Associated Electric & Gas Insurance Services Limited

Consolidated Financial Statements as of
December 31, 2023 and 2022 and for the
Years Ended December 31, 2023, 2022 and 2021 and
Independent Auditor's Report

Associated Electric & Gas Insurance Services Limited

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Associated Electric & Gas Insurance Services Limited:

Opinion

We have audited the consolidated financial statements of Associated Electric & Gas Insurance Services Limited ("AEGIS" or the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of income and comprehensive income, changes in surplus, and cash flows for each of the three years in the period ended December 31, 2023, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information about incurred and paid claims development prior to 2023 within Note 8 to the financial statements 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.

Deloitte & Touche LLP

April 29, 2024

Associated Electric & Gas Insurance Services Limited

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

	2023	2022
Assets		
Cash and cash equivalents[1]	$ 794,898	$ 925,034
Held-to-maturity debt securities	1,127,263	1,278,588
Available-for-sale debt securities [1]	2,923,690	2,367,988
Trading debt securities	394,570	-
Equity securities	871,364	976,035
Other invested assets	211,690	261,533
Mortgage loans	136,564	155,414
Total cash and investments	6,460,039	5,964,592
Due from reinsurers	2,643,270	2,816,962
Due from insureds	31,545	9,243
Accrued interest[1]	38,362	24,462
Premiums receivable	503,529	425,062
Receivable for securities sold	687	62,813
Current income taxes receivable[1]	3,913	5,054
Unearned continuity and other premium credits	32,971	29,953
Prepaid reinsurance premiums[1]	499,619	457,651
Net deferred tax assets[1]	7,682	36,517
Deferred acquisition costs	126,649	111,623
Deposit assets	143,663	132,709
Other assets[1]	233,630	231,250
Total Assets	$10,725,559	$10,307,891
Liabilities and Surplus		
Liabilities:		
Reserve for losses and loss expenses	$ 5,563,354	$ 5,525,263
Unearned premiums	1,540,746	1,413,329
Fair value of insurance and reinsurance contracts	392,523	396,913
Due to reinsurers[1]	297,706	288,917
Payable for securities purchased	-	112,735
Deposit liabilities	143,663	132,709
Accrued expenses and other liabilities[1]	239,574	207,689
Total liabilities	8,177,566	8,077,555
Commitments and Contingencies (See Note 11)		
Surplus:		
Statutory surplus fund	250	250
Policyholders' surplus[1]	2,515,474	2,225,056
Accumulated other comprehensive income	32,269	5,030
Total surplus	2,547,993	2,230,336
Total Liabilities and Surplus	$10,725,559	$10,307,891

[1] *See Note 6 for details of balances associated with variable interest entities.*

See notes to the consolidated financial statements.

Associated Electric & Gas Insurance Services Limited

Consolidated Statements of Income and Comprehensive Income
For Years Ended December 31, 2023, 2022 and 2021
(Expressed in thousands of U.S. dollars)

	2023	2022	2021
Revenue:			
Gross premiums written	$2,836,443	$2,649,521	$2,377,763
Net premiums written	1,820,045	1,650,250	1,469,532
Net premiums earned	1,722,917	1,534,450	1,403,317
Net investment income (loss)	237,221	(75,898)	174,346
Change in fair value of insurance and reinsurance contracts	2,133	149,793	47,442
Total revenue	1,962,271	1,608,345	1,625,105
Expenses:			
Losses and loss expenses incurred	1,079,063	997,313	925,254
Commission expenses	207,323	163,413	157,670
Other underwriting expenses	220,676	188,476	188,271
Total expenses	1,507,062	1,349,202	1,271,195
Income before continuity and other premium credits and income taxes	455,209	259,143	353,910
Continuity and other premium credits	72,419	71,235	67,600
Income before income taxes	382,790	187,908	286,310
Income Taxes:			
Current provision	62,237	30,679	49,864
Deferred provision	22,618	18,444	6,662
Total income tax provision	84,855	49,123	56,526
Net Income	$ 297,935	$ 138,785	$ 229,784
Other Comprehensive Income (Loss):			
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the year from available-for-sale securities (net of income tax (expense) benefit of ($6,171), $32,330 and $7,381, respectively)	23,213	(121,623)	(27,767)
Unrealized holding gains, on held-to-maturity securities reclassified from available-for-sale, arising during the year (net of income tax benefit (expense) of $198, ($289) and ($271), respectively)	(744)	1,085	1,019
Reclassification adjustment for amounts included in net income (net of income tax (expense) ($1,268), ($27,902) and ($1,578), respectively)	4,770	104,965	5,937
Other comprehensive income (loss)	27,239	(15,573)	(20,811)
Comprehensive Income	$ 325,174	$ 123,212	$ 208,973

See notes to the consolidated financial statements.

Associated Electric & Gas Insurance Services Limited

Consolidated Statements of Changes in Surplus
For Years Ended December 31, 2023, 2022 and 2021
(Expressed in thousands of U.S. dollars)

	2023	2022	2021
Statutory Surplus Fund	$ 250	$ 250	$ 250
Policyholders' Surplus:			
Balance at January 1	2,225,056	2,086,538	1,858,570
Cumulative effect of accounting change, net of tax	(7,285)	-	-
Other surplus adjustments	(232)	(267)	(1,816)
Net income	297,935	138,785	229,784
Balance at December 31	2,515,474	2,225,056	2,086,538
Accumulated Other Comprehensive Income:			
Balance at January 1	5,030	20,603	41,414
Other comprehensive income (loss)	27,239	(15,573)	(20,811)
Balance at December 31	32,269	5,030	20,603
Total Surplus at December 31	$ 2,547,993	$ 2,230,336	$ 2,107,391

See notes to the consolidated financial statements.

Associated Electric & Gas Insurance Services Limited

Consolidated Statements of Cash Flows
For Years Ended December 31, 2023, 2022 and 2021
(Expressed in thousands of U.S. dollars)

	2023	2022	2021
Cash Flows From Operating Activities:			
Net income	$ 297,935	$ 138,785	$ 229,784
Net investment (gains) losses on securities	(19,954)	174,647	(78,457)
Net investment foreign exchange losses (gains) losses	1,986	13,830	(2,126)
Amortization (accretion) of securities	(45,256)	3,383	25,664
Depreciation, capitalization and other charges	1,964	2,043	2,534
Deferred income tax expense	22,618	18,444	6,662
Change in variable interest entities	(231)	(267)	(1,816)
Allowance for credit losses and uncollectible amounts	(10,894)	2,969	73
Changes in assets and liabilities:			
Due from reinsurers	173,692	(358,145)	(350,472)
Due from (to) insureds	(22,302)	(17,638)	9,957
Accrued interest	(13,900)	(3,460)	(902)
Premiums receivable	(78,467)	(7,697)	(41,163)
Current income taxes receivable/payable	1,141	(6,536)	5,089
Unearned continuity and other premium credits	(3,018)	(199)	(251)
Prepaid reinsurance premiums	(41,968)	(3,470)	(67,157)
Deferred acquisition costs	(15,026)	(18,013)	(1,546)
Deposit assets	(10,954)	1,431	(4,903)
Other assets	(5,400)	(13,247)	(30,609)
Reserve for losses and loss expenses	38,091	661,457	511,984
Unearned premiums	127,417	123,817	122,446
Fair value of insurance and reinsurance contracts	(4,390)	(140,319)	(44,197)
Due to reinsurers	8,789	35,406	(1,043)
Deposit liabilities	10,954	(1,431)	4,903
Accrued expenses and other liabilities	30,999	12,009	31,027
Net cash provided by operating activities	443,826	617,799	325,481
Cash Flows From Investing Activities:			
Purchases of available-for-sale debt securities, equity securities, and other investments	(6,226,599)	(4,543,268)	(5,360,904)
Purchases of mortgage loans	(1,118)	(25,472)	(49,438)
Purchases of held-to-maturity investments	-	(240,510)	(349,314)
Purchases of trading securities	(399,606)	-	-
Proceeds from sales or redemptions of available-for-sale debt securities, equity securities, and other investments	5,905,677	4,218,513	5,238,388
Proceeds from repayment of mortgage loans	5,844	77,561	27,077
Proceeds from maturities and mandatory redemptions of held-to-maturity investments	140,682	188,669	292,505
Proceeds from trading securities	1,332	-	-
Net cash utilized in investing activities	(573,788)	(324,507)	(201,686)
Effect of Exchange Rate Changes on Cash	(174)	(6,211)	367
Change in Cash and Cash Equivalents	(130,136)	287,081	124,162
Cash and Cash Equivalents, Beginning of Year	925,034	637,953	513,791
Cash and Cash Equivalents, End of Year	$ 794,898	$ 925,034	$ 637,953
Supplemental disclosures of cash flow information:			
Income tax (payments)	$ (61,101)	$ (35,941)	$ (45,026)

See notes to the consolidated financial statements.

1. The Company and its Principal Activity

Associated Electric & Gas Insurance Services Limited ("AEGIS" or the "Company") was incorporated in Bermuda in 1971 and commenced underwriting activities in 1975. AEGIS is registered as a non-assessable mutual insurance company in Bermuda, is regulated under that country's Insurance Act of 1978, and is a Class 3 insurer under the Insurance Amendment Act of 1995. The Bermuda Monetary Authority approved AEGIS' change in designation from a Class 2 insurer to a Class 3 insurer, effective January 1, 2015.

The principal activity of the Company is to provide, directly and through alliances and affiliates, a full array of liability and property coverages. AEGIS writes Excess Liability, Employers Liability, Employment Practices Liability, Professional Liability, Property including renewables, Boiler and Machinery, Cyber and Generation Outage coverage. AEGIS also writes Directors and Officers Liability, Fiduciary and Employee Benefits Liability, and Excess Workers' Compensation coverages. Through strategic alliance partners, which it reinsures, AEGIS offers General Liability, Commercial Automobile Liability, Directors and Officers Liability, Umbrella Liability and Workers' Compensation coverages. The Company operates a federally licensed Canadian branch offering Excess Liability, Directors and Officers Liability, Property, and Boiler and Machinery and Cyber coverages.

AEGIS Electric & Gas International Services Limited ("AISL") is the capital provider for Syndicate 1225 ("AEGIS London") at Lloyd's of London ("Lloyd's"). AISL underwrites primarily Property, Casualty, Specialty Lines, Marine and Energy insurance. AISL is wholly owned by AEGIS through its subsidiary, AEGIS London Holding Limited ("AEGIS London Holding"). For the years ended December 31, 2023, 2022 and 2021, the Company provided a net capacity for AEGIS London of 100, 100 and 97 percent, respectively.

2. Significant Accounting Policies

a. Basis of Presentation

The consolidated financial statements include the accounts of AEGIS, its wholly owned subsidiaries, and entities over which the Company exercises control and where the Company is considered the primary beneficiary of the entities' activities (these entities are known as variable interest entities ("VIE")). See Note 6 for more information on the Company's consolidated VIEs. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All significant inter-company transactions are eliminated in consolidation.

b. Use of Estimates

The preparation of these consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, in particular the fair value of investments, reserves for losses and loss expenses, the allowance for credit losses ("ACL") inclusive of uncollectible reinsurance and investment allowances, the fair value of excess workers' compensation direct insurance and related reinsurance contracts, deferred tax assets and liabilities, the disclosure of contingent assets and liabilities at the date of these consolidated financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

c. Cash and Cash Equivalents

Cash and cash equivalents generally include demand deposits, money market funds and short-term investments with an original maturity of less than three months from the purchase date. Cash equivalents are carried at amortized cost, which approximates fair value.

d. Investments and Mortgage Loans

Investments

The Company invests in a variety of financial instruments and vehicles including debt and equity securities, 144A registered and unregistered debt issuances, mutual funds, syndicated bank loans, direct lending, fund of fund investments, convertible debt securities, limited partnership investments, real estate investment trusts ("REIT") and mortgage loans. The Company records its purchases and sales of equity and debt securities and mutual funds on a trade date basis, and all other investments on the contractual effective date. The Company classifies its financial instruments as either Available-for-Sale ("AFS"), Held-to-Maturity ("HTM"), Trading, Equity securities or Other invested assets.

Investment income (loss), net of investment-related expenses, is recognized when earned. Realized investment gains or losses on sales of investments, generally determined on a first-in, first-out basis, are included in net investment income (loss).

Net investment income (loss) also includes unrealized gains and losses from convertible debt securities, the change in reported asset value for investments accounted for under the equity method of accounting, unrealized gains and losses from equity securities and debt securities designated as trading, and changes in the ACL.

Available-for-Sale/Held-to-Maturity Investments

The Company's AFS securities are carried at fair value, net of ACL, with unrealized holding gains and losses, net of income tax effects, included in accumulated other comprehensive income ("AOCI") and the related changes in unrealized gains and losses included in Other Comprehensive Income ("OCI"). The amortized cost of debt securities includes both the amortization of premium and the accretion of discounts.

AFS securities include mortgage and asset-backed securities ("MBS" and "ABS", respectively). Amortization of the premium or accretion of the discount from the purchase of these securities is recognized after considering the estimated timing and amount of prepayments of the underlying loans. Actual prepayment experience is periodically reviewed and effective yields are recalculated when differences arise between the prepayments originally anticipated and the actual prepayments received and currently anticipated. The recognition of income on MBS and ABS is dependent upon market conditions, which could result in prepayments and changes in amounts to be earned.

Securities classified as HTM are carried at amortized cost, net of ACL. The Company's intent is to hold its HTM securities to maturity. The HTM portfolio is comprised of various types of securities including U.S. treasury securities, domestic and foreign corporate debt instruments, MBS and ABS.

Securities carried at amortized cost are adjusted for the amortization of premiums and accretion of discounts to maturity using the effective yield method. This amortization and accretion is included in net investment income (loss).

Trading Securities

In 2023, the Company began investing in securities that were designated as trading at the time of purchase. These securities are invested in debt instruments and are carried at fair value with changes in fair value recognized in net investment income (loss).

Equity Securities

The Company identifies its equity investments as equity securities, REITs, and mutual funds. Equity investments are carried at fair value with changes in fair value recognized in net investment income.

Current Expected Credit Losses ("CECL") Methodology for HTM and AFS Investments

Prior to January 1, 2023, the Company applied other-than-temporary impairment ("OTTI") guidance to its AFS securities. When individual AFS debt securities experienced a decline in fair value such that the fair value fell below amortized cost, the security was considered impaired. If it was deemed unlikely that that the fair value would recover, the impairment was considered other than temporary and an OTTI loss was recognized in net investment income (loss). Recovery was based on if: (i) the Company had the intent to sell the security, or (ii) it was more likely than not that the Company would be required to sell the security before recovery. If either of these conditions existed, and the amortized cost of the security was higher than the present value of projected future cash flows expected to be collected the difference was recognized as a reduction of amortized cost and as an OTTI loss in earnings.

Prior to 2023, the Company's investments were externally managed by multiple professional investment managers who had the contractual discretion to buy and sell securities subject to certain Company-imposed guidelines. Management did not assess, on a security-by-security basis, whether its investment managers had the intent to sell impaired debt securities and therefore, prior to January 1, 2023, all impairments of AFS securities were considered other-than-temporary and a charge was recorded to net investment income (loss).

For HTM securities, the OTTI guidance was applied similarly. However, since HTM securities are recorded at amortized cost and unrealized losses not recognized, OTTI losses would only be recorded if management's periodic assessment of credit ratings, future cash flows, as well as the financial condition of the issuer supported the recording of an impairment loss in net investment income (loss).

On January 1, 2023, the Company adopted on a modified retrospective basis accounting standards update ("ASU") 2016-13, *Financial Instruments Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which revised the U.S. GAAP guidance with respect to financial instrument credit losses. Under the new standard, while much of the core guidance regarding the assessment of impairment was maintained, reporting entities must now consider the likelihood and severity of a potential loss over the entire life of the investment, as compared to prior guidance and practice that allowed the consideration of a much shorter time frame, typically one year following the reporting date. The modified standards also require that the estimate of lifetime losses to be recorded as an ACL on the balance sheet, netted with the carrying value of the investment, with changes in the allowance recognized in net investment income (loss) on the income statement. An investment's amortized cost is not adjusted for impairment directly unless there is an intent to sell that investment, in which case the investment's amortized cost is reduced directly and the prior recorded allowance related to the security reversed.

In estimating the ACL, reporting entities must consider historical credit loss experience, current and future expectations of the macroeconomic environment, security-specific factors like credit ratings, actual and pending changes in contract or collateral terms and conditions, and should incorporate reasonable and supportable forecasts.

For AFS securities, the ACL is limited to the amount that the fair value is less than the amortized cost, which is referred to as the "fair value floor". If the fair value of the security is less than the present value of projected future cash flows expected to be collected, the portion of the decline in carrying value related to non-credit factors (e.g. interest rates) is recorded in OCI, with the credit related impairment recognized in net investment income (loss).

See Note 3 for further details on ACL methodologies for HTM and AFS securities.

Syndicated Bank Loans

The Company invests in syndicated bank loans. The initial investment in a bank loan is inclusive of the value of the loans plus or minus any fees paid or received which are directly attributable to the investment. The difference between the initial investment and the related loans principal amount at the date of purchase is recognized as an adjustment to yield over the life of the loan. All other costs incurred in committing to purchase and acquire the loans are expensed as incurred. Syndicated bank loans are classified and treated as AFS securities. As of December 31, 2023 and 2022, the Company's net traded but unsettled syndicated bank loans totaled $0 and $1,309, respectively, with a corresponding payable for securities purchased.

REIT Investments

The Company invests in both exchange traded and privately issued REIT investments, both of which are considered equity securities and are classified and accounted for accordingly.

Other Invested Assets

Convertible Debt Securities

The Company invests in convertible debt securities, and in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 825, *Financial Instruments,* has elected to apply the fair value option ("FVO") to its portfolio of convertible debt securities. Management elected the FVO as a practical expedient, in order to eliminate the requirement to bifurcate and value the embedded options separately from the host contracts. Convertible securities are carried at fair value and are classified as other invested assets and reported as investments in the consolidated balance sheets. The changes in fair value of these securities are recorded in net investment income (loss) in the period the change occurs.

Investments Accounted for Under the Equity Method

When the Company does not have a controlling financial interest in an entity but can exert what is deemed as significant influence, generally based on percentage of ownership, the entity is accounted for under the equity method of accounting. The following investments are accounted for under the equity method and are included in investments in the consolidated balance sheets with income recorded as net investment income (loss).

Fund of Funds

The Company invests in fund of funds investments and these investments are accounted for using the equity method of accounting. Under the equity method of accounting, the carrying value of these holdings approximates fair value.

Limited Partnership Investments

The Company invests in limited partnerships whose underlying investments are comprised of various types of instruments, such as senior secured term loans, senior floating rate debt and syndicated bank loans. The ownership interest in each of the limited partnerships exceeded 5% but was less than 50% at December 31, 2023 and 2022. Based on its percentage of ownership, the Company is accounting for these investments using the equity method of accounting, in accordance with ASC 323, *Investments—Equity Method and Joint Ventures*.

Under the equity method of accounting, the carrying value of these instruments approximates fair value. These limited partnership investments would be classified as Level 3 investments, as determined based on the Company's fair value measurement framework.

Mortgage Loans

The Company participates in residential and commercial mortgage loans by investing in a pro-rata share of loans originated by a third party. Residential loans are comprised mostly of apartment complexes, while commercial loans consist largely of malls and commercial buildings. Mortgage loans are stated at the unpaid principal balance adjusted for deferred fees and are reported net of ACL. Commitment and other deferred fees are recognized as income on a straight-line basis over the life of the loan. Interest income is recognized as earned and management fees are expensed as incurred, with both reflected in net investment income (loss). The Company recognizes an ACL in earnings within net investment income (loss) based on the expected lifetime credit loss, which represents the amount of the loan the Company does not expect to collect, resulting in the amount expected to be collected being reported. See Note 5 for further details on ACL methodology.

Security Lending Agreements

The Company participates in securities lending arrangements whereby specific securities are loaned to other institutions, primarily banks and brokerage firms, for short periods of time. Collateral is held by our custodian and is monitored and maintained by the lending agent. Company policy requires the borrower to provide a minimum of 102% up to 105% of the fair value of the domestic and foreign loaned securities, respectively, as collateral. Securities loaned are recorded in accrued expenses and other liabilities, while cash collateral held by our custodian and monitored and maintained by the lending agent is recorded in other assets on the consolidated balance sheets. The Company receives interest income on the invested collateral, which is included in net investment income (loss). The Company monitors the fair value of the underlying securities to ensure such transactions are adequately collateralized.

The Company's participation in securities lending arrangements as of December 31, 2023 and 2022 was comprised of investment securities on loan having a fair value of $10,991 and $20,917, respectively, while the cash collateral from borrowers was $11,298 and $21,488 as of the same respective dates. The Company receives interest income on the invested collateral, which is included in net investment income (loss).

e. Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk include cash balances in excess of government-insured limits, amounts due from reinsurers and marketable debt securities. Although the Company places its temporary cash investments with creditworthy financial institutions and purchases reinsurance contracts from highly rated reinsurers, the Company is exposed to a concentration of credit risk with respect to cash and temporary cash investments held at financial institutions and amounts due from its reinsurers. Management monitors the credit standing of the relevant financial institutions and the financial condition of the Company's reinsurers.

The Company holds bonds and notes issued by U.S. and foreign corporations, the United States government and foreign governments. By policy, these investments are kept within limits designed to prevent risks caused by concentration. As of December 31, 2023 and 2022, there were no known significant concentrations of credit risk with regard to invested assets.

f. Deferred Acquisition Costs

The Company incurs brokers' commissions and premium taxes in acquiring insurance premiums for executed contracts. These costs are deferred and amortized over the lives of the policies to which they relate, excluding contracts measured at fair value, where such costs are included in the change in fair value. The amortization of deferred acquisition costs is included in commission expenses. The recoverability of these deferred costs is reviewed periodically and includes the consideration of future investment income.

g. Derivative Financial Instruments

The Company may enter into foreign currency forward contracts, generally with terms of 90 days or less. The primary objective of investing in foreign currency forward contracts is to protect the U.S. dollar value of foreign currency-denominated monetary assets and liabilities from the effects of volatility in foreign exchange rates that might occur prior to their receipt or settlement in U.S. dollars. These forward contracts are not designated as hedges and are marked to fair value through net investment income (loss) and substantially offset the change in spot value of the underlying foreign currency-denominated monetary asset or liability.

The Company's foreign currency forward contracts are traded in the over-the-counter derivative market. These contracts are valued by models that utilize actively quoted or observable market input values from external market data providers, third party pricing vendors and/or recent trading activity.

As of December 31, 2023, 2022 and 2021, the Company invested in foreign currency forward contracts with a notional balance of $0, $0 and $45,000, respectively, denominated in Canadian dollars. The unrealized gain (loss) recorded from foreign currency forward contracts for 2023, 2022 and 2021 was $0, ($427), and ($130), respectively, which is reflected in net investment income. The realized gain (loss) associated with foreign currency forward contracts for 2023, 2022 and 2021 was $0, $63, and $335, respectively, which is reflected in net investment income (loss).

h. Foreign Operations and Foreign Currency Translation

The functional and reporting currency of the Company is U.S. dollars. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the balance sheet date. Revenues and expenses are translated at the average rate prevailing during the year. Any resulting operating foreign exchange gain or loss is included in other underwriting expenses. The Company recorded net operating foreign exchange gains (losses) of $9,028, ($1,451), and ($5,259) for the years ended December 31, 2023, 2022 and 2021, respectively. Unrealized gains and losses resulting from changes in the foreign currency exchange rates on AFS securities are recorded in the consolidated balance sheets in AOCI. Realized foreign currency gains and losses resulting from the sale of securities are recorded in net investment income (loss).

AISL's assets, liabilities, revenues and expenses are recorded after making certain adjustments to convert U.K. GAAP accounting to U.S. GAAP. The most significant U.S. GAAP adjustments relate to timing of investment income recognition and loss reserve estimates.

The Canadian branch files statutory financial statements based upon International Financial Reporting Standards. The most significant U.S. GAAP adjustments to the Canadian branch's financial results relate to the method of estimation of loss reserves.

i. Leases

A lease is defined as a party obtaining the right to use an asset that is legally owned by another party. The Company determines if an arrangement is a lease at inception. Right of use ("ROU") assets and lease liabilities are recorded at the commencement date of the lease. Lease liabilities are recognized at the present value of the contractual fixed lease payments. The Company has elected to utilize risk free discount rates to determine the present value of the lease payments. ROU assets are recognized equal to lease liabilities adjusted for prepaid lease payments, initial direct costs and lease incentives. The operating lease expense is recognized on a straight line basis over the lease term, while variable lease payments are expensed as incurred. ROU assets and lease liabilities are recorded in other assets and accrued expenses and other liabilities on the consolidated balance sheet, respectively.

j. Income Taxes

The Company's provision for income taxes represents management's best estimate of various events and transactions and includes the impact of reserve provisions and changes to reserves that are considered appropriate. The Company reflects interest and penalties attributable to income taxes, to the extent they arise, as a component of its income tax provision or benefit as well as its outstanding income tax assets and liabilities.

Deferred tax assets ("DTA") and liabilities ("DTL") resulting from temporary differences between the financial reporting and tax bases of assets and liabilities are measured at the balance sheet date using enacted tax rates expected to apply to taxable income in the years the temporary differences are expected to reverse. A valuation allowance is established when it is more likely than not that some portion of the Company's DTA's will not be realized.

Significant judgment is required in evaluating the Company's tax positions and determining its provision for income taxes, as there are many transactions and calculations for which the ultimate tax determination is uncertain. The assessment to determine whether a valuation allowance is required and the amount of any allowance requires significant judgment and includes the long-term forecast of future taxable income and the evaluation of tax planning initiatives. Adjustments to the deferred tax valuation allowances are recorded in earnings in the period such management assessments are made.

The Company recognizes a tax benefit relating to uncertain tax positions only where the position is more likely than not to be sustained assuming examination by tax authorities. The Company establishes reserves for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These reserves are established when the Company believes that certain positions might be challenged despite its belief that the Company's tax return positions are fully supportable. The Company adjusts these reserves in light of changing facts and circumstances, such as the outcome of tax audits.

k. Written and Unearned Premiums

Premiums are earned as income ratably over the period covered by the policies. Unearned premium reserves are established relative to the unexpired contract period. It is the Company's practice to price certain of its policies at amounts that are not expected to fully recover anticipated losses, loss expenses and underwriting expenses. Such practice anticipates that sufficient investment income will be earned over the period in which underwriting losses are settled.

l. Reserve for Losses and Loss Expenses

The reserve for losses and loss expenses represents the Company's best estimate, based on its latest studies, of the gross amount of losses and loss expenses to be paid on ultimate settlement of all incurred insurance claims, reported and unreported, as of the respective balance sheet dates. These estimates are periodically reviewed by the Company's management and independent actuaries, and are adjusted in accordance with the latest available information. Any adjustments in estimates are reflected in earnings in the period the adjustment is recorded. Management believes that an adequate provision has been made for the Company's losses and loss expenses.

m. Fair Value Measurements

The Company measures certain assets and liabilities using fair value. Fair value is a market-based measurement and not an entity-specific measurement, and requires the use of a fair value hierarchy with the highest priority given to quoted prices in active markets. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various valuation approaches. Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1—Quoted prices available in active markets for identical investments as of the reporting date are used to determine fair value. Assets measured at fair value and classified as Level 1 include publicly traded equity securities.

Level 2—Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, are used to determine fair value through the use of models or other valuation methodologies. Assets measured at fair value and classified as Level 2 include certain domestic and foreign government and agency securities, domestic and foreign corporate bonds, MBS, ABS, syndicated bank loans/direct lending, commercial paper, secured notes, mutual funds, and certain private placements. Since many debt securities do not trade on a daily basis, independent pricing services estimate fair value through processes such as bid evaluation using observable inputs and matrix pricing of similar securities to calculate the fair value of domestic and foreign government and agency securities. For domestic and foreign corporate bonds and commercial paper, the pricing provider considers credit spreads, interest rate data and market analysis in the valuation of each security. For MBS and ABS, the pricing provider applies models including observable inputs such as dealer quotes and other available trade information as well as prepayment speeds, yield curves and credit spreads. Syndicated bank loans are priced using dealer quotes relying on available market data.

Level 3—Significant pricing inputs are unobservable and include situations where there is little, if any, observable market activity for the investment, asset or obligation. The liability for the fair value of excess workers' compensation insurance and reinsurance contracts is classified as Level 3. Management must make assumptions about inputs that a market participant would use to value the liability. If quoted market prices are not available, fair value is based upon vendor or internally developed valuation models that use, where possible, current market-based or independently sourced market parameters. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy is determined based on the lowest-level input that is significant to the fair value measurement in its entirety. There have been no material changes in the Company's valuation techniques during the periods presented. The Company also considers its own nonperformance risk when measuring the fair value of liability positions and the counterparty's nonperformance risk when measuring the fair value of asset positions.

Fair Value Option for Insurance and Reinsurance Contracts

Effective January 1, 2008, the Company elected the FVO for all direct insurance contracts classified as excess workers' compensation, as well as the related reinsurance contracts.

The Company records these contracts at fair value to reflect the significant elapsed time between the issuance of the contracts and final settlement of the obligations, adjusted for the risk of variation in the amount and timing of future cash flows. These contracts are recorded at fair value, with changes in fair value recorded in the consolidated statements of income and comprehensive income in the period of change. As such, reported premiums and incurred losses do not include activity related to the Company's excess workers' compensation insurance and reinsurance contracts.

Cash flows from the underlying insurance and reinsurance contracts are reported in cash flows from operating activities. Management reevaluates, on an annual basis, its fair value election for future insurance and reinsurance contracts.

n. Continuity and Other Premium Credits

Continuity credits are based on each respective member's proportionate share of premiums and total surplus. Other premium credits are based on each eligible policyholders' proportionate share of its premiums for the given measurement period. Continuity and other premium credits are declared by the Company's Board of Directors. Such credits are provided only to eligible members and other policyholders renewing coverage with the Company and are subject to certain restrictions. The application of continuity and other premium credits to policy renewal premiums is limited to the amount of premium charged. Excess credits are carried forward for potential use in future periods; such credits are forfeited when a member chooses not to renew its policy with the Company. Issued credits are earned over the periods covered by the underlying policies.

o. Reinsurance

The Company cedes a portion of its insurance risk by utilizing various reinsurance contracts in order to provide additional capacity for future growth and limit the maximum net loss potential arising from the severity or frequency of insurance claims. These contracts do not relieve the Company from its obligation to policyholders. The amounts recoverable from reinsurers are estimated in a manner consistent with the reserve for losses associated with the related reinsurance contract.

p. Deposit Assets and Liabilities

The Company enters into certain contracts that do not meet U.S. GAAP risk transfer provisions requiring that a transaction contain a significant assumption of insurance risk and a reasonable possibility that the Company may realize a significant loss from the contract. These contracts are accounted for using the deposit method of accounting. For these contracts, the Company records deposit liabilities for an amount equivalent to the assets received with any differences due to the timing of receipts and payments. In some cases, the Company transfers assets to another insurer or reinsurer and records a deposit asset for the amount paid.

(Expressed in thousands of U.S. dollars)

q. Property and Equipment

Property, equipment, and leasehold improvements are stated at cost less accumulated depreciation/amortization and are included in other assets. Depreciation/amortization are provided, beginning at the inception of the asset's use, under the straight-line method based upon the following estimated useful lives:

	Estimated Life (Years)
Property and leasehold improvements	(*)
Furniture and fixtures	5–15
Information technology equipment and software	3–5

(*) *Amortized over the lesser of the useful life or the remaining life of the lease from the date placed in service*

A summary of property and equipment at December 31 is as follows:

	2023	**2022**
Property and leasehold improvements	$ 9,554	$ 9,608
Furniture and fixtures	9,488	9,443
Information technology equipment and software	18,356	21,694
Total cost	37,398	40,745
Accumulated depreciation/capitalization	(29,121)	(32,168)
Net property and equipment	$ 8,277	$ 8,577

Depreciation and capitalization expense amounted to $1,964, $2,043, and $2,534 for the years ended December 31, 2023, 2022 and 2021, respectively. There were no gains or losses related to the disposal of the Company's property and equipment during the years ended 2023, 2022 and 2021.

r. Retirement Benefit Plans

Prior to January 1, 1998, the Company maintained a qualified defined benefit pension plan for eligible employees of AEGIS Insurance Services, Inc., a wholly owned subsidiary of the Company, through membership in the Pension Plan for Employees of AEGIS Insurance Services, Inc. ("AISI") (the "Pension Plan"). Benefits are based on a participant's credited service ending no later than December 31, 2011, as defined by the Pension Plan. On January 1, 1998, the Pension Plan was frozen to new participants.

Effective December 31, 2011, the Pension Plan was amended to discontinue the accrual of additional participant benefits after December 31, 2011. On July 15, 2012, the Pension Plan was amended for a one-time adjustment, which increased frozen Participant's accrued benefit base by 10% provided the participant was an active employee on July 31, 2012. The Company also has a non-qualified supplemental defined benefit plan for certain employees. The non-qualified plan is funded from the general assets of the Company, including corporate-owned life insurance policies purchased to provide for the benefits earned by eligible employees; however, these policies cannot be considered in the determination of the funded status of the non-qualified plan.

The Pension Plan was amended on February 7, 2023, and was terminated effective April 30, 2023, with final settlements occurring during the year. Pension Plan distributions were dependent upon the

Pension Plan participant's election to receive either a lump sum distribution or to transfer to a group annuity contract. The termination of the Pension Plan resulted in no loss of benefits or accrued benefits to eligible participants. The Pension Plan had no benefit obligations or plan assets at December 31, 2023.

At December 31, 2022, the total projected benefit obligation for the Pension Plan was $16,790 and the fair value of Pension Plan assets were $23,505. The Company's projected benefit obligation for the Pension Plan was based on a 2.75% discount rate.

The Company's non-qualified plan had a total projected benefit obligation at December 31, 2023 and 2022 of $13,395 and $12,253, respectively. The projected benefit obligation for the non-qualified plan was based on a discount rate of 4.5% in 2023 and a 5.00% discount rate for 2022, with a 3.00% rate of compensation increase for the non-qualified plan for both 2023 and 2022.

The Company currently maintains a post-retirement medical benefit plan for eligible employees of the Company, and benefits are based on a participant's age and credited service. In 2012, the plan was amended to reduce the Company's share of the costs if the annual premium increase exceeds 3.00%. The plan benefits are funded from the general assets of the Company, including corporate-owned life insurance policies purchased to provide for the benefits earned by eligible employees. These policies cannot be considered in the determination of the funded status of the plan. As of December 31, 2023 and 2022, the unfunded balance related to this plan was $7,270 and $7,430, respectively. The Company's obligations under the plan were based upon a discount rate of 5.25% for 2023 and 2022. All unfunded balances for the plans above are recorded within accrued expenses and other liabilities within the consolidated balance sheets.

s. Reclassifications

The Company has reclassified certain prior year amounts to conform to the current year's presentation, including the reclassification of the December 31, 2022 balance sheet to separately present investments classified as AFS, HTM, equity and other invested assets, respectively.

t. New Accounting Pronouncements

Accounting Pronouncements Previously Adopted

In August 2018, the FASB issued new guidance on defined benefit pension or other postretirement plans ASU 2018-14*, Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans*. The new guidance adds, modifies and clarifies certain disclosure requirements relevant to sponsored defined benefit pension or other postretirement plans on a retrospective basis to all periods presented. The Company adopted this ASU in 2022, which had no material impact on the consolidated financial statements.

In February 2016, the FASB issued a new accounting standard ASU 2016-02, *Leases (Topic 842),* which supersedes prior 'lease accounting' guidance under *Topic 840 Leases*. *Topic 842* was amended and clarified by other ASU's. Collectively, the standard's most significant change required a reporting entity to recognize in the consolidated balance sheet liabilities related to the present value of future lease payments and an ROU asset representing the Company's right to use the underlying leased assets for the lease term. The Company adopted the standard on January 1, 2022, using a modified retrospective approach for all existing leases. The discount rates used for the present value calculations was the 5-year U.S. Treasury for the Meadowlands Plaza NJ property lease and 10-year GILT for the property lease at 25 Fenchurch Ave, in London. Upon adoption, the Company recognized ROU assets and lease liabilities of $24,118 and $25,288, respectively, on the consolidated balance sheet.

In March 2020, the FASB issued ASU 2020-04*, Reference Rate Reform (Topic 848) Facilitation of the Effects of Reference Rate Reform on Financial Reporting.* The new guidance reduces the operational and financial impacts of contract modifications that replace a reference rate, such as London Interbank Offered Rate (LIBOR). It applies to contracts and hedging relationships, and other transactions affected, provided certain criteria are met. The expedients and exceptions in the guidance do not apply to contract modifications made and hedging relationships entered into and evaluated after December 31, 2022, with certain exceptions. As of January 1, 2022, the Company adopted this ASU, which had no material impact on the consolidated financial statements.

Accounting Pronouncements Adopted in 2023

In June 2016, the FASB issued guidance ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial* Instruments, which was clarified and amended by associated ASU's. Collectively, this ASU replaced the incurred loss accounting framework for financial instrument credit losses with one that requires an ACL be established based on an estimate of the expected lifetime credit losses on certain financial assets and off-balance sheet exposures, including, but not limited to, loans held for investment, debt securities, held-to-maturity securities, premium receivables, reinsurance receivables, leases other than operating leases and loan commitments. The new guidance also required enhanced disclosures. The model for determining expected credit losses considers details about past events, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount over the asset's lifetime.

As of January 1, 2023, the Company adopted the guidance using a modified retrospective method. However, prospective adoption is required for previously impaired AFS debt securities. The adoption of this guidance resulted in a $7,285 decrease, net of tax, to surplus primarily related to the Company's mortgage loan portfolio and HTM investments. For premium receivables based on the Company's historical and expected credit loss experience and payment patterns no ACL was established, this will continue to be monitored for credit events and aging experience in the future. The Company has included the required disclosures related to investments, mortgage loans and reinsurance receivables within Notes 3, 5 and 8, respectively.

In March 2022, the FASB ASU 2022-02*, Financial Instruments-Credit Losses Topic (326) Troubled Debt Restructurings and Vintage* The new ASU eliminates the accounting guidance for troubled debt restructurings for creditors that have adopted the current expected credit loss guidance while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. The intention of the new guidance is to reduce the complexity involved in evaluating and accounting for loan modifications. The adoption of this guidance had no impact on the Company's consolidated financial statements other than an additional disclosure reflected in Note 5.

Future Adoption of New Accounting Pronouncements

In December 2023, FASB issued new guidance for income tax disclosures ASU 2023-09*, Improvements for Income Tax Disclosures*. The guidance is effective for fiscal years beginning after December 15, 2025. The changes resulting from this update require: (i) the disclosure of specific categories in the rate reconciliation and (ii) additional information be provided for reconciling items that meet a quantitative threshold. In addition, the amendments in this update require that all entities disclose the following information about income taxes paid: (i) the amount of income taxes paid (net of refunds received) disaggregated by federal (national), state, and foreign taxes and (ii) the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions in which income taxes paid (net of refunds received) is equal to or greater than 5 percent of total income taxes paid (net of refunds received).

The Company is currently evaluating the impact of the guidance on its consolidated financial statements.

u. Recent Tax Developments

On December 27, 2023, the Government of Bermuda enacted the Corporate Income Tax Act of 2023, which will apply a 15% corporate income tax to certain Bermuda businesses in fiscal years beginning on or after January 1, 2025. The Company will be subject to the Bermuda corporate income tax. Taxable income or loss is generally based on the taxpayer's Financial Accounting Net Income or Loss

("FANIL"), subject to certain required and elective adjustments. An elective adjustment to FANIL, the Branch Exclusion Election, is available to certain taxpayers. If made, the election results in the income or loss allocable to a non-Bermuda Permanent Establishment ("PE") of a taxpayer being excluded from FANIL in the determination of the taxpayer's taxable income or loss. The election allows the Company to remove from the Bermuda tax base income allocated to a non-Bermuda permanent establishment. Management expects to make this annual election. Accordingly, the Company has determined that no deferred tax balances related to Bermuda corporate income tax are necessary at December 31, 2023.

The Organization for Economic Co-operation and Development has issued Pillar Two model rules introducing a new global minimum tax of 15% intended to be effective on January 1, 2024. While the U.S. has not yet adopted the Pillar Two rules, various other governments around the world have and are enacting legislation. As currently designed, Pillar Two will ultimately apply to the Company's worldwide operations. Considering the Company does not have material operations in jurisdictions with tax rates lower than the Pillar Two minimum, these rules are not expected to materially increase the Company's total global tax costs. However, there remains uncertainty as to the final Pillar Two model rules. Management will continue to monitor U.S. and foreign legislative actions related to Pillar Two for potential impacts.

(Expressed in thousands of U.S. dollars)

3. Investments

The fair value of the Company's investments compared with their cost or amortized cost were:

	December 31, 2023					
	Cost / Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Value on Balance Sheet (*)
Held-to-maturity:						
Debt securities:						
U.S. corporate debt securities	$ 548,477	$ (2,835)	$ 1,563	$ (23,097)	$ 524,108	$ 545,642
Foreign corporate debt securities	132,090	(106)	-	(6,476)	125,508	131,984
Agency MBS	341,148	(1,091)	149	(37,139)	303,067	340,057
Non-agency MBS and ABS	109,993	(413)	-	(8,308)	101,272	109,580
Total HTM investments	1,131,708	(4,445)	1,712	(75,020)	1,053,955	1,127,263
Available-for-sale:						
Debt securities:						
U.S. Treasury securities and obligations of U.S. government corporations and agencies	798,621	-	7,249	(337)	805,533	805,533
Debt securities issued by foreign governments	429,721	-	9,553	(192)	439,082	439,082
U.S. corporate debt securities	680,154	-	9,456	(279)	689,331	689,331
Foreign corporate debt securities	185,615	-	2,654	(275)	187,994	187,994
Agency MBS	397,366	-	5,144	(54)	402,456	402,456
Non-agency MBS and ABS	381,442	-	4,610	(129)	385,923	385,923
Syndicated bank loans/Direct lending	15,047	-	5	(1,681)	13,371	13,371
Total AFS investments	2,887,966	-	38,671	(2,947)	2,923,690	2,923,690
Equity securities(**):						
Equity securities/REITs	482,326	-	45,819	(4,461)	523,684	523,684
Mutual funds equities	38,000	-	2,105	-	40,105	40,105
Mutual funds bonds	306,575	-	1,000	-	307,575	307,575
Total equity securities	826,901	-	48,924	(4,461)	871,364	871,364
Other invested assets(**):						
Limited partnership/Direct lending	216,307	-	1,192	(6,438)	211,061	211,061
Fund of funds	629	-	-	-	629	629
Total other invested assets	216,936	-	1,192	(6,438)	211,690	211,690
Trading (**):						
Debt securities:						
U.S. Treasury securities and obligations of U.S. government corporations and agencies	240,057	-	560	(8,410)	232,207	232,207
U.S. corporate debt securities	146,287	-	4,344	(482)	150,149	150,149
Foreign corporate debt securities	11,874	-	375	(35)	12,214	12,214
Total trading	398,218	-	5,279	(8,927)	394,570	394,570
Total investments	$ 5,461,729	$ (4,445)	$ 95,778	$ (97,793)	$ 5,455,269	$ 5,528,577
Mortgage loans	$ 154,362	$ (17,798)	$ N/A	$ N/A	$ 146,664	$ 136,564
Cash and cash equivalents	$ 794,898	$ -	$ N/A	$ N/A	$ 794,898	$ 794,898

(*) As of December 31, 2023, HTM securities are held at cost/amortized cost and AFS and trading securities are held at fair value. In accordance with the adoption of ASU 2016-13 effective January 1, 2023, the table above reflects the recording of ACL's for HTM, AFS, and mortgage loans.

(**) All gains and losses associated with equity securities, other invested assets and trading securities are recorded in net investment income (loss).

N/A—Not Applicable

(Expressed in thousands of U.S. dollars)

	December 31, 2022				
	Cost / Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses (*)	Fair Value	Value on Balance Sheet
Held-to-maturity:					
Debt securities:					
U.S. Treasury securities and U.S. corporate debt securities	$ 595,098	$ 461	$ (44,036)	$ 551,523	$ 595,098
Foreign corporate debt securities	175,792	-	(12,031)	163,761	175,792
Agency MBS	378,170	122	(44,064)	334,228	378,170
Non-agency MBS and ABS	129,528	-	(11,797)	117,731	129,528
Total HTM investments	1,278,588	583	(111,928)	1,167,243	1,278,588
Available-for-sale:					
Debt securities:					
U.S. Treasury securities and obligations of U.S. government corporations and agencies	711,443	95	-	711,538	711,538
Debt securities issued by foreign governments	318,572	326	-	318,898	318,898
U.S. corporate debt securities	715,284	587	-	715,871	715,871
Foreign corporate debt securities	194,194	129	-	194,323	194,323
Agency MBS	67,761	18	-	67,779	67,779
Non-agency MBS and ABS	263,309	180	-	263,489	263,489
Syndicated bank loans/Direct lending	97,221	219	(1,350)	96,090	96,090
Total AFS investments	2,367,784	1,554	(1,350)	2,367,988	2,367,988
Equity securities(**):					
Equity securities/REITs	416,780	72,843	(29,369)	460,254	460,254
Mutual fund equities	179,168	11	(22,181)	156,998	156,998
Mutual fund bonds	363,364	3,621	(8,202)	358,783	358,783
Total equity securities	959,312	76,475	(59,752)	976,035	976,035
Other invested assets(**):					
Limited partnership/Direct lending	215,121	1,237	(6,380)	209,978	209,978
Convertible securities	54,319	1,438	(5,536)	50,221	50,221
Fund of funds	1,334	-	-	1,334	1,334
Total other invested assets	270,774	2,675	(11,916)	261,533	261,533
Total investments	$ 4,876,458	$ 81,287	$ (184,946)	$ 4,772,799	$ 4,884,144
Mortgage loans, net of valuation allowance	$ 155,414	$ N/A	$ N/A	$ 152,419	$ 155,414
Cash and cash equivalents	$ 925,034	$ N/A	$ N/A	$ 925,034	$ 925,034

(*) As of December 31, 2022, no gross unrealized losses are reported for AFS investments. HTM securities are held at cost/amortized cost.

(**) All gains and losses associated with equity securities and other invested assets are recorded in net investment income (loss).

N/A—Not Applicable

(Expressed in thousands of U.S. dollars)

Held-to-Maturity Investments

Proceeds from maturities of HTM investments were $67,634, $68,045 and $86,196 for the years ended December 31, 2023, 2022 and 2021, respectively. As these proceeds resulted from the maturity of securities at par, there were no gains or losses recognized related to these HTM investments.

Available-for-Sale Investments and Equity Securities

The Company's AFS and equity securities activities for the years ended December 31, were as follows:

	2023	2022	2021
Purchases	$ 6,195,172	$ 4,440,454	$ 5,258,896
Proceeds from sales	4,132,259	2,230,229	3,477,841
Gross gains	49,524	32,316	51,389
Gross losses (*)	52,068	139,800	23,843
Other-than-temporary impairment recognized	-	90,957	15,219

(*) Gross losses includes other-than-temporary impairments recognized.

Trading Securities

Proceeds from the sale of trading securities were $1,322, while purchases were $399,606 for the year ended December 31, 2023. Recognized gross gains and losses totaled $5 and ($62), respectively.

Other Invested Assets

Other invested assets are comprised of investments accounted for in accordance with the equity method of accounting, namely fund of funds and limited partnership interests, as well as convertible securities, which are carried at fair value.

The Company's Other invested assets activities for the years ended December 31, are as follows:

	2023	2022	2021
Purchases	$ 30,509	$ 102,814	$ 102,008
Proceeds from sales	81,516	58,036	173,558
Net recognized (losses) gains	(2,111)	(1,685)	17,730

Evaluation of Fixed Maturity Securities for Credit Loss and Measurement

A wide range of factors are considered when evaluating the possibility of credit losses in an individual security or in a portfolio of assets, as well as in estimating a credit loss allowance, including : (i) the extent to which a security's estimated fair value is below amortized cost, (ii) conditions relating to the security, including its industry sector or sub-sector, the economic environment of the geographic area resulting in an adverse change in the financial condition of the issuer of the security, changes in technology, discontinuance of a segment of the business that may affect future earnings, and changes in the quality of credit enhancement, (iii) payment structure of the security and likelihood of the issuer being able to make payments, (iv) failure of the issuer to make scheduled interest and principal payments, (v) whether the issuer, or series of issuers or an industry has suffered a catastrophic loss or has exhausted natural resources, (vi) whether the Company has the intent to sell or will more likely than not be required to sell a particular security before the decline in estimated fair value below amortized cost recovers, (vii) for structured products, changes in forecasted cash flows after considering the changes in the financial condition of the underlying loan obligors and quality of underlying collateral, expected prepayment speeds, current and forecasted loss severity, consideration of the payment terms of the underlying assets backing a particular security, and the payment priority within the tranche structure of the security, (viii) changes in the rating of the security by a rating agency, and (ix) other factors.

(Expressed in thousands of U.S. dollars)

HTM Measurement

For HTM securities, a quantitative analysis was performed by the Company to determine an expected ACL. For the quantitative analysis, a model is used that utilizes a long-term average transition matrix to derive a set of probabilities of default for securities by credit rating, by security grouping, which is combined with loss given default factors to derive loss estimates. Included in the quantitative model is the ability for management to add qualitative adjustments for considerations previously listed, though no qualitative factors were added in 2023. The source data behind the transition matrix looks at issuer ratings and how ratings downgrades can lead to default for the issuer's debt. It provides a set of probabilities that can the applied to default factors that represent an estimate of loss given an actual default event. Highly rated and government backed issuances are considered zero credit loss issuances and require no ACL.

The ACL balances for HTM securities at December 31, are summarized as follows:

	U.S. Corporate	Foreign Corporate	Agency MBS	Non-agency MBS and ABS	Total
Balance 12/31/2022	$ -	$ -	$ -	$ -	$ -
Change in accounting principle 1/1/2023	3,319	155	1,347	546	5,367
Additions(reduction) on securities with previous balance	(484)	(49)	(256)	(133)	(922)
Balance 12/31/2023	$ 2,835	$ 106	$ 1,091	$ 413	$ 4,445

AFS Measurement

For AFS debt securities that are in an unrealized loss position (fair value is lower than amortized cost), and for which there is an intent to sell or inability to hold the security prior to recovery, the amortized cost of the security would be reduced to fair value and a loss recognized in net investment income (loss).

For all other AFS securities in an unrealized loss position, the Company performs an assessment to determine whether a portion of the unrealized loss is due to credit losses. U.S. treasury and other government-backed securities are excluded from the assessment as the risk of default is remote. The

Company considers changes in credit ratings or the addition of securities to a portfolio manager's watchlist as evidence of potential credit related impairment.

Further analysis is performed for those AFS securities in an unrealized loss position that exhibit indications of a potential credit loss, which may include comparing the present value of expected future cash flows to the amortized cost. The ACL is the excess of the amortized cost over the greater of the Company's best estimate of the present value of expected future cash flows or the security's fair value. Alternatively, the Company may utilize a more expedient approach and establish an allowance for the difference between the amortized cost and the fair value of the securities. The ACL cannot exceed the unrealized loss, and therefore it may fluctuate with changes in the fair value of fixed maturity securities.

At December 31, 2023, no AFS securities required an ACL, based on:

1) The Company did not intend to sell AFS securities in a net unrealized loss position.
2) The Company determined that it was not more likely than not required to sell the securities before the anticipated recovery period.
3) None of the AFS securities in an unrealized loss position exhibited sufficient evidence that the losses were driven by credit factors.

For AFS and HTM securities, the Company reassesses credit losses quarterly. Subsequent increases or decreases in the unrealized gains and losses associated with the securities subject to ACL will result in a corresponding decreases or increases in the ACL which are recognized in earnings and reported within net investment gains (losses).

(Expressed in thousands of U.S. dollars)

Maturities of Debt Securities

The amortized cost and fair value of AFS and HTM debt securities, net of ACL, at December 31, 2023, by contractual maturity, are shown in the following table. As MBS and ABS are generally more likely to be prepaid than other fixed maturity securities, MBS and ABS are shown separately.

	Available-for-Sale		Held-to-Maturity		Trading	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in 1 year or less	$ 363,033	$ 363,399	$ 113,617	$ 112,066	$ -	$ -
Due after 1 year through 5 years	1,522,322	1,542,909	328,579	312,931	14,972	14,859
Due after 5 years through 10 years	211,247	218,074	116,364	110,841	46,623	46,193
Due after 10 years	12,556	10,929	122,007	113,778	336,623	333,518
Subtotal	2,109,158	2,135,311	680,567	649,616	398,218	394,570
Agency MBS	397,366	402,456	341,148	303,067	-	-
Non-agency MBS and ABS	381,442	385,923	109,993	101,272	-	-
Total debt securities	$ 2,887,966	$ 2,923,690	$ 1,131,708	$ 1,053,955	$ 398,218	$ 394,570

Expected maturities will differ from contractual maturities because underlying borrowers have the right to call or prepay certain obligations with or without prepayment penalties.

(Expressed in thousands of U.S. dollars)

Net Investment Income (Loss)

Net investment income (loss) for the years ended December 31, are as follows:

	2023	2022	2021
Interest and dividend income	$ 227,153	$ 123,872	$ 93,355
Net realized investment (losses) gains (*)	(11,594)	(112,323)	45,479
Net realized foreign currency (losses) gains	(7,606)	(7,559)	6,854
Net unrealized investment gains (losses)	49,050	(59,579)	48,526
Net unrealized gains (losses) on foreign currency forward contracts	-	427	(130)
Total investment income (loss)	257,003	(55,162)	194,084
Investment expenses	(19,782)	(20,736)	(19,738)
Net investment income (loss)	$ 237,221	$ (75,898)	$ 174,346

(*) Includes the recording of ACL expenses beginning January 1, 2023.

(Expressed in thousands of U.S. dollars)

4. Fair Value Measurements

The following tables present information about assets and liabilities carried at fair value:

	December 31, 2023				
	Level 1	**Level 2**	**Level 3**	**Investments Valued at NAV (*)**	**Total**
Assets:					
Investments:					
Debt securities:					
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ -	$ 805,533	$ -	$ -	$ 805,533
Debt securities issued by foreign governments	-	439,082	-	-	439,082
U.S. corporate debt securities	-	689,331	-	-	689,331
Foreign corporate debt securities	-	187,994	-	-	187,994
Agency MBS	-	402,456	-	-	402,456
Non-Agency MBS and ABS	-	385,923	-	-	385,923
Syndicated bank loans/Direct lending	-	3,941	9,430	-	13,371
Total AFS investments	-	2,914,260	9,430	-	2,923,690
Equity securities:					
Equity securities/REITs	337,449	-	-	186,235	523,684
Mutual fund equities	40,105	-	-	-	40,105
Mutual fund bonds	-	307,575	-	-	307,575
Total equity securities	377,554	307,575	-	186,235	871,364
Trading securities:					
U.S. Treasury securities and obligations of U.S. government corporations and agencies	-	232,207	-	-	232,207
U.S. corporate debt securities	-	150,149	-	-	150,149
Foreign corporate debt securities	-	12,214	-	-	12,214
Total trading securities	-	394,570	-	-	394,570
Cash equivalents including money market funds and short-term debt securities (**)	7,989	515,829	-	-	523,818
Total	$ 385,543	$ 4,132,234	$ 9,430	$ 186,235	$ 4,713,442
Liabilities:					
Fair value of insurance and reinsurance contracts	-	-	392,523	-	392,523
Total	$ -	$ -	$ 392,523	$ -	$ 392,523

(*) Investments valued using NAV as a practical expedient are listed in a separate column, as they are excluded from the Fair Value Measurement tables.

(**) Cash equivalents with a maturity of less than three months from purchase date are carried at amortized cost in the table above which approximates fair value. Excludes operating cash.

Investments in the Fair Value Measurement table above exclude HTM securities and mortgage loans as these are carried at cost/amortized cost. Also excluded are other invested assets, which are comprised of investments accounted for in accordance with the equity method of accounting, namely fund of fund and limited partnership interests, as well as convertible securities, which are carried at fair value. Convertible securities utilize the same valuation techniques as corporate debt securities, and therefore would be classified as Level 2 securities.

(Expressed in thousands of U.S. dollars)

	December 31, 2022				
	Level 1	**Level 2**	**Level 3**	**Investments Valued at NAV (*)**	**Total**
Assets:					
Investments:					
Debt securities:					
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ -	$ 711,538	$ -	$ -	$ 711,538
Debt securities issued by foreign governments	-	318,898	-	-	318,898
U.S. corporate debt securities	-	715,871	-	-	715,871
Foreign corporate debt securities	-	194,323	-	-	194,323
Agency MBS	-	67,779	-	-	67,779
Non-Agency MBS and ABS	-	263,489	-	-	263,489
Syndicated bank loans/Direct lending	-	82,572	13,518	-	96,090
Total AFS investments	-	2,354,470	13,518	-	2,367,988
Equity securities:					
Equity securities/REITs	206,186	-	-	254,068	460,254
Mutual fund equities	122,456	34,542	-	-	156,998
Mutual fund bonds	-	358,783	-	-	358,783
Total mutual funds	122,456	393,325	-	-	515,781
Total equity securities	328,642	393,325	-	254,068	976,035
Cash equivalents including money market funds and short-term debt securities (**)	6,266	619,593	-	-	625,859
Total	$ 334,908	$ 3,367,388	$ 13,518	$ 254,068	$ 3,969,882
Liabilities:					
Fair value of insurance and reinsurance contracts	-	-	396,913	-	396,913
Total	$ -	$ -	$ 396,913	$ -	$ 396,913

(*) Investments valued using NAV as a practical expedient are listed in a separate column, as they are excluded from the Fair Value Measurement tables.

(**) Cash equivalents with a maturity of less than three months from purchase date are carried at amortized cost in the table above which approximates fair value. Excludes operating cash.

Investments in the Fair Value Measurement table above exclude HTM securities and mortgage loans as these are carried at cost/amortized cost. Also excluded are other invested assets, which are comprised of investments accounted for in accordance with the equity method of accounting, namely fund of fund and limited partnership interests, as well as convertible securities, which are carried at fair value. Convertible securities utilize the same valuation techniques as corporate debt securities, and therefore would be classified as Level 2 securities.

(Expressed in thousands of U.S. dollars)

Transfers of Assets and Liabilities between Fair Value Levels

The Company's policy is to transfer assets and liabilities into and out of Level 3 at their fair values at the end of each reporting period, consistent with the date of the determination of fair value. There were no transfers in or out of Level 3 as of December 31, 2023.

The following tables present additional information about Level 3 assets and liabilities measured at fair value on a recurring basis at December 31:

	Insurance and Reinsurance Contracts			Direct Lending Investments		
	2023	2022	2021	2023	2022	2021
Balance, January 1	$ (396,913)	$ (537,232)	$ (581,429)	$ 13,518	$ 18,601	$ 32,611
Total gains (losses) realized/unrealized included in earnings	2,133	149,793	47,442	(330)	(380)	69
Issuances, purchases, and settlements:						
Issuances	(33,300)	(36,300)	(35,304)	-	-	-
Purchases	-	984	7,998	-	-	-
Settlements	35,557	25,842	24,061	(3,758)	(4,703)	(14,079)
Balance, December 31	$ (392,523)	$ (396,913)	$ (537,232)	$ 9,430	$ 13,518	$ 18,601
Changes in unrealized gains (losses) included in earnings related to obligations still held at reporting date	$ 2,133	$ 149,793	$ 47,442	$ (330)	$ (380)	$ 69

The table below presents information about the significant unobservable inputs used for recurring fair value measurements for insurance and reinsurance contracts:

Quantitative Information for Level 3 Fair Value Measurements

Fair Value at December 31, 2023	Valuation Technique	Unobservable Input	Selected Estimate
$ 392,523	Risk-adjusted discounted cash flows	Nominal net value of contracts	$651,058
		Effective average discount rate(*)	54.29 %
		Risk margin(**)	9.40 %

Fair Value at December 31, 2022	Valuation Technique	Unobservable Input	Selected Estimate
$ 396,913	Risk-adjusted discounted cash flows	Nominal net value of contracts	$ 658,944
		Effective average discount rate(*)	54.57 %
		Risk margin(**)	9.24 %

(*) *The effective average discount rate reflects the ratio of discounted future obligations over undiscounted payment patterns until final settlement. A decrease in interest rates increases both the effective average discount rate and the fair value of insurance and reinsurance contracts, with a corresponding reduction in net income. Should interest rates rise, both the discount rate and the fair value of the insurance and reinsurance contracts would decline with a corresponding increase to net income.*

(**) *Risk reserve margin is expressed as a percentage of discounted loss liabilities and reflects the risk associated with the timing and amount of future loss payments.*

(Expressed in thousands of U.S. dollars)

The Company's insurance and reinsurance contracts do not have observable market prices. The fair value of insurance and reinsurance contracts represents the Company's estimate of the cost to completely transfer its obligations and related reinsurance assets to another party of comparable creditworthiness.

The fair value of insurance and reinsurance contracts is based on the present value of expected future cash flows and a risk margin that would be payable to transfer the obligation to a third party. Expected future cash flows are comprised primarily of estimated payments to be made by the Company under the insurance contracts net of anticipated future recoveries under the related reinsurance contracts. The Company estimates future cash flows based on expected loss and loss expense payments estimated using accepted actuarial techniques, the timing of related future cash receipts or payments from these contracts and risk-free discount rates. A risk margin is calculated for potential deviations in the amount and timing of those estimated cash flows given the credit rating of the Company as well as additional return on capital a purchaser would require. These estimates are not observable in any marketplace, and actual future cash flows or other inputs could differ materially from these estimates.

The Company also holds an investment in a direct lending limited partnership, managed by a general partner. This investment is consolidated in the Company's financial statements, as it meets the VIE criteria for consolidation. The underlying investments in the partnership are classified as Level 3. The investments are comprised of various types of instruments, such as senior secured term loans, senior floating rate debt, and syndicated bank loans. The Company reviews the leveling techniques applied by the partnership to its investments, but relies on the partnership's specific pricing models, internal assumptions and the weighting of the best available pricing inputs. Standard pricing inputs for the securities held by the limited partnership include, but are not limited to, the financial health of the issuer, place in the capital structure, value of other issuer debt; credit, industry, and market risk and events; interest rates, spreads and yield curves; terms and conditions including a take-out premium; and comparable market transactions. Pricing inputs and weightings may require a subjective determination to arrive at an accurate valuation; therefore, valuations do not necessarily represent the amounts that may eventually be realized from sales or other dispositions of investments.

5. Mortgage Loans

The Company's mortgage loan portfolio consists of both residential and commercial loans. The loans are pro-rata participations in loans originated by a third party (the "Ultimate Lender") and can be either fixed or floating rate loans.

Mortgage loans at December 31, are summarized as follows:

	2023			2022		
	Carrying Value*	**Fair Value**	**% of Total**	**Carrying Value***	**Fair Value**	**% of Total**
Mortgage loans:						
Commercial	$ 117,284	$ 110,802	85.9%	$ 121,777	$116,874	78.3%
Residential	37,078	35,862	27.2	37,246	35,545	24.0
Subtotal	154,362	146,664	113.1	159,023	152,419	102.3
Allowance for credit losses	(17,798)	-	(13.1)	(3,609)	-	(2.3)
Total, net	$136,564	$146,664	100.0%	$ 155,414	$152,419	100.0%

*Carrying value before ACL includes unearned loan commitment fees as of December 31, 2023 and 2022 of $243 and $308, respectively.

(Expressed in thousands of U.S. dollars)

Purchases of mortgage loans were $1,118 and $25,472 for the years ended December 31, 2023 and 2022, respectively. The investment in mortgage loans are classified as Level 3 investments, as determined based on the Company's fair value measurement framework. The Company reviews various loan performance metrics and considers the originators' pricing techniques and valuation criteria.

The changes in the ACL, by portfolio segment, were as follows:

	Commercial	Residential	Total
Balance at December 31, 2021	$ 494	$ 146	$ 640
Provision 2022	2,716	253	2,969
Balance at December 31, 2022	3,210	399	3,609
1/1/2023 Cumulative effect of change in accounting principle	3,843	12	3,855
Provision 2023	9,480	854	10,334
ACL Balance at December 31, 2023	$ 16,533	$ 1,265	$ 17,798

Commercial and Residential Allowance for Credit Losses Methodology

Commercial and residential loans are pooled by risk rating, and an estimated lifetime loss rate is assigned to each unique risk rating. These loss rates are applied to the amortized cost of each loan and aggregated to develop the ACL. Risk ratings are based on an assessment of the loan's credit quality, which can change over time. The estimated lifetime loss rates are based on several loan portfolio specific factors, including (i) the Company's experience with defaults and loss severity, (ii) expected default and loss severity, (iii) current and forecasted economic conditions including growth, inflation, interest rates and unemployment levels, (iv) prepayment rates and (v) loan specific characteristics including loan-to-value ("LTV") ratios. These evaluations are revised as conditions change and new information becomes available. In addition to historical experience, management considers factors that include the impact of a rapid change to the economy, which may not be reflected in the loan portfolio's valuation, recent loss and recovery trend experience as compared to historical loss and recovery experience, and loan specific characteristics including debt service coverage ratios ("DSCR").

In estimating expected lifetime credit loss over the term of its commercial and residential mortgage loans, the Company may adjust for expected prepayment and extension experience during the period using historical and current prepayment and extension experience provided by the Ultimate Lender. Residential and commercial mortgage loans are reviewed on an ongoing basis. The Ultimate Lender's review includes, but is not limited to, an analysis of lease occupancies, estimated market values, review of underlying collateral information provided, LTV ratios, DSCR and tenant creditworthiness. The monitoring process focuses on higher risk loans, which include those that are classified as restructured or non-performing, as well as loans with higher LTV ratios and lower DSCR, as these loans present the greatest risk of experiencing a credit loss. The Company incorporates the DSCR, because it compares the properties' operating income to amounts needed to service the loan's principal and interest. The lower the DSCR, the higher the risk the loan will experience a credit loss. The LTV ratio of the real estate portfolio is also closely monitored, as LTV ratio compares the unpaid principal balance of the loan to the fair value of the loan's underlying collateral. The higher the LTV ratio, the higher the risk of experiencing credit loss.

(Expressed in thousands of U.S. dollars)

Modifications to Borrowing Terms

The loan terms associated with the Company's respective investments in commercial and residential real estate loan participations is impacted if the Ultimate Lender agrees to modify the borrower's loan terms. The Ultimate Lender evaluates each mortgage loan modification to determine whether the borrower is experiencing financial difficulties. If the borrower is experiencing financial difficulties, the Ultimate Lender may modify the mortgage loans through principal forgiveness, loan interest rate reductions, and other-than-insignificant payment delay or term extension. The amount, timing and extent of modifications granted are considered in determining any ACL associated with a loan. Disclosed below are the mortgage loan modifications that were in place as of December 31, 2023:

	Maturity Extension Amortized Cost	**Average Life Increase Impact in terms of years**	**% of Total Book Value of Loan Portfolio**
Commercial loans	$ 10,640	3-year loan extension	6.9%

Credit Quality of Mortgage Loans

All loans in the Company's mortgage portfolio were performing at December 31, 2023 and 2022.

The credit quality of mortgage loans as of December 31, excluding unearned loan fees, was as follows:

	Cost				
	Debt Service Coverage Ratio > 1.2x			**Total Estimated**	**% of**
December 31, 2023	**Commercial**	**Residential**	**Total**	**Fair Value**	**Total (*)**
Loan-to-value ratios:					
Less than 65%	$ 9,979	$ 12,000	$ 21,979	$ 21,606	14.7%
65% to 75%	55,755	-	55,755	54,360	37.1
Greater than 75%	51,748	25,123	76,871	70,698	48.2
Total	$ 117,482	$ 37,123	$ 154,605	$ 146,664	100.0%

	Cost				
	Debt Service Coverage Ratio > 1.2x			**Total Estimated**	**% of**
December 31, 2022	**Commercial**	**Residential**	**Total**	**Fair Value**	**Total (*)**
Loan-to-value ratios:					
Less than 65%	$ 70,737	$ 26,375	$ 97,112	$ 94,639	62.1%
65% to 75%	19,556	-	19,556	19,035	12.5
Greater than 75%	31,712	10,951	42,663	38,745	25.4
Total	$ 122,005	$ 37,326	$ 159,331	$ 152,419	100.0%

(*) Percentage of total includes carrying value

(Expressed in thousands of U.S. dollars)

6. Variable Interest Entities

The Company, through its subsidiary, AEGIS London Holding, holds investments in two entities that are variable interest entities ("VIEs"). Collectively, the VIEs provide underwriting capacity to AEGIS London and maintain whole account quota share reinsurance contracts with third parties. The Company holds the power to direct the most significant activities of the entities, as well as an economic interest in the entities and, as such, is the primary beneficiary. Therefore, these VIEs are included in the consolidated Company's financial statements.

The Company invests in a limited partnership direct lending investment, and based on its contractual commitment, its economic interest in the partnership and its span of control, the investment is treated as a VIE and included in the consolidated Company's financial statements.

The determination of a VIE's primary beneficiary requires an evaluation of the Company's obligations in relation to other parties' relationship or involvement with the entity, as well as a determination of the allocation of expected residual returns or expected losses to each party involved in the transaction. While a qualitative approach is applied, for VIEs that are investment companies, the primary beneficiary is considered to be the party absorbing a majority of the VIE's expected losses or receiving a majority of the VIE's expected returns.

The table below reflects the carrying amount and balance sheet caption in which the assets and liabilities of the consolidated VIE's reported as of December 31:

	Reinsurance Contracts		Direct Lending	
	2023	2022	2023	2022
Cash and cash equivalents	$ 32	$ 1,074	$ 452	$ 270
Investments	-	-	9,430	13,518
Accrued interest	-	-	6	12
Other assets	-	-	103	220
Prepaid reinsurance premiums	527	1,595	-	-
Net deferred tax assets	-	-	314	253
Total Assets of Consolidated VIEs	$ 559	$ 2,669	$ 10,305	$14,273
Due to reinsurers	$ 4,492	$ 7,162	$ -	$ -
Current income taxes payable	-	-	2,881	2,630
Accrued expenses and other liabilities	18	45	33	39
Total Liabilities of Consolidated VIEs	$ 4,510	$ 7,207	$ 2,914	$ 2,669

(Expressed in thousands of U.S. dollars)

7. Premiums

Written and earned premiums are comprised of the following:

	Years Ended December 31,		
	2023	**2022**	**2021**
Written Premiums:			
Direct	$ 2,586,208	$ 2,630,540	$ 2,367,351
Assumed	250,235	18,981	10,412
Subtotal	2,836,443	2,649,521	2,377,763
Ceded	1,016,398	999,271	908,231
Net	$ 1,820,045	$ 1,650,250	$ 1,469,532
Earned Premiums:			
Direct	$ 2,475,766	$ 2,501,595	$ 2,243,610
Assumed	233,094	16,811	11,732
Subtotal	2,708,860	2,518,406	2,255,342
Ceded	985,943	983,956	852,025
Net	$ 1,722,917	$ 1,534,450	$ 1,403,317

8. Reserve for Losses, Loss Expenses, and Reinsurance

The Company establishes reserves based on estimated unpaid ultimate liabilities for losses and loss expenses. Reserves include both estimates of reported claims and incurred but not reported ("IBNR") claims, and include estimates of expenses associated with the processing and settlement of the related claims. Reserves are recorded in reserve for losses and loss expenses in the consolidated balance sheets. While the Company believes that its reserves for loss and loss expenses at December 31, 2023 are adequate, new information or trends may lead to future developments, which may result in the need for significantly greater or lesser reserves than were provided. Any such future revisions would result in changes in estimates of losses or reinsurance and would be reflected in the Company's results of operations in the period in which the estimates are adjusted.

(Expressed in thousands of U.S. dollars)

Activity in the reserve for losses and loss expenses is summarized as follows:

	Years Ended December 31,		
	2023	**2022**	**2021**
Reserve for losses and loss expenses at January 1	$5,525,263	$4,863,806	$4,351,822
Unpaid losses and loss expenses recoverable	(2,568,574)	(2,199,725)	(1,959,504)
Net reserve for losses and loss expenses at January 1	2,956,689	2,664,081	2,392,318
Net incurred losses and loss expenses relating to losses occurring in:			
Current year	1,034,906	1,029,422	919,863
Prior years	19,862	(2,175)	8,245
Subtotal	1,054,768	1,027,247	928,108
Foreign exchange (gains) losses	24,295	(29,934)	(2,854)
Total net incurred losses and loss expenses	1,079,063	997,313	925,254
Net paid losses and loss expenses relating to losses occurring in:			
Current year	137,949	165,314	129,290
Prior years	691,971	539,391	524,201
Total net paid losses and loss expenses	829,920	704,705	653,491
Net reserve for losses and loss expenses at December 31	3,205,832	2,956,689	2,664,081
Unpaid losses and loss expenses recoverable	2,357,522	2,568,574	2,199,725
Reserve for losses and loss expenses at December 31	$ 5,563,354	$5,525,263	$4,863,806

For purposes of analysis and reporting, the Company segments its reserve for losses and loss expenses, and related incurred losses, into segments that generally align with insurance products or lines of business that have similar characteristics, trends and development patterns. The following is a description of each reserve-reporting segment:

U.S.—Excess Liability

Excess liability policies cover exposures, which include, but are not limited to, bodily injury, property damage and personal injury arising out of certain hazards. Included within Excess Liability are AEGIS' pollution exposures. The excess liability product is predominately written on a claims first-made basis. The coverage of these policies is triggered only if a claim is made against the insured or a notice of circumstances is provided to the Company within the coverage period.

U.S.—Property & Renewables

Property policies provide all-risk property coverage for direct physical loss or damage to real and personal property of operational facilities, and under builder's risk policy for the construction and testing of new facilities and upgrading existing facilities. Renewable policies provide property coverage for the renewable energy industry, including solar, battery storage facilities, and onshore and offshore wind assets.

(Expressed in thousands of U.S. dollars)

U.S.—Directors & Officers ("D&O")

D&O coverage covers liabilities of the Company including personal liabilities for the directors and officers.

Syndicate

Syndicate covers a wide range of onshore and offshore energy risks, including a number of other classes, traditionally written in the Lloyd's syndicate market. The insurance portfolio is comprised of two main business lines: property and casualty, which includes the marine energy and specialty lines. The Syndicate has diverse insurance portfolios under its property and casualty lines of business, which consists of several classes of underwritten risks.

Syndicate—Property The main risks underwritten include property facilities, property, open market, energy property, marine short hull and war, marine short tail and cargo, property utility, crop and reinsurance.

Syndicate—Casualty The main risks underwritten include U.S. casualty and international casualty, niche errors and omissions, marine casualty and energy casualty.

Other

The Company has assumed business from various third parties and provides coverage on various risk exposures, which include cyber risk, generation outage, railroad protection liability, fiduciary, and employee beneficiary liability and other specialty lines.

Prior Year Loss Development

Changes in actuarial estimates of insured events in the prior years have resulted in a net increase (decrease) for the reserve for losses and loss expenses of $19,862, $(2,175) and $8,245 for the years ended December 31, 2023, 2022 and 2021, respectively.

The impact of prior accident year development on loss reserves for each of the reserve reporting segments is presented below:

	Years Ended December 31,		
	2023	2022	2021
US - Excess Liability	$ 66,345	$ 64,110	$ 96,220
US – Property & Renewables	2,642	(3,591)	(21,324)
US - Directors & Officers	(5,820)	(7,623)	22,059
Syndicate - Property	(21,174)	(73,258)	(78,045)
Syndicate - Casualty	(17,883)	26,037	811
Other	(4,248)	(7,850)	(11,476)
Total unfavorable (favorable) prior year development	$ 19,862	$ (2,175)	$ 8,245

The following describes the primary factors behind prior year reserve development for the years ended December 31, 2023, 2022 and 2021.

2023

U.S.—Excess Liability Unfavorable development driven by environmental exposures.

U.S.—Property & Renewables	Unfavorable development due to worse than anticipated attritional loss experience.
U.S.—D&O	Favorable development due to decreased large claim activity.
Syndicate—Property	Favorable movement due to better than expected attritional claims experience given the current hard market conditions.
Syndicate—Casualty	Favorable movement due to reserve releases in International Casualty.

2022

U.S.—Excess Liability	Unfavorable development driven by environmental exposures.
U.S.—Property & Renewables	Favorable development driven by better than expected attritional loss experience.
U.S.—D&O	Favorable development due to decreased large claim activity.
Syndicate—Property	Favorable movement due to better than expected attritional claims experience given the current hard market conditions.
Syndicate—Casualty	Strengthening driven by US Casualty due to increased loss activity over the year as well as increased provisions and an increased inflation allowance for prior years.

2021

U.S.—Excess Liability	Unfavorable development driven by environmental exposures.
U.S.—Property & Renewables	Favorable development driven by better than expected attritional loss experience.
U.S.—D&O	Unfavorable development due to increased large claim activity.
Syndicate—Property	Favorable movement due to better than expected attritional claims experience given the current hard market conditions.
Syndicate—Casualty	Strengthening of Errors and Omissions reserves resulting from UK and Australia provisions, offset by better than expected claims experience.

(Expressed in thousands of U.S. dollars)

Short Duration

The following represents: (I) reconciliation from the claim development tables to the balance sheet liability, (II) methodologies and judgments in estimating claims, and (III) the timing and frequency of claims.

(I) Reconciliation of Reserves by Segment to Balance Sheet Liability—Reserve for losses and loss expenses

The table below presents a reconciliation of the loss development tables to the liability for reserve for losses and loss expenses as of December 31:

	2023
Net reserve for losses and loss expenses	
Presented in the loss development tables:	
US - Excess Liability	$ 1,660,154
US – Property & Renewables	196,170
US - Directors & Officers	132,720
Syndicate - Property	465,479
Syndicate - Casualty	548,051
Syndicate – before 2014	27,500
Other	128,148
Net reserve for losses and loss expenses	$ 3,158,222
Ceded reserve for losses and loss expenses:	
US - Excess Liability	1,271,678
US – Property & Renewables	331,631
US - Directors & Officers	144,940
Syndicate - Property	139,183
Syndicate - Casualty	394,388
Syndicate – before 2014	18,997
Other	56,705
Ceded reserve for losses and loss expenses	2,357,522
Unallocated loss adjustment expenses	47,610
Reserve for losses and loss expenses	$ 5,563,354

Unallocated loss adjustment expenses and the reserve segment Other are excluded from the loss development tables in section (III). "Other" is comprised of the following:

- Business assumed from third parties.
- Minor lines of business mostly consisting of Cyber and Generation Outage products.
- Run-off lines of business.
- Bad debt for reinsurance recoverable.
- Other adjustments.

(II) Description of Reserving Methodology

The Company's reserving process involves the collaboration of our Underwriting, Claims, Actuarial, and Finance divisions, and it culminates with the approval of a single point best estimate by senior management. In selecting this best estimate, management considers actuarial estimates and applies informed judgment regarding qualitative factors that may not be fully captured in these actuarial estimates. Such factors include, but are not limited to:

- The timing of the emergence of claims
- Volume and complexity of claims
- Social and judicial trends
- Potential severity of individual claims

The following factors are also taken into consideration when establishing management's best estimate: exposure trends, rate adequacy on new and renewal business, ceded reinsurance costs, changes in claims emergence, and our underwriters' view of terms and conditions in the insurance and reinsurance market environment. The Company has actuarial staff who analyze loss reserves (including loss expenses), and regularly project estimates of ultimate losses and the corresponding indications of the required IBNR reserves. The reserving approach is a comprehensive ground-up process using data at a detailed level, which reflects the specific lines and sublines. The data presented in this disclosure was prepared on a more aggregated basis and with a focus on changes in incurred loss estimates over time as well as associated cash flows. On no less than an annual basis, the Company uses an independent actuarial firm to provide an actuarial opinion on the reasonableness of our loss reserves for each of our business subsidiaries and statutory reporting entities.

Standard Actuarial Reserving Methods

The Company's reserving process begins with the collection and analysis of paid and incurred claim data for each of the lines of business. This line of business data is disaggregated by reserving class and is further disaggregated by policy year (i.e. the year in which the contract generated premium and losses incepted). Our reserving classes are selected to ensure that the underlying contracts have homogeneous loss development characteristics, while remaining large enough to make the estimation of trends credible. We review our reserving classes on a regular basis and adjust them over time as our business evolves. This data serves as a key input to many of the methods employed by our actuaries.

Actuarial Analysis

Multiple actuarial methods are available to estimate ultimate losses. Each method has its own assumptions and its own advantages and disadvantages, with no single estimation method being better than the others in all situations, and no one set of assumption variables being meaningful for all reserving classes. The relative strengths and weaknesses of the particular estimation methods when applied to a particular group of claims can also change over time.

The following is a description of the reserve estimation methods commonly employed by our actuaries and a discussion of their particular strengths and weaknesses:

Expected Loss and Expected Loss Ratio Method ("*ELR Method*"): Both the Expected Loss and Expected Loss Ratio Method produce an estimate of ultimate losses for a policy year. In the Expected Loss Method, the initial expected losses for each reserving class and policy year are a "proxy" or ex-ante estimate of actual ultimate losses by policy year. The expected losses are based on adequate premiums for the policies that we write and recognize the varying attachment points, limits, changing exposure and term of the underlying policies. This method is a direct calculation of exposure to loss and is reliant on detailed loss information. A similar method, the ELR Method, estimates ultimate losses by applying an expected loss ratio to earned premiums for an accident year, or expected loss ratio to written premiums for policy year. Generally, expected loss ratios are based on one or more of (a) an analysis of historical loss experience to date, (b) pricing information and (c) industry data, adjusted as appropriate, to reflect changes in rates and terms and conditions. This method is insensitive to actual incurred losses for the accident year or underwriting year in question and is, therefore, often useful in the early stages of development when very few losses have been incurred. Conversely, the lack of sensitivity to incurred/paid losses for the policy year in question means that this method is usually inappropriate in later stages of development.

Loss Development Method (also referred to as the *"Chain Ladder Method"* or *"Link Ratio Method"*): The paid and incurred development factor methods analyze historical loss experience to determine a paid and an incurred development pattern that is representative of the underlying experience. The development pattern reflects growth in loss experience from inception date to maturity date, e.g. 6-18 months, 18-30, 30-42, etc. The growth factors are sometimes referred to as age-to-age factors. Selected age-to-age factors are then accumulated multiplicatively to produce age-to-ultimate factors, which measure the growth from the current maturity to ultimate maturity. The selected age-to-ultimate factors are applied to actual paid or incurred dollars for each policy year as of the evaluation date to produce ultimate losses by policy year. This method assumes that losses for each policy year at a particular development stage follow a relatively similar pattern. The percentages incurred and paid are established for each development stage (e.g. 6 months, 18 months, etc.) after examining a number of different averages of actual age-to-age factors in determining selected age-to-age factors. The standard averages reviewed vary and include simple average and dollar volume-weighted averages using all years as well as only 1 through 5 years or 10 to 15 years. Age-to-age factors may also be excluded from the averages described above when actual experience may be producing outlier results, which could skew the results, unless modified or excluded. Prior to selecting the final age-to-age factors, standard curve fitting techniques are applied to the initial selections of age-to-age factors. This allows for potentially more stable factors from age-to-age, particularly for durations where the amount of data upon which the curve fit is based is sparse, as well as for extrapolation of development beyond the oldest maturity age. The final selections of age-to-age factors are based on actuarial judgment as to which loss development pattern best matches their expectation for future development. Ultimate losses are then estimated by multiplying the actual incurred or paid losses by the reciprocal of the established incurred or paid percentage. The strengths of this method are that it reacts to loss emergence/payments and that it makes full use of historical claim emergence or payment experience. However, this method has weaknesses when the underlying assumption of stable loss development/payment patterns is not valid. This could be the consequence of changes in business mix, claim inflation trends or claim reporting practices and/or the presence of large claims, among other things. Furthermore, this method tends to produce volatile estimates of ultimate losses where there is volatility in the underlying incurred or paid patterns. In particular, where the expected percentage of incurred or paid losses is low, small deviations between actual and expected claims can lead to very volatile estimates of ultimate losses. As a result, this method is often unsuitable at early development stages by policy year.

Bornhuetter-Ferguson Method ("BF Method"): This method can be seen as a combination of the ELR and Loss Development Methods, under which the Loss Development Method is given progressively more weight as a policy year matures. The main advantage of the BF Method is that it provides a more stable estimate of ultimate losses than the Loss Development Method at earlier stages of development, while remaining more sensitive to emerging loss development than the ELR Method. In addition, the BF Method allows for the incorporation of expert opinion through the use of expected losses, whereas the Loss Development Method does not incorporate such information. The initial estimate of ultimate losses is based on exposure proxy information by policy year produced by management, or a selected loss ratio. The expected percentage of losses unpaid (or unreported) is based on the paid or incurred loss development patterns selected in the Development Factor Methods, as described above.

Cape Cod Method: The Cape Cod method is a variant of the BF Method. The Cape Cod method applies a formulaic process to determining the initial estimate of ultimate losses based on exposures and claims experience to date, rather than requiring user input of the initial estimate.

Average Cost per Claim Method ("Frequency/Severity Method"): This method develops separate estimates of the expected ultimate claim counts (frequency component) and the expected ultimate average claim cost (severity component). The multiplication of the two components yields the indicated ultimate loss for each policy year. Both frequency and severity components utilize the approach as described in the Loss Development Factor Methods above to determine their ultimate amounts. Ultimate claim counts are based on a review of closed claim count development over time, while ultimate average costs are based on a review of average severity development over time.

As part of our quarterly and semi-annual loss reserve review processes, the selection of ultimate losses by sub-segment (line of business and reserving class) is based on a review of the results of the methods described above, together with management's judgment, where appropriate, as to the most likely outcome. For each policy year, weights that vary between 0% and 100% are applied to each method. The weighting is judgmental and may vary from year to year based on management's knowledge and judgment regarding changes in the mix of business or exposures and operational changes in claims handling.

Reserving for Significant Catastrophic Events

The Company cannot fully estimate losses from widespread catastrophic events, such as hurricanes and earthquakes, using the traditional actuarial methods described above, but it does use supplemental information including output from Risk Management Solutions Models in the determination of estimates. Loss reserves for these events are estimated after a catastrophe occurs by completing an in-depth analysis of individual contracts, which may potentially be impacted by the catastrophic event. This in-depth analysis may rely on several sources of information, including: (1) estimates of the size of insured industry losses from the catastrophic event and our corresponding market share; (2) a review of our portfolio of contracts performed to identify those contracts which may be exposed to the catastrophic event; (3) a review of modeled loss estimates based on information previously reported by insureds, including exposure data obtained during the underwriting process; (4) discussions of the impact of the event with our insureds; and (5) catastrophe bulletins published by various independent statistical reporting agencies. The Company generally utilizes a blend of these information sources to arrive at an aggregate estimate of the ultimate losses arising from the catastrophic event. In subsequent reporting periods, changes in paid and incurred losses in relation to each significant catastrophe are reviewed, and estimates of ultimate losses for each event are adjusted if there are developments that are different from prior expectations. Adjustments are recorded in the period in which they are identified.

There are additional risks affecting the ability to accurately estimate ultimate losses for catastrophic events. For example, estimation of loss reserves related to hurricanes and earthquakes can be affected by factors including, but not limited to, inability to access portions of impacted areas, infrastructure disruptions, the complexity of factors contributing to losses, legal and regulatory uncertainties, complexities involved in estimating business interruption losses, the impact of demand surge, fraud, and the limited nature of information available. For hurricanes, additional complex coverage factors may include determining whether damage was caused by flooding versus wind, evaluating general liability and pollution exposures, and mold damage. The timing of a catastrophe, near the end of a reporting period, can also affect the level of information available to estimate reserves for that reporting period.

Environmental-Related Claims

Included in the reserve for losses and loss expenses are amounts held for losses relating to manufactured gas plant ("MGP"), non-MGP cleanup costs and asbestos exposure. In estimating amounts to be provided, management considers various information, including the number of reported claims, the continually evolving legal environment in each jurisdiction and the trends in remediation and medical costs. Uncertainties exist as to the extent of coverage, the existence of other potentially responsible parties, the likelihood of the Company being liable, and the share of the ultimate cost, if any, that the Company will bear.

(III) Loss Development Tables

The loss development tables provided hereafter, present historical incurred and paid claims development by reserve reporting segment through December 31, 2023, net of reinsurance.

Each table follows a similar format and includes the following:

- An incurred loss triangle, which includes reported and unreported but incurred claims.
- The incurred and paid triangles include allocated loss adjustment expense, but exclude any unallocated loss adjustment expense.
- All information presented in the triangles is net of reinsurance recoverable.
- IBNR reserves as of December 31, 2023 are shown to the right of the incurred loss table.
- Claims counts are cumulative and are reported to the right of the net paid loss tables. Excluded from claims counts are claims closed without payment.
- Net liabilities for loss and loss expenses for accident years prior to those presented in the triangles.

Supplementary information about average annual percentage payout of net incurred claims is presented for both U.S. and Syndicate lines of business.

Portions of the business written by the U.S. and Syndicate reserve reporting segments are denominated in foreign currencies. In order to keep a constant currency basis, the same foreign exchange rate was achieved by assuming constant foreign exchange rates for all periods presented in the triangles. Translation of prior period amounts use the same applicable foreign currency exchange rates as the current year-end rates.

U.S. - Excess Liability (In $000's except claim count)

Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Year Ended December 31,

	Unaudited										December 31, 2023
Accident Year	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Net IBNR**
2014	$288,255	$267,496	$248,461	$ 241,221	$ 234,770	$ 231,407	$ 230,157	$ 227,091	$ 223,521	$ 226,131	$ 23,010
2015		290,683	281,842	224,200	186,852	198,939	181,363	192,272	192,762	190,460	30,984
2016			267,526	252,525	242,817	232,333	234,631	230,812	236,248	238,794	(217)
2017				297,572	320,270	302,203	296,481	274,757	279,700	291,002	2,402
2018					244,324	269,107	248,189	248,140	239,713	250,034	5,099
2019						266,160	326,890	335,556	298,605	293,351	11,568
2020							302,867	307,042	389,609	351,637	45,384
2021								348,360	335,194	321,323	87,292
2022									343,207	359,455	183,424
2023										334,073	295,041
Total										$2,856,260	

Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

											Cumulative Number of Reported Claims
2014	$ 613	$ 32,973	$ 49,103	$113,178	$ 143,633	$ 152,573	$168,057	$ 168,576	$ 177,865	$ 190,533	132
2015		240	73,733	95,177	102,695	122,034	109,742	116,363	134,961	133,724	114
2016			260	39,646	83,876	174,838	175,165	188,471	200,964	211,944	105
2017				5,383	112,056	166,001	217,338	215,627	249,508	250,267	120
2018					3,601	123,955	198,962	227,659	181,709	186,375	115
2019						149	37,490	125,923	175,190	246,338	95
2020							10,432	37,041	116,210	163,139	113
2021								5,901	18,258	79,480	102
2022									793	20,369	65
2023										3,285	26
Total										$ 1,485,454	

All outstanding liabilities before 2014, net of reinsurance	289,348
Liabilities for losses and loss adjustment expenses, net of reinsurance	$ 1,660,154

U.S.—Property & Renewables (In $000's except claim count)

Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Year Ended December 31,

Accident Year	2014 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2023	December 31, 2023 Net IBNR
2014	$ 42,390	$ 31,064	$ 29,395	$ 28,350	$ 28,122	$ 28,250	$ 28,244	$ 27,656	$ 27,646	$ 27,646	$ -
2015		30,027	24,675	20,390	18,803	18,490	18,469	18,436	18,297	18,290	2
2016			32,304	26,190	22,759	20,829	20,272	20,134	19,879	19,860	5
2017				36,721	21,001	18,516	18,890	18,623	16,748	16,549	118
2018					43,123	39,140	38,347	35,491	33,100	36,662	2,693
2019						47,765	38,203	37,444	36,180	35,375	612
2020							72,102	57,679	50,417	48,822	1,341
2021								74,954	84,036	79,547	4,103
2022									151,019	163,635	17,525
2023										116,603	60,634
Total										$ 562,989	

Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Cumulative Number of Reported Claims
2014	$ 5,627	$ 12,043	$ 24,318	$ 27,419	$ 27,898	$ 28,181	$ 28,192	$ 27,646	$ 27,646	$ 27,646	105
2015		4,270	10,196	14,331	17,356	17,374	18,055	18,287	18,287	18,287	119
2016			4,446	13,665	18,168	19,029	19,516	19,522	19,857	19,855	121
2017				2,864	9,395	14,251	15,636	15,863	16,382	16,431	176
2018					2,914	11,471	25,408	29,808	30,447	30,507	172
2019						6,124	23,779	31,155	33,936	34,284	176
2020							12,810	26,303	38,527	42,840	300
2021								7,514	38,005	61,559	222
2022									43,946	100,207	244
2023										15,203	165
Total										$ 366,819	

All outstanding liabilities before 2014, net of reinsurance	-
Liabilities for losses and loss adjustment expenses, net of reinsurance	$ 196,170

U.S.—D&O (In $000's except claim count)

Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Year Ended December 31,

	Unaudited										December 31, 2023
Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Net IBNR
2014	$ 38,054	$ 31,498	$ 23,596	$ 18,216	$ 12,696	$ 17,031	$ 17,657	$ 16,858	$ 16,948	$ 28,647	$ (883)
2015		27,541	37,515	70,467	77,389	74,886	74,514	65,720	72,914	61,966	(106)
2016			30,568	26,973	29,535	33,358	32,219	31,294	27,029	25,007	1,531
2017				40,148	51,948	48,454	41,877	47,681	49,686	48,330	691
2018					20,718	15,857	23,288	19,480	17,976	20,998	860
2019						29,265	18,399	25,949	13,920	8,881	2,618
2020							45,226	66,216	59,353	55,657	8,125
2021								22,418	22,780	32,961	17,337
2022									32,022	29,307	29,224
2023										55,398	24,336
Total										$ 367,152	

Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Cumulative Number of Reported Claims
2014	$ 1,062	$ 3,185	$ 5,477	$ 6,330	$ 6,968	$ 8,865	$ 11,673	$ 12,530	$ 13,699	$ 36,264	15
2015		33	11,295	22,514	32,407	62,498	74,620	75,477	73,079	69,901	18
2016			1,549	11,031	14,078	14,083	14,429	15,611	23,680	23,872	21
2017				335	5,193	12,262	23,128	21,640	36,429	49,698	17
2018					60	129	482	814	9,117	8,888	20
2019						56	773	1,461	6,767	5,109	18
2020							91	16,693	42,508	49,502	17
2021								40	309	334	12
2022									7	38	6
2023										12	6
Total										$ 243,618	
All outstanding liabilities before 2014, net of reinsurance										9,186	
Liabilities for losses and loss adjustment expenses, net of reinsurance										$ 132,720	

U.S. - Claims Duration
The following table provides supplementary unaudited information about the percentage payout of incurred losses and loss expenses, net of reinsurance as of December 31, 2023 for the U.S. reserve segments.

Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance

Age in years	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Excess liability	1%	20%	20%	19%	5%	3%	4%	5%	2%	6%
Property & Renewables	18%	35%	29%	10%	1%	2%	1%	0%	0%	0%
D&O	1%	13%	14%	16%	12%	12%	18%	0%	0%	79%

Syndicate—Property and Casualty ($000's except claim count)
Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Year Ended December 31,

Property

	Unaudited										December 31, 2023
Accident Year	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Net IBNR**
2014	$ 177,873	$162,237	$162,895	$155,675	$156,783	$159,194	$155,872	$ 169,004	$ 147,182	$ 150,381	$ 2,893
2015		159,619	130,046	132,439	131,389	129,566	128,133	112,942	123,482	125,508	1,241
2016			169,452	160,737	159,430	162,321	160,511	163,522	162,395	157,766	(734)
2017				202,643	184,520	193,710	191,971	202,060	189,198	183,239	2,599
2018					207,706	197,188	194,613	180,084	190,834	189,584	(403)
2019						237,398	194,992	195,335	200,703	202,232	9,761
2020							272,596	153,461	178,484	181,256	6,065
2021								336,774	202,348	214,085	28,486
2022									328,863	289,381	61,796
2023										321,041	169,289
Total										$2,014,473	

Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

											Cumulative Number of Reported Claims
2014	$ 74,729	$116,890	$134,096	$139,633	$141,728	$145,473	$144,774	$ 144,407	$ 150,854	$ 145,818	7,087
2015		49,969	92,005	106,180	112,716	116,904	118,032	118,278	121,635	123,068	7,404
2016			77,786	127,565	141,822	148,083	150,573	154,143	156,813	155,359	9,106
2017				77,265	139,602	163,599	172,583	178,725	179,518	177,263	9,347
2018					65,904	141,219	164,016	171,471	176,265	185,715	9,373
2019						84,845	145,086	166,052	173,605	185,162	6,928
2020							80,199	133,587	158,131	164,777	6,615
2021								81,841	134,702	162,394	6,078
2022									76,059	175,761	6,016
2023										73,677	1,619
Total										$1,548,994	
	Liabilities for losses and loss adjustment expenses, net of reinsurance									$ 465,479	

(Expressed in thousands of U.S. dollars)

Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Year Ended December 31,

Casualty

Accident Year	2014 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2023	December 31, 2023 Net IBNR
2014	$ 88,509	$ 83,508	$ 75,629	$ 71,171	$ 68,964	$ 64,144	$ 63,098	$ 61,165	$ 69,204	$ 72,567	$ 6,174
2015		81,689	88,621	77,687	72,838	71,575	65,840	64,583	65,158	62,907	(1,113)
2016			69,246	70,770	62,660	61,789	58,220	59,818	56,678	65,434	6,920
2017				90,942	92,848	86,310	83,965	86,323	87,866	96,152	12,120
2018					104,160	102,300	104,585	103,526	109,618	127,753	23,973
2019						115,653	133,888	124,463	127,636	128,389	28,645
2020							131,585	131,511	139,496	138,758	46,524
2021								130,768	145,520	116,573	63,767
2022									144,086	131,815	96,739
2023										136,106	107,262
Total										$1,076,454	

Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Cumulative Number of Reported Claims
2014	$ 10,821	$ 16,191	$ 31,852	$ 39,676	$ 50,307	$ 54,346	$ 56,517	$ 60,262	$ 61,910	$ 64,498	3,405
2015		11,193	21,083	31,204	40,787	46,018	54,717	57,505	59,954	61,878	3,198
2016			3,785	13,206	21,773	30,064	37,693	44,146	48,720	54,107	4,041
2017				9,709	18,679	30,031	43,498	53,619	62,653	66,432	4,799
2018					6,803	22,224	38,695	55,376	70,408	83,366	4,250
2019						13,271	30,661	47,408	62,625	72,116	4,184
2020							12,366	25,390	49,771	68,216	3,907
2021								11,277	25,458	32,846	3,436
2022									9,641	18,847	2,729
2023										6,097	742
Total										$ 528,403	

Liabilities for losses and loss adjustment expenses, net of reinsurance	$ 548,051
All outstanding liabilities before 2014, net of reinsurance	27,500
Liabilities for losses and loss adjustment expenses, net of reinsurance	$1,041,030

Syndicate - Claims Duration

The following table provides supplementary unaudited information about the percentage payout of incurred losses and loss expenses, net of reinsurance as of December 31, 2023 for the Syndicate business.

Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance

Age in years	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Property	39%	32%	12%	4%	3%	2%	0%	1%	3%	0%
Casualty	9%	11%	14%	13%	11%	10%	5%	6%	3%	4%

(Expressed in thousands of U.S. dollars)

Reinsurance

The Company cedes a portion of its risk by utilizing various reinsurance contracts in order to provide additional capacity for future growth and limit the maximum net loss potential arising from the severity or frequency of insurance claims. These contracts do not relieve the Company from its obligation to policyholders. The amounts recoverable from reinsurers are estimated in a manner consistent with the reserve for losses associated with the related reinsurance contract.

Reinsurance recoverable activity is presented below:

	Years Ended December 31,		
	2023	**2022**	**2021**
Reinsurance recoverable on losses and loss expenses at January 1,	$ 2,568,574	$ 2,199,725	$ 1,959,504
Incurred losses and loss expenses ceded	626,453	1,015,534	700,935
Paid losses and loss expenses ceded	839,127	642,587	460,157
Effect of foreign exchange rate changes	1,622	(4,098)	(557)
Reinsurance recoverable on losses and loss expenses at December 31,	2,357,522	2,568,574	2,199,725
Amounts currently due from reinsurers	285,748	248,388	259,092
Due from reinsurers	$ 2,643,270	$ 2,816,962	$ 2,458,817

The Company regularly evaluates the financial condition of its reinsurers and monitors credit risk with respect to amounts recoverable under these contracts. Failure of reinsurers to honor their obligations could result in losses to the Company; consequently, allowances are established for amounts deemed uncollectible. In order to minimize this credit risk, the Company seeks to cede business to reinsurers generally rated "A-" or better by accredited rating agencies such as A.M. Best. The Company considers reinsurers that are not rated or do not fall within the prescribed rating categories and may grant exceptions to the general policy on a case-by-case basis. As of December 31, 2023 and 2022, 99 percent of the total reinsurance exposure was due from reinsurers rated "A-" or better.

The Company's reinsurance recoverable falls within the scope of CECL, and as such requires an evaluation to determine the associated ACL. The adoption of CECL on January 1, 2023 had an immaterial impact on the Company's determination of uncollectible reinsurance recoverable. In the case of reinsurance recoverables, the ACL is referred to as "uncollectible reinsurance recoverables" and is recorded in the financial statements as a reduction of the reinsurance recoverable with the corresponding increase or decrease recorded to losses and loss expenses incurred. To estimate the allowance for uncollectible reinsurance, the Company performs a default analysis consisting of a number of factors, including the amounts of ceded losses recoverable from the reinsurer, historical trends, anticipated future losses and the credit rating of the reinsurer. As of December 31, 2023 and 2022, such allowance was approximately $82,942 and $71,432, respectively. There were no write-offs of ceded losses for the years ended December 31, 2023 and 2022. As of December 31, 2023 and 2022, reinsurance recoverables overdue from reinsurers for 90 days or more, net of general allowance, were $144,011 and $125,066, respectively. Of this total in 2023, $95,097 was attributable to one reinsurer.

At December 31, 2023 and 2022, the Company's largest ceded loss recoverable exposure resided with three reinsurers, the largest exposure was with an "A+" rated insurer totaling $329,334 and $306,281 at December 31, 2023 and 2022, respectively. The Company has reinsurance recoverables of $327,440 and $398,241, as of December 31, 2023 and 2022, respectively, from the second largest reinsurer, which has an "A" rating. The Company has reinsurance recoverables of $268,240 and $254,194, as of December 31, 2023 and 2022, respectively, from the third largest reinsurer which has an "A" rating.

(Expressed in thousands of U.S. dollars)

9. Income Taxes

Prior to December 27, 2023, the Company had an undertaking from Bermuda that exempted it from any local profits, income or capital gains taxes until the year 2035. However, on December 27, 2023, the Government of Bermuda enacted the Corporate Income Tax Act 2023, which will apply a 15% corporate income tax to certain Bermuda businesses in fiscal years beginning on or after January 1, 2025. Bermuda corporate income tax rules supersede existing Bermuda tax assurance certificates held by entities within the scope of the new Bermuda corporate income tax. The Company will be subject to the Bermuda corporate income tax but is eligible to make an annual Branch Exclusion Election. The election allows the Company to remove from the Bermuda tax base income allocated to a non-Bermuda permanent establishment. Management expects to make this annual election. Accordingly, the Company has determined that no deferred tax balances related to Bermuda corporate income tax are necessary at December 31, 2023.

As a consolidated group, the Company and its subsidiaries are subject to income taxes in other tax jurisdictions. The Company files U.S. and Canadian federal income tax returns. Furthermore, certain U.K. subsidiaries are required to file U.K. income tax returns, while certain business sourced in the U.K. are subject to U.S. tax under an Internal Revenue Code Section 953(d) election. The Company's Bermuda-based parent insurance company files a U.S. tax return pursuant to Internal Revenue Code Section 953(d) status. Electing Section 953(d) status allows the Company to combine its taxable income with certain subsidiary taxable income in a consolidated U.S. tax return.

The provision for income taxes for the years ended December 31, was as follows:

	2023	2022	2021
Current provision	$ 62,237	$ 30,679	$ 49,864
Deferred provision/(benefit)	22,618	18,444	6,662
Total income tax provision	$ 84,855	$ 49,123	$ 56,526

The Company's reconciliation between the effective tax rate and the statutory tax rate was as follows:

	Tax Effect 2023	Percent of Pre-Tax Income	Tax Effect 2022	Percent of Pre-Tax Income	Tax Effect 2021	Percent of Pre-Tax Income
U.S. federal income tax at statutory rate	$ 80,386	21.0%	$39,461	21.0%	$ 60,125	21.0%
Adjustments:						
Company-owned officers' life insurance	(2,422)	(0.6)	2,567	1.4	(2,891)	(1.0)
Return-to-provision adjustments	(372)	(0.1)	(2,310)	(1.2)	381	0.1
Valuation allowance	6,044	1.6	7,863	4.2	-	-
Other permanent items	1,219	0.3	1,542	0.7	(1,089)	(0.4)
Total income tax provision	$ 84,855	22.2%	$49,123	26.1%	$ 56,526	19.7%

(Expressed in thousands of U.S. dollars)

The Company's deferred income tax assets and liabilities as of December 31, are summarized below:

	2023	2022
Deferred tax assets:		
Loss reserves	$ 49,265	$ 50,745
Net operating loss carryforwards	-	422
Unearned premiums	18,658	26,726
Anticipatory foreign tax credit	35,094	20,150
Foreign tax credit carryforwards	420	846
Profit commission and other accruals	28,034	18,492
Compensation and benefit accruals	27,345	24,297
Deferred acquisition costs	2,127	-
Basis differences in investments	-	4,550
Allowance for credit losses	4,671	-
Other deferred tax assets	608	731
Deferred tax assets before valuation allowance	166,222	146,959
Less: Valuation allowance	(13,907)	(7,863)
Deferred tax assets net of valuation allowance	152,315	139,096
Deferred tax liabilities:		
Unrealized investment gains on securities, net	8,578	1,337
Fair value of insurance and reinsurance contracts	54,292	55,027
Fixed asset basis difference	285	626
Deferred acquisition costs	-	6,481
TCJA transition adjustment	1,517	2,276
Basis difference in investments	2,454	-
Syndicate technical account	77,507	36,832
Deferred tax liabilities	144,633	102,579
Net deferred tax asset	$ 7,682	$ 36,517

The Company has $420 of foreign tax credit carryforward, which will expire in year 2033. The Company has no net operating loss or other tax credit carryforwards.

The application of U.S. GAAP requires the Company to evaluate the recoverability of DTAs and establish a valuation allowance if necessary to reduce the DTA to an amount that is more likely than not expected to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance.

In evaluating the need for a valuation allowance, the Company considers many factors, including: (1) the nature of the deferred tax assets and liabilities; (2) whether they are ordinary or capital; (3) in which tax jurisdictions they were generated and the timing of their reversal; (4) taxable income in prior carryback years as well as projected taxable earnings exclusive of reversing temporary differences and carryforwards; (5) the length of time that carryovers can be utilized in the various taxing jurisdictions; (6) any unique tax rules that would impact the utilization of the deferred tax assets; and (7) any tax planning strategies that the Company would employ to avoid a tax benefit from expiring unused. Although realization is not assured, management believes it is more likely than not that the DTAs, net of valuation allowances, will be realized.

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing DTAs. An element of objective negative evidence evaluated was income tax rates in the foreign jurisdictions in which the Company pays income tax that exceed the income tax rate of the U.S. Further, U.S. foreign tax credit law and regulations limit the Company's ability to fully realize its foreign tax credit carryover and anticipatory foreign tax credit DTAs in the future, resulting in another element of objective negative evidence. Accordingly, as of December 31, 2023 a valuation allowance of $13,907 was recorded against DTAs related to federal taxes. Adjustments to the valuation allowance are made to reflect changes in management's assessment of the amount of the DTA that is realizable and the amount of DTA actually realized during the year.

(Expressed in thousands of U.S. dollars)

The IRS can examine 2013 and 2014 tax years with respect to foreign tax credits. The 2020-2022 tax years are open to audit with respect to all income tax matters, including utilization of tax attributes (including net operating loss carryforwards) generated in prior years.

At December 31, 2023, the Company had no uncertain tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within the next 12 months.

10. Policyholders' Liability

The liability of each policyholder of the Company is limited to any unpaid premiums due to the Company from such policyholders and for premiums, if any, relating to the Company's retrospective premium plans.

Retrospective premium plans were retroactively discontinued for all policies incepting on or after January 1, 1988. Management is unaware of any events that would cause the application of any of the retrospective premium plans remaining in effect.

11. Commitments and Contingencies

The Company has established reserves for losses and loss expenses for claims that arise in the ordinary course of business. The Company is also subject to legal proceedings and regulatory inquiries, for which there is currently no provision established as management does not believe that the outcome of any of these matters will have a material adverse effect on the Company's financial position, operating results, or cash flows.

Lease Commitments

The Company leases office facilities under non-cancelable operating leases under various operating lease arrangements, which expire at various dates through 2032. The Company evaluates if a leasing arrangement exists upon inception of a contract, conveying the right to control the use of the office space for a period of time in exchange for consideration. The Company's leases expire at various dates and may contain renewal and expansion options through 2032. The exercise of lease renewal and expansion options are typically at the Company's sole discretion and are only included in the determination of the lease term if the Company is reasonably certain to exercise the option.

The ROU assets are included in other assets, and the lease liabilities in accrued expenses and other liabilities on the consolidated balance sheet.

	December 31, 2023	December 31, 2022
Right of use assets	$ 17,763	$ 20,954
Lease liabilities	17,800	20,702
Weighted average remaining lease term	6 years	7 years
Weighted average discount rate	1.14%	1.15%

(Expressed in thousands of U.S. dollars)

Future minimum lease payments for operating leases:

Year	Amount
2024	$ 3,670
2025	3,705
2026	3,740
2027	2,237
2028	1,154
Years thereafter until 2032	3,848
Total undiscounted lease payments	18,354
Less: imputed interest	554
Present value of lease liabilities	$ 17,800

Rent expense is recorded in other underwriting expenses in the consolidated statements of income and comprehensive income, for the years ended December 31, 2023, 2022 and 2021 and was $5,632, $5,443 and $6,400, respectively. Operating cash outflows from operating leases totaled $4,880 and $4,631 for the periods ended December 31, 2023 and 2022, respectively.

Commitments

The Company has entered into investment agreements, and under the terms of the agreements, the Company may be required to invest additional amounts to meet its various unfunded contractual commitments, summarized below:

As of December 31, 2023 and 2022, the Company's limited partnership investments had unfunded direct lending commitments totaling $242,939 and $254,711, respectively.

As of December 31, 2023 and 2022, the Company's mortgage loan investments had unfunded commitments totaling $445 and $627, respectively.

Securities on Deposit and Letters of Credit

At December 31, 2023, the Company had securities and cash on deposit of $1,285,134 in order to comply with various U.S., Canadian and U.K. insurance and tax regulatory requirements. The Company also maintained letter of credit facilities with four financial institutions totaling $448,578, of which $349,670 was committed at December 31, 2023. At December 31, 2023, the Company had pledged assets of cash and debt securities, valued at $1,085,143, as collateral to secure these letters of credit.

At December 31, 2022, the Company had securities and cash on deposit of $1,132,469 in order to comply with various U.S., Canadian and U.K. insurance and tax regulatory requirements. The Company also maintained letter of credit facilities with four financial institutions totaling $443,578, of which $355,729 was committed at December 31, 2022. At December 31, 2022, the Company had pledged assets of cash and debt securities, valued at $607,178, as collateral to secure these letters of credit.

12. Dividend Restrictions

No dividend transfers occurred in 2023, 2022 and 2021. At December 31, 2023, there were no significant restrictions on the payment of dividends from AISL to AEGIS London Holding.

In 2023 and 2022, there were no transfers of capital from AEGIS to AEGIS London Holding.

In 2021, there was a transfer of capital of $15 million from AEGIS to AEGIS London Holding.

13. Subsequent Events

AEGIS has evaluated all events subsequent to December 31, 2023 through the consolidated financial statements issuance date of April 29, 2024, and there are no other events that require disclosure.

14. Margin of Solvency

The Company is registered under the Bermuda Insurance Act of 1978 and related regulations, which require that the Company maintain a minimum solvency margin of approximately $438 million for solvency and liquidity. As a Class 3 insurer, the policyholders' surplus at December 31, 2023 was in excess of the minimum solvency margin required.

15. Operating Results by Line of Business

Management has elected to present its operating results into two lines of business, General Liability and Directors and Officers Liability. General Liability includes excess liability, fiduciary and employee benefits liability, professional liability and excess workers' compensation insurance. Directors & Officers Liability includes directors and officers liability and general partner liability insurance. Operating expenses directly attributable to a given line of business are charged correspondingly; the remainder is allocated based upon their respective share of gross written premiums. Investment results and the results from all other lines of business are allocated to each line of business based upon its proportionate share of unearned premiums, reserve for losses and loss expenses, and total surplus. This presentation is utilized to determine continuity credits, when declared by the Board of Directors of AEGIS, as they are earned by members based upon their individual proportionate shares of premiums and surplus attributable to the Company's General Liability and Directors & Officers Liability lines of business, as defined in the Company's bylaws. Total surplus supports all insurance policies issued by the Company, regardless of type. The amounts of total surplus allocated by line of business are presented solely for informational purposes.

(Expressed in thousands of U.S. dollars)

	General Liability			Directors & Officers Liability			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Revenue:									
Net premiums earned	$1,338,961	$1,158,030	$1,090,194	$ 383,956	$ 376,420	$ 313,123	$1,722,917	$1,534,450	$1,403,317
Net investment income (loss)	173,226	(51,815)	124,834	63,995	(24,083)	49,512	237,221	(75,898)	174,346
Change in fair value of insurance and reinsurance contracts	2,133	149,793	47,442	-	-	-	2,133	149,793	47,442
Total revenue	1,514,320	1,256,008	1,262,470	447,951	352,337	362,635	1,962,271	1,608,345	1,625,105
Expenses:									
Losses and loss expenses incurred	863,560	798,310	759,414	215,503	199,003	165,840	1,079,063	997,313	925,254
Commission expenses	150,091	110,314	111,693	57,232	53,099	45,977	207,323	163,413	157,670
Other underwriting expenses	165,366	134,642	138,216	55,310	53,834	50,055	220,676	188,476	188,271
Total expenses	1,179,017	1,043,266	1,009,323	328,045	305,936	261,872	1,507,062	1,349,202	1,271,195
Income before continuity and other premium credits and income taxes	335,303	212,742	253,147	119,906	46,401	100,763	455,209	259,143	353,910
Continuity and other premium credits	47,781	45,210	38,885	24,638	26,025	28,715	72,419	71,235	67,600
Income before income taxes	287,522	167,532	214,262	95,268	20,376	72,048	382,790	187,908	286,310
Income tax provision	63,636	42,535	42,301	21,219	6,588	14,225	84,855	49,123	56,526
Net income	223,886	124,997	171,961	74,049	13,788	57,823	297,935	138,785	229,784
Other comprehensive Income (loss)	19,224	(10,816)	(14,847)	8,015	(4,757)	(5,964)	27,239	(15,573)	(20,811)
Other surplus adjustments	(7,517)	(267)	(1,816)	-	-	-	(7,517)	(267)	(1,816)
Total surplus—beginning of year	1,073,612	959,698	804,400	1,156,724	1,147,693	1,095,834	2,230,336	2,107,391	1,900,234
Total surplus—end of year	$ 1,309,205	$1,073,612	$ 959,698	$ 1,238,788	$ 1,156,724	$ 1,147,693	$ 2,547,993	$2,230,336	$2,107,391