

ROOSEVELT ROAD RE LTD.

FINANCIAL STATEMENTS

(AND INDEPENDENT AUDITORS' REPORT THEREON)

FOR THE YEARS ENDED

DECEMBER 31, 2022 AND 2021

ROOSEVELT ROAD RE LTD.
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022 AND 2021
CONTENTS

Independent Auditors' Report	2 - 3
Statements of Financial Position	4
Statements of Comprehensive (Loss) Income	5
Statements of Changes in Shareholder's Equity	6
Statements of Cash Flows	7
Notes to the Financial Statements	8 - 31



INDEPENDENT AUDITORS' REPORT

To the Shareholder,
Roosevelt Road Re Ltd.,

Opinion

We have audited the financial statements of Roosevelt Road Re Ltd. (the "Company"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of comprehensive (loss) income, changes in shareholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Roosevelt Road Re Ltd. as of December 31, 2022 and 2021, 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 *Auditors' 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.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 financial statements.

INDEPENDENT AUDITORS' REPORT *(continued)*

Auditors' Responsibilities for the Audit of the Financial Statements *(continued)*

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the 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 financial statements.
- Obtain an understanding of internal control relevant to the audits 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 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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.



Chartered Professional Accountants
Hamilton, Bermuda
May 31, 2023

ROOSEVELT ROAD RE LTD.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021
(Expressed in United States Dollars)

	Note	December 31 2022 \$	December 31 2021 \$
ASSETS:			
Cash and cash equivalents	3	78,437,666	2,845,403
Investments	3,4,5	136,663,630	147,107,476
Accrued investment income		895,809	569,862
Investment receivable		18,442	49
Insurance balances receivable		22,331,346	4,630,279
Loan notes receivable	7	25,479,131	25,146,066
Funds withheld	6	120,313	-
Due from Parent	7	11,805	-
Prepaid expenses		82,825	170,502
Segregated account assets	15	1,191,260	1,366,105
Total assets		265,232,227	181,835,742
LIABILITIES AND SHAREHOLDER'S EQUITY:			
LIABILITIES			
Unearned premium	8	35,491,851	26,514,369
Losses and loss adjustment expenses	9	158,200,715	92,785,845
Losses payable		89,638	1,232,533
Due to related party	7	-	9,128,874
Accounts payable and accrued expenses	7	696,482	171,318
Segregated account liabilities	15	1,191,260	1,366,105
Total liabilities		195,669,946	131,199,044
SHAREHOLDER'S EQUITY			
Share capital	10	120,000	120,000
Contributed surplus	11	77,830,088	35,830,144
Retained (deficit) earnings	12	(8,387,807)	14,686,554
Total shareholder's equity	13	69,562,281	50,636,698
Total liabilities and shareholder's equity		265,232,227	181,835,742

The accompanying notes should be read in conjunction with these financial statements

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS:

DIRECTOR

DIRECTOR

ROOSEVELT ROAD RE LTD.
STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in United States Dollars)

	Note	December 31 2022 \$	December 31 2021 \$
UNDERWRITING INCOME:			
Net premiums written	8	84,394,027	55,499,591
Change in unearned premium	8	(8,977,482)	(8,576,745)
Net premiums earned		75,416,545	46,922,846
UNDERWRITING EXPENSES:			
Incurred losses	9	84,851,460	39,257,830
Total underwriting expenses		84,851,460	39,257,830
NET UNDERWRITING PROFIT		(9,434,915)	7,665,016
OTHER INCOME AND EXPENSES:			
Investment loss, net	4	(6,709,687)	(548,690)
General and administrative expenses	7	(4,439,723)	(2,522,251)
Total other income and expenses		(11,149,410)	(3,070,941)
NET (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME		(20,584,325)	4,594,075

The accompanying notes should be read in conjunction with these financial statements

ROOSEVELT ROAD RE LTD.
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in United States Dollars)

	Note	Share capital \$	Contributed surplus \$	Retained (deficit) earnings \$	Total \$
Shareholders' equity December 31, 2020		120,000	35,830,144	10,092,479	46,042,623
Comprehensive income		-	-	4,594,075	4,594,075
Shareholders' equity December 31, 2021		120,000	35,830,144	14,686,554	50,636,698
Capital contribution	11	-	41,999,944	-	41,999,944
Dividends paid	12	-	-	(2,490,036)	(2,490,036)
Comprehensive loss		-	-	(20,584,325)	(20,584,325)
Shareholder's equity December 31, 2022		120,000	77,830,088	(8,387,807)	69,562,281

The accompanying notes should be read in conjunction with these financial statements

ROOSEVELT ROAD RE LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in United States Dollars)

	December 31 2022 \$	December 31 2021 \$
OPERATING ACTIVITIES:		
Net (loss) income from operations	(20,584,325)	4,594,075
Adjustments to reconcile net (loss) income from operations to net cash and cash equivalents provided by operating activities:		
Net unrealized losses on investments	9,672,414	2,978,481
Net realized losses on investments	1,173,716	193,001
Net changes in non-cash balances relating to operations:		
Accrued investment income	(325,947)	(105,397)
Investment receivable	(18,393)	15,425
Insurance balances receivable	(17,701,067)	(1,471,038)
Funds withheld	(120,313)	597,676
Due from Parent	(11,805)	-
Prepaid expenses	87,677	(49,881)
Unearned premium	8,977,482	8,576,745
Losses and loss adjustment expenses	65,414,870	31,077,425
Losses payable	(1,142,895)	(2,135,483)
Due to related party	(9,128,874)	9,128,874
Accounts payable and accrued expenses	525,164	(47,560)
Investment payable	-	(274,985)
Cash and cash equivalents provided by operating activities	36,817,704	53,077,358
FINANCING ACTIVITIES:		
Capital contribution	41,999,944	-
Loan notes issued and cumulative interest	(1,117,274)	(730,013)
Loan repayments	784,209	2,564,884
Dividends paid	(2,490,036)	-
Cash and cash equivalents provided by financing activities	39,176,843	1,834,871
INVESTING ACTIVITIES:		
Purchase of investments	(52,322,164)	(100,934,798)
Proceeds from sale of investments	51,919,880	40,702,003
Cash and cash equivalents used in investing activities	(402,284)	(60,232,795)
Increase (decrease) in cash and cash equivalents	75,592,263	(5,320,566)
Cash and cash equivalents, beginning of year	2,845,403	8,165,969
Cash and cash equivalents, end of year	78,437,666	2,845,403
Comprised of:		
Cash and cash equivalents	28,313,146	573,189
Restricted cash and cash equivalents	50,124,520	2,291,456

The accompanying notes should be read in conjunction with these financial statements

ROOSEVELT ROAD RE LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in United States Dollars)

1. The Company

Roosevelt Road Re Ltd. (the “Company”), was incorporated under the laws of Bermuda on December 18, 2014. Effective October 12, 2022, the Company is registered as a Class 3B insurer under The Insurance Act 1978, amendments thereto and related regulations (the “Act”). The Company was previously registered as a Class 3A insurance under the Act. The Company is also registered as a Segregated Accounts Company (“SAC”) under The Segregated Accounts Companies Act 2000. The Company is managed and has its principal place of business in Bermuda. As at March 31, 2018, Insuratex Ltd., a Segregated Accounts Company, merged with the Company. As of December 31, 2022, there was one (2021: one) active segregated accounts within the Company.

The Company was a wholly owned subsidiary of Sandell Holdings Ltd. Sandell Holdings Ltd. was acquired by Randall & Quilter Investment Holdings Ltd. (“RQIH”) effective October 7, 2019. On October 29, 2020, Roosevelt Road Capital Partners LLC (“RRCP”), who also owns shares in Tradesman Program Managers LLC (“TPM”), purchased 65% of the Company from Sandell Holdings Ltd. and subsequently changed the Company’s name from Sandell Re Ltd. to Roosevelt Road Re Ltd. Roosevelt Road Capital Partners LLC is based in the United States of America and is in partnership with Accredited Surety and Casualty Company, Inc. (“ASCCI”), who are wholly owned by RQIH.

Effective August 30, 2022, 100% ownership of the Company’s shares were transferred from RRCP to Roosevelt Road Holdings Ltd. (“RRHL”), a Bermuda based company. The Company’s ultimate parent remains RRCP.

The Company reinsures U.S. property and casualty business from four counterparties (2021: three), one of which is a related party (2021: one). The Company is party to a quota share retrocession agreement with Multi-Strat Re Ltd. (“MSRe”) where the Company assumed a quota share percentage of five contracts reinsured by MSRe. As at December 31, 2022, four of the five contracts have reached contractual limits (2021 – three). The remaining contract, reinsuring U.S. workers compensation liabilities, is reserved to contractual limits.

On July 1, 2016, the Company entered into a contract to reinsure American Millennium Insurance Company (“AMIC”) for commercial automobile risk on a quota share basis. The contract was not renewed from December 18, 2018. The participation percentage in this contract varied from 23.75% to 33.75% between these dates.

Between 2017 and 2022, the Company has entered into various quota share reinsurance agreements with ASCCI, covering contractors’ general liability risks, habitational real estate general liability, automobile excess liability and workers compensation.

During 2022, the Company entered into a quota share reinsurance agreement with Knight Specialty Insurance Company covering business classified as professional liability, general liability and employee benefits liability for a senior living care program.

ROOSEVELT ROAD RE LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021
(Expressed in United States Dollars)

2. Significant accounting policies

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), denominated in U.S. dollars, which is the Company's functional currency, and which apply the following significant accounting policies adopted by the Company:

Use of estimates

To prepare the financial statements, management has to make estimates and assumptions that affect the book value of assets and liabilities, income and expenses, and data disclosed in the notes to the financial statements.

All estimates are subjective in nature and could materially influence the financial statements. Accordingly, management makes these estimates and assessments on an ongoing basis according to past experience and various factors that are deemed reasonable and which constitute the basis for these assessments. The amounts shown in the Company's future financial statements are likely to differ from these estimates in accordance with changes in assumptions or different conditions.

The principal significant estimates made by the Company's management primarily affect the provision for outstanding losses and loss expenses, unearned premiums, recoverability of deferred acquisition costs, fair value of investments and determination of other than temporary impairment ("OTTI") of investments.

Cash and cash equivalents

Cash and cash equivalents include cash held in banks, money market funds and other short-term deposits having maturities within three months of the date of purchase.

Investments

The Company's investments are classified as held for trading as defined in Accounting Standards Codification ("ASC") 320, "Investments - Debt Securities". The Company's investment portfolio is reported at fair value based on market prices quoted on the relevant exchange or net asset values per share of each fund at the measurement date, with unrealized gains and losses included in net income. Realized gains or losses on sales of investments are determined on a specific identification basis.

Security transactions are accounted for on a trade-date basis with investment purchases and sales pending settlement accrued in the balance sheets. Investment (loss) income is recognized on an accrual basis in the statements of comprehensive (loss) income.

Loan notes receivable

All loan notes are reported at cost, with interest income calculated per the individual loan note agreement. An estimate of the amount of doubtful receivables is made when it is no longer likely that the entire receivable can be recovered. Impaired receivables are recorded as losses when they are identified as such.

ROOSEVELT ROAD RE LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021
(Expressed in United States Dollars)

2. Significant accounting policies *(continued)*

Revenue recognition and acquisition costs

Insurance premiums for prospective reinsurance contracts are earned over the loss exposure or coverage period of the underlying policies. Premiums for retroactive reinsurance policies are earned at the inception of the contracts, as all of the underlying loss events covered by the underlying policies occurred in the past. Premium adjustments are recorded in the periods in which they become known.

Commissions and other costs incurred on the acquisition of new and renewal prospective business are deferred and amortized over the terms of the policies or contracts of reinsurance to which they relate. Brokerage, commission and other costs related to retroactive risk is expensed in the period in which the retroactive policy incepts. The method followed in determining the deferred acquisition costs limits the amount of deferral to its realizable value by giving consideration to losses and loss adjustment expenses expected to be incurred as premiums are earned and also considers anticipated investment (loss) income.

Effective January 1, 2020, premiums were ceded net of acquisition costs in accordance with the Company's amended quota share reinsurance agreements with ASCCI.

Realized gains on retrospective policies assumed through novation agreements are deferred and amortized over the anticipated payout period.

General and administrative expenses

General and administrative expenses are recognized on the accrual basis of accounting.

Assets held and liabilities related to segregated accounts

The Company has adopted the method of "deposit accounting" relating to the insurance transactions of its segregated account Insuratex Ltd. since the contracts facilitated are maintained in a segregated account, which insures certain risks of the participant(s) of that segregated account. Losses incurred by the segregated account are limited to the assets available within that segregated account. The result of operations of the segregated accounts are not included within these financial statements as the Company's shareholder does not have an interest in the net income, assets or liabilities of the segregated accounts. The significant accounting policies adopted by the segregated accounts follow those of the Company described herein.

Assets held within the segregated accounts have been recorded within these financial statements as segregated account assets and the corresponding liabilities are recorded as segregated account liabilities.

Losses and loss adjustment expenses

Losses and loss expenses paid are recorded when advised by ceding companies. The liability for losses and loss expense provisions includes an amount determined from loss reports and individual cases and an amount, based on past experience and industry loss development factors, for losses incurred but not reported ("IBNR"). These estimates are continually reviewed and are necessarily subject to the impact of future changes in such factors as claims severity and frequency. While management believes that the amount is adequate, the ultimate liability is subject to inherent uncertainty given the nature of the reinsurance coverage in place and may be materially in excess of, or less than, the amounts provided and any adjustments will be reflected in the periods in which they become known.

ROOSEVELT ROAD RE LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021
(Expressed in United States Dollars)

2. Significant accounting policies *(continued)*

Foreign currency transactions

Asset and liabilities denominated in currencies other than U.S. dollars are translated at the closing rates of exchange at the end of the reporting period, with the resulting foreign exchange rate differences included in investment (loss) income in the statements of operations and comprehensive (loss) income. Transactions denominated in foreign currencies, including purchases and sales of investments and income and expenses, are translated at the rates of exchange prevailing on the respective dates of the transactions.

Taxation

Under current Bermuda law, the Company is not required to pay taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda that in the event of such taxes being imposed, the Company will be exempted from taxation until the year 2035. However, certain U.S. dividend income and interest income may be subject to a maximum 30% withholding tax. Further, certain U.S. dividend income may be subject to a tax at a prevailing treaty or standard withholding rates with the applicable country or local jurisdiction.

New accounting standards adopted during the year

A number of new and revised standards were effective for the year ended December 31, 2022, and have been applied in the preparation of these financial statements, including:

In February 2016, the FASB issued ASU 2016-02, Leases. The amendments in this update create Topic 842, Leases, and supersede the leases requirements in Topic 840, Leases. The new approach to lease accounting requires a lessee to recognize assets and liabilities for the rights and obligations created by leases. The Company has a lease capitalization policy threshold of \$225,000, below which lease assets and lease liabilities are not recognized. The Company had no lease agreements that met the lease capitalization threshold on adoption of Topic 742 or at December 31, 2022.

In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842): Targeted Improvements. The amendments in this update reduce costs for entities in adopting the new leases standard and to ease the application of the separation and allocation guidance for lessors.

In October 2020, the FASB issued ASU 2020-10, Codification Improvements. The amendments in this update contain improvements that vary in nature and enhance the consistency of the Codification.

In November 2021, the FASB issued ASU 2021-09, Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities. The amendments in this update allow those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level.

The adoption of these new and revised standards did not have a material impact on the Company's financial statements.

ROOSEVELT ROAD RE LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021
(Expressed in United States Dollars)

2. Significant accounting policies *(continued)*

New accounting standards to be adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2022 and have not been applied in the preparation of these financial statements. Those which may be relevant to the financial statements of the Company are as follows:

In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The amendments in this update significantly change the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model. The update also provides for recording credit losses on available-for-sale debt securities through an allowance account. For nonpublic entities, the amendments are effective for annual periods beginning after December 15, 2022.

In November 2018, the FASB issued ASU 2018-19, Codification Improvements to Topic 326, Financial Instruments—Credit Losses. This update defers the implementation date of the new credit loss standard for nonpublic entities by one year, and clarifies that operating lease receivables are not within its scope. The amendments are effective upon adoption of the amendments in ASU 2016-13.

In May 2019, the FASB issued ASU 2019-05, Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief. This update provides transition relief by providing entities with an alternative to irrevocably elect the fair value option for eligible financial assets measured at amortized cost upon adoption of the credit losses standard. The amendments are effective upon adoption of the amendments in ASU 2016-13.

In November 2019, the FASB issued ASU 2019-11, Codification Improvements to Topic 326, Financial Instruments—Credit Losses. This update was issued to clarify the new credit impairment guidance in ASC 326 based on implementation issues raised by stakeholders. The amendments are effective upon adoption of the amendments in ASU 2016-13.

The Company has determined that all other recently issued pronouncements do not apply to its operations.

3. Pledged assets

Pursuant to its reinsurance agreements, the Company is required to provide its ceding companies with collateral to secure its obligations to them. The Company has satisfied such obligations with letters of credit and reinsurance trusts which are issued and held by two financial institutions.

The Company has a trust agreement with Morgan Stanley Investment Management (“Morgan Stanley”) in the amount of \$127,929,297 (2021 - \$136,681,755), which is pledged as collateral in favor of ASCCI at December 31, 2022 and 2021.

Barclays Bank PLC (“Barclays”) issued letters of credit to the Company in the amounts of \$43,112,490 (ASCCI), \$5,744,857 (MSRe) and \$1,595,069 (AMIC) (2021 - \$7,637,172 (MSRe) and \$1,595,069 (AMIC)) to be held as collateral. The Company also has a standby letter of credit with Barclays in the amount of \$100,000,000 (2021 - \$25,000,000).

Accordingly, at December 31, 2022 and 2021, cash and cash equivalents amounting to \$50,124,520 and \$2,291,456, respectively, and investments with a carrying value of \$128,257,191 and \$144,732,000, respectively, are restricted.

ROOSEVELT ROAD RE LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021
(Expressed in United States Dollars)

4. Investments

The cost or amortized cost, gross unrealized holding gains and losses, and fair value of the Company's held for trading investments at December 31, 2022 and 2021 are as follows:

	Cost/ Amortized Cost \$	Gross Unrealized Gains \$	Gross Unrealized Losses \$	Fair Value \$
As at December 31, 2022				
Fixed maturity investments:				
U.S. treasuries	14,475,813	-	(505,940)	13,969,873
Asset-backed securities	23,005,616	3,257	(2,051,189)	20,957,684
Municipal bonds	595,000	-	(52,079)	542,921
Corporate securities	108,073,615	29,216	(7,801,651)	100,301,180
Non-U.S. government and agencies	1,000,106	-	(108,134)	891,972
Total investments	147,150,150	32,473	(10,518,993)	136,663,630
As at December 31, 2021				
Fixed maturity investments:				
U.S. treasuries	26,008,820	3,563	(63,982)	25,948,401
Asset-backed securities	20,803,091	50,133	(137,678)	20,715,546
Municipal bonds	740,000	1,417	(5,617)	735,800
Corporate securities	99,689,145	685,683	(1,326,148)	99,048,680
Non-U.S. government and agencies	680,525	-	(21,476)	659,049
Total investments	147,921,581	740,796	(1,554,901)	147,107,476

The following table shows the gross unrealized losses and fair value of the Company's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position:

December 31, 2022	Less than 12 Months		12 Months Or Greater		Total	
	Fair Value \$	Unrealized Losses \$	Fair Value \$	Unrealized Losses \$	Fair Value \$	Unrealized Losses \$
U.S. treasuries	4,609,243	(148,223)	9,360,630	(357,717)	13,969,873	(505,940)
Asset-backed securities	10,565,596	(696,454)	10,283,100	(1,354,735)	20,848,696	(2,051,189)
Municipal bonds	250,178	(4,822)	292,743	(47,257)	542,921	(52,079)
Corporate securities	35,614,553	(1,690,998)	62,209,727	(6,110,653)	97,824,280	(7,801,651)
Non-U.S. government and agencies	295,333	(24,248)	596,639	(83,886)	891,972	(108,134)
Total	51,334,903	(2,564,745)	82,742,839	(7,954,248)	134,077,742	(10,518,993)

ROOSEVELT ROAD RE LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021
(Expressed in United States Dollars)

4. Investments *(continued)*

December 31, 2021	Less than 12 Months		12 Months Or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	\$	\$	\$	\$	\$	\$
U.S. treasuries	22,066,588	(61,234)	77,063	(2,748)	22,143,651	(63,982)
Asset-backed securities	15,609,681	(137,678)	-	-	15,609,681	(137,678)
Municipal bonds	334,383	(5,617)	-	-	334,383	(5,617)
Corporate securities	66,978,050	(1,028,389)	6,814,679	(297,759)	73,792,729	(1,326,148)
Non-U.S. government and agencies	659,049	(21,476)	-	-	659,049	(21,476)
Total	105,647,751	(1,254,394)	6,891,742	(300,507)	112,539,493	(1,554,901)

As of December 31, 2022, there were 285 securities in an unrealized loss position with an estimated fair value of \$134,077,742 (2021 - 197 with an estimated fair value of \$112,539,493). Of these securities, there were 172 at December 31, 2022 (2021 - 14) with an estimated fair value of \$82,742,839 (2021 - \$6,891,742) that had been in an unrealized loss position for 12 months or greater; none of these securities were considered to be other than temporarily impaired. The Company has no intent to sell, and it is not more likely than not that the Company will be required to sell these securities before their fair values recover above the adjusted cost. The unrealized losses from these securities were not a result of credit, collateral or structural issues.

The cost or amortized cost, estimated fair value, and contractual maturity of the Company's investments classified as held for trading at December 31, 2022 and 2021 are shown below. Expected maturities may differ from contractual maturities as borrowers may have the right to call or prepay obligations without penalties.

	December 31, 2022		December 31, 2021	
	Amortized Cost/Cost	Fair Value	Amortized Cost/Cost	Fair Value
	\$	\$	\$	\$
Due within one year	14,328,907	13,872,478	981,386	958,866
Due after one year to five years	114,719,978	106,310,969	124,406,376	123,869,478
Due after five years to ten years	3,816,632	3,605,585	8,638,804	8,452,468
Due after more than ten years	14,284,633	12,874,598	13,895,015	13,826,664
Total fixed maturity securities	147,150,150	136,663,630	147,921,581	147,107,476

ROOSEVELT ROAD RE LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021
(Expressed in United States Dollars)

4. Investments *(continued)*

The following table sets forth certain information regarding the investment ratings of the Company's held for trading securities for the years ended December 31, 2022 and 2021. Ratings are the lower of those assigned by Standard & Poor's or Moody's.

	December 31, 2022		December 31, 2021	
	Amortized Cost/Cost \$	%	Amortized Cost/Cost \$	%
AAA	19,988,335	14	42,718,442	29
AA	24,234,045	16	17,798,274	12
A	59,077,789	40	61,714,972	42
BBB	43,849,981	30	25,689,893	17
BB+ and lower	-	-	-	-
	147,150,150	100	147,921,581	100

Major categories of net investment loss are summarized as follows:

	2022 \$	2021 \$
Interest income	3,076,352	1,967,383
Unrealized losses	(1,173,716)	(193,001)
Realized losses	(9,672,414)	(2,978,481)
Interest on loan notes receivable	1,117,274	730,013
Investment expenses	(57,183)	(74,604)
Net investment income (loss)	(6,709,687)	(548,690)

5. Fair value of financial instruments

The following methods and assumptions were used by the Company in estimating fair value disclosures for financial instruments:

Cash and cash equivalents: The carrying amounts reported in the statements of financial position for these instruments approximate their fair values.

ROOSEVELT ROAD RE LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021
(Expressed in United States Dollars)

5. Fair value of financial instruments *(continued)*

Investments:

The following tables show the fair value of the Company's investments in accordance with ASC 820, "Fair Value Measurements and Disclosures" as of December 31, 2022 and 2021.

	Total fair value	Quoted prices in active markets for identical assets (Level 1)	Fair value measurement using	
			Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2022:	\$	\$	\$	\$
U.S. treasuries	13,969,873	13,969,873	-	-
Asset-backed securities	20,957,684	-	20,957,684	-
Municipal bonds	542,921	-	542,921	-
Corporate securities	100,301,180	-	100,301,180	-
Non-U.S. government and agencies	891,972	-	891,972	-
Total investments	136,663,630	13,969,873	122,693,757	-

	Total fair value	Quoted prices in active markets for identical assets (Level 1)	Fair value measurement using	
			Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2021:	\$	\$	\$	\$
U.S. treasuries	25,948,401	25,948,401	-	-
Asset-backed securities	20,715,546	-	20,715,546	-
Municipal bonds	735,800	-	735,800	-
Corporate securities	99,048,680	-	99,048,680	-
Non-U.S. government and agencies	659,049	-	659,049	-
Total investments	147,107,476	25,948,401	121,159,075	-

ROOSEVELT ROAD RE LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021
(Expressed in United States Dollars)

5. Fair value of financial instruments *(continued)*

In accordance with U.S. GAAP, the Company is required to recognize certain assets at their fair value in the statements of financial position. This includes the Company's fixed maturity investments. In accordance with the Fair Value Measurements and Disclosures Topic of FASB's ASC 820 ("ASC 820"), fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon whether the inputs to the valuation of an asset or liability are observable or unobservable in the market at the measurement date, with quoted market prices being the highest level (Level 1) and unobservable inputs being the lowest level (Level 3). A fair value measurement will fall within the level of the hierarchy based on the input that is significant to determining such measurement.

The three levels are defined as follows:

Level 1: Observable inputs to the valuation methodology that are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Observable inputs to the valuation methodology other than quoted market prices (unadjusted) for identical assets or liabilities in active markets. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets and liabilities in markets that are not active and inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology that are unobservable for the asset or liability.

At each measurement date, the Company estimates the fair value of the financial instrument using various valuation techniques. The Company utilizes, to the extent available, quoted market prices in active markets or observable market inputs in estimating the fair value of the investments. When quoted market prices or observable market inputs are not available, the Company utilizes valuation techniques that rely on unobservable inputs to estimate the fair value of investments. The following describes the valuation techniques used to determine the fair value of investments held as of December 31, 2022 and 2021 and what level within the fair value hierarchy each valuation technique resides:

Investments

Fair values for the Company's investment securities are obtained from an independent pricing source. If securities are traded in active markets, quoted prices are used to measure fair value (Level 1). If quoted prices are not available, prices are obtained from an independent pricing vendor based on pricing models that consider a variety of observable inputs (Level 2). Benchmark yields, prices for similar securities in active markets and quoted bid or ask prices are just a few of the observable inputs utilized. If the pricing vendor is unable to provide a current price for a security, a fair value is developed using alternate sources based on a variety of less objective assumptions and inputs (Level 3). As of December 31, 2022 and 2021, none of the Company's investment securities are classified as Level 3.

ROOSEVELT ROAD RE LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021
(Expressed in United States Dollars)

5. Fair value of financial instruments *(continued)*

While the Company obtains pricing from independent pricing services, management is ultimately responsible for determining the fair value measurements for all securities. To ensure fair value measurement is applied consistently and in accordance with U.S. GAAP, the Company periodically updates its understanding of the pricing methodologies used by the independent pricing services. The Company also challenges any prices it believes may not be representative of fair value under current market conditions. The Company's review process includes, but is not limited to: (i) initial and ongoing evaluation of the pricing methodologies and valuation models used by outside parties to calculate fair value; (ii) quantitative analysis; (iii) a review of multiple quotes obtained in the pricing process and the range of resulting fair values for each security, if available, and (iv) randomly selecting purchased or sold securities and comparing the executed prices to the fair value estimates provided by the independent pricing sources.

There have been no material changes to any of the Company's valuation techniques from what was used as of December 31, 2021. Since the fair value of a financial instrument is an estimate of what a willing buyer would pay for the asset if sold, the Company will not know the ultimate value of the financial instruments until they are sold. The Company believes the valuation techniques utilized provide it with the best estimate of the price that would be received to sell the assets or transfer the liabilities in an orderly transaction between participants at the measurement date.

Other assets and liabilities:

The fair value of insurance balances receivable, accrued investment income, investment receivable, funds withheld, due from Parent, accounts payable and accrued expenses, due to related party, and losses payable approximates their carrying value due to their relative short-term nature.

The estimates of fair values presented herein are subjective in nature and are not necessarily indicative of the amounts that the Company would actually realize in a current market exchange. However, any differences would not be expected to be material. Certain instruments such as other assets, unearned premiums, outstanding losses and loss expenses and deposit liabilities are excluded from fair value disclosure. Thus the total fair value amounts cannot be aggregated to determine underlying economic value of the Company.

6. Funds withheld

Pursuant to certain reinsurance contracts, the Company is required to provide security for the payment of its obligations. Included in funds withheld is \$120,313 and \$nil at December 31, 2022 and 2021, respectively, provided as security for certain policies.

ROOSEVELT ROAD RE LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021
(Expressed in United States Dollars)

7. Related party transactions

During 2019, the Company entered into a loan agreement with Randall & Quilter Investment Holding Ltd. for up to \$20,000,000. As at December 31, 2022, \$19,000,000 has been loaned (2021 - \$19,000,000). The initial applicable rate of interest was 2.75% above LIBOR. On August 5, 2020, the applicable rate of interest changed to 3% above the secured overnighted funding rate prevailing on the first business day of each month. The loan note receivable is due to mature on July 31, 2024. Interest earned during the year ended December 31, 2022 was \$849,128 (2021 - \$578,219). The loan is unsecured.

The Company entered into a loan agreement with Roosevelt Road Capital Partners LLC on August 7, 2020 in the amount of \$6,000,000. The applicable rate of interest is 3% above the secured overnighted funding rate prevailing on the first business day of each month. The loan note receivable is due to mature on June 30, 2024. The interest earned during the year ended December 31, 2022 was \$268,146 (2021 - \$182,596). The loan is unsecured.

On February 28, 2020, the Company entered into a promissory note with Tradesman Program Managers LLC ("TPM") for the amount of \$1,205,740 plus bifurcated interest of \$394,260. The applicable rate of interest is 5% per annum. Interest earned during the year was \$58,800 (2020 - \$60,287). In December 2021, TPM repaid the loan in full.

As at December 31, 2022 and 2021, loan notes receivable comprised of the following:

	2022	2021
	\$	\$
RQIH note receivable	19,000,000	19,000,000
RQIH interest receivable	383,967	146,066
RRCP note receivable	6,000,000	6,000,000
RRCP interest receivable	95,164	-
	25,479,131	25,146,066

During the year ended December 31, 2021, the Company received funds from Roosevelt Road Capital Partners LLC in the amount of \$9,128,874. The amount payable is interest free, non-secured and repayable on demand. The amount was fully repaid during the year ended December 31, 2022.

As at December 31, 2022, the Company has an amount due from its Parent, Roosevelt Road Holdings Ltd., of \$11,805 (2021 - \$nil). The amount receivable is interest free, non-secured and repayable on demand.

During the year ended December 31, 2022, Tradesman Program Managers LLC earned \$28,947,034 in commissions on premium ceded to the Company (2021 - \$20,862,532).

During the year ended December 31, 2022, ASCCI earned \$6,222,394 in commissions on premium ceded to the Company (2021 - \$4,272,808).

Included in general and administrative expenses for year ended December 31, 2022 are fees paid to Directors of the Company of \$854,167 (2021: \$850,500), of which \$nil was included in accounts payables and accrued expenses as at December 31, 2022 (2021: \$nil).

ROOSEVELT ROAD RE LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021
(Expressed in United States Dollars)

8. Premiums

Activity in unearned premium for the years ended December 31, 2022 and 2021 is summarized as follows:

	2022			2021		
	Gross \$	Ceded \$	Net \$	Gross \$	Ceded \$	Net \$
At January 1	26,514,369	-	26,514,369	17,937,624	-	17,937,624
Premium assumed	84,394,027	-	84,394,027	55,499,591	-	55,499,591
Premiums earned	(75,416,545)	-	(75,416,545)	(46,922,846)	-	(46,922,846)
At December 31	35,491,851	-	35,491,851	26,514,369	-	26,514,369

9. Losses and loss adjustment expenses

The liability for losses and loss adjustment expenses comprises:

	2022 \$	2021 \$
Outstanding losses	64,133,252	37,855,479
Losses incurred but not reported ("IBNR")	94,067,463	54,930,366
	158,200,715	92,785,845

Activity in the liability for losses and loss adjustment expenses comprises:

	2022 \$	2021 \$
Gross balance at beginning of year	92,785,845	61,708,420
Less: Reinsurance recoverable	-	-
Net balance at beginning of year	92,785,845	61,708,420
Incurred losses related to:		
Current year	56,617,993	24,788,602
Prior years	28,233,467	14,469,228
Total incurred	84,851,460	39,257,830
Paid losses related to:		
Current year	2,104,590	471,659
Prior years	17,332,000	7,708,746
Total paid	19,436,590	8,180,405
Net balance at end of year	158,200,715	92,785,845
Plus: Reinsurance recoverable	-	-
Gross balance at end of year	158,200,715	92,785,845

ROOSEVELT ROAD RE LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021
(Expressed in United States Dollars)

9. Losses and loss adjustment expenses *(continued)*

In 2022, the increase (2021 – increase) in incurred losses of prior years is related to unfavorable (2021 – unfavorable) development of prior loss estimates during the year. Changes in the prior years' provision for claims and claims adjustment are due to the ongoing analysis of loss development trends across all accident years on the Company's book of business which are not attributable to any specific occurrence or event.

Management believes that the assumptions used to establish its provision for losses and loss adjustment expenses represent a realistic and appropriate basis for estimating those reserves as of December 31, 2022 and 2021.

However, these assumptions are subject to change and the Company continually reviews and adjusts its reserve estimates taking into account all currently known information and updated assumptions related to unknown information. While management believes it has made a reasonable estimate of loss expenses occurring up to the statements of financial position date, the ultimate costs of claims incurred could exceed the Company's reserves and have a materially adverse effect on its future results of operations and financial condition.

The following tables present information about incurred and paid claims development as of December 31, 2022, net of reinsurance, as well as cumulative claim frequency and the total of IBNR reserves plus expected development on reported claims. The tables include unaudited information about incurred and paid claims development for the years ended December 31, 2015 through 2016, which presented as supplementary information.

ROOSEVELT ROAD RE LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021
(Expressed in United States Dollars)

9. Losses and loss adjustment expenses *(continued)*

U.S. Property and Casualty:

Accident Year	Incurred claims and allocated claim adjustment expenses, net of reinsurance								At December 31, 2022	
	2015	2016	2017	2018	2019	2020	2021	2022	Total IBNR Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
	Unaudited									
2015	8,255,706	5,945,864	11,886,604	11,886,857	12,059,274	11,786,537	11,786,537	11,786,537	180,493	
2016		11,034,657	15,835,163	20,232,061	20,832,412	20,219,067	20,219,067	20,219,067	2,577,230	
2017			-	-	-	-	-	-	-	
2018				-	-	-	-	-	-	
2019					-	-	-	-	-	
2020						-	-	-	-	
2021							4,024,418	10,853,000	3,451,470	92
2022								23,493,250	16,885,472	177
Total								<u>66,351,854</u>	<u>23,094,665</u>	

ROOSEVELT ROAD RE LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021
(Expressed in United States Dollars)

9. Losses and loss adjustment expenses *(continued)*

U.S. Property and Casualty *(continued)*:

Paid claims and allocated claim adjustment expenses, net of reinsurance

Accident Year	2015	2016	2017	2018	2019	2020	2021	2022
	\$	\$	\$	\$	\$	\$	\$	\$
	Unaudited							
2015	693,992	3,804,884	6,532,345	8,505,690	9,623,958	10,251,036	10,796,790	11,161,811
2016		1,643,963	6,538,194	11,365,318	13,813,902	15,254,805	16,186,340	16,733,430
2017			-	-	-	-	-	-
2018				-	-	-	-	-
2019					-	-	-	-
2020						-	-	-
2021							329,793	3,335,848
2022								1,974,305
Total								<u>33,205,394</u>
Liability of losses and loss adjustment expenses, net of reinsurance								<u>33,146,460</u>

ROOSEVELT ROAD RE LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021
(Expressed in United States Dollars)

9. Losses and loss adjustment expenses *(continued)*

Commercial Automobile Risk:

Accident Year	Incurred claims and allocated claim adjustment expenses, net of reinsurance							At December 31, 2022		
	2015 \$	2016 \$	2017 \$	2018 \$	2019 \$	2020 \$	2021 \$	2022 \$	Total IBNR Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
	Unaudited									
2015	8,402	1,860	1,860	1,860	1,860	1,860	1,860	1,860	-	1
2016		868,197	1,412,427	1,418,693	1,627,447	1,605,149	1,815,284	1,827,972	38,468	195
2017			1,184,860	1,137,082	1,777,580	1,911,148	1,978,827	1,915,229	7,151	284
2018				1,476,782	2,365,322	2,838,793	3,506,577	3,614,449	155,580	266
2019					102,940	136,543	281,327	215,304	23,556	16
2020						-	-	-	126	-
2021							8,131	8,060	8,060	-
2022								9,617	9,617	-
Total								<u>7,592,491</u>	<u>242,558</u>	

ROOSEVELT ROAD RE LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021
(Expressed in United States Dollars)

9. Losses and loss adjustment expenses *(continued)*

Commercial Automobile Risk *(continued)*:

Paid claims and allocated claim adjustment expenses, net of reinsurance

Accident Year	2015	2016	2017	2018	2019	2020	2021	2022
	\$	\$	\$	\$	\$	\$	\$	\$
	Unaudited							
2015	-	1,860	1,860	1,860	1,860	1,860	1,860	1,860
2016		133,460	736,576	845,654	1,488,439	1,518,428	1,566,604	1,572,011
2017			375,399	753,371	1,356,245	1,599,982	1,758,301	1,867,649
2018				291,335	1,449,235	2,016,686	2,790,438	3,144,946
2019					72,816	84,474	102,774	138,365
2020						-	-	-
2021							-	-
2022								-
Total								<u><u>6,724,831</u></u>
Liability of losses and loss adjustment expenses, net of reinsurance								<u><u>867,660</u></u>

ROOSEVELT ROAD RE LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021
(Expressed in United States Dollars)

9. Losses and loss adjustment expenses *(continued)*

Habitational:

Accident year	Incurred claims and allocated claim adjustment expenses, net of reinsurance								Total IBNR Plus Expected Development on Reported Claims \$	At December 31, 2022 Cumulative Number of Reported Claims
	For the years ended December 31									
	2015 \$	2016 \$	2017 \$	2018 \$	2019 \$	2020 \$	2021 \$	2022 \$		
	Unaudited									
2020						44,003	31,762	20,932	17,233	4
2021							1,477,464	1,439,458	1,039,698	77
2022								3,785,158	2,782,257	94
								5,245,548	3,839,188	
	Paid claims and allocated claim adjustment expenses, net of reinsurance									
	For the years ended December 31									
Accident year	2015 \$	2016 \$	2017 \$	2018 \$	2019 \$	2020 \$	2021 \$	2022 \$		
	Unaudited									
2020						-	-	3,699		
2021							12,399	86,705		
2022								38,190		
								128,594		
								5,116,954		
Liability for losses and loss adjustment expenses, net of reinsurance										

ROOSEVELT ROAD RE LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021
(Expressed in United States Dollars)

9. Losses and loss adjustment expenses *(continued)*

The reconciliation of the incurred and paid claims development tables to the liability for losses and loss adjustment expenses in the statements of financial position is as follows:

	December 31, 2022 \$	December 31, 2021 \$
Net outstanding liabilities:		
U.S. Property and Casualty	33,146,460	8,649,514
Commercial Automobile Risk	867,660	1,372,030
General Liability	119,069,641	81,267,474
Habitational	5,116,954	1,496,827
	158,200,715	92,785,845

The following table is unaudited supplementary information for average annual historical duration of claims:

Years	Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance						
	Unaudited						
	1	2	3	4	5	6	7
U.S. Property and Casualty	5.7%	25.0%	-%	-%	-%	-%	-%
Commercial Automobile Risk	13.8%	38.0%	12.3%	17.2%	9.2%	3.9%	-1.4%
General Liability	0.5%	2.5%	22.0%	18.2%	17.4%	39.5%	-%
Habitational	0.6%	2.4%	14.7%	-%	-%	-%	-%

ROOSEVELT ROAD RE LTD.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021
(Expressed in United States Dollars)

10. Share capital

The Company has 120,000 authorized, issued and fully paid common shares of par value \$1 each.

11. Contributed surplus

Contributed surplus represents additional capital contributed by the Company's parents and former parents.

During the year ended December 31, 2022, additional cash capital contributions were made to the Company by RRCP of \$33,299,944 in May 2022 and by RRHL of \$8,700,000 in December 2022.

12. Dividends

During the year ended December 31, 2022, dividends of \$2,490,036 were declared and paid to Roosevelt Road Capital Partners, LLC, the Company's ultimate parent. During the year ended December 31, 2021, no dividends were declared or paid.

13. Statutory requirements

The Company is registered under the Bermuda Insurance Act 1978, amendments thereto and related regulations which require that the Company maintain minimum levels of solvency and liquidity as defined by the Bermuda Insurance Act 1978. For the years ended December 31, 2022 and 2021, these requirements have been met.

At December 31, 2022 and 2021, the minimum required statutory capital and surplus and the minimum required level of liquid assets is as follows:

	December 31 2022 \$	December 31 2021 \$
Minimum required statutory capital and surplus	23,756,000	13,918,000
Actual statutory capital and surplus	70,362,000	51,444,000
Minimum required level of liquid assets	146,090,000	97,729,000
Actual liquid assets	239,640,000	156,348,000

A reconciliation of the statutory capital and surplus to GAAP equity is below:

	December 31 2022 \$	December 31 2021 \$
Shareholder's equity in accordance with U.S. GAAP	69,562,281	50,636,698
Less: Non-admitted assets		
Prepaid expenses	(82,825)	(170,503)
Add: Non-controlling SAC consolidated under statutory accounting	882,948	978,005
Statutory capital and surplus	70,362,404	51,444,200

14. Risks

Concentration of credit risk

As of December 31, 2022 and 2021, cash and cash equivalents are held with HSBC, Morgan Stanley and Barclays. As of December 31, 2022 and 2021, the Company's investment portfolios are held by Morgan Stanley and Barclays.

Foreign exchange risk

The Company is exposed to foreign currency risk due to reinsurance balances receivable and reserves for insurance contracts in British Pounds and Euros. Due to limited exposure to foreign currency risk, any weakening or strengthening of foreign currency balances would not have a material effect on the financial results of the Company.

Market risk

In February 2022, Russia invaded neighboring Ukraine. This has had, and may continue to have, a substantial impact on the global capital markets. Capital markets are reacting to the economic effect of sanctions, which include a material increase in commodity prices, which could add to already high inflationary pressures, challenging efforts by the global central banks to curb inflation. The results of sanctions and overall uncertainty have resulted in incremental instability within equity and bond markets, resulting in higher equities volatility and widening bond spreads.

The extent and duration of the impact of Russia's invasion of Ukraine, including the resulting sanctions levied against Russia, on global financial markets is uncertain and ever-evolving. Although the long-term economic fallout of the impact of Russia's invasion of Ukraine is difficult to predict, the Company does not expect to experience a significant impact from illiquidity, operational disruptions or financial loss.

Legal/regulatory risk

Legal/regulatory risk is the risk that the legal or regulatory environment in which an insurer operates will change and create additional loss costs or expenses not anticipated by the insurer in pricing its products. That is, regulatory initiatives designed to reduce insurer profits or new legal theories may create costs for the insurer beyond those recorded in the financial statements. The Company mitigates this risk through its underwriting and loss adjusting practices which identify and minimize the adverse impact of this risk.

ROOSEVELT ROAD RE LTD.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021
(Expressed in United States Dollars)

15. Segregated account assets and liabilities

As at December 31, 2022 and 2021, segregated accounts assets and liabilities are shown separately in the balance sheets as segregated account assets and segregated account liabilities. A summary of these balances, and the aggregate operations of the segregated accounts, is as follows:

	December 31 2022 \$	December 31 2021 \$
Balance Sheet		
Cash and cash equivalents	62,811	193,015
Intercompany receivables	-	200
Funds withheld	1,128,449	1,172,890
Total Assets	1,191,260	1,366,105
Statement of Operations and Comprehensive Loss		
Losses and loss adjustment expenses	171,455	300,514
Losses payable	2,126	83,506
Intercompany payables	41,885	-
Accounts payable and accrued expenses	92,846	4,080
Net equity due to preferred shareholders	882,948	978,005
Total liabilities and shareholders' equity	1,191,260	1,366,105
	2022 \$	2021 \$
Statement of Operations and Comprehensive Loss		
Net premiums written	-	-
Change in unearned premium	-	-
Net premiums earned	-	-
Incurring losses	(994)	-
General and administrative expenses	(94,755)	(19,269)
Net investment income (loss)	691	27
Net loss and comprehensive loss	(95,058)	(19,242)

16. Subsequent events

The Company has evaluated all known recognized and non-recognized subsequent events through May 31, 2023, the date the financial statements were available to be issued.

There have been no significant subsequent events identified up to the date of approval of these financial statements.