GENEVA RE LTD.

Financial Statements

For the years ended December 31, 2023 and 2022

GENEVA RE LTD.

Index to Financial Statements

December 31, 2023 and 2022

Pages

KPMG Audit Limited
Crown House
4 Par-la-Ville Road
Hamilton
HM 08
Bermuda

Telephone +1 441 295 5063
Fax +1 441 295 9132
Internet www.kpmg.bm

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Geneva Re Ltd.

Opinion

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

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

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 *Auditors' responsibilities for the audit of the financial statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

© 2024 KPMG Audit Limited, a Bermuda limited liability company and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional scepticism 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

U.S. generally accepted accounting principles require that certain disclosures related to short-duration contracts in Note 8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
April 23, 2024

© 2024 KPMG Audit Limited, a Bermuda limited liability company and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

GENEVA RE LTD.

Balance sheets

As of December 31, 2023 and December 31, 2022
(Expressed in thousands of U.S. dollars)

	2023	2022
Assets		
Cash and cash equivalents (Notes 4, 5 and 7)	$ 15,313	$ 29,097
Restricted cash and cash equivalents (Notes 4, 6 and 7)	2,783	1,408
Short term investments	50	-
Fixed income securities (Notes 3, 4 and 7)	552,667	318,559
Other investments, at fair value (Notes 3, 4 and 7)	31,069	24,563
Accrued investment income	3,881	2,002
Premiums receivable (Notes 7 and 10)	297,592	279,400
Reinsurance recoverable (Notes 8 and 10)	1,716	-
Deferred reinsurance premiums (Note 10)	7,153	-
Deferred acquisition costs (Note 10)	131,058	99,380
Deferred tax assets-net (Note 9)	-	6,648
Funds withheld (Note 7)	18,430	1,232
Insurance balance receivable (Note 7)	7,160	1,915
Other assets (Note 10)	1,295	661
Total assets	$ 1,070,167	$ 764,865
Liabilities and shareholder's equity		
Liabilities		
Reserves for losses and loss expenses (Notes 8 and 10)	$ 410,600	$ 271,312
Unearned premiums (Note 10)	391,369	295,769
Reinsurance balances payable (Note 10)	7,968	17,983
Deferred ceding commission (Note 10)	2,651	-
Unearned fee income (Note 10)	4,943	-
Income tax payable (Note 9)	4,817	-
Deferred tax liabilities-net (Note 9)	3,511	-
Accounts payable and accrued expenses (Note 10)	5,778	3,106
Amounts due to affiliates (Note 10)	696	1,958
Total liabilities	832,333	590,128
Shareholder's equity		
Share capital (Note 11)	120	120
Additional paid-in capital (Note 12)	199,880	199,880
Accumulated other comprehensive loss	(15,491)	(26,159)
Retained earnings	53,325	896
Total shareholder's equity	237,834	174,737
Total liabilities and shareholder's equity	$ 1,070,167	$ 764,865

Director

Director

See accompanying notes to the financial statements.

GENEVA RE LTD.

Statements of operations and comprehensive income (loss)

For the years ended December 31, 2023 and December 31, 2022
(Expressed in thousands of U.S. dollars)

	2023	2022
Revenues		
Gross premiums written (Note 10)	$ 490,084	$ 379,391
Ceded premiums written (Note 10)	(14,098)	(5,603)
Net premiums written	475,986	373,788
Change in unearned premiums	(95,600)	(66,991)
Change in deferred premiums	7,153	-
Premiums earned (Note 10)	387,539	306,797
Net fee income (Note 10)	7,404	-
Net investment income (Notes 3 and 10)	18,584	6,395
Total revenues	413,527	313,192
Expenses		
Net losses and loss expenses (Notes 8 and 10)	(211,700)	(191,544)
Acquisition costs (Note 10)	(124,616)	(104,093)
General and administrative expenses (Note 10)	(10,884)	(8,560)
Total expenses	(347,200)	(304,197)
Net foreign exchange gains (losses)	171	(484)
Net income before tax	66,498	8,511
Income tax expense (Note 9)	(14,069)	(1,786)
Net income after tax	52,429	6,725
Other comprehensive income (loss), net of tax		
Net change in fair value of fixed income securities, net of tax of ($2,836) (2022: $6,596)	10,668	(24,815)
Total other comprehensive income (loss), net of tax	10,668	(24,815)
Total comprehensive income (loss) attributable to common shareholder	$ 63,097	$ (18,090)

See accompanying notes to the financial statements.

GENEVA RE LTD.

Statements of changes in shareholder’s equity

For the years ended December 31, 2023 and December 31, 2022
(Expressed in thousands of U.S. dollars)

	2023	2022
Share capital		
Balance, at beginning and end of year	$ 120	$ 120
Additional paid-in capital		
Balance, at beginning and end of year	$ 199,880	$ 199,880
Accumulated other comprehensive loss, net of tax		
Balance, beginning of year	$ (26,159)	$ (1,344)
Unrealized gains (losses) arising on fixed income securities during the year	10,668	(25,583)
Net realized gains recorded in net income	-	768
Balance, end of year	(15,491)	(26,159)
Retained earnings (Accumulated deficit)		
Balance, beginning of year	$ 896	$ (5,829)
Net income	52,429	6,725
Balance, end of year	53,325	896
Total shareholder’s equity	$ 237,834	$ 174,737

See accompanying notes to the financial statements.

GENEVA RE LTD.

Statements of cash flows

For the years ended December 31, 2023 and December 31, 2022
(Expressed in thousands of U.S. dollars)

	2023	2022
Operating activities		
Net income after tax	$ 52,429	$ 6,725
Adjustments to reconcile net income to net cash provided by operating activities:		
Net amortization of fixed interest securities	(265)	1,508
Net realized losses on sale of fixed income securities	-	973
Net unrealized gains on other investments, at fair value	(1,335)	(311)
Net changes in assets and liabilities:		
Accrued investment income	(1,879)	(685)
Premiums receivable	(18,192)	(75,561)
Reinsurance recoverable	(1,716)	-
Deferred acquisition costs	(31,678)	(22,248)
Deferred reinsurance premiums	(7,153)	-
Deferred tax assets-net	7,322	1,786
Funds withheld	(17,198)	(644)
Insurance balance receivable	(5,245)	(745)
Other assets	(680)	12
Reserves for losses and loss expenses	139,288	134,398
Unearned premiums	95,600	66,991
Reinsurance balances payable	(10,015)	14,080
Deferred ceding commission	2,651	-
Unearned fee income	4,943	-
Accounts payable and accrued expenses	2,672	691
Amounts due to affiliates	(1,262)	499
Income tax payable	4,817	-
Net cash provided by operating activities	213,104	127,469
Investing activities		
Purchase of fixed income securities	(251,983)	(167,193)
Proceeds from the sale of fixed income securities	31,644	78,528
Purchase of other investments, at fair value	(5,171)	(24,252)
Purchase of short term investments	(49)	-
Change in investments balances receivable	46	4,920
Net cash used in investing activities	(225,513)	(107,997)
Net (decrease) increase in cash, restricted cash, and cash equivalents	(12,409)	19,472
Cash, restricted cash, and cash equivalents, beginning of year	30,505	11,033
Cash, restricted cash, and cash equivalents, end of year	18,096	30,505
Cash and cash equivalents comprise the following:		
Cash	1,411	1,206
Cash equivalents	13,902	27,891
Restricted cash and cash equivalents	2,783	1,408
	$ 18,096	$ 30,505
Supplemental disclosures of cash flow information		
Income taxes paid	$ 1,930	$ -

See accompanying notes to the Financial Statements.

1. Nature of operations

Geneva Re Ltd. (the “Company”) was incorporated as an exempted company under the laws of Bermuda on May 31, 2019 and writes reinsurance on a global basis. The Company is registered as a Class 3A insurer under the Insurance Act of 1978 and related regulations of Bermuda (the “Insurance Act”) and commenced operations on July 1, 2019. The Company’s operations include reinsurance of property, casualty and specialty products.

The Company is a wholly owned subsidiary of Geneva Re Partners, LLC (“Holdings”), a Delaware limited liability company incorporated on May 14, 2019.

Holdings is a joint venture formed between Ryan Specialty Group, LLC (“Ryan Specialty”), a Delaware limited liability company, and certain of its shareholders, and Nationwide Mutual Insurance Company (“Nationwide”), an Ohio mutual insurance company. The Company acts as an affiliated reinsurer, providing reinsurance exclusively to certain insurance companies of Nationwide. Effective April 1, 2021, the Company received approval from the Bermuda Monetary Authority (“BMA”) to enter into agreements with unrelated cedants subject to certain conditions.

2. Significant accounting policies

Basis of presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles in the United States (“U.S. GAAP”).

Certain prior period amounts have been reclassified to conform to the 2023 presentation.

Reporting currency

The financial information is reported in United States dollars (“U.S. dollars” or “$”).

Use of estimates

The preparation of these financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates reflected in the financial statements include, but are not limited to, reserves for losses and loss expenses, reinsurance recoverables and premiums receivable, including provisions for reinsurance recoverable and premiums receivable to reflect expected credit losses; estimates of written and earned premiums; fair value, including the fair value of other investments and fixed income securities.

Cash and cash equivalents

Cash and cash equivalents consist of cash held in banks and other short-term, highly liquid investments with original maturity dates of ninety days or less when purchased.

Restricted cash

Restricted cash represents cash and cash equivalents that the Company is a) holding for the benefit of the insured and is legally or contractually restricted as to withdrawal or usage for general Company purposes; and b) not replaceable without approval of the insured by another type of asset other than cash or cash equivalents, under the terms of the Company’s contractual reinsurance arrangements.

2. Significant accounting policies (continued)

Short Term Investments

Short term investments have a maturity of one year or less when purchased and are carried at fair value. The net unrealized appreciation or depreciation on short term investments is included in net realized and unrealized gains (losses) on investments in the Statements of operations and comprehensive income (loss).

Fixed income securities

The fixed income securities portfolio comprises securities issued by governments and government agencies, corporate bonds, debt notes, mortgage and other asset-backed securities. Investments in fixed income securities have been classified as available-for-sale and are reported at estimated fair value on the Balance Sheets.

Realized and unrealized gains or losses on fixed income securities are determined by the specific identification method. For securities classified as available for sale, unrealized gains or losses are included in Accumulated Other Comprehensive (Loss) Income (“AOCI”), a component of the shareholder’s equity until the investment is sold or impaired. Realized gains and losses on sale and write-downs to reflect impairments, are included in the Statements of Operations and comprehensive income (loss).

Management evaluates the securities classified as available-for-sale in unrealized loss portion on an annual basis, and more frequently when economic or market conditions warrant such an evaluation. For securities in an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as loss through earnings.

Other investments, at fair value

Other investments, at fair value, include investments in limited partnerships and limited liability corporations (limited partnerships). Limited partnerships are accounted for as equity financial instruments using fair value through net income. The fair value ordinarily will be the most recently reported net asset value ("NAV") as advised by the fund manager or administrator. The NAV is based on the fund manager's or administrator's valuation of the underlying holdings in accordance with the fund's governing documents. NAVs are published on a monthly or quarterly basis. Unrealized gains and losses on other investments are included in net earnings and reported as net unrealized gains and losses. Income distributions from limited partnerships are included in net investment income.

Net investment income

Net investment income includes amounts received and accrued in respect of periodic interest (“coupons”) payable to the Company by the issuer of the fixed income securities, and interest credited on cash and cash equivalents. It also includes amortization of premium and accretion of discount in respect of fixed income securities. It also includes changes in the value of other investments, at fair value, as well as income distributions from these investments. Investment management and custody fees are charged against net investment income reported in the Statements of Operations and comprehensive income (loss). Investment transactions are recorded on a trade date basis.

2. Significant accounting policies (continued)

Funds withheld

Funds held by ceding companies consist mainly of amounts retained by the ceding company for business written on a funds withheld basis. These funds withheld are recognized as assets net of an allowance for credit losses when they represent amounts due from ceding insurers or reinsurers. Estimates of expected credit losses are based on historical experience, current conditions and reasonable and supportable forecasts, and include an ongoing review of creditworthiness of the insured and other relevant factors. Amounts deemed to be uncollectible are written off against the allowance. Subsequent reversals are recognized in earnings.

Premiums and acquisition costs

Premiums written and ceded are recorded on inception of the policy. Premiums written include estimates based on information received from insureds, brokers and cedants, and any subsequent differences arising from such estimates are recorded as premiums written in the period they are determined. Premiums written are earned over the exposure period in proportion to the risk covered. Unearned premiums represent the portion of premiums written that relate to the remaining unexpired risk period of the underlying policies. Reinstatement premiums are recognized as written and earned after the occurrence of a loss and are recorded in accordance with the contract terms based upon management’s estimate of losses and loss expenses.

Acquisition costs are directly related to the acquisition of insurance and reinsurance premiums and are deferred and amortized in line with the earning of related premiums. The Company only defers acquisition costs incurred that are directly related to the successful acquisition of new or renewal insurance contracts, including commissions to agents, brokers and premium taxes. All other acquisition related expenses including indirect costs are expensed as incurred. To the extent that future policy revenues on existing policies are not adequate to cover related costs and expenses, deferred policy acquisition costs are charged to earnings.

The Company evaluates premium deficiency and the recoverability of deferred acquisition costs by determining if the sum of future earned premiums and anticipated investment return is greater than expected future loss and loss adjustment expenses and acquisition costs.

Reserves for losses and loss expenses

The liability for losses and loss expenses includes reserves for unpaid reported losses and for losses incurred but not reported. The reserves for losses and loss expenses are established by management based on reports from insureds, brokers, and ceding companies and the application of generally accepted actuarial techniques and represents the estimated ultimate cost of events or conditions that have been reported to or specifically identified by the Company as incurred.

The estimation of unpaid claim liabilities at any given point in time is subject to a high degree of uncertainty for several reasons. Inherent in the estimates of ultimate losses and loss expenses are expected trends in claim severity, frequency, prevailing economic, social and judicial trends, legislative changes and inflation which may vary significantly as claims are settled. A significant amount of time can lapse between the assumption of risk, the occurrence of a loss event, the reporting of the event to an insurance or reinsurance company and the ultimate payment of the claim on the loss event. As a relatively new operation, the Company has limited loss history of its own and therefore uses industry data in the estimation of ultimate losses. To the extent that the trend of the Company’s loss development compared to the industry changes in any period, it is likely to have an impact on the estimate of ultimate liabilities. Ultimate losses and loss expenses may differ significantly from the amount recorded in the financial statements. These estimates are reviewed regularly and as experience develops and new information becomes known, the reserves are adjusted as necessary. Such adjustments, if any, are recorded in losses and loss expenses in the periods in which they are determined.

2. Significant accounting policies (continued)

Reinsurance ceded

Reinsurance is used to mitigate the exposure to losses, manage capacity and protect capital resources. Reinsuring loss exposures do not relieve a ceding entity from its obligations to policyholders and cedants. Reinsurance recoverables (including amounts related to incurred but not reported ("IBNR") claims) and deferred reinsurance premiums are reported as assets. To minimize exposure to losses related to a reinsurer's inability to pay, the financial condition of such reinsurer is evaluated initially upon placement of the reinsurance and periodically thereafter. In addition to considering the financial condition of a reinsurer, the collectability of the reinsurance recoverables is evaluated based upon several other factors. Such factors include amounts due, historical delinquencies and write-offs, and current economic conditions, together with reasonable and supportable forecasts of short-term economic conditions and other relevant factors. Credit losses for reinsurance recoverables are recorded through an allowance.

for credit losses. Amounts deemed to be uncollectible are written off against the allowance. Subsequent reversals in credit loss estimates are recognized in earnings.

Ceded premiums written are recorded in accordance with the applicable terms of the various reinsurance contracts and ceded premiums earned are charged against revenue over the period of coverage of the various reinsurance contracts. Ceding commissions earned on ceded contracts reduce acquisition costs and losses recoverable on reinsurance contracts reduce loss and loss expenses and both are presented net in the Statements of Operations and comprehensive income (loss).

Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured business and consistent with the terms of the underlying reinsurance contract.

Premiums receivable

Premiums receivable includes amounts receivable from insureds which represent premiums that are both currently due and amounts not yet due on reinsurance policies, these amounts are reported net of related acquisitions costs for which there is a right of offset and net of an allowance for credit losses. Insurance balances receivable include collateral deposits paid to the ceding companies as a security for potential losses that may arise from claims under the reinsurance agreements. Estimates of expected credit losses are based on historical experience, current conditions and reasonable and supportable forecasts, and include an ongoing review of amounts outstanding, length of collection periods, the creditworthiness of the insured and other relevant factors. Amounts deemed to be uncollectible are written off against the allowance. Subsequent reversals are recognized in earnings. Premiums for reinsurance policies generally become due over the period of coverage based on the policy terms. Contract periods can be several years in length with premiums received in annual or quarterly installments.

The Company monitors the credit risk associated with premiums receivable, taking into consideration the fact that in certain instances credit risk may be reduced by the Company's right to offset loss obligations against premiums receivable and Insurance balances receivable. Amounts deemed uncollectible are charged to net income in the period they are determined. Changes in the estimate of reinsurance premiums written will also result in an adjustment to premiums receivable in the period they are determined.

Net Fee income

Fee income is calculated based on estimated premium written for certain GR Bermuda SAC Ltd contracts and earned over the exposure period in proportion to the risk covered. Ongoing general & administrative expenses recharged by the general account of GR Bermuda SAC Ltd are charged against Fee income reported in the Statements of Operations and comprehensive income (loss).

2. Significant accounting policies (continued)

Income taxes

The Company has made an election under Section 953(d) of the U.S. Internal Revenue Code of 1986, as amended, to be treated as a domestic insurance company for United States federal income tax purposes. As a result of the "domestic election", the Company is subject to US taxation on its income as if it were a U.S. corporation. Current and deferred taxes are charged or credited to net income, with the exception of deferred tax on amounts recorded in AOCI.

Deferred tax assets and liabilities result from temporary differences between the amounts recorded in the financial statements and the tax basis of the Company's assets and liabilities. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Uncertain tax positions are recognized when deemed more likely than not of being sustained upon examination by tax authorities.

Changes in recognition or measurement are recognized in the period in which the change occurs.

A valuation allowance against deferred tax assets is recorded if management deem it is more likely than not that all or some portion of the benefits related to the deferred tax assets will not be realized.

Foreign exchange

The Company's functional currency is the U.S. dollar. Transactions in foreign currencies are translated in U.S. dollars at the exchange rate in effect on the transaction date. Monetary assets and liabilities in foreign currencies are re-measured at the exchange rates in effect at the reporting date. Foreign exchange gains and losses are included in the Statements of Operations and comprehensive income (loss).

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments, which requires loans, debt securities, trade receivables, reinsurance recoverables and other financial assets that have contractual right to receive cash to record credit losses through an allowance for credit losses account. The update introduces a new impairment model, known as the current expected credit loss model, which is based on expected losses rather than incurred losses. Under the new credit loss model, the Company will be required to recognize an allowance for its expected credit losses on certain financial assets including trade receivables, debt instruments not measured at fair value, and reinsurance receivables. Available-for-sale debt securities will record credit losses through an allowance for credit losses, which will be limited to the amount by which fair value is below amortized cost. The standard update is effective for annual periods beginning after December 15, 2022.The Company adopted ASC 326 effective January 1, 2023.

For available for sale securities, management evaluates all investments in an unrealized loss position on an annual basis, and more frequently when economic or market conditions warrant such evaluation. If the Company has the intent to sell the security or it is more likely than not that the Company will be required to sell the security, the security is written down to fair value and the entire loss is recorded in earnings. If either of the above criteria is not met, the Company evaluates whether the decline in fair value is the result of credit losses or other factors. In making the assessment, the Company may consider various factors including the extent to which fair value is less than amortized cost, downgrades in the ratings of the security by a rating agency, the failure of the issuer to make scheduled interest or principal payments and adverse conditions specifically related to the security. If the assessment indicates that a credit loss exists, the present value of cash flows expected to be collected are compared to the amortized cost basis of the security and any excess is recorded as an allowance for credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any amount of unrealized loss that has not been recorded through an allowance for credit loss is recognized in other comprehensive income. Changes in the allowance for credit loss are recorded as

(Expressed in thousands of U.S. dollars)

2. Significant accounting policies (continued)

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS (continued)

provision for (or reversal of) credit loss expense. Losses are charged against the allowance for credit loss when management believes an available for sale security is confirmed to be uncollectible or when either of the criteria

regarding intent or requirement to sell is met. At December 31, 2023, there was no allowance for credit loss related to the available for sale portfolio.

Premiums receivable, Reinsurance recoverable, Funds withheld and Insurance balance receivable are reviewed for impairment annually and are presented net of an allowance for expected credit losses. The allowance for expected credit losses is estimated based on the Company's analysis of amounts due, historical delinquencies and write-offs, and current economic conditions, together with reasonable and supportable forecasts of short-term economic conditions. The allowance for expected credit losses is recognized in net income (loss). Any adjustment to the

allowance for expected credit losses is recognized in the period in which it is determined. Write-offs of premium balance receivable, together with associated allowances for expected credit losses, are recognized in the period in which balances are deemed uncollectible. The Company does not have a history of significant write-offs. At December 31, 2023, there was no allowance for credit loss related to the Premiums receivable, Reinsurance recoverable, Funds withheld and Insurance balance receivable.

3. Investments

As at December 31, 2023, the Company's investments are managed by Nationwide Asset Management LLC, a related party, through an investment management agreement. The Company monitors the activity and performance of the investment manager on a monthly basis.

a) Fixed income securities

The following table shows the amortized cost, fair value and related unrealized gains and losses of the fixed income securities:

	As at December 31, 2023			
	Amortized cost	Unrealized gains	Unrealized losses	Fair value
U.S. treasuries	$ 71,950	$ 478	$ (4,933)	$ 67,495
Corporate bonds and debt notes	221,998	2,355	(8,191)	216,162
Asset-backed securities	36,754	73	(229)	36,598
Residential mortgage back securities	226,193	2,589	(10,436)	218,346
Commercial mortgage-backed securities	13,074	81	(1,011)	12,144
Municipal securities	2,305	–	(383)	1,922
Total	$ 572,274	$ 5,576	$ (25,183)	$ 552,667

(Expressed in thousands of U.S. dollars)

3. **Investments** (continued)

a) **Fixed income securities** (continued)

	As at December 31, 2022			
	Amortized cost	Unrealized gains	Unrealized losses	Fair value
U.S. treasuries	$ 51,686	$ –	$ (5,779)	$ 45,907
Corporate bonds and debt notes	134,941	17	(12,839)	122,119
Asset-backed securities	29,255	–	(1,151)	28,104
Residential mortgage back securities*	124,758	163	(11,789)	113,132
Commercial mortgage-backed securities	8,727	–	(1,240)	7,487
Municipal securities	2,305	–	(495)	1,810
Total	$ 351,672	$ 180	$ (33,293)	$ 318,559

*Presentation changed from prior year – split of Agency RMBS and Non-agency RMBS combined in current year

The contractual maturities of fixed income securities are listed in the following table:

	2023		2022	
	Amortized cost	Fair value	Amortized cost	Fair value
Due in one year or less	$ 21,668	$ 21,296	$ 3,033	$ 2,973
Due after one year through five years	189,578	184,598	107,511	100,577
Due after five years through ten years	92,758	88,324	71,204	60,597
Due after ten years	268,270	258,449	169,924	154,412
Total	$ 572,274	$ 552,667	$ 351,672	$ 318,559

Expected maturities may differ from contractual maturities as borrowers may have the right to call or repay obligations with or without call or prepayment penalties. Additionally, lenders may have the right to put the securities back to the borrower.

Fixed interest securities in an unrealized loss position as of December 31, 2023 and 2022 comprised securities for which fair value declined primarily due to an increase in interest rates since the date of purchase. The following table presents available-for-sale fixed income securities in an unrealized loss position as of December 31, 2023 and 2022 that are not deemed to have credit losses. Included are the aggregate fair value and gross unrealized loss by length of time the security has continuously been in an unrealized loss position:

(Expressed in thousands of U.S. dollars)

3. Investments (continued)

a) Fixed income securities (continued)

2023

Available for sale	**0-12 months**		**over 12 months**		**Total**	
	Fair Value	**Gross unrealized loss**	**Fair value**	**Gross unrealized loss**	**Fair value**	**Gross unrealized loss**
U.S. treasuries	$ 4,050	$ (73)	$ 46,807	$ (4,860)	$ 50,857	$ (4,933)
Corporate bonds and debt notes	13,433	(282)	111,544	(7,909)	124,977	(8,191)
Asset-backed securities	3,391	(14)	24,056	(215)	27,447	(229)
Residential mortgage-backed securities	30,340	(368)	93,097	(10,068)	123,437	(10,436)
Commercial mortgage-backed securities	-	-	7,662	(1,011)	7,662	(1,011)
Municipal securities	-	-	1,922	(383)	1,922	(383)
Total	**$ 51,214**	**$ (737)**	**$ 285,088**	**$ (24,446)**	**$ 336,302**	**$ (25,183)**

*Presentation changed from prior year – split of Agency RMBS and Non-agency RMBS combined in current year

2022

Available for sale	**0-12 months**		**over 12 months**		**Total**	
	Fair Value	**Gross unrealized loss**	**Fair value**	**Gross unrealized loss**	**Fair value**	**Gross unrealized loss**
U.S. treasuries	$ 21,472	$ (1,706)	$ 24,435	$ (4,073)	$ 45,907	$ (5,779)
Corporate bonds and debt notes	94,684	(8,670)	25,414	(4,169)	120,098	(12,839)
Asset-backed securities	19,244	(626)	8,860	(525)	28,104	(1,151)
Residential mortgage-backed securities*	99,250	(9,795)	9,167	(1,994)	108,417	(11,789)
Commercial mortgage-backed securities	7,487	(1,240)	-	-	7,487	(1,240)
Municipal securities	1,810	(495)	-	-	1,810	(495)
Total	**$ 243,947**	**$ (22,532)**	**$ 67,876**	**$ (10,761)**	**$ 311,823**	**$ (33,293)**

(Expressed in thousands of U.S. dollars)

3. **Investments** (continued)

b) Other investments, at fair value

The following table shows the cost, fair value and related unrealized gains and losses of the other investments, at fair value:

	As at December 31, 2023			
	Cost	Unrealized gains	Unrealized losses	Fair value
Hedge funds	$ 7,000	$ 738	$ -	$ 7,738
Private equity funds	4,651	738	(157)	5,232
Private debt funds	7,925	274	-	8,199
Real estate funds	9,848	351	(299)	9,900
Total	$ 29,424	$ 2,101	$ (456)	$ 31,069

	As at December 31, 2022			
	Cost	Unrealized gains	Unrealized losses	Fair value
Hedge funds	$ 7,000	$ 322	$ (102)	$ 7,220
Private equity funds	2,328	173	(46)	2,455
Private debt funds	5,513	33	(53)	5,493
Real estate funds	9,411	64	(80)	9,395
Total	$ 24,252	$ 592	$ (281)	$ 24,563

Due to a lag in the valuations of funds reported by the fund managers, the Company records changes in valuation and adjusts the valuation for capital calls and distributions with up to a three-month lag. The Company regularly reviews and discusses fund performance with the fund managers to corroborate the reasonableness of the reported net asset values and to assess whether any events have occurred within the lag period that would affect the valuation of the investments.

The following is a description of the nature of each of these investment categories:

- Hedge funds invest in fixed income, equity and other investments.
- Private equity funds include primary, secondary, and direct co-investment opportunities. They invest primarily in private equities.
- Private debt funds include primarily direct and mezzanine lending.
- Real estate funds comprise of real estate funds that invest primarily in commercial real estate equity.

Certain investments are subject to restrictions on redemptions and sales that are determined by the governing documents, which limits our ability to liquidate those investments. These restrictions may include lock-ups, redemption gates, restricted share classes or side pockets, restrictions on the frequency of redemption and notice period.

At December 31, 2023, Geneva Re had $25,151 (2022: $25,196) unfunded commitments in other investments, at fair value.

(Expressed in thousands of U.S. dollars)

3. Investments (continued)

c) Net investment income

The components of net investment income are as follows:

	2023	2022
Net interest income	$ 17,262	$ 8,916
Net amortization of fixed income securities	265	(1,508)
Net realized loss on fixed income securities	-	(973)
Net unrealized gains on other investments, at fair value	1,335	311
Investment income on funds withheld	309	-
Investment expenses	(587)	(351)
Net investment income	$ 18,584	$ 6,395

d) Pledged investments

At December 31, 2023, $529,451 (2022: $296,994) of available-for-sale fixed income securities were on deposit in a trust account in favor of Nationwide. This trust agreement was entered into to support the reinsurance business ceded by Nationwide and the amount held in trust is based on Nationwide's net exposure to the Company. At December 31, 2023, $8,228 (2022: $nil) of pledged collateral was on deposit with a custodian in respect of the Company's Pledge and Security agreement which was entered to provide collateral to Internal Revenue Service as part of its 953(d) election.

4. Fair value measurements

Fair value hierarchy

FASB ASC 820-10, Fair Value Measurements and Disclosures, defines fair value, establishes a consistent framework for measuring fair value and requires disclosures about fair value measurements. The standard requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

FASB ASC 820-10 specifies a hierarchy of fair value inputs based on whether the inputs are observable or unobservable. Observable inputs are developed using independently sourced market data and reflect market participant assumptions, while unobservable inputs reflect the Company's market assumptions in the absence of observable market information. The fair value hierarchy is as follows:

- Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets. The fair value is determined by multiplying the quoted price by the quantity held by the Company.

- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices (e.g. interest rates, yield curves, prepayment spreads, default rate, etc.) for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability or can be corroborated by observable market data.

- Level 3: Inputs to the valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement. Significant management assumptions can be used to establish management's best estimate of the assumptions used by other market participants in determining the fair value of the asset or liability.

As required under the fair value hierarchy, the Company considers relevant and observable market inputs in its valuations where possible. The Company's policy with respect to transfers between levels of the fair value hierarchy is to recognize transfers into and out of each level as of the beginning of the reporting period.

4. Fair value measurements (continued)

Determination of fair value

The following section describes the valuation methodologies used by the Company to measure assets and liabilities at fair value, including an indication of the level within the fair value hierarchy in which each asset or liability is generally classified.

Fixed income securities

The Company's fixed income securities portfolio is managed by a related party investment manager with oversight from both the Company's Chief Financial Officer and the Board of Directors. Fair values for all securities in the fixed income investments portfolios are independently provided by the investment custodian and investment manager, each of which utilize internationally recognized independent pricing services.

For determining the fair value of securities that are not actively traded, in general, pricing services use "matrix pricing". The corporate pricing matrix was developed using publicly and privately available spreads for privately placed corporate securities with varying weighted average lives and credit quality ratings. The weighted average life and credit quality rating of a fixed maturity security to be priced using these matrices are important inputs into the model and are used to determine a corresponding spread that is added to the appropriate U.S. Treasury yield to create an estimated market yield for that security. The estimated market yield and other relevant factors are then used to estimate the fair value of the particular security.

The following describes the techniques generally used to determine the fair value of the Company's fixed income securities by asset class.

- U.S. treasuries are bonds issued by the U.S. government. The significant inputs used to determine the fair value of these securities are based on quoted prices in active markets for identical assets and are therefore classified within Level 1.

- Corporate bonds and debt notes consist primarily of investment-grade debt of a wide variety of corporate issuers and industries. When available, significant inputs are used to determine the fair value of these securities and are based on quoted prices in active markets for identical assets. When not available, the fair values of these securities are determined using the spread above the risk-free yield curve, reported trades, broker-dealer quotes, benchmark yields, and industry and market indicators. The Company classified the fair values of these securities within Level 2 or Level 3

- Residential mortgage-backed securities comprise the following:

    - Agency residential mortgage-backed securities consist of securities issued by U.S. government sponsored agencies such as the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation backed by pools of loans with underlying collateral of residential mortgage loans. The significant inputs used to determine the fair value of these securities are based on quoted prices in active markets for identical assets. When not available, the fair values of the securities include the spread above the risk-free yield curve, benchmark yields, broker-dealer quotes, prepayment spreads, collateral performance and default rates. These securities are classified as Level 2.

    - Non-agency residential mortgage-backed securities, commercial mortgage-backed securities and asset-backed securities consist of only investment-grade bonds backed by pools of loans with a variety of underlying collateral. The significant inputs used to determine the fair value of these securities include the spread above the risk-free yield curve, reported trades, benchmark yields, broker-dealer quotes, prepayment spreads, collateral performance and default rates. These are considered observable market inputs and, therefore, the fair values of these securities are classified within Level 2.

(Expressed in thousands of U.S. dollars)

4. Fair value measurements (continued)

Fixed income securities (continued)

- Municipal securities consist of bonds issued by a state, municipality or county to finance capital expenditures. The significant inputs used to determine the fair value of these securities include benchmark yields, reported trades, broker-dealer quotes and other industry and market indicators. The fair value of these securities are classified as Level 2.

Level 3 Assets Measured at Fair Value

At December 31, 2023 the Company's investment in a debt note is recorded at fair value of $1,927 (2022: $3,172), with the fair value obtained through the use of a discounted cash flow model. The significant unobservable inputs used in the discounted cash flow model are the cash flow projection of the associated note, and the discount rate of 3.62% (2022: 3.75%). The purchases in 2023 amount to $1,938 (2022: $3,384) and the unrealized losses amount to $11 (2022: $211).

Other investments, at fair value

The other investments amounting to $31,069 (2022: $24,563) are measured at fair value using net asset value ("NAV") per share (or its equivalent) as a practical expedient and have not been classified within the fair value hierarchy.

The Company has ongoing due diligence processes with respect to the other investments carried at fair value in which the Company invests, including active discussions with managers of the investments. These processes are designed to assist in assessing the quality of information provided by, or on behalf of, each fund and in determining whether such information continues to be reliable or whether further review is warranted.

Certain funds do not provide full transparency of their underlying holdings; however, the Company obtains the audited financial statements for funds annually and reviews the audited results, and regularly reviews and discusses the fund performance with the fund managers to corroborate the reasonableness of the reported NAV.

The following table presents the financial instruments measured at fair value on a recurring basis as at December 31, 2023 and 2022:

	As at December 31, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Fixed income securities				
U.S treasuries	$ 67,495	$ –	$ –	$ 67,495
Corporate bonds	–	214,235	–	214,235
Debt notes	–	–	1,927	1,927
Asset-backed securities	–	36,598	–	36,598
Residential mortgage backed securities	–	218,346	–	218,346
Commercial mortgage-backed securities	–	12,144	–	12,144
Municipal securities	–	1,922	–	1,922
Total fixed income securities	67,495	483,245	1,927	552,667
Short term investments	–	50	–	50
Total	$ 67,495	$ 483,295	$ 1,927	$ 552,717

(Expressed in thousands of U.S. dollars)

4. Fair value measurements (continued)

Other investments, at fair value (continued)

	As at December 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Fixed income securities				
U.S treasuries	$ 45,907	$ –	$ –	$ 45,907
Corporate bonds	–	118,947	–	118,947
Debt notes	–	–	3,172	3,172
Asset-backed securities	–	28,104	–	28,104
Residential mortgage			–	
Backed securities*	–	113,132	–	113,132
Commercial mortgage-backed securities	–	7,487	–	7,487
Municipal securities	–	1,810	–	1,810
Total fixed income securities	$ 45,907	$ 269,480	$ 3,172	$ 318,559

*Presentation changed from prior year – split of Agency RMBS and Non-agency RMBS combined in current year

5. Cash and cash equivalents

	2023	**2022**
Cash	$ 1,411	$ 1,206
Cash equivalents	13,902	27,891
Total cash and cash equivalents	$ 15,313	$ 29,097

Due to the short-term nature of cash and cash equivalents, management believes the above noted carrying values approximate their fair value.

6. Restricted cash and cash equivalents

The Company is required to maintain certain levels of cash in a segregated trust account with the custodian. The Company's funds in trust support the reinsurance business written with the reinsured (Note 10).

The restricted cash and cash equivalents as at December 31, 2023 is $2,783 (2022:$ 1,408).

7. Concentration of credit risk

As of December 31, 2023, cash and cash equivalents of $9,764 (2022: $19,125), restricted cash and cash equivalent of $2,783 (2022: $1,408) and fixed income securities of $551,846 (2022: $314,550) are held by one financial institution with S&P rating of AA- in the United States of America, and cash equivalents of $4,138 (2022: $8,766) and cash of $1,411 (2022: $1,206) are held by one financial institution with S&P rating of A- in Bermuda.

As of December 31, 2023, the Company is not exposed to any credit concentration risk of any counterparty greater than 10% of the fixed income securities, other than the U.S. government and its agencies and securities guaranteed by the U.S. government.

(Expressed in thousands of U.S. dollars)

7. Concentration of credit risk (continued)

Premiums receivable of $297,437 (2022: $279,290) and Funds withheld of $18,430 are due from certain insurance companies of Nationwide and premiums receivable of $155 (2022: $110) and insurance balances receivable of $7,160 (2022: $1,915) are due from an external ceding company in Bermuda with A.M. Best rating of A+ . Nationwide has an S&P rating of A+ (2022: A+) and an A.M Best rating of A (2022: A+). Reinsurance recoverable of $1,716 (2022: $ nil) are due from an affiliate GR Bermuda SAC Ltd. Other investments, at fair value are invested in 20 (2022: 17) funds with the largest single investment being $5,619 (2022: $5,207).

8. Reserves for losses and loss expense

The following table presents a reconciliation of the beginning and ending reserves for losses and loss expenses, net of reinsurance recoverable for the years ended December 31, 2023 and 2022.

	2023	2022
Reserves for loss and loss expenses, Gross and net of reinsurance recoverable, as of beginning of period	$ 271,312	$ 136,914
Net losses and loss expenses incurred:		
Current year	211,069	186,637
Prior year	631	4,907
Total net incurred	$ 211,700	$ 191,544
Net losses and loss expenses paid:		
Current year	16,086	21,508
Prior year	58,154	35,547
Net losses and loss expenses paid	$ 74,240	$ 57,055
Foreign exchange and other	112	(91)
Reserves for loss and loss expenses, net of reinsurance recoverable, as of end of period	$ 408,884	$ 271,312
Reinsurance recoverable as of end of period	1,716	-
Reserve for loss and loss expenses as of end of period	$ 410,600	$ 271,312

The reserves for losses and loss expenses include an amount determined from reported claims and estimates based on Company and industry statistics for IBNR using a variety of actuarial methods.

The reserve amount for losses and loss expenses determined from reported claims are established by underlying carriers and third party administrators based on claim specific details, industry observations and expert judgement.

The reserve amount for each claim represents the estimated ultimate cost of events or conditions that have been reported to, or specifically identified by the underlying carrier.

8. Reserves for losses and loss expense (continued)

The reserves for IBNR losses and loss expenses are established by management based on actuarially determined estimates of ultimate losses and loss expenses using various actuarial methods as well as the Company's own growing loss experience, industry loss experience, estimates of pricing adequacy trends and management's professional judgement. In some circumstances, due to the limited historical data available, reliance is placed upon benchmark data and a review of individual policies. Estimates are calculated at the lowest level line of business and for attritional, extreme and catastrophic claims, where appropriate.

The principal actuarial methods, and associated key assumptions, used to perform the Company's loss reserve analysis include:

Initial expected loss and loss expense ratio

To estimate ultimate losses and loss expenses ("L&LE"), the Company multiplies earned premiums by an expected L&LE ratio. The expected L&LE ratio is determined using a combination of benchmark data, industry statistics, the business plan, and expert judgement.

Paid and incurred chain ladder

This method estimates ultimate L&LE by calculating past paid and incurred L&LE development factors and applying them to exposure periods with further expected paid or incurred L&LE development. The main underlying assumption of this method is that historical L&LE development patterns are indicative of future L&LE development patterns.

Paid and incurred Bornhuetter-Ferguson ("BF")

This method combines features of the chain ladder and initial Ultimate loss ratio ("ULR") methods by using both reported and paid L&LE as well as an a priori expected loss ratio to arrive at an ultimate L&LE estimate. The weighting between these two methods depends on the maturity of the business. This means that for a more recent year a greater weight is placed on the initial expected loss ratio, while for a more mature year a greater weight is placed on the L&LE development patterns.

Case-by case

Given the nature of the business written, some of the lines of business may consist of a small number of policies. Where appropriate, the L&LE reserves (including IBNR) will be calculated explicitly for a particular contract using management's judgement based on information received from internal and external experts.

The reserve estimates contain an inherent level of uncertainty and actual results may vary, potentially significantly, from the estimates the Company has made. Reserves are reviewed on a quarterly basis and estimates are adjusted to reflect emerging claims experience.

(Expressed in thousands of U.S. dollars)

8. Reserves for losses and loss expense (continued)

a) Loss development tables

Property

Losses and loss expenses incurred, net of reinsurance

Accident year	For the years ended December 31, 2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022 (unaudited)	2023	As of December 31, 2023 IBNR
2019	$ 1,024	$ 1,069	$ 1,302	$ 1,320	$ 1,143	$ 193
2020		20,887	22,518	25,316	23,925	2,533
2021			53,369	61,705	58,960	8,924
2022				100,146	98,966	26,114
2023					94,548	57,609
				Total	$ 277,542	$ 95,373

Cumulative paid losses and loss expenses, net of reinsurance

Accident year	For the years ended December 31, 2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022 (unaudited)	2023
2019	$ –	$ 63	$ 392	$ 703	$ 808
2020		898	4,681	14,179	18,249
2021			4,029	24,194	38,242
2022				18,644	43,593
2023					13,876
				Total	$ 114,768
Total outstanding reserves for losses and loss expenses, net of reinsurance					$ 162,774

(Expressed in thousands of U.S. dollars)

8. Reserves for losses and loss expenses (continued)

a) Loss development tables (continued)

Casualty

Losses and loss expenses incurred, net of reinsurance

	For the years ended December 31,					As of December 31, 2023
Accident year	**2019 (unaudited)**	**2020 (unaudited)**	**2021 (unaudited)**	**2022 (unaudited)**	**2023**	**IBNR**
2019	$ 1,397	$ 1,260	$ 1,216	$ 974	$ 932	$ 382
2020		18,070	17,705	15,829	15,741	8,968
2021			40,075	36,366	38,768	25,209
2022				75,039	80,484	62,473
2023					103,428	95,498
				Total	$ 239,353	$ 192,530

Cumulative paid losses and loss expenses, net of reinsurance

	For the years ended December 31,				
Accident year	**2019 (unaudited)**	**2020 (unaudited)**	**2021 (unaudited)**	**2022 (unaudited)**	**2023**
2019	$ –	$ 159	$ 127	$ 308	$ 469
2020		64	404	2,291	5,196
2021			550	3,716	8,302
2022				2,747	8,743
2023					1,998
				Total	$ 24,708
				Foreign exchange effect	$ 14
				Total outstanding reserves for losses and loss expenses, net of reinsurance	$ 214,659

(Expressed in thousands of U.S. dollars)

8. Reserves for losses and loss expenses (continued)

a) Loss development tables (continued)

Specialty

Losses and loss expenses incurred, net of reinsurance

Accident year	For the years ended December 31, 2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022 (unaudited)	2023	As of December 31, 2023 IBNR
2019	$ 675	$ 733	$ 727	$ 797	$ 780	$ 724
2020		2,334	2,266	2,420	2,267	2,003
2021			7,987	7,345	6,469	4,799
2022				11,452	10,905	8,698
2023					13,093	11,951
				Total	$ 33,514	$ 28,175

Cumulative paid losses and loss expenses, net of reinsurance

Accident year	For the years ended December 31, 2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022 (unaudited)	2023
2019	$ –	$ 17	$ 17	$ 56	$ 56
2020		44	44	165	199
2021			–	179	762
2022				117	834
2023					212
				Total	$ 2,063
				Total outstanding reserves for losses and loss expenses, net of reinsurance	$ 31,451

Due to the nature of retrocession coverage, claim-level detail is not readily available and it is not practicable to provide claims frequency information.

The Company's loss and loss expenses reserve analysis is based primarily on accident year data or report year data, depending on the coverage trigger underlying a particular segment's exposure.

The information has been provided separately for each of the property, casualty and specialty lines in line with how the Company manages the business. No data has been omitted in providing this information on a segment basis.

(Expressed in thousands of U.S. dollars)

8. Reserves for losses and loss expenses (continued)

b) Reconciliation of loss and loss expense development information to the reserves for losses and loss expenses

The table below reconciles the loss and loss expense development information to the Company's reserves for losses and loss expenses as at December 31, 2023 and 2022:

	2023	2022
Net Reserves for losses and loss expenses		
Property	$ 162,774	$ 130,767
Casualty	214,659	119,048
Specialty	31,451	21,497
Total net reserves for losses and loss expenses	$ 408,884	$ 271,312
Reinsurance recoverable – Property	1,716	–
Total Reserves for losses and loss expenses	$ 410,600	$ 271,312

Historical loss and loss expense duration

The following table (unaudited) presents the Company's historical average annual percentage payout of loss and loss expenses incurred, net of reinsurance by age.

	Year 1	Year 2	Year 3	Year 4	Year 5
Property	9%	20%	31%	22%	9%
Casualty	1%	9%	7%	19%	17%
Specialty	1%	3%	5%	3%	0%
All lines	**5%**	**14%**	**19%**	**8%**	**19%**

The Company has $141,539 (2022: $67,299) payouts to date.

9. Taxation

Under the current Bermuda law, the Company is not required to pay 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 until March 31, 2035.

In December 2023, the Bermuda Corporate Income Tax Act 2023 ("CIT act") became law. This CIT act will introduce a corporate income tax of 15%, which will apply to Bermuda businesses that are part of multinational enterprise groups with annual revenue of €750M or more. The tax is effective beginning in 2025. The Company is not expected to be in scope for this tax.

The Company has made an irrevocable election under Section 953(d) of the United States Internal Revenue Code of 1986, as amended, to be taxed as a U.S. domestic insurance company for U.S. federal income tax purposes. As a result of this 'domestic election', the Company is subject to U.S. federal taxation on its world-wide income as if it were a U.S. corporation.

(Expressed in thousands of U.S. dollars)

9. Taxation (continued)

The income tax expense for the years ended December 31, 2023 and 2022 is as follows:

		2023		2022
Current tax expense	$	6,747	$	–
Deferred tax expense		7,322		1,786
Income tax expense	$	14,069	$	1,786

The net deferred tax (liabilities)/assets balances as of December 31, 2023 and 2022 are made up of the following:

		2023		2022
Deferred tax assets				
Unearned premiums	$	16,437	$	12,422
Discounts on reserves for losses and loss expenses		2,552		1,591
Start-up costs		662		725
Tax operating loss		-		5,826
Deferred ceding commission		557		-
Unrealized investment loss		5,289		6,992
Total deferred tax assets		25,497		27,556
Deferred tax liabilities				
Deferred acquisition costs		(27,522)		(20,870)
Deferred reinsurance premiums		(301)		-
Discount on reinsurance recoverables		(14)		-
Unrealized investment gains		(1,171)		(38)
Total deferred tax liabilities		(29,008)		(20,908)
Net deferred tax (liabilities)/assets	$	(3,511)	$	6,648

(Expressed in thousands of U.S. dollars)

10. Related party transactions

In 2019, the Company entered into reinsurance agreements with certain insurance companies of Nationwide. Through the Quota Share ("QS") treaties, Nationwide ceded to the Company its proportionate share of the insurance business as summarized in the table below:

		2023		2022
Gross premium written	$	490,009	$	379,326
Premiums earned		394,409		312,335
Loss and loss expenses		(213,459)		(191,544)
Acquisition costs		(125,705)		(104,070)

QS Balances at December 31, 2023 and 2022:

		2023		2022
Premiums receivable	$	297,437	$	279,290
Deferred acquisition costs		131,058		99,380
Funds withheld		18,430		-
Reserves for losses and loss expenses		(410,600)		(271,312)
Unearned premiums		(391,369)		(295,769)
Reinsurance balances payable		(1,736)		(15,374)

In 2023, the Company entered into a QS retrocession agreement with Blackwolf Segregated Account 1 which is a segregated account of GR Bermuda SAC Ltd, an affiliate to the Company through common ownership. Through the QS contract, the Company retroceded a portion of its property business to Blackwolf Segregated Account 1 as summarized in the table below:

		2023		2022
Ceded premiums written	$	(10,450)	$	-
Ceded premiums earned		(3,297)		-
Ceded loss and loss expenses		1,759		-
Ceded acquisition costs		1,114		-
Net Fee Income		7,404		-

QS Balances at December 31, 2023 and 2022:

		2023		2022
Reinsurance recoverable	$	1,716	$	-
Deferred reinsurance premiums		7,153		-
Reinsurance balances payable		(6,232)		-
Deferred ceding commission		(2,651)		-
Unearned fee income		(4,943)		-

The Company has an investment management agreement in place with Nationwide Asset Management LLC to manage the Company's investment portfolio. The investment fee during the year amounted to $501 (2022: $308) and the amount payable at December 31, 2023 is $135 (2022: $81).

(Expressed in thousands of U.S. dollars)

10. Related party transactions (continued)

The Company entered into a service agreement with Ryan Re Underwriting Management LLC (“Ryan Re”) to provide underwriting, claims, actuarial and administrative support. Fees incurred during the year amounted to $1,542 (2022: $2,566) and are included in general and administrative expenses. The amount payable at December 31, 2023 is $696 (2022: $1,958) and is included in the amounts due to affiliates.

During the year, allocated costs from Ryan Specialty and Nationwide amounted to $464 (2022: $806) and $503 (2022: $88), respectively, and recorded under general and administrative expenses. Related payables at December 31, 2023, included in accounts payable and accrued expenses, were $827 (2022: $299) and $nil (2022: $29), respectively.

Included in other assets are amounts due from Holdings of $160 (2022: $148), from GR Bermuda SAC Ltd. of $221 (2022: $42), from Blackwolf Segregated Account 1 of $721 (2022: $nil) and Ryan Re of $9 (2022: $nil) relating to expenses paid for by the Company.

At December 31, 2023, $529,451 (2022: $296,994) of available-for-sale fixed income securities, and $2,783 (2022: $1,408) of restricted cash and cash equivalents were on deposit with a custodian in respect of the Company’s trust account. The trust agreement was entered into to support the business ceded by Nationwide and the amount held in trust is based on Nationwide’s net exposure to the Company.

Related party balances are due on demand and carry no interest.

11. Share capital

	2023	2022
Authorised, issued and fully paid		
120,000 shares at $0.001 each	$ 120	$ 120

The Common shareholder is entitled to receive dividends only when, and if, declared by the Board of Directors.

12. Additional paid-in capital

Additional paid-in capital represents amounts contributed by the common shareholder in addition to the subscription to the issued share capital.

13. Statutory requirements

The Company is registered as a Class 3A reinsurer under the Insurance Act which imposes certain solvency and liquidity standards, auditing and reporting requirements and grants the BMA powers to supervise, investigate, require information and the production of documents and intervene in the affairs of insurance companies.

Under the Insurance Act, the Company is either required to or is prohibited from doing the following:

- Required to maintain certain solvency and liquidity standards which includes maintaining a minimum liquidity ratio whereby the value of relevant assets must not be less than 75% of the amount of relevant liabilities. The minimum solvency margin is determined as a percentage of either net reserves for losses and loss expenses or premiums written.
- Required to maintain a minimum statutory capital and surplus (Enhanced Capital Requirement or "ECR") at least equal to the greater of a minimum solvency margin or the Bermuda Solvency Capital Requirement ("BSCR"). The BSCR is calculated based on a standardized risk-based capital model used to measure the risk associated with assets, liabilities and premiums.
- Prohibited from declaring or paying any dividends if it were in breach of its minimum solvency margin or liquidity ratio or if the declaration or payment of such dividends would cause it to fail to meet such margin or ratio.

13. Statutory requirements (continued)

- Prohibited, without the prior approval of the BMA, from reducing by 15% or more its total statutory capital as set out in its previous year's statutory financial statements.
- Prohibited, without obtaining the prior written approval of the BMA, from writing any "long-term business", as such as expression is understood in the Insurance Act.
- Prohibited, without obtaining the prior written approval of the BMA, from writing any "insurance business", as such expression is understood in the Insurance Act, other than contract of reinsurance with Nationwide Mutual Insurance Company and/or its subsidiaries, with the exception of Punitive Damages Wrap policies with U.S. cedants.

In 2021, the BMA approved a letter of credit of $28,000 to be recorded as Other Fixed Capital on the Statutory Statement of Capital and Surplus in the Statutory Financial Statements and as Tier 2 Capital. During 2023 the letter of credit has increased to $50,000 as approved by the BMA.

As of December 31, 2023, the Company met all the requirements that it is subject to under the Insurance Act.

14. Subsequent events

Subsequent events have been evaluated up to and including April 23, 2024, the date of issuance of these financial statements.