

Independent Auditor's Report

The Board of Directors
Zurich Global, Ltd.

Our Opinion

In our opinion, the condensed financial statements of Zurich Global, Ltd. (the “Company”) are prepared, in all material respects, 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”).

What We Have Audited

The Company's condensed financial statements comprise:

- the condensed balance sheet as at December 31, 2021;
- the condensed statement of income for the year then ended;
- the condensed statement of capital and surplus as at December 31, 2021; and
- the notes to the condensed financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the condensed financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the condensed financial statements in Bermuda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules.

Reference: Independent Auditor's Report on the Condensed Financial Statements of Zurich Global, Ltd. as at December 31, 2021 and for the year then ended.

Emphasis of Matter – Basis of Accounting

Without modifying our opinion, we note that the condensed financial statements have been prepared in accordance with the financial reporting provisions of the Legislation. The accounting policies used and the disclosures made are not intended to, and do not, comply with all of the requirements of International Financial Reporting Standards (IFRS).

Responsibilities of Management and Those Charged with Governance for the Condensed Financial Statements

Management is responsible for the preparation of the condensed financial statements in accordance with the financial reporting provisions of the Legislation, and for such internal control as management determines is necessary to enable the preparation of condensed financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

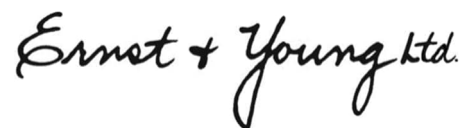
Auditor's Responsibilities for the Audit of the Condensed Financial Statements

Our objectives are to obtain reasonable assurance about whether the condensed financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these condensed financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the condensed financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the condensed financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



April 27, 2022

Chartered Professional Accountants

Reference: Independent Auditor's Report on the Condensed Financial Statements of Zurich Global, Ltd. as at December 31, 2021 and for the year then ended.

CONDENSED CONSOLIDATED BALANCE SHEET

Zurich Global, Ltd.

As at **December 31, 2021**

expressed in **United States Dollars**

LINE No.	2021	2020
1. CASH AND CASH EQUIVALENTS	2,514,950,348	2,074,530,501
2. QUOTED INVESTMENTS:		
(a) Bonds and Debentures		
i. Held to maturity	-	-
ii. Other	4,825,645,724	4,152,209,980
(b) Total Bonds and Debentures	4,825,645,724	4,152,209,980
(c) Equities		
i. Common stocks	550,618,783	432,786,760
ii. Preferred stocks	-	-
iii. Mutual funds	-	-
(d) Total equities	550,618,783	432,786,760
(e) Other quoted investments		
(f) Total quoted investments	5,376,264,507	4,584,996,740
3. UNQUOTED INVESTMENTS:		
(a) Bonds and Debentures		
i. Held to maturity	-	-
ii. Other	209,965,943	191,086,793
(b) Total Bonds and Debentures	209,965,943	191,086,793
(c) Equities		
i. Common stocks	-	-
ii. Preferred stocks	-	-
iii. Mutual funds	-	-
(d) Total equities	-	-
(e) Other unquoted investments	291,656,269	336,612,160
(f) Total unquoted investments	501,622,212	527,698,953
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	-	-
(h) Total investments in and advances to affiliates	-	-
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	23,258,241	20,357,472
10. ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a) In course of collection	-	-
(b) Deferred - not yet due	29,522,307	27,111,752
(c) Receivables from retrocessional contracts	275,238,086	258,854,107
(d) Total accounts and premiums receivable	304,760,393	285,965,859
11. REINSURANCE BALANCES RECEIVABLE:		
(a) Foreign affiliates	34,557,408	5,247,706
(b) Domestic affiliates	-	-
(c) Pools & associations	-	-
(d) All other insurers	75,834,099	50,980,744
(e) Total reinsurance balance receivable	110,391,507	56,228,450
12. FUNDS HELD BY CEDING REINSURERS	334,733,226	224,923,623

CONDENSED CONSOLIDATED BALANCE SHEET

Zurich Global, Ltd.

As at **December 31, 2021**

expressed in **United States Dollars**

LINE No.		2021	2020
13.	SUNDRY ASSETS:		
(a)	Derivative instruments	640,115	-
(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	12,858,241	9,667,842
(g)	Net receivables for investments sold	-	-
(h)	Income taxes receivable	-	-
(i)	Deferred income tax asset	50,605,126	-
(j)	Other Sundry Assets (Specify)	-	-
(k)	Total sundry assets	64,103,482	9,667,842
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	9,230,083,916	7,784,369,440
TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS			
16.	UNEARNED PREMIUM RESERVE		
(a)	Gross unearned premium reserves	261,857,173	197,125,409
(b)	Less: Ceded unearned premium reserve		
i.	Foreign affiliates	(507,018)	23,379,516
ii.	Domestic affiliates	-	(596)
iii.	Pools & associations	-	-
iv.	All other insurers	168,024,275	135,176,251
(c)	Total ceded unearned premium reserve	167,517,257	158,555,171
(d)	Net unearned premium reserve	94,339,916	38,570,238
17.	LOSS AND LOSS EXPENSE PROVISIONS:		
(a)	Gross loss and loss expense provisions	5,877,464,483	4,686,039,591
(b)	Less : Reinsurance recoverable balance		
i.	Foreign affiliates	141,466,188	95,697,264
ii.	Domestic affiliates	-	3,209
iii.	Pools & associations	-	-
iv.	All other reinsurers	284,170,506	118,007,134
(c)	Total reinsurance recoverable balance	425,636,694	213,707,607
(d)	Net loss and loss expense provisions	5,451,827,789	4,472,331,984
18.	OTHER GENERAL BUSINESS INSURANCE RESERVES		
19.	TOTAL GENERAL BUSINESS INSURANCE RESERVES	5,546,167,705	4,510,902,222
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

Zurich Global, Ltd.

 As at **December 31, 2021**

 expressed in **United States Dollars**

LINE No.	2021	2020
OTHER LIABILITIES		
28. INSURANCE AND REINSURANCE BALANCES PAYABLE	181,954,372	151,291,337
29. COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	6,740,586	7,525,992
30. LOANS AND NOTES PAYABLE	36	-
31. (a) INCOME TAXES PAYABLE	48,246,443	29,284,222
(b) DEFERRED INCOME TAXES	-	753,348
32. AMOUNTS DUE TO AFFILIATES	9,603,814	26,868,206
33. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	7,546,783	7,666,740
34. FUNDS HELD UNDER REINSURANCE CONTRACTS:	7,666,658	6,511,094
35. DIVIDENDS PAYABLE	-	-
36. SUNDRY LIABILITIES:		
(a) Derivative instruments	-	156,810
(b) Segregated accounts companies	-	-
(c) Deposit liabilities	-	-
(d) Net payable for investments purchased	-	-
(e) Deferred Taxes	-	-
(f) General Invest Exp & Mngt Fee	-	-
(g) Other sundry liabilities (specify)	-	-
(h) Total sundry liabilities	-	156,810
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	261,758,692	230,057,749
39. TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	5,807,926,397	4,740,959,971
CAPITAL AND SURPLUS		
40. TOTAL CAPITAL AND SURPLUS	3,422,157,519	3,043,409,469
41. TOTAL	9,230,083,916	7,784,369,440

CONDENSED CONSOLIDATED STATEMENT OF INCOME

Zurich Global, Ltd.

 As at **December 31, 2021**
 expressed in **United States Dollars**

LINE No.		2021	2020
	GENERAL BUSINESS UNDERWRITING INCOME		
1.	GROSS PREMIUMS WRITTEN		
	(a) Direct gross premiums written	-	-
	(b) Assumed gross premiums written	5,716,167,539	4,680,709,810
	(c) Total gross premiums written	5,716,167,539	4,680,709,810
2.	REINSURANCE PREMIUMS CEDED	799,949,514	526,510,799
3.	NET PREMIUMS WRITTEN	4,916,218,025	4,154,199,011
4.	INCREASE (DECREASE) IN UNEARNED PREMIUMS	(55,622,092)	(38,690,498)
5.	NET PREMIUMS EARNED	4,860,595,933	4,115,508,513
6.	OTHER INSURANCE INCOME	32,186,375	16,474,356
7.	TOTAL GENERAL BUSINESS UNDERWRITING INCOME	4,892,782,308	4,131,982,869
	GENERAL BUSINESS UNDERWRITING EXPENSES		
8.	NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED	3,344,549,711	3,172,699,884
9.	COMMISSIONS AND BROKERAGE	1,314,638,283	1,076,348,499
10.	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	4,659,187,994	4,249,048,383
11.	NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS	233,594,314	(117,065,514)
	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	-	-
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	-	-
	NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS	-	-

CONDENSED CONSOLIDATED STATEMENT OF INCOME

Zurich Global, Ltd.

As at
expressed inDecember 31, 2021
United States Dollars

LINE No.		2021	2020
29.	COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS	<u>233,594,314</u>	<u>(117,065,514)</u>
	UNDERNOTED ITEMS		
30.	COMBINED OPERATING EXPENSE		
	(a) General and administration	<u>22,487,109</u>	<u>23,855,554</u>
	(b) Personnel cost	<u>-</u>	<u>-</u>
	(c) Other	<u>(10,046)</u>	<u>2,936,899</u>
	(d) Total combined operating expenses	<u>22,477,063</u>	<u>26,792,453</u>
31.	COMBINED INVESTMENT INCOME - NET	<u>110,854,662</u>	<u>107,591,817</u>
32.	COMBINED OTHER INCOME (DEDUCTIONS)	<u>854,780</u>	<u>(1,033,417)</u>
33.	COMBINED INCOME BEFORE TAXES	<u>322,826,693</u>	<u>(37,299,567)</u>
34.	COMBINED INCOME TAXES (IF APPLICABLE):		
	(a) Current	<u>112,162,893</u>	<u>28,044,697</u>
	(b) Deferred	<u>(28,819,941)</u>	<u>(9,193,580)</u>
	(c) Total	<u>83,342,952</u>	<u>18,851,117</u>
35.	COMBINED INCOME BEFORE REALIZED AND UNREALIZED GAINS (LOSSES)	239,483,741	(56,150,684)
36.	COMBINED REALIZED AND UNREALIZED GAINS (LOSSES)	<u>77,314,743</u>	<u>154,511,995</u>
37.	COMBINED INTEREST CHARGES	<u>-</u>	<u>-</u>
38.	NET INCOME	<u>316,798,484</u>	<u>98,361,311</u>

CONDENSED CONSOLIDATED STATEMENT OF CAPITAL AND SURPLUS

Zurich Global, Ltd.

As at
expressed in

December 31, 2021
United States Dollars

LINE No.		2021	2020
1.	CAPITAL:		
(a)	Capital Stock		
	(i) Common Shares		
	authorized	500,000	500,000
	value	\$ 1,000	each issued and
	fully paid	500,000	shares
	(ii)		
	(A) Preferred shares:		
	authorized		-
	value		-
	fully paid		-
	aggregate liquidation value for —		
	2021		
	2017		
	(B) Preferred shares issued by a subsidiary:		
	authorized		-
	value		-
	fully paid		-
	aggregate liquidation value for —		
	2021		
	2017		
	(iii) Treasury Shares		
	repurchased		-
	value		-
(b)	Contributed surplus	2,994,743,944	2,848,006,561
(c)	Any other fixed capital		
	(i) Hybrid capital instruments	-	-
	(ii) Guarantees and others	-	-
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	2,995,243,944	2,848,506,561
2.	SURPLUS:		
(a)	Surplus - Beginning of Year	194,902,908	(10,702,598)
(b)	Add: Income for the year	316,798,484	98,361,311
(c)	Less: Dividends paid and payable	-	-
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments	(84,787,817)	107,244,195
(e)	Add (Deduct) change in any other surplus	-	-
(f)	Surplus - End of Year	426,913,575	194,902,908
3.	MINORITY INTEREST	-	-
4.	TOTAL CAPITAL AND SURPLUS	3,422,157,519	3,043,409,469

ZURICH GLOBAL LIMITED
NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(expressed in United States Dollars)

General Notes to the Financial Statements

1. Zurich Global, Ltd. (ZGL or the Company) was incorporated under the laws of Bermuda on October 26, 1992. All stock issued and outstanding is owned by Zurich Holding Company of America, Inc. (ZHCA), a business corporation incorporated in Delaware. The Company's ultimate parent is Zurich Insurance Group Ltd (ZIG or the Group), a company listed on the Swiss Stock Exchange. The Company is licensed as a Class 3A reinsurer. This is consistent with prior year.
2. The business written by the Company is all primarily reinsurance of Zurich entities, with the primary ceding company being Zurich American Insurance Company (ZAIC). ZAIC is also a wholly-owned subsidiary of ZHCA.

Effective January 1, 2018, ZGL entered into the Whole Account Quota Share Treaty (WAQS) in which ZGL assumes fifty percent of the net retained premium from ZAIC.

Effective June 1, 2020, ZGL entered into a quota share reinsurance agreement with ZAIC whereby ZGL also agreed to assume 100% of U.S. local policies relating to International Programs business which is produced or lead by other Zurich affiliates in other countries.

In addition, the Company has reinsured property and casualty coverages written by foreign branches, affiliates, subsidiaries and co-operative partners of Zurich Insurance Company Ltd of Zurich, Switzerland (ZIC), a wholly owned subsidiary of ZIG. The Company has retrocession agreements with third parties and affiliates to cover this business. This business is now primarily in run off.

3. The condensed general-purpose financial statements have been prepared in conformity 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 upon International Financial Reporting Standards (IFRS) but are in accordance with the reporting requirements of the Legislation, which varies in certain respects from IFRS. 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 IFRS; 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 IFRS.

4. Significant Accounting Policies

Premiums

Premiums stemming from the WAQS treaty are assumed on an earned basis and will not generate unearned premium. All other premiums are earned rateably over the term of the policies. Unearned premiums are computed on the daily pro rata basis.

Commissions

Commissions and brokerage costs for business assumed from affiliates and other co-operative partners are deferred. Commissions earned on ceded business are recorded on the accrual basis in accordance with the underlying ceded policies. The portion of ceding commission related to the unexpired portion of the ceded policy is reflected as a liability on the balance sheet.

ZURICH GLOBAL LIMITED
NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(expressed in United States Dollars)

Deferred Acquisition Costs (DAC)

Costs that vary with and are directly related to the acquisition of new and renewal business, including for example commissions and certain underwriting and policy issue expenses, are deferred and subsequently amortized over the period in which the related premiums are earned.

Loss and Loss Expense Provisions

Losses and loss adjustment expenses are charged against income as incurred. The liability for losses incurred is as reported by the ceding company and includes a provision for incurred but not reported losses determined by management based upon past experience and anticipated loss development. Certain loss reserves for workers' compensation and nonlife annuities are discounted. The methods of determining the provision as well as the loss estimates are continually reviewed and updated. Any adjustments resulting therefrom are reflected in income currently.

Reinsurance

Reinsurance is recorded net in the consolidated balance sheet. Reinsurance assets include balances expected to be recovered from reinsurance companies for ceded paid and unpaid losses and loss adjustment expenses and ceded unearned premiums. Reinsurance liabilities assumed from the Company's affiliate, ZAIC, as part of the WAQS contract includes losses and loss adjustment expenses, but no unearned premium liabilities as the WAQS contract is assumed on an earned basis. Amounts recoverable from reinsurers are estimated in a manner consistent with the liability associated with the reinsured policy. Reinsurance assets are assessed for impairment on a regular basis and impairment losses, if any, are recorded in the same manner as for loans and receivables. Earned premium and losses incurred are presented net of reinsurance balances in the consolidated statement of income.

Investment Income

Investment income is recognized on the accrual basis.

Fair Value Measurements

To measure fair value, the Company gives the highest priority to quoted and unadjusted prices in active markets. In the absence of quoted prices, fair values are calculated through valuation techniques, making the maximum use of relevant observable market data inputs. Whenever observable parameters are not available, the inputs used to derive the fair value are based on common market assumptions that market participants would use when pricing assets and liabilities. Depending on the observability of prices and inputs to valuation techniques, the Company classifies instruments measured at fair value within the following three levels (the fair value hierarchy):

Level 1: Includes assets and liabilities for which fair values are determined directly from unadjusted current quoted prices resulting from orderly transactions in active markets for identical assets/liabilities.

Level 2: Includes assets and liabilities for which fair values are determined using significant inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable market inputs.

Level 3: Includes financial assets for which the fair value is determined using valuation techniques with at least one significant input not being based on observable market data. In circumstances when there is little, if any, market activity for a certain instrument, the Company is required to develop internal valuation inputs based on the best information available about the assumptions that market participants would use when pricing the asset or liability.

Investments

Quoted and unquoted investments are carried at fair value, with the unrealized gains and losses on available for sale securities reported in a separate component of surplus, and the unrealized gains and losses on securities classified as trading reported as realized gains/(losses) in income. Other private equity unquoted investments are carried at fair value unless significant influence exists then they are carried at the underlying equity in net assets of the investee. Investments are assessed quarterly for whether there is objective evidence that loss events have occurred that negatively affect the estimated future cash flows

ZURICH GLOBAL LIMITED
NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(expressed in United States Dollars)

of the investment. A financial asset is considered impaired if there is objective evidence of impairment as a result of one or more occurred loss events that have an impact on the estimated future cash flows of the financial asset.

The evaluation of whether an available-for-sale debt security is impaired requires analysis of the credit standing of a particular issuer and involves management judgment. When assessing impairment of available-for-sale debt securities, the Group places emphasis on issuer specific factors, such as significant financial difficulty, default or delinquency on interest or principal payments. A credit rating downgrade, worsened liquidity or decline in fair value below the weighted average cost is not by itself considered a loss event, but rather incorporated in the impairment analysis along with other available information.

Unquoted investments include hedge funds that are not actively traded. The value of these instruments is obtained from net asset value information and audited financial statements provided by the issuing company. Quantitative unobservable inputs are not developed by the Company when measuring fair value of these assets. In addition, included in unquoted bonds are financial assets for which the fair value is determined using valuation techniques with at least one significant input not being based on observable market data. In circumstances when there is little, if any, market activity for a certain instrument, the Company is required to develop internal valuation inputs based on the best information available about the assumptions that market participants would use when pricing the asset or liability.

Cash and Time Deposits

Cash and time deposits are carried on the balance sheet at cost. The cash and time deposits are comprised of demand deposit accounts and other short term highly liquid investments. Carrying amounts approximate fair value due to the immediate or short-term maturity of these financial instruments. Adjustments for foreign exchange valuation on cash equivalents held are reflected as other income in the condensed consolidated statement of income.

Income Taxes

The Company filed a 953(d) election with the Internal Revenue Service and files an income tax return pursuant to regulations applicable to foreign insurance companies taxed under the Internal Revenue Code of the United States. The provision for current income taxes in the accompanying financial statements is based upon income currently taxable as provided under the tax sharing agreement with the Company's corporate parent, ZHCA.

Deferred income taxes are established for the future tax effects of temporary differences between tax and financial reporting bases of assets and liabilities using currently enacted tax rates. The effect on deferred income taxes of a change in tax rates is recognized in income in the period of enactment. Deferred income tax assets are valued based upon the expectation of future realization on a "more likely than not" basis. As of December 31, 2021, there is no valuation allowance established for the deferred income tax assets as income is projected for the next three years.

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

Foreign Currency

Assumed reinsurance transactions in foreign currencies are converted into U.S. Dollars at the time of recording using an exchange rate which is adjusted monthly. Since settlement of balances due to or from the Company occur at subsequent dates and are made in foreign currencies, gains and losses result from the fluctuations in exchange rates. Assets and liabilities related to transactions in foreign currencies are converted applying the rate of exchange as of the balance sheet date and may also result in gains and losses. ZHCA has agreed to assume all foreign currency exposure risks associated with foreign denominated insurance transactions.

5. The basis of recognition of premium, investment and commission income. See General Note 4.
6. The method used to translate amounts denominated in currencies other than the currency of the financial statements. See General Note 4.

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7. Any foreign exchange control restrictions affecting assets of the insurer, with particular reference to money balances which cannot be transferred to the insurer due to reasons unrelated to the insurance business conducted by the insurer. Not applicable.
8. The nature and amount of any material contingencies or commitments (for example, a commitment involving an obligation requiring abnormal expenditure, pending lawsuit, or the conclusion of a long lease). Not applicable.
9. Any default made by the insurer in relation to the principal, interest, sinking fund or redemption provisions of any securities issue made, or any credit agreement entered into, by it. Not applicable.
10. The gross amount of arrears of dividends on preferred cumulative shares, and the date to which those dividends were last paid. Not applicable.
11. The amount of any loan made during the relevant year by the insurer, to any director or officer of the insurer, not being a loan made in the ordinary course of business. Not applicable.
12. The amount of any obligation in respect of retirement benefits relating to employees of the insurer arising from service prior to the end of the relevant year remaining to be charged against operations, and the basis on which the insurer proposes to charge that amount. Not applicable.
13. The following table sets forth the fair value of the Company's quoted and unquoted investments as of December 31, 2021 by level within the fair value hierarchy (see General Note 4 for level definitions):

Fair Value Hierarchy	for the year ended December 31	2021			
		Level 1	Level 2	Level 3	Total
Assets					
<i>Available-for-sale securities</i>					
	<i>Bonds</i>		\$ 4,825,645,724	\$ 209,965,943	\$ 5,035,611,667
	<i>Hedge Funds</i>			290,543,779	290,543,779
	<i>Equities</i>	\$ 550,618,783			550,618,783
	<i>Other invested assets</i>			1,112,490	1,112,490
	Total Available-for-sale securities	\$ 550,618,783	\$ 4,825,645,724	\$ 501,622,212	\$ 5,877,886,719
	Total assets	\$ 550,618,783	\$ 4,825,645,724	\$ 501,622,212	\$ 5,877,886,719

Fair Value Hierarchy	for the year ended December 31	2020			
		Level 1	Level 2	Level 3	Total
Assets					
<i>Available-for-sale securities</i>					
	<i>Bonds</i>		\$ 4,152,209,980	\$ 191,086,793	\$ 4,343,296,773
	<i>Hedge Funds</i>			336,612,160	336,612,160
	<i>Equities</i>	\$ 432,786,760			432,786,760
	Total Available-for-sale securities	\$ 432,786,760	\$ 4,152,209,980	\$ 527,698,953	\$ 5,112,695,693
	Total assets	\$ 432,786,760	\$ 4,152,209,980	\$ 527,698,953	\$ 5,112,695,693

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14. The contractual maturity profile of the Company's fixed maturity investments is as follows:

<i>Bonds and Debentures</i>	<i>for the year ended December 31</i>	2021		2020	
	Due within one year	\$	121,356,655	\$	157,834,088
	Due after one year through five years		1,532,943,618		1,365,097,148
	Due after five years through ten years		1,384,573,490		1,285,681,224
	Due after ten years		1,996,737,904		1,534,684,313
	Total	\$	5,035,611,667	\$	4,343,296,773

15. The below table sets forth the related party transactions reflected in the Condensed Consolidated Statement of Income. All related party transactions are with Zurich affiliate companies.

		<i>for the year ended December 31</i>	2021		
			Affiliate	3rd Party	Total
Line 1(b)	Assumed Gross Premium Written		5,683,171,818	32,995,721	5,716,167,539
Line 2	Reinsurance Premium Ceded		121,960,756	677,988,758	799,949,514
Line 8	Incurred Loss and Loss Adjustment Expenses		3,623,176,928	(278,627,217)	3,344,549,711
Line 9	Commissions		1,317,794,576	(3,156,293)	1,314,638,283
Line 13	Premium Ceded		-	-	-
Line 22	Accident & Health Benefits		-	-	-
Line 24	Other		-	-	-
Line 30	Combined Operating Expense		24,297,458	(1,820,395)	22,477,063
Line 31	Combined Investment Income		271,120	110,583,542	110,854,662
Line 36	Combined Realized Gains and (Losses)		(10,412,040)	87,726,783	77,314,743

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Statement of Income	for the year ended December 31		2020		
			Affiliate	3rd Party	Total
Line 1(b)	Assumed Gross Premium Written	4,648,158,131	32,551,679	4,680,709,810	
Line 2	Reinsurance Premium Ceded	161,982,124	364,528,675	526,510,799	
Line 8	Incurred Loss and Loss Adjustment Expenses	3,232,708,720	(60,008,836)	3,172,699,884	
Line 9	Commissions	1,080,653,130	(4,304,631)	1,076,348,499	
Line 13	Premium Ceded	-	-	-	
Line 22	Accident & Health Benefits	-	-	-	
Line 24	Other	-	-	-	
Line 30	Combined Operating Expense	23,943,756	2,848,697	26,792,453	
Line 31	Combined Investment Income	5,138,797	102,453,020	107,591,817	
Line 36	Combined Realized Gains and (Losses)	(163,367)	154,675,362	154,511,995	

Related party transactions primarily include intercompany reinsurance and instances where ZAIC settles cash with third parties on behalf of ZGL. The amount due to affiliates is \$9,603,814 and \$26,868,206 as of December 31, 2021 and 2020 respectively. Amounts due are billed and settled as mutually agreed by the parties except as noted below. The balances are unsecured and bear no interest.

Under the agreement referred to in General Note 4, a net foreign exchange loss of \$2,889,986 and \$1,110,346 relating to insurance transactions were transferred to ZHCA in 2021 and 2020, respectively. The net amount due is settled with ZHCA annually and is included in the net amounts due to affiliates balance above as of December 31, 2021 and 2020.

During 2020, the Company also repaid a loan to ZHCA in the amount of \$7,500,000.

16. The Company considers events or transactions that occur after the balance sheet date, but before the financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosures, and have evaluated subsequent events through April 27, 2022, the date the financial statements were issued. A novel coronavirus, COVID-19 emerged in China in late 2019 and began to spread globally in early 2020. COVID-19 has been declared a pandemic by the World Health Organization, and its emergence and reactions to it have had a profound effect on the global economy and financial markets. The Company has incurred insurance losses from the impact of COVID-19 primarily related to business interruption, which have been partly offset by positive secondary benefits on loss experience on other lines of business. Management has included their best estimate of the financial impact of these losses and benefits in these financial statements. From an operational perspective, COVID-19 has had no material impact on the Company's operations.
17. There is no other information which in the opinion of the Company's Board of Directors is required to be disclosed if the financial statements are not to be misleading.

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Notes to the Statement of Capital and Surplus

- 1(a). Authorized capital stock consists of 500,000 shares of common stock having a par value of \$1. These shares have all been issued and are fully paid.
- 1(b). Contributed Surplus increased by \$146,737,383, resulting in an ending balance of \$2,994,743,944 as of December 31, 2021. Contributed Surplus increased by \$573,054,572 in 2020, resulting in an ending balance of \$2,848,006,561. Both increases are due to capital injections from its parent, ZHCA.
- 2(c) The amount and nature of any dividend paid during the relevant year that was other than a cash dividend. Not applicable, as there were no dividends paid and payable during the year.
- There shall also be disclosed details of:
- (a) Any change in the authorized share capital of the insurer during the relevant year. Not applicable. No change in the authorized share capital of the insurer during 2021.
 - (b) Where an insurer has contracted to issue or re-issue shares or has given options to purchase shares, the class and number of shares affected, the price and date of the issue or re-issue of the shares or the exercise of the options and (shown separately) the total number of shares in respect of which options are held by directors and officers of the insurer. Not applicable. No change in the authorized share capital of the insurer during 2021.
 - (c) Details of any share transactions during the relevant year. Not applicable. No change in the authorized share capital of the insurer during 2021.

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Notes to the Balance Sheet

1. The Company is required to hold collateral to support its reinsurance operations.

The carrying value of our restricted assets deposited in a Reg 114 trust to support our primary US ceding company at December 31, 2021 was \$5,951,679,211. The December 31, 2020 figure was \$5,208,913,989. Included in this number is cash of \$58,258,544 at December 31, 2021 and \$76,732,279 at December 31, 2020.

In addition, at December 31, 2021, the Company had cash and time deposits of \$57,408,141 and \$31,987,642 at December 31, 2020 on deposit in support of insurance liabilities ceded from Canada as required by Canadian governmental authorities.

At December 31, 2021, the Company has cash on deposit with its ultimate parent, ZIC, in the amount of \$2,364,175,000 in connection with a cash pooling agreement. Interest earned on the cash pooling balance is approximately the Federal Funds rate. The December 31, 2020 cash on deposit was \$1,942,395,000.

2. The method of valuation of quoted investments is covered in General Note 4.
3. Other private equity unquoted investments are carried at fair value unless significant influence exists then they are carried at the underlying equity in net assets of the investee. Investments are adjusted for any declines in value that are impaired. See General Note 4.
4. Investment in and advances to affiliates. The method of valuation must be described. Repayment terms and the rates of interest applicable advances must also be given. Not applicable.
5. Investments in mortgage loans on real estate. The range of interest rates and the range of maturity dates for mortgage loans on real estate must be disclosed. Not applicable.
6. There are no loans to policyholders on the security of cash surrender value of the policyholder's long-term insurance policy.
7. There is no real estate held by the company.
8. There are no collateral loans.
9. Accrued investment income was \$23,258,241 as of December 31, 2021, and \$20,357,472 for December 31, 2020. This increase was attributable to investments held in collateral trusts associated with the WAQS treaty (see General Note 2).
10. Included in accounts and premiums receivable are:
 - (a) Collateralized balance of \$0 as of December 31, 2021 and 2020.
 - (b) Amounts due from affiliates totalling \$170,692,793 and \$243,237,851 as of December 31, 2021 and 2020, respectively. Amounts due from affiliates are shown net of the WAQS payable to ZAIC.
11. Reinsurance balances receivable include collateralized balances of \$1,196,954 and \$301,176 as of December 31, 2021 and 2020, respectively.
12. Included in funds held by ceding reinsurers are balances held by affiliates totaling \$334,733,226 and \$224,496,852 as of December 31, 2021 and December 31, 2020, respectively.
13. Sundry assets:
 - (a) Net Sundry assets related to derivative instruments were \$640,115 and \$0 at December 31, 2021 and December 31, 2020, respectively. The 2021 activity relates to the fair value of internal foreign exchange hedges the Company has with ZIC to mitigate currency exposures on the International Programs Business. The hedge balances are not material, there is no applicable nominal exposure greater than 5% of the aggregate sum of the total quoted and unquoted investments.
 - (b) Long-term business – variable annuities. Not applicable.
 - (c) Long-term business – other. Not applicable.

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- (d) Segregated companies accounts – general business. Not applicable.
- (e) Deposit assets. Not applicable.
- (f) Deferred acquisition costs – See General Note 4.
- (g) Net receivables for investments sold. Not applicable.
- (h) Income taxes receivable are not applicable. See Note 31 for income taxes payable.
- (i) The Company has recorded a deferred tax asset of \$50,605,126 and \$0 as of December 31, 2021 and December 31, 2020, respectively. No valuation allowance is recorded (see General Note 4).

14. Letters of credit guarantees and other not disclosed in 1 through 13 above. Not applicable.

16. Unearned premium reserve - See General Note 4.

17. Loss and loss expense provisions - See General Note 4.

- (a) Movements in the loss and loss expense provisions for the current year and previous year as per the table below.

	2021	2020
Gross loss and loss expense provisions at beginning of year	\$ 4,686,039,591	\$ 3,655,035,914
Less: Reinsurance recoverable at beginning of year	(213,707,606)	(173,476,136)
Net loss and loss expense provisions at beginning of year	4,472,331,985	3,481,559,778
Net losses incurred and net loss expenses incurred related to:		
Current year	3,358,700,899	2,988,798,384
Prior years	(14,151,188)	183,901,500
Total net incurred losses & loss expense	3,344,549,711	3,172,699,884
Net Losses and loss expenses paid or payable related to:		
Current year	(1,239,724,327)	(1,164,436,495)
Prior years	(1,125,329,580)	(1,017,491,182)
Total losses and loss expenses paid or payable	(2,365,053,907)	(2,181,927,677)
Foreign exchange and other	-	-
Net loss and loss expense provision at end of year	5,451,827,789	4,472,331,985
Add: Reinsurance recoverable at end of year	425,636,694	213,707,606
Gross loss and loss expense provision at end of year	\$5,877,464,483	\$4,686,039,591

- (b) The net loss and loss expense provision, before reinsurance recoverable, at the end of the year 2021 increased by \$979,495,804, which included a \$1,139,480,768 decrease in prior year development related to Managed Care and Non-Life Annuity activities. The net loss and loss expense provision at the end of year 2020 increased by \$990,772,207, which included a \$833,589,682 decrease related to prior years.

- (c) For summary of total restricted assets, please refer to Balance Sheet Note 1. Unsecured policyholder obligations are \$368,228,554 at December 31, 2021 and \$180,339,869 at December 31, 2020.

20. Reserves for reported claims. The method of determining reserves for reported claims. Not applicable.

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21. Reserves for unreported claims. The method of determining reserves for unreported claims. Not applicable.
22. Policy reserves – life. The method of calculation, and the range of significant or material interest rates and mortality factors used in calculations. Not applicable.
23. Policy reserves accident and health. The method of calculation of the reserves. Not applicable.
24. Policyholders’ funds on deposit. The method of determining policyholders’ funds on deposit. Not applicable.
25. Liability for future policyholders’ dividends. Not applicable.
The following must be disclosed in a note –
 - (a) The relative percentage of participating insurance;
 - (b) The method of accounting for policyholder dividends;
 - (c) The amount of dividends; and
 - (d) The amount of any additional income allocated to participating policyholders
26. Other insurance reserves - long term. The method of calculation of the reserves. Not applicable.
27. Total long-term business insurance reserves. Not applicable.
For the long-term business insurance reserves the following must be disclosed, if any—
 - (a) Total restricted assets - an amount equal to the value of all assets that are held for security or collateral against a liability or contingent liability; and
 - (b) Unsecured policyholder obligations - an amount equal to all policyholder obligations that are not secured by assets or collateral
28. Included in insurance and reinsurance balances payable are amounts due to affiliates totalling \$21,289,471 and \$60,864,666 at December 31, 2021 and 2020, respectively. Amounts due from affiliates are shown net of the WAQS payable to ZAIC.
29. Included in commissions, expenses, fees and taxes payable are unearned commissions totalling \$6,441,051 and \$5,615,564 as of December 31, 2021 and 2020, respectively.
30. Loans and notes payable. Not applicable.
31. (a) The Company calculated a current income taxes payable of \$48,246,443 and \$29,284,222 as of December 31, 2021 and 2020, respectively.

(b) The Company has recorded deferred income taxes of \$0 and \$753,348 as of December 31, 2021 and December 31, 2020, respectively.
32. Amounts due to affiliates - See General Note 15.
33. The Company had accounts payable and accrued liabilities from unsettled trades, investment management fees and related expenses of \$7,546,783 and \$7,666,740 as of December 31, 2021 and 2020, respectively.
34. Funds held under reinsurance contracts. The amount held by affiliates shall be disclosed. See Balance Sheet Notes 1 & 12.
35. Dividends payable. Not applicable – there are no dividends payable.
36. Sundry Liabilities. See Balance Sheet Note 13.
37. Letters of credit, guarantees and other instruments.
 - (a) Letter of credit does not reside on the ZGL balance sheet.
 - (b) ZIC is the applicant of the letter of credit.

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- (c) The LOC of \$410,916,969 is reserved for ZGL and is held by ZAIC for business assumed by ZGL.
- (d) ZGL and ZIC have entered into a Facilities Reimbursement Agreement which enables ZIC to provide Letters of Credit on behalf of ZGL and thereby allocates the costs as if ZGL was the LOC applicant.

Notes to the Statement of Income

- 6. Other insurance income consists of commissions from ceded business. See General Note 4.
- 15. Other insurance income. Not applicable.
- 32. Included in combined other income is \$382,457 of unrealized foreign exchange gain relating to valuation adjustments on cash and time deposits (2020: \$999,136 loss). Also included, is \$472,332 of realized gain on FX Forwards (2020: \$34,281 realized loss). FX Forwards are an economic hedge put in place to hedge currency exposure.
- 36. Combined realized gains (losses) includes \$76,308,768 of gains in 2021 from investments related to the WAQS treaty (2020: \$154,552,488 gain). ZGL Clearinghouse generated a \$727,403 gain on FX Forwards, (2020: \$163,536 loss), realized gains of \$441,322 (2020: \$1,487 realized gain) on assumed foreign currency activity, unrealized gains of \$22,792 (2020: \$920 unrealized gain) on assumed foreign currency activity and \$185,542 unrealized loss on ceded foreign currency activity (2020: \$120,636 unrealized gain).