

**Chubb INA Overseas Insurance
Company Ltd.**

(Incorporated in Bermuda)

Condensed General Purpose Financial Statements
December 31, 2021 and 2020
(in thousands of dollars)



April 29, 2022

Report of Independent Auditors

To the Board of Directors of Chubb INA Overseas Insurance Company Ltd.

Opinions

We have audited the accompanying condensed financial statements of Chubb INA Overseas Insurance Company Ltd. (the "Company"), which comprise the condensed balance sheets and condensed statements of capital and surplus as of December 31, 2021 and 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 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 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.

Emphasis of matter

As discussed in Note 15 to the condensed financial statements, the Company has entered into significant reinsurance agreements with various related parties. Our opinion is not modified with respect to this matter.



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.

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

Chubb INA Overseas Insurance Company Ltd.

Condensed Balance Sheet

At December 31, 2021

CONDENSED BALANCE SHEET

Chubb INA Overseas Insurance Company Ltd.

As at December 31, 2021

expressed in
['000s]

United States Dollars

LINE No.		2021	2020
1.	CASH AND CASH EQUIVALENTS	120,915	144,749
2.	QUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity	-	-
	ii. Other	207,803	131,683
(b)	Total Bonds and Debentures	207,803	131,683
(c)	Equities		
	i. Common stocks	-	-
	ii. Preferred stocks	-	-
	iii. Mutual funds	-	-
(d)	Total equities	-	-
(e)	Other quoted investments	-	-
(f)	Total quoted investments	207,803	131,683
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	75,067	12,211
(h)	Total investments in and advances to affiliates	75,067	12,211
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	-	-

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

Chubb INA Overseas Insurance Company Ltd.

Condensed Balance Sheet ...continued

At December 31, 2021

CONDENSED BALANCE SHEET

Chubb INA Overseas Insurance Company Ltd.

As at
expressed in
['000s]

December 31, 2021

United States Dollars

LINE No.		2021	2020
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	1,091	714
10.	ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a)	In course of collection	64,901	46,004
(b)	Deferred - not yet due	-	-
(c)	Receivables from retrocessional contracts	-	-
(d)	Total accounts and premiums receivable	64,901	46,004
11.	REINSURANCE BALANCES RECEIVABLE:		
(a)	Foreign affiliates	6,180	1,507
(b)	Domestic affiliates	-	-
(c)	Pools & associations	-	-
(d)	All other insurers	15,826	6,585
(e)	Total reinsurance balance receivable	22,006	8,092
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	12,376	11,018
(g)	Net receivables for investments sold	-	-
(h)		-	-
(i)		-	-
(j)		-	-
(k)	Total sundry assets	12,376	11,018
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	504,159	354,471

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

Chubb INA Overseas Insurance Company Ltd.

Condensed Balance Sheet ...continued

At December 31, 2021

CONDENSED BALANCE SHEET

Chubb INA Overseas Insurance Company Ltd.

December 31, 2021

As at
expressed in
['000s]

United States Dollars

LINE No.		2021	2020
	TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS		
16.	UNEARNED PREMIUM RESERVE		
(a)	Gross unearned premium reserves	209,850	186,818
(b)	Less: Ceded unearned premium reserve		
	i. Foreign affiliates	17,285	13,520
	ii. Domestic affiliates	238	100
	iii. Pools & associations	-	-
	iv. All other insurers	111,343	89,941
(c)	Total ceded unearned premium reserve	128,866	103,561
(d)	Net unearned premium reserve	80,984	83,257
17.	LOSS AND LOSS EXPENSE PROVISIONS:		
(a)	Gross loss and loss expense provisions	387,347	259,966
(b)	Less : Reinsurance recoverable balance		
	i. Foreign affiliates	7,333	12,502
	ii. Domestic affiliates	-	-
	iii. Pools & associations	-	-
	iv. All other reinsurers	234,390	148,636
(c)	Total reinsurance recoverable balance	241,723	161,138
(d)	Net loss and loss expense provisions	145,624	98,828
18.	OTHER GENERAL BUSINESS INSURANCE RESERVES	-	-
19.	TOTAL GENERAL BUSINESS INSURANCE RESERVES	226,608	182,085
	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	-	-

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

Chubb INA Overseas Insurance Company Ltd.

Condensed Balance Sheet ...continued

At December 31, 2021

CONDENSED BALANCE SHEET

Chubb INA Overseas Insurance Company Ltd.

As at December 31, 2021

expressed in
['000s]

United States Dollars

	(iv) All Other Insurers	-	-
(c)	Total Reinsurance Recoverable Balance	-	-
(d)	Total Net Long-Term Business Insurance Reserves	-	-
OTHER LIABILITIES			
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	128,963	78,162
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	-	-
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	245	87
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS:	5,460	3,601
35.	DIVIDENDS PAYABLE	-	-
36.	SUNDRY LIABILITIES:		
(a)	Derivative instruments	-	-
(b)	Segregated accounts companies	-	-
(c)	Deposit liabilities	-	-
(d)	Net payable for investments purchased	-	-
(e)		-	-
(f)		-	-
(g)		-	-
(h)	Total sundry liabilities	-	-
LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:			
37.	(a) Letters of credit	-	-
	(b) Guarantees	-	-
	(c) Other instruments	-	-
(d)	Total letters of credit, guarantees and other instruments	-	-
38.	TOTAL OTHER LIABILITIES	134,668	81,850
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	361,276	263,935
CAPITAL AND SURPLUS			
40.	TOTAL CAPITAL AND SURPLUS	142,883	90,536
41.	TOTAL	504,159	354,471

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

Chubb INA Overseas Insurance Company Ltd.

Condensed Statements of Income

For the year ended December 31, 2021

CONDENSED STATEMENT OF INCOME

Chubb INA Overseas Insurance Company 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	-	-
	(b) Assumed gross premiums written	679,291	505,131
	(c) Total gross premiums written	679,291	505,131
2.	REINSURANCE PREMIUMS CEDED	506,700	318,936
3.	NET PREMIUMS WRITTEN	172,591	186,195
4.	INCREASE (DECREASE) IN UNEARNED PREMIUMS	1,079	(13,742)
5.	NET PREMIUMS EARNED	173,670	172,453
6.	OTHER INSURANCE INCOME	-	-
7.	TOTAL GENERAL BUSINESS UNDERWRITING INCOME	173,670	172,453
	GENERAL BUSINESS UNDERWRITING EXPENSES		
8.	NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED	63,880	79,189
9.	COMMISSIONS AND BROKERAGE	60,047	51,607
10.	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	123,927	130,796
11.	NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS	49,743	41,657
	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	-	-

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

Chubb INA Overseas Insurance Company Ltd.

Condensed Statements of Income ...continued

For the year ended December 31, 2021

CONDENSED STATEMENT OF INCOME

Chubb INA Overseas Insurance Company Ltd.

As at December 31, 2021

expressed in ('000s) United States Dollars

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	-	-
28.	NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS	-	-
29.	COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS	49,743	41,657
	UNDERNOTED ITEMS		
30.	COMBINED OPERATING EXPENSE		
	(a) General and administration	19,917	22,001
	(b) Personnel cost	4,079	4,506
	(c) Other	-	-
	(d) Total combined operating expenses	23,996	26,507
31.	COMBINED INVESTMENT INCOME - NET	2,908	2,223
32.	COMBINED OTHER INCOME (DEDUCTIONS)	27,138	18,120
33.	COMBINED INCOME BEFORE TAXES	55,793	35,493
34.	COMBINED INCOME TAXES (IF APPLICABLE):		
	(a) Current	-	-
	(b) Deferred	-	-
	(c) Total	-	-
35.	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	55,793	35,493
36.	COMBINED REALIZED GAINS (LOSSES)	894	(4,973)
37.	COMBINED INTEREST CHARGES	-	-
38.	NET INCOME	56,687	30,520

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

Chubb INA Overseas Insurance Company Ltd.

Condensed Statement of Capital and Surplus

For the year ended December 31, 2021

CONDENSED STATEMENT OF CAPITAL AND SURPLUS

Chubb INA Overseas Insurance Company 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	120,000
	value	1	
	fully paid	120,000	
		shares of par	each issued and
			shares
	(ii)		
	(A) Preferred shares:		
	authorized	-	-
	value	-	-
	fully paid	-	-
		shares of par	each issued and
			shares
	aggregate liquidation value for –		
	2021	-	-
	2020	-	-
	(B) Preferred shares issued by a subsidiary:		
	authorized		
	value		
	fully paid		
		shares of par	each issued and
			shares
	aggregate liquidation value for –		
	2021		
	2020		
	(iii) Treasury Shares		
	repurchased		
	value		
		shares of par	each issued
(b)	Contributed surplus	34,880	34,880
(c)	Any other fixed capital		
	(i) Hybrid capital instruments	-	-
	(ii) Guarantees and others	-	-
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	35,000	35,000
2.	SURPLUS:		
(a)	Surplus - Beginning of Year	55,536	16,000
(b)	Add: Income for the year	56,687	30,520
(c)	Less: Dividends paid and payable	-	-
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments	(4,752)	3,626
(e)	Add (Deduct) change in any other surplus	412	5,390
(f)	Surplus - End of Year	107,883	55,536
3.	MINORITY INTEREST	-	-
4.	TOTAL CAPITAL AND SURPLUS	142,883	90,536

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

Chubb INA Overseas Insurance Company Ltd.

Notes to Condensed General Purpose Financial Statements

Matters to be set forth in General Note to the Financial Statements

December 31, 2021

1. *General*

Chubb INA Overseas Insurance Company Ltd. (CIOIC or the Company) incorporated under the laws of Bermuda on January 24, 2018, and registered as a Class 3A insurer on April 3, 2018. The company, which was capitalized with \$35 million of cash, is a wholly-owned subsidiary of ACE INA Overseas Insurance Company Ltd. (AIOIC), a Bermuda exempted company. AIOIC is a wholly-owned subsidiary of Chubb INA International Holdings, Ltd., who in turn is ultimately wholly-owned by Chubb Limited (Chubb), a company incorporated in Switzerland.

2. *Nature of risks Underwritten*

The Company writes property and casualty reinsurance business and acts as an affiliate reinsurer with respect to business written by international affiliates.

3. *Accounting standards & policies*

Basis of presentation

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 accounting principles generally accepted in the United States of America (U.S. GAAP) but are in accordance with the reporting requirements of the Legislation, which varies in certain respects from U.S. 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 U.S. 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 U.S. GAAP.

The preparation of Condensed General Purpose Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Amounts included in the Condensed Financial Statements reflect the Company’s best estimates and assumptions; actual amounts could differ materially from these estimates. The Company’s principal estimates include:

- unpaid loss and loss expense provisions;
- amortization of deferred policy acquisition costs;
- reinsurance recoverable, including a valuation allowance for uncollectible reinsurance;
- the assessment of risk transfer for certain reinsurance contracts; and
- the valuation of the investment portfolio and assessment of valuation allowance for expected credit losses.

Chubb INA Overseas Insurance Company Ltd.

Notes to Condensed General Purpose Financial Statements

Matters to be set forth in General Note to the Financial Statements

December 31, 2021

4. Significant accounting policies

(a) Investments

Bonds and debentures (including fixed maturities and short-term investments)

Bonds and debentures are classified as available for sale (AFS) and are reported at fair value with changes in fair value recorded as change in unrealized appreciation (depreciation) of investments in Condensed Statement of Capital and Surplus. Short-term investments comprise securities due to mature within one year of the date of purchase and are recorded at fair value which typically approximates cost.

Realized gains or losses on sales of investments are determined on a first-in, first-out basis.

Interest, dividend income, amortization of fixed maturity market premiums and discounts related to these securities are recorded in combined investment income, net of investment management and custody fees, in the Condensed Statement of Income.

Valuation allowance for fixed income securities

Management evaluates expected credit losses (ECL) for AFS securities when fair value is below amortized cost. AFS securities are evaluated for potential credit loss on an individual security level but the evaluation may use assumptions consistent with expectations of credit losses for a group of similar securities. If management has the intent to sell or will be required to sell the security before recovery, the entire impairment loss will be recorded through income to net realized gains and losses. If management does not have the intent to sell or will not be required to sell the security before recovery, an allowance for credit losses is established and is recorded through income to net realized gains and losses, and the non-credit loss portion is recorded through other comprehensive income.

Examples of criteria that are collectively evaluated to determine if a credit loss has occurred include the following:

- The extent to which the fair value is less than amortized cost;
- Adverse conditions related to the security, industry, or geographic area;
- Downgrades in the security's credit rating by a rating agency; and
- Failure of the issuer to make scheduled principal or interest payments

AFS securities that meet any one of the criteria included above will be subject to a discounted cash flow analysis by comparing the present value of expected future cash flows with the amortized cost basis. Projected cash flows are driven primarily by assumptions regarding probability of default and the timing and amount of recoveries associated with defaults. Chubb developed the projected cash flows using market data, issuer-specific information, and credit ratings. In combination with contractual cash flows and the use of historical default and recovery data by Moody's Investors Service (Moody's) rating category we generate expected cash flows using the average cumulative issuer-weighted global default rates by letter rating.

If the present value of expected future cash flows is less than the amortized cost, a credit loss exists and an allowance for credit losses will be recognized. If the present value of expected future cash flows is equal to or greater than the amortized cost basis, management will conclude an expected credit loss does not exist.

Management reviews credit losses and the valuation allowance for expected credit losses each quarter. When all or a portion of a fixed maturity security is identified to be uncollectible and written off, the valuation allowance for expected credit losses is reduced by the same amount. In general, a security is considered uncollectible no later than when all efforts to collect contractual cash flows have been exhausted.

Below are considerations for when a security may be deemed uncollectible:

- We have sufficient information to determine that the issuer of the security is insolvent;
- We receive notice that the issuer of the security has filed for bankruptcy, and the collectability is expected to be adversely impacted by the bankruptcy;
- The issuer of a security has violated multiple debt covenants;
- Amounts have been past due for a specified period of time with no response from the issuer;
- A significant deterioration in the value of the collateral has occurred;

Chubb INA Overseas Insurance Company Ltd.

Notes to Condensed General Purpose Financial Statements

Matters to be set forth in General Note to the Financial Statements

December 31, 2021

- We have received correspondence from the issuer of the security indicating that it doesn't intend to pay the contractual principal and interest.

We elected to not measure an allowance for accrued investment income as uncollectible balances are written off in a timely manner, typically 30 to 45 days after uncollected balances are due.

Prior to January 1, 2020, fixed income securities were evaluated individually for other-than-temporary impairment (OTTI) and a realized loss was recognized once certain criteria were met.

(b) Cash

The Company has agreements with a third party bank provider which implemented two international multi-currency notional cash pooling programs. In the program, participating-Chubb entities establish deposit accounts in different currencies with the bank provider and each day the credit or debit balances in every account are notionally translated into a single currency (U.S. dollars) and then notionally pooled. The bank extends overdraft credit to any participating Chubb entity as needed, provided that the overall notionally-pooled balance of all accounts in each pool at the end of each day is at least zero. Actual cash balances are not physically converted and are not commingled between legal entities. Any overdraft balances incurred under this program by a Chubb entity would be guaranteed by Chubb Limited (up to \$300 million in the aggregate). The Company's syndicated letter of credit facility allows for same day drawings to fund a net pool overdraft should participating Chubb entities overdraw contributed funds from the pool. The Company is a participating Chubb entity.

(c) Reinsurance

The Company assumes and cedes reinsurance with other insurance companies to provide greater diversification of business and minimize the net loss potential arising from large risks. Ceded reinsurance contracts do not relieve the Company of its primary obligation to policyholders.

For both ceded and assumed reinsurance, risk transfer requirements must be met in order to account for a contract as reinsurance, principally resulting in the recognition of cash flows under the contract as premiums and losses. To meet risk transfer requirements, a reinsurance contract must include insurance risk, consisting of both underwriting and timing risk, and a reasonable possibility of a significant loss for the assuming entity. To assess risk transfer for certain contracts, the Company generally develops expected discounted cash flow analyses at contract inception.

Reinsurance balances receivable and reinsurance recoverable includes balances due from reinsurance companies for paid and unpaid losses and loss expenses that will be recovered from reinsurers, based on contracts in force. The method for determining the reinsurance recoverable on unpaid losses and loss expenses incurred but not reported (IBNR) involves actuarial estimates consistent with those used to establish the associated liability for unpaid losses and loss expenses as well as a determination of the Company's ability to cede unpaid losses and loss expenses under the terms of the reinsurance agreement.

Reinsurance balances receivable and reinsurance recoverable is generally presented net of a valuation allowance for uncollectible reinsurance determined based upon a review of the financial condition of the reinsurers and other factors. The valuation allowance for uncollectible reinsurance is based on an estimate of the reinsurance recoverable balance that the Company will ultimately be unable to recover due to reinsurer insolvency, a contractual dispute, or any other reason. The valuation of this allowance includes several judgments including certain aspects of the allocation of reinsurance recoverable on IBNR claims by reinsurer and a default analysis to estimate uncollectible reinsurance. The primary components of the default analysis are reinsurance recoverable balances by reinsurer, net of collateral, and default factors used to determine the portion of a reinsurer's balance deemed uncollectible. The definition of collateral for this purpose requires some judgment and is generally limited to assets held in trust, letters of credit, and liabilities held by the Company with the same legal entity for which it believes there is a contractual right of offset. The determination of the default factor is principally based on the financial strength rating of the reinsurer. Default factors require considerable judgment and are determined using the current financial strength rating, or rating equivalent, of each reinsurer as well as other key considerations and assumptions. Changes in the valuation allowance for uncollectible reinsurance recoverables are recorded in Losses and loss expenses in the

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Notes to Condensed General Purpose Financial Statements

Matters to be set forth in General Note to the Financial Statements

December 31, 2021

Condensed Statement of Income. The more significant considerations to calculate the valuation allowance include, but are not necessarily limited to, the following:

- For reinsurers that maintain a financial strength rating from a major rating agency, and for which recoverable balances are considered representative of the larger population (i.e., default probabilities are consistent with similarly rated reinsurers and payment durations conform to averages), the financial rating is based on a published source and the default factor is based on published default statistics of a major rating agency applicable to the reinsurer's particular rating class. When a recoverable is expected to be paid in a brief period of time by a highly rated reinsurer, such as certain property catastrophe claims, a default factor may not be applied;
- For balances recoverable from reinsurers that are both unrated by a major rating agency and for which management is unable to determine a credible rating equivalent based on a parent, affiliate, or peer company, the Company determines a rating equivalent based on an analysis of the reinsurer that considers an assessment of the creditworthiness of the particular entity, industry benchmarks, or other factors as considered appropriate. The Company then applies the applicable default factor for that rating class. For balances recoverable from unrated reinsurers for which the ceded reserve is below a certain threshold, the Company generally applies a default factor of 34 percent, consistent with published statistics of a major rating agency;
- For balances recoverable from reinsurers that are either insolvent or under regulatory supervision, the Company establishes a default factor and resulting provision for uncollectible reinsurance based on reinsurer-specific facts and circumstances. Upon initial notification of insolvency, the Company generally recognizes an expense for a substantial portion of all balances outstanding, net of collateral, through a combination of write-offs of recoverable balances and increases to the provision for uncollectible reinsurance. When regulatory action is taken on a reinsurer, the Company generally recognizes a default factor by estimating an expected recovery on all balances outstanding, net of collateral. When sufficient credible information becomes available, the Company adjusts the provision for uncollectible reinsurance by establishing a default factor pursuant to information received; and
- For other recoverables, management determines the provision for uncollectible reinsurance based on the specific facts and circumstances.

The methods used to determine the valuation allowance for uncollectible high deductible recoverable amounts are similar to the processes used to determine the provision for uncollectible reinsurance recoverable. For additional information on high deductible policies, refer to section e) Unpaid losses and loss expenses, below.

Ceded unearned reinsurance premiums represent the portion of premiums ceded to reinsurers applicable to the unexpired coverage terms of the reinsurance contracts in force.

(d) **Deferred policy acquisition costs**

Policy acquisition costs consist of commissions (direct and ceded) and certain underwriting costs related directly to the successful acquisition of new or renewal insurance contracts. Policy acquisition costs on property and casualty (P&C) contracts are generally amortized rateably over the period in which premiums are earned. The effect of changes in estimates of expected gross profits is reflected in the period the estimates are revised. Policy acquisition costs are reviewed to determine if they are recoverable from future income, including investment income. Unrecoverable policy acquisition costs are expensed in the period identified.

(e) **Losses and loss expense provisions**

A liability is established for the estimated unpaid losses and loss expenses under the terms of, and with respect to, the Company's policies and agreements. Similar to premiums that are recognized as revenues over the coverage period of the policy, a liability for unpaid losses and loss expenses is recognized as expense when insured events occur over the coverage period of the policy. The liability includes a provision for both reported claims (case reserves) and incurred but not reported claims (IBNR reserves). IBNR reserve estimates are generally calculated by first projecting the ultimate cost of all losses that have occurred (expected losses), and then subtracting paid

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losses, case reserves, and loss expenses. The methods of determining such estimates and establishing the resulting liabilities are reviewed regularly and any adjustments are reflected in the Condensed Statement of Income of income in the period in which they become known. Future developments may result in losses and loss expenses materially greater or less than the recorded amounts.

Prior period development arises from changes to loss estimates recognized in the current year that relate to loss reserves first reported in previous calendar years and excludes the effect of losses from the development of earned premium from previous accident years.

For purposes of analysis and disclosure, management views prior period development to be changes in the nominal value of the loss estimates from period to period, net of premium and profit commission adjustments on loss sensitive contracts. Prior period development generally excludes changes in loss estimates that do not arise from the emergence of claims, such as those related to uncollectible reinsurance, unallocated loss adjustment expenses or foreign currency. Accordingly, specific items excluded from prior period development include the following: gains/losses related to foreign currency remeasurement; losses recognized from the early termination or commutation of reinsurance agreements that principally relate to the time value of money; changes in the value of reinsurance business assumed reflected in losses incurred but principally related to the time value of money; and losses that arise from changes in estimates of earned premiums from prior accident years. Except for foreign currency remeasurement, which is included in Combined realized gains (losses), these items are included in current year losses.

(f) **Premiums**

Premiums are generally recorded as written upon inception of the policy. For multi-year policies for which premiums written are payable in annual installments, only the current annual premium is included as written at policy inception due to the ability of the insured/reinsured to commute or cancel coverage within the policy term. The remaining annual premiums are recorded as written at each successive anniversary date within the multi-year term.

For property and casualty (P&C) reinsurance products, premiums written are primarily earned on a pro-rata basis over the policy terms to which they relate. Unearned premiums reserves represent the portion of premiums written applicable to the unexpired portion of the policies in force. For retrospectively-rated policies, written premiums are adjusted to reflect expected ultimate premiums consistent with changes to incurred losses, or other measures of exposure as stated in the policy, and earned over the policy coverage period.

Reinsurance premiums assumed are based on information provided by ceding companies supplemented by the Company's own estimates of premium when the Company has not received ceding company reports. Estimates are reviewed and adjustments are recorded in the period in which they are determined. Premiums are earned over the coverage terms of the related reinsurance contracts and range from one to three years.

(g) **Foreign currency remeasurement and translation**

Transactions in currencies other than the Company's functional currency are remeasured into the functional currency and the resulting foreign exchange gains and losses are reflected in combined realized gain (losses) in the Condensed Statement of Income. Functional currency assets and liabilities are translated into the reporting currency, U.S. dollars, using period end exchange rates and the related translation adjustments are recorded as change in any other surplus in Condensed Statement of Capital and Surplus. Functional statement of operations amounts expressed in functional currencies are translated using average exchange rates.

5. **Revenue Recognition**

For revenue recognition of premium, investment and commission income, see Note 4(a), (c) and (f) in the general note to the financial statements.

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Notes to Condensed General Purpose Financial Statements

Matters to be set forth in General Note to the Financial Statements

December 31, 2021

6. *Foreign Currency Transactions*

For foreign currency transactions, see Note 4(g) in the general note to the financial statements. Transaction gains and losses resulting from foreign currency transactions are recorded in combined realized gains (losses). There were \$0.9 million and \$(5.0) million of foreign exchange gains (losses) during the year of 2021 and 2020, respectively.

7. *Foreign Exchange Control Restrictions*

Not applicable

8. *Commitments, Contingencies, and Guarantees*

(a) **Concentrations of credit risk**

In accordance with industry practice, we generally pay amounts owed on claims to brokers who, in turn, remit these amounts to the insured or ceding insurer. Although the law is unsettled and depends upon the facts and circumstances of the particular case, in some jurisdictions, if a broker fails to make such a payment, we might remain liable to the insured or ceding insurer for the deficiency. Conversely, in certain jurisdictions, if the brokers do not remit premiums paid for these policies over to us, these premiums might be considered to have been paid and the insured or ceding insurer will no longer be liable to us for those amounts, whether or not we have actually received the premiums from the broker. Consequently, we assume a degree of credit risk associated with brokers with whom we transact business. However, due to the unsettled and fact-specific nature of the law, we are unable to quantify our exposure to this risk. To date, we have not experienced any material losses related to these credit risks.

(b) **Legal proceedings**

The Company may be subject to arbitration proceedings involving disputed interpretations of treaty coverage. These arbitration proceedings, involving disputed interpretations of treaty coverage and/or claims on policies issued by ceding companies, are typical to the reinsurance industry in general and in the normal course of business and are considered in the Company's loss and loss expense reserves. In addition to arbitration proceedings, the Company may be subject to lawsuits and regulatory actions in the normal course of business that do not arise from or directly relate to claims on assumed reinsurance treaties. This category of business litigation could involve, amongst other things, allegations of underwriting errors or misconduct, employment claims, regulatory activity or disputes arising from business ventures. In the opinion of the Company's management, the ultimate liability for these matters could be, but we believe is not likely to be, material to the Company's condensed financial condition and results of operations.

(c) **Letters of Credit**

Chubb and its participating subsidiaries (including the Company) have access to capital markets and to credit facilities with letter of credit capacity of \$3.7 billion with a sub-limit of \$1.9 billion for revolving credit. The existing credit facilities have remaining terms expiring through October 2022. At December 31, 2021, the LOC usage was \$1.4 billion.

9. *Default*

Not applicable

10. *Dividends on Preferred Shares*

Not applicable

Chubb INA Overseas Insurance Company Ltd.

Notes to Condensed General Purpose Financial Statements

Matters to be set forth in General Note to the Financial Statements

December 31, 2021

11. Loans

Not applicable

12. Retirement Obligation

CIOIC provides pension benefits to employees through defined contribution plans. Under these plans, employees' contributions may be supplemented by company matching contributions based on the level of employee contribution. These contributions are invested at the election of each employee in one or more of several investment portfolios offered by a third-party investment advisor.

13. Fair Value Measurements

The following table presents, by valuation hierarchy, the financial instruments measured at fair value on a recurring basis:

December 31, 2021	Quoted Prices in Active Markets for Identical Assets or Liabilities Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
	(in thousands of U.S. dollars)			
Assets:				
<u>Fixed maturities available for sale</u>				
Foreign	\$ -	\$ 203,766	\$ -	\$ 203,766
Corporate securities	-	213	-	213
Short-term investments	454	3,370	-	3,824
Total quoted investments at fair value	\$ 454	\$ 207,349	\$ -	\$ 207,803

December 31, 2020	Quoted Prices in Active Markets for Identical Assets or Liabilities Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
	(in thousands of U.S. dollars)			
Assets:				
<u>Fixed maturities available for sale</u>				
Foreign	\$ -	\$ 131,046	\$ -	\$ 131,046
Corporate securities	-	226	-	226
Short-term investments	411	-	-	411
Total quoted investments at fair value	\$ 411	\$ 131,272	\$ -	\$ 131,683

14. Contractual Maturity

The following table presents bond and debentures by contractual maturity at December 31, 2021 and 2020.

2021	2020
Fair Value	Fair Value
(in thousands of U.S. Dollars)	(in thousands of U.S. Dollars)

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Matters to be set forth in General Note to the Financial Statements

December 31, 2021

<u>Available for sale; maturity period</u>		
Due in 1 year or less	\$11,335	\$ 11,806
Due after 1 year through 5 years	94,910	59,887
Due after 5 years through 10 years	100,602	57,194
Due after 10 years	956	2,796
	<u>\$207,803</u>	<u>\$ 131,683</u>

Expected maturities could differ from contractual maturities because borrowers may have the right to call or prepay obligations, with or without call or prepayment penalties.

15. Related Party Transactions

The Company assumes and cedes premiums and losses and loss expenses under various quota share agreements relating to multinational business which is written by various affiliates. Balances are interest free and repayable on demand. Significant statement of income amounts and balance sheet account balances for and at the years ended December 31, 2021 and 2020 that have been affected by these intercompany reinsurance agreements are as follows:

(in thousands of U.S. dollars)	<u>2021</u>	<u>2020</u>
Assets:		
Accounts and premiums receivable	\$ 64,901	45,990
Ceded unearned premium reserves	17,523	13,620
Reinsurance recoverable on loss and loss expense	7,333	12,502
Liabilities:		
Loss and loss expense provisions	387,347	259,966
Unearned premiums	209,850	186,818
Reinsurance balances payable	7,453	4,726
Statement of Income:		
Gross premiums written	679,291	505,131
Reinsurance premiums ceded	(54,893)	(20,181)
Net premiums earned	570,120	471,208
Losses and loss expenses	215,271	252,432
Policy acquisition costs	60,846	52,878

There are amounts due from related parties of \$75.1 million at December 31, 2021 and \$12.2 million at December 31, 2020, respectively

Chubb INA Overseas Insurance Company Ltd.

Notes to Condensed General Purpose Financial Statements

Matters to be set forth in General Note to the Financial Statements

December 31, 2021

16. Subsequent events

The Company has performed an evaluation of subsequent events through April 29, 2022, which is the date that the financial statements were issued. No significant subsequent events were identified.

17. Other Information

Not applicable

Chubb INA Overseas Insurance Company Ltd.

Notes to Condensed General Purpose Financial Statements

Matters to be set forth in the Notes to the Condensed Statement of Capital and Surplus

December 31, 2021

1. (a) *Capital Stock*

Common Shares

Authorized: 120,000 shares of \$1 par value

Issued and fully paid: 120,000 shares

Preferred Shares

Not applicable

(b) *Contributed Surplus*

On January 24, 2018, CIOIC was incorporated and ultimately capitalized with \$35 million in cash.

There is no change in contributed surplus during the year ended December 31, 2021.

2. *Dividends paid and Payable*

Not applicable

Chubb INA Overseas Insurance Company Ltd.

Notes to Condensed General Purpose Financial Statements

Matters to be set forth in the Notes to the Condensed Balance Sheet

December 31, 2021

1. Cash and Cash equivalents

There was no restricted cash at December 31, 2021 and 2020.

2. Quoted Investments

Refer to General Note 4(a) to the Condensed Financial Statements for method of valuation. At December 31, 2021 and 2020, there were restricted investments of \$173.3 million and \$96.8 million, respectively.

3. Unquoted Investments

Not applicable

4. Investment in and advances to affiliates

Refer to General Note 15 to the Condensed Financial Statements.

5. Investments in Mortgage loans on Real Estates

Not applicable

6. Policy Loans

Not applicable

7. Real Estate

Not applicable

8. Collateral Loans

Not applicable

9. Investment Income due and Accrued

At December 31, 2021 and 2020, there were \$1.1 million and \$0.7 million accrued investment income included in the Condensed Balance Sheet.

10. Accounts and Premiums Receivable

At December 31, 2021 and 2020, there were \$64.9 million and \$46.0 million accounts and premiums receivable with affiliates included in the Condensed Balance Sheet.

11. Reinsurance Balances Receivable

There was \$22.0 million and \$8.1 million of reinsurance balance receivable, and \$8.8 million and \$3.6 million inward collateral at December 31, 2021 and 2020, respectively. Included in inward collateral are trust funds and letters of credit.

Chubb INA Overseas Insurance Company Ltd.

Notes to Condensed General Purpose Financial Statements

Matters to be set forth in the Notes to the Condensed Balance Sheet

December 31, 2021

12. Funds Held by Ceding Reinsurers

Not applicable

13. Sundry Assets

At December 31, 2021, and 2020, there were \$12.4 million and \$11.0 million of deferred acquisition cost included in the Condensed Balance Sheet. Refer to General Note 4(d) to the Condensed Financial Statements for additional information.

14. Letters of Credit, Guarantees and other

Not applicable.

16. Unearned Premium Reserve

Refer to General Note 4(f) to the Condensed Financial Statements for additional information.

17. Loss and loss Expense Provisions

The following table presents a reconciliation of unpaid losses and loss expenses for the years ended December 31, 2021 and 2020.

(in thousands of U.S. dollars)

	<u>2021</u>	<u>2020</u>
Gross losses and loss expense provisions at beginning of year	\$ 259,966	91,720
Reinsurance recoverable on unpaid losses at beginning of year	(161,138)	(56,520)
Net losses and loss expense provisions at beginning of year	<u>98,828</u>	<u>35,200</u>
Net losses and loss expenses incurred in respect of losses occurring in:		
Current year	72,035	79,559
Prior years	(8,155)	(370)
Total	<u>63,880</u>	<u>79,189</u>
Net losses and loss expenses paid in respect of losses occurring in:		
Current year	6,971	8,463
Prior years	8,003	8,155
Total	<u>14,974</u>	<u>16,618</u>
Foreign currency revaluation	(2,110)	1,059
Net losses and loss expense provisions on at end of year	145,624	98,828
Reinsurance recoverable on unpaid losses	241,723	161,138
Gross losses and loss expenses provision at end of year	<u>\$ 387,347</u>	<u>259,966</u>

Net losses and loss expenses incurred includes \$8.2 million and \$0.4 million of net favorable prior period development in the years ended December 31, 2021 and 2020, respectively.

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Notes to Condensed General Purpose Financial Statements

Matters to be set forth in the Notes to the Condensed Balance Sheet

December 31, 2021

The Company utilizes trust funds in certain transactions where the trust funds are set up for the benefit of the ceding companies and generally take the place of letter of credit requirements. See Note 2 to the Condensed Balance Sheet for additional information. At December 31, 2021 and 2020, there were trust funds of \$173.3 million and \$96.8 million that were restricted, respectively.

There were \$160.6 million and \$68.4 million of inward collateral at December 31, 2021 and 2020, respectively. Included in inward collateral are trust funds and letter of credits.

20. Reserves for Reported Claims

Not applicable.

21. Reserves for Unreported Claims

Not applicable.

22. Policy Reserves - Life

Not applicable.

23. Policy Reserves for Accident and Health

Not applicable.

24. Policyholders' funds on deposit

Not applicable.

25. Liability for Future Policyholders' dividends

Not applicable.

26. Other Insurance Reserves – Long term

Not applicable.

27. Total Long-term Business Insurance Reserves

Not applicable.

28. Insurance and Reinsurance Balance Payable

At December 31, 2021 and 2020, there were \$7.5 million and \$4.7 million of insurance and reinsurance balance payable with affiliates included in the Condensed Balance Sheet.

Chubb INA Overseas Insurance Company Ltd.

Notes to Condensed General Purpose Financial Statements

Matters to be set forth in the Notes to the Condensed Balance Sheet

December 31, 2021

29. *Commissions, expenses, fees and taxes payable*

Not applicable.

30. *Loans and Notes Payable*

Not applicable.

31. *Income Taxes*

Not applicable

32. *Amounts due to Affiliates*

The amount due to affiliate is interest free and payable on demand.

33. *Accounts Payable and Accrued Liabilities*

At December 31, 2021 and 2020, there were \$0.2 million and \$0.1 million of accounts payable and accrued liabilities included in the Condensed Balance Sheets.

34. *Funds Held under Reinsurance Contracts*

At December 31, 2021 and 2020, there were no funds held under Reinsurance Contracts with affiliates included in the Condensed Balance Sheet.

35. *Dividends Payable*

Not applicable

36. *Sundry Liabilities*

Not applicable

37. *Letters of Credit, Guarantees and other instruments*

Not applicable.

Chubb INA Overseas Insurance Company Ltd.

Notes to Condensed General Purpose Financial Statements

Matters to be set forth in the Notes to the Condensed Statement of Income

December 31, 2021

6. *Other Insurance Income*

Not applicable

15. *Other Insurance Income*

Not applicable

32. *Combined Other Income (Deductions)*

Other income includes policy fees earned in connection with Multinational programs.

36. *Combined Realized Gains (Loss)*

Realized gains (losses) include foreign exchange losses and capital gain during the year.