CATALINA

CATALINA GENERAL INSURANCE LTD.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of Catalina General Insurance Ltd.

Opinion

We have audited the Consolidated Financial Statements of Catalina General Insurance Ltd. and its subsidiaries (the "Company"), which comprise the Consolidated Balance Sheets as of December 31, 2021 and 2020, and the related Consolidated Statement of Income (Loss) and Comprehensive Income(Loss), Consolidated Statements of Changes in Shareholders' Equity, and Consolidated Cash Flows, for the years then ended, and the related notes to the Consolidated Financial Statements (collectively referred to as the "Financial Statements").

In our Opinion, the accompanying 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 and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 3 to the Financial Statements, effective August 1,2021, there was a change in the Company's reporting entity. The Company consolidated Catalina Echo & Foxtrot groups, following a restructuring of entities under common ownership – Catalina Holdings Bermuda Ltd. This is consistent with the entity's disclosures using the full retrospective approach as required by the accounting standards. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated 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 a period of one year after the date that the Financial Statements are issued.

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

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgment made by a reasonable user based on the Consolidated Financial Statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the Consolidated 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 Consolidated Financial Statements.

- 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. 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 Consolidated Financial Statements.

- Conclude whether, in our judgment, 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.

Deloitte Ltd.

April 6, 2022

CATALINA GENERAL INSURANCE LTD.
CONSOLIDATED BALANCE SHEETS
December 31, 2021 and 2020
(Expressed in thousands of U.S. dollars, except share and per share amounts)

	Notes	2021	2020
Assets			
Investments			
Fixed maturities, trading, at fair value	5,6	$ 219,963	$ 667,574
Fixed maturities, available-for-sale, at fair value (amortized cost 2021: $1,746,763; 2020: $1,124,459)	5,6	1,724,992	1,223,744
Equity securities, at fair value	5,6	2,638	8,062
Other investments	5,6	633,533	297,345
Mortgage loans	5	109,031	57,096
Total investments	12	2,690,157	2,253,821
Cash and cash equivalents		96,180	105,838
Restricted cash and cash equivalents	12	210,012	137,345
Accrued investment income		18,098	14,228
Investment in affiliates		11,233	14,259
Investment in real estate	8	225,382	82,015
Reinsurance balances recoverable on paid and unpaid losses	10	1,156,612	1,284,530
Funds held by cedants and claims administrators		99,568	140,969
Insurance and reinsurance balances receivable	16	94,154	96,672
Other assets		30,487	314,191
Due from affiliates		—	262
Total assets		$ 4,631,883	$ 4,444,130
Liabilities			
Outstanding losses and loss expenses	9	$ 3,268,441	$ 3,070,410
Unearned premiums		970	299
Insurance and reinsurance balances payable	16	62,833	78,295
Accounts payable, accrued expenses and other liabilities		30,055	29,413
Long term subordinated debt	11	110,361	111,872
Loans payable	11	84,502	17,093
Due to affiliates		113	8,713
Total liabilities		3,557,275	3,316,095
Shareholder's equity			
Ordinary shares - $60 par value; 50,000 shares authorized; 50,000 shares issued and outstanding (2020: 50,000)		3,000	3,000
Additional paid-in capital	14	723,993	607,993
Retained earnings		371,062	361,220
Accumulated other comprehensive (loss) income		(44,115)	102,990
Total Catalina General Insurance Ltd. shareholder's equity		1,053,940	1,075,203
Non-controlling interest		20,668	52,832
Total shareholder's equity		1,074,608	1,128,035
Total liabilities and shareholder's equity		$ 4,631,883	$ 4,444,130

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

CATALINA GENERAL INSURANCE LTD.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (LOSS)
For the years ended December 31, 2021 and 2020
(Expressed in thousands of U.S. dollars)

	Notes	2021	2020
Revenues			
Net premiums earned		$ (615)	$ 1,190
Net losses and loss expenses	9	(2,329)	(32,007)
Commissions		1,099	(2,949)
Net run-off loss		(1,845)	(33,766)
Net investment income	5	60,344	64,343
Net gains (losses) on investments	5	11,643	(66,228)
Rental income		9,686	21,886
Gain on sale of real estate	8	6,240	45,995
Total revenues		86,068	32,230
Expenses			
General and administrative expenses		(30,279)	(31,608)
Net foreign exchange gains (losses)		73,447	(33,866)
Change in subordinated debt fair value	11	(371)	(169)
Interest expense	11	(7,770)	(10,125)
Total expenses		35,027	(75,768)
Income (loss) before income taxes		121,095	(43,538)
Income tax credit (expense)	13	2,107	(4,213)
Net income (loss)		123,202	(47,751)
Net income attributable to non-controlling interest		(3,360)	(6,235)
Net income (loss) attributable to Catalina General Insurance Ltd.		$ 119,842	$ (53,986)
Other comprehensive income			
Foreign currency translation adjustments		(24,296)	19,818
Unrealized (losses) gains on available-for- sale securities		(56,654)	40,376
Unrealized foreign exchange (losses) gains on available for sale securities		(74,028)	38,579
Other comprehensive income (loss)		7,873	(5,198)
Other comprehensive (loss) income		(147,105)	93,575
Comprehensive (loss) income attributable to Catalina General Insurance Ltd.		$ (27,263)	$ 39,589

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

CATALINA GENERAL INSURANCE LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
For the years ended December 31, 2021 and 2020
(Expressed in thousands of U.S. dollars)

	2021	2020
Share capital - Ordinary shares of par value $60 each		
Balance at beginning and end of year	$ 3,000	$ 3,000
Additional paid-in capital		
Balance at beginning of year	$ 607,993	$ 602,284
Contributions during the year	116,000	5,709
Balance at end of year	$ 723,993	$ 607,993
Retained earnings		
Balance at beginning of year	$ 361,220	$ 450,206
Dividends paid	(110,000)	(35,000)
Net income (loss) attributable to Catalina General Insurance Ltd.	119,842	(53,986)
Balance at end of year	$ 371,062	$ 361,220
Accumulated other comprehensive income		
Balance at beginning of year	$ 102,990	$ 9,415
Change in foreign currency translation adjustments	(24,296)	19,818
Change in net unrealized (losses) gains on available-for-sale securities	(56,654)	40,376
Change in net unrealized foreign exchange (losses) gains on available-for-sale securities	(74,028)	38,579
Change in other comprehensive income (loss)	7,873	(5,198)
Balance at end of year	$ (44,115)	$ 102,990
Non-controlling interest		
Balance at beginning of year	$ 52,832	$ 48,331
Change in non-controlling interest in subsidiaries	(35,524)	(1,734)
Net income attributable to non-controlling interest	3,360	6,235
Balance at end of year	$ 20,668	$ 52,832
Total shareholder's equity	$ 1,074,608	$ 1,128,035

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

CATALINA GENERAL INSURANCE LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2021 and 2020
(Expressed in thousands of U.S. dollars)

	Notes	2021	2020
Cash flows provided by (used in) operating activities			
Net income (loss)		$ 123,202	$ (47,751)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Net gains on sale of real estate		(6,240)	(45,995)
Depreciation of property and equipment		1,960	400
Amortization of net premiums (discounts) on investments		11,128	(5,113)
Net losses (gains) on investments		(11,643)	66,228
Premiums received through loss portfolio transfer		227	—
Change in subordinated debt fair value		371	169
Other non-cash items		—	5,848
Changes in assets and liabilities:			
Accrued investment income		(3,870)	4,731
Reinsurance balances recoverable on paid and unpaid losses		127,918	70,805
Funds held by cedants and claims administrators		41,401	14,852
Insurance and reinsurance balances receivable		2,518	(20,533)
Other assets (Note 8)		1,557	47,353
Outstanding losses and loss expenses		198,031	(243,908)
Unearned premiums		671	(1,857)
Insurance and reinsurance balances payable		(15,462)	36,799
Accounts payable, accrued expenses and other liabilities		642	(4,741)
Due to affiliates		(8,338)	(147)
Net cash provided by (used in) operating activities		464,073	(122,860)
Cash flows (used in) provided by investing activities			
Purchases of investments		(2,924,868)	(1,418,252)
Proceeds from sale or maturity of investments		2,640,892	1,791,294
Securities transferred through quota share agreement		(291,990)	—
Investment in affiliates		(27,922)	(2,897)
Investment in real estate		(149,202)	(130,531)
Proceeds from sale of real estate		286,396	—
Net cash (used in) provided by investing activities		(466,694)	239,614
Cash flows provided by (used in) financing activities			
Dividends paid to parent	14	(110,000)	(35,000)
Capital contribution from parent	14	116,000	5,709
Proceeds from loans and other borrowings	11	65,898	55,832
Repayment of loans and other borrowings	11	(27,440)	(69,097)
Net cash provided by (used in) financing activities		44,458	(42,556)
Effect of exchange rate changes		21,172	(42,312)
Net increase in cash, cash equivalents, restricted cash, and restricted cash equivalents		63,009	31,886
Cash, cash equivalents, restricted cash, and restricted cash equivalents - beginning of year		243,183	211,297
Cash, cash equivalents, restricted cash, and restricted cash equivalents - end of year		$ 306,192	$ 243,183
Supplemental Cash Flow Information:			
Interest paid	11	$ 8,569	$ 11,915
Income taxes paid	13	$ 1,249	$ 8,304
Reconciliation to consolidated balance sheet:			
Cash and cash equivalents	12	$ 96,180	$ 105,838
Restricted cash and cash equivalents	12	210,012	137,345
Cash, cash equivalents, restricted cash, and restricted cash equivalents	12	$ 306,192	$ 243,183

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

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

1. Description of business

Catalina General Insurance Ltd. (“CatGen” or the “Company”) is a wholly owned subsidiary of Catalina Alpha Ltd. (“Catalina Alpha” or “CatAlpha”), licensed as a Class 3B general business insurer and Class C long-term insurer. The Company’s ultimate parent is Catalina Holdings (Bermuda) Ltd. (“CHBL”), a company incorporated in Bermuda.

CatGen reinsures related parties and third parties through quota share, facultative and excess of loss reinsurance agreements and loss portfolio transfer agreements covering property, casualty, motor, aviation, marine and other risks. The Company also has reinsurance arrangements that limit its exposure to certain contracts on a per occurrence and aggregate basis. The Company (via Alea (Bermuda) Ltd. (“Alea”)) also wrote life insurance policies in Europe and structured settlement contracts in Canada. The Company’s current license issued by the Bermuda Monetary Authority (“BMA”) precludes it from underwriting live insurance business without permission from the BMA.

The reinsurance and insurance business included in these consolidated financial statements includes both transactions entered into through acquisitions and reinsurance portfolio transfers. The following transactions were the result of acquisitions by CHBL or the Company that now form a part of CatGen:

• Quanta Capital Holdings Ltd. (“Quanta”)	October 2008
• Alea Holdings UK Limited	October 2009
• Western General Insurance Ltd. (“WestGen”)	July 2010
• Glacier Reinsurance AG (“Glacier Re”)	April 2011
• Residential Loss Control Holdings, LLC	October 2011
• HSBC Reinsurance Limited and HSBC Insurance (Ireland) Limited	October 2012
• American Safety Reinsurance Ltd. (“Catalina Safety”)	October 2013
• Alea Group Holdings (Bermuda) Ltd. (“AGHBL”)	March 2014
• Papiro AG	October 2015
• Allianz Suisse Ruckversicherungs-Gesselschaft AG	December 2015
• Hartford Financial Products International Limited (“HFPI”)	May 2017
• Globale Reinsurance Company Ltd. (“Globale Re”)	May 2017

The following transactions are from reinsurance portfolio transfers, both assumed and ceded, that now form a part of CatGen:

• Marine insurance liabilities	June 2014
• Residential construction liabilities from NationsBuilders Insurance Company	February 2015
• UK and EU insurance liabilities	June 2015
• Hartford Financial Products International Limited (“CWIL”)	May 2017
• German medical malpractice liabilities	March 2018
• U.S. construction defect and general liabilities	April 2018
• Construction insurance liabilities	September 2018
• UK employers liability liabilities	June 2019
• Credit and surety liabilities on UK builders insurance	March 2021
• U.S. casualty reinsurance liabilities	April 2021

CHBL continues to restructure its subsidiaries to create capital and administrative efficiencies across the group, which resulted in changes to the reporting entity during 2021.

Effective August 1, 2021, Catalina Echo Limited ("Echo") and Catalina Foxtrot Holdings Limited ("Foxtrot"), previously direct subsidiaries of CHBL, had their shareholdings transferred to CatAlpha, who immediately thereafter transferred its shareholding to CatGen. The Company now includes these entities within its results. See “Note 3. Restatement of previously issued consolidated financial statements” for additional information related to the transaction.

2. Significant accounting policies

Basis of presentation

The accompanying consolidated financial statements have been prepared on a going concern basis in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The Company's consolidated financial statements include the financial statements of the Company and all of its subsidiaries in which it owns, directly or indirectly through subsidiaries, over fifty percent of the voting rights or is in a position to govern the financial and operating policies of the entity. All significant balances and transactions among related companies have been eliminated on consolidation.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets and liabilities and disclosure of contingent assets and liabilities reported at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. While management believes the amounts included in the consolidated financial statements reflect management's best estimates and assumptions, the actual results could ultimately be materially different from the amounts currently provided for in the consolidated financial statements. The Company's principal estimates relate to the development or determination of the following:

- valuation of outstanding losses and loss expenses;
- valuation of investments and remeasurement at fair value;
- valuation of long term subordinated debt;
- provisions for litigation and other contingent liabilities;
- provisions for reinsurance balances recoverable;
- recoverability of insurance and reinsurance balances receivable;
- impairment charges on investment securities classified as available-for-sale ("AFS"), impairments on net deferred gains and assessment of recoverability of commercial mortgage loans; and
- valuation of commissions payable as it relates to reinsurance agreements entered into.

Business combinations

The Company accounts for business combinations in accordance with FASB ASC 805 Topic, Business Combinations. In accordance with FASB ASC 805 Topic, Business Combinations, transactions between entities under common control are to be initially recognized at U.S. GAAP book value by the receiving entity at the transfer date and the financial statements of the receiving entity shall report the results of operations for the period in which the transfer occurs as though the transfer of net assets had occurred at the beginning of the earliest period presented. Financial statements and financial information presented for prior years shall be retrospectively adjusted to furnish comparative information. However, the comparative information shall only be adjusted for periods during which the entities were under common control. Since Echo and Foxtrot were under common control since their initial acquisition in 2011 and 2012, respectively, the financial statements of the Company have been retrospectively restated. See "Note 3. Restatement of previously issued consolidated financial statements" for additional information related to the transaction.

Premiums

The Company wrote insurance policies and reinsurance contracts prior to entering into run-off. With the exception of retroactive reinsurance agreements, the Company no longer writes new policies or contracts but premiums continue to be earned over the terms of the associated insurance policies and reinsurance contracts in proportion to the amount of insurance protection provided. The term of the insurance or reinsurance coverage provided may be cancelled by the insured or ceding company resulting in a return of written premium.

Profit commission accruals are recorded as commission expenses and are adjusted at the end of each year based on the experience of the underlying contract.

2. Significant accounting policies (continued)

Ceded reinsurance or retrocessional coverage is used to limit the Company's individual and aggregate exposures to risks of losses arising from contracts of insurance or reinsurance. Reinsurance premiums ceded to reinsurers are recorded and earned in a manner consistent with that of the original contracts or policies written and the terms of the reinsurance agreements.

Assumed premiums on life insurance contracts are recognized as revenue when payable by the policyholder on underlying reinsurance policies. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premium revenue.

Retroactive reinsurance

Retroactive reinsurance policies provide indemnification for outstanding losses and loss expenses with respect to past loss events. We use the balance sheet accounting approach for assumed loss portfolio transfers, whereby at the inception of the contract there are no premiums or losses recorded in earnings.

Consideration received in excess of estimated liabilities assumed with respect to retroactive reinsurance contracts is recognized as a deferred gain at inception of such contracts. Net deferred gains are subsequently amortized over the expected claims settlement period. Changes to the estimated timing or amount of loss payments produce changes in periodic amortization. Changes in such estimates are applied retrospectively and are included within net income in the year in which such changes are made. Deferred gains are reported within outstanding losses and loss expenses in the consolidated balance sheets and deferred gain amortization is recognized within net losses and loss expenses in the consolidated statements of income and comprehensive income (loss).

A deferred charge is recognized at the inception of such contracts where the estimated liabilities assumed exceed the consideration received. Deferred charges are subsequently amortized over the expected claims settlement period. Changes to the estimated timing or amount of the loss payments produce changes in periodic amortization. Changes in such estimates are applied retrospectively and are included within net earnings in the year in which such changes are made. Deferred charges are reported within outstanding losses and loss expenses in the consolidated balance sheets and deferred charge amortization is recognized within net losses and loss expenses in the consolidated statements of income and comprehensive income (loss).

Deferred gains and charges are assessed at each year end for impairment. If the asset is impaired, it is written down in the year in which the determination is made.

Outstanding losses and loss expenses

The Company establishes reserves for outstanding losses and loss expenses for estimates of future amounts to be paid in settlement of its ultimate liabilities for claims arising under its contracts of insurance and reinsurance that have occurred at or before the consolidated balance sheet date. The estimation of ultimate loss and loss expense liabilities is a significant judgment made by management and is inherently subject to significant uncertainties.

The Company's loss reserves fall into two categories; case reserves for reported losses and loss expenses ("case reserves") and reserves for losses and loss expenses incurred but not reported ("IBNR reserves"). Case reserves are based initially on claim reports received from insureds, brokers or ceding companies, and may be supplemented by the Company's claims professionals with estimates of additional ultimate settlement costs. IBNR reserves are estimated by management using generally accepted statistical and actuarial techniques and are reviewed by independent actuaries. In applying these techniques, management uses estimates as to ultimate loss emergence, severity, frequency, settlement periods and settlement costs. In making these estimates, the Company relies on the most recent information available, including industry information, and on its own historical loss and loss expense experience.

2. Significant accounting policies (continued)

Management believes the Company's reserving techniques represent a reasonable basis for estimating ultimate claim costs and that the outstanding losses and loss expenses are sufficient to cover claims from losses occurring up to the consolidated balance sheet date; however, ultimate losses and loss expenses may be subject to significant volatility as a result of significant uncertainties. These uncertainties are driven by many variables that are difficult to quantify. These uncertainties include for example, the period of time between the occurrence of an insured loss and actual settlement, fluctuations in inflation, prevailing economic, social and judicial trends, legislative changes, medical cost trends, internal and third party claims handling procedures and the lack of complete historical data on which to base loss expectations. Accordingly, ultimate liabilities may differ materially from the amounts recorded in the consolidated financial statements.

The Company regularly reviews and adjusts its reserve estimates and reserving methodologies taking into account current information. Outstanding losses and loss expenses are adjusted as claim experience develops and new information becomes available. Any adjustments to previously established reserves may significantly impact net income and will be recorded in the period in which they are determined.

Reinsurance balances recoverable on paid and unpaid losses

The Company estimates reinsurance balances recoverable using methodologies and assumptions consistent with those used in estimating reserves for losses and loss expenses. The estimation of outstanding loss and loss expenses recoverable is a significant judgment made by management and is inherently subject to significant uncertainties. The Company establishes allowances for amounts recoverable that are considered potentially uncollectible from its reinsurers. The valuation of this allowance for uncollectible reinsurance recoverable includes a review of the credit ratings of the reinsurance recoverables by reinsurer, an analysis of default probabilities as well as identifying whether or not coverage issues exist. These factors require management judgment and the impact of any adjustments to those factors is reflected in net income in the year that the adjustment is determined. The Company is subject to credit risk with respect to the reinsurance ceded because the ceding of risk does not relieve the Company from its original obligations to its insureds.

Allowance for Uncollectible Reinsurance Recoverable

The Company evaluates and monitors the credit risk related to its reinsurers. Historically, there was no allowance for doubtful accounts for its reinsurance recoverable. This is primarily due to three factors: (1) placing ceded reinsurance with high credit quality reinsurers and the related process for evaluating the creditworthiness of reinsurers; (2) obtaining collateral, usually letters of credit ("LOCs") and trusts, from reinsurers and (3) historically the Company had an immaterial amount of write-offs. Where the specific facts and circumstances for an individual recoverable indicate that there is a potential recoverability issue, and the amount is material, management will establish an allowance for the doubtful amount as needed.

Commutations

As the Company actively runs off, it seeks to mitigate its exposures through early settlement of its obligations to policyholders or ceding companies by entering into commutations or other arrangements.

These negotiated commutation agreements eliminate the risk of adverse claim experience as they provide for full and final settlement of all current and future policy obligations with respect to the transaction to which they relate. Gains and losses on commutations are recorded as either a decrease or an increase in incurred claims in the consolidated statements of income and comprehensive income (loss).

The Company also enters into commutations with its reinsurers, assuming the reinsurers share of the obligations, when the economic benefits are in excess of the additional exposures assumed. Any changes in ultimate losses are recognized upon the execution of a commutation.

2. Significant accounting policies (continued)

Life contracts

Life contracts comprise of traditional life savings business assumed through coinsurance and modified coinsurance reinsurance contracts. They have all been in run-off for several years although many have recurring premiums. Liabilities for life reinsurance contracts are booked at the amounts reported by the ceding companies. The Company estimates the policy benefits for the life and annuity contracts using standard actuarial techniques and cash flow models. Policy benefits are reviewed annually and the Company performs a liability adequacy test based on cash flow projections. Since estimating the policy benefits depends on cash flow projection, the Company makes assumptions based on experience and industry mortality tables, longevity, morbidity rates, lapse rates, expenses and investment experience, including provision for adverse deviation. The assumptions used are locked in throughout the life of the contract unless a premium deficiency develops. A premium deficiency occurs if the sum of anticipated losses and loss expenses exceed unearned premiums, deferred acquisition costs and anticipated investment income. The assumptions are reviewed annually and unlocked if it results in material adverse development. The estimates are established based on information provided by the ceding companies, contract specific historical experience and industry experience.

The policy benefits are maintained at a level that, when taken together with future premium payments and investment income, are expected to be sufficient to cover policyholder obligations as they fall due. Provision is made where current best estimates of future contractual cash flows arising from the contracts are expected to exceed the policy obligations, net of premiums receivable. Investment income from the assets supporting the liabilities is taken into account when calculating such provision. The assessment of whether an additional provision needs to be booked is based on information available after offsetting the surpluses and deficits arising on contracts within the life portfolio. Any deficiency is charged to the statements of income and comprehensive income (loss) by establishing a provision for losses arising from the liability adequacy test for the unexpired risk portion. The amount of the provision depends on the risk adjusted returns available on assets designated to support life contract liabilities.

Structured settlements

Included within outstanding losses and loss expenses and reinsurance balances recoverable on paid and unpaid losses in the consolidated balance sheets are amounts related to structured settlements. The Company, through its Canadian branch, has assumed ownership of certain structured settlements and has purchased annuities from life insurance companies to provide fixed and recurring payments to the claimants. The Company remains responsible to the claimants in the case of non-performance by the life insurance companies. The assets and liabilities related to the structured settlement contracts are booked at the amounts reported by the life insurance companies as management believes this to be the best available estimate of the obligations under these contracts.

Cash and cash equivalents

Cash equivalents include highly liquid instruments such as liquidity funds, money market funds and other time deposits with commercial banks and financial institutions which have original maturities of three months or less. See "Note 12. Concentrations, commitments and contingencies" for additional information related to concentrations of credit risk. Restricted cash and cash equivalents are separately reported in the consolidated balance sheets at December 31, 2021 and 2020.

Investments

The Company's investment portfolio consists of fixed maturity securities, equity securities and other investments which are recorded at fair value. Also included within its investments are mortgage loans which are recorded at amortized cost.

Fixed maturity investments

The Company holds fixed maturity securities classified as trading, and are carried at fair value.

2. Significant accounting policies (continued)

The Company also holds fixed maturity securities classified as available-for-sale ("AFS"). These securities are recorded at fair value, adjusted for any impairment in fixed maturities, deemed "other-than-temporary".

Subsequent changes to the fair value of trading securities are recorded within net gains (losses) on investments in the consolidated statements of income and comprehensive income (loss). Subsequent changes in the fair value of fixed maturity securities held as available-for-sale are included as a component of accumulated other comprehensive income.

Purchases and sales of investments are recorded on a trade date basis. Realized and unrealized gains and losses on sales of investments are determined on a first-in, first-out basis and are shown within net gains (losses) on investments in the consolidated statements of income and comprehensive income (loss). Net investment income is recognized when earned, includes interest and dividend income, together with amortization of market premiums and discounts using the effective yield method, and is presented net of investment management fees.

Other-Than-Temporary Impairments ("OTTI")

Fixed maturity investments classified as AFS are reviewed regularly to determine if they have sustained an impairment of value that is, based on management's judgment, considered to be other-than-temporary. In order to establish indicators for review, information specific to each security is analyzed from market sources with input from management and specialists. The process performed using the securities data includes, but is not limited to, distressed market process, near or actual default, bankruptcy filings, ratings changes and agency outlooks for the security issuer. Results are summarized on a watchlist and reviewed each month. The results of the review are agreed on, and any actions or mitigation strategies to be undertaken, which can include, but is not limited to, increased monitoring, selling of the asset or remeasuring the asset to fair value, which becomes its new basis.

The process includes reviewing each fixed maturity investment whose fair value is below amortized cost and: (1) determining if the Company has the intent to sell the fixed maturity investment; (2) determining if it is more likely than not that the Company would be required to sell the fixed maturity investment before its anticipated recovery; and (3) assessing whether a credit loss existed, that is, whether the Company anticipated if the present value of the cash flows expected to be collected from the fixed maturity investment would be less than the amortized cost basis of the investment.

In assessing whether it was more likely than not that we would be required to sell a fixed maturity investment before its anticipated recovery, management considered various factors including our future cash flow requirements, legal and regulatory requirements, the level of our cash, cash equivalents, short-term investments and fixed maturity investments available-for-sale in an unrealized gain position, and other relevant factors. If management concluded that an investment was other-than-temporarily impaired, then the difference between the fair value and the amortized cost of the investment is presented as an OTTI charge in the consolidated statements of income and comprehensive income (loss) within net gains (losses) on investments.

Upon adoption of the current expected credit losses methodology in future periods, only the credit component of impairment will be recognized in earnings, while the non-credit aspect will be included within other comprehensive income.

Equity securities

Equity securities include common stocks, preferred stocks, exchange traded funds and mutual funds. Exchange traded debt and equity funds and common stocks are classified within Level 1 as the fair values are based on quoted market prices in active markets. Preferred stocks and certain convertible bond and multi-asset funds with daily liquidity and redemption values based on the net asset value of the fund are classified within Level 2.

Other investments

Other investments consist of non-traditional, not readily marketable investments, some of which may be structured as limited partnerships, hedge funds, private equity, private equity funds, fixed income funds, private debt, corporate debt, debt funds, real estate funds, common trust funds, and venture capital funds. These other investments are stated at fair value, which ordinarily will be the most recently reported net asset value as advised by the fund

2. Significant accounting policies (continued)

manager or administrator. The change in fair value is included in net gains (losses) on investments and recognized in net earnings.

Investments pending settlement include receivables and payables from unsettled trades due to/from counterparties. Receivables and payables from unsettled trades are carried at fair value based on quoted prices in active markets for identical assets or derived based on inputs that are observable. Receivables from unsettled trades are included in other assets, and payables from unsettled trades are included in accounts payable, accrued expenses and other liabilities, in the consolidated balance sheets.

Mortgage loans

The Company participates in lending arrangements, investing in commercial mortgage loans ("CMLs"), which are primarily mezzanine loans and bridge loans as of December 31, 2021 and 2020. CMLs are classified within investments on the consolidated balance sheets and carried at amortized cost. The loans are subject to impairment testing. If it is determined impairment is necessary, the amount between carrying value and fair value is recorded within net gains (losses) on investments in the consolidated statement of income and comprehensive income (loss).

Derivatives

The Company's derivative instruments are recorded at fair value within other assets (or accounts payable, accrued expenses and other liabilities, if negative) in the consolidated balance sheets. Changes in the fair value of derivatives are recognized in net earnings, apart from changes in the effective portion of derivatives designated as cash flow hedging instruments, which are reflected in other comprehensive income.

Derivative financial instruments derive their value from the underlying instrument and are subject to the same risks as that underlying instrument, including liquidity, credit, and market risk. Derivative financial instrument transactions which are not designated as hedging instruments are recorded on the trade date and are reported at fair value with the resulting unrealized gains and losses reflected in net income during the year. Derivative financial instrument transactions which are designated as hedging instruments are recorded on the trade date and are reported at fair value with the resulting unrealized gains and losses reflected in other comprehensive income during the year. Open futures contracts are valued using the settlement value on the relevant exchange and open foreign exchange contracts are valued using exchange rates quoted by a third-party pricing service.

Derivative financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheets only to the extent there is a legally enforceable right-of-offset and there is an intention to settle on a net basis, or to realize the assets and liabilities simultaneously. Derivative financial assets and liabilities are derecognized when the Company has transferred substantially all of the risks and rewards of ownership or the liability is discharged, cancelled, expired or elected to discontinue a specific hedging strategy.

Dedesignated foreign currency hedging transactions are subsequently reversed through other comprehensive income ("OCI") and recognized in earnings within net foreign exchange gains (losses).

Fair value measurements

Fair value is defined as the price to sell an asset or transfer a liability (i.e. the "exit price") in an orderly transaction between market participants. Assets and liabilities recorded at fair value in the consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair value. An asset or a liability's categorization within the fair value hierarchy is based on the lowest level of input that is significant to its valuation. The hierarchy is broken down into three levels as follows:

2. Significant accounting policies (continued)

- Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not entail a significant degree of judgment.

- Level 2 – Valuations based on quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement. These are generally company-generated inputs and are not market-based inputs.

Investment in affiliates

The Company considers the percentage of voting rights as well as factors such as Board representation and participation in the decision making process in determining the method of accounting for an investment in another entity. As a general rule, if the Company holds 20% or greater but less than 50% of the shares, unless there is evidence to the contrary, it is assumed to have significant influence over the operating activities of that entity. These companies are accounted for under the equity method of accounting and presented under the "Investment in affiliates" caption on the consolidated balance sheets. As a general rule, if the Company holds 50% or more of the shares of another entity, it is deemed to have control over the operating activities of that entity, and is therefore consolidated.

Investments in real estate

The Company invests in commercial real estate to generate returns via rental income and capital appreciation through its Oxenwood subsidiaries, Catalina Oxenwood Investments Ltd. ("COIL"), Catalina Oxenwood European Investments Ltd. ("COEIL"), Catalina ORE Ltd. ("CORE") and Catalina Oxenwood Real Estate II Ltd. ("CORE II"), and through its Propco subsidiaries, Propco (Newport) Ltd. ("Newport"), Propco (Swansea) Ltd. ("Swansea"), Propco (Greenock) Ltd. ("Greenock") and Propco (Yeovil) Ltd. ("Yeovil"). These subsidiaries are consolidated by the Company.

The income from operating leases is recognized as rental income as per the terms of the leases.

The real estate acquired is recorded at cost less accumulated depreciation for the depreciable assets. The cost includes all acquisition costs directly identifiable with the purchase of the real estate. The Company splits the acquisition cost of each real estate asset between land and buildings based on management's judgement. The real estate invested through Oxenwood companies are comprised primarily of warehouses used to store goods. The real estate invested through Propco companies are comprised primarily of commercial office space. The buildings are depreciated over an estimated useful life of 40 years on a straight-line basis. The Company assesses its real estate for impairment when circumstances indicate the carrying value of the property may not be recoverable. The review is based on the estimate of future undiscounted cash flows, excluding interest charges expected to result from the use and eventual disposal.

Other assets and liabilities

The fair value of investment purchases and sales pending settlement, funds held by cedants and claim administrators, insurance and reinsurance balances receivable, insurance and reinsurance balances payable, accounts payable, accrued expenses and other liabilities and loans payable approximate their carrying value due to the immediate or relative duration of these financial instruments.

2. Significant accounting policies (continued)

Long term subordinated debt

Long term subordinated debt instruments issued by the Company are carried at both fair value and amortized cost. Debt issuance costs are presented as a direct deduction from the related liability in the consolidated balance sheets. Amortization of debt issuance costs is included in interest expense in the consolidated statements of income and comprehensive income (loss). Changes in the fair value of debt instruments held at fair value are recognized in earnings. See "Note 11. Debt obligations" for additional information related to long term subordinated debt instruments issued by the Company. See "Note 11. Debt obligations" and "Note 16. Related party transactions" for additional information.

Non-controlling interest

Non-controlling interest ("NCI") relates to ownership of subsidiaries consolidated in these financial statements. A reconciliation of the beginning and ending carrying amount of the equity attributable to NCI is included in the consolidated statements of changes in shareholder's equity.

Foreign currency translation

The U.S. dollar is the functional currency of the Company. Assets and liabilities of certain of the Company's subsidiaries and equity method investees whose functional currency is not the U.S. dollar are translated at period end exchange rates. Revenues and expenses of such foreign entities are translated at average exchange rates or transaction spot rates during the year. The effect of the currency translation adjustments for these foreign entities is included in accumulated other comprehensive income. Other foreign currency assets and liabilities that are considered monetary items are translated at exchange rates in effect at the balance sheet date. Foreign currency revenues and expenses are translated either at transaction date exchange rates or using an appropriately weighted average exchange rate for the reporting period. These exchange gains and losses are recognized in net income.

Available-for-sale securities are recorded at fair value with resulting gains and losses, including the portion attributable to movements in exchange rates, included in the change in net unrealized gains (losses) on available-for-sale investments within other comprehensive income.

Legal expenses

In the event of a dispute in the ordinary course of business, the Company expenses legal costs on an accrual basis. In the event of a specific litigation, when it is reasonably probable that the legal costs are going to be incurred, the Company accrues legal costs in line with the estimated incurred expenses.

New accounting standards adopted

Simplifying the Accounting for Income Taxes - ASU 2019-12

In December 2019, the FASB issued ASU 2019-12, which amends the scope of ASC Topic 740 via simplification to the accounting for income taxes. The standard is effective for annual periods beginning after December 15, 2021. The adoption of the ASU did not have a material impact on our consolidated financial statements and related disclosures.

Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20):
Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans - ASU 2018-14

Subtopic 715-20 addresses the disclosure of other accounting and reporting requirements related to single-employer defined benefit pension or other post-retirement benefit plans. The amendments in this Update remove disclosures that no longer are considered cost-beneficial, clarify the specific requirements of disclosures, and add disclosure requirements identified as relevant. The ASU is effective for fiscal years ending after December 15, 2021.

2. Significant accounting policies (continued)

The adoption of the ASU did not have a material impact on our consolidated financial statements and the related disclosures.

Reference Rate Reform (ASC Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting: Scope - ASU 2020-04 and ASU 2021-01

The amendments in ASU 2020-04 provide optional guidance for a limited period to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. The amendments provide optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform if certain criteria are met.

The effective date of these ASUs is as of March 12, 2020 through December 31, 2022, at which time transition is expected to be complete. The adoption of these ASUs did not have a material impact on our consolidated financial statements and the related disclosures.

Recently issued accounting standards not yet adopted

Financial Services - Insurance - ASU 2018-12 and ASU 2019-09

In August 2018, the FASB issued ASU 2018-12, which amends the scope of ASC Topic 944 via improvements to the accounting for long-duration contracts. The standard update is effective for annual periods beginning after December 15, 2023. The Company does not expect the ASU to have a material impact on the consolidated financial statements and related disclosures.

Measurement of Credit Losses on Financial Instruments - ASU 2016-13, ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-10 and ASU 2019-11

In June 2016, the FASB issued ASU 2016-13, which introduced guidance which makes changes to the recognition of the credit component of measuring impairment. Available-for-sale debt securities will record credit losses through an allowance for credit losses, which will be limited to the amount by which fair value is below amortized cost. The standard update is effective for annual periods beginning after December 15, 2022. The Company does not expect the ASU to have a material impact on the consolidated financial statements and related disclosures.

Leases - ASU 2016-02, ASU 2018-01, ASU 2018-10, ASU 2018-11, ASU 2018-20, and ASU 2019-01, ASU 2020-05, ASU 2021-09

ASC Topic 842 “Leases” requires lessees to recognize operating leases on balance sheet through a lease asset and a related financial liability. The Company expects a lease asset and related liability to be presented on the consolidated balance sheets; however, the consolidated statements of income and comprehensive income (loss) and cash flows will remain unchanged.

Investments — Equity Securities (ASC Topic 321), Investments — Equity Method and Joint Ventures (Topic 323) - ASU 2020-01

In January 2020, the FASB issued ASU 2020-01 to clarify the interaction of the accounting for equity securities under ASC 321 and investments accounted for under the equity method of accounting in ASC 323. With respect to the interactions between ASC Topic 321 and ASC Topic 323, the amendments clarify that an entity should consider observable transactions that require it to either apply or discontinue the equity method of accounting when applying the measurement alternative in ASC 321, immediately before applying or upon discontinuing the equity method of accounting. The amendments are effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. The Company does not expect the adoption of the ASU to have a material impact on the consolidated financial statements and related disclosures.

2. Significant accounting policies (continued)

Codification Improvements to Financial Instruments - ASU 2020-03

The Update is part of the FASB's ongoing Codification improvement project aimed at clarifying specific areas of accounting guidance to help avoid unintended application. The Company does not expect the adoption of the ASU to have a material impact on the consolidated financial statements and disclosures.

3. Restatement of previously issued consolidated financial statements

During 2021 CHBL underwent a restructure of certain companies within the group. As a result, effective August 1, 2021, Echo and Foxtrot, previously direct subsidiaries of CHBL, had their shareholdings transferred to CatAlpha, who immediately thereafter transferred its shareholding to CatGen. As of this date, Echo and Foxtrot as subsidiaries of CatGen, are required to have their results included in the consolidated financial statements of the Company. CHBL remains the ultimate parent and, as the entities are all still considered to be under common control, the restatement of the Company's consolidated financial statements have been retrospectively applied to all previously reported periods.

The following presents a reconciliation of the financial statement line items as previously issued to the restated amounts as of December 31, 2020 and for the year then ended. The previously reported amounts reflect those included in the original issued financial statements as of and for the year ended December 31, 2020. These amounts are labeled "As Previously Reported" in the tables below. The amounts labeled "Restatement Adjustments" represent the effects of the change to the ownership structure. The amounts labeled "As Restated" reflect the restated amounts included in the restated consolidated financial statements.

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

	2020 As Previously Reported	Restatement Adjustments	2020 As Restated
Assets			
Investments			
Fixed maturities, trading, at fair value	$ 497,506	$ 170,068	$ 667,574
Fixed maturities, available-for-sale, at fair value	1,144,011	79,733	1,223,744
Equity securities, at fair value	6,388	1,674	8,062
Other investments	252,699	44,646	297,345
Mortgage loans	48,847	8,249	57,096
Total investments	1,949,451	304,370	2,253,821
Cash and cash equivalents	79,231	26,607	105,838
Restricted cash and cash equivalents	130,705	6,640	137,345
Accrued investment income	12,657	1,571	14,228
Investment in affiliates	7,285	6,974	14,259
Investment in real estate	70,912	11,103	82,015
Reinsurance balances recoverable on paid and unpaid losses	1,273,726	10,804	1,284,530
Funds held by cedants and claims administrators	126,302	14,667	140,969
Insurance and reinsurance balances receivable	83,324	13,348	96,672
Other assets	301,745	12,446	314,191
Due from affiliates	—	262	262
Total assets	$ 4,035,338	$ 408,792	$ 4,444,130
Liabilities			
Outstanding losses and loss expenses	$ 2,903,363	$ 167,047	$ 3,070,410
Unearned premiums	—	299	299
Insurance and reinsurance balances payable	72,234	6,061	78,295
Accounts payable, accrued expenses and other liabilities	22,888	6,525	29,413
Long term subordinated debt	70,500	41,372	111,872
Loans payable	9,811	7,282	17,093
Due to affiliates	25,393	(16,680)	8,713
Total liabilities	3,104,189	211,906	3,316,095
Shareholder’s equity			
Ordinary shares - $60 par value; 50,000 shares authorized; 50,000 shares issued and outstanding	3,000	—	3,000
Additional paid-in capital	519,679	88,314	607,993
Retained earnings	248,700	112,520	361,220
Accumulated other comprehensive income	101,929	1,061	102,990
Total Catalina General Insurance Ltd. shareholder’s equity	873,308	201,895	1,075,203
Non-controlling interest	57,841	(5,009)	52,832
Total shareholder's equity	931,149	196,886	1,128,035
Total liabilities and shareholder's equity	$ 4,035,338	$ 408,792	$ 4,444,130

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

	2020 As Previously Reported	Restatement Adjustments	2020 As Restated
Revenues			
Net premiums earned	$ 351	$ 839	$ 1,190
Net losses and loss expenses	(32,776)	769	(32,007)
Commissions	(51)	(2,898)	(2,949)
Net run-off loss	(32,476)	(1,290)	(33,766)
Net investment income	52,270	12,073	64,343
Net losses on investments	(41,650)	(24,578)	(66,228)
Rental income	21,135	751	21,886
Gain on sale of real estate	45,995	—	45,995
Total revenues	45,274	(13,044)	32,230
Expenses			
General and administrative expenses	(23,898)	(7,710)	(31,608)
Net foreign exchange losses	(33,187)	(679)	(33,866)
Change in subordinated debt fair value	—	(169)	(169)
Interest expense (credit)	(11,151)	1,026	(10,125)
Total expenses	(68,236)	(7,532)	(75,768)
(Loss) income before income taxes	(22,962)	(20,576)	(43,538)
Income tax (expense) credit	(5,039)	826	(4,213)
Net (loss) income	(28,001)	(19,750)	(47,751)
Net gain attributable to non-controlling interest	(10,494)	4,259	(6,235)
Net (loss) income attributable to Catalina General Insurance Ltd.	$ (38,495)	$ (15,491)	$ (53,986)
Other comprehensive income			
Foreign currency translation adjustments	12,235	7,583	19,818
Unrealized gains on available for sale securities	40,121	255	40,376
Unrealized foreign exchange gains on available for sale securities	37,557	1,022	38,579
Other comprehensive loss	(5,198)	—	(5,198)
Other comprehensive income	84,715	8,860	93,575
Comprehensive income attributable to Catalina General Insurance Ltd.	$ 46,220	$ (6,631)	$ 39,589

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

	2020 As Previously Reported	Restatement Adjustments	2020 As Restated
Share capital - Ordinary shares of par value $60 each			
Balance at beginning and end of year	$ 3,000	$ —	$ 3,000
Additional paid-in capital			
Balance at beginning of year	$ 519,679	$ 82,605	$ 602,284
Contributions during the year	—	5,709	5,709
Balance at end of year	$ 519,679	$ 88,314	$ 607,993
Retained earnings			
Balance at beginning of year	$ 322,195	$ 128,011	$ 450,206
Dividends paid	(35,000)	—	(35,000)
Net (loss) income attributable to Catalina General Insurance Ltd.	(38,495)	(15,491)	(53,986)
Balance at end of year	$ 248,700	$ 112,520	$ 361,220
Accumulated other comprehensive income			
Balance at beginning of year	$ 17,214	$ (7,799)	$ 9,415
Change in foreign currency translation adjustments	22,446	(2,628)	19,818
Change in net unrealized gains on available-for-sale securities	40,121	255	40,376
Change in net unrealized foreign exchange gains on available-for-sale securities	32,360	6,219	38,579
Changes in other comprehensive (loss) income	(10,212)	5,014	(5,198)
Balance at end of year	$ 101,929	$ 1,061	$ 102,990
Non-controlling interest			
Balance at beginning of year	$ 46,615	$ 1,716	$ 48,331
Change in non-controlling interest in subsidiaries	732	(2,466)	(1,734)
Net income (loss) attributable to non-controlling interest	10,494	(4,259)	6,235
Balance at end of year	$ 57,841	$ (5,009)	$ 52,832
Total shareholder's equity	$ 931,149	$ 196,886	$ 1,128,035

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

	2020 As Previously Reported	Restatement Adjustments	2020 As Restated
Cash flows (used in) provided by operating activities			
Net loss	$ (28,001)	$ (19,750)	$ (47,751)
Adjustments to reconcile net loss to net cash used in operating activities:			
Net gains on sale of real estate	(45,995)	—	(45,995)
Depreciation of property and equipment	126	274	400
Amortization of net discounts on investments	(6,111)	998	(5,113)
Net losses (gains) on investments	41,650	24,578	66,228
Change in subordinated debt fair value	—	169	169
Other non-cash items	—	5,848	5,848
Changes in assets and liabilities:			
Accrued investment income	3,709	1,022	4,731
Reinsurance balances recoverable on paid and unpaid losses	73,809	(3,004)	70,805
Funds held by cedants and claims administrators	12,787	2,065	14,852
Insurance and reinsurance balances receivable	24,467	(45,000)	(20,533)
Other assets	47,202	151	47,353
Outstanding losses and loss expenses	(231,947)	(11,961)	(243,908)
Unearned premiums	—	(1,857)	(1,857)
Insurance and reinsurance balances payable	38,396	(1,597)	36,799
Accounts payable, accrued expenses and other liabilities	1,715	(6,456)	(4,741)
Due to affiliates	(1,325)	1,178	(147)
Net cash used in operating activities	(69,518)	(53,342)	(122,860)
Cash flows provided by (used in) investing activities			
Purchases of investments	(1,113,262)	(304,990)	(1,418,252)
Proceeds from sale or maturity of investments	1,424,243	367,051	1,791,294
Investment in affiliates	(1,415)	(1,482)	(2,897)
Investment in real estate	(130,531)	—	(130,531)
Net cash provided by investing activities	179,035	60,579	239,614
Cash flows provided by (used in) financing activities			
Distributions to parent	(35,000)	—	(35,000)
Capital contribution from parent	—	5,709	5,709
Proceeds from loans and other borrowings	53,365	2,467	55,832
Repayment of loans and other borrowings	—	(69,097)	(69,097)
Net cash provided by (used in) financing activities	18,365	(60,921)	(42,556)
Effect of exchange rate changes	(28,589)	(13,723)	(42,312)
Net increase (decrease) in cash, cash equivalents, restricted cash, and restricted cash equivalents	99,293	(67,407)	31,886
Cash, cash equivalents, restricted cash, and restricted cash equivalents - beginning of year	110,643	100,654	211,297
Cash, cash equivalents, restricted cash, and restricted cash equivalents - end of year	$ 209,936	$ 33,247	$ 243,183
Supplemental Cash Flow Information:			
Interest paid	$ 6,783	$ 5,132	$ 11,915
Income taxes paid	$ 74	$ 8,230	$ 8,304
Reconciliation to consolidated balance sheet:			
Cash and cash equivalents	$ 79,231	$ 26,607	$ 105,838
Restricted cash and cash equivalents	130,705	6,640	137,345
Cash, cash equivalents, restricted cash, and restricted cash equivalents	$ 209,936	$ 33,247	$ 243,183

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

4. Significant new business

UK Home Warranty Loss Portfolio Transfer

On March 31, 2021, the Company entered into a 75% quota share reinsurance agreement, under which UK builders' warranty insurance underwritten between 2016 and 2019 underwriting years was reinsured by the Company. Completion of the transaction was conditional upon CatGen receiving approval from the BMA and the counterparty receiving a non-objection from the Prudential Regulation Authority ("PRA"). The BMA approval was received on May 3, 2021 and the non-objection from the PRA was received on May 20, 2021.

The transaction completed on March 27, 2021, at which point CatGen assumed net loss reserves of £217.0 million ($299.0 million) for a total consideration of £231.0 million ($318.3 million). Therefore, a deferred gain of £8.8 million ($12.1 million) was recognized upon completion.

U.S. Casualty Adverse Development Cover

On April 22, 2021, the Company entered into an adverse development cover ("ADC") reinsurance agreement, covering a North American casualty reinsurance portfolio for underwriting years 2013 to 2018. The required BMA approval was received on June 15, 2021.

The transaction completed on June 23, 2021, at which point CatGen assumed net loss reserves of $320.0 million for a total consideration of $336.2 million in the form of cash transferred. A deferred gain of $10.2 million was recognized upon completion.

5. Investments

a. Trading securities

The fair value of fixed maturity, equity and other investments, by asset type, as of December 31, 2021 and 2020 are as follows:

	2021	2020
Fixed maturities:		
Corporate	$ 114,035	$ 314,273
Asset-backed securities	73,922	218,329
Mortgage-backed securities	11,580	33,851
U.S. government and agency	1,049	7,910
Non-U.S. government	18,930	91,067
Municipals	447	2,144
Total fixed maturities	219,963	667,574
Equities:		
Preferred and common stocks	2,638	8,062
Total equities	2,638	8,062
Other investments:		
Hedge funds	80	8,273
Private equity	162,936	77,771
Fixed income funds	124,223	—
Debt funds	287,585	193,929
Real estate funds	58,709	17,372
Total other investments	633,533	297,345
Total investments, trading	$ 856,134	$ 972,981

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

5. Investments (continued)

Contractual maturities of the Company's fixed maturities, trading, at fair value as of December 31, 2021 are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	2021
Fixed maturities:	
Due in one year or less	$ 9,135
Due after one year through five years	79,550
Due after five years through ten years	22,958
Due after ten years	22,818
Total	134,461
Mortgage and asset backed securities	85,502
Total fixed maturities, trading	$ 219,963

b. Available-for-sale securities

The amortized cost, gross unrealized gains and losses, and the estimated fair value of fixed maturities, classified as available-for-sale, by asset type, as of December 31, 2021 and 2020 are as follows:

At December 31, 2021	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturities:				
Corporate	$ 1,173,329	$ 8,557	$ (30,538)	$ 1,151,348
Asset-backed securities	227,659	3,314	(1,184)	229,789
Mortgage-backed securities	97,401	940	(2,405)	95,936
U.S. government and agency	67,401	271	(1,689)	65,983
Non-U.S. government	170,691	5,259	(4,019)	171,931
Municipals	10,282	30	(307)	10,005
Total fixed maturities	1,746,763	18,371	(40,142)	1,724,992
Total investments, available-for-sale	$ 1,746,763	$ 18,371	$ (40,142)	$ 1,724,992

At December 31, 2020	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturities:				
Corporate	$ 525,742	$ 64,966	(20)	$ 590,688
Asset-backed securities	206,834	12,453	(2,605)	216,682
Mortgage-backed securities	37,700	1,172	(1,045)	37,827
U.S. government and agency	91,804	49	(1,428)	90,425
Non-U.S. government	261,498	25,675	—	287,173
Municipals	881	68	—	949
Total fixed maturities	1,124,459	104,383	(5,098)	1,223,744
Total investments, available-for-sale	$ 1,124,459	$ 104,383	$ (5,098)	$ 1,223,744

Proceeds from the sale of available-for-sale securities during the year ended December 31, 2021 were $1,757.5 million (2020: $1,178.6 million).

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

5. Investments (continued)

A summary of the Company's available-for-sale securities as of December 31, 2021, by contractual maturity, is shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
Fixed maturities:		
Due in one year or less	$ 39,979	$ 39,448
Due after one year through five years	279,675	277,017
Due after five years through ten years	399,307	393,258
Due after ten years	702,742	689,544
Total	1,421,703	1,399,267
Mortgage and asset backed securities	325,060	325,725
Total investments, available-for-sale	$ 1,746,763	$ 1,724,992

There were $Nil in OTTI charges related to the Company's fixed maturity securities for the year ended December 31, 2021 (2020: $Nil).

The table below summarizes the aggregate unrealized losses of the Company's available-for-sale securities by length of time the security has continuously been in an unrealized loss position as of December 31, 2021 and 2020:

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

5. Investments (continued)

	Less than 12 Months		Greater than 12 Months		Total	
At December 31, 2021	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed maturities:						
Corporate	$ 917,267	$ (29,861)	$ 21,040	$ (677)	$ 938,307	$ (30,538)
Asset-backed securities	72,413	(704)	11,250	(480)	83,663	(1,184)
Mortgage-backed securities	73,251	(1,280)	7,825	(1,125)	81,076	(2,405)
U.S. government and agency	28,379	(157)	24,941	(1,532)	53,320	(1,689)
Non-U.S. government	46,069	(2,266)	32,465	(1,753)	78,534	(4,019)
Municipals	9,848	(307)	—	—	9,848	(307)
Total fixed maturities	1,147,227	(34,575)	97,521	(5,567)	1,244,748	(40,142)
Total investments, available-for-sale	$ 1,147,227	$ (34,575)	$ 97,521	$ (5,567)	$ 1,244,748	$ (40,142)

	Less than 12 Months		Greater than 12 Months		Total	
At December 31, 2020	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed maturities:						
Corporate	$ 3,870	$ (20)	$ —	$ —	$ 3,870	$ (20)
Asset-backed securities	53,579	(2,605)	—	—	53,579	(2,605)
Mortgage-backed securities	7,162	(867)	308	(178)	7,470	(1,045)
U.S. government and agency	44,703	(1,428)	—	—	44,703	(1,428)
Non-U.S. government	—	—	—	—	—	—
Municipals	—	—	—	—	—	—
Total fixed maturities	109,314	(4,920)	308	(178)	109,622	(5,098)
Total investments, available-for-sale	$ 109,314	$ (4,920)	$ 308	$ (178)	$ 109,622	$ (5,098)

There were 821 securities as at December 31, 2021 (2020: 82) that account for the gross unrealized loss, none of which is deemed by the Company to be OTTI. As at December 31, 2021, the Company has determined that the unrealized losses on fixed maturity securities were primarily due to market interest rate movements since their date of purchase and no impairments were deemed necessary.

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

5. Investments (continued)

c. Net investment income

The components of net investment income for the years ended December 31, 2021 and 2020 are summarized as follows:

	2021	2020
Fixed maturities, including mortgage and asset-backed securities	$ 41,841	$ 45,090
Equities	1,845	(813)
Other investments	20,798	24,084
Cash and cash equivalents	245	339
Gross investment income	64,729	68,700
Investment expenses	(4,385)	(4,357)
Net investment income	$ 60,344	$ 64,343

d. Net gains (losses) on investments

Net gains (losses) on investments within the consolidated statements of income and comprehensive income (loss) for the years ended December 31, 2021 and 2020 consisted of the following:

	2021	2020
Net realized gains (losses) on sales of investments	$ 22,658	$ (60,976)
Net change in fair market value of investments, trading	(11,015)	(5,252)
Net gains (losses) on investments	$ 11,643	$ (66,228)

e. Mortgage loans

Mortgage loans are held at amortized cost. The carrying value of the Company's mortgage loans at December 31, 2021 was $109.0 million (2020: $57.1 million).

The table below provides a reconciliation of the beginning and ending balances of the mortgage loans:

	2021	2020
Balance at beginning of the year	$ 57,096	$ 84,914
Purchases during the year	81,442	2,951
Sales and maturities during the year	(28,780)	(30,411)
Foreign exchange losses	(727)	(358)
Balance at end of the year	$ 109,031	$ 57,096

Included in net investment income is $0.3 million of expenses (2020: $0.4 million) related to these mortgage loans.

6. Fair value measurements

Assets and liabilities recorded at fair value in the consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair value. An asset or a liability's categorization within the fair value hierarchy is based on the lowest level of input that is significant to its valuation. The hierarchy is broken down into three levels as follows:

6. Fair value measurements (continued)

- Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not entail a significant degree of judgment.

- Level 2 – Valuations based on quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement. These are generally company-generated inputs and are not market-based inputs.

The Company used the following valuation techniques and assumptions in estimating the fair value of financial instruments as well as the general classification of such financial instruments pursuant to the above fair value hierarchy:

Fixed maturities

At each valuation date, the Company uses a market approach technique to estimate the fair value of the fixed maturities portfolios, where possible. This market approach includes, but is not limited to, prices obtained from third party pricing services and broker-dealers for identical or comparable securities. When quoted market prices are unavailable, the pricing service prepares estimates of fair value measurements with its proprietary pricing applications, using observable market inputs such as yield curves, credit risks and spreads, measures of volatility, and expected cash flows, including prepayment speeds.

The following describes the significant inputs generally used to determine the fair value of fixed maturities by asset class:

Corporate securities consist primarily of investment-grade debt of a wide variety of corporate issuers and industries. The fair values of these securities are determined using the spread above the risk-free yield curve, reported trades, broker-dealer quotes, benchmark yields, and industry and market indicators. These are considered observable market inputs and, therefore, the fair values of these securities are classified within Level 2. Private debt securities are classified in Level 3 as the inputs used to determine their fair values are not considered to be observable. Where inputs are not observable, the Company uses an internal model and inputs include quotations from third party investment specialists and public comparisons.

Asset-backed securities consist primarily of investment-grade bonds backed by pools of loans with a variety of underlying collateral. The significant inputs used to determine the fair values of these securities includes the spread above the risk-free yield curve, reported trades, benchmark yields, broker-dealer quotes, expected cash flows including prepayment speeds, and default rates. These are considered observable market inputs and, therefore, the fair values of these securities are classified within Level 2. Some asset-backed securities have been classified in Level 3 as the inputs used to determine the fair values of these securities are not considered to be observable. Where inputs are not observable, the Company uses an internal model and inputs include quotations from third party investment specialists and public comparisons.

Mortgage-backed securities include both agency and non-agency originated securities. The significant inputs used to determine the fair values of these securities include the spread above the risk-free yield curve, reported trades, benchmark yields, broker-dealer quotes, expected cash flows including prepayment speeds, and default rates. These are considered observable market inputs and, therefore, the fair values of these securities are classified within Level 2. Certain mortgage-backed securities have been classified in Level 3 as the inputs used to determine the fair values of these securities are not considered to be observable. Where inputs are not observable, the Company uses an internal model and inputs include quotations from third party investment specialists and public comparisons.

U.S. government and agency securities consist of securities issued by the U.S. Treasury and mortgage pass-through agencies such as the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and other agencies. The significant inputs include the spread above the risk-free yield curve, reported trades and broker-dealer quotes. These are considered to be observable market inputs and, therefore, the fair values of these securities are classified within Level 2.

6. Fair value measurements (continued)

Non-U.S. government securities consist of bonds issued by non-U.S. governments and agencies along with supranational organizations. The significant inputs include the spread above the risk-free yield curve, reported trades and broker-dealer quotes. These are considered to be observable market inputs and, therefore, the fair values of these securities are classified within Level 2.

Municipal securities consist primarily of bonds issued by U.S.-domiciled state and municipal entities. The fair values of these securities are determined using the spread above the risk-free yield curve, reported trades, broker-dealer quotes and benchmark yields. These are considered observable market inputs and, therefore, the fair values of these securities are classified within Level 2.

Equity securities

Equity securities include common stocks, preferred stocks, exchange traded funds and mutual funds. Common stocks, exchange traded debt and equity funds are classified within Level 1 as the fair values are based on quoted market prices in active markets. The fair value estimates of our investments in publicly traded preferred stocks are based on observable market data and, as a result, have been categorized as Level 2. The policy for all equity securities classified within Level 3 has been described under other investments below.

Other investments

Other investments carried at fair value are subject to stringent due diligence processes. These processes are designed to assist us in assessing the quality of information provided by, or on behalf of, each fund and in determining whether such information continues to be reliable or whether additional reviews are necessary. Certain funds do not provide full transparency of their underlying holdings; however, the Company obtains the audited financial statements for funds annually and review the audited results relative to the net asset values provided by the managers, and regularly review and discuss the fund performance with the fund managers to corroborate the reasonableness of the reported net asset values ("NAV").

The Company adopted ASU 2015-07, “Disclosures for Investments in Certain Entities that Calculate NAV or its Equivalent” for investments in investment funds where fair value is measured using NAV as a practical expedient, by removing the presentation of these investments from the fair value hierarchy. The use of NAV as an estimate of the fair value for investments in certain entities that calculate NAV is a permitted practical expedient. Due to the time lag in the NAV reported by certain fund managers, the Company adjusts the valuation for capital calls and distributions. Other investments for which the Company do not use NAV as a practical expedient have been valued using prices from independent pricing services, investment managers and broker-dealers.

The fair values of hedge funds, private equity, debt funds and certain real estate funds have been estimated using the NAV of the funds reported by the entities responsible for administering the funds, where possible. In the absence of such information the assets are valued based on management’s review and judgement of such assets. As a result of the inherent uncertainty of valuation, the estimated fair value may differ materially from the value that would have been used had a ready market existed for these investments. The actual value at which these securities could be sold or settled with a willing buyer or seller may differ from the Company’s estimated fair values depending on a number of factors including, but not limited to, current and future economic conditions, the quantity sold or settled, the presence of an active market and the availability of a willing buyer or seller.

The following describes the techniques generally used to determine the fair value of our other investments:

For investments in hedge funds, the Company measures fair value by obtaining the most recently available NAV as advised by the external fund manager or third-party administrator. The fair values of these investments are measured using the NAV as a practical expedient and therefore have not been categorized within the fair value hierarchy.

For investments in private equities, the Company measures fair value by obtaining the most recently available NAV from the external fund manager or third-party administrator. The fair values of these investments are measured using the NAV as a practical expedient and therefore have not been categorized within the fair value hierarchy. In all other instances, funds are categorized as Level 3, as inputs used to determine fair value are not considered to be observable. In such cases, the Company uses an internal model and inputs include quotes from third party investment specialists, market multipliers and price-to-book ratios.

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

6. Fair value measurements (continued)

Investments in fixed income funds are valued based on prices provided by external fund managers. These funds have publicly available prices. Consequently, the Company have classified the investments as Level 2.

For investments in debt funds, the Company measure fair value by obtaining the most recently available NAV as advised by the external fund manager or third-party administrator. The fair values of these investments are measured using the NAV as a practical expedient and therefore have not been categorized within the fair value hierarchy.

Investments in real estate funds are valued based on the most recently available NAV from the external fund manager or third-party administrator. The fair value of these investments is measured using the NAV as a practical expedient and therefore has not been categorized within the fair value hierarchy.

At December 31, 2021 and 2020, the Company's financial instruments measured at fair value are categorized between Levels 1, 2 and 3, with the exception of alternative investments that use NAV as a practical expedient, shown as "NAV" in the table below.

At December 31, 2021	Level 1	Level 2	Level 3	NAV	Total Fair Value
Assets					
Fixed maturities:					
Corporate	$ —	$ 1,265,383	$ —	$ —	$ 1,265,383
Asset-backed securities	—	282,178	21,533	—	303,711
Mortgage-backed securities	—	53,654	53,862	—	107,516
U.S. government and agency	—	67,032	—	—	67,032
Non-U.S. government	—	190,861	—	—	190,861
Municipals	—	10,452	—	—	10,452
Total fixed maturities	—	1,869,560	75,395	—	1,944,955
Equity securities:					
Preferred and common stocks	—	2,638	—	—	2,638
Total equity securities	—	2,638	—	—	2,638
Other investments:					
Hedge funds	—	—	—	80	80
Private equity	—	—	6,552	156,384	162,936
Fixed income funds	—	124,223	—	—	124,223
Debt funds	—	—	—	287,585	287,585
Real estate funds	—	—	—	58,709	58,709
Total other investments	—	124,223	6,552	502,758	633,533
Total assets	$ —	$ 1,996,421	$ 81,947	$ 502,758	$ 2,581,126
Liabilities					
Long term subordinated debt	$ —	$ —	$ 13,012		$ 13,012
Total liabilities	$ —	$ —	$ 13,012		$ 13,012

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

6. Fair value measurements (continued)

At December 31, 2020	Level 1	Level 2	Level 3	NAV	Total Fair Value
Assets					
Fixed maturities:					
Corporate	$ —	$ 904,961	$ —	$ —	$ 904,961
Asset-backed securities	—	428,160	6,851	—	435,011
Mortgage-backed securities	—	71,678	—	—	71,678
U.S. government and agency	—	98,335	—	—	98,335
Non-U.S. government	—	378,240	—	—	378,240
Municipals	—	3,093	—	—	3,093
Total fixed maturities	—	1,884,467	6,851	—	1,891,318
Equity securities:					
Preferred and common stocks	6,951	1,111	—	—	8,062
Total equity securities	6,951	1,111	—	—	8,062
Other investments:					
Hedge funds	—	—	—	8,273	8,273
Private equity	—	—	6,984	70,787	77,771
Fixed income funds	—	—	—	—	—
Debt funds	—	8,965	—	184,964	193,929
Real estate funds	—	—	—	17,372	17,372
Total other investments	—	8,965	6,984	281,396	297,345
Total assets	$ 6,951	$ 1,894,543	$ 13,835	$ 281,396	$ 2,196,725
Liabilities					
Long term subordinated debt	$ —	$ —	$ 12,642		$ 12,642
Total liabilities	$ —	$ —	$ 12,642		$ 12,642

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

6. Fair value measurements (continued)

The following table presents a reconciliation of the beginning and ending balances for all financial instruments measured at fair value on a recurring basis using Level 3 inputs for the year ended December 31, 2021 and 2020.

	Level 3 Investments
Balance at beginning of year, January 1, 2020	$ 48,872
Purchases	5,680
Sales and maturities	(20,728)
Transfers	22,993
Net losses	(43,663)
Foreign exchange gains	681
Balance at end of year, December 31, 2020	$ 13,835
Purchases	56,403
Sales and maturities	(4,090)
Transfers	17,606
Net gains	1,482
Foreign exchange losses	(3,289)
Balance at end of year, December 31, 2021	$ 81,947
Level 3 losses included in earnings attributable to the change in unrealized gains and losses relating to financial instruments held at the reporting date	$ (398)

Transfers into and out of level 3 are recorded as of the end of the year consistent with the date of determination of fair value. For assets and liabilities that were transferred into Level 3 during the year, gains (losses) are presented as if the assets or liabilities had been transferred into Level 3 at the beginning of the year, similarly, for assets and liabilities that were transferred out of Level 3 during the year, gains (losses) are presented as if the assets or liabilities had been transferred out of Level 3 at the beginning of the year.

The following table presents additional information with respect to investments that are measured at fair value using NAV as a practical expedient as of December 31, 2021.

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds	$ 80	$ —	See below	See below
Private equity (*)	156,384	38,197	See below	See below
Debt funds	287,585	7,761	See below	See below
Real estate funds	58,709	22,602	See below	See below
	$ 502,758	$ 68,560		

(*) On the basis of its analysis of the nature, characteristics, and risks of the investments, the Company has determined that presenting them as single class is appropriate.

Hedge funds

This relates largely to two investments. One is an open-ended fund incorporated in Ireland. The fund strategy is to establish synthetic credit exposure through sales of liquid, standardized exchange traded index contracts with daily observable prices via an internationally regulated clearing house. The other is a fund whose strategy is to hold derivatives as hedge positions in order to protect the Catalina investment portfolio from negative market shocks in

6. Fair value measurements (continued)

either equities or credit markets. The funds' NAVs are calculated daily and both funds can be redeemed on a daily basis with a redemption notice period of one day.

Private equity

The Company's investments in private equity include investments in private equities and private equity funds. Private equity fund investments include a fund whose primary business is managing and investing in U.S. and European collateralized loan obligations ("CLO") equity, while another is involved financial and operational restructurings in Europe. Also included within private equity investments is a fund involved in buyout strategies in the U.S., Canada, and Europe, and a fund that focuses on small capital and growth opportunities in high-yield products in the global food supply chain. These funds provide net asset values on a quarterly basis. Investments in private equities include equity interest in entities involved in the acquisition, development and production of unconventional oil and gas reserves located in the Permian basin in west Texas, US. The Company generally has no right to redeem its interest in these private equities in advance of dissolution. Instead, the nature of these investments is that distributions are received by the Company in connection with the liquidation of the underlying assets of the respective private equities. It is estimated that the majority of the underlying assets of the private equities would liquidate over four to twelve years from inception. Quarterly valuations are provided by the sponsor.

Debt funds

This includes a fund that principally invests in a diversified portfolio of leveraged loans, collateralized debt obligations, high-yield bonds, commercial mortgage-backed securities, consumer and commercial asset-backed securities, credit default swaps, bank debt, options and synthetic securities and indices. This also includes an Alternative Investment Fund Manages Directive compliant Irish Collective Asset-management Vehicle that acquires individual loans and securities. The majority of these funds can be redeemed on a quarterly basis with a 65-day notice period prior to redemption. Other debt funds have a lock-up period of eight to ten years. Quarterly valuations are provided by the sponsor.

Real estate funds

This includes funds that originate mezzanine debt secured on commercial real estate to earn interest income and fees. Also included within this category is a fund involved in the development of residential real estate in the U.K. and Ireland. These funds record their real estate debt at fair value. Prices are determined using observable prevailing market conditions, performance and other similar transactions in the marketplace. It also includes a fund that provides mezzanine financing in Ireland for single-asset and portfolio acquisitions, as well as for restructuring existing loan portfolios. This fund provides net asset valuations on a quarterly basis. It is estimated that the majority of the underlying assets in this funds would liquidate over eight years from inception of the applicable fund.

7. Derivative instruments

The Company entered into foreign exchange forward contracts to mitigate the foreign exchange rate risk of fluctuation in the U.S. Dollar against certain foreign currencies. The fair value of the derivative instruments as at December 31, 2021 of $4.2 million is included in other assets (2020: $2.2 million included in accounts payable, accrued expenses and other liabilities). The loss on derivative instruments of $4.7 million for the year ended December 31, 2021 (2020: loss of $8.8 million) is included in net foreign exchange gains (losses) in the statements of income and comprehensive income (loss).

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

7. Derivative instruments (continued)

Foreign Exchange Forward Contracts		Contract Amount		Settlement Amount	Fair Value as at December 31, 2021
Euro	EUR	50,022	USD	57,251	$ 269
Euro	EUR	103,627	GBP	88,070	1,212
U.S. dollars	USD	102,961	GBP	76,707	778
Canadian dollars	CAD	9,000	USD	7,016	(97)
British pound	GBP	194,626	USD	265,300	2,059
British pound	GBP	1,500	EUR	1,771	(13)
					$ 4,208

Foreign Exchange Forward Contracts		Contract Amount		Settlement Amount	Fair Value as at December 31, 2020
Euro	EUR	66,123	USD	78,233	$ (2,567)
Euro	EUR	112,141	GBP	101,936	2,339
U.S. dollars	USD	93,466	GBP	70,994	3,636
U.S. dollars	USD	13,043	EUR	10,856	229
Canadian dollars	CAD	9,455	USD	7,372	(64)
Swedish krona	SEK	6,764	GBP	214,000	(40)
British pound	GBP	133,354	USD	176,742	(5,642)
British pound	GBP	12,202	EUR	3,566	(120)
British pound	GBP	62,912	SEK	3,566	54
					$ (2,175)

During 2021 and 2020, the Company entered into a rolling forward exchange contract to hedge the pound against the US dollar. This has been designated as a hedging instrument for financial reporting purposes. The fair value of this forward exchange contract as at December 31, 2021 was $Nil (2020: a liability $9.4 million and was included within accounts payable, accrued expenses and other liabilities). The realized and unrealized foreign exchange losses on the hedging instrument of $7.9 million for the year ended December 31, 2021 (2020: $5.2 million) are included within net income.

Foreign Exchange Forward Contracts		Contract Amount		Settlement Amount	Fair Value as at December 31, 2021
British pound	GBP	—	USD	—	$ —

Foreign Exchange Forward Contracts		Contract Amount		Settlement Amount	Fair Value as at December 31, 2020
British pound	GBP	141,056	USD	183,572	$ (9,351)

8. Investment in real estate

The Company acquires properties through its Oxenwood subsidiaries, Oxenwood UK and Oxenwood III, and through its Propco subsidiaries. They generate returns via rental income and capital appreciation.

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

8. Investment in real estate (continued)

As at December 31, 2021, the Company held 78.5% (2020: 85.5%) of Catalina Oxenwood Investments Ltd. ("COIL") which was set up as an intermediate holding company for CHBL and its subsidiaries to invest in commercial real estate, via OXW Catalina UK Limited ("Oxenwood UK"), a Guernsey incorporated company. COIL owns 98.5% (2020: 98.5%) of the shares of Oxenwood UK, while OXW Partners, through its investors, owns the remaining 1.5%.

As at December 31, 2021, the Company held 100% (2020: 93.2%) of the shares in Catalina Oxenwood European Investments Ltd. ("COEIL"), which was set up as an intermediate holding company for CHBL and its subsidiaries to invest in commercial real estate via Oxenwood Catalina III Limited ("Oxenwood III"). The Company's indirect shareholding in Oxenwood III via COEIL was 98.5% (2020: 98.5%), while OXW Partners, through its investors, owns the remaining 1.5%

CORE was set up as an intermediate holding company for CHBL and its subsidiaries to invest in commercial real estate via Oxenwood Capital LP, Oxenwood Real Estate LLP and Oxenwood Real Estate Capital LP. CORE owned 30.7% of each of these three entities. In 2019, CORE sold its investment in Oxenwood Real Estate LLP to CORE II. On November 29, 2021, CORE was liquidated. The Company held 92.5% of CORE prior to its liquidation.
As at December 31, 2021, the Company held 100.0% (2020: 99.3%) of the shares in CORE II , which was set up as an intermediate holding company for CHBL and its subsidiaries to invest in commercial real estate via OXW Capital LP, Oxenwood Real Estate LLP (purchased from CORE) and OXW Partners LP. CORE II owns 67.0% of each of these three entities (2020: 67.0%).

As at December 31, 2021, the Company held 100.0% of the shares of Newport, Yeovil and Greenock (2020: 100.0%). As at December 31, 2021, the Company held 55.9% of the shares of Swansea (2020: 55.9%).

During 2021, the Company acquired nine properties in the United Kingdom and Europe. The details of the acquired properties are as follows:

Property Name	Date Acquired	Location	Acquiring Company	Cost	Acquisition Expenses
Leicester	March 31, 2021	Leicester, UK	Oxenwood UK	$ 16,628	$ 1,054
BAE Systems	April 8, 2021	Yeovil, UK	Yeovil	10,610	664
EE Building	May 7, 2021	Greenock, UK	Greenock	12,610	820
Coventry	June 1, 2021	Coventry, UK	Oxenwood UK	24,598	1,428
Neuss	June 14, 2021	Neuss, Germany	Oxenwood III	11,070	377
Kettering	June 21, 2021	Kettering, UK	Oxenwood UK	12,437	775
Schweitenkirchen	August 3, 2021	Schweitenkirchen, Germany	Oxenwood III	22,414	1,383
Wolverhampton	December 2, 2021	UK	Oxenwood UK	16,765	1,230
Hilden	December 28, 2021	Hilden, Germany	Oxenwood III	12,386	1,406

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

8. Investment in real estate (continued)

During 2020, the Company acquired six properties in the United Kingdom. The details of the acquired properties are as follows:

Property Name	Date Acquired	Location	Acquiring Company	Cost	Acquisition Expenses
Southall	January 30, 2020	Southall, UK	Oxenwood UK	$ 22,355	$ 1,444
Manchester	January 17, 2020	Manchester,UK	Oxenwood UK	19,979	1,302
Eastleigh North	January 17, 2020	Eastleigh, UK	Oxenwood UK	7,427	518
Eastleigh South	January 17, 2020	Eastleigh, UK	Oxenwood UK	8,057	603
Basildon	December 10, 2020	Basildon, UK	Oxenwood UK	46,625	3,852
Newport	March 24, 2020	Newport, UK	Newport	20,108	1,062

In December 2020, the portfolio of Oxenwood properties were disposed of through a sale transaction. The proceeds of the sale were £141.8 million ($193.9 million) for the properties within Oxenwood UK and €47.6 million ($59.0 million) for the properties within Oxenwood III. The gain on the sale of properties within Oxenwood UK was £21.4 million ($27.4 million), and the gain on sale of properties within Oxenwood III was €16.3 million ($18.6 million). The gain on sale has been recorded within gain on sale on real estate in the consolidated statement of income and comprehensive income (loss) in 2020 and 2021, upon completion of the sale. Operating and investing cash flows have been adjusted for cash flows related to this sale of properties.

There were no disposals of properties during 2021.

The cost of each property is split between land and buildings. The cost of the buildings is depreciated over a period of 40 years on a straight-line basis. Income from these real estate investments is recognized as per the terms of the lease agreements.

	2021	2020
Land, at cost	$ 94,051	$ 27,844
Buildings, at cost	134,138	55,258
Accumulated depreciation, buildings	(2,807)	(1,087)
Buildings, net of accumulated depreciation	131,331	54,171
Total	$ 225,382	$ 82,015

The total estimated market value of the real estate properties as at December 31, 2021 is $226.7 million (2020: $81.5 million).

9. Outstanding losses and loss expenses

Outstanding losses and loss expenses as of December 31, 2021 and 2020 are as follows:

	2021	2020
Case reserves	$ 855,720	$ 1,071,894
Incurred but not reported	2,111,104	1,661,041
Structured settlements	266,717	278,251
Life reserves	5,774	10,606
Net deferred gain	29,126	48,618
	$ 3,268,441	$ 3,070,410

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

9. Outstanding losses and loss expenses (continued)

In 2021, the net deferred gain relates to the Zurich Employers Liability LPT and the new UK home warranty transaction. This was offset by the deferred charge on the Arch LPT, the 65% Quota-Share Reinsurance Agreement of Catalina Insurance Ireland dac (CII) and the new ADC transaction.

In 2020, the net deferred gain related to the Zurich Employers Liability LPT. This was offset by the deferred charge on the Arch LPT and the 65% Quota-Share Reinsurance Agreement of CII.

The following table represents the activity in outstanding losses and loss expenses for the years ended December 31, 2021 and 2020:

	2021	2020
Gross outstanding losses and loss expenses, beginning of year	$ 3,070,410	$ 4,079,496
Less reinsurance recoverable, beginning of year	(1,284,530)	(2,124,387)
Net losses and loss expenses, beginning of year	1,785,880	1,955,109
Net losses and loss expenses assumed during the year	663,482	—
Net incurred losses related to:		
Current year	(45)	169
Prior years	2,374	31,838
	2,329	32,007
Net paid losses related to:		
Current year	(115)	(305)
Prior years	(290,022)	(262,684)
	(290,137)	(262,989)
Foreign exchange losses	(49,725)	61,753
Net losses and loss expenses, end of year	2,111,829	1,785,880
Reinsurance recoverable, end of year	1,156,612	1,284,530
Gross outstanding losses and loss expenses, end of year	$ 3,268,441	$ 3,070,410

During the year ended December 31, 2021, the Company experienced net unfavorable loss and loss adjusting expense development of $2.3 million. This was primarily driven by $6.9 million of adverse development on U.S. casualty lines as a result of a strengthening in U.S. abuse claims. International casualty lines also showed $1.2 million of adverse development, while employers liability lines incurred $1.0 million of adverse development, primarily driven by asbestos exposures. International motor lines of business experienced $1.0 million of adverse development following increases in tail end expectations on claim duration. This was partially offset by favorable development on builders' warranty of $1.8 million, while marine and aviation lines incurred $3.0 million of reduction in estimates of net ultimate losses due to favorable experience across the sector. In addition, property lines experienced favorable development of $1.6 million during the year.

Also included in net incurred losses and loss expenses for the year ended December 31, 2021, is $7.9 million of net deferred income on retroactive reinsurance and cost savings of $0.9 million on coverage settlement. This was partially offset by unallocated loss adjustment expenses of $6.1 million and $1.3 million of changes in the provision for reinsurance incurred during the year.

During the year ended December 31, 2020, the Company experienced net unfavorable loss and loss adjusting expense development of $32.0 million. The primary drivers included adverse development on U.S. and international casualty lines of business of $9.7 million. In addition, strengthening of reserves on an international motor line of business of $2.1 million was recognized from periodic payment orders. This was partially offset by favorable development on marine and aviation lines of business which resulted in a reduction of $3.3 million in net ultimate losses due to favorable experience across these sectors. In addition, an all builders risk portfolio, primarily out of Glacier Re, experienced $5.6 million of favorable development during the year.

9. Outstanding losses and loss expenses (continued)

Also included in net incurred losses and loss adjusting expenses for the year ended December 31, 2020, is $23.7 million of deferred charge amortization on retroactive reinsurance, strengthening of unallocated loss adjustment expenses of $0.7 million on a U.S. workers compensation treaty, and $4.7 million of costs associated with settling claims on U.S. and international casualty reinsurance quota share treaties.

Actuarial Methodology and Methods for Establishing Reserves

The Company uses both historical experience and industry-wide loss development factors to provide a reasonable basis for estimating future losses. In the future, certain events may be beyond the control of management, such as changes in law, judicial interpretations of law and inflation which may favorably or unfavorably impact the ultimate settlement of the Company's loss and loss adjustment reserves.

The process of establishing reserves can be complex and is subject to considerable variability, as it requires the use of judgement to make informed estimates. These estimates are based on numerous factors and may be revised, as additional experience and other data becomes available, and reviewed, as new improved methodologies are developed or as current laws change.

The Company utilizes a variety of standard actuarial methods in its analysis of loss reserves. The selections from these various methods are based on the loss development characteristics of the specific line of business and significant actuarial judgement. The main actuarial methods the Company utilizes are:

Reported development method is based upon the assumption that the relative change in a given year's reported loss estimates from one evaluation point to the next is similar to the relative change in prior years' reported loss estimates at similar evaluation points. In utilizing this method, actual annual historical reported loss data is evaluated. Successive years can be arranged to form a triangle of data. Age to Age ("ATA") development factors are calculated to measure the change in cumulative reported costs from one evaluation point to the next. These historical ATA factors and comparable benchmark factors form the basis for selecting ATA factors used in projecting the current valuation of losses to an ultimate basis. In addition, a tail factor is based on trends shown in the data and consideration of external benchmarks. This method's implicit assumption is that the relative adequacy of case reserves has been consistent over time, and that there have been no material changes in the rate at which claims have been reported.

The paid development method is similar to the reported development method, however, case reserves are excluded from the analysis. While this method has the disadvantage of not recognizing the information provided by the current case reserves, it has the advantage of avoiding potential distortions in the data due to changes in case reserving methodology. This method's implicit assumption is that the rate of payment of claims has been relatively consistent over time.

The expected loss ratio method calculates the ultimate loss projections based upon some prior measure of the anticipated losses, usually relative to some measure of exposure, such as premiums, revenues, or payroll. An expected loss ratio (or loss cost/pure premium) is applied to the measure of exposure to determine estimated ultimate losses for each year. Actual losses are not considered in this calculation. This method has the advantage of stability over time because the ultimate loss estimates do not change unless the exposures of pure premiums change. However, this advantage of stability is offset by a lack of responsiveness since this method does not consider actual loss experience as it emerges. This method is based on the assumption that the expected loss ratio per unit of exposure is a good indication of ultimate losses and it is often dependent on pricing assumptions.

Reported Bornhuetter-Ferguson ("BF-IBNR") method is essentially a blend of two other methods. The first method is the loss development method whereby actual reported losses are multiplied by an expected loss development factor. For slow reporting coverages, the loss development method can lead to erratic and unreliable projections because a relatively small swing in early reporting can result in a large swing in ultimate projections. The second method is the expected loss method whereby the estimate for the incurred but not reported losses ("IBNR") equals the difference between a predetermined estimate of expected losses and actual reported losses. This has the advantage of stability, but it does not respond to actual results as they emerge. The reported BF-IBNR

9. Outstanding losses and loss expenses (continued)

method contains these two methods by setting ultimate losses equal to actual reported losses plus expected unreported losses. As an experience year matures and expected unreported losses become smaller, the initial expected loss assumption becomes gradually less important.

Paid Bornhuetter-Ferguson method is analogous to the reported BF-IBNR method using paid losses and development patterns in place of reported losses and patterns.

The frequency / severity method calculates ultimate losses by separately projecting ultimate claim frequency (claims per exposure) and ultimate claim severity (cost per claim) for each experience period. Typically, loss development methods are used to project ultimate frequency and severity based on historical data. Ultimate losses are calculated as the product of the two items. This method is intended to avoid distortions that may exist with the other methods for the most recent years as the result of changes in case reserve levels, settlement rates, etc. In addition, it may provide insight into the drivers of the loss experience.

The Workers' Compensation ("WC") tabular method is designed to evaluate the value associated with a block of workers compensation claims. It is tailored for modelling claims with mortality exposure such as permanent total, permanent partial and death claims. The approach in the model is designed for evaluating existing claims, not IBNR claims. The model projects future estimate of medical and indemnity costs taking into consideration, life expectancy (including impairment and sex – male/female), medical inflation, as well as indemnity inflation. The annual medical inflation rate is assumed to be 2.0% (2020: 2.0%). Indemnity benefits are only inflated if the specific state calls for future indemnity benefits to be indexed.

The Period Payment Order ("PPO") or annuity method is designed to evaluate the value associated with a block of PPOs and/or annuity claims and it is tailored for modelling lifetime claims. The assumed annual inflation trend for UK PPO's is based on the historical UK Consumer Price Index ("CPI"). The assumed annual inflation trend for German Medical Malpractice annuity claims is based off the historical German CPI. The life expectancy is based on UK and German Life Tables. The normal life expectancy is adjusted due to an impairment of a claimant that is expected to shorten his/her life below a normal life expectancy for his/her age based on medical evaluation of each claimant by medical experts.

On PPOs and annuities, due to the long delay from when a claim is settled and when the final payment will be made, the outstanding claims are discounted to take account of investment income expected to be earned to the final payment date. For 2021, the Company discounts its PPO claims at a real discount rate of 0.0% (2020: 0.0%) and annuities at a real discount rate of 0.3% (2020: 0.3%). For known PPO claims and annuities, cash flows were projected in accordance with the claimants' life expectancy adjusted for specific information on any impairments that the claimant may have that may impact their life expectancy. These cash flows are then discounted to the valuation date at an assumed discount rate. The Company has discounted the cash flows as management is of the opinion that estimating undiscounted reserves for PPO claims and annuities is neither reliable nor representative of the underlying value of the losses. The unreliability stems from the significant uncertainty involved in estimating an absolute level of indexation. Management believes that discounting cash flows using a real yield assumption based on the relationship of investment returns relative to inflation indices is more reliable in the long term.

U.S. Asbestos Projection method is based on ground up exposure evaluation based on a model ("Asbestos Model") consisting of insureds' ultimate liabilities applied to their respective coverage charts. The Asbestos Model makes use of future claim filing patterns extending beyond 2050 developed by researchers using data from the Manville Trust and based on epidemiological studies of asbestos-related diseases. Projection of future claims (filing) and cost per claim (severity) is based on the most recent experience of each underlying insured's trends. These estimated costs are then spread over applicable years of coverage after allowing for impact of policy language, state and federal court decisions and legislation. The costs are then applied to the insured's policy limits and attachment points that CWIL participated on. Catalina's internal Asbestos Model was only used to estimate CWIL's U.S. Asbestos losses for the Direct and Assumed Reinsurance books. On all other portfolios, the Company relied on benchmarking methods to estimate the U.S. asbestos losses.

9. Outstanding losses and loss expenses (continued)

U.S. Pollution Projection method is a ground-up exposure evaluation of individual assessments of the ultimate liabilities from the most significantly exposed insureds to U.S. Pollution. The individual assessments involve the analysis of the costs of investigation and clean-up costs based upon attorney, cedent and consultant estimates. These costs are then spread over applicable years of coverage after allowing for the impact of policy language, state and federal court decisions and legislation. The costs are then applied to the insured's policy limits and deductibles that Catalina participated on. Catalina's internal U.S. Pollution model was only used to estimate HFPI (CWIL) U.S. Pollution losses for the Direct and Assumed Reinsurance books.

For the Company's exposure to U.S. A&E from other acquired portfolios, the methodologies are based on industry benchmarks (*Survival Ratio and IBNR to Case Ratio methods*). For UK EL Asbestos, the Company's reserve estimate relies on a Frequency / Severity methodology. The Company's pattern of future reported asbestos claim counts (particularly mesothelioma) are modelled using the publicly available "2020 AWP model", which was developed by the Institute and Faculty of Actuaries ("IFoA") UK Asbestos Working Party ("AWP"). Furthermore, the Company has adopted the model updates released in 2019, including additional allowance for claimants over age 90 and claims beyond 2050.

Management believes that the assumptions used represent a realistic and appropriate basis for estimating the outstanding losses and loss expenses as of December 31, 2021 and 2020. However, these assumptions are subject to change and the Company regularly reviews and adjusts its reserve estimates and reserving methodologies taking into account all currently known information and updated assumptions related to unknown information.

Short Duration Contracts Disclosure

The Company has disaggregated its claims information presented in the tables below by the business acquisition year. The development is presented by accident year, net of reinsurance, from the last nine calendar years. Only nine years of information has been presented as it was impractical to obtain sufficiently detailed additional information on earlier years.

The following tables set forth information about incurred and paid claims developments as of December 31, 2021, net of reinsurance, as well as cumulative claim frequency and the total of incurred-but-not-reported liabilities plus expected development on reported claims included within the net incurred claims amounts, related to the Company's 2013 through 2021 acquisition years. The Company being a run-off reinsurer, the claim counts were available on a very limited basis and therefore they have not been provided in the tables below as it was impractical to do so.

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

9. Outstanding losses and loss expenses (continued)

The following tables show the incurred and paid claims development for business acquired and contracts incepting during the years ended December 31, 2013 to December 31, 2021.

Business acquired and contracts incepting in the year ended December 31, 2013:

Incurred Losses and Loss Expenses, and IBNR, Net of Reinsurance

		For the years ended December 31,										December 31, 2021	
Accident Year	**Total net reserves acquired**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**Total IBNR Reserve, Net of Reinsurance**	**Cumulative Claim Count**
		Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*			
2011 and prior	$ 115,234	$ —	$ 115,234	$ 109,623	$ 107,309	$ 106,036	$ 109,458	$ 109,235	$ 109,585	$ 110,804	$ 110,782	$ 2,968	n/a
2012	27,310	—	27,310	25,980	25,431	25,130	25,941	25,896	25,961	26,193	26,193	565	n/a
2013	41,983	—	41,983	39,939	39,096	38,632	39,879	39,809	39,904	40,251	40,251	843	n/a
2014	14,673	—	14,673	13,959	13,664	13,502	13,938	13,913	13,944	14,058	14,058	278	n/a
2015	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2016	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2017	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2018	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2019	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2020	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2021	—	—	—	—	—	—	—	—	—	—	—	—	n/a
Total	$ 199,200										$ 191,284	$ 4,654	n/a

Cumulative Paid Losses and Loss Expenses, Net of Reinsurance

	For the years ended December 31,									
Accident Year	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	
2011 and prior	$ —	$ 18,145	$ 43,393	$ 57,216	$ 72,169	$ 81,420	$ 84,874	$ 86,898	$ 93,876	$ 97,058
2012	—	4,300	10,284	13,560	17,103	19,296	21,011	21,770	22,971	23,576
2013	—	6,611	15,809	20,845	26,293	29,664	32,250	33,736	35,442	36,345
2014	—	2,310	5,525	7,286	9,190	10,368	11,239	11,967	12,471	12,769
2015	—	—	—	—	—	—	—	—	—	—
2016	—	—	—	—	—	—	—	—	—	—
2017	—	—	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—	—
Total										$ 169,748
Total outstanding liabilities for losses and loss expenses, net of reinsurance										$ 21,536

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

9. Outstanding losses and loss expenses (continued)

Business acquired and contracts incepting in the year ended December 31, 2014:

Incurred Losses and Loss Expenses, and IBNR, Net of Reinsurance

		For the years ended December 31,										December 31, 2021	
Accident Year	Total net reserves acquired	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total IBNR Reserve, Net of Reinsurance	Cumulative Claim Count
		Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*			
2011 and prior	$ 84,101	$ —	$ —	$ 84,101	$ 77,256	$ 62,556	$ 59,298	$ 53,133	$ 46,818	$ 44,925	$ 43,192	$ 306	n/a
2012	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2013	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2014	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2015	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2016	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2017	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2018	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2019	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2020	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2021	—	—	—	—	—	—	—	—	—	—	—	—	n/a
Total	$ 84,101										$ 43,192	$ 306	n/a

Cumulative Paid Losses and Loss Expenses, Net of Reinsurance

	For the years ended December 31,									
Accident Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	
2011 and prior	$ —	$ —	$ —	$ 17,540	$ 20,126	$ 23,197	$ 28,433	$ 31,095	$ 31,554	$ 32,942
2012	—	—	—	—	—	—	—	—	—	—
2013	—	—	—	—	—	—	—	—	—	—
2014	—	—	—	—	—	—	—	—	—	—
2015	—	—	—	—	—	—	—	—	—	—
2016	—	—	—	—	—	—	—	—	—	—
2017	—	—	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—	—
Total										$ 32,942
Total outstanding liabilities for losses and loss expenses, net of reinsurance										$ 10,250

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

9. Outstanding losses and loss expenses (continued)

Business acquired and contracts incepting in the year ended December 31, 2015:

Incurred Losses and Loss Expenses, and IBNR, Net of Reinsurance

	For the years ended December 31,											December 31, 2021	
Accident Year	Total net reserves acquired	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total IBNR Reserve, Net of Reinsurance	Cumulative Claim Count
		Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*			
2011 and prior	$ 42,415	$ —	$ —	$ —	$ 42,415	$ 41,515	$ 39,877	$ 38,707	$ 36,762	$ 36,549	$ 36,031	$ 2,763	n/a
2012	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2013	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2014	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2015	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2016	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2017	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2018	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2019	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2020	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2021	—	—	—	—	—	—	—	—	—	—	—	—	n/a
Total	$ 42,415										$ 36,031	$ 2,763	n/a

Cumulative Paid Losses and Loss Expenses, Net of Reinsurance

	For the years ended December 31,									
Accident Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	
2011 and prior	$ —	$ —	$ —	$ 18,740	$ 17,790	$ 19,949	$ 21,524	$ 23,616	$ 23,697	$ 25,670
2012	—	—	—	—	—	—	—	—	—	—
2013	—	—	—	—	—	—	—	—	—	—
2014	—	—	—	—	—	—	—	—	—	—
2015	—	—	—	—	—	—	—	—	—	—
2016	—	—	—	—	—	—	—	—	—	—
2017	—	—	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—	—
Total										$ 25,670
Total outstanding liabilities for losses and loss expenses, net of reinsurance										$ 10,361

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

9. Outstanding losses and loss expenses (continued)

Business acquired and contracts incepting in the year ended December 31, 2016:

Incurred Losses and Loss Expenses, and IBNR, Net of Reinsurance

		For the years ended December 31,										December 31, 2021	
Accident Year	Total net reserves acquired	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total IBNR Reserve, Net of Reinsurance	Cumulative Claim Count
		Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*			
2011 and prior	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	n/a
2012	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2013	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2014	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2015	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2016	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2017	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2018	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2019	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2020	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2021	—	—	—	—	—	—	—	—	—	—	—	—	n/a
Total	$ —										$ —	$ —	n/a

Cumulative Paid Losses and Loss Expenses, Net of Reinsurance

	For the years ended December 31,									
Accident Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	
2011 and prior	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
2012	—	—	—	—	—	—	—	—	—	—
2013	—	—	—	—	—	—	—	—	—	—
2014	—	—	—	—	—	—	—	—	—	—
2015	—	—	—	—	—	—	—	—	—	—
2016	—	—	—	—	—	—	—	—	—	—
2017	—	—	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—	—
Total										$ —
Total outstanding liabilities for losses and loss expenses, net of reinsurance										$ —

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

9. Outstanding losses and loss expenses (continued)

Business acquired and contracts incepting in the year ended December 31, 2017:

Incurred Losses and Loss Expenses, and IBNR, Net of Reinsurance

		For the years ended December 31,										December 31, 2021	
Accident Year	Total net reserves acquired	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total IBNR Reserve, Net of Reinsurance	Cumulative Claim Count
		Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*			
2011 and prior	$ 397,361	$ —	$ —	$ —	$ —	$ —	$ 387,761	$ 375,938	$ 377,443	$ 385,051	$ 391,695	$ 171,367	n/a
2012	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2013	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2014	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2015	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2016	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2017	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2018	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2019	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2020	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2021	—	—	—	—	—	—	—	—	—	—	—	—	n/a
Total	$ 397,361										$ 391,695	$ 171,367	n/a

Cumulative Paid Losses and Loss Expenses, Net of Reinsurance

	For the years ended December 31,									
Accident Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	
2011 and prior	$ —	$ —	$ —	$ —	$ —	$ 4,730	$ 23,241	$ 43,102	$ 73,477	$ 104,581
2012	—	—	—	—	—	—	—	—	—	—
2013	—	—	—	—	—	—	—	—	—	—
2014	—	—	—	—	—	—	—	—	—	—
2015	—	—	—	—	—	—	—	—	—	—
2016	—	—	—	—	—	—	—	—	—	—
2017	—	—	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—	—
Total										$ 104,581
Total outstanding liabilities for losses and loss expenses, net of reinsurance										$ 287,114

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

9. Outstanding losses and loss expenses (continued)

Business acquired and contracts incepting in the year ended December 31, 2018:

		Incurred Losses and Loss Expenses, and IBNR, Net of Reinsurance For the years ended December 31,										December 31, 2021	
Accident Year	Total net reserves acquired	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total IBNR Reserve, Net of Reinsurance	Cumulative Claim Count
		Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*			
2011 and prior	$ 511,838	$ —	$ —	$ —	$ —	$ —	$ —	$ 581,561	$ 580,795	$ 638,754	$ 644,073	$ 9,901	n/a
2012	19,053	—	—	—	—	—	—	20,348	20,460	19,656	19,661	304	n/a
2013	36,944	—	—	—	—	—	—	61,879	62,207	61,388	61,568	952	n/a
2014	32,367	—	—	—	—	—	—	79,684	80,359	79,603	81,215	1,256	n/a
2015	34,529	—	—	—	—	—	—	76,093	77,040	76,149	77,906	1,205	n/a
2016	25,942	—	—	—	—	—	—	66,286	66,530	66,083	66,330	1,026	n/a
2017	9,474	—	—	—	—	—	—	43,506	42,234	41,885	42,008	650	n/a
2018	—	—	—	—	—	—	—	17,068	16,986	16,934	17,265	267	n/a
2019	—	—	—	—	—	—	—	1,907	3,224	3,482	3,693	57	n/a
2020	—	—	—	—	—	—	—	—	370	826	1,233	19	n/a
2021	—	—	—	—	—	—	—	—	—	197	604	9	n/a
Total	$ 670,147										$1,015,556	$ 15,646	n/a

	Cumulative Paid Losses and Loss Expenses, Net of Reinsurance For the years ended December 31,									
Accident Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	
2011 and prior	$ —	$ —	$ —	$ —	$ —	$ —	$ 175,465	$ 246,257	$ 279,926	$ 354,994
2012	—	—	—	—	—	—	9,615	13,692	13,616	14,954
2013	—	—	—	—	—	—	31,077	41,956	52,759	53,674
2014	—	—	—	—	—	—	42,818	55,765	68,180	66,256
2015	—	—	—	—	—	—	39,149	52,843	57,154	59,507
2016	—	—	—	—	—	—	29,376	42,411	40,901	55,193
2017	—	—	—	—	—	—	17,148	25,156	23,903	34,983
2018	—	—	—	—	—	—	5,927	9,232	12,827	13,708
2019	—	—	—	—	—	—	362	1,165	2,005	2,478
2020	—	—	—	—	—	—	—	19	306	574
2021	—	—	—	—	—	—	—	—	6	65
Total										$ 656,386
Total outstanding liabilities for losses and loss expenses, net of reinsurance										$ 359,170

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

9. Outstanding losses and loss expenses (continued)

Business acquired and contracts incepting in the year ended December 31, 2019:

Incurred Losses and Loss Expenses, and IBNR, Net of Reinsurance

		For the years ended December 31,										December 31, 2021	
Accident Year	Total net reserves acquired	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total IBNR Reserve, Net of Reinsurance	Cumulative Claim Count
		Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*			
2011 and prior	$ 792,819	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 782,850	$ 757,867	$ 766,488	$ 516,732	n/a
2012	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2013	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2014	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2015	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2016	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2017	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2018	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2019	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2020	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2021	—	—	—	—	—	—	—	—	—	—	—	—	n/a
Total	$ 792,819										$ 766,488	$ 516,732	n/a

Cumulative Paid Losses and Loss Expenses, Net of Reinsurance

	For the years ended December 31,									
Accident Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	
2011 and prior	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 21,957	$ 58,697	$ 124,477
2012	—	—	—	—	—	—	—	—	—	—
2013	—	—	—	—	—	—	—	—	—	—
2014	—	—	—	—	—	—	—	—	—	—
2015	—	—	—	—	—	—	—	—	—	—
2016	—	—	—	—	—	—	—	—	—	—
2017	—	—	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—	—
Total										$ 124,477
Total outstanding liabilities for losses and loss expenses, net of reinsurance										$ 642,011

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

9. Outstanding losses and loss expenses (continued)

Business acquired and contracts incepting in the year ended December 31, 2020:

Incurred Losses and Loss Expenses, and IBNR, Net of Reinsurance

Accident Year	Total net reserves acquired	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total IBNR Reserve, Net of Reinsurance	Cumulative Claim Count
		For the years ended December 31,										December 31, 2021	
		Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*			
2011 and prior	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	n/a
2012	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2013	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2014	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2015	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2016	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2017	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2018	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2019	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2020	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2021	—	—	—	—	—	—	—	—	—	—	—	—	n/a
Total	$ —										$ —	$ —	n/a

Cumulative Paid Losses and Loss Expenses, Net of Reinsurance

Accident Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	For the years ended December 31,									
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	
2011 and prior	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
2012	—	—	—	—	—	—	—	—	—	—
2013	—	—	—	—	—	—	—	—	—	—
2014	—	—	—	—	—	—	—	—	—	—
2015	—	—	—	—	—	—	—	—	—	—
2016	—	—	—	—	—	—	—	—	—	—
2017	—	—	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—	—
Total										$ —
Total outstanding liabilities for losses and loss expenses, net of reinsurance										$ —

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

9. Outstanding losses and loss expenses (continued)

Business acquired and contracts incepting in the year ended December 31, 2021:

Incurred Losses and Loss Expenses, and IBNR, Net of Reinsurance

		For the years ended December 31,										December 31, 2021	
Accident Year	Total net reserves acquired	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total IBNR Reserve, Net of Reinsurance	Cumulative Claim Count
		Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*			
2011 and prior	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	n/a
2012	—	—	—	—	—	—	—	—	—	—	—	—	n/a
2013	53,000	—	—	—	—	—	—	—	—	—	26,763	26,526	n/a
2014	53,000	—	—	—	—	—	—	—	—	—	55,765	55,765	n/a
2015	53,000	—	—	—	—	—	—	—	—	—	55,765	55,765	n/a
2016	114,279	—	—	—	—	—	—	—	—	—	86,036	85,146	n/a
2017	123,267	—	—	—	—	—	—	—	—	—	120,746	118,836	n/a
2018	128,666	—	—	—	—	—	—	—	—	—	127,854	125,734	n/a
2019	89,390	—	—	—	—	—	—	—	—	—	109,418	107,021	n/a
2020	—	—	—	—	—	—	—	—	—	—	44,157	42,859	n/a
2021	—	—	—	—	—	—	—	—	—	—	—	—	n/a
Total	$ 614,602										$ 626,504	$ 617,652	n/a

Cumulative Paid Losses and Loss Expenses, Net of Reinsurance

	For the years ended December 31,									
Accident Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	
2011 and prior	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
2012	—	—	—	—	—	—	—	—	—	—
2013	—	—	—	—	—	—	—	—	—	—
2014	—	—	—	—	—	—	—	—	—	—
2015	—	—	—	—	—	—	—	—	—	—
2016	—	—	—	—	—	—	—	—	—	309
2017	—	—	—	—	—	—	—	—	—	663
2018	—	—	—	—	—	—	—	—	—	736
2019	—	—	—	—	—	—	—	—	—	832
2020	—	—	—	—	—	—	—	—	—	451
2021	—	—	—	—	—	—	—	—	—	—
Total										$ 2,991
Total outstanding liabilities for losses and loss expenses, net of reinsurance										$ 623,513

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

9. Outstanding losses and loss expenses (continued)

The reconciliation of the net incurred and paid claims development tables to the liability for claims and claim adjustment expenses in the consolidated balance sheet is as follows:

	2021
Net losses and loss expenses	
Surety	$ 40,251
Health	106,600
International Casualty	926,061
Property	253,544
U.S. Casualty	559,524
U.S. Professional	41,434
Other lines	26,541
Total net outstanding losses and loss expenses	1,953,955
Loss reserves recoverable	
Surety	—
Health	7,259
International Casualty	833,633
Property	255
U.S. Casualty	23,694
U.S. Professional	—
Other lines	281
Total loss reserves recoverable	865,122
Unallocated loss adjustment expenses, net	32,621
Net deferred gain	29,126
Structured settlements, life reserves and other adjustments	387,617
Total gross outstanding losses and loss expenses	$ 3,268,441

The following unaudited supplementary information represents the average annual percentage payout of net losses and loss expenses, net of reinsurance, by run-off book of business at December 31, 2021:

	Average Annual Percentage Payout of Net Losses and Loss Expenses, Net of Reinsurance (Number of Years)								
Year of acquisition	2013	2014	2015	2016	2017	2018	2019	2020	2021
2012	2.0 %	5.0 %	7.0 %	8.0 %	9.0 %	15.0 %	17.0 %	18.0 %	19.0 %
2013	1.0 %	3.0 %	3.0 %	4.0 %	5.0 %	16.0 %	19.0 %	24.0 %	25.0 %
2014	— %	— %	— %	— %	— %	20.0 %	26.0 %	28.0 %	26.0 %
2015	— %	— %	— %	— %	— %	17.0 %	25.0 %	27.0 %	31.0 %
2016	— %	— %	— %	— %	— %	18.0 %	26.0 %	20.0 %	36.0 %
2017	— %	— %	— %	— %	— %	15.0 %	22.0 %	30.0 %	33.0 %
2018	— %	— %	— %	— %	— %	7.0 %	21.0 %	31.0 %	41.0 %
2019	— %	— %	— %	— %	— %	— %	1.0 %	24.0 %	75.0 %
2020	— %	— %	— %	— %	— %	— %	— %	12.0 %	88.0 %
2021	— %	— %	— %	— %	— %	— %	— %	— %	100.0 %

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

10. Reinsurance balances recoverable on paid and unpaid losses

Reinsurance balances recoverable on paid and unpaid losses as of December 31, 2021 and 2020 are as follows:

	2021	2020
Case reserves	$ 210,022	$ 271,879
Incurred but not reported	679,870	724,058
Structured settlements	266,720	288,593
	$ 1,156,612	$ 1,284,530

The fair value of the reinsurance balances recoverable on paid and unpaid losses was based on the estimated timing of reserve settlements discounted at a risk-adjusted rate determined by management reflecting credit risk and duration.

CatGen, through its Canadian branch, has assumed ownership of certain structured settlements and has purchased annuities from life insurance companies to provide fixed and recurring payments to the claimants. The gross liability for the structured settlements is fully recoverable from the life insurance companies resulting in no net liability to the Company. These annuities are fully funded and were purchased from Canadian life insurance companies with an S&P Global Ratings (“S&P) Financial Strength Rating of A+ and higher. In the event of the life insurance companies being unable to meet their obligations under the structured settlements to the Company, 85% of the total exposure is recoverable from the Canada Life and Health Insurance Compensation Corporation, under Canadian Federal regulation, leaving a net credit risk exposure of approximately $40.0 million.

Top Reinsurers

The balance of reinsurance recoverable on paid and unpaid losses at December 31, 2021 and 2020 was distributed based on the ranking and ratings of the reinsurers:

	2021	2020
Top 5 reinsurers	$ 1,057,099	$ 1,169,724
Other reinsurers	99,513	114,806
	$ 1,156,612	$ 1,284,530

	2021		2020	
Rating	$	%	$	%
A+ and above	$ 459,735	39.7 %	$ 518,437	40.4 %
A	1,148	0.1 %	12,459	1.0 %
A- and below	2,124	0.2 %	2,570	0.1 %
Not rated	693,605	60.0 %	751,064	58.5 %
	$ 1,156,612	100.0 %	$ 1,284,530	100.0 %

See “Note 12. Concentrations, commitments and contingencies” for additional information related to unrated balances included in the table above.

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

11. Debt obligations

The Company's debt obligations as of December 31, 2021 and 2020 were as follows:

Facility	Issuing Entity	2021	2020
Real estate investment term loan facilities	Oxenwood/Newport/Swansea	$ 84,502	$ 17,092
Subordinated Notes due 2027	CII	26,849	28,731
Subordinated Notes due 2027	CatGen	45,500	45,500
Subordinated Notes due 2028	CatGen	25,000	25,000
Subordinated Notes due 2035	Glacier	13,012	12,642
Total debt obligations		$ 194,863	$ 128,965

The Company utilizes proceeds from its debt obligations for acquisitions, new business, to purchase real estate investments and for general corporate purposes.

Real Estate Investment Term Loan Facilities

In 2019, the Company's Oxenwood subsidiaries entered into Term Loan Facility Agreements with National Westminster Bank plc ("NatWest") and Wurttemberg ("LBBW"), in order to partially fund the purchase of real estate investments. These were due to mature on December 20, 2022 and March 25, 2022 respectively. During 2020, as part of the sale of the Oxenwood properties, both of these Term Loan Facility Agreements were assigned to the purchaser.

On December 20, 2021, the Company's Oxenwood subsidiaries entered into a Term Loan Facility Agreement with NatWest in which £51.5 million was drawn on the total commitment of £56.8 million. The loan accrues interest daily and is calculated using a floating rate comprised of a margin plus the Sterling Overnight Index Average. The loan term is four years from origination.

In 2020, the Company's Newport and Swansea subsidiaries entered into a Term Loan Facility Agreement with Allied Irish Bank ("AIB"), in order to fund their purchase of real estate investments. These term loans mature in 2024 and 2025 and are secured by a first ranking legal charge over the properties.

Each of the Real Estate Investment Term Loan Facility Agreements has financial covenants in relation to net rental income interest cover and loan to value. During 2021 and 2020, each of the Oxenwood, Newport and Swansea subsidiaries was in compliance with all covenants under their respective Term Loan Facility Agreements.

For the year ended December 31, 2021, interest expense on these loans was $0.5 million (2020: $2.7 million) and is included within interest expense in the consolidated statements of income and comprehensive income (loss).

CII Subordinated Notes due 2027

On December 14, 2016, CII issued €23.8 million ($28.7 million) principal amount of floating rate unsecured subordinated notes due January 5, 2027. The notes bear interest based on EURIBOR plus a margin of 7.95%, with interest payable quarterly. The notes rank subordinated to all direct, unconditional, secured or unsecured and unsubordinated obligations, pari passu without any preference among themselves, and in priority to holders of any undated subordinated obligations of CII.

Interest expense on the notes for the year ended December 31, 2021 was $2.2 million (2020: $2.1 million) and is included within interest expense in the consolidated statements of income and comprehensive income (loss).

11. Debt obligations (continued)

CatGen Subordinated Notes due 2027 and 2028

On May 5, 2017, CatGen issued $45.5 million principal amount of floating rate unsecured subordinated notes due on May 5, 2027. The notes bear interest based on LIBOR (or agreed replacement benchmark) plus a margin of 7.55%, with interest payable quarterly. The notes may be redeemed in whole but not in part by CatGen prior to maturity on

any interest payment date on or after June 30, 2022, subject to certain conditions. The notes rank subordinated to all direct, unconditional, secured or unsecured and unsubordinated obligations, pari passu without any preference among themselves, and in priority to holders of any undated subordinated obligations of CatGen.

On March 16, 2018, CatGen issued $25.0 million principal amount of floating rate unsecured subordinated notes due on March 16, 2028. The notes bear interest based on LIBOR (or agreed replacement benchmark) plus a margin of 7.1%, with interest payable each quarter. The notes may be redeemed in whole but not in part by CatGen prior to maturity on any payment interest date on or after March 16, 2023, subject to certain conditions. The notes rank subordinated to all direct, unconditional, secured or unsecured and unsubordinated obligations, pari passu without any preference among themselves, and in priority to holders of any undated subordinated obligations of of CatGen.

Interest expense on CatGen’s 2027 and 2028 subordinated notes for the year ended December 31, 2021 was $5.4 million (2020: $6.0 million) and is included within interest expense in the consolidated statements of income and comprehensive income (loss).

Glacier Re Subordinated Notes due 2035

Prior to the acquisition by Catalina, Glacier Re issued a total of $68.0 million and €26.0 million principal amount of floating rate unsecured subordinated notes due in 2035. The notes include options for Glacier Re for partial or full early repayment, respectively, and to defer interest for up to 20 consecutive quarters but not beyond the maturity date of the respective notes.

The notes rank pari passu without any preference among themselves and do not contain any covenants concerning financial ratios or specified levels of net worth or liquidity. On December 12, 2019, CHBL entered into an exchange and purchase arrangement with holders of the notes whereby CHBL purchased $54.0 million and €26.0 million principal amount of the notes. The remaining notes totaling $14.0 million held by Glacier Re are due in 2035. The remaining notes bear interest based on LIBOR plus a margin of 3.7%.

Interest expense in connection with the GlacierRe notes was $0.6 million for the year ended December 31, 2021 (2020: $0.7 million) and is included within interest expense in the consolidated statements of income and comprehensive income (loss).

12. Concentrations, commitments and contingencies

a. Concentrations of credit risk

As of December 31, 2021 substantially all of the Company's cash and cash equivalents, and investments were held by twenty-one custodians. Management monitors the credit ratings of these custodians and believes them to be of high credit quality.

The Company’s investment portfolio is managed primarily by external investment advisors in accordance with the Company’s investment guidelines. The Company limits its exposure to any single issuer to 5% or less of the total portfolio’s market value at the time of purchase, with the exception of government and agency securities of G-7 countries. Additionally, the 5% limit does not include funds comprised of investments, provided that no single underlying investment in the fund can exceed the relevant limitation set by the Board, or as expressly approved by the Board prior to investment. As of December 31, 2021, the largest single issuer, not including the above,

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

12. Concentrations, commitments and contingencies (continued)

accounted for 4.4% (2020: 1.4%) of the aggregate fair value of the Company's invested assets. As of December 31, 2021, the Company's fixed maturity investments had a weighted average Standard & Poor's ("S&P") credit rating of BB (2020: BBB+).

Reinsurance assets due from reinsurers include reinsurance balances recoverable. The Company is subject to credit risk with respect to reinsurance ceded because the ceding of risk does not relieve the Company from its primary obligations to its policyholders. See "Note 10. Reinsurance balances recoverable on paid and unpaid losses" for additional information related to the concentration of credit risk relating to the structured settlements. Failure of the Company's reinsurers to honor their obligations could result in credit losses. As of December 31, 2021 the Company has recorded a provision for credit losses relating to losses and loss expenses recoverable of $14.7 million (2020: $21.3 million). During the year ended December 31, 2021 and 2020, there were no write-offs of reinsurance balances recoverable.

An unrated domestic affiliated reinsurer accounts for 57.0% of the total reinsurance recoverable balance as of December 31, 2021 (2020: 49.2%). This recoverable is fully collateralized. See "Note 16. Related party transactions" for additional information. Excluding this unrated reinsurer, one other reinsurer accounted for 14.0% of the reinsurance recoverable balance as of December 31, 2021 (2020: 23.0%) and was rated A+ by S&P at December 31, 2021 (2020: A). The Company's reinsurers had an average S&P credit rating of A+ as at December 31, 2021 (2020: A).

b. Restricted assets

The Company's bankers have issued letters of credit under the Company's credit agreements (for which cash and cash equivalents and investments are pledged as security) and in favor of certain ceding companies to collateralize the Company's obligations under contracts of insurance and reinsurance. See "Note 10. Reinsurance balances recoverable on paid and unpaid losses" for additional information.

The Company also utilizes trust accounts where the trust accounts are set up for the benefit of the ceding companies, and generally take the place of LOC requirements.

The fair values of these restricted assets by category at December 31, 2021 and 2020 are as follows:

	2021			2020		
	Restricted Cash and cash equivalents	Restricted Investments	Total	Restricted Cash and cash equivalents	Restricted Investments	Total
Deposits with U.S. insurance regulatory authorities	$ —	$ 1,049	$ 1,049	$ —	$ 1,661	$ 1,661
LOC pledged assets	26,765	13,317	40,082	15,870	28,230	44,100
Trust accounts	183,247	2,162,039	2,345,286	121,475	2,042,170	2,163,645
Total	$ 210,012	$ 2,176,405	$ 2,386,417	$ 137,345	$ 2,072,061	$ 2,209,406

c. Fund commitments

As of December 31, 2021, the Company has unfunded capital commitments for fund investments of $68.6 million (2020: $37.5 million).

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

12. Concentrations, commitments and contingencies (continued)

d. Lease commitments

The Company leases office space, and furniture and equipment under operating lease agreements. Rent expenses are being recognized on a straight-line basis over the respective lease terms. Future annual minimum payments under non-cancelable operating leases are as follows:

2022	$	262
2023		94
2024		58
2025		58
2026		43
Total	$	515

Total rent expense under operating leases for the year ended December 31, 2021 was approximately $0.8 million (2020: $0.7 million).

e. Contingent liabilities

The Company, from time to time, is a party to litigation and/or arbitration that arises in the normal course of its business operations. The Company is also subject to other potential litigation, disputes and regulatory or governmental inquiries. As of December 31, 2021, the Company was not a party to any litigation or arbitration which is expected by management to have a material adverse effect on the Company's results of operations or financial condition and liquidity.

13. Taxation

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

The Company consolidates subsidiaries with operations in Ireland, Switzerland, Guernsey and the United States, and is subject to the relevant taxes in those jurisdictions. The Company also has a Canadian branch. The branch is considered a non-resident branch insurer for income tax purposes. There can be no assurance that there will not be changes in applicable laws, regulations or treaties, which might require the Company to become subject to additional taxation.

During 2021, the Company made tax payments of $1.1 million (2020: $8.3 million), all of which were in Switzerland (2020: $8.6 million). Offsetting this were tax refunds received in Ireland of $Nil (2020: $0.3 million).

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

13. Taxation (continued)

Deferred income taxes reflect net operating loss carry forwards and the tax impact of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and those for income tax purposes. The significant components of the net deferred tax assets and liabilities as of December 31, 2021 and 2020 are as follows:

	2021	2020
Deferred tax assets:		
Outstanding losses and loss expenses	$ 4	$ 4
Unearned premiums	14	22
Net operating loss carry forwards	4,259	3,116
Capital loss carry forwards	189	—
Other	3,285	1,380
Total deferred tax assets	7,751	4,522
Valuation allowance	(7,128)	(3,116)
Total deferred tax assets, net of valuation allowance	623	1,406
Deferred tax liabilities:		
Investments	412	(1,408)
Outstanding losses and loss expenses	646	(665)
Subordinated debt	116	(160)
Other	—	(38)
Total deferred tax liabilities	1,174	(2,271)
Net deferred tax asset (liability)	$ 1,797	$ (865)

The deferred tax asset and liability balances presented above represent the gross deferred tax asset and liability balances across each tax jurisdiction. The net deferred tax asset balance of $1.8 million at December 31, 2021 (2020: net deferred tax liability of $0.9 million) is included within other assets, and includes netting of certain deferred tax assets and liabilities within a tax jurisdiction to the extent such netting is consistent with the regulations of the tax authorities in that jurisdiction.

As of December 31, 2021, the Company has a deferred tax asset of $4.3 million (2020: $3.1 million) generated by net operating loss carry forwards (“NOL”) of approximately $38.8 million (2020: $22.9 million), of which $34.1 million relates to NOL in Ireland (“Irish NOL”), $4.2 million relates to NOL in the United States and $0.5 million (2020: $0.5 million) relates to the Canada branch.

In relation to the Irish NOL, the Company believes that it is more likely than not that the deferred tax asset will not be recognized. Accordingly, where there are no deferred tax liabilities against which the NOL could be offset, the Company has recognized a full valuation allowance against these net deferred tax assets as of December 31, 2021 and 2020.

Income tax expenses for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Current income tax (credit) expense	$ (1,700)	$ 5,872
Deferred income tax (credit)	(407)	(1,659)
Total income tax (credit) expense	$ (2,107)	$ 4,213

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

13. Taxation (continued)

The effective tax rate for the year ended December 31, 2021 of 1.7% (2020: 9.7%) differs from the rate of 0.0% under Bermuda law primarily due to the geographical distribution of the Company's pre-tax net income between the Company's taxable and non-taxable jurisdictions.

A reconciliation of the difference between the provision for income taxes and the expected tax provision at the weighted average tax rate is as follows:

	2021	2020
Expected tax rate	— %	— %
Foreign taxes at local expected rates	1.6 %	(15.6)%
Nondeductible expenses	(0.6)%	(2.3)%
Tax exempt income	(0.7)%	12.6 %
Non-taxable foreign exchange (losses) gains	(0.1)%	— %
Prior year adjustments	(2.7)%	0.7 %
Other	0.8 %	(5.1)%
Total income tax expense (credit)	(1.7)%	(9.7)%

14. Shareholder's equity

During 2021, the Company received capital contributions from its parent of $116.0 million (2020: $5.7 million). During the year, the Company paid $110.0 million (2020: $35.0 million) to its shareholder.

15. Credit agreements

The Company and its subsidiaries were party to the following letter of credit facility agreements:

		LOC Outstanding	
Entity	Counterparty	2021	2020
CatGen	ING Bank	$ 86,537	$ —
CatGen	Comerica Bank	25,605	27,100
CatGen	Citibank N.A.	11,454	2,700
Glacier	UBS AG.	1,817	1,800

As at December 31, 2021 and 2020, the Company was in compliance with all covenants under the facilities.

ING Bank

On October 28, 2021, the Company entered into a three-year, $100.0 million, unsecured credit facility with ING Bank. As at December 31, 2021, $13.5 million of unutilized capacity was available under the facility. The facility has financial covenants in relation to its maximum gearing ratio, maximum value of letters of credit and minimum consolidated net assets. During 2021, the Company was in compliance with all covenants under the agreement.

For the year ended December 31, 2021, $0.1 million of interest expense was incurred in relation to the facility and is included in general and administrative expenses in the consolidated statements of income and comprehensive income (loss).

15. Credit agreements (continued)

Comerica Bank

CatGen has a discretionary collateralized LOC with Comerica Bank. The aggregate commitment under this agreement is up to $50.0 million. The availability for issuances of LOCs on account of any borrower is based on the amount of eligible investments pledged by the applicable borrower(s). The agreements contain financial and other covenants, among them a requirement to maintain a minimum statutory capital and surplus value.

Citibank N.A.

The Company has a discretionary collateralized LOC with Citibank N.A. The availability for issuances of LOC is based on the amount of eligible investments pledged.

UBS AG.

Glacier has a discretionary collateralized LOC with UBS AG. The availability for issuances of LOC is based on the amount of eligible investments pledged.

16. Related party transactions

a. Apollo

Funds affiliated with Apollo Global Management LL ("Apollo"), the majority shareholders of CHBL. The Company has investments in Apollo Credit Allocation Fund II, Apollo Credit Allocation Fund III, Apollo Credit Allocation Fund V, Apollo Highlands Fund, Apollo Offshore Credit Fund Limited Class S-1 and Redding Ridge Holdings.

In addition to the abovementioned funds, on December 31, 2021, the Company invested in six new funds, also affiliated with Apollo. These funds include Warwick European Opportunities Fund II, Motive Fund II, Levine Leichtman Capital Partners Europe II SCSp, Apollo Asia Real Estate Fund, L.P., ESO Capital Real Assets Fund I SCSp, Apollo European Principal Finance Fund III (Dollar B), L.P.

As of December 31, 2021, the total fair value of the Company's investments in the funds affiliated with Apollo is $405.1 million (2020: $188.8 million) or 16.0% (2020: 15.0%) of investments at fair value.

Management fees paid to Apollo during the year amounted to $0.3 million (2020: $Nil). The total amount due to Apollo at December 31, 2021 is $0.2 million (2020: $Nil).

b. OXW Partners

Funds affiliated with Oxenwood Partners. During the year the Company invested in Oxenwood Logistics Fund 1 Partners LP and Oxenwood Logistics Fund 1 SP.

The total fair value of the Company's investments in these funds as of December 31, 2021 is $9.0 million or 0.4% of investments at fair value.

c. Reinsurance transactions

Funds held by cedants and claims administrators as of December 31, 2021 include $57.7 million of funds held by CWIL as part of the quota share agreement (2020: $93.4 million). Effective January 1, 2021, the quota share agreement was reduced from 100% to 80%.

Insurance and reinsurance balances receivable as of December 31, 2021 include technical balances receivable from CWIL amounting to $10.3 million (2020: $10.4 million).

(unless otherwise noted, amounts in tables expressed in thousands of U.S. dollars)

16. Related party transactions (continued)

As of December 31, 2021, insurance and reinsurance balances payable include technical balances due from affiliates of $30.6 million (2020: $34.3 million), allocated as follows:

	2021	2020
CWIL	$ 27,488	$ 31,000
Catalina London	3,041	3,000
Alea North American Insurance Company (“ANAIC”)	104	300
Due to affiliates, included in insurance and reinsurance balances payable	$ 30,633	$ 34,300

As of December 31, 2021, the Company carried net losses and loss expenses of $318.0 million (2020: $511.4 million) relating to the reinsurance agreements allocated as follows:

	2021	2020
CWIL	$ 296,513	$ 487,600
Catalina London	4,728	5,300
ANAIC	16,743	18,500
Carried net losses and loss expenses related to reinsurance agreements	$ 317,984	$ 511,400

On December 14, 2018, CatGen entered into a retrocession agreement with Elbow Re Ltd. (“Elbow Re” formerly known as Acra Re Ltd.). Elbow Re is an affiliated company as it is owned by funds affiliated with Apollo. Elbow Re reinsured 50% of the liabilities assumed by CatGen under the reinsurance and transfer deed with Zurich. As of December 31, 2021, total reserves ceded to Elbow Re are $817.4 million (2020: $901.9 million) and total insurance receivable from Elbow Re is $34.8 million (2020: $35.2 million).

d. Mezzanine debt

As of December 31, 2021, outstanding mezzanine debt issued by Oxenwood III to its affiliates of $Nil (2020: $10.8 million) is included in amounts due to affiliates and was allocated to its affiliates as follows:

	2021	2020
CWIL	$ —	$ 10,100
Oxenwood Partners LP	—	400
Catalina Management	—	300
	$ —	$ 10,800

The mezzanine debt was fully repaid in March 2021.

e. Other items

During the year, the Company entered into two individual servicing agreements with Catalina Services UK Limited (“CSUK”) in respect of reinsurance transactions with Zurich UK and the new UK home warranty business. Fees paid under the agreement in 2021 amounted to $3.6 million, $3.4 million, of which related to Zurich UK, with the remaining $0.2 million paid in respect of UK home warranty business.

Catalina U.S. Insurance Services LLC ("CUSIS"), a U.S.-domiciled service company, also provides certain management services to the Company. During the year ended December 31, 2021, the Company paid a total of $1.4 million (2020: $2.1 million) to CUSIS in respect of this arrangement.

Certain members of management co-invested with the Company in investments in real estate. The management ownership of these investments is less than 1% of the cost of the investment properties.

17. Statutory financial information and dividend restrictions

CatGen is registered under the Insurance Act of 1978 of Bermuda (the "Insurance Act"), and licensed as a Class 3B general business insurer, and Class C long-term insurer. The Insurance Act grants the BMA powers to supervise the insurance companies. The Insurance Act requires CatGen to hold minimum statutory capital and surplus (Enhanced Capital Requirement or "ECR") at least equal to the greater of a minimum solvency margin or the Bermuda Solvency & Capital Requirement ("BSCR"). The BSCR is calculated using the standard risk-based capital model developed by the BMA. The BSCR model follows a standard formula framework and capital attributed to each risk is calculated by applying capital factors to the assets and liabilities. The BMA sets a Target Capital equivalent to 120% of the ECR. CatGen's licenses preclude it from effecting any new contracts without the permission of the BMA.

CatGen Dividend Restrictions

There were no significant restrictions on the Company's ability to pay dividends from retained earnings as of December 31, 2021. Bermuda law permits the payment of dividends if:

- the Company is not, or would not be after payment, unable to pay its liabilities as they become due; and
- the realizable value of the Company's assets is in excess of its liabilities after taking such payment into account.

On March 24, 2016, Bermuda's enhanced commercial insurance regime was approved as being fully equivalent to regulatory standards applied under Solvency II by the European Parliament. Solvency II sets out new capital adequacy and risk management requirements for insurers across the European Union with the aim to further enhance policyholder protection while instilling greater risk awareness. The equivalence was granted retroactive from January 1, 2016.

On April 25, 2017, the BMA approved the $45.5 million long term subordinated notes as "Other Fixed Capital" and has deemed the note as Tier 2 eligible capital. On March 8, 2018, the BMA approved the additional $25.0 million long term subordinated notes as "Other Fixed Capital" and Tier 2 eligible capital.

Effective June 25, 2019, the Company can pay dividends without prior BMA approval, provided the Company maintains an ECR of a minimum of 150% following the distribution.

The BMA also acts as the Group Supervisor with the Company as Designated Insurer. The Company is required to file the audited U.S. GAAP financial statements, the Capital and Solvency Return and the Commercial Insurer's Solvency Self-Assessment on an annual basis.

At December 31, 2021, the Company met the minimum levels of solvency and liquidity in Bermuda.

Subsidiary Statutory Financial Information and Dividend Restrictions

The Company's insurance and reinsurance subsidiaries are subject to insurance laws and regulations in the jurisdictions in which they operate, which are Ireland, Switzerland and the United States. The regulations in these jurisdictions include restrictions that limit the amount of dividends or other distributions available to shareholders without prior approval of the insurance regulatory authorities. Typically, these restrictions relate to minimum levels of solvency, capital and liquidity, as defined by the relevant insurance laws and regulations.

At December 31, 2021 and 2020, the Company met the minimum levels of solvency and liquidity in all jurisdictions in which the Company operates.

17. Statutory financial information and dividend restrictions (continued)

a. Ireland

CII is regulated by the Central Bank of Ireland. CII is a Solvency II Undertaking authorized under the European Union (Insurance and Reinsurance) Regulations 2015 to carry on insurance business. Under the Solvency II regime, CII is subject to minimum capital requirements and solvency capital requirements.

CII uses the standard formula to determine these in the context of the measurement of assets, liabilities and capital to satisfy the requirements set out in Pillar I of the regulations.

b. Switzerland

Glacier Re is subject to the regulatory reporting requirements of the Swiss Financial Market Authority. The Swiss insurance regulation regime has been approved by the European Commission to be fully equivalent to the regulatory standards applied under Solvency II.

Annually, Glacier Re calculates Risk Bearing Capital and Target Capital pursuant to the Swiss Solvency Test rules and regulations. Risk Bearing Capital is defined as the difference between the market consistent value of assets less the best estimate value of liabilities. The long-term subordinated debt is considered to be supplementary capital and is therefore included in the Risk Bearing Capital.

c. United States

The Company's U.S. subsidiaries required statutory capital and surplus is determined using various criteria, including risk based capital tests. If a company falls below certain levels of risk based capital, and dependent upon the degree to which the company falls below, the commissioner of insurance with jurisdiction over the company is authorized to take certain regulatory actions to protect policyholders and creditors.

The Company is subject to a 30% withholding tax on certain dividends received from its U.S. subsidiaries.

As at December 31, 2021 and 2020, there are statutory restrictions on the payment of dividends from retained earnings or the return of capital from some of the Company's subsidiaries. Most of the Company’s regulated reinsurance and insurance subsidiaries require regulatory approval before paying a dividend from retained earnings or returning capital.

18. Pension plans

The Company, through its subsidiary Glacier Re, is party to a defined benefit pension plan. As at December 31, 2021, the gross liabilities of this plan are $18.9 million (2020: $19.6 million) and this is supported by gross assets of $16.3 million (2020: $14.0 million). The service costs of this plan was $0.4 million (2020: $0.4 million) for the year and actuarial adverse development for the plan was $0.2 million (2020: $1.4 million).

The Company also maintains defined contribution plans to provide retirement benefits to eligible employees. Contributions to the plans, which are managed externally, are based on eligible compensation. During 2021, the Company’s total pension expenses were $0.8 million (2020: $1.8 million) for the above retirement benefits.

19. Subsequent events

In preparing the consolidated financial statements, the Company has evaluated subsequent events through April 6, 2022, which is the date that these financial statements were issued, and has concluded that the following matter requires disclosure.

19. Subsequent events (continued)

On February 24, 2022, Russian military forces invaded Ukraine. The impact to Ukraine, as well as actions taken by other countries, including new and stricter sanctions imposed by the U.S. and other countries, companies and organizations against officials, individuals, regions and industries in Russia could have a material adverse effect on the markets in which the Company operates. Currently, the Company is not materially impacted by the conflict and related sanctions as it concerns its investments and reserves exposures. The Company will continue to monitor and assess the impact of the conflict and related sanctions as it relates to our operations.