Independent Risk Solutions Ltd.

(Incorporated in Bermuda)

Financial Statements

March 31, 2018 and 2017

(expressed in U.S. dollars)

October 31, 2018

Report of Independent Auditors

To the Board of Directors and Shareholder of Independent Risk Solutions Ltd.

We have audited the accompanying financial statements of Independent Risk Solutions Ltd. ("the Company"), which comprise the balance sheets as of March 31, 2018 and March 31, 2017, and the related statements of loss and retained deficit, of comprehensive loss and of cash flows for the years then ended.

Management's responsibility 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; this includes 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.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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Basis for Qualified Opinion

As disclosed in Note 2 of the financial statements, management has omitted disclosures that are required by the accounting principles generally accepted in the United States of America to be disclosed in the Company's financial statements in accordance with Accounting Standards Update 2015-09, *Disclosure about Short-Duration Contracts.*

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Independent Risk Solutions Ltd. as of March 31, 2018 and March 31, 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other matter

Management has omitted the required supplemental information under Accounting Standards Update 2015-09, *Disclosure about Short-Duration Contracts* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the 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 historic context. Our opinion on the basic financial statements is not affected by this missing information.

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

Independent Risk Solutions Ltd.

Balance Sheets

As at March 31, 2018 and 2017

(expressed in U.S. dollars)

	2018 $	2017 $
Assets		
Cash and cash equivalents	5,161,233	3,419,074
Cash in transit	1,000,000	-
Marketable securities (notes 5 and 7)	4,367,258	5,048,176
Amounts due from related party (note 11)	666,660	416,660
Accrued interest income	43,152	19,354
Accounts receivable	30,777	30,154
Deferred acquisition cost	-	155,811
Reinsurance balances receivable	1,906,068	5,592,231
Deferred reinsurance premium	350	39,144
Other assets	575,429	275,429
Funds held by ceding reinsurers	665,682	717,126
Losses recoverable	2,052,076	2,025,677
Prepaid expenses	27,669	24,645
Total assets	16,496,354	17,763,481
Liabilities		
Accounts payable and accrued liabilities	140,145	680,497
Insurance balance payable	496,745	418,395
Accounts payable due to related party	54,321	-
Unearned premium reserve	42,982	4,519,763
Funds held from reinsurers	332,500	332,500
Collateral funds from reinsurers (note 4)	2,356,765	3,845,859
Provision for losses and loss expenses (note 8)	2,982,364	2,881,922
Separate account balance (note 9)	9,014,292	3,996,224
Total liabilities	15,420,114	16,675,210
Shareholder's equity		
Capital stock (note 10)	120,000	120,000
Contributed surplus	1,637,824	1,637,824
Retained deficit	(754,426)	(726,855)
Accumulated other comprehensive income (note 5)	72,842	57,302
Total shareholder's equity	1,076,240	1,088,271
Total liabilities and shareholder's equity	16,496,354	17,763,481

Approved by the Board of Directors

_______________ Director _______________ Director

The accompanying notes are an integral part of these financial statements.

Independent Risk Solutions Ltd.

Statements of Loss and Retained Deficit

For the years ended March 31, 2018 and 2017

(expressed in U.S. dollars)

	2018 $	2017 $
Underwriting income		
Gross premium written	3,750,908	2,522,023
Reinsurance premiums ceded	(2,156)	(56,131)
	3,748,752	2,465,892
Change in deferred reinsurance premium	(42,011)	(30,211)
Change in unearned premium	2,266,092	(244,353)
	5,972,833	2,191,328
Underwriting expenses		
Claims incurred (note 8)	514,754	(359,017)
Acquisition costs	481,930	199,471
	996,684	(159,546)
Underwriting profit	4,976,149	2,350,874
Other income (expenses)		
Investment income, net (note 6)	86,832	142,234
Administrative and General expenses	(209,287)	(1,395,403)
Foreign exchange gain	14,426	(273,687)
	(108,029)	(1,526,856)
Income including separate accounts	4,868,120	824,018
(Income) related to separate accounts (note 9)	(4,895,691)	(859,816)
Net loss for the year	(27,571)	(35,798)
Retained deficit - Beginning of year	(726,855)	(691,057)
Retained deficit - End of year	(754,426)	(726,855)

The accompanying notes are an integral part of these financial statements.

Independent Risk Solutions Ltd.
Statements of Comprehensive Loss
For the years ended March 31, 2018 and 2017

(expressed in U.S. dollars)

	2018 $	2017 $
Net loss for the year	(27,571)	(35,798)
Other comprehensive income (loss)		
Unrealized gains on investments		
Unrealized holding gains arising during the year	15,540	4,612
Comprehensive loss for the year	(12,031)	(31,186)

The accompanying notes are an integral part of these financial statements.

Independent Risk Solutions Ltd.

Statements of Cash Flows

For the years ended March 31, 2018 and 2017

(expressed in U.S. dollars)

	2018 $	2017 $
Cash flows provided by (used in) operating activities		
Net loss for the year	(27,571)	(35,798)
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred reinsurance premium	38,794	40,954
Net investment gain/(loss)of marketable securities recorded in segregated cells	2,852	(13,121)
Accrued interest income	(23,798)	10,891
Accounts receivable	(623)	6,728
Reinsurance balance receivable	3,691,685	994,272
Deferred acquisition costs	155,811	(155,811)
Funds held by ceding reinsurers	51,444	10,471
Losses recoverable	(26,399)	605,266
Prepaid expenses	(3,024)	2,705
Accounts payable and accrued liabilities	(540,352)	641,631
Amount due to related party	54,321	-
Provision for losses and loss expenses	100,442	(1,080,463)
Separate accounts	5,018,018	(716,580)
Reinsurance balance payable	(78,350)	162,239
Other receivable	(300,000)	224,571
Amount due from related party	(250,000)	-
Unearned premium	(4,476,781)	(407,938)
Collateral funds	(1,489,094)	(2,305,150)
Cash flows provided by (used in) operating activities	2,048,552	(2,015,133)
Cash flows provided by investing activities		
Purchases of marketable securities	(1,573,839)	(8,756,056)
Proceeds in disposals of marketable securities	1,267,445	5,465,315
Cash provided by investing activities	(306,394)	3,290,471
Cash flow provided by financing activity		
Additional capital contribution	-	100,000
Cash provided by financing activity	-	100,000
Increase/(decrease) in cash and cash equivalents	1,742,159	(5,205,874)
Cash and cash equivalents - Beginning of year	3,419,074	8,624,948
Cash and cash equivalents - End of year	5,161,233	3,419,074

The accompanying notes are an integral part of these financial statements.

(expressed in U.S. dollars)

1. *Ownership and operations*

United Risk Solutions Ltd. ("the Company") was incorporated under the laws of Bermuda on May 28, 1998 and has its place of business in Bermuda. On June 16, 2000, the Company registered as a Class 3 insurer under The Insurance Act 1978 (Bermuda) amendments thereto and related regulations ("The Insurance Act"). On January 1, 2009, the Company re-registered as a Class 3A insurer under The Insurance Act. On January 18, 2011, the Company changed its name to Independent Risk Solutions Ltd.

The Company is owned by Mizzen Holdings Ltd., a company incorporated in Bermuda. The Company is managed by Print Management Limited, a company incorporated in Bermuda, which is also the principal representative for the purpose of The Insurance Act, and an affiliated company.

During 1998, the Company presented a petition to the legislature of Bermuda to allow it to create separate accounts for the purpose of assuring the Company's ability to meet its obligations under contracts of insurance issued and administered by the Company. As a result, the United Risk Solutions Ltd. (Separate Accounts) Act, 1998, a Private Act, was passed into law with effect from July 28, 1998. Additionally on November 16, 2005, the Company registered under the Segregated Accounts Companies Act 2000. The Company operates separate accounts under both acts ("Acts").

Under the Acts, assets are segregated for the sole purpose of paying claims arising from the related policies and are for the benefit of the related policyholders. The Acts further protects against funds being used to satisfy creditors in case of insolvency of other policyholders or the Company itself.

2. *Significant accounting policies*

The significant accounting policies followed by the Company, as summarized below, are in conformity with accounting principles generally accepted in the United States of America except for disclosure of information under Accounting Standards Update 2015-09, Disclosure about Short-Duration Contracts which management has elected to omit in the financial statements. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(a) **Provision for losses and loss expenses**
Losses and loss expenses paid are recorded as reported. The provision for losses and loss expenses comprises estimates for known losses and loss expenses received from the ceding insurance companies plus a provision for losses incurred but not reported. The provisions are necessarily estimates and losses may ultimately be settled for a greater or lesser amount than that recorded in the financial statements. Any adjustments thereto are reflected in earnings in the period in which they become known.

(b) **Premiums assumed and acquisition cost**
Premiums are assumed on an accruals basis. Premiums assumed are earned on a pro-rata basis over the term of the policies. Premium adjustments are recorded in the period in which they are known or paid.

Commissions and other underwriting expenses relating to earned premiums are expensed over the policy periods.

(c) **Reinsurance premium ceded**
Premiums ceded are expensed on a pro-rata basis over the term of the policies.

(expressed in U.S. dollars)

(d) **Cash and cash equivalents**
The Company considers all highly liquid debt instruments with a maturity of three months or less at the date of purchase to be cash equivalents.

(e) **Marketable securities**
The Company's marketable securities have been classified as "available for sale" and are carried at fair value with the difference between fair value and cost reported as a separate component of shareholder's equity within accumulated other comprehensive income. Fair value equals quoted market price.

Realized gains and losses on sales of marketable securities are included in income on the average cost basis.

(f) **Fair value measurement**
Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. See Note 7 for disclosures regarding the Company's fair value measurements.

The fair value measurement guidance established a hierarchy for valuation inputs that emphasizes the use of observable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is broken down as follows:

- Level 1 – inputs are based upon quoted prices for identical instruments traded in active markets.
- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for similar or identical instruments in inactive markets and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets and liabilities.
- Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models and similar valuation techniques.

3. *Nature of business*

The Company has entered into a reinsurance agreement with the Connecticut Indemnity Company and the Fire and Casualty Insurance Company of Connecticut ("CIC"). Under the agreement, the Company has agreed to reinsure the garage liability, garage keeper's legal liability, automobile liability, automobile physical damage, dealer's physical damage, motor truck cargo and commercial property risks underwritten by Independent Garage & Towing Contractors Service, Inc. ("IGTC").

Effective January 1, 2003, the Company's quota share was 30% of limits up to the first $1,000,000 per occurrence. The maximum annual aggregate loss ratio was 100% of gross premium. Artis is responsible for $500,000 in excess of this limit. The Company's quota share of losses in excess of this maximum limit is 30% of limits up to the first $1,000,000 per occurrence. This program was cancelled on September 15, 2003.

(expressed in U.S. dollars)

Effective September 15, 2003, the Company entered into a reinsurance agreement with Markel Insurance Company ("Markel"). Under the agreement, the Company has agreed to reinsure the garage liability, garage keeper's legal liability, automobile liability, automobile physical damage, dealer's physical damage, motor truck cargo and commercial property risks underwritten by IGTC.

Effective September 15, 2006, the Company assumed a 20% quota share of limits up to the first $500,000 per occurrence of all liability assumed by Markel relating to risks underwritten by IGTC. Annual aggregate losses are limited to 105% of gross premiums or $976,500, whichever is higher. Markel is responsible for $1,000,000 in excess of this maximum limit, subject to the Company assuming a minimum of $976,500 in losses. The Company is responsible for losses in excess of the $1,000,000 limit assumed by Markel. The reinsurance agreement was commuted effective September 1, 2011.

Effective April 1, 2009, the Company entered into an insurance agreement with Western Express Inc. Under the agreement, the Company has agreed to insure the automobile liability risks of Western Express Inc. The Company is responsible for $4,000,000 in excess of $1,000,000 per occurrence. Also on April 1, 2009, the Company reinsured all of the above risks to Wesco Insurance Company. The reinsurance program was not renewed effective April 1, 2013.

Effective January 11, 2011, the Company entered into a reinsurance agreement with Sparta Insurance Company ("Sparta"). Under the agreement, the Company has agreed to insure 90% of the liabilities of Sparta relating to workers' compensation risks underwritten by Tecis. The Company is responsible for the first $350,000 each accident and $5,000,000 in aggregate. Also on January 11, 2011, the Company reinsured 75% of the 90% quota share of the above risks to Tiberius Reinsurance Company Limited. The reinsurance program was not renewed effective January 11, 2014.

Effective January 1, 2012, the Company entered into a reinsurance agreement with National Union Fire Insurance Company Pittsburgh, PA ("National Union"). Under the agreement, the Company has agreed to provide medical stop loss coverage issued to the participating employers, underwritten by National Union. The Company is responsible for $750,000 per claim in excess of insured limits with an annual aggregated of 125% of the net program premium. Insured limits ranges from $75,000 to $500,000 per claim. The reinsurance program was not renewed effective January 1, 2014.

Effective January 11, 2014, the Company entered into a short-term reinsurance agreement with Sparta Insurance Company ("Sparta"). Under the agreement, the Company has agreed to insure 40% of the liabilities of Sparta relating to workers' compensation risks underwritten by Tecis. The Company is responsible for the first $350,000 each accident and $5,000,000 in aggregate.

Effective October 31, 2014, the Company entered into a reinsurance agreement with Istmo Re. Under the agreement, the Company will ultimately provide excess of loss reinsurance for Seguros Mundial under a treaty covering multiple lines of business and will take the form of a non-proportional excess of loss policy. Risks covered include surety & bonds, personal accident, and compulsory car accident. The cell covering this program was active effective April 1, 2015. This policy was cancelled with the effective date January 31, 2016.

Effective December 1, 2014, the Company entered into a reinsurance agreement with Privilege Wealth Management Limited. Under the agreement, the Company will provide investment managers insurance with capital shortfall protection. The limit of liability of the policy is initially £10,000,000 professional civil liability, crime protection and capital protection insurance and sub-limit of £2,500,000 for the cyber protection insurance. Liabilities assumed by the Company are fully covered by a combination of premium, capital and reinsurance. The cell covering this program was active effective March 31, 2018.

(expressed in U.S. dollars)

Effective October 31, 2015, the Company entered into a reinsurance agreement with Ocean Re. Under the agreement, the Company will ultimately provide excess of loss reinsurance for Seguros Mundial under a treaty covering multiple lines of business and will take the form of a non-proportional excess of loss policy. Risks covered include Credit Life and Commercial Credit. The cell covering this program was active effective March 31, 2017.

Effective March 1, 2017, the Company entered into a reinsurance agreement with Ocean Re. Under the agreement, the Company will ultimately provide excess of loss reinsurance for Seguros Mundial under a treaty covering multiple lines of business and will take the form of a non-proportional excess of loss policy. Risks covered include Surety Bonds, General Liability, Group Life and Property.

Effective May 1, 2017 Mozart 06-14 issued a Health Plan policy to Alberto Mishaan Gutt. The coverage is worldwide. The deductible is $2,000 per insured, and/or $4,000 per family, whichever comes first. However, an individual will not have to pay more than the individual deductible amount. The individual deductible amounts will count towards the family deductible. Any deductible is on a calendar year basis.

4. *Letters of credit*

For the year ended March 31, 2018 and 20177, the Company's banker has, in the normal course of reinsurance operations, issued a letter of credit in the amount of $102,803 and $415,766, respectively, in favour of Sparta. As of March 31, 2018 and 2017, money market funds in the amount of $102,921 and $351,195, respectively, and an incoming letter of credit in the amount of $340,000 and $74,012 respectively, arranged by Tecis in favour of the Company's banker were pledged as collateral for these letters of credit.

Also, for the year ended March 31, 2018 and 2017, the Company held collateral funds in the amount of $2,356,765 and $3,845,859, respectively, from its reinsurers.

As at year ended March 31, 2018 and 2017, investments in debt securities amounting to $2,305,615 and $3,248,998 respectively and short-term United States government agency securities amounting to $139,015 and $743,318 respectively are used as collateral pursuant to a Reinsurance Trust Agreement in favor of Sparta Insurance Company.

(expressed in U.S. dollars)

5. *Marketable securities*

Fair value is based on quoted market prices. The cost or amortized cost and fair value by major type of securities as of March 31, 2018 and 2017 are shown below.

	Cost/ amortized cost $	Gross unrealized gains $	Gross unrealized losses: Less than 12 months $	Gross unrealized losses: Greater than 12 months $	Estimated market value $
2018					
Mutual Funds	2,068,559	115,348	-	(122,264)	2,061,643
Debt Securities	2,354,075	2,907	-	(51,426)	2,305,615
	4,422,634	118,255	-	(173,690)	4,367,258
2017					
Mutual Funds	1,848,559	72,627	-	(112,008)	1,799,178
Debt Securities	3,292,515	126	(43,643)	-	3,248,998
	5,118,381	72,753	(43,643)	(112,008)	5,048,176

The maturity distribution of fixed income securities at March 31, 2018 was as follows:

	Cost $	Market value $
Due within one year	929,245	928,000
Due after one year through five years	1,058,468	1,029,342
Due after five years through ten years	202,350	193,872
Due after ten years	164,012	154,342
	2,354,075	2,305,556

The maturity distribution of fixed income securities at March 31, 2017 was as follows:

	Cost $	Market value $
Due within one year	1,303,901	1,299,836
Due after one year through five years	1,290,207	1,270,603
Due after five years through ten years	404,111	394,201
Due after ten years	294,296	284,358
	3,292,515	3,248,998

(expressed in U.S. dollars)

There were marketable securities that have continuously been in an unrealized loss position for more than 12 months at March 31, 2018 and 2017. In management's opinion there was no other –than-temporary impairment with respect to marketable securities deemed necessary for the years ended March 31, 2018 and 2017.

The investment objective of the Butterfield U.S.$ Bond Fund is to maximize the total return through income and capital gains by investing in medium to high-grade U.S. dollar denominated debt securities.

The investment objective of the Butterfield Select Alternative Investments fund is to achieve long-term capital growth in the value of assets.

The investment objective of the municipal debt securities is to maximize the total return through income and capital gains by investing in U.S. dollar denominated municipal obligations.

The investment objective of the Pershing investment was for equity exposure with a manager who has outperformed the S&P 500 by over 5pts on average over the last 10 years, it's an active strategy with a concentrated but transparent portfolio with daily liquidity.

The investment objective of the Butterfield Select Global Fixed Income Funds is for some exposure to the fixed income market which has daily liquidity.

Marketable securities sold for the years ended March 31, 2018 and 2017 were $1,267,445 and $5,465,315, respectively.

6. *Investment income*

Net investment income on investments was derived from the following:

	2018 $	2017 $
Interest and dividends:		
Cash and cash equivalents	7,497	8,873
Butterfield U.S.$ Bond Fund	30,901	4,243
Other	48,434	129,118
Total	86,832	142,334

(expressed in U.S. dollars)

7. *Fair value measurement*

Fair value hierarchy

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

	Investments at March 31, 2018			
	Total $	Level 1 $	Level 2 $	Level 3 $
Bond Fund	455,272	-	455,272	-
Alternative investments	466,800	-	466,800	-
Mutual Fund FI	235,274	-	235,274	-
Hedge Fund	98,152	-	98,152	-
Aqua Fund	806,145	-	806,145	-
Debt Securities	2,305,615	-	2,305,615	-
	4,367,258	-	4,367,258	-

	Investments at March 31, 2017			
	Total $	Level 1 $	Level 2 $	Level 3 $
Bond Fund	459,231	-	459,231	-
Alternative investments	447,300	-	447,300	-
Mutual Fund FI	234,682	-	234,682	-
Hedge Fund	122,892	-	122,892	-
Aqua Fund	535,073	-	535,073	-
Debt Securities	3,248,998	-	3,248,998	-
	5,048,176	-	5,048,176	-

(expressed in U.S. dollars)

8. *Provision for losses and loss expenses*

Provision for losses and loss expenses comprises:

	2018 $	2017 $
Provision for reported losses and loss expenses	424,044	855,184
Provision for losses incurred but not reported	2,558,320	2,026,738
Provision for loss expenses	2,982,364	2,881,922

Reconciliation of provision for losses and loss expenses

	2018	2017
Gross loss and loss expense provisions at beginning of year	2,881,922	3,962,385
Losses recoverable	(2,025,677)	(2,630,943)
Net loss and loss expense provisions at beginning of year	856,245	1,331,442
Net claims incurred for the year related to:		
Current year	129,967	190,271
Prior years	384,827	(599,288)
	514,794	(359,017)
Net paid claims for the year related to:		
Current year	(136,173)	(87,792)
Prior years	(342,958)	(191,942)
	(479,131)	(279,734)
Foreign Exchange and other	38,380	163,554
Net loss and loss expense provisions at end of year	930,288	856,245
Losses recoverable	2,052,076	2,025,677
Gross loss and loss expense provision at end of year	2,982,364	2,881,922

The adverse development in 2018 of $384,827 (2017 $599,288) relating to prior years was due to the development on losses reported to the Company for claims prior to March 31, 2017. The development relating to prior years represents the on-going settlement of claims which are sometimes settled for amounts either more than originally reserved.

(expressed in U.S. dollars)

9. *Separate accounts*

As described in Note 1, the Company maintains separate accounts for the purpose of assuring the Company's ability to meet its obligations under contracts of insurance issued and administered by the Company.

Transactions through the separate accounts for the years were as follows:

	2018 $	2017 $
Gross premium written	3,750,908	2,522,023
Change in deferred reinsurance premium	(42,011)	(30,211)
Change in unearned premium written	2,266,092	(244,353)
Reinsurance premiums ceded	(2,156)	(56,131)
Interest income	81,882	137,991
	6,054,715	2,329,319
Losses incurred	514,754	(359,017)
Acquisition costs	558,930	276,471
Administrative expenses	99,766	1,278,362
Foreign exchange gain/loss	(14,426)	273,687
	1,159,024	1,469,503
Net income for the year	4,895,691	859,816
Separate account balances at beginning of year	3,996,274	4,702,854
Payments of surplus	122,327	(1,566,396)
Separate account balances end of year	9,014,292	3,996,274

The Company maintained two separate accounts for the IGTC reinsurance programs written through the Connecticut Indemnity Company and the Fire and Casualty Insurance Company of Connecticut to September 15, 2003 and Markel Insurance Company for periods subsequent to that date until September 15, 2008. As of March 31, 2018 and 2017, the balance in the CIC separate account were deficit of $10,000, respectively. As of March 31, 2018 and 2017, the balance in Markel Insurance Company separate account were $Nil.

The Company also maintained a separate account for the Western Express reinsurance program effective April 1, 2009. As of March 31, 2018 and 2017, the balance in the Western Express separate account were $Nil.

The Company also maintained a separate account for the Tecis reinsurance program effective January 11, 2011. As of March 31, 2018 and 2017, the balances in the Tecis separate account were $4,603 (surplus) and $72,309 (surplus), respectively.

The Company also maintained a separate account for the National Union reinsurance program effective January 1, 2012. As of March 31, 2018 and 2017, the balance in the National Union separate accounts was $411,410 (surplus) and $411,526 (surplus), respectively.

(expressed in U.S. dollars)

The Company also maintained a separate account for the Tecis reinsurance program effective January 11, 2014. As of March 31, 2018 and 2017, the balances in the Tecis separate account were $NIL and $3,500 (deficit), respectively.

The Company also maintained a separate account for the Mozart reinsurance program effective April 1, 2015. As of March 31, 2018 and 2017, the balance in the Mozart separate account were $4,759,874 and $2,200,612 (surplus).

The Company also maintained a separate account for the Golden Tree reinsurance program effective October 1, 2015. As of March 31, 2018 and 2017, the balance in the Golden Tree separate account were $3,627,443 and $698,113 (surplus).

The Company also maintained a separate account for the Affinity Protect reinsurance program effective March 31, 2015. As of March 31, 2018 and 2017, the balance in the Affinity Protect separate account were $210,962 and $617,214 (surplus).

10. *Capital stock*

The share capital of the company consists of 120,000 common shares of par value $1 each, all of which are issued and fully paid in cash.

11. *Related party transactions*

Included in administrative expenses are the following related party amounts:

	2018 $	2017 $
Appleby (Bermuda General Counsel) - for Legal services and related expenses	8,723	8,100
Print Management Limited - for management fees	25,000	25,000

Print Management Limited is a related party to the Company by ownership of the same parent company.

In the prior year, the company issued a loan to Newport International Corp in the amount of $416,660, from May 30, 2015 and maturing on May 30, 2018 at an interest rate of 0%.

The company issued a loan to AMG Consulting in the amount of $250,000, from March 5, 2018 and maturing on June 5, 2018 at an interest rate of 0%.

12. *Concentration of credit risk*

The Company is party to financial instruments with concentration of credit risk. These financial instruments consist principally of cash and cash equivalents and marketable securities.

As of March 31, 2018 and 2017, cash and cash equivalents were held with financial institutions in Bermuda and in the United States, that the Company considers high quality. As of March 31, 2018 and 2017, all cash and cash equivalents were held with a financial institution in Bermuda, that the Company considers high quality. The Company does not believe there are significant risks associated with these risk concentrations.

(expressed in U.S. dollars)

The Company's available for sale investment portfolio is also managed by external managers in Bermuda and in the United States. The Company minimizes the risk associated with these concentrations by adhering to a conservative investment strategy.

Credit risk arises from the failure of the counter-party to perform according to the terms of a contract. The Company does not require collateral or other security to support financial instruments with credit risk. Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders. The Company remains liable to its policyholders for the portion reinsured to the extent that any reinsurer does not meet the obligations assumed under the reinsurance agreement. In order to reduce its credit risk, the Company seeks to do business with financially sound reinsurance companies and reviews the financial strength of reinsurers used on a regular basis. The current reinsurance program has been placed with a reinsurer with a strong financial position. The Company currently believes its reinsurer is able to meet all of its obligations under the reinsurance agreement.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet its commitments. Management continuously monitors forecast and actual cash flows and maintains adequate cash, marketable securities and credit facilities to mitigate this risk. The Company's marketable investments (see Note 5 and 7) have a maturity profile that ensures that the Company is able to meet liabilities arising from claims.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of market prices. Market risk comprises of two types of risk, interest rate risk and other price risk. As the Company funds its insurance liabilities with a portfolio of US dollar denominated available for sale debt securities, it is mainly exposed to interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Company manages interest rate risk by sector diversification of the portfolio and by matching cash flows to anticipate any payments of insurance liabilities.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk and currency risk. The Board manages the risk by diversification of the portfolio by prescribed limits. Compliance to these limits is reviewed by the Members on a quarterly basis.

13. *Taxation*

Bermuda
The Company has received an undertaking from the Bermuda government exempting it from all local income, withholding and capital gains taxes until March 31, 2035. At the present time no such taxes are levied in Bermuda.

United States
The Company does not consider itself to be engaged in trade or business in the United States and, accordingly, is not subject to United States taxation. There were no uncertain tax positions noted during March 31, 2018 and 2017.

(expressed in U.S. dollars)

14. Statutory requirements

Under The Insurance Act, the Company is required to prepare Statutory Financial Statements and to file a Statutory Financial Return. The Insurance Act also requires the Company to meet certain minimum capital and surplus requirements. To satisfy these requirements, the Company was required to maintain a minimum level of statutory capital and surplus of $1,000,000 at March 31, 2018 and 2017. The Company's statutory capital and surplus at March 31, 2018 and 2017 was $1,048,570 and $1,063,626, and the maximum amount distributable in each of the years ending March 31, 2018 and 2017 was $Nil and $Nil, respectively. The difference between statutory capital and surplus as reported in the Statutory Financial Statements and shareholder's equity as reported in conformity with generally accepted accounting principles, relates to the treatment of prepaid expenses which is a non-admitted asset for statutory purposes.

The Company is also required to maintain a minimum liquidity ratio, which was met during the years ended March 31, 2018 and 2017.

15. Subsequent events

In preparing the financial statements, management evaluated subsequent events through October 31, 2018, which is the date that these financial statements are available to be issued.

The Company's Board of Directors met on June 22, 2018. It was decided, during this meeting, that the Company would be liquidated. Steps are being taken to remove all insurance liability from the Company so the de-registration and liquidation can occur. It is expected that liquidation will occur during the first quarter of 2020.