ENACT RE LTD.

Financial Statements

December 31, 2023

(With Independent Auditors' Report)

ENACT RE LTD.

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KPMG LLP
4242 Six Forks Road
Suite 850
Raleigh, NC 27609

Independent Auditors' Report

The Board of Directors
Enact Re Ltd.:

Opinion

We have audited the financial statements of Enact Re Ltd. (the Company), which comprise the balance sheet as of December 31, 2023, and the related statements of operations and comprehensive income (loss), changes in equity, and cash flows for the period from April 1, 2023 (commencement of operations) through December 31, 2023, 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 the results of its operations and its cash flows for the period from April 1, 2023 (commencement of operations) through December 31, 2023 in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit 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.

Emphasis of Matter

As discussed in Note 5 to the financial statements, the Company has significant transactions with related parties, including its affiliate Enact Mortgage Insurance Corporation. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 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.

In performing an audit in accordance with GAAS, we:

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

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

KPMG LLP

Raleigh, North Carolina
April 18, 2024

ENACT RE LTD.

Balance Sheet
December 31, 2023

(Amounts in thousands, except par value and shares)		2023
Assets		
Cash and cash equivalents	$	253,041
Investments, at fair value (amortized cost of $263,944)		267,459
Short-term investments		9,893
Accrued investment income		2,789
Premiums receivable		13,898
Receivable from affiliates		148
Other assets		29
Total assets	$	547,257
Liabilities and equity		
Liabilities:		
Loss reserves	$	11,330
Income tax payable		1,236
Payable to affiliates		68
Deferred tax liability		836
Other liabilities		188
Total liabilities	$	13,658
Equity:		
Common stock, par value $1 per share. 120,000 shares issued and outstanding	$	120
Additional paid-in capital		500,105
Retained earnings		30,596
Accumulated other comprehensive income (loss)		2,778
Total equity		533,599
Total liabilities and equity	$	547,257

See accompanying notes to financial statements.

ENACT RE LTD.

Statement of Operations and Comprehensive Income (Loss)
For the period from April 1, 2023 (commencement of operations) through December 31, 2023

(Amounts in thousands)	**2023**
Revenues:	
Premiums earned	$ 52,912
Net investment income	8,773
Total revenues	61,685
Expenses:	
Losses incurred	11,286
Allocated employee costs	825
Professional fees	537
Other operating expenses	10,307
Total expenses	22,955
Income before income taxes	38,730
Provision for income taxes	8,134
Net income	$ 30,596
Unrealized gain (loss) on investments, net of taxes	2,778
Total comprehensive income	$ 33,374

See accompanying notes to financial statements.

ENACT RE LTD.

Statement of Changes in Equity
For the period from April 1, 2023 (commencement of operations) through December 31, 2023

(Amounts in thousands)	Common stock	Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings	Total equity
Balances as of April 1, 2023	$ —	$ —	$ —	$ —	$ —
Comprehensive income:					
Net income	—	—	—	30,596	30,596
Other comprehensive income (loss), net of taxes	—	—	2,778	—	2,778
Capital contributions	120	500,105	—	—	500,225
Balances as of December 31, 2023	$ 120	$ 500,105	$ 2,778	$ 30,596	$ 533,599

See accompanying notes to financial statements.

ENACT RE LTD.

Statement of Cash Flows
For the period from April 1, 2023 (commencement of operations) through December 31, 2023

(Amounts in thousands)	**2023**
Cash flows from operating activities:	
Net income	$ 30,596
Adjustments to reconcile net income to net cash from operating activities:	
Deferred income taxes	98
Amortization of fixed maturity securities discounts and premiums	(1,050)
Changes in certain assets and liabilities:	
Accrued investment income	(2,789)
Premiums receivable	(13,898)
Other assets	(29)
Payable to / receivable from affiliates	(80)
Loss reserves	11,330
Other liabilities	188
Income tax payable	1,236
Net cash from operating activities	25,602
Cash flows from investing activities:	
Purchases of fixed maturity securities	(263,829)
Net change in short-term investments	(9,893)
Proceeds from maturities of fixed maturity securities available-for-sale	936
Net cash used in investing activities	(272,786)
Cash flows from financing activities:	
Capital contributions	500,225
Net cash from financing activities	500,225
Net change in cash	253,041
Cash at beginning of period	—
Cash at end of period	$ 253,041

See accompanying notes to financial statements.

Notes to the Financial Statements
For the period from April 1, 2023 (commencement of operations) through December 31, 2023

(1) Corporate Structure, Basis of Presentation, and Summary of Significant Accounting Policies

(a) Nature of Business

Enact Re Ltd. (the "Company") is a Bermuda based reinsurance company, incorporated in 2022. The Company began as a wholly-owned subsidiary of Enact Holdings, Inc. ("EHI"). Following an initial contribution of $225 thousand in 2023, the entity was contributed by EHI to Enact Mortgage Insurance Corporation ("EMICO"), an insurance company domiciled in the state of North Carolina that offers private mortgage insurance for mortgages secured by residential properties located in the United States. The Company commenced operations on April 1, 2023. The Company assumes mortgage insurance risk through quota share reinsurance agreements with EMICO and serves as a reinsurer through excess of loss reinsurance agreements to the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"). Typically, Fannie Mae and Freddie Mac (collectively, the "GSEs") retain a first loss tier and cede a mezzanine risk tier to a panel of reinsurers, including the Company, under their credit risk transfer programs.

EMICO completed contributions of $500 million to the Company during 2023.

(b) Corporate Structure

All outstanding shares of EMICO are owned by Enact Mortgage Holdings, LLC, ("EMHL"), an insurance holding company domiciled in the state of North Carolina. All outstanding shares of EMHL are owned by EHI, an insurance holding company domiciled in the state of Delaware. The outstanding shares of EHI are owned by Genworth Holdings, Inc. ("Genworth Holdings"), 81.6%, and Public Investors, 18.4%. All outstanding shares of Genworth Holdings are owned by Genworth Financial, Inc. ("Genworth").

The Company owns no shares of an upstream intermediate or ultimate parent stock, either directly or indirectly via a downstream subsidiary, controlled or affiliated company. Likewise, the Company has no guarantees, or undertakings for the benefit of an affiliate, which result in a material contingent exposure of the Company's or any affiliate's assets or liabilities. The Company has a service and shared expense agreement with EMICO as described in Note 5.

(c) Basis of Presentation

The financial statements have been prepared on the basis of U.S. generally accepted accounting principles ("U.S. GAAP").

(d) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include estimated loss reserves, investment fair value and deferred tax assets.

(e) Recognition of Revenue and Related Expenses

Premium income is earned ratably over the terms of the policies to which they relate. Premium income earned but not yet collected is reported as premiums receivable. No allowance for credit losses was required against premiums receivable. Operating expenses are reported when incurred.

(f) Cash and Cash Equivalents

Certificates of deposit, money market funds and other highly liquid investments with original maturities of three months or less are considered cash equivalents in the balance sheet and statement of cash flows. Items with maturities greater than three months but less than one year at the time of acquisition are generally considered short-term investments.

The Company maintains amounts on deposit with various financial institutions, which may exceed federally insured limits. However, management periodically evaluates the credit-worthiness of those institutions, and the Company has not experienced any losses on such deposits.

(g) Investments

All securities are accounted for as of the date the investments are purchased or sold (trade date). At the time of purchase, the Company designates its fixed maturity securities as available-for-sale and reports them in its balance sheet at fair value. The Company's portfolio of fixed maturity securities comprises primarily investment grade securities. Changes in the fair value of available-for-sale fixed maturity securities, net of deferred income taxes, are reflected as unrealized investment gains or losses in a separate component of accumulated other comprehensive (loss) income. Investment gains and losses are calculated on the basis of specific identification on the trade date.

Available-for-sale fixed maturity securities in an unrealized loss position are evaluated to determine whether the decline in fair value is related to credit losses or other factors. In making this assessment, we consider the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency/agencies and adverse conditions specifically related to the security, among other factors. If a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, an allowance for credit losses is recorded, limited by the amount that the fair value is less than the amortized cost basis. Losses are written off against the allowance when deemed uncollectible or when we intend to sell or expect we will be required to sell a security prior to recovering our amortized cost. We exclude accrued interest related to available-for-sale fixed maturity securities from the estimate of allowance for credit losses as uncollectible accrued interest related to our available-for-sale fixed maturity securities is written off after 90 days and once collectability is determined to be uncertain and not probable.

(h) Investment Income Due and Accrued

Accrued investment income consists primarily of interest earned on fixed maturity securities. Interest is recognized on an accrual basis. Interest income is not recorded on fixed maturity securities in default and fixed maturity securities delinquent more than 90 days or where collection of interest is improbable.

(i) Fair Value Measurements

Fair value measurements are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect a view of market assumptions in the absence of observable market information. All assets carried at fair value are classified and disclosed in one of the following three categories:

Level 1 - Quoted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 - Instruments whose significant value drivers are unobservable.

All assets and liabilities recorded at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability, such as the relative impact on the fair value from including a particular input. The Company reviews the fair value hierarchy classifications each year. Changes in the observability of the valuation attributes may result in a reclassification of certain financial assets or liabilities. Such reclassifications are reported as transfers in and out of Level 3 at the beginning fair value for the year in which the changes occur.

(j) Loss Reserves

Loss reserves primarily represent assumed reserves on mortgage guaranty risk. These reserves represent the amount needed to provide for the estimated ultimate costs of settling claims relating to insured events that have occurred on or before the end of the respective reporting period. The estimated liability includes provisions for expected future payments of (a) claims that have been reported to the insurer and (b) claims related to insured events that have occurred but that have not been reported to the insurer as of the date the liability is estimated. For mortgage guaranty insurance contracts, the individual mortgage loan default shall be considered the incident that gives rise to a claim. Loss reserves are not established for loans in a current payment status.

Loss reserves are determined using case basis evaluations and statistical analyses. Reserves are established with due consideration given to current conditions in the economy, current loss mitigation techniques, expectations of future loss developments, and various other factors, including loan-to-value (“LTV”) ratios, geographic areas, and the mix of fixed and variable rate mortgage loans.

(k) Premium Deficiency Reserve (“PDR”)

When the anticipated losses, loss adjustment expenses, commissions and other acquisition costs, and maintenance costs exceed any recorded unearned premium reserve and the estimated future renewal premium on existing policies, a premium deficiency reserve shall be recognized by recording an additional liability for the deficiency with a corresponding charge to operations. The Company does not utilize anticipated investment income when evaluating the need for a PDR. The Company completed PDR analyses as of December 31, 2023, and determined that no PDR was required.

(l) Income Taxes and Deferred Tax Assets

The Company determines deferred tax assets and/or liabilities by multiplying the differences between the financial reporting and tax reporting bases for assets and liabilities by the enacted tax rates expected to be in effect when such differences are recovered or settled if there is no change in law. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances on deferred tax assets are estimated based on the Company’s assessment of the realizability of such amounts.

The Company has elected to participate in the U.S. consolidated income tax return of Genworth (the "Genworth consolidated return") and is considered a domestic insurer for tax purposes. All companies domesticated in the United States are included in the life/non-life consolidated return as allowed by the tax law and regulations. The Company has a tax sharing agreement in place and all intercompany balances related to this agreement are settled at least annually. Refer to Note 4 for further details.

Recently issued standards

Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued new accounting guidance to improve income tax disclosures. The guidance adds certain qualitative disclosure around items in the rate reconciliation as well as additional disaggregation around the amounts This guidance is effective for us for annual reporting periods as of December 31, 2026 using the prospective method, with early adoption permitted. We do not expect the impact on our disclosures to be material.

(2) Loss Reserves

Changes in loss reserves for the period ended December 31, 2023, are summarized as follows:

(Amounts in thousands)	2023
Loss reserves at beginning of period	$ —
Losses incurred:	
Current period	11,286
Total incurred	11,286
Losses (paid) recovered:	
Current period	44
Total (paid) recovered	44
Loss reserves at end of period	$ 11,330

Loss reserves represent estimated losses associated with the quota share agreement with EMICO. All outstanding loss reserves relate to delinquencies from accident year 2023. There were no loss reserves assumed related to excess of loss reinsurance with the GSEs as of December 31, 2023.

(3) Investments

The amortized cost, gross unrealized gains (losses), and fair value of fixed maturities classified as available-for-sale for the period ended December 31, 2023 were as follows:

(Amounts in thousands)	2023 Amortized cost	Unrealized gains	Unrealized losses	Estimated fair value
Fixed maturities:				
U.S. government, agencies and GSEs	$ 158,987	$ 1,138	$ —	$ 160,125
Non-U.S. government	1,876	16	—	1,892
U.S. corporate	55,748	1,373	(1)	57,120
Non-U.S. corporate	20,902	608	—	21,510
Other asset-backed	26,431	381	—	26,812
Total fixed maturities available-for-sale	$ 263,944	$ 3,516	$ (1)	$ 267,459
Short-term investments	9,893	1	(1)	9,893
Total investments	$ 273,837	$ 3,517	$ (2)	$ 277,352

For the period ended December 31, 2023, the sources of net investment income of the Company were as follows:

(Amounts in thousands)	**2023**
Fixed maturity securities	$ 4,841
Cash and cash equivalents	3,665
Short-term investments	270
Gross investment income	8,776
Investment and interest expenses	(3)
Net investment income	$ 8,773

Net unrealized (losses) gains on investment securities for the period ended December 31, 2023 were as follows:

(Amounts in thousands)	**2023**
Net unrealized (losses) gains on investment securities:	
Fixed maturity securities	$ 3,515
Short-term investments	—
Subtotal	3,515
Income taxes, net	(737)
Net unrealized investment (losses) gains	$ 2,778

The scheduled maturity distribution of fixed maturity securities as of December 31, 2023 is set forth below. Actual maturities may differ from contractual maturities because issuers of securities may have the right to call or prepay obligations with or without call or prepayment penalties.

	2023		
(Amounts in thousands)	Amortized cost	Estimated fair value	% of Total
Due in one year or less	$ 33,279	$ 33,316	12 %
Due after one year through five years	113,531	114,614	43
Due after five years through ten years	88,705	90,616	34
Due after ten years	1,998	2,101	1
Subtotals	$ 237,513	$ 240,647	90 %
Other asset-backed securities	26,431	26,812	10
Total fixed maturities	$ 263,944	$ 267,459	100 %

	Less than 12 months			**12 months or more**		
(Amounts in thousands) **December 31, 2023**	**Estimated fair value**	**Gross unrealized losses**	**Number of securities**	**Estimated fair value**	**Gross unrealized losses**	**Number of securities**
Bonds:						
US corporate	$ 986	$ (1)	1	$ —	$ —	—
Total bonds	986	(1)	1	—	—	—
Total temporarily impaired securities	$ 986	$ (1)	1	$ —	$ —	—

The Company's only security held in an unrealized loss position as of December 31, 2023 is investment grade. Based on a qualitative and quantitative review of the issuer of the security, we believe the decline in fair value is largely due to changes in interest rates and market volatility and is not indicative of credit losses.

In connection with its reinsurance activities, the Company is required to maintain assets in trusts for the benefit of its contractual counterparties. The fair value of the assets on deposit in these trusts was $159 million as of December 31, 2023.

(4) Income Taxes

The Company is incorporated in Bermuda and pursuant to Bermuda law is not currently taxed on either income or capital gains. In December 2023, Bermuda enacted the Corporate Income Tax Act of 2023 (the Bermuda CIT Act) effective January 1, 2025, which imposes a 15% corporate income tax on certain Bermuda businesses of large, multi-national enterprises. The Company does not expect the Bermuda CIT Act to have a material impact on its results of operations, financial condition or cash flows, however, the Company will continue to evaluate these tax law changes as additional guidance is issued by the Bermuda tax authorities. Additionally, the Bermuda CIT Act allows for a credit for direct income taxes paid to the U.S. as a 953(d) and the Company expects to make certain elections available to it under the Bermuda CIT Act which resulted in no adjustments to deferred tax assets being recorded upon the enactment date.

The total provision (benefit) for income taxes was as follows for the period ended December 31, 2023:

(Amounts in thousands)	**2023**
Current income taxes	$ 8,036
Deferred income taxes	98
Total income taxes	8,134
Total provision (benefit) for income taxes	$ 8,134

The reconciliation of the federal statutory tax rate to the effective income tax rate was as follows for the period ended December 31, 2023:

(Amounts in thousands)	**2023**	
Pre-tax income	$ 38,730	
Statutory U.S. income tax rate	$ 8,134	21.0 %
Effective rate	$ 8,134	21.0 %

There were no differences between the statutory and effective income tax rates.

The components of the net deferred income tax asset were as follows as of December 31, 2023:

(Amounts in thousands)	**2023**
Assets:	
Unearned premium and loss reserves	$ 113
Accrued commissions and general expenses	38
Gross deferred income tax assets	151
Valuation Allowance	—
Total deferred income tax assets	$ 151
Liabilities:	
Net unrealized gains on investment securities	$ (738)
Investments	(249)
Total deferred income tax liabilities	(987)
Net deferred income tax liabilities	$ (836)

Based on its analysis, the Company believes it is more likely than not that participation in tax sharing agreements, as well as results of future operations, will enable the Company to realize its deferred tax assets. Accordingly, no valuation allowance for deferred tax assets is deemed necessary.

As of December 31, 2023, there were no capital loss carryforwards or U.S. net operating loss carryforwards.

The Company paid U.S. taxes of $6,800 thousand for the year ended December 31, 2023.

There was no unrecognized tax benefits as of December 31, 2023.

We recognize accrued interest and penalties related to unrecognized tax benefits as components of the provision for income taxes. We have recorded $0 of benefits related to interest and penalties for 2023.

As previously discussed, we have elected to participate in the Genworth consolidated return. As allowed by the tax law and regulations, we have made a 953(d) election to be treated as a domestic U.S. corporation for tax purposes and are therefore part of the Genworth U.S. consolidated tax group. The Company is a party to the Tax Allocation Agreement dated May 14, 2021 between Genworth and certain of its subsidiaries. The tax allocation methodology is based on the separate return liabilities with offsets for losses and credits utilized to reduce the current consolidated tax liability as allowed by applicable law and regulation. The Company's policy is to settle intercompany tax balances quarterly, with a final settlement after filing Genworth's Federal consolidated U.S. corporation income tax return.

The Company is subject to U.S. income tax examinations for all years since inception.

In August 2022, the Inflation Reduction Act of 2022 (“Act”) was passed by the U.S. Congress and signed into law by President Biden. The Act includes a new Federal corporate alternative minimum tax (“CAMT”), effective in 2023, that is based on the adjusted financial statement income (“AFSI”) set forth on the applicable financial statement (“AFS”) of an applicable corporation. A corporation is an applicable corporation if its rolling average pre-tax AFSI over three prior years (starting with 2020-2022) is greater than $1.0 billion. For a group of related entities, the $1.0 billion threshold is determined on a group basis, and the group’s AFS is generally treated as the AFS for all separate taxpayers in the group. Except under limited circumstances, once a corporation is an applicable corporation, it is an applicable corporation in all future years.

An applicable corporation is not automatically subject to a CAMT liability. The corporation’s tentative CAMT liability is equal to 15% of its adjusted AFSI, and CAMT is payable to the extent the tentative CAMT liability exceeds regular corporate income tax. However, any CAMT paid would be indefinitely available as a credit carryover that could reduce future regular tax in excess of CAMT. The controlled group of corporations of which the Company is a member has determined it is not an applicable corporation in 2023. The Company intends to amend its tax sharing agreement in 2024 to reflect CAMT.

(5) Transactions with Affiliates

The Company entered into quota share reinsurance agreements with EMICO where they have assumed approximately 7.5% of EMICO’s in-force business and 2023 new insurance written. Premiums of $51.3 million and losses of $11.3 million were assumed from our reinsurance agreements with EMICO. We paid $10.3 million of ceding commissions to EMICO.

The Company is party to a service and shared expense agreement whereby it receives certain administrative services from EMICO, which may include the following areas: finance, administration, accounting, systems and data processing, and legal departments. Expenses allocated under this agreement were $825 thousand for the period ended December 31, 2023.

EMICO completed contributions of $500 million to the Company during 2023.

Amounts receivable and payable from parent and affiliates at December 31, 2023 were as follows:

(Amounts in thousands)	2023
Assets	
Premiums receivable	$ 13,748
Receivable from affiliates	148
Other assets	28
Liabilities	
Other payables	$ 68

(6) Fair Value

The Company carried all investment securities at fair value, which was $267.5 million as of December 31, 2023. For all securities deemed to be Level 2, the Company primarily utilized pricing services to determine fair value. To determine fair value for Level 3 securities, the Company primarily used internal models. There were no transfers into or out of Level 3 during the period.

Short-term investments are deemed to be Level 2, and the Company primarily utilized pricing services to determine fair value.

(Amounts in thousands) December 31, 2023	Aggregate fair value	Level 1	Level 2	Level 3
Fixed maturity securities:				
U.S. government, agencies and GSEs	$ 160,125	$ —	$ 160,125	$ —
Non-U.S. government	1,892	—	1,892	—
U.S. corporate	57,120	—	54,083	3,037
Non-U.S. corporate	21,510	—	18,395	3,115
Other asset-backed	26,812	—	25,916	896
Total fixed maturity securities	267,459	—	260,411	7,048
Short-term investments	9,893	—	9,893	—
Total	$ 277,352	$ —	$ 270,304	$ 7,048

The Company’s financial instruments are investments, receivables, and payables. There were no financial instruments for which it was not practicable to estimate fair value. The carrying values of receivables, and payables approximate fair value, due to their short-term nature, as of December 31, 2023, and therefore, are not presented in the table above.

The following table present additional information about assets measured at fair value on a recurring basis and for which we have utilized significant unobservable (Level 3) inputs to determine fair value as of or for the dates indicated:

(Amounts in thousands)	**2023**
Beginning balance as of April 1, 2023	$ —
Purchases	6,877
Total gains (losses) included in net income	12
Total gains (losses) included in OCI	159
Ending balance as of December 31, 2023	$ 7,048

(7) Reinsurance

During 2023, the Company entered into seven excess of loss reinsurance agreements with Fannie Mae and Freddie Mac. These transactions cover high loan to value ("LTV"), greater than 80% LTV, loans that the GSEs acquire with MI coverage and low LTV loans, less than or equal to 80% LTV loans, that do not have MI coverage. Losses under these agreements have not exceeded the GSE's first loss tier; therefore, no reserves or losses have been recorded.

The Company also entered into quota share reinsurance agreements with EMICO where they have assumed approximately 7.5% of EMICO's in-force business and 2023 new insurance written.

Subsequent to year-end on February 6, 2024, the Company increased the ceding percentage of its quota share reinsurance agreement with EMICO to 12.5%.

(8) Accumulated Other Comprehensive Income ("AOCI")

Changes in net unrealized (losses) gains for the period ended December 31, 2023 were as follows:

(Amounts in thousands)	**2023**
Beginning balance of AOCI	$ —
Other comprehensive loss:	
Unrealized (losses) gains on investment securities	3,515
Provision for income taxes	(737)
Other comprehensive loss	2,778
Ending balance of AOCI	$ 2,778

(9) Statutory Information

We are registered as a Class 3A Insurer under The Insurance Act 1978, as amended, and related regulations of Bermuda (the "Insurance Act"). As such we are required to prepare and file a Statutory Financial Return with the Bermuda Monetary Authority ("BMA") on an annual basis. We are also required to maintain $1 million of minimum capital and ensure that we exceed prescribed minimum solvency margins and enhanced capital requirements. At December 31, 2023 the Company met these requirements.

We are also required to file a Capital and Solvency Return and audited U.S. GAAP financial statements with the BMA annually. Declarations of dividends from retained earnings and distributions from additional paid-in capital are subject to these requirements being met.

The Bermuda Companies Act 1981 limits our ability to pay dividends and distributions to shareholders if there are reasonable grounds for believing that: (a) we are, or would after the payment be, unable to pay our liabilities as they become due; or (b) the realizable value of our assets would thereby be less than the aggregate of our liabilities and issued share capital and share premium accounts. Under the Insurance Act, we are restricted with respect to the payment of dividends. We are prohibited from declaring or paying in any financial year dividends of more than 25% of our total statutory capital and surplus (as shown on its previous financial year's statutory balance sheet) unless we file, at least seven days before payment of such dividends, with the BMA an affidavit stating that we will continue to meet the required margins. In addition, we are prohibited, without prior approval of the BMA, from reducing by 15% or more our total statutory capital, as set out in our previous year's statutory financial statements.

In addition, Bermuda regulations include certain restrictions on the amount of dividends or other distributions available to shareholders without prior approval of the insurance regulatory authorities. For the period ended December 31, 2023, we have paid no dividends.

Statutory capital and surplus and net income determined in accordance with statutory accounting practices were consistent with the amounts determined under U.S. GAAP.

(10) Subsequent Events

During March 2024, the Company entered into a quota share reinsurance agreement with EMICO, assuming approximately 12.5% of EMICO’s 2024 new insurance written.

Subsequent events have been considered through April 18, 2024.