed interest securities will generally decrease and realized gains on fixed income securities will likely be reduced. The reverse is true during periods of declining interest rates.

Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud, or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorization and reconciliation procedures, staff education and assessment processes. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

(Expressed in United States Dollars)

Credit risk

Credit risk is the risk of financial loss resulting from the failure of debtors to make payments of interest and/or principal when due. The Company is exposed to credit risk principally through its cash and cash equivalents, financial assets and insurance balances receivable. Concentrations of credit risk arise from exposures to a single debtor or groups of debtors that have similar credit risk characteristics, such as debtors in the same geographic regions or in similar industries. The Company's maximum credit risk exposure is the carrying value of the assets net of any allowances for doubtful debts. Credit risk relating to financial assets at fair value through profit or loss is managed through monitoring of the issuer, industry and geographical diversification within the investment portfolio. The Company mitigates credit risk on its insurance balances receivable through detailed credit and underwriting policies and on-going monitoring of outstanding receivables.

Credit risk relating to financial instruments is monitored by the Company. It is the Company's responsibility to review and manage credit risk, including environmental risk for all counterparties. The Company manages and controls credit risk by setting investment guidelines for the investment portfolio which are then managed by the investment manager and reviewed with the Company on a regular basis. It is the Company's policy to invest in high quality financial instruments with a low risk of default. If there is a significant increase in credit risk, the Company along with the investment mange will review the circumstance and take the appropriate action to correct the level of credit risk based on the facts and circumstances.

The company monitors the credit risk of the reinsurance contract inwards based on the license conditions issued by the BMA on not to assume insurance business from reinsurers rated lower than A- by A.M. Best or similar rating agencies. Munich Re as retrocedent is rated A+ by A.M. Best. The management monitors the terms and conditions in the policy document are complied with and that payments to be receive net of comisisons, taxes and claims payable to reduce the risk of default.

Credit Rating

Credit ratings for investments held by the Company as at December 31, 2023 range from AAA to non-rated (2022 – A to non-rated) as set out by S&P, Fitch or Moody's (as available).

	2023 USD	**2022 USD**
AAA	301,418	-
AA	2,457,252	959,273
AA+	860,288	-
AA-	2,047,838	1,745,942
A	-	265,596
A-	-	-
BBB	301,868	263,780
BB	-	267,525
	-	-
B	299,981	-
NR	8,152,771	5,227,680
	14,421,415	**8,729,796**

(Expressed in United States Dollars)

Expected Credit Losses

The Company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective interest rate.

The Company's debt instruments comprise bonds and equities that are graded as Very Good or Good, therefore, are considered to be low credit risk investments.

The Company considers a financial asset to be in default (credit impaired) when contractual payments are 365 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4. *Cash and cash equivalents*

The Company has cash and equivalents as follows:

	2023 $	2022 $
Butterfield Bank	252,466	614,888
J P Morgan TD	112,337	2,693,986
	364,803	3,308,874

5. *Financial Instruments*

The Company's investments are managed by JP Morgan Chase Bank N.A. The Company splits investments between fixed income and equities. Investments in fixed income includes investments in Lumyna, Ishares, HSBC Global and Blackrock Global Funds; and equities using ETFs in Ireland, Luxembourg and United Kingdom.

In addition, during 2023 the company opened 2 time deposits for $1,450.000 for a period of 120 days and a rate of 5.15% (EIR) and $3,100,000 for a period of 365 days and a rate of 5% (EIR).

	2023		2022	
	Cost $	Carrying value $	Cost $	Carrying value $
Equity and Exchange Traded Funds ("ETF")	9,507,838	9,791,626	9,615,277	8,729,796
Time Deposits	4,550,000	4,629,789	-	-
	14,057,838	14,421,415	9,615,277	8,729,796

(Expressed in United States Dollars)

Fair value measurement

The Company determined that securities classified as Level 1 would include U.S. government and exchange traded securities and derivative financial instruments that have quoted prices on a recognized exchange. The fair value of these assets is based on the prices obtained by both the investment manager and custodian who obtain market data from numerous independent pricing sources.

A review of the fair value hierarchy classifications is conducted on an ongoing basis. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets and liabilities.

Fair value hierarchy

The following summary presents the analysis of the Company's financial instruments by level of input for determining fair value as indicated on note 2 on significant accounting policies:

Financial Instruments at December 31, 2023

	Total $	Level 1 $	Level 2 $	Level 3 $
FVPL				
Equity and ETF	9,791,626	9,791,626	-	-
Time Deposits	4,629,789	4,629,789	-	-
	14,421,415	14,421,415		

Financial Instruments at December 31, 2022

	Total $	Level 1 $	Level 2 $	Level 3 $
FVPL				
Equity and ETF	8,729,796	8,729,796	-	-
	8,729,796	8,729,796	-	-

6. *Insurance and reinsurance contracts*

The breakdown of groups of insurance contracts issued, that are in an asset position and those in a liability position is set out in the table below:

	2023			2022		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Insurance contracts issued						
Liability for Remaining Coverage "LRC"	-	10,720,919	10,720,919	-	5,038,362	5,038,362
Liability for Incurred Claims "LIC"	-	(12,180,069)	(12,180,069)	-	(6,269,776)	(6,269,776)
Total insurance contracts issued	-	(1,459,150)	(1,459,150)	-	(1,231,414)	(1,231,414)

(Expressed in United States Dollars)

The Company provides disclosure in respect of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims, it is disclosed in the following tables:

2023

	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	**Loss component**	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
Opening insurance contract assets					
Opening insurance contract liabilities	5,038,363	-	(5,970,026)	(299,750)	(1,231,414)
Net opening balance	**5,038,363**	**-**	**(5,970,026)**	**(299,750)**	**(1,231,414)**
Changes in the statement of profit or loss					
Insurance revenue	25,301,996	-	-	-	**25,301,996**
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	29,602	-	**29,602**
Adjustments to liabilities for incurred claims	-	-	(11,238,647)	(294,057)	**(11,532,704)**
Amortisation of insurance acquisition cashflows	(10,055,250)	-	-	-	**(10,055,250)**
Insurance acquisition expenses	-	-	-	-	**-**
	(10,055,250)	**-**	**(11,209,044)**	**(294,057)**	**(21,558,352)**
Insurance service result					**(3,743,644)**
Insurance finance income or expenses from insurance contracts					
Net finance expenses from insurance contracts	**-**	**-**	(1,104,972)	**-**	**(1,104,972)**
Effect of movements in exchange rates					
	-	**-**	**(1,104,972)**	**-**	**(1,104,972)**
Cash flows					
Premiums received	(21,498,584)	-	-	-	**(21,498,584)**
Claims and other insurance service expenses paid	-	-	6,697,785	-	**6,697,785**
Acquisition Cost Paid	11,934,395	-	-	-	**11,934,395**
	(9,564,189)	**-**	**6,697,785**	**-**	**(2,866,404)**
Closing insurance contract assets					**-**
Closing insurance contract liabilities	10,720,919	-	(11,586,258)	(593,807)	**(1,459,150)**
Net closing balance	**10,720,919**	**-**	**(11,586,258)**	**(593,807)**	**(1,459,150)**

(Expressed in United States Dollars)

2022

	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	**Loss component**	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	5,107,034	-	(5,118,157)	(279,987)	(291,111)
Net opening balance	**5,107,034**	**-**	**(5,118,157)**	**(279,987)**	**(291,111)**
Changes in the statement of profit or loss					
Insurance revenue	14,463,819	-	-	-	**14,463,819**
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	(5,411,409)	-	**(5,411,409)**
Adjustments to liabilities for incurred claims	-		1,392,243	(19,763)	**1,372,480**
Amortisation of insurance acquisition cashflows	(6,403,820)	-	-	-	**(6,403,820)**
Insurance acquisition expenses	-	-	-	-	**-**
	(6,403,820)	**-**	**(4,019,165)**	**(19,763)**	**(10,442,749)**
Insurance service result					**4,021,071**
Insurance finance income or expenses from insurance contracts					**-**
Net finance expenses from insurance contracts	-	-	381,478	-	**381,478**
Effect of movements in exchange rates	-	-	-	-	**-**
	-	**-**	**381,478**	**-**	**381,478**
Cash flows					**-**
Premiums received	(14,678,805)	-	-	-	**(14,678,805)**
Claims and other insurance service expenses paid	-	-	2,785,818	-	**2,785,818**
Acquisition Cost Paid	6,550,135	-	-	-	**6,550,135**
	(8,128,670)	**-**	**2,785,818**	**-**	**(5,342,852)**
Closing insurance contract assets					**-**
Closing insurance contract liabilities	5,038,363	-	(5,970,026)	(299,750)	**(1,231,414)**
Net closing balance	**5,038,363**	**-**	**(5,970,026)**	**(299,750)**	**(1,231,414)**

(Expressed in United States Dollars)

7. Insurance service expense

The breakdown of insurance service expenses by major product lines is presented below:

	2023 $	2022 $
Incurred claims and other incurred insurance service expenses	11,268,230	4,899,428
Changes that relate to past service - adjustment to LIC	234,871	(860,500)
Changes that relate to future service - losses on onerous groups of contracts and reversal of such losses	-	-
Amortisation of insurance acquisition cashflows	(1,879,144)	(146,315)
Insurance acquisition expenses	11,934,395	6,550,135
Total insurance service expense	**21,558,352**	**10,442,748**

8. Insurance service result

The table below presents an analysis of insurance service result recognized in profit or loss in the period

	2023 $	2022 $
Insurance revenue	**25,301,996**	**14,463,819**
Insurance service expense		
Incurred claims and other incurred insurance service expenses	(11,268,230)	(4,899,428)
Changes that relate to past service - adjustment to LIC	(234,871)	860,500
Changes that relate to future service - losses on onerous groups of contracts and reversal of such losses	-	-
Amortisation of insurance acquisition cashflows	1,879,144	146,315
Insurance acquisition expenses	(11,934,395)	(6,550,135)
Total insurance service expense	**(21,558,352)**	**(10,442,748)**
Insurance service result	**3,743,644**	**4,021,071**

(Expressed in United States Dollars)

9. *Investment and interest income*

Net investment income on investments was derived from the following:

	2023 $	2022 $
Net unrealized gain/(loss)	1,169,270	(1,232,697)
Net realized loss	(92,744)	(140,565)
Dividend income	23,636	13,473
Foreign Exchange (loss)/gain	(1,034)	1,489
Interest JP Morgan	114,995	27,836
Total	1,214,123	(1,330,465)

10. *Insurance finance (expenses)/income for insurance contracts issued*

The table below presents a breakdown of the insurance finance expenses/income for the insurance contracts issued in the period

	2023 $	2022 $
Net finance expenses from insurance contracts		
Interest accreted	(735,650)	(283,125)
Effect of changes in interest rates and other financial assumptions	(369,325)	664,603
Insurance finance (expenses)/income for insurance contacts issued	**(1,104,975)**	**381,478**

11. *Share Capital and contributed surplus*

Newport International Limited capitalized the Company upon incorporation by subscribing for 120,000 shares of par value $1 each. On October 1, 2019, the Company received contributed surplus in the amount of $6,497,324 resulting from agreements transferring assets and liabilities into the Company from a Bermuda segregated account previously held in Independent Risk Solutions Ltd.

12. *Capital Management*

The Company's capital consists of share capital, contributed surplus and retained earnings. The Company's primary objective when managing its capital is to ensure its ability to continue as a going concern. The Company manages its capital requirements in line with the results of operations. Actions to obtain an optimal capital structure may include additional contributions or capital subscriptions or payment of dividend to the shareholder.

(Expressed in United States Dollars)

13. *General and administrative expenses*

The following table analyses general and administrative expenses totaling $574,941 (2022: $820,513), which have been included in the statement of profit or loss:

	2023 $	2022 $
Consultancy fees	-	300,000
Service level agreement	180,000	180,000
Management fees	105,500	105,500
Directors' fees	25,000	25,000
Actuarial fees	29,120	29,516
Audit fees	31,725	36,100
Bermuda license fee	29,100	29,100
Bermuda government	4,275	4,275
Investment administration fees	54,152	51,972
Legal and secretarial fees	7,694	15,375
D & O liability insurance	7,563	7,252
Bank charges	760	1,423
IFRS	62,500	35,000
Investment Credit Rating Fees	30,450	-
Miscellaneous Expenses	359	-
BSCR Calculation Fees	6,743	-
	574,941	820,513

14. *Statutory requirements*

The Company must at all times maintain a solvency margin and an enhanced capital requirement in accordance with the provisions of the Insurance Act, 1978 of Bermuda. Each year the Company is required to file with the Bermuda Monetary Authority a capital and solvency return within four months of its relevant financial year end (unless specifically extended).

The prescribed form of capital and solvency return comprises the insurer's Bermuda Solvency Capital Requirement ("BSCR") model, a schedule of fixed income investments by rating category, a schedule of net loss and loss expense provision by line of business, a schedule of premiums written by line of business, a schedule of risk management and a schedule of fixed income securities.

As a Class 3A insurer, the Company is required to maintain available statutory capital and surplus in an amount that is equal to or exceeds the target capital levels based on enhanced capital requirements ("ECR") calculated using the BSCR model. The BSCR model is a risk-based capital model introduced by the Authority that measurers risk and determines ECR and a target capital level (defined as 120% of the ECR) based on the Company's statutory financial statements. In circumstances where the Authority concludes that the Company's risk profile deviates significantly from the assumptions underlying the ECR or the Company's assessment of its management policies and practices, it may issue an order requiring that the Company adjust its ECR.

During the year ended and as of December 31, 2023, the Company met the target capital level required under the BSCR.

The Insurance Act mandates certain actions and filings with the Authority if the Company fails to meet and maintain its ECR or solvency margin, including the filing of a written report detailing the circumstances giving rise to the failure and the manner and time within which the insurer intends to rectify the failure. The Company is prohibited from declaring or paying a dividend if its statutory capital and surplus is less than its ECR, or 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.

The Company is required by its license to maintain unconsolidated capital and surplus greater than a minimum statutory amount determined as the greater of a percentage of outstanding losses (net of reinsurance recoverable) or a given fraction of net written premiums. At December 31, 2023 and 2022, the Company met this requirement. Actual statutory capital and surplus is $10,708,248 (2022- $8,892,877).

The Company is also required to maintain a minimum liquidity ratio whereby the value of its unconsolidated relevant assets is not less than 75% of the amount of its unconsolidated relevant liabilities. At December 31, 2023, the Company was required to maintain relevant assets of approximately $ 16,919,938 (2022 - $7,607,844). At that date relevant assets were $30,840,973 (2022 - $18,176,996) and the minimum liquidity ratios were met for December 31, 2023 and 2022.

15. Related party transactions

The Company entered into a Service Level Agreement with Newport International in January 2021. The Service Level Agreements originally provided for the monthly fee of $ 10,000 to be paid, the amount was changed to $15,000 in November 2021. The Service Level Agreement indicates that the Service Provider (Newport International Limited) shall provide general management and administrative services on behalf of the Company.

16. Taxation

Under current Bermuda law the Company is not required to pay any taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda that in the event of any such taxes being imposed the Company will be exempted from taxation until the year 2035.

During the year, the Government of Bermuda introduces a Corporate Income Tax (CIT) to apply to Bermuda businesses that are part of a Multinational Enterprise Group (MNEs) with annual revenue of €750M or more. The proposed tax is expected to take effect in January 2025. Management has done a full assessment of total group revenue for the years 2020 to 2023, this analysis shows that total group revenues for the group to which Mozart belongs are significantly below €750M or more threshold.

Management also notes that the group to which Mozart belongs does not operate outside of Bermuda. All companies are incorporated in Bermuda and do not have plans to expand to new locations and as a result is not a Multi-National Group. Finally, the management does not foresee Mozart’s conditions changing between now and 2025 when CIT is in implemented.

17. Subsequent events

In preparing the financial statements, management evaluated subsequent events through June 25, 2024, which is the date that these financial statements are available to be issued.

Subsequent to the year end the ultimate beneficial owners of the Company changed due to the passing of Alberto Mishaan Gutt. The 25% was inherited by Susana Millan de Mishaan.

Also, the Company entered into a loan agreement with Newport International Limited (the Company’s parent) on February 29, 2024 amounting to $2,000,000. The loan term is until February 28, 2026 and carries an interest rate of 4.5%. In addition, the loan terms permitted the repayment of the loan at any time.