

Independent Auditor's Report

The Board of Directors
Centre Reinsurance (U.S.) Limited

Our Opinion

In our opinion, the condensed financial statements of Centre Reinsurance (U.S.) Limited (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 Centre Reinsurance (U.S.) Limited 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.

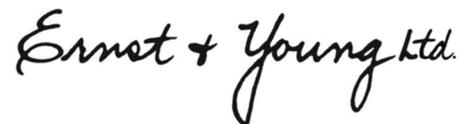
Auditor's Responsibilities for the Audit of the Condensed Financial Statements

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 Centre Reinsurance (U.S.) Limited as at December 31, 2021 and for the year then ended.

CONDENSED BALANCE SHEET

CENTRE REINSURANCE (U.S.) LIMITED

As at **December 31, 2021**

expressed in units **United States Dollars**

LINE No.		2021	2020
1.	CASH AND CASH EQUIVALENTS	10,881,285	13,382,658
2.	QUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity		
	ii. Other	50,371,956	47,201,785
(b)	Total Bonds and Debentures	50,371,956	47,201,785
(c)	Equities		
	i. Common stocks		
	ii. Preferred stocks		
	iii. Mutual funds		
(d)	Total equities	-	-
(e)	Other quoted investments		
(f)	Total quoted investments	50,371,956	47,201,785
3.	UNQUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity		
	ii. Other	1,935,708	3,581,378
(b)	Total Bonds and Debentures	1,935,708	3,581,378
(c)	Equities		
	i. Common stocks		
	ii. Preferred stocks		
	iii. Mutual funds		
(d)	Total equities	-	-
(e)	Other unquoted investments		
(f)	Total unquoted investments	1,935,708	3,581,378
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	260,666	268,820

CONDENSED BALANCE SHEET

CENTRE REINSURANCE (U.S.) LIMITED

As at **December 31, 2021**

expressed in units **United States Dollars**

LINE No.		2021	2020
10.	ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a)	In course of collection	49,475,949	101,587,298
(b)	Deferred - not yet due		
(c)	Receivables from retrocessional contracts		
(d)	Total accounts and premiums receivable	49,475,949	101,587,298
11.	REINSURANCE BALANCES RECEIVABLE:		
(a)	Foreign affiliates		
(b)	Domestic affiliates		
(c)	Pools & associations		
(d)	All other insurers		
(e)	Total reinsurance balance receivable	-	-
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		
(g)	Net receivables for investments sold	1,090	571
(h)	Income Tax Receivable	215,547	-
(i)	Deferred Tax Asset	947,493	682,725
(j)	Other Sundry Assets (Specify)	-	-
(k)	Total sundry assets	1,164,130	683,296
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	114,089,694	166,705,235
TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS			
16.	UNEARNED PREMIUM RESERVE		
(a)	Gross unearned premium reserves	1,850,135	1,915,135
(b)	Less: Ceded unearned premium reserve		
i.	Foreign affiliates	-	-
ii.	Domestic affiliates	653,371	746,861
iii.	Pools & associations	-	-
iv.	All other insurers	-	-
(c)	Total ceded unearned premium reserve	653,371	746,861
(d)	Net unearned premium reserve	1,196,764	1,168,274
17.	LOSS AND LOSS EXPENSE PROVISIONS:		
(a)	Gross loss and loss expense provisions	41,610,517	42,218,500
(b)	Less : Reinsurance recoverable balance		
i.	Foreign affiliates		
ii.	Domestic affiliates	33,096,389	33,096,389
iii.	Pools & associations		
iv.	All other reinsurers		
(c)	Total reinsurance recoverable balance	33,096,389	33,096,389
(d)	Net loss and loss expense provisions	8,514,128	9,122,111
18.	OTHER GENERAL BUSINESS INSURANCE RESERVES		
19.	TOTAL GENERAL BUSINESS INSURANCE RESERVES	9,710,892	10,290,385

CONDENSED BALANCE SHEET

CENTRE REINSURANCE (U.S.) LIMITED

As at **December 31, 2021**

expressed in units **United States Dollars**

LINE No.		2021	2020
	OTHER LIABILITIES		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	42,036,964	92,642,921
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	-	-
30.	LOANS AND NOTES PAYABLE	-	-
31.	(a) INCOME TAXES PAYABLE	-	132,309
	(b) DEFERRED INCOME TAXES	-	-
32.	AMOUNTS DUE TO AFFILIATES	114,190	188,008
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	-	-
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS:	6,847,000	6,847,000
35.	DIVIDENDS PAYABLE	-	-
36.	SUNDRY LIABILITIES:		
(a)	Derivative instruments		
(b)	Segregated accounts companies		
(c)	Deposit liabilities		
(d)	Net payable for investments purchased		
(e)	Other sundry liabilities (specify)		
(f)	Other sundry liabilities (specify)		
(g)	Other sundry liabilities (specify)		
(h)	Total sundry liabilities	-	-
37.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:		
(a)	Letters of credit		
(b)	Guarantees		
(c)	Other instruments		
(d)	Total letters of credit, guarantees and other instruments	-	-
38.	TOTAL OTHER LIABILITIES	48,998,154	99,810,238
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	58,709,046	110,100,623
	CAPITAL AND SURPLUS		
40.	TOTAL CAPITAL AND SURPLUS	55,380,648	56,604,612
41.	TOTAL	114,089,694	166,705,235
		TRUE	TRUE

CONDENSED STATEMENT OF INCOME

CENTRE REINSURANCE (U.S.) LIMITED

 As at **December 31, 2021**

expressed in units

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		
	(c) Total gross premiums written	-	-
2.	REINSURANCE PREMIUMS CEDED	-	-
3.	NET PREMIUMS WRITTEN	-	-
4.	INCREASE (DECREASE) IN UNEARNED PREMIUMS	(28,490)	148,289
5.	NET PREMIUMS EARNED	(28,490)	148,289
6.	OTHER INSURANCE INCOME		
7.	TOTAL GENERAL BUSINESS UNDERWRITING INCOME	(28,490)	148,289
	GENERAL BUSINESS UNDERWRITING EXPENSES		
8.	NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED	897,410	505,289
9.	COMMISSIONS AND BROKERAGE	-	-
10.	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	897,410	505,289
11.	NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS	(925,900)	(357,000)
29.	COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS	(925,900)	(357,000)
	UNDERNOTED ITEMS		
30.	COMBINED OPERATING EXPENSE		
	(a) General and administration	353,183	383,747
	(b) Personnel cost		
	(c) Other		
	(d) Total combined operating expenses	353,183	383,747
31.	COMBINED INVESTMENT INCOME - NET	1,057,178	1,329,798
32.	COMBINED OTHER INCOME (DEDUCTIONS)		
33.	COMBINED INCOME BEFORE TAXES	(221,905)	589,051
34.	COMBINED INCOME TAXES (IF APPLICABLE):		
	(a) Current	(64,146)	347,947
	(b) Deferred	10,740	(239,184)
	(c) Total	(53,406)	108,763
35.	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	(168,499)	480,288
36.	COMBINED REALIZED GAINS (LOSSES)	(19,031)	(11,534)
37.	COMBINED INTEREST CHARGES		
38.	NET INCOME	(187,530)	468,754

CONDENSED STATEMENT OF CAPITAL AND SURPLUS

CENTRE REINSURANCE (U.S.) LIMITED

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

LINE No.		2021	2020
1.	CAPITAL:		
(a)	Capital Stock		
	(i) Common Shares		
	authorized	370,000	370,000
	value	\$ 1,000	
	fully paid	370,000	
		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	26,450,390	26,450,390
(c)	Any other fixed capital		
	(i) Hybrid capital instruments		
	(ii) Guarantees and others		
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	26,820,390	26,820,390
2.	SURPLUS:		
(a)	Surplus - Beginning of Year	29,784,222	28,475,750
(b)	Add: Income for the year	(187,530)	468,754
(c)	Less: Dividends paid and payable		
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments	(1,036,434)	839,718
(e)	Add (Deduct) change in any other surplus		
(f)	Surplus - End of Year	28,560,258	29,784,222
3.	MINORITY INTEREST		
4.	TOTAL CAPITAL AND SURPLUS	55,380,648	56,604,612

CENTRE REINSURANCE (U.S.) LIMITED

NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(expressed in United States dollars)

General Notes to the Financial Statements

1. Centre Reinsurance (U.S.) Limited (the Company) is a wholly-owned subsidiary of Centre Group Holdings (U.S.) Limited (CGHUS), a holding company incorporated in the United States. The Company is controlled by CGHUS which is a subsidiary of Zurich Structured Finance, Inc. (ZSF), a company incorporated in the United States. ZSF is a subsidiary of Zurich Finance Company AG, a holding company incorporated in Switzerland, which in turn is owned by Zurich Insurance Company Ltd (Zurich) which is owned by Zurich Insurance Group Ltd which is also incorporated in Switzerland.
2. The Company provides non-traditional customized insurance, reinsurance, and financial solutions primarily for United States based clients. The Company is currently in a managed run-off. There are two lines of business remaining, credit surety and casualty, which includes a non-significant adverse development cover on a Zurich affiliate's loss portfolio transfer.
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.

Certain amounts recorded in the condensed financial statements reflect estimates and assumptions made by management. These include assumptions regarding economic factors such as interest and discount rates, currency and credit assumptions, and non-economic factors such as interest and discount rates, currency and credit assumptions and non-economic factors such as claims frequency and severity expectations. Actual results may differ from the estimates made.

CENTRE REINSURANCE (U.S.) LIMITED

NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(expressed in United States dollars)

4. Significant accounting policies are as follows:

(a) Premiums

Premiums from short duration contracts are recognized as revenue ratably over the terms of the contracts. Unearned premiums are computed on the monthly pro-rata method. Premiums on the residual value insurance (RVI) deals are only earned on the earlier of the strike date or when the entire deal is off risk. Future investment income is considered in determining whether a premium deficiency exists. Premiums on credit enhancement insurance are recognized as revenue over the related risk period.

(b) Losses and loss adjustment expenses

The general business reserve for losses and loss adjustment expenses represents the estimates of the ultimate cost of all losses incurred but not paid through December 31, 2021 and estimates of the total liability incurred under profit/commutation provisions. These estimates are continually reviewed and, as adjustments become necessary, such adjustments are reflected in current operations. Since the reserve is based on estimates, the ultimate settlement of losses and the related loss adjustment expenses may vary from the reserve. All reserves are presented undiscounted for the year ended December 31, 2021. A premium deficiency reserve (PDR) is established for any RVI contracts within 24 months of expiry if it is apparent that a loss is likely to occur upon expiry of the contract.

(c) Investment Income

Investment income is accounted for under the accrual basis.

(d) 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 a component of 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 whether there is objective evidence that loss events have occurred that negatively affect the estimated future cash flows 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-

CENTRE REINSURANCE (U.S.) LIMITED

NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(expressed in United States dollars)

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.

(e) Cash and Cash Equivalents

The Company defines cash and cash equivalents as cash and certain highly liquid short-term investments with an original maturity date of three months or less from the date of purchase.

(f) Commutation Policy

Upon commutation of a contract the "loss and loss expense provisions" line on the Company's balance sheet is reduced and a gain or loss is recorded within "net losses incurred and net loss expenses incurred" line within the income statement for the difference between the carried reserve on the contract and the commutation payment. Commutations can account for a significant part of the Company's business.

(g) Income Tax

The Company has elected under Internal Revenue Code Section 953(d) to be treated as a U.S. domestic insurer for federal income tax purposes, and thus is subject to income taxes imposed by U.S. federal authorities.

Deferred federal income taxes are provided for temporary differences between the financial statement and tax basis of assets and liabilities, principally the discount on unpaid losses and loss adjustment expenses, unearned premium reserves, deferred acquisition costs, differences in book and tax basis of investments, and the future benefit of net operating loss carryovers.

CENTRE REINSURANCE (U.S.) LIMITED

NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(expressed in United States dollars)

5. Premium income - See 4(a) above
 Investment income - See 4(c) above
 Commission income - Commission income is earned over the policy period of the ceded contracts.

6-12. Not applicable.

13. The fair value hierarchy of investments is based on the following levels:

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. This would normally apply in the case of investments in asset backed securities for which very limited market activity is observed and long-dated derivatives.

<i>Fair Value Hierarchy</i>	<i>for the year ended December 31</i>	2021			
		Level 1	Level 2	Level 3	Total
	Assets				
	<i>Available-for-sale securities</i>				
	Bonds and Debentures	-	50,371,956	1,935,708	52,307,664
	Total Available-for-sale securities	-	50,371,956	1,935,708	52,307,664
	Total assets	-	50,371,956	1,935,708	52,307,664

CENTRE REINSURANCE (U.S.) LIMITED

NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(expressed in United States dollars)

Fair Value Hierarchy	for the year ended December 31	2020			
		Level 1	Level 2	Level 3	Total
Assets					
<i>Available-for-sale securities</i>					
	Bonds and Debentures	-	47,201,785	3,581,378	50,783,163
	Total Available-for-sale securities	-	47,201,785	3,581,378	50,783,163
	Total assets	-	47,201,785	3,581,378	50,783,163

14. The following table shows fair value of debt securities held at December 31 by contractual maturity:

Debt securities by maturity	for the years ended December 31	2021	2020
		Due within one year	5,529,410
Due after one year through five years	21,702,728	19,459,089	
Due after five years through ten years	6,532,144	6,807,205	
Due after ten years	18,543,382	19,114,175	
			-
	Total	52,307,664	50,783,163

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

Statement of Income	for the year ended December 31	2021		
		Affiliate	3rd Party	Total
	Increase (decrease) in unearned premiums	(93,490)	65,000	(28,490)
	Incurred expenses	(4,320,420)	5,217,830	897,410
	General and Administrative Expenses	285,894	67,289	353,183
	Investment expenses and income received	(69,195)	1,126,373	1,057,178

CENTRE REINSURANCE (U.S.) LIMITED

NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(expressed in United States dollars)

<i>Statement of Income</i>	<i>for the year ended December 31</i>	2020		
		Affiliate	3rd Party	Total
	Increase (decrease) in unearned premiums	(3,274,520)	3,422,809	148,289
	Incurred expenses	(4,686,711)	5,192,000	505,289
	General and Administrative Expenses	265,442	118,305	383,747
	Investment expenses and income received	(72,877)	1,402,675	1,329,798

Included in general and administrative expense is \$0.3 million (2020 - \$ 0.3 million) of expenses allocated from Zurich affiliated companies. The allocation is based primarily on the usage by the Company of facilities and other administrative services provided by or for the affiliate.

The Company has investment management fee agreements with Zurich affiliated companies. Aggregate management fee expense during 2021 under such agreements were \$0.1 million (2020 - \$0.1 million). The respective notes below disclose any related party transactions relating to the balance sheet.

16. Not applicable.
17.
 - (a) The Company utilizes reinsurance and retrocessional agreements to reduce its exposure to risk of loss. These agreements provide for recovery of a portion of losses, expenses and future policy benefits from reinsurers and retrocessionaires. The Company remains liable to the extent the reinsurers and retrocessionaires do not meet their obligations under these agreements and therefore provisions are made for amounts considered potentially uncollectible.
 - (b) The Company continually monitors its positions with, and the credit quality of, counterparties to its financial instruments. The counterparties to these instruments expose the Company to credit loss in the event of nonperformance. At December 31, 2021, the Company does not anticipate nonperformance and all counterparties are Zurich affiliates.
 - (c) At December 31, 2021, the Company had an AA financial strength rating from Standard & Poor's Rating Services. This reflects the receipt from Zurich Insurance Company of a guarantee of all the Company's payment obligations arising under the terms of any and all insurance and reinsurance contracts issued by the Company.

CENTRE REINSURANCE (U.S.) LIMITED

NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(expressed in United States dollars)

Notes to the Balance Sheet

1. For restricted assets, see Note 17(c).
2. See General Note 4(d) and Note 17(c).
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. Currently private equity unquoted investments have been fully impaired. See General Note 4(d) for fair value hierarchy level 3 quoted bonds categorized as unquoted.
- 4.– 8. Not applicable.
9. Investment income due and accrued is \$0.3 million (2020 - \$0.3 million).
10. (a) Not applicable.
(b) Included in Accounts receivable is a balance with affiliates of \$49.5 million (2020 - \$101.6 million). This represents salvage recoverable.
- 11–12. Not applicable.
13. (a) Sundry Assets mainly comprises of deferred income tax asset of \$0.95 million (2020 - \$0.68 million) and income tax receivable of \$0.22 million (2020 – \$nil). The following table shows the details of the deferred income tax asset. See General Note 4(g).
(b) Not applicable.

<i>Deferred income taxes</i>	<i>for the year ended December 31</i>	2021
	Reserves for losses and loss adjustment expenses	1,123,524
	Reserves for unearned premium	50,732
	Deferred acquisition costs	-
	Unrealized (gains)/losses on investments	(228,491)
	Other	1,728
	Deferred income taxes	947,493

CENTRE REINSURANCE (U.S.) LIMITED

NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(expressed in United States dollars)

<i>Deferred income taxes</i>	<i>for the year ended December 31</i>	2020
	Reserves for losses and loss adjustment expenses	1,135,322
	Reserves for unearned premium	53,462
	Deferred acquisition costs	-
	Unrealized (gains)/losses on investments	(503,997)
	Other	(2,062)
	Deferred income taxes	682,725

14. Not applicable.

16. See General Note 4(a).

17. (a) Movements in loss and loss expense provisions for the current and previous years are summarized as follows:

As at December 31 <i>expressed in United States Dollars</i>	2021	2020
Gross loss and loss expense provisions at beginning of year	42,218,500	36,076,500
Less: Reinsurance recoverable at beginning of year	33,096,389	27,484,539
Net loss and loss expense provisions at beginning of year	9,122,111	8,591,961
Net losses incurred and net loss expenses incurred related to:		
Current year	0	1,128,150
Prior years	897,410	(622,862)
Total net incurred losses & loss expenses	897,410	505,288
Net losses and loss expenses paid or payable related to:		
Current year	0	0
Prior years	(1,505,393)	24,862
Total losses and loss expenses paid or payable	(1,505,393)	24,862
Foreign exchange and other	0	0
Net loss and loss expense provisions at end of year	8,514,128	9,122,111
Add: Reinsurance recoverable at end of year	33,096,389	33,096,389
Gross loss and loss expense provisions at end of year	41,610,517	42,218,500

CENTRE REINSURANCE (U.S.) LIMITED

NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(expressed in United States dollars)

(b) The Company is currently in a managed run-off, therefore, it is expected to experience changes in the net losses incurred and net loss expenses incurred related to prior years. No additional premium or return premiums have been accrued in 2021 as a result of the prior year effects. The change in the net losses incurred and net loss expenses relating to prior years is due to reduction in value of \$1.5 million of salvage recoverable. Offsetting this is \$0.6 million of reserves released from prior years.

(c) Fixed maturities with carrying value of \$3.5 million (2020 - \$ 3.8 million) at December 31, 2021 were on deposit in various trust accounts for the benefit of reinsurance contract holders. The remaining balance of \$5.0 million is unsecured.

20–27. Not applicable.

28. The insurance and reinsurance balance payable with affiliates is \$42.0 million (2020 - \$92.6 million).

29. Not applicable.

30. Not applicable.

31. (a) There were no income taxes payable at year end (2020 - \$0.13 million).

(b) Not applicable. See General Note 4(g).

32. Amounts due to affiliates are unsecured, interest free and have no specific terms of repayment.

33. Not applicable.

34. The funds held under reinsurance contracts with affiliates is \$6.8 million (2020 - \$6.8 million).

35.-37. Not applicable.

CENTRE REINSURANCE (U.S.) LIMITED

NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(expressed in United States dollars)

Notes to the Statement of Income

- 6. Not applicable.
- 15. Not applicable.
- 32. Not applicable.
- 36. The amount comprises of net gains and losses on the sale of quoted and unquoted bonds, and any impairment adjustment on quoted or unquoted investments.

Notes to the Statement of Capital and Surplus

1. (a) Authorized share capital

- (a) Authorized capital stock is comprised of 370,000 voting common shares of \$1 par value each.
- (b) Not applicable.
- (c) Not applicable.
- (d) Not applicable.

Issued capital

- (a) Issued, called up and fully paid 370,000 voting common shares of \$1 par value each.
- (b) Not applicable.
- (c) Not applicable.

Repurchased shares

- (a) Not applicable.

CENTRE REINSURANCE (U.S.) LIMITED

NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(expressed in United States dollars)

1. (b) Contributed Surplus

There were no changes in contributed surplus during the year.

2. (c) Dividends paid and payable

There were no dividends paid during the year (2020 - \$nil).

- (a) No changes were made to authorized capital stock during 2021.
- (b) Not applicable.
- (c) Not applicable.