



Arthur Morris & Company Limited

Chartered Professional Accountants

Atlantic House, 1st Floor
11 Par-la-Ville Road
P.O. Box 1365 HMFx
Hamilton HM11
Bermuda

Tel: +1 441 292 7478
Email: info@amc.bm

April 27, 2022

Report of Independent Auditors

To the Board of Directors of Del Re Ltd.

Opinions

We have audited the accompanying condensed financial statements of Del Re Ltd. (the “Company”), which comprise the condensed balance sheets and condensed statements of capital and surplus as of December 31, 2021 and December 31, 2020, and the related condensed statements of income for the years then ended, including the related notes (collectively referred to as the “condensed financial statements”).

Unmodified opinion on regulatory basis of accounting

In our opinion, the accompanying condensed financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and December 31, 2020, and the results of its operations for the years then ended in accordance with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to condensed general purpose financial Statements (the “Legislation”).

Adverse opinion on U.S. generally accepted accounting principles

In our opinion, because of the significance of the matter discussed in the *Basis for adverse opinion on U.S. generally accepted accounting principles* section of our report, the accompanying condensed financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2021 and December 31, 2020, or the results of its operations for the years then ended.

Basis for Opinions

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

Basis for adverse opinion on U.S. generally accepted accounting principles

As described in Note 3 to the condensed financial statements, the condensed financial statements are prepared by the Company on the basis of the financial reporting provisions of the Legislation, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Bermuda Monetary Authority.

The effects on the condensed financial statements of the variances between the regulatory basis of accounting described in Note 3 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of management for the condensed financial statements

Management is responsible for the preparation and fair presentation of the condensed financial statements in accordance with the financial reporting provisions of the Legislation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the condensed financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the condensed financial statements

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

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

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

Arthur Morris + Company Limited

**Chartered Professional Accountants
Hamilton, Bermuda**

CONDENSED CONSOLIDATED BALANCE SHEET

Del Re Ltd.

As at **December 31, 2021**

expressed in ['000s] **United States Dollars**

LINE No.		2021	2020
1.	CASH AND CASH EQUIVALENTS	9,233	4,054
2.	QUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity		
	ii. Other		
(b)	Total Bonds and Debentures	-	-
(c)	Equities		
	i. Common stocks		
	ii. Preferred stocks		
	iii. Mutual funds		
(d)	Total equities	-	-
(e)	Other quoted investments		
(f)	Total quoted investments	-	-
3.	UNQUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity		
	ii. Other		
(b)	Total Bonds and Debentures	-	-
(c)	Equities		
	i. Common stocks		
	ii. Preferred stocks		
	iii. Mutual funds		
(d)	Total equities	-	-
(e)	Other unquoted investments		
(f)	Total unquoted investments	-	-
4.	INVESTMENTS IN AND ADVANCES TO AFFILIATES		
(a)	Unregulated entities that conduct ancillary services		
(b)	Unregulated non-financial operating entities		
(c)	Unregulated financial operating entities		
(d)	Regulated non-insurance financial operating entities		
(e)	Regulated insurance financial operating entities		
(f)	Total investments in affiliates	-	-
(g)	Advances to affiliates	19,770	19,800
(h)	Total investments in and advances to affiliates	19,770	19,800
5.	INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:		
(a)	First liens		
(b)	Other than first liens		
(c)	Total investments in mortgage loans on real estate	-	-
6.	POLICY LOANS		
7.	REAL ESTATE:		
(a)	Occupied by the company (less encumbrances)		
(b)	Other properties (less encumbrances)		
(c)	Total real estate	-	-
8.	COLLATERAL LOANS		
9.	INVESTMENT INCOME DUE AND ACCRUED	1,729	1,382
10.	ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a)	In course of collection	382	4,814
(b)	Deferred - not yet due		
(c)	Receivables from retrocessional contracts		
(d)	Total accounts and premiums receivable	382	4,814
11.	REINSURANCE BALANCES RECEIVABLE:		
(a)	Foreign affiliates		
(b)	Domestic affiliates		
(c)	Pools & associations		
(d)	All other insurers		
(e)	Total reinsurance balance receivable	-	-

CONDENSED CONSOLIDATED BALANCE SHEET

Del Re Ltd.

 As at **December 31, 2021**

 expressed in ['000s] **United States Dollars**

LINE No.		2021	2020
12.	FUNDS HELD BY CEDING REINSURERS		
13.	SUNDRY ASSETS:		
(a)	Derivative instruments		
(b)	Segregated accounts companies - long-term business - variable annuities		
(c)	Segregated accounts companies - long-term business - other		
(d)	Segregated accounts companies - general business		
(e)	Deposit assets		
(f)	Deferred acquisition costs	983	1,649
(g)	Net receivables for investments sold		
(h)	Prepaid expenses	13	9
(i)	Deferred Tax Assets (Specify)	1,499	1,810
(j)	Other Sundry Assets (Specify)		
(k)	Total sundry assets	2,495	3,468
14.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS		
(a)	Letters of credit		
(b)	Guarantees		
(c)	Other instruments		
(e)	Total letters of credit, guarantees and other instruments	-	-
15.	TOTAL	33,609	33,518
	TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS		
16.	UNEARNED PREMIUM RESERVE		
(a)	Gross unearned premium reserves	2,891	5,155
(b)	Less: Ceded unearned premium reserve		
	i. Foreign affiliates		
	ii. Domestic affiliates		
	iii. Pools & associations		
	iv. All other insurers		
(c)	Total ceded unearned premium reserve	-	-
(d)	Net unearned premium reserve	2,891	5,155
17.	LOSS AND LOSS EXPENSE PROVISIONS:		
(a)	Gross loss and loss expense provisions	4,705	3,047
(b)	Less : Reinsurance recoverable balance		
	i. Foreign affiliates		
	ii. Domestic affiliates		
	iii. Pools & associations		
	iv. All other reinsurers		
(c)	Total reinsurance recoverable balance	-	-
(d)	Net loss and loss expense provisions	4,705	3,047
18.	OTHER GENERAL BUSINESS INSURANCE RESERVES		
19.	TOTAL GENERAL BUSINESS INSURANCE RESERVES	7,596	8,202
	LONG-TERM BUSINESS INSURANCE RESERVES		
20.	RESERVE FOR REPORTED CLAIMS		
21.	RESERVE FOR UNREPORTED CLAIMS		
22.	POLICY RESERVES - LIFE		
23.	POLICY RESERVES - ACCIDENT AND HEALTH		
24.	POLICYHOLDERS' FUNDS ON DEPOSIT		
25.	LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS		
26.	OTHER LONG-TERM BUSINESS INSURANCE RESERVES		
27.	TOTAL LONG-TERM BUSINESS INSURANCE RESERVES		
(a)	Total Gross Long-Term Business Insurance Reserves	-	-
(b)	Less: Reinsurance recoverable balance on long-term business		
	(i) Foreign Affiliates		
	(ii) Domestic Affiliates		
	(iii) Pools and Associations		
	(iv) All Other Insurers		
(c)	Total Reinsurance Recoverable Balance	-	-
(d)	Total Net Long-Term Business Insurance Reserves	-	-

CONDENSED CONSOLIDATED BALANCE SHEET

Del Rio Ltd.

As at **December 31, 2021**

expressed in ['000s]

United States Dollars

LINE No.		2021	2020
	OTHER LIABILITIES		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	773	857
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE		
30.	LOANS AND NOTES PAYABLE		
31.	(a) INCOME TAXES PAYABLE		
	(b) DEFERRED INCOME TAXES		
32.	AMOUNTS DUE TO AFFILIATES	19	22
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS:		
35.	DIVIDENDS PAYABLE		
36.	SUNDRY LIABILITIES:		
(a)	Derivative instruments		
(b)	Segregated accounts companies		
(c)	Deposit liabilities		
(d)	Net payable for investments purchased		
(e)	Other sundry liabilities (specify)		
(f)	Other sundry liabilities (specify)		
(g)	Other sundry liabilities (specify)		
(h)	Total sundry liabilities	-	-
37.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:		
(a)	Letters of credit		
(b)	Guarantees		
(c)	Other instruments		
(d)	Total letters of credit, guarantees and other instruments	-	-
38.	TOTAL OTHER LIABILITIES	792	879
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	8,388	9,081
	CAPITAL AND SURPLUS		
40.	TOTAL CAPITAL AND SURPLUS	25,221	24,437
41.	TOTAL	33,609	33,518
		TRUE	TRUE
		-	-

CONDENSED CONSOLIDATED STATEMENT OF INCOME

Del Re Ltd.

 As at **December 31, 2021**
 expressed in ['000s] **United States Dollars**

LINE No.		2021	2020
	GENERAL BUSINESS UNDERWRITING INCOME		
1.	GROSS PREMIUMS WRITTEN		
	(a) Direct gross premiums written	8,855	5,164
	(b) Assumed gross premiums written		
	(c) Total gross premiums written	8,855	5,164
2.	REINSURANCE PREMIUMS CEDED		
3.	NET PREMIUMS WRITTEN	8,855	5,164
4.	INCREASE (DECREASE) IN UNEARNED PREMIUMS	2,263	4,831
5.	NET PREMIUMS EARNED	11,118	9,995
6.	OTHER INSURANCE INCOME		
7.	TOTAL GENERAL BUSINESS UNDERWRITING INCOME	11,118	9,995
	GENERAL BUSINESS UNDERWRITING EXPENSES		
8.	NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED	7,094	10,756
9.	COMMISSIONS AND BROKERAGE	3,559	1,659
10.	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	10,653	12,415
11.	NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS	465	(2,420)
	LONG-TERM BUSINESS INCOME		
12.	GROSS PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Direct gross premiums and other considerations		
	(b) Assumed gross premiums and other considerations		
	(c) Total gross premiums and other considerations	-	-
13.	PREMIUMS CEDED		
14.	NET PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Life		
	(b) Annuities		
	(c) Accident and health		
	(d) Total net premiums and other considerations	-	-
15.	OTHER INSURANCE INCOME		
16.	TOTAL LONG-TERM BUSINESS INCOME	-	-
	LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES		
17.	CLAIMS - LIFE		
18.	POLICYHOLDERS' DIVIDENDS		
19.	SURRENDERS		
20.	MATURITIES		
21.	ANNUITIES		
22.	ACCIDENT AND HEALTH BENEFITS		
23.	COMMISSIONS		
24.	OTHER		
25.	TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	-	-

CONDENSED CONSOLIDATED STATEMENT OF INCOME

Del Rio Ltd.

As at **December 31, 2021**
expressed in ['000s] **United States Dollars**

LINE No.		2021	2020
26.	INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES):		
	(a) Life		
	(b) Annuities		
	(c) Accident and health		
	(d) Total increase (decrease) in policy reserves	-	-
27.	TOTAL LONG-TERM BUSINESS EXPENSES	-	-
28.	NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS	-	-
29.	COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS	465	(2,420)
	UNDERNOTED ITEMS		
30.	COMBINED OPERATING EXPENSE		
	(a) General and administration	106	77
	(b) Personnel cost		
	(c) Other		
	(d) Total combined operating expenses	106	77
31.	COMBINED INVESTMENT INCOME - NET	352	385
32.	COMBINED OTHER INCOME (DEDUCTIONS)	-	
33.	COMBINED INCOME BEFORE TAXES	711	(2,112)
34.	COMBINED INCOME TAXES (IF APPLICABLE):		
	(a) Current	(383)	(202)
	(b) Deferred	310	(147)
	(c) Total	(73)	(349)
35.	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	784	(1,763)
36.	COMBINED REALIZED GAINS (LOSSES)		
37.	COMBINED INTEREST CHARGES		
38.	NET INCOME	784	(1,763)

CONDENSED CONSOLIDATED STATEMENT OF CAPITAL AND SURPLUS

DeJ Re Ltd.

As at **December 31, 2021**
expressed in ['000s] **United States Dollars**

LINE No.		2021	2020
1.	CAPITAL:		
(a)	Capital Stock		
	(i) Common Shares		
	authorized 120,000 shares of par	120	120
	value \$ 1,000 each issued and		
	fully paid 120,000 shares		
	(ii)		
	(A) Preferred shares:		
	authorized shares of par		
	value each issued and		
	fully paid shares		
	aggregate liquidation value for –		
	2021 		
	2020 		
	(B) Preferred shares issued by a subsidiary:		
	authorized shares of par		
	value each issued and		
	fully paid shares		
	aggregate liquidation value for –		
	2021 		
	2020 		
	(iii) Treasury Shares		
	repurchased shares of par		
	value each issued		
(b)	Contributed surplus	7,496	7,496
(c)	Any other fixed capital		
	(i) Hybrid capital instruments		
	(ii) Guarantees and others		
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	7,616	7,616
2.	SURPLUS:		
(a)	Surplus - Beginning of Year	16,821	18,584
(b)	Add: Income for the year	784	(1,763)
(c)	Less: Dividends paid and payable		
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments		
(e)	Add (Deduct) change in any other surplus		
(f)	Surplus - End of Year	17,605	16,821
3.	MINORITY INTEREST		
4.	TOTAL CAPITAL AND SURPLUS	25,221	24,437

DEL Re Ltd.
Notes to the Condensed General Purpose Financial Statements
December 31, 2021

General Notes to the Condensed General Purpose Financial Statements

1. DEL Re Ltd. (the "Company") was incorporated on April 26, 2011 as an exempted company with the Registrar of Companies in Bermuda. Effective May 9, 2011, the Company registered as a Class 3A insurer under The Bermuda Insurance Act 1978 and related regulations (the "Act").

The Company is wholly owned by DEL Re Holdings, Inc. (the "Parent") a corporation registered in Florida, USA. The ultimate sole owner is George Schaeffer.

2. The Company provides Florida catastrophic reinsurance coverage to its affiliated company, People's Trust Insurance Company ("PTIC"). The Company covers exposure to catastrophic events caused by natural events such as high winds, tornadoes, tropical storms and hurricanes.
3. The condensed general purpose financial statements have been prepared in accordance with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to Condensed General Purpose Financial Statements (the "Legislation"). The condensed general purpose financial statements are based on United States of America Generally Accepted Accounting Principles ("US GAAP") but are in accordance with the reporting requirements of the Legislation, which varies in certain respects from US GAAP. The more significant variances are as follows:
 - A statement of cash flows is not included;
 - A statement of comprehensive income is not included;
 - The presentation and classification of financial statement line items is in accordance with Schedules IX and XI of the Insurance Account Rules 2016 and differ from the expected presentation and classification under US GAAP; and
 - The notes included in the condensed general purpose financial statements have been prepared in accordance with Schedule X of the Insurance Account Rules 2016 and exclude certain information required under US GAAP.
4. The Financial Statements are prepared in accordance with accounting principles as described in Note 3 and are denominated in U.S. dollars. All estimates are subjective in nature and could materially influence the financial statements. Accordingly, management makes these estimates and assessments on an ongoing basis according to past experience and various factors that are deemed reasonable and which constitute the basis for these assessments. The amounts shown in the Company's future financial statements are likely to differ from these estimates in accordance with changes in assumptions or different conditions. It is believed that the estimates utilized in preparing these financial statements are reasonable; however, actual results could differ from these estimates and such differences could be material.

DEL Re Ltd.
Notes to the Condensed General Purpose Financial Statements
December 31, 2021

The following are the significant accounting policies adopted by the Company:

(a) Premiums

Premiums assumed are recorded on the accruals basis and are included in income in the period to which they relate. Commissions are recorded on the accrual basis.

Premium returns are recorded by the Company in accordance with the terms of the insurance policy and are booked as receivable and a reduction of premium written when return of premium is certain.

(b) Losses reserves

The loss and loss expenses provision includes reserves for unpaid reported losses (“case”) and for losses incurred but not reported (“IBNR”). The case reserve is established based on reports from PTIC and represents the estimate ultimate cost of events or conditions that have been reported to, or specifically identified by the insurer. The reserve for IBNR is established by management based on actuarially determined estimates of ultimate losses and loss expenses. Inherent in the estimate of ultimate losses and loss expenses are expected trends in claim severity and frequency and other factors which may vary significantly as claims are settled. Accordingly, ultimate losses and loss expenses may differ materially from the amounts recorded in the condensed general purpose financial statements

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and amounts of revenues and expenses during the reported period. Actual results could differ materially from those estimates.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks and other short-term highly liquid investments with a maturity of three months or less at the date of purchase. The carrying value approximates fair value because of the short-term nature and high liquidity of these assets.

(d) Investment income

Investment income consists of interest and dividend income. Interest income is accrued to the balance sheet date. Investment income is stated net of investment manager, custody fees and withholding taxes.

DEL Re Ltd.
Notes to the Condensed General Purpose Financial Statements
December 31, 2021

5. Premiums - refer to note 4(a) above

Investment income- refer to note 4(d) above
Commission income- Not applicable.

- 6-14. Not applicable

15. On December 12, 2016 the Company entered into an intercompany loan agreement facility with People's Trust Holdings, LLC ("PTH") an affiliated company. The loan amount was \$4,400,000 at an interest rate of 2.26% per annum, the loan is unsecured. The loan balance matures on December 31, 2026. On January 19, 2017, another unsecured intercompany loan agreement was entered into for \$9,000,000 at an interest of 2.75% per annum. The loan balance matures on January 31, 2027. As of December 31, 2021, the total accrued interest payable for these loans amounted to \$1,728,894 (2020 – \$1,381,954).

At December 31, 2021, additional total advances to PTH amounted to \$6,370,000 (2020 - \$6,400,000). This balance is carried at cost, bears no interest, and is unsecured and due on demand.

16. Not applicable

17. On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen that have had serious and adverse consequences to business conditions around the globe. The COVID-19 outbreak has resulted in limitations on travel, transportation, education, production of goods, provision of services and businesses operations generally. Further, the equity and other securities markets have experienced significant volatility, with substantial losses in the equity markets.

The Company has evaluated whether it has any exposure to losses arising from COVID-19 claims and has determined, based on its investigation and discussions with its ceding insurers, that there is little to no exposure to loss as a result of COVID-19.

DEL Re Ltd.
Notes to the Condensed General Purpose Financial Statements
December 31, 2021

Notes to the Statement of Capital and Surplus

1(a) Capital stock

Capital stock comprises 120,000 authorized, issued and fully paid common shares at par value of \$1 each.

1(b) Contributed surplus

Not applicable.

2(c) Dividends paid and payable

No dividends were declared or paid in 2021 and 2020.

Notes to the Balance Sheet

1. Cash and cash equivalents

At December 31, 2021, the cash and cash equivalents amounted to \$9,232,793 (2020 - \$4,053,627). These are held in SunTrust Bank, United Bank, and HSBC Bermuda. \$6,685,418 (2020 - \$3,481,665) is held in Trust in accordance with the reinsurance agreement with PTIC, while the remaining funds are used for operating expenses.

2-3. Not applicable

4. Investments in and advances to affiliates

At December 31, 2021, \$19,770,000 (2020 - \$19,800,000) was due from related parties. A total of \$6,370,000 (2020 - \$6,400,000) represents advances to the affiliate. This balance is carried at cost, bears no interest, and is unsecured and due on demand. A total of \$13,400,000(2020 - \$13,400,000) represents promissory notes to affiliated company. The promissory notes totaling \$4,400,000 earn at an interest rate of 2.26% per annum, are unsecured and mature on December 31, 2026. The remaining promissory note of \$9,000,000 earns at an interest rate of 2.75% per annum, is unsecured, and matures on January 31, 2027.

5-8. Not applicable

9. Investment income due and accrued

Investment income due and accrued of \$1,729,291 as at December 31, 2021 (2020 - \$1,382,241) is interest earned on intercompany loans, as described in Notes to the Balance Sheet, note 4, and on bank balances.

DEL Re Ltd.
Notes to the Condensed General Purpose Financial Statements
December 31, 2021

10. Accounts and premiums receivable

Accounts and premium receivable of \$381,962 as at December 31, 2021 (2020 - \$4,813,983) represents premiums receivable from PTIC. Post year-end part of the receivable was collected and held in the trust to collateralize the Company's obligations in accordance to reinsurance agreement.

11-12. Not applicable

13. Sundry assets

At December 31, 2021, sundry assets amounted to \$2,289,603 (2020- \$3,468,238). Sundry assets comprise Deferred acquisition costs of \$982,953 (2020 - \$1,649,442); deferred tax asset of \$1,499,645 (2020 - \$1,809,646) and prepaid expenses of \$13,425 (2020 - \$9,150). Deferred acquisition costs represent the acquisition costs related to the portion of premiums written which are applicable to the unexpired terms of the policies in force at year end. Prepaid expenses represent the portion of Secretarial and Directors fees paid in advance not expensed yet. Refer to Notes to the Balance sheet, note 31(b) for the details of deferred tax assets.

14. Not applicable

16. Unearned premium

Refer to the General Notes, note 4(a)

17. Loss and loss expense provision

Refer to General Notes, note 4(b)

The reserves for losses and loss expenses comprise of:

	2021	2020
	\$	\$
Outstanding losses	2,115,593	992,750
Losses incurred but not reported	2,589,737	2,054,189
	4,705,330	3,046,939

DEL Re Ltd.
Notes to the Condensed General Purpose Financial Statements
December 31, 2021

The activity in the reserves for losses and loss expense is as follows:

	2021	2020
Balance, beginning of year	\$ 3,046,939	\$ 41,503
Net losses incurred and net loss expenses incurred related to:		
(a) Current year	5,513,786	10,736,174
(b) Prior Years	1,580,141	20,027
Total net losses incurred and net loss expenses incurred	7,093,927	10,756,201
Less: Losses and loss expenses paid or payable related to:		
(a) Current year	3,855,394	7,730,738
(b) Prior years	1,580,142	20,207
Total losses and loss expenses paid or payable	5,435,536	7,750,765
Balance, end of year	\$ 4,705,330	\$ 3,046,939

Management believes that the assumptions used establishing its provision for loss and loss expenses represent a realistic and appropriate basis for estimating those reserves as of December 31, 2021. However, these assumptions are subject to change and the Company continually reviews and adjusts its reserve estimates taking into account all currently known information and updated assumptions related to unknown information. While management believes it has made a reasonable estimate of loss expenses occurring up to the balance sheet date, the ultimate costs of claims incurred could exceed the Company's reserves and have a materially adverse effect on its future results of operations and financial condition.

a) Net incurred losses and loss adjustment expenses incurred relating to prior years increased by \$1,580,141 (2020 - \$20,027) which was attributable to unfavorable development. There were no additional premiums or return of premiums accrued as a result of the prior year effects.

(b) The Company has established trust accounts and holds cash equivalent balances to support the insurance liabilities of the Company. These restricted assets of \$6,685,418 (2020 - \$3,481,665) will be used to fund all future loss and loss expenses as they arise.

DEL Re Ltd.
Notes to the Condensed General Purpose Financial Statements
December 31, 2021

20-30. Not applicable

31(a) Income taxes payable

Bermuda taxes

Under current Bermuda law, the Company is not required to pay any taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda that in the event of any such taxes being imposed, the Company will be exempted from taxation until the year 2035.

US Taxes

The Company has filed an election under the Section 953(d) of the Internal Revenue Code of 1986, as amended, to be taxed as a domestic US corporation. As a result of the "domestic election", the Company is subject to US taxation on its worldwide taxable income as if it were a US corporation.

31(b) Deferred income taxes

The components of the deferred income tax asset are as follows:

	2021	2020
Loss carry forward	\$1,212,653	\$ 1,550,823
Unearned premium	121,424	216,489
Loss reserves	64,302	42,334
Capital Loss Carried Forward	101,266	-
Total	<u>1,499,645</u>	<u>1,809,646</u>

32. Not applicable

33. Accounts payable and accrued liabilities

At December 31, 2021, \$18,766 (2020 - \$22,275) was due to third party service providers.

34-37. Not applicable

Notes to the Statement of Income

6. Not applicable.

15. Not applicable.

32. Combined other income (deductions)

Not applicable.

DEL Re Ltd.
Notes to the Condensed General Purpose Financial Statements
December 31, 2021

- 36. Combined realized gains (loss).**
Not applicable.