

***Continental Reinsurance
Corporation International Limited***

***(A Wholly Owned Subsidiary of
The Continental Corporation)***

Condensed General Purpose Financial Statements
as at and for the Year Ended 31 December 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Continental Reinsurance Corporation International Limited

Opinions

We have audited the accompanying condensed financial statements of Continental Reinsurance Corporation International Limited (the "Company"), which comprise the condensed balance sheets and condensed statements of capital and surplus as of December 31, 2023 and 2022, and the related condensed statements of income for the years then ended, including the related notes (collectively referred to as the "condensed financial statements").

Unmodified opinion on regulatory basis of accounting

In our opinion, the accompanying condensed 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 for the years then ended in accordance with the financial reporting provisions of the Insurance Act of 1978, amendments thereto and the Insurance Account Rules 2016 with respect to condensed general purpose financial statements (the "Legislation") described in Note 3.

Adverse opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for adverse opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying condensed financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2023 and 2022, or the results of its operations for the years then ended.

Basis for Opinions

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

Basis for adverse opinion on U.S. Generally Accepted Accounting Principles

As described in Note 3 to the condensed financial statements, the condensed financial statements are prepared by the Company on the basis of the financial reporting provisions of the Legislation, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Bermuda Monetary Authority. The effects on the condensed financial statements of the variances between the regulatory basis of accounting described in Note 3 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the condensed financial statements

Management is responsible for the preparation and fair presentation of the condensed financial statements in accordance with the financial reporting provisions of the Legislation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the

preparation and fair presentation of condensed financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the condensed financial statements

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

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the condensed 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 condensed 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 condensed 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.

Deloitte & Touche LLP

May 22, 2024

CONDENSED BALANCE SHEET
CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED
AS AT 31 DECEMBER 2023
(EXPRESSED IN UNITED STATES DOLLARS)

Line No.	2023	2022
ASSETS		
1. Cash and cash equivalents	\$ 604,133	\$ 1,362,211
2. Quoted investments:		
(a) Bonds and debentures		
(i) Held to maturity	—	—
(ii) Other	30,975,401	28,105,654
(b) Total bonds and debentures	30,975,401	28,105,654
(c) Equities		
(i) Common stocks	—	—
(ii) Preferred stocks	—	—
(iii) Mutual funds	—	—
(d) Total equities	—	—
(e) Other quoted investments	—	—
(f) Total quoted investments	30,975,401	28,105,654
3. Unquoted investments:		
(a) Bonds and debentures		
(i) Held to maturity	—	—
(ii) Other	—	—
(b) Total bonds and debentures	—	—
(c) Equities		
(i) Common stocks	—	—
(ii) Preferred stocks	—	—
(iii) Mutual funds	—	—
(d) Total equities	—	—
(e) Other unquoted investments	—	—
(f) Total unquoted investments	—	—
4. Investments in and advances to affiliates:		
(a) Unregulated entities that conduct ancillary services	—	—
(b) Unregulated non-financial operating entities	916,916	986,121
(c) Unregulated financial operating entities	—	—
(d) Regulated non-insurance financial operating entities	—	—
(e) Regulated insurance financial operating entities	—	—
(f) Total investments in affiliates	916,916	986,121
(g) Advances to affiliates	—	—
(h) Total investments in and advances to affiliates	916,916	986,121
5. Investments in mortgage loans on real estate:		
(a) First liens	—	—
(b) Other than first liens	—	—
(c) Total investment in mortgage loans on real estate	—	—
6. Policy loans		
	—	—
7. Real estate:		
(a) Occupied by the Company (less encumbrances)	—	—
(b) Other properties (less encumbrances)	—	—
(c) Total real estate	—	—
8. Collateral loans		
	—	—
9. Investment income due and accrued	199,830	199,819

See accompanying Notes to Condensed General Purpose Financial Statements.

Line No.	2023	2022
10. Accounts and premiums receivable:		
(a) In course of collection	—	—
(b) Deferred - not yet due	—	—
(c) Receivables from retrocessional contracts	108,217	81,171
(d) Total accounts and premiums receivable	108,217	81,171
11. Reinsurance balances receivable:		
(a) Foreign affiliates	—	—
(b) Domestic affiliates	—	—
(c) Pools & associations	—	—
(d) All other insurers	573,892	576,115
(e) Total reinsurance balances receivable	573,892	576,115
12. Funds held by ceding reinsurers	214,673	194,533
13. Sundry assets:		
(a) Derivative instruments	—	—
(b) Segregated accounts - Long-term business - variable annuities	—	—
(c) Segregated accounts - Long-term business - other	—	—
(d) Segregated accounts - General business	—	—
(e) Deposit assets	—	—
(f) Deferred acquisition costs	—	—
(g) Net receivables for investments sold	—	—
(h) Other sundry assets 1 - N/A	—	—
(i) Other sundry assets 2 - N/A	—	—
(j) Other sundry assets 3 - N/A	—	—
(k) Total sundry assets	—	—
14. Letters of credit, guarantees and other instruments:		
(a) Letters of credit	—	—
(b) Guarantees	—	—
(c) Other instruments	—	—
(d) Total letters of credit, guarantees and other instruments	—	—
15. Total	<u>\$ 33,593,062</u>	<u>\$ 31,505,624</u>
TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND CAPITAL AND SURPLUS		
16. Unearned premium reserve:		
(a) Gross unearned premium reserves	\$ —	\$ —
(b) Less: Ceded unearned premium reserve		
(i) Foreign affiliates	—	—
(ii) Domestic affiliates	—	—
(iii) Pools & associations	—	—
(iv) All other reinsurers	—	—
(c) Total ceded unearned premium reserve	—	—
(d) Net unearned premium reserve	—	—
17. Loss and loss expense provisions:		
(a) Gross loss and loss expense provisions	17,283,376	18,679,154
(b) Less: Reinsurance recoverable balance		
(i) Foreign affiliates	—	—
(ii) Domestic affiliates	—	—
(iii) Pools & associations	—	—
(iv) All other reinsurers	(15,556,125)	(16,857,490)
(c) Total reinsurance recoverable balance	(15,556,125)	(16,857,490)
(d) Net loss and loss expenses provisions	1,727,251	1,821,664
18. Other general business insurance reserves	—	—
19. Total general business insurance reserves	<u>1,727,251</u>	<u>1,821,664</u>

See accompanying Notes to Condensed General Purpose Financial Statements.

Line No.	2023	2022
LONG-TERM BUSINESS INSURANCE RESERVES		
20. Reserve for reported claims	—	—
21. Reserve for unreported claims	—	—
22. Policy reserves - Life	—	—
23. Policy reserves - Accident and Health	—	—
24. Policyholders' funds on deposit	—	—
25. Liability for future policyholders' dividends	—	—
26. Other long-term business insurance reserves	—	—
27. Total long-term business insurance reserves:		
(a) Total gross long-term business insurance reserves	—	—
(b) Less: Reinsurance recoverable balance on long-term business		
(i) Foreign affiliates	—	—
(ii) Domestic affiliates	—	—
(iii) Pools & associations	—	—
(iv) All other reinsurers	—	—
(c) Total reinsurance recoverable balance	—	—
(d) Total net long-term business insurance reserves	—	—
OTHER LIABILITIES		
28. Insurance and reinsurance balances payable	568,980	601,825
29. Commissions, expenses, fees and taxes payable	—	—
30. Loans and notes payable	—	—
31. (a) Income taxes payable	—	—
(b) Deferred income taxes	—	—
32. Amounts due to affiliates	119,967	166,693
33. Accounts payable and accrued liabilities	—	—
34. Funds held under reinsurance contracts	—	—
35. Dividends payable	—	—
36. Sundry liabilities:		
(a) Derivative instruments	—	—
(b) Segregated accounts companies	—	—
(c) Deposit liabilities	—	—
(d) Net payable for investments purchased	—	—
(e) Other sundry liabilities 1 - Due to National Indemnity Company (NICO)	—	88
(f) Other sundry liabilities 2 - N/A	—	—
(g) Other sundry liabilities 3 - N/A	—	—
(h) Total sundry liabilities	—	88
37. Letters of credit, guarantees and other instruments:		
(a) Letters of credit	—	—
(b) Guarantees	—	—
(c) Other instruments	—	—
(d) Total letters of credit, guarantees and other instruments	—	—
38. Total other liabilities	688,947	768,606
39. Total insurance reserves and other liabilities	2,416,198	2,590,270
CAPITAL AND SURPLUS		
40. Total capital and surplus	31,176,864	28,915,353
41. Total	<u>\$ 33,593,062</u>	<u>\$ 31,505,623</u>

See accompanying Notes to Condensed General Purpose Financial Statements.

CONDENSED STATEMENT OF INCOME
CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2023
(EXPRESSED IN UNITED STATES DOLLARS)

Line No.	2023	2022
GENERAL BUSINESS UNDERWRITING INCOME		
1. Gross premiums written:		
(a) Direct gross premiums written	\$ —	\$ —
(b) Assumed gross premiums written	—	—
(c) Total gross premiums written	—	—
2. Reinsurance premiums ceded	—	—
3. Net premiums written	—	—
4. Increase (decrease) in unearned premiums	—	—
5. Net premiums earned	—	—
6. Other insurance income	—	—
7. Total general business underwriting income	—	—
GENERAL BUSINESS UNDERWRITING EXPENSES		
8. Net losses incurred and net loss expenses incurred	—	—
9. Commissions and brokerage	—	—
10. Total general business underwriting expenses	—	—
11. Net underwriting profit (loss) - General business	—	—
LONG-TERM BUSINESS INCOME		
12. Gross premiums and other consideration:		
(a) Direct gross premiums and other considerations	—	—
(b) Assumed gross premiums and other considerations	—	—
(c) Total gross premiums and other considerations	—	—
13. Premiums ceded	—	—
14. Net premiums and other considerations:		
(a) Life	—	—
(b) Annuities	—	—
(c) Accident and Health	—	—
(d) Total net premiums and other considerations	—	—
15. Other insurance income	—	—
16. Total long-term business income	—	—
LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES		
17. Claims - Life	—	—
18. Policyholders' dividends	—	—
19. Surrenders	—	—
20. Maturities	—	—
21. Annuities	—	—
22. Accident and Health benefits	—	—
23. Commissions	—	—
24. Other	—	8,946,108
25. Total long-term business deductions and expenses	—	8,946,108
26. Increase (decrease) in policy reserves (actuarial liabilities):		
(a) Life	—	—
(b) Annuities	—	—
(c) Accident and Health	—	—
(d) Total increase (decrease) in policy reserves	—	—
27. Total long-term business expenses	—	8,946,108
28. Net underwriting profit (loss) - Long-term business	—	(8,946,108)
29. Combined net underwriting results before the undernoted items	—	(8,946,108)

See accompanying Notes to Condensed General Purpose Financial Statements.

Line No.	2023	2022
UNDERNOTED ITEMS		
30. Combined operating expense:		
(a) General and administration	120,000	120,000
(b) Personnel cost	—	—
(c) Other	—	—
(d) Total combined operating expenses	120,000	120,000
31. Combined investment income - net	1,304,050	9,757,745
32. Combined other income (deductions)	72,101	(98,684)
33. Combined income (loss) before taxes	1,256,151	592,953
34. Combined income taxes (if applicable):		
(a) Current	—	—
(b) Deferred	—	—
(c) Total	—	—
35. Combined income before realized gains (losses)	1,256,151	592,953
36. Combined realized gains (losses)	—	16,189,897
37. Combined interest charges	—	—
38. Net income	<u>\$ 1,256,151</u>	<u>\$ 16,782,850</u>

See accompanying Notes to Condensed General Purpose Financial Statements.

CONDENSED STATEMENT OF CAPITAL AND SURPLUS
CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED
AS AT 31 DECEMBER 2023
(EXPRESSED IN UNITED STATES DOLLARS)

LINE No.	2023	2022
1. Capital:		
(a) Capital stock:		
(i) Common shares (18,500 authorized shares of \$1.00 par value each; 18,500 issued and fully paid shares)	\$ 18,500	\$ 18,500
(ii) Preferred shares (550,000 authorized shares of \$1.00 par value each; 550,000 issued and fully paid shares aggregate liquidation value for par value at 2023 and 2022)	550,000	550,000
(iii) Treasury shares (Repurchased shares of par value each issued and fully paid)	—	—
(b) Contributed surplus	158,426,824	158,426,824
(c) Any other fixed capital	—	—
(i) Hybrid capital instruments	—	—
(ii) Guarantees and others	—	—
(iii) Total any other fixed capital	—	—
(d) Total capital	<u>158,995,324</u>	<u>158,995,324</u>
2. Surplus:		
(a) Surplus - beginning of year	(130,079,971)	(126,155,823)
(b) Add: Income (loss) for the year	1,256,151	16,782,850
(c) Less: Dividends paid and payable	—	—
(d) Add (deduct) change in unrealized appreciation (depreciation) of investments	1,005,360	(20,706,998)
(e) Add (deduct) change in any other surplus	—	—
(f) Surplus - end of year	<u>(127,818,460)</u>	<u>(130,079,971)</u>
3. Minority Interest	—	—
4. Total capital and surplus	<u>\$ 31,176,864</u>	<u>\$ 28,915,353</u>

See accompanying Notes to Condensed General Purpose Financial Statements.

NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

General Notes to the Financial Statements

1. Continental Reinsurance Corporation International Limited (the Company) was incorporated in Bermuda in 1959 and is a wholly-owned subsidiary of The Continental Corporation (TCC). TCC is a wholly owned subsidiary of CNA Financial Corporation (CNAF), a company incorporated in the United States of America. CNAF was approximately 92% owned by Loews Corporation at 31 December 2023.

2. The Company carries on a reinsurance business, assuming risks from a number of international insurance markets by retrocession from affiliates. These risks are being run-off by the Company.

In August 2014, the Company entered into a 100% coinsurance agreement (Coinsurance Agreement) covering the entirety of the Company's long-term business. The Coinsurance Agreement required the transfer of assets with a book value equal to the reinsured liabilities on the inception date of the contract. Because a substantial portion of the assets supporting these liabilities were held in a trust for the benefit of the original cedant, those assets were transferred on a funds withheld basis. Under this approach the Company maintained legal ownership of the assets, but the investment income and realized gains and losses on those assets inured to the reinsurer.

The funds withheld aspect of the Coinsurance Agreement was considered an embedded derivative which was separately accounted for at fair value from the host contract and was included in Sundry liabilities on the Condensed Balance Sheet.

In 2022, the Company novated the Coinsurance Agreement. As a result of the novation, the Company transferred legal ownership of the trust assets supporting the reserves and was released from all obligations to policyholders under the long-term business. Accordingly as of 31 December 2022, this resulted in the reduction of all the Company's long-term business insurance reserves and the related reinsurance recoverable.

3. The Condensed General Purpose Financial Statements have been prepared in accordance with accounting practices prescribed or permitted in Bermuda by the Insurance Act of 1978 and the Insurance Account Rules 2016.

4. Significant accounting policies are as follows:

- a) Cash and cash equivalents consist of cash balances available on demand. Amounts are stated at cost, which approximates fair value.
- b) Quoted and unquoted investments are carried at fair value with unrealized gains or losses treated as a separate component of statutory surplus. The amortized cost of bonds is adjusted for amortization of premiums and accretion of discounts, which are included in Combined investment income – net on the Condensed Statement of Income. The amortization of premium and accretion of discount for bonds takes into consideration call and maturity dates that produce the lowest yield.

A security is impaired if the fair value of the security is less than its cost adjusted for accretion, amortization and allowance for credit losses. When a security is impaired, it is evaluated to determine whether the Company intends to sell the security before recovery of amortized cost or whether a credit loss exists. Losses on bonds that the Company intends to sell, or it more likely than not will be required to sell before recovery of amortized cost, are recognized as impairment losses within Combined realized gains (losses) on the Condensed Statement of Income. If a credit loss exists, an allowance is established and the corresponding amount is recognized as an impairment loss within Combined realized gains (losses) on the Condensed Statement of Income. The allowance for credit losses on bonds is the difference between the present value of cash flows expected to be collected and the amortized cost basis, limited by the amount that the fair value is less than the amortized cost basis. In subsequent periods, the allowance is reviewed, with any changes in the allowance presented as a component of Combined realized gains (losses) on the Condensed Statement of Income. Changes in the difference between the amortized cost basis, net of the allowance, and the fair value, are recognized as changes in unrealized appreciation (depreciation) of investments on the Condensed Statement of Capital and Surplus. There were no impairment losses for the year ended 31 December 2023.

- Purchases and sales of all securities are recorded on the trade date. Realized investment gains and losses are determined on the basis of the cost or amortized cost, net of any allowance for credit losses, of the specific securities sold.
- c) Loss and loss expense provisions on the Condensed Balance Sheet represent estimates of losses reported by ceding reinsurers plus an estimate for losses incurred but not reported based on past experience on each class of business. See Notes to the Condensed Balance Sheet, Note 17.

There were no significant changes in accounting policy during the year.

5. The basis of recognition of premium, investment and commission income is as follows:
- a) Premiums are recorded as reported by ceding companies. Premiums written, net of reinsurance ceded, are taken into income over the terms of the reinsurance treaties. As the business is in run-off, any written premiums recognized will be fully earned and no unearned premiums have been established since the premiums relate to prior accident years.
- b) Investment income is accounted for on an accrual basis and includes amortization of premium or accretion of discount.
- c) Commission income - not applicable.
6. Foreign currency assets and liabilities are translated at exchange rates in effect at the balance sheet date. Revenues and expenses are translated at an average exchange rate in effect during the month in which they are recorded. Exchange gains and losses are included in Combined other income (deductions) on the Condensed Statement of Income. All assets and liabilities subject to foreign exchange gains and losses are monetary in nature.
- 7 - 12. Not applicable.
13. The fair value hierarchy of investments is based on the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities that the reporting entity can access at the measurement date.

Level 2: Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly.

Level 3: Unobservable inputs.

The following provides fair value hierarchy for all quoted and unquoted investments.

31 December 2023	Level 1	Level 2	Level 3	Total Assets at Fair Value
Quoted investments				
Fixed maturity securities:				
Corporate and other taxable bonds	\$ —	\$ 16,831,352	\$ —	\$ 16,831,352
State, municipalities and political subdivisions	—	787,460	—	787,460
Residential mortgage-backed	—	2,792,870	—	2,792,870
Total fixed maturity securities	—	20,411,682	—	20,411,682
Short term investments	10,563,719	—	—	10,563,719
Total quoted investments	\$ 10,563,719	\$ 20,411,682	\$ —	\$ 30,975,401

14. The following provides the contractual maturity profile of the insurers' fixed maturity and short term investments. Actual maturities may differ from contractual maturities because certain securities may be called or prepaid. Securities not due on a single date are allocated based on weighted average life.

31 December	2023	
	Cost or Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 10,565,107	\$ 10,564,755
Due after one year through five years	846,692	870,363
Due after five years through ten years	19,789,527	17,106,087
Due after ten years	2,997,382	2,434,196
Total	\$ 34,198,708	\$ 30,975,401

15. The Amounts due to affiliates are presented in the following table:

31 December	2023
Due to Continental Casualty Company	\$ 119,967
Amounts due to affiliates	\$ 119,967

The amounts above primarily include audit fees and the balances payable from the Company's share of a ceded reinsurance agreement, both paid by an affiliate on the Company's behalf.

16. Not applicable.
17. a) Continental Casualty Company, an affiliate, provided certain administrative services and other facilities in relation to the Company's operations at no cost to the Company in 2023.
- b) Due to the significance of the related party transactions between the Company and affiliates of CNAF, the Condensed General Purpose Financial Statements of the Company may not be indicative of the conditions that would have existed or the results that would have been achieved if the Company had operated entirely independent of CNAF and its affiliates.

Notes to the Statement of Capital and Surplus

- 1(a) Capital Stock

As respects authorized capital stock there shall be disclosed severally—

- a) There are 18,500 ordinary shares authorized of U.S. dollars \$1.00 each. There are 550,000 non-voting preference shares of U.S. dollars \$1.00 each. The holders of the preference shares have preference upon liquidation over the ordinary shareholder. All of the authorized shares are issued and fully paid.
- b) Not applicable.
- c) Not applicable.
- d) Not applicable.
- 1(b) Not applicable.
- 2(c) Not applicable.

Notes to the Condensed Balance Sheet

1. Not applicable.
2. Debt securities are valued using quoted market prices, if available. If quoted prices are not available, securities are valued using a methodology based on information generated by market transactions involving identical or comparable assets, a discounted cash flow methodology, or a combination of both when necessary. Common inputs include prices from recently executed transactions of similar securities, marketplace quotes, benchmark yields, spreads off benchmark yields, interest rates and U.S. Treasury or swap curves. Specifically for asset-backed securities, key inputs include prepayment and default projections based on past performance of the underlying collateral and current market data. In certain cases broker/dealer quotes are significant inputs to the valuation and there is a lack of transparency as to whether these quotes are based on information that is observable in the marketplace.

3. Not applicable.
4. Investments in and advances to affiliates represent an investment in a partially owned affiliate which is accounted for using the equity method. Under the equity method, the Company records the investment at its proportionate share of the net asset value of the affiliate, with changes in the net asset value recorded within Combined investment income.
- 5 - 8. Not applicable.
9. Investment income due and accrued was \$199,830 at 31 December 2023.
10.
 - a) NICO established a collateral trust account as security for its obligations to the Company and certain affiliates related to receivables under the contract discussed in the Notes to the Condensed Balance Sheet, Note 17b.
 - b) There were no amounts due from affiliates at 31 December 2023.
11. The reinsurance balances receivable at 31 December 2023 relate to recoverable balances from ceded reinsurers.
- 12 - 14. Not applicable.
16. Not applicable.
- 17.

a) Year Ended 31 December	2023	2022
General Business Reserves		
Gross loss and loss expense provisions at beginning of year	\$ 18,679,154	\$ 20,930,034
Less: Reinsurance recoverable at beginning of year	16,857,490	19,062,832
Net loss and loss expense provisions at beginning of year	1,821,664	1,867,202
Net losses incurred and net loss expenses incurred related to:		
(a) Current year	—	—
(b) Prior years	—	—
Total net losses incurred and net loss expenses incurred	—	—
Less: Losses and loss expenses paid or payable related to:		
(a) Current year	—	—
(b) Prior years	(23,247)	48,152
Total losses and loss expenses paid or payable	(23,247)	48,152
Foreign exchange and other	(117,660)	2,614
Net loss and loss expense provisions at end of year	1,727,251	1,821,664
Add: Reinsurance recoverable at end of year	15,556,125	16,857,490
Gross loss and loss expense provisions at end of year	\$ 17,283,376	\$ 18,679,154

- b) The General Business Loss and loss expense provisions represent estimates of losses reported by ceding reinsurers plus an estimate for losses incurred but not reported based on past experience on each class of business. The Company's loss and loss expense provisions are believed to be adequate to cover the ultimate net cost of losses incurred to date, but the provisions are estimates and there can be no assurance that the ultimate settlement of claims may not vary from the provisions recorded. Any adjustments to the amount recorded as at 31 December 2023 resulting from the continual review process as well as differences between estimates and ultimate payments, will be reflected on the Company's Condensed Statement of Income in future years when such adjustments become known. Such adjustments could be material and require additional capital for the Company to comply with regulatory requirements.

Net loss and loss expense provisions of \$1,727,251 as at 31 December 2023 were all related to prior accident years.

On 31 August 2010 the Company along with other CNAF insurance subsidiaries (collectively referred to as the CNA parties) completed a transaction with NICO under which substantially all of the CNA parties' net

legacy asbestos and environmental pollution (A&EP) liabilities were ceded to NICO through a Loss Portfolio Transfer (LPT) with an aggregate limit of \$4 billion. The aggregate limit of the LPT also covers credit risk under existing third-party reinsurance related to these liabilities.

Through 31 December 2023 the Company has ceded \$55.6 million of net A&EP Losses incurred and loss expenses incurred to NICO under the LPT, and in the aggregate, the CNA parties have ceded \$3.6 billion under the LPT.

- c) Not applicable.
- 20 - 21. Not applicable.
- 22. Not applicable.
- 23 - 26. Not applicable.
- 27.
 - a) Not applicable.
 - b) Not applicable.
- 28. Insurance and reinsurance balances payable to affiliates was \$132,302 at 31 December 2023.
- 29 - 31. Not applicable.
- 32. Amounts due to affiliates at 31 December 2023 are currently due and are further discussed in the General Notes to the Financial Statements, Note 15. There is no interest charged on Amounts due to affiliates.
- 33 - 35. Not applicable.
- 36. Not applicable.
- 37. Not applicable.

Notes to the Condensed Statement of Income

- 6. Not applicable.
- 15. Not applicable.
- 32. Combined other income (deductions) for the year ended 31 December 2023 primarily includes management and government fees, foreign exchange gains (losses) and miscellaneous claim expenses.
- 36. Not applicable.