

SIRIUSPOINT BERMUDA INSURANCE COMPANY LTD.

Audited Consolidated Financial Statements

Years ended December 31, 2022 and 2021

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Report of Independent Auditors

To the Management and Board of Directors of SiriusPoint Bermuda Insurance Company Ltd.

Opinion

We have audited the accompanying consolidated financial statements of SiriusPoint Bermuda Insurance Company Ltd. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of income (loss), of comprehensive income (loss), of shareholder's equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company 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 audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 consolidated 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 the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with US 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 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.

PricewaterhouseCoopers LLP

New York, New York
March 30, 2023

SIRIUSPOINT BERMUDA INSURANCE COMPANY LTD.
CONSOLIDATED BALANCE SHEETS
As of December 31, 2022 and 2021
(expressed in millions of U.S. dollars, except per share and share amounts)

	December 31, 2022	December 31, 2021
Assets		
Debt securities, available for sale, at fair value, net of allowance for credit losses of \$0.0 (2021 - N/A) (cost - \$2,678.1; 2021 - N/A)	\$ 2,635.5	\$ —
Debt securities, trading, at fair value (cost - \$1,630.1; 2021 - \$2,099.3)	1,526.0	2,085.6
Short-term investments, at fair value (cost - \$984.5; 2021 - \$1,076.0)	984.6	1,075.8
Investments in related party investment funds, at fair value	128.8	909.6
Other long-term investments, at fair value (cost - \$379.4; 2021 - \$430.4)	357.8	443.1
Equity securities, trading, at fair value (cost - \$1.8; 2021 - \$4.5)	1.6	2.8
Total investments	5,634.3	4,516.9
Cash and cash equivalents	699.7	991.9
Restricted cash and cash equivalents	208.4	948.6
Redemption receivable from related party investment fund	18.5	250.0
Due from brokers	4.9	15.9
Interest and dividends receivable	26.7	8.3
Insurance and reinsurance balances receivable, net	1,876.9	1,708.2
Deferred acquisition costs and value of business acquired, net	294.9	218.8
Unearned premiums ceded	348.8	242.8
Loss and loss adjustment expenses recoverable, net	1,376.2	1,215.3
Deferred tax asset	200.3	182.0
Intangible assets	163.8	171.9
Other assets	145.3	114.1
Total assets	\$ 10,998.7	\$ 10,584.7
Liabilities		
Loss and loss adjustment expense reserves	\$ 5,268.7	\$ 4,841.4
Unearned premium reserves	1,521.1	1,198.4
Reinsurance balances payable	813.6	688.3
Deposit liabilities	140.5	150.7
Securities sold, not yet purchased, at fair value	27.0	—
Securities sold under an agreement to repurchase	18.0	—
Due to brokers	—	6.5
Accounts payable, accrued expenses and other liabilities	251.6	193.9
Deferred tax liability	59.8	95.4
Due to affiliates	14.6	4.7
Total liabilities	8,114.9	7,179.3
Commitments and contingent liabilities		
Shareholder's equity		
Common shares (par value \$1.00; authorized, 1,120,000; issued and outstanding, 1,120,000)	1.1	1.1
Additional paid-in capital	3,236.2	3,236.2
Retained earnings (deficit)	(316.4)	168.7
Accumulated other comprehensive loss, net of tax	(45.0)	(0.2)
Shareholder's equity attributable to common shareholder	2,875.9	3,405.8
Noncontrolling interests	7.9	(0.4)
Total shareholder's equity	2,883.8	3,405.4
Total liabilities, noncontrolling interests and shareholder's equity	\$ 10,998.7	\$ 10,584.7

The accompanying Notes to the Consolidated Financial Statements are
an integral part of the Consolidated Financial Statements.


Director


Director

SIRIUSPOINT BERMUDA INSURANCE COMPANY LTD.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
For the years ended December 31, 2022 and 2021
(expresses in millions of U.S. dollars)

	2022	2021
Revenues		
Gross premiums written	\$ 3,409.7	\$ 2,236.5
Gross premiums ceded	(860.5)	(502.3)
Net premiums written	2,549.2	1,734.2
Change in net unearned premium reserves	(231.1)	(17.2)
Net premiums earned	2,318.1	1,717.0
Net realized and unrealized investment losses	(231.9)	(18.2)
Net realized and unrealized investment gains (losses) from related party investment funds	(210.5)	304.0
Net investment income	113.3	25.4
Net realized and unrealized investment gains (losses) and net investment income	(329.1)	311.2
Other revenues	79.7	51.0
Total revenues	2,068.7	2,079.2
Expenses		
Loss and loss adjustment expenses incurred, net	1,588.4	1,326.5
Acquisition costs, net	461.9	387.8
Other underwriting expenses	184.5	158.8
Net corporate and other expenses	247.9	157.0
Intangible asset amortization	8.1	5.9
Foreign exchange gains	(28.0)	(26.0)
Total expenses	2,462.8	2,010.0
Income (loss) before income tax benefit	(394.1)	69.2
Income tax benefit	34.8	19.1
Net income (loss)	(359.3)	88.3
Net (income) loss attributable to noncontrolling interests	(0.8)	2.3
Net income (loss) available to common shareholder	\$ (360.1)	\$ 90.6

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SIRIUSPOINT BERMUDA INSURANCE COMPANY LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the years ended December 31, 2022 and 2021
(expresses in millions of U.S. dollars)

	<u>2022</u>	<u>2021</u>
Comprehensive income (loss)		
Net income (loss)	\$ (359.3)	\$ 88.3
Other comprehensive loss, net of tax		
Change in foreign currency translation	(5.0)	(0.2)
Unrealized losses from debt securities held as available for sale investments	(42.5)	—
Reclassifications from accumulated other comprehensive income	2.7	—
Total other comprehensive loss	<u>(44.8)</u>	<u>(0.2)</u>
Comprehensive income (loss)	(404.1)	88.1
Net (income) loss attributable to noncontrolling interests	(0.8)	2.3
Comprehensive income (loss) available to common shareholder	<u>\$ (404.9)</u>	<u>\$ 90.4</u>

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SIRIUSPOINT BERMUDA INSURANCE COMPANY LTD.
CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY
For the years ended December 31, 2022 and 2021
(expresses in millions of U.S. dollars)

	2022	2021
Common shares		
Balance, beginning of period	1,120,000	1,000,000
Issuance of common shares for Sirius Bermuda merger	—	120,000
Balance, end of period	1,120,000	1,120,000
Common shares		
Balance, beginning of period	\$ 1.1	\$ 1.0
Issuance of common shares for Sirius Bermuda merger	—	0.1
Balance, end of period	1.1	1.1
Additional paid-in capital		
Balance, beginning of period	3,236.2	1,405.7
Acquisition of Sirius Group	—	1,830.5
Balance, end of period	3,236.2	3,236.2
Retained earnings (deficit)		
Balance, beginning of period	168.7	161.1
Net income (loss)	(359.3)	88.3
Net (income) loss attributable to noncontrolling interests	(0.8)	2.3
Dividends	(125.0)	(83.0)
Balance, end of period	(316.4)	168.7
Accumulated other comprehensive loss, net of tax		
Balance, beginning of period	(0.2)	—
Net change in foreign currency translation adjustment		
Balance, beginning of period	(0.2)	—
Net change in foreign currency translation adjustment	(5.0)	(0.2)
Balance, end of period	(5.2)	(0.2)
Unrealized losses from debt securities held as available for sale investments		
Balance, beginning of period	—	—
Unrealized losses from debt securities held as available for sale investments	(42.5)	—
Reclassifications from accumulated other comprehensive income	2.7	—
Balance, end of period	(39.8)	—
Balance, end of period	(45.0)	(0.2)
Shareholder's equity attributable to common shareholder	2,875.9	3,405.8
Noncontrolling interests	7.9	(0.4)
Total shareholder's equity	\$ 2,883.8	\$ 3,405.4

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an integral part of the Consolidated Financial Statements.

SIRIUSPOINT BERMUDA INSURANCE COMPANY LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022 and 2021
(expresses in millions of U.S. dollars)

	2022	2021
Operating activities		
Net income (loss)	\$ (359.3)	\$ 88.3
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Net realized and unrealized loss on investments and derivatives	214.0	4.2
Net realized and unrealized (gain) loss on investment in related party investment funds	210.5	(304.0)
Gain from sale of consolidated subsidiary	—	(5.8)
Amortization of premium and accretion of discount, net	(16.5)	10.1
Amortization of intangible assets	8.1	5.9
Depreciation and other amortization	5.8	6.1
Other items, net	4.2	13.3
Changes in assets and liabilities:		
Insurance and reinsurance balances receivable, net	(164.7)	(48.3)
Deferred acquisition costs and value of business acquired, net	(76.1)	(2.3)
Unearned premiums ceded	(106.0)	(33.3)
Loss and loss adjustment expenses recoverable, net	(160.9)	(390.2)
Due from/to affiliates, net	1.5	(104.9)
Deferred tax asset/liability	(53.9)	(53.4)
Other assets	(37.0)	42.7
Interest and dividends receivable	(18.4)	0.6
Loss and loss adjustment expense reserves	427.3	614.8
Unearned premium reserves	322.7	13.6
Reinsurance balances payable	125.3	223.0
Accounts payable, accrued expenses and other liabilities	57.7	(92.2)
Net cash provided by (used in) operating activities	<u>384.3</u>	<u>(11.8)</u>
Investing activities		
Proceeds from redemptions from related party investment funds	741.8	200.0
Purchases of investments	(6,161.5)	(3,408.1)
Proceeds from sales and maturities of investments	4,110.7	2,693.5
Change in due from/to brokers, net	4.5	77.9
Acquisition of Sirius Group (cash and restricted cash acquired of \$740.3)	—	740.3
Proceeds from sale of consolidated subsidiary, net of cash sold	—	20.5
Net cash provided by (used in) investing activities	<u>(1,304.5)</u>	<u>324.1</u>
Financing activities		
Net payments on deposit liability contracts	(14.0)	(14.1)
Proceeds from loans under an agreement to repurchase	17.6	—
Change in total noncontrolling interests, net	0.8	0.2
Cash dividends paid to parent	(116.6)	(70.5)
Net cash used in financing activities	<u>(112.2)</u>	<u>(84.4)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>(1,032.4)</u>	<u>227.9</u>
Cash, cash equivalents and restricted cash at beginning of year	1,940.5	1,712.6
Cash, cash equivalents and restricted cash at end of year	<u><u>\$ 908.1</u></u>	<u><u>\$ 1,940.5</u></u>
Supplementary information		
Income taxes paid (received) in cash	\$ (0.9)	\$ 14.7

The accompanying Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

SiriusPoint Bermuda Insurance Company Ltd.
Notes to the Consolidated Financial Statements
(Expressed in United States Dollars)

1. Organization

SiriusPoint Bermuda Insurance Company Ltd. (the “Company” or “SiriusPoint Bermuda”), a wholly-owned subsidiary of SiriusPoint Ltd. (“SiriusPoint”), is a Bermuda exempted company registered as a Class 4 insurer under the Insurance Act 1978, as amended, and related regulations (the “Act”). Through its wholly owned subsidiaries, the Company is a provider of global multi-line reinsurance and insurance products and services.

On February 26, 2021, Third Point Reinsurance Ltd. completed the acquisition of Sirius International Insurance Group, Ltd. (“Sirius Group”) and changed its name from Third Point Reinsurance Ltd. to SiriusPoint Ltd. All references to SiriusPoint throughout these consolidated financial statements refer to legacy Third Point Reinsurance Ltd., unless otherwise indicated. SiriusPoint’s common shares are listed on the New York Stock Exchange under the symbol “SPNT”. For additional information, see Note 3 to the consolidated financial statements.

Prior to the acquisition of Sirius Group, Third Point Reinsurance Company Ltd. (“Third Point Re BDA”) and Third Point Reinsurance (USA) Ltd. (“Third Point Re USA”) were wholly-owned consolidated reinsurance subsidiaries of Third Point Reinsurance Ltd. In connection with an internal reorganization:

- On May 27, 2021, Third Point Re BDA merged with and into Sirius Bermuda Insurance Company Ltd. (“Sirius Bermuda”), with Sirius Bermuda being the legal surviving entity. Upon the effectiveness of the merger, Sirius Bermuda changed its name to SiriusPoint Bermuda. The full year results of operations and cash flows of Third Point Re BDA are included in these consolidated financial statements, and the results of operations and cash flows of Sirius Bermuda are included from the acquisition date of February 26, 2021 forward (the date on which Sirius Bermuda became under common control with Third Point Re BDA upon the acquisition of Sirius Group by Third Point Reinsurance Ltd.); and
- On December 31, 2021, Third Point Re USA merged with and into SiriusPoint Bermuda, with SiriusPoint Bermuda being the surviving entity. The full year results of operations and cash flows of Third Point Re USA are included in these consolidated financial statements.

These consolidated financial statements include the results of the Company and have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). All significant intercompany accounts and transactions have been eliminated.

Tabular amounts are in U.S. Dollars in millions, except share amounts, unless otherwise noted.

2. Significant accounting policies

The following is a summary of the significant accounting and reporting policies adopted by the Company:

Use of estimates

The preparation of consolidated 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 the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The major estimates reflected in the Company’s consolidated financial statements include, but are not limited to, the loss and loss adjustment expense reserves, estimates of written and earned premiums and fair value of financial instruments.

Intangible assets

The Company accounts for intangible assets that arise from business combinations in accordance with ASC Topic 350 *Intangibles – Goodwill and Other*.

Intangible assets arising from our business acquisitions are classified as either finite or indefinite-lived intangible assets. Finite-lived intangible assets are amortized over their useful lives with the amortization expense being recognized in the consolidated statements of income (loss). The amortization periods approximate the period over which the Company expects to generate future net cash inflows from the use of these assets. All of these assets are subject to impairment testing for the impairment or disposal of long-lived assets when events or conditions indicate that the carrying value of an asset may not be fully recoverable from future cash flows. Indefinite-lived intangible assets are however not subject to amortization. The carrying values of intangible assets are reviewed for indicators of impairment at least annually. The Company initially evaluates indefinite-lived intangible assets using a qualitative approach to determine whether it is more likely than not that the fair value is greater than its carrying value. If the results of the qualitative evaluation indicate that it is more likely than not that the carrying value exceeds its fair value, the Company performs the quantitative test for impairment. If indefinite-lived intangible assets are impaired, such assets are written down to their fair values with the related expense recognized in the consolidated statements of income (loss).

Cash, cash equivalents and restricted cash

Cash and cash equivalents consist of cash held in banks and other short-term, highly liquid investments with original maturity dates of ninety days or less.

Restricted cash and cash equivalents consist of cash held in trust accounts securing obligations under certain reinsurance contracts and cash held in trust accounts securing letters of credit issued under credit facilities.

Premium revenue recognition

Effective January 1, 2021, the Company changed its accounting policy for assumed written premiums. Previously, the Company estimated ultimate premium written for the entire contract period and recorded this estimate at inception of the contract. For contracts where the full premium written was not estimable at inception, the Company recorded premium written for the portion of the contract period for which the amount was estimable.

The Company changed its accounting policy to recognize premiums written ratably over the term of the related policy or reinsurance treaty consistent with the timing of when the ceding company has recognized the written premiums. Premiums written include amounts reported by brokers and ceding companies, supplemented by the Company's own estimates of premiums where reports have not been received. The determination of premium estimates requires a review of the Company's experience with the ceding companies, managing general underwriters, familiarity with each market, the timing of the reported information, an analysis and understanding of the characteristics of each class of business and management's judgment of the impact of various factors, including premium or loss trends, on the volume of business written and ceded to the Company. On an ongoing basis, the Company's underwriters review the amounts reported by these third parties for reasonableness based on their experience and knowledge of the subject class of business, taking into account the Company's historical experience with the brokers or ceding companies. Changes in premium estimates are expected and may result in adjustments in any reporting period. Any subsequent adjustments arising on such estimates are recorded in the period in which they are determined.

The change in policy has been made because it is management's opinion that the revised policy reflects the timing of when premiums are written by the cedent and reduces estimation uncertainty regarding the assets and liabilities recorded.

Premiums for retroactive exposures in reinsurance contracts are earned at the inception of the contract, as all of the underlying loss events covered by these exposures occurred in the past. If the estimated loss and loss adjustment expense reserve differs from the premium received at inception of a retroactive reinsurance contract, the resulting difference is deferred and recognized over the estimated claim payment period of the related contract with the periodic amortization reflected in earnings as a component of loss and loss adjustment expenses incurred.

Unearned premiums represent the portion of premiums written that relate to the remaining term of the underlying policies in force.

Reinsurance premiums ceded

The Company reduces the risk of losses on business written by reinsuring certain risks and exposures with other reinsurers. The Company remains liable to the extent that any retrocessionaire fails to meet its obligations and to the extent that the Company does not hold sufficient security for their unpaid obligations. Ceded premiums are written during the period in which the risks incept and are earned over the contract period in proportion to the period of risk covered. Unearned premiums ceded consist of the unexpired portion of insurance and reinsurance ceded.

Funds held

Funds held by ceding companies represent amounts due to the Company in connection with certain assumed reinsurance agreements in which the ceding company retains a portion of the premium to provide security against future loss payments. The funds held by ceding companies are generally invested by the ceding company and a contractually agreed interest amount is credited to the Company and recognized as investment income. These amounts are included in insurance and reinsurance balances receivable, net on the consolidated balance sheets.

Funds held under reinsurance treaties represent contractual payments due from the Company that have been retained to secure such obligations. These amounts are included in reinsurance balances payable on the consolidated balance sheets.

Reinsurance

Reinsurance recoverables include claims we paid and estimates of unpaid losses and loss adjustment expenses that are subject to reimbursement under reinsurance and retrocessional contracts. The method for determining reinsurance recoverables for unpaid losses and loss adjustment expenses involves reviewing actuarial estimates of gross unpaid losses and loss adjustment expenses to determine our ability to cede unpaid losses and loss adjustment expenses under our existing reinsurance contracts. This method is continually reviewed and updated and any resulting adjustments are reflected in earnings in the period identified. Reinsurance premiums, commissions and expense reimbursements are accounted for on a basis consistent with those used in accounting for the original policies issued and the term of the reinsurance contracts. Amounts recoverable from reinsurers for losses and loss adjustment expenses for which the Company has not been relieved of its legal obligations to the policyholder are reported as assets.

Deferred acquisition costs

Deferred acquisition costs consist of commissions, brokerage expenses, excise taxes and other costs which are directly attributable to the successful acquisition or renewal of contracts and vary with the production of business. These costs are deferred and amortized over the period in which the related premiums are earned. Amortization of deferred acquisition costs are shown net of contractual commissions earned on reinsurance ceded within acquisition expenses, net in the consolidated statements of income (loss).

Acquisition costs also include profit commissions which are calculated and accrued based on the expected loss experience for contracts and recorded when the current loss estimate indicates that a profit commission is probable under the contract terms.

As a result of the Sirius Group acquisition, a value of business acquired (“VOBA”) intangible asset was established. VOBA represents the expected future losses and expenses associated with the policies and contracts that were in-force as of the closing date of the transaction compared to the future premium remaining expected to be earned. The difference between the risk-adjusted future loss and expenses, discounted to present value, and the unearned premium reserve was estimated to be the VOBA. Amortization of VOBA is recorded in acquisition costs, net in the consolidated statements of income (loss) and the VOBA related asset is included in deferred acquisition costs and value of business acquired, net on the consolidated balance sheets. As of December 31, 2022, VOBA was fully amortized and therefore had no carrying value.

The Company evaluates the recoverability of deferred acquisition costs by determining if the sum of expected loss and loss adjustment expenses, expected dividends to policyholders, unamortized acquisition costs, and maintenance costs exceeds related unearned premiums and anticipated investment income. If a loss is probable on the unexpired portion of contracts in force, a premium deficiency loss is recognized. As of December 31, 2022, deferred acquisition costs are considered to be fully recoverable and no premium deficiency has been recorded.

Loss and loss adjustment expense reserves

The Company's loss and loss adjustment expense reserves include case reserves, reserves for losses incurred but not yet reported ("IBNR reserves") and deferred gains on retroactive reinsurance contracts. Case reserves are established for losses that have been reported, but not yet paid. IBNR reserves represent the estimated loss and loss adjustment expenses that have been incurred by insureds and reinsureds but not yet reported to the insurer or reinsurer, including unknown future development on loss and loss adjustment expenses that are known to the insurer or reinsurer. IBNR reserves are established by management based on actuarially determined estimates of ultimate loss and loss adjustment expenses.

Inherent in the estimate of ultimate loss and loss adjustment expenses are expected trends in claim severity and frequency and other factors that may vary significantly as claims are settled. Accordingly, ultimate loss and loss adjustment expenses may differ materially from the amounts recorded in the consolidated financial statements. These estimates are reviewed regularly and, as experience develops and new information becomes known, the reserves are adjusted as necessary. Such adjustments, if any, are recorded in the consolidated statements of income (loss) in the period in which they become known.

Deposit liabilities

Certain contracts do not transfer sufficient insurance risk to be deemed reinsurance contracts and are accounted for using the deposit method of accounting. Management exercises judgment in determining whether contracts transfer sufficient risk to be accounted for as reinsurance contracts. Using the deposit method of accounting, a deposit liability, rather than written premium, is initially recorded based upon the consideration received less any explicitly identified premiums or fees. In subsequent periods, the deposit liability is adjusted by calculating the effective yield on the deposit to reflect actual payments to date and future expected payments. In some cases, the effective yield on the contract may be negative, which will result in the recognition of other income. Fixed interest credits on deposit accounted contracts are included in net corporate and other expenses in the consolidated statements of income (loss).

Fair value measurement

The Company determines the fair value of financial instruments in accordance with current accounting guidance, which defines fair value and establishes a three level fair value hierarchy based upon the transparency of inputs used in the valuation of an asset or liability. Fair value is defined as the price that the Company would receive to sell an asset or would pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Company determines the estimated fair value of each individual security utilizing the highest level inputs available. Refer to Note 5 for additional information.

Investments

Short-term investments

Short-term investments consist of U.S. treasury bills, certificates of deposit and other securities, which, at the time of purchase, mature within a period of greater than three months but less than one year. Short-term investments are classified as trading securities, carried at fair value and disclosed as a separate line item in the consolidated balance sheets.

Debt Securities

The Company's investments are classified as either trading securities or available for sale ("AFS"). Trading securities are carried at fair value with changes in fair value included in earnings in the consolidated statements of income (loss). AFS securities are held at fair value, net of an allowance for credit losses, and any decline in fair value that is believed to arise from factors other than credit is recorded as a separate component of accumulated other comprehensive income (loss) in the consolidated statement of shareholders' equity. The Company has elected to classify debt securities, other than short-term investments, purchased on or after April 1, 2022 as AFS.

The fair value of the Company's investments are based on quoted market prices, or when such prices are not available, by reference to broker or underwriter bid indications, industry recognized pricing vendors, and/or internal pricing valuation techniques. Investment transactions are recorded on a trade date basis with balances pending settlement included in due to/from brokers in the consolidated balance sheets.

Realized gains and losses are determined using cost calculated on a specific identification basis and are reported pre-tax in revenues. Dividends are recorded on the ex-dividend date. Income and expenses are recorded on the accrual basis including interest and premiums amortized and discounts accreted.

Other long-term investments

Other long-term investments consist primarily of hedge funds, private equity funds, and strategic investments. The fair values of hedge funds and private equity funds that produce net asset value (“NAV”) are generally recorded based upon the Company's proportionate interest in the underlying fund's NAV, which is deemed to approximate fair value or the equity method where applicable.

In addition, due to a lag in reporting, some of the fund managers, fund administrators or both, are unable to provide final fund valuations as of the Company's reporting date. In these circumstances and where the fair value option is elected, the Company uses all credible information available to estimate fair value. This includes utilizing preliminary estimates reported by its fund managers and using information that is available to the Company with respect to the underlying investments, as necessary. The changes in fair value are reported in pre-tax revenues in net realized and unrealized investment gains (losses). Actual final fund valuations may differ from the Company's estimates and these differences are recorded in the period they become known as a change in estimates.

Other long-term investments include certain strategic investments that are carried at fair value, using the equity method or the cost adjusted for market observable events less impairment method. For strategic investments carried at fair value, management uses commonly accepted valuation methods (i.e., income approach, market approach). Where appropriate to utilize equity method, the Company recognizes its share of the investees' income in net realized and unrealized investment gains (losses). Where criteria to be accounted for under the equity method is not met, we have elected to value our strategic investments at the cost adjusted for market observable events less impairment method, a measurement alternative in which the investment is measured at cost and remeasured to fair value when determined to be impaired or upon observable transactions prices becoming available. See Note 8 for additional information.

Investments in related party investment funds

The Company invests in Third Point Enhanced LP (“TP Enhanced Fund”), Third Point Venture Offshore Fund I LP (“TP Venture Fund”) and Third Point Venture Offshore Fund II LP (“TP Venture Fund II”) (collectively, the “Related Party Investment Funds”), which are related party investment funds. The Company's investments in the funds are stated at their fair value, that generally represents the Company's proportionate interest in the funds as reported by the fund based on the NAV provided by the fund administrator. Increases or decreases in such fair value are recorded within net realized and unrealized investment gains (losses) from related party investment funds in the Company's consolidated statements of income (loss). The Company records contributions and withdrawals related to its investments in the funds on the transaction date.

Derivative financial instruments

The Company holds derivative contracts to manage credit risk, interest rate risk, currency exchange risk and other exposure risks. The Company uses derivatives in connection with its risk-management activities to economically hedge certain risks and to gain exposure to certain investments. The utilization of derivative contracts also allows for an efficient means by which to trade certain asset classes.

Fair values of derivatives are determined by using quoted market prices, industry recognized pricing vendors and counterparty quotes when available; otherwise fair values were based on pricing models that consider the time value of money, volatility and the current market and contractual prices of underlying financial instruments.

Share-based compensation

The Company accounts for its share-based compensation transactions using the fair value of the award at the grant date and accounts for forfeitures when they occur. Determining the fair value of share purchase options at the grant date requires

estimation and judgment. The Company uses an option-pricing model (Black-Scholes) to calculate the fair value of share purchase options and used a simplified method to develop the estimate of expected term, where appropriate.

For share-based compensation awards that contain both a service and performance condition, the Company recognizes compensation expense only for the portion of the award that is considered probable of vesting. Fair value of share-based compensation awards considered probable of vesting are expensed over the requisite service period. The probability of share-based awards vesting is evaluated at each reporting period. Share-based compensation awards that contain only service condition and share purchase options are expensed ratably over the requisite service period.

Defined benefit plans

Certain SiriusPoint employees in Europe participate in defined benefit plans. The liability for the defined benefit plans that is reported on the consolidated balance sheets is the current value of the defined benefit obligation at the end of the period, reduced by the fair value of the plan's assets, with adjustments for actuarial gains and losses. The defined benefit pension plan obligation is calculated annually by independent actuaries. The current value of the defined benefit obligation is determined through discounting of expected future cash flows, using interest rates determined by current market interest rates. The service costs and actuarial gains and losses on the defined benefit obligation and the fair value on the plan assets are recognized in the consolidated statements of income (loss).

Other underwriting expenses and Net corporate and other expenses

Other underwriting expenses primarily consist of general and administrative expenses and other operating income and expenses associated with underwriting activities. Other underwriting expenses are also comprised of expenses relating to interest crediting features in certain reinsurance contracts and changes in fair value of reinsurance contracts accounted for as derivatives. Variable and fixed interest crediting features are calculated on funds transferred to the Company where interest is credited based on actual cash received into a notional experience account. The ceding company can typically elect to commute at specific points in time in exchange for the amounts held in the notional experience account. For those contracts that contain variable interest crediting features, actual investment returns realized by the Company are included in the calculation, which can increase the overall effective interest crediting rate on those contracts. Variable interest credit features are accounted for as embedded derivatives. Fixed interest credits on reinsurance contracts are included in other underwriting expenses in the consolidated statements of income (loss).

Net corporate and other expenses include services expenses, costs associated with non-underwriting activities, including service fee expenses from our Managing General Agent (“MGA”) subsidiaries, and current expected credit losses (“CECL”) from our insurance and reinsurance balances receivable and loss and loss adjustment expenses recoverable and severance charges.

Foreign currency exchange

The U.S. dollar is the functional currency for the Company’s businesses except for the Canadian reinsurance operations of SiriusPoint America Insurance Company. The Company invests in securities denominated in foreign currencies. Assets and liabilities recorded in these foreign currencies are translated into U.S. dollars at exchange rates in effect at the balance sheet date, and revenues and expenses are translated using the average exchange rates for the period. Net foreign exchange gains and losses arising from the translation of functional currencies are reported in shareholders’ equity, in accumulated other comprehensive loss. As of December 31, 2022, the Company had net unrealized foreign currency translation losses of \$5.2 million recorded in accumulated other comprehensive loss on its consolidated balance sheet.

For non functional currencies, the resulting exchange gains and losses are reported as a component of net income (loss) in the period in which they arise within net realized and unrealized investment gains (losses) and net foreign exchange gains (losses).

Federal and foreign income taxes

The Company provides for income taxes for its operations in income tax paying jurisdictions. The Company’s provision relies on estimates and interpretations of currently enacted tax laws.

The Company recognizes deferred tax assets and liabilities based on the temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities. A valuation allowance against deferred tax assets is recorded if it is more likely than not that all, or some portion, of the benefits related to deferred tax assets will not be realized. Any adjustments to deferred income taxes are accounted for as changes in estimates and are reflected in the consolidated statements of income (loss) in the year in which they are made. Adjustments could be material and could significantly impact earnings in the year they are recorded.

Variable and voting interest entities

We evaluate our investments to determine whether those investments are variable interest entities ("VIEs") or voting interest entities ("VOEs") and whether consolidation is required. The Company consolidates the results of operations and financial position of all VOEs in which it has a controlling financial interest and VIEs in which it is considered to be the primary beneficiary. The consolidation assessment, including the determination as to whether an entity qualifies as a VOE or VIE, depends on the facts and circumstances surrounding each entity.

VIE is a legal entity that does not have sufficient equity at risk to finance its activities without additional subordinated financial support or is structured such that equity investors lack the ability to make significant decisions relating to the entity's operations through voting rights or do not substantively participate in the gains and losses of the entity. Consolidation of a VIE by its primary beneficiary is not based on majority voting interest, but is based on other criteria discussed below.

FASB ASC Topic 810 Consolidation requires the consolidation of all VIEs by the primary beneficiary, that being the investor that has the power to direct the activities of the VIE and that will absorb a portion of the VIE's expected losses or residual returns that could potentially be significant to the VIE. For VIEs the Company determines it has a variable interest in, it determines whether it is the primary beneficiary of a VIE by performing an analysis that principally considers: (i) the VIE's purpose and design, including the risks the VIE was designed to create and pass through to its variable interest holders; (ii) the VIE's capital structure; (iii) the terms between the VIE and its variable interest holders and other parties involved with the VIE; (iv) which variable interest holders have the power to direct the activities of the VIE that most significantly impact the VIE's economic performance; (v) which variable interest holders have the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE; and (vi) related party relationships. The Company reassesses its initial determination of whether the Company is the primary beneficiary of a VIE upon changes in facts and circumstances that could potentially alter the Company's assessment.

Noncontrolling interests

The Company consolidates the results of entities in which it has a controlling financial interest. Noncontrolling interests are presented as a separate line within shareholders' equity in the consolidated balance sheets. The Company records the portion of net (income) loss attributable to noncontrolling interests as a separate line within the consolidated statements of income (loss).

Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The Company does not have any leases classified as finance leases. For its operating leases, the Company recognizes lease assets and liabilities on the balance sheet, with the exception of leases with an original term of 12 months or less. Lease assets and liabilities are initially recognized and measured based on the present value of the lease payments.

Recent accounting pronouncements

Recently Issued Accounting Standards Not Yet Adopted

In June 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2022-03, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions ("ASU 2022-03"). The amendment clarifies the guidance in Topic 820 on the fair value measurement of an equity security that is subject to a contractual sale restriction and requires specific disclosures related to such an equity security. ASU 2022-03 is effective for fiscal years beginning after December 15, 2024, and interim periods within those fiscal years. This new pronouncement is not expected to have a material impact on the Company's consolidated financial statements.

Reclassifications

Certain amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements. These reclassifications had no impact on the previously reported net income (loss) or shareholder's equity attributable to common shareholder.

3. Acquisition of Sirius Group

Overview

On February 26, 2021, SiriusPoint completed its acquisition of Sirius Group. Prior to the closing of the acquisition, Sirius Group was a publicly listed company and traded on the Nasdaq Global Select Market under the symbol "SG". Sirius Group, through its wholly owned subsidiaries, provides multi-line insurance and reinsurance on a worldwide basis. The acquisition of Sirius Group is expected to benefit the Company through expanded underwriting capabilities, geographic footprint and product offerings.

The total deal consideration was \$1,079.8 million, which included the issuance of 58,331,196 SiriusPoint common shares valued at \$595.6 million and \$100.4 million of cash. In addition to the SiriusPoint common shares and the cash, the aggregate consideration for the transaction also consisted of the issuance of preference shares, warrants, and other contingent value components issued by SiriusPoint. The cash consideration portion was funded from available cash resources and \$48.6 million from the issuance of SiriusPoint common shares pursuant to the equity commitment letter between SiriusPoint, Third Point Opportunities Master Fund Ltd. and Daniel S. Loeb, pursuant to which Third Point Opportunities Master Fund Ltd. committed to purchase up to 9.5% of SiriusPoint's shares in connection with closing of the acquisition of Sirius Group.

Purchase Price

The components of SiriusPoint's total purchase price for Sirius Group at February 26, 2021 were as follows:

<i>Cash consideration</i>		
Sirius Group shares acquired for cash	\$	100.4
<i>Common Shares</i>		
Common Shares issued by SiriusPoint	58,331,196	
SiriusPoint share price as of February 26, 2021	<u>\$</u>	<u>10.21</u>
		595.6
<i>Preference Shares</i>		
Series A Preference Shares issued, at fair value		40.8
Series B Preference Shares issued, at fair value		200.0
<i>Warrants</i>		
Merger warrants issued, at fair value		53.4
Private warrants issued, at fair value		7.3
Sirius Group Public Warrants, at fair value		2.6
<i>Upside Rights</i>		
Upside Rights issued, at fair value		6.5
<i>Contingent value rights (CVRs)</i>		
CVRs issued, at fair value		27.0
CVR waiver restricted shares		0.7
<i>Other</i>		
Fair value of the replaced Sirius Group equity awards attributable to pre-combination services		37.5
Transaction fee reimbursement		8.0
Total purchase price	<u>\$</u>	<u>1,079.8</u>

Fair Value of Net Assets Acquired and Liabilities Assumed

The following table summarizes the estimated fair values of major classes of identifiable assets acquired and liabilities assumed of Sirius Group as of February 26, 2021, the date the transaction closed. The identifiable assets acquired and liabilities assumed related to Sirius Bermuda contained within the table below are included in these consolidated financial statements.

Identifiable net assets:	
Cash and investments	\$ 3,944.1
Insurance and reinsurance balances receivable, net	1,201.0
Reinsurance assets	649.7
Value of business acquired	147.9
Deferred tax asset	228.0
Intangible assets	178.8
Other assets	181.9
Loss and loss adjustment expense reserves	(2,928.5)
Unearned premium reserves	(900.0)
Deferred tax liability	(186.8)
Debt ⁽¹⁾	(728.2)
Other liabilities	(657.7)
Total identifiable net assets acquired	1,130.2
Total purchase price	1,079.8
Bargain purchase gain ⁽²⁾	<u>\$ 50.4</u>

(1) SiriusPoint assumed the existing and outstanding aggregate principal amount of the debt pursuant to its merger with Sirius International Group, Ltd. The debt is not included in the Company's consolidated financial statements.

(2) The bargain purchase gain is recorded in the consolidated financial statements of SiriusPoint and is not included in the Company's consolidated financial statements.

An explanation of the significant fair value adjustments is as follows:

- Goodwill and intangibles - to eliminate the goodwill and intangible assets in Sirius Group net assets acquired as part of the purchase accounting;
- Loss and loss adjustment expense reserves - to record loss and loss adjustment expense reserves at fair value, reflecting an increase for a market based risk margin, which represents the cost of capital required by a market participant to assume the loss and loss adjustment expense reserves of Sirius Group, partially offset by a deduction which represents the discount due to the present value calculation of the loss and loss adjustment expense reserves based on the expected payout of the net unpaid loss and loss adjustment expense reserves. The fair value adjustment resulted in an additional liability of \$80.6 million which is amortized over the expected settlement period of the underlying claims. In addition, management increased certain casualty loss reserves by \$70.0 million in order to reflect a consistent reserving approach between the two companies. The increase was in response to accumulated loss experience and the broader industry trends of social inflation;
- Deferred acquisition costs - to eliminate Sirius Group's deferred acquisition costs asset;
- Value of business acquired ("VOBA") - the expected future losses and expenses associated with the policies and contracts that were in-force as of the closing date of the transaction were estimated and compared to the future premium remaining expected to be earned. The difference between the risk-adjusted future loss and expenses, discounted to present value and the unearned premium reserve, was estimated to be the VOBA. The Company recognized VOBA of \$147.9 million as a result of the Sirius Group acquisition. As of December 31, 2022, VOBA was fully amortized and therefore had no carrying value (2021 - \$50.0 million). In the year ended December 31, 2022, amortization of \$50.0 million (2021- \$97.9 million) was recorded in acquisition costs, net in the consolidated statements of income (loss);

- Finite-lived insurance intangible assets - to establish the fair value of identifiable finite-lived insurance intangible assets acquired, including customer and other relationships, trade names and technology. The fair values of the finite-lived intangible assets relating to customer and other relationships were determined using the multi-period excess earnings approach. This method reflects the present value of the projected cash flows that are expected to be generated by the asset, reduced by returns on contributory assets. The Company recognized identifiable finite-lived intangible assets of \$130.0 million, which will be amortized over their estimated useful lives;
- Indefinite-lived insurance intangible assets - to establish the fair value of identifiable indefinite-lived insurance intangible assets acquired (Lloyd's capacity and insurance licenses). The Company recognized identifiable indefinite lived intangible assets of \$48.8 million; and
- Deferred tax - to reflect adjustments to net deferred tax assets and liabilities related to the fair value adjustments above.

Identifiable intangible assets consisted of the following and are included in intangible assets on the Company's consolidated balance sheets as of December 31, 2022 and 2021:

	Economic Useful Life	Gross balance at February 26, 2021	Accumulated amortization	Net balance at December 31, 2022
Distribution relationships	17 years	\$ 75.0	\$ (1.9)	\$ 73.1
MGA relationships	13 years	34.0	(9.4)	24.6
Lloyd's Capacity - Syndicate 1945	Indefinite	41.8	—	41.8
Insurance licenses	Indefinite	7.0	—	7.0
Trade name	16 years	16.0	(0.8)	15.2
Internally developed computer software	5 years	5.0	(1.9)	3.1
Identifiable intangible assets		\$ 178.8	\$ (14.0)	164.8
Insurance licenses sold				(1.0)
Net identifiable intangible assets at December 31, 2022 related to the acquisition of Sirius Group ⁽¹⁾				\$ 163.8

	Economic Useful Life	Gross balance at February 26, 2021	Accumulated amortization	Net balance at December 31, 2021
Distribution relationships	17 years	\$ 75.0	\$ —	\$ 75.0
MGA relationships	13 years	34.0	(4.9)	29.1
Lloyd's Capacity - Syndicate 1945	Indefinite	41.8	—	41.8
Insurance licenses	Indefinite	7.0	—	7.0
Trade name	16 years	16.0	(0.2)	15.8
Internally developed computer software	5 years	5.0	(0.8)	4.2
Identifiable intangible assets		\$ 178.8	\$ (5.9)	172.9
Insurance licenses sold				(1.0)
Net identifiable intangible assets at December 31, 2021 related to the acquisition of Sirius Group ⁽¹⁾				\$ 171.9

(1) No impairments were recorded in the years ended December 31, 2022 and 2021.

The estimated remaining amortization expense for the Company's intangible assets with finite lives is as follows:

2023	\$ 11.1
2024	12.0
2025	11.4
2026	9.9
2027 and thereafter	71.6
Total remaining amortization expense	\$ 116.0

An explanation of the identifiable intangible assets is as follows:

- Distribution relationships - refers to the relationships Sirius Group has established with external independent distributors and brokers to facilitate the distribution of its products in the marketplace. As a result of owning the distribution relationships, management will not have to duplicate historical marketing, training, and start-up expenses to redevelop comparable relationships to support business operations;
- MGA relationships - refers to relationships with managing general agents on the direct insurance business. Through the MGA relationships, Sirius Group generates a predictable and recurring stream of service fee revenue;
- Lloyd's Capacity - Syndicate 1945 - relates to relationships associated with the right to distribute and market policies underwritten through Lloyd's Syndicate 1945;
- Insurance licenses - Sirius Group, like other insurance providers, is required to maintain licenses to produce and service insurance contracts. Insurance licenses are estimated to have an indefinite life and are therefore not amortized but are subject to periodic impairment testing;
- Trade name - represents the value of the Sirius Group brand acquired; and
- Internally developed computer software - represents the value of internally developed computer software utilized by the Company.

Financial results

The following table summarizes the results of Sirius Group that have been included in the Company's consolidated statements of income (loss) for the year ended December 31, 2021:

	For the period from February 26, 2021 to December 31, 2021
Total revenues	\$ 1,224.3
Net loss	\$ (161.2)

Supplemental Pro Forma Information

Sirius Group's results have been included in the Company's consolidated financial statements from February 26, 2021 to December 31, 2021 and for the year ended December 31, 2022. As such, the following table presents unaudited pro forma consolidated financial information for the year ended December 31, 2021, and assumes the acquisition of Sirius Group occurred on January 1, 2020. The unaudited pro forma consolidated financial information is provided for informational purposes only and is not necessarily, and should not be assumed to be, an indication of the results that would have been achieved had the transaction been completed as of January 1, 2020 or that may be achieved in the future. The unaudited pro forma consolidated financial information does not give consideration to the impact of possible revenue enhancements, expense efficiencies, synergies or asset dispositions that may result from the acquisition of Sirius Group. In addition, unaudited pro forma consolidated financial information does not include the effects of costs associated with any restructuring or integration activities resulting from the acquisition of Sirius Group, as they are nonrecurring.

	2021
Total revenues	\$ 2,292.8
Net income	\$ 143.1

Among other adjustments, and in addition to the fair value adjustments and recognition of identifiable intangible assets noted above, other material nonrecurring pro forma adjustments directly attributable to the acquisition of Sirius Group principally included certain adjustments to recognize transaction related costs, align reserving approach, amortize fair value adjustments, amortize identifiable indefinite lived intangible assets and recognize related tax impacts.

4. Cash, cash equivalents, restricted cash and restricted investments

The following table provides a summary of cash and cash equivalents, restricted cash and restricted investments as of December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Cash and cash equivalents	\$ 699.7	\$ 991.9
Restricted cash securing letter of credit facilities (1)	34.3	500.2
Restricted cash securing reinsurance contracts (2)	148.9	431.8
Restricted cash held by managing general underwriters	25.2	16.6
Total cash, cash equivalents and restricted cash (3)	908.1	1,940.5
Restricted investments securing reinsurance contracts and letter of credit facilities (1) (2) (4)	2,202.2	1,107.0
Total cash, cash equivalents, restricted cash and restricted investments	<u>\$ 3,110.3</u>	<u>\$ 3,047.5</u>

- (1) Restricted cash and restricted investments securing letter of credit facilities primarily pertains to letters of credit that have been issued to the Company's clients in support of our obligations under reinsurance contracts. The Company will not be released from the obligation to provide these letters of credit until the reserves underlying the reinsurance contracts have been settled. The time period for which the Company expects each letter of credit to be in place varies from contract to contract but can last several years.
- (2) Restricted cash and restricted investments securing reinsurance contracts pertain to trust accounts securing the Company's contractual obligations under certain reinsurance contracts that the Company will not be released from until the underlying risks have expired or have been settled. Restricted investments include certain investments in debt securities, short-term investments and limited partnership interests in TP Enhanced Fund. The time period for which the Company expects these trust accounts to be in place varies from contract to contract, but can last several years.
- (3) Cash, cash equivalents and restricted cash as reported in the Company's consolidated statements of cash flows.
- (4) Restricted investments include required deposits with certain insurance state regulatory agencies in order to maintain insurance licenses.

5. Fair value measurements

U.S. GAAP disclosure requirements establish a framework for measuring fair value, including a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. The three-level hierarchy of inputs is summarized below:

- Level 1 – Quoted prices available in active markets/exchanges for identical investments as of the reporting date.
- Level 2 – Observable inputs to the valuation methodology other than unadjusted quoted market prices for identical assets or liabilities in active markets. Level 2 inputs include, but are not limited to, prices quoted for similar assets or liabilities in active markets/exchanges, prices quoted for identical or similar assets or liabilities in markets that are not active and fair values determined through the use of models or other valuation methodologies.
- Level 3 – Inputs are based all or in part on significant unobservable inputs for the investment, and include situations where there is little, if any, market activity for the investment. The inputs applied in the determination of fair value require significant management judgment and estimation.

Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. For example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable.

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources other than those of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and considers factors specific to the investment.

The following tables present the Company's investments, categorized by the level of the fair value hierarchy as of December 31, 2022 and 2021:

	2022			Total
	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets				
Asset-backed securities	\$ —	\$ 230.7	\$ —	\$ 230.7
Residential mortgage-backed securities	—	340.7	—	340.7
Commercial mortgage-backed securities	—	61.2	—	61.2
Corporate debt securities	—	415.7	—	415.7
U.S. government and government agency	1,546.2	4.4	—	1,550.6
Non-U.S. government and government agency	5.0	31.6	—	36.6
Total debt securities, available for sale	1,551.2	1,084.3	—	2,635.5
Asset-backed securities	—	553.7	—	553.7
Residential mortgage-backed securities	—	133.6	—	133.6
Commercial mortgage-backed securities	—	113.4	—	113.4
Corporate debt securities	—	363.5	—	363.5
U.S. government and government agency	264.1	6.3	—	270.4
Non-U.S. government and government agency	8.7	79.5	—	88.2
Preferred stocks	—	—	3.2	3.2
Total debt securities, trading	272.8	1,250.0	3.2	1,526.0
Total equity securities	1.6	—	—	1.6
Short-term investments	972.8	11.8	—	984.6
Other long-term investments	—	—	207.9	207.9
Derivative assets	—	—	9.5	9.5
	\$ 2,798.4	\$ 2,346.1	\$ 220.6	5,365.1
Cost and equity method investments				104.8
Investments in funds valued at NAV				173.9
Total assets				\$ 5,643.8
Liabilities				
Total securities sold, not yet purchased	\$ 27.0	\$ —	\$ —	\$ 27.0
Securities sold under an agreement to repurchase	—	18.0	—	18.0
Derivative liabilities	—	—	8.6	8.6
Total liabilities	\$ 27.0	\$ 18.0	\$ 8.6	\$ 53.6

	2021			
	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets				
Asset-backed securities	\$ —	\$ 513.1	\$ —	\$ 513.1
Residential mortgage-backed securities	—	301.9	—	301.9
Commercial mortgage-backed securities	—	147.3	—	147.3
Corporate debt securities	—	602.6	—	602.6
U.S. Government and government agency	360.9	24.5	—	385.4
Non-U.S. government and government agency	17.8	114.5	—	132.3
U.S. States, municipalities, and political subdivision	—	0.2	—	0.2
Preferred stocks	—	—	2.8	2.8
Total debt securities, trading	378.7	1,704.1	2.8	2,085.6
Fixed income mutual funds	2.1	—	—	2.1
Common stocks	0.7	—	—	0.7
Total equity securities	2.8	—	—	2.8
Short-term investments	1,073.2	2.6	—	1,075.8
Other long-term investments	—	—	249.0	249.0
Derivative assets	0.2	—	0.4	0.6
	<u>\$ 1,454.9</u>	<u>\$ 1,706.7</u>	<u>\$ 252.2</u>	<u>3,413.8</u>
Cost and equity method investments				89.2
Investments in funds valued at NAV				1,014.5
Total assets				<u>\$ 4,517.5</u>
Liabilities				
Derivative liabilities	\$ —	\$ —	\$ 1.5	\$ 1.5
Total liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1.5</u>	<u>\$ 1.5</u>

During the years ended December 31, 2022 and December 31, 2021 the Company did not reclassify its assets or liabilities between Levels 2 and 3.

Valuation techniques

The Company uses outside pricing services to assist in determining fair values for its investments. For investments in active markets, the Company uses the quoted market prices provided by outside pricing services to determine fair value. In circumstances where quoted market prices are unavailable or are not considered reasonable, the Company estimates the fair value using industry standard pricing models and observable inputs such as benchmark yields, reported trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers, prepayment speeds, reference data including research publications, and other relevant inputs. Given that many debt securities do not trade on a daily basis, the outside pricing services evaluate a wide range of fixed maturity investments by regularly drawing parallels from recent trades and quotes of comparable securities with similar features. The characteristics used to identify comparable debt securities vary by asset type and take into account market convention.

The techniques and inputs specific to asset classes within the Company's debt securities and short-term investments for Level 2 securities that use observable inputs are as follows:

Asset-backed and mortgage-backed securities

The fair value of mortgage and asset-backed securities is primarily priced by pricing services using a pricing model that uses information from market sources and leveraging similar securities. Key inputs include benchmark yields, reported trades,

underlying tranche cash flow data, collateral performance, plus new issue data, as well as broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including issuer, vintage, loan type, collateral attributes, prepayment speeds, default rates, recovery rates, cash flow stress testing, credit quality ratings and market research publications.

Corporate debt securities

Corporate debt securities consist primarily of investment-grade debt of a wide variety of U.S. and non-U.S. corporate issuers and industries. The corporate fixed maturity investments are primarily priced by pricing services. When evaluating these securities, the pricing services gather information from market sources regarding the issuer of the security and obtain credit data, as well as other observations, from markets and sector news. Evaluations are updated by obtaining broker dealer quotes and other market information including actual trade volumes, when available. The pricing services also consider the specific terms and conditions of the securities, including any specific features which may influence risk.

U.S. government and government agency

U.S. government and government agency securities consist primarily of debt 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 the Government National Mortgage Association. Fixed maturity investments included in U.S. government and government agency securities are primarily priced by pricing services. When evaluating these securities, the pricing services gather information from market sources and integrate other observations from markets and sector news. Evaluations are updated by obtaining broker dealer quotes and other market information including actual trade volumes, when available. The fair value of each security is individually computed using analytical models which incorporate option adjusted spreads and other daily interest rate data.

Non-U.S. government and government agency

Non-U.S. government and government agency securities consist of debt securities issued by non-U.S. governments and their agencies along with supranational organizations (also known as sovereign debt securities). Securities held in these sectors are primarily priced by pricing services who employ proprietary discounted cash flow models to value the securities. Key quantitative inputs for these models are daily observed benchmark curves for treasury, swap and high issuance credits. The pricing services then apply a credit spread for each security which is developed by in-depth and real time market analysis. For securities in which trade volume is low, the pricing services utilize data from more frequently traded securities with similar attributes. These models may also be supplemented by daily market and credit research for international markets.

U.S. states, municipalities, and political subdivisions

The U.S. states, municipalities and political subdivisions portfolio contains debt securities issued by U.S. domiciled state and municipal entities. These securities are generally priced by independent pricing services using the techniques for U.S. government and government agency securities.

Preferred stocks

The fair value of preferred stocks is generally priced by independent pricing services using an evaluated pricing model that calculates the appropriate spread over a comparable security for each issue. Key inputs include exchange prices (underlying and common stock of same issuer), benchmark yields, reported trades, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including sector, coupon, credit quality ratings, duration, credit enhancements, early redemption features and market research publications.

Short-term investments

Short-term investments consist of U.S. treasury bills, certificates of deposit and other securities, which, at the time of purchase, mature within a period of greater than three months but less than one year. These investments are generally priced

by independent pricing services using the techniques described for U.S. government and government agency securities and Corporate debt securities described above.

Investments measured using Net Asset Value

The Company values its investments in limited partnerships, including its investments in related party investment funds, at fair value. The Company has elected the practical expedient for fair value for these investments which is estimated based on the Company's share of the NAV of the limited partnerships, as provided by the independent fund administrator, as the Company believes it represents the most meaningful measurement basis for the investment assets and liabilities. The NAV represents the Company's proportionate interest in the members' equity of the limited partnerships.

The fair value of the Company's investments in certain hedge funds and certain private equity funds are also determined using NAV. The hedge fund's administrator provides quarterly updates of fair value in the form of the Company's proportional interest in the underlying fund's NAV, which is deemed to approximate fair value, generally with a three month delay in valuation. The private equity funds provide monthly, quarterly or semi-annual partnership capital statements primarily with a one or three month delay which are used as a basis for valuation. These private equity investments vary in investment strategies and are not actively traded in any open markets. Due to a lag in reporting, some of the fund managers, fund administrators, or both, are unable to provide final fund valuations as of the Company's reporting date. This includes utilizing preliminary estimates reported by its fund managers and using other information that is available to the Company with respect to the underlying investments, as necessary.

In order to assess the reasonableness of the NAVs, the Company performs a number of monitoring procedures on a monthly, quarterly and annual basis, to assess the quality of the information provided by the investment manager and fund administrator underlying the preparation of the NAV. These procedures include, but are not limited to, regular review and discussion of the fund's performance with the investment manager.

These investments are included in investment in funds valued at NAV and excluded from the presentation of investments categorized by the level of the fair value hierarchy.

Level 3 Investments

Level 3 valuations are generated from techniques that use assumptions not observable in the market. These unobservable assumptions reflect the Company's assumptions, that market participants would use in valuing the investment. Generally, certain securities may start out as Level 3 when they are originally issued but as observable inputs become available in the market, they may be reclassified to Level 2.

The Company employs a number of procedures to assess the reasonableness of the fair value measurements for its other long-term investments, including obtaining and reviewing the audited annual financial statements of hedge funds and private equity funds and periodically discussing each fund's pricing with the fund manager. However, since the fund managers do not provide sufficient information to evaluate the pricing inputs and methods for each underlying investment, the inputs are considered to be unobservable.

The fair values of the Company's investments in private equity securities, private debt instruments, certain private equity funds, and certain hedge funds have been classified as Level 3 measurements. Private equity securities and private debt instruments are initially valued based on transaction price and their valuation is subsequently estimated based on available evidence such as a market transaction in similar instruments and other financial information for the issuer.

For Strategic Investments carried at fair value, management either engages a third-party valuation specialist to assist in determination of the fair value based on commonly accepted valuation methods (i.e., income approach, market approach) as of the valuation date or performs valuation internally. In addition, investors fair value analyses prepared by third party valuation specialists working with Strategic Investment operating management are referenced where available.

See Note 9 for additional information on the fair values of derivative financial instruments used for both risk management and investment purposes.

Underwriting-related derivatives

Underwriting-related derivatives include reinsurance contracts that are accounted for as derivatives. These derivative contracts are initially valued at cost which approximates fair value. In subsequent measurement periods, the fair values of these derivatives are determined using internally developed discounted cash flow models. As the significant inputs used to price these derivatives are unobservable, the fair values of these contracts are classified as Level 3.

The following table presents the reconciliation of all investments measured at fair value using Level 3 inputs for the years ended December 31, 2022:

	January 1, 2022	Transfers in to (out of) Level 3	Purchases	Sales	Realized and Unrealized Gains (Losses) ⁽¹⁾	Change in Unrealized Gains (Losses) in OCI	December 31, 2022
Assets							
Preferred stocks	\$ 2.8	\$ —	\$ —	\$ —	\$ 0.4	\$ —	\$ 3.2
Other long-term investments	249.0	—	2.1	(24.7)	(18.5)	—	207.9
Derivative assets	0.4	—	43.3	—	(34.2)	—	9.5
Total assets	<u>\$ 252.2</u>	<u>\$ —</u>	<u>\$ 45.4</u>	<u>\$ (24.7)</u>	<u>\$ (52.3)</u>	<u>\$ —</u>	<u>\$ 220.6</u>
Liabilities							
Derivative liabilities	\$ (1.5)	\$ —	\$ —	\$ (5.1)	\$ (2.0)	\$ —	\$ (8.6)
Total liabilities	<u>\$ (1.5)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (5.1)</u>	<u>\$ (2.0)</u>	<u>\$ —</u>	<u>\$ (8.6)</u>

(1) Total change in realized and unrealized gains (losses) recorded on Level 3 financial instruments is included in total realized and unrealized investment gains (losses) and net investment income in the consolidated statements of income (loss). Realized and unrealized gains (losses) related to underwriting-related derivative assets and liabilities are included in other underwriting expenses, net of foreign exchange (gains) losses, in the consolidated statements of income (loss).

The following table presents the reconciliation of all investments measured at fair value using Level 3 inputs for the year ended December 31, 2021:

	January 1, 2021	Transfers in to (out of) Level 3	Purchases	Assets Acquired ⁽¹⁾	Sales	Realized and Unrealized Gains (Losses) ⁽²⁾	December 31, 2021
Assets							
Preferred stocks	\$ —	\$ —	\$ 10.0	\$ 2.8	\$ (10.0)	\$ —	\$ 2.8
Other long-term investments	—	—	59.9	216.6	(20.9)	(6.6)	249.0
Derivative assets	1.2	(1.2)	—	0.3	(1.4)	1.5	0.4
Loan participations	—	—	9.0	32.8	(42.8)	1.0	—
Total assets	<u>\$ 1.2</u>	<u>\$ (1.2)</u>	<u>\$ 78.9</u>	<u>\$ 252.5</u>	<u>\$ (75.1)</u>	<u>\$ (4.1)</u>	<u>\$ 252.2</u>
Liabilities							
Contingent consideration liabilities	\$ —	\$ —	\$ —	\$ (0.7)	\$ 1.9	\$ (1.2)	\$ —
Derivative liabilities	(1.0)	1.2	(0.4)	(0.1)	—	(1.2)	(1.5)
Total liabilities	<u>\$ (1.0)</u>	<u>\$ 1.2</u>	<u>\$ (0.4)</u>	<u>\$ (0.8)</u>	<u>\$ 1.9</u>	<u>\$ (2.4)</u>	<u>\$ (1.5)</u>

(1) Includes amounts acquired as a result of the Sirius Group acquisition.

(2) Total change in realized and unrealized gains (losses) recorded on Level 3 financial instruments is included in total realized and unrealized investment gains (losses) and net investment income in the consolidated statements of income (loss). Realized and unrealized gains (losses) related to underwriting-related derivative assets and liabilities are included in other underwriting expenses, net of foreign exchange (gains) losses, in the consolidated statements of income (loss).

For assets and liabilities that were transferred into Level 3 during the period, gains (losses) are presented as if the assets or liabilities had been transferred into Level 3 at the beginning of the period; similarly, for assets and liabilities that were

transferred out of Level 3 during the period, gains (losses) are presented as if the assets or liabilities had been transferred out of Level 3 at the beginning of the period.

6. Investments

The Company's invested assets consist of investment securities and other long-term investments held for general investment purposes. The portfolio of investment securities includes debt securities held for trading, debt securities available for sale, short-term investments, equity securities, and other long-term investments which are classified as trading securities with the exception of debt securities held as available for sale. Realized investment gains and losses on debt securities are reported in pre-tax revenues. Unrealized investment gains and losses on debt securities are reported based on classification. Trading securities flow through pre-tax revenues whereas securities classified as available for sale flow through other comprehensive income (loss).

For debt securities classified as available for sale for which a decline in the fair value between the amortized cost is due to credit-related factors, an allowance is established for the difference between the estimated recoverable value and amortized cost with a corresponding impact to the consolidated statements of income (loss). The allowance is limited to the difference between amortized cost and fair value. A credit losses impairment assessment is performed on securities with both quantitative and qualitative factors. Qualitative factors include significant declines in fair value below amortized cost. Additionally, a qualitative assessment is also performed over debt securities to evaluate potential credit losses. Examples of qualitative indicators include issuer credit downgrades as well as changes to credit spreads.

Declines in fair value related to a debt security that do not relate to a credit loss are recorded as a component of accumulated other comprehensive income (loss).

Debt securities

The following tables provide the cost or amortized cost, gross unrealized investment gains (losses), net foreign currency gains (losses), and fair value of the Company's debt securities as of December 31, 2022 and 2021:

December 31, 2022					
	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses ⁽³⁾	Net foreign currency gains (losses)	Fair value
Debt securities, available for sale					
Asset-backed securities	\$ 234.1	\$ 0.9	\$ (4.3)	\$ —	\$ 230.7
Residential mortgage-backed securities	354.3	0.3	(13.9)	—	340.7
Commercial mortgage-backed securities	62.1	—	(0.9)	—	61.2
Corporate debt securities	428.5	0.5	(13.1)	(0.2)	415.7
U.S. government and government agency ⁽¹⁾	1,561.9	3.2	(14.5)	—	1,550.6
Non-U.S. government and government agency	37.2	—	(0.7)	0.1	36.6
Total debt securities, available for sale ⁽²⁾⁽³⁾	<u>\$ 2,678.1</u>	<u>\$ 4.9</u>	<u>\$ (47.4)</u>	<u>\$ (0.1)</u>	<u>\$ 2,635.5</u>
Debt securities, trading					
Asset-backed securities	\$ 575.5	\$ 0.1	\$ (21.9)	\$ —	\$ 553.7
Residential mortgage-backed securities	155.9	—	(22.3)	—	133.6
Commercial mortgage-backed securities	130.5	—	(17.1)	—	113.4
Corporate debt securities	391.4	—	(27.2)	(0.7)	363.5
U.S. government and government agency ⁽¹⁾	278.6	—	(8.2)	—	270.4
Non-U.S. government and government agency	95.8	—	(4.0)	(3.6)	88.2
Preferred stocks	2.4	0.8	—	—	3.2
Total debt securities, trading	<u>\$ 1,630.1</u>	<u>\$ 0.9</u>	<u>\$ (100.7)</u>	<u>\$ (4.3)</u>	<u>\$ 1,526.0</u>

December 31, 2021					
	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Net foreign currency gains (losses)	Fair value
Asset-backed securities	\$ 512.6	\$ 0.9	\$ (0.4)	\$ —	\$ 513.1
Residential mortgage-backed securities	306.5	—	(4.6)	—	301.9
Commercial mortgage-backed securities	148.4	0.6	(1.7)	—	147.3
Corporate debt securities	605.5	0.6	(3.5)	—	602.6
U.S. government and government agency ⁽¹⁾	388.1	0.1	(2.8)	—	385.4
Non-U.S. government and government agency	135.4	0.3	(2.6)	(0.8)	132.3
U.S. states, municipalities and political subdivision	0.2	—	—	—	0.2
Preferred stocks	2.6	0.2	—	—	2.8
Total debt securities ⁽²⁾⁽³⁾	<u>\$ 2,099.3</u>	<u>\$ 2.7</u>	<u>\$ (15.6)</u>	<u>\$ (0.8)</u>	<u>\$ 2,085.6</u>

(1) The Company had \$27.0 million short positions in long duration U.S. Treasuries as of December 31, 2022 (as of December 31, 2021, there were no short positions in long duration U.S. Treasuries). These amounts are included in securities sold, not yet purchased in the consolidated balance sheets.

(2) As of December 31, 2022, all debt securities classified as available for sale that are in a gross unrealized loss position have been in a gross unrealized loss position for less than 12 months. As of December 31, 2021, there were no debt securities classified as available for sale.

(3) As of December 31, 2022, the Company did not record an allowance for credit losses on the AFS portfolio. As of December 31, 2021, there were no debt securities classified as available for sale.

The weighted average duration of the Company's debt securities, net of short positions in U.S. treasuries, as of December 31, 2022 was approximately 1.8 years, including short-term investments (2021 - 1.6 years).

The following table provides the cost or amortized cost and fair value of the Company's debt securities bifurcated into debt securities held for trading ("trading") and AFS as of December 31, 2022 and 2021 by contractual maturity. Actual maturities could differ from contractual maturities because borrowers may have the right to call or prepay certain obligations with or without call or prepayment penalties.

	December 31, 2022				December 31, 2021	
	Debt securities, trading		Debt securities, AFS		Debt securities, trading	
	Cost or amortized cost	Fair value	Cost or amortized cost	Fair value	Cost or amortized cost	Fair value
Due in one year or less	\$ 240.4	\$ 230.9	\$ 104.2	\$ 104.0	\$ 145.6	\$ 145.1
Due after one year through five years	426.5	407.0	1,822.7	1,802.0	870.4	862.4
Due after five years through ten years	63.4	55.7	95.8	92.3	69.6	68.6
Due after ten years	35.5	28.5	4.9	4.6	43.6	44.4
Mortgage-backed and asset-backed securities	861.9	800.7	650.5	632.6	967.5	962.3
Preferred stocks	2.4	3.2	—	—	2.6	2.8
Total debt securities	\$ 1,630.1	\$ 1,526.0	\$ 2,678.1	\$ 2,635.5	\$ 2,099.3	\$ 2,085.6

(1) As of December 31, 2021, there were no debt securities classified as available for sale.

The following table summarizes the ratings and fair value of debt securities held in the Company's investment portfolio as of December 31, 2022 and 2021:

	2022		2021
	Debt securities, trading	Debt securities, AFS	Debt securities, trading
AAA	\$ 564.4	\$ 172.8	\$ 696.4
AA	523.2	1,907.6	884.1
A	181.1	188.9	278.5
BBB	158.1	149.9	153.1
Other	99.2	216.3	73.5
Total debt securities ⁽¹⁾⁽²⁾	\$ 1,526.0	\$ 2,635.5	\$ 2,085.6

(1) Credit ratings are assigned based on the following hierarchy: 1) Standard & Poor's ("S&P") and 2) Moody's Investors Service.

(2) As of December 31, 2021, there were no debt securities classified as available for sale.

As of December 31, 2022, the above totals included \$95.3 million of sub-prime securities. Of this total, \$56.1 million were rated AAA, \$20.0 million rated AA and \$19.2 million were unrated. As of December 31, 2021, the above totals included \$51.8 million of sub-prime securities. Of this total, \$35.1 million were rated AAA, \$16.1 million rated AA and \$0.6 million rated A.

Equity securities and other long-term investments

The cost or amortized cost, gross unrealized investment gains and losses, net foreign currency gains, and fair values of the Company's equity securities and other long-term investments as of December 31, 2022 and 2021 were as follows:

	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Net foreign currency gains	Fair value
December 31, 2022					
Equity securities	\$ 1.8	\$ —	\$ (0.2)	\$ —	\$ 1.6
Other long-term investments	\$ 379.4	\$ 20.7	\$ (41.8)	\$ (0.5)	\$ 357.8
December 31, 2021					
Equity securities	\$ 4.5	\$ 0.1	\$ (2.0)	\$ 0.2	\$ 2.8
Other long-term investments	\$ 430.4	\$ 28.5	\$ (16.8)	\$ 1.0	\$ 443.1

The carrying value of other long-term investments as of December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Hedge funds and private equity funds ⁽¹⁾	\$ 84.9	\$ 195.7
Strategic Investments ⁽²⁾	242.6	202.3
Other investments ⁽²⁾	30.3	45.1
Total other long-term investments	<u>\$ 357.8</u>	<u>\$ 443.1</u>

(1) Includes \$45.1 million of investments carried at NAV (December 31, 2021 - \$115.2 million) and \$25.1 million of investments classified as Level 3 (December 31, 2021 - \$80.5 million) within the fair value hierarchy.

(2) As of December 31, 2022, the Company had \$16.0 million of unfunded commitments relating to these investments (December 31, 2021 - \$11.4 million).

Hedge funds and private equity funds

The Company holds investments in hedge funds and private equity funds, which are included in other long-term investments. The following table summarizes investments in hedge funds and private equity interests by investment objective and sector as of December 31, 2022 and 2021:

	December 31, 2022		December 31, 2021	
	Fair value	Unfunded commitments	Fair value	Unfunded commitments
Hedge funds				
Long/short multi-sector	\$ 8.8	\$ —	\$ 19.8	\$ —
Distressed mortgage credit	—	—	24.6	—
Private credit	20.7	—	24.2	—
Other	0.2	—	1.7	—
Total hedge funds	29.7	—	70.3	—
Private equity funds				
Energy infrastructure & services	10.2	5.0	48.4	19.0
Multi-sector	6.6	5.1	10.1	5.1
Healthcare	19.9	0.3	31.0	2.2
Life settlement	13.6	—	12.9	—
Manufacturing/Industrial	—	—	19.9	—
Private equity secondaries	0.4	0.1	0.5	0.4
Other	4.5	21.0	2.6	—
Total private equity funds	55.2	31.5	125.4	26.7
Total hedge and private equity funds included in other long-term investments	\$ 84.9	\$ 31.5	\$ 195.7	\$ 26.7

(1) The table excludes the Company's investments in TP Enhanced Fund, TP Venture Fund and TP Venture Fund II. See "Investment in related party investment funds" below for additional information.

Redemption of investments in certain hedge funds is subject to restrictions including lock-up periods where no redemptions or withdrawals are allowed, restrictions on redemption frequency, and advance notice periods for redemptions. Amounts requested for redemptions remain subject to market fluctuations until the redemption effective date, which generally falls at the end of the defined redemption period.

The following summarizes the December 31, 2022 fair value of hedge funds subject to restrictions on redemption frequency and advance notice period requirements for investments in active hedge funds:

Redemption Frequency	Notice Period					Total
	1-29 days notice	30-59 days notice	60-89 days notice	90-119 days notice	120+ days notice	
Quarterly	\$ —	\$ 0.1	\$ 8.7	\$ 0.1	\$ —	\$ 8.9
Semi-annual	—	—	0.1	—	—	0.1
Annual	—	—	—	0.1	20.6	20.7
Total	\$ —	\$ 0.1	\$ 8.8	\$ 0.2	\$ 20.6	\$ 29.7

Certain of the hedge fund and private equity fund investments in which the Company is invested are no longer active and are in the process of disposing of their underlying investments. Distributions from such funds are remitted to investors as the fund's underlying investments are liquidated. As of December 31, 2022, \$6.3 million in distributions were outstanding from these investments.

Investments in private equity and other investment funds may be subject to a "lock-up" or commitment period during which investors may not request a redemption prior to the expected termination date. Distributions prior to the expected termination date of the fund may be limited to dividends or proceeds arising from the liquidation of the fund's underlying investments. In

addition, certain private equity funds provide an option to extend the lock-up or commitment periods at either the sole discretion of the fund manager or upon agreement between the fund and the investors.

As of December 31, 2022, investments in private equity funds were subject to lock-up periods as follows:

	1 - 3 years	3 - 5 years	5 - 10 years	Total
Private equity funds – expected lock-up or commitment period remaining	\$ 19.5	\$ 19.9	\$ 15.8	\$ 55.2

Investment in related party investment funds

The following table provides the fair value of the Company's investments in related party investment funds as of December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Third Point Enhanced LP	\$ 100.3	\$ 878.2
Third Point Venture Offshore Fund I LP	26.0	31.4
Third Point Venture Offshore Fund II LP	2.5	—
Investments in related party investment funds, at fair value	<u>\$ 128.8</u>	<u>\$ 909.6</u>

Investment in Third Point Enhanced LP

On February 23, 2022, the Company entered into the Fourth Amended and Restated Exempted Limited Partnership Agreement of Third Point Enhanced LP (“TP Enhanced Fund”) with Third Point Advisors LLC (“TP GP”) and the other parties thereto (the “2022 LPA”), which amended and restated the Third Amended and Restated Exempted Limited Partnership Agreement dated August 6, 2020 (the “2020 LPA”).

The TP Enhanced Fund investment strategy, as implemented by Third Point LLC, is intended to achieve superior risk-adjusted returns by deploying capital in both long and short investments with favorable risk/reward characteristics across select asset classes, sectors and geographies. Third Point LLC identifies investment opportunities via a bottom-up, value-oriented approach to single security analysis supplemented by a top-down view of portfolio and risk management. Third Point LLC seeks dislocations in certain areas of the capital markets or in the pricing of particular securities and supplements single security analysis with an approach to portfolio construction that includes sizing each investment based on upside/downside calculations, all with a view towards appropriately positioning and managing overall exposures.

The 2020 LPA was amended and restated to, among other things:

- add the right to withdraw the Company’s capital accounts in TP Enhanced Fund as of any month-end in accordance with an agreed withdrawal schedule to be reinvested in, or contractually committed to, the Third Point Optimized Credit portfolio (the “TPOC Portfolio”), or other Third Point strategies (“TPE Withdrawn Amounts”);
- remove restrictions on the Company’s withdrawal rights following a change of control with respect to the Company;
- authorize the Company’s Chief Investment Officer to exercise all decisions under the 2022 LPA, without the need for separate approval from the Investment Committee of the Company’s Board of Directors;
- provide that the Company may amend the investment guidelines of the 2022 LPA from time to time for risk management purposes in consultation with TP GP;
- provide that the Company and TP GP may discuss the adoption of new risk parameters for TP Enhanced Fund from time to time, and TP GP will work with the Company to create additional risk management guidelines responsive to the Company’s needs that do not fundamentally alter the general investment strategy or investment approach of TP Enhanced Fund;
- provide that the Company may increase or decrease TP Enhanced Fund’s leverage targets upon reasonable prior notice to meet the business needs of the Company; and
- revise the “cause event” materiality qualifier with respect to violations of law related to Third Point LLC’s investment-related business and Third Point LLC being subject to regulatory proceedings to include events that will

likely have a material adverse effect on Third Point LLC's ability to provide investment management services to TP Enhanced Fund and/or the TPOC Portfolio.

All other material terms of the 2022 LPA remain consistent with the 2020 LPA.

Amended and Restated Investment Management Agreement

On February 23, 2022, the Company entered into an Amended and Restated Investment Management Agreement (the "2022 IMA") with Third Point LLC and the other parties thereto, which amended and restated the Investment Management Agreement dated August 6, 2020.

Pursuant to the 2022 IMA, Third Point LLC provides discretionary investment management services with respect to a newly established TPOC Portfolio, subject to investment and risk management guidelines, and continues to provide certain non-discretionary investment advisory services to the Company. The Company agreed to contribute to the TPOC Portfolio amounts withdrawn from TP Enhanced Fund on January 31, 2022 that were not invested or committed for investment in other Third Point strategies. The 2022 IMA contains revised term and termination rights, withdrawal rights, incentive fees, management fees, investment guidelines and advisory fees.

For the investment management services provided in respect of the TPOC Portfolio, the Company will pay Third Point LLC, from the assets of each sub-account, an annual incentive fee equal to 15% of outperformance over a specified benchmark. The Company will also pay Third Point LLC a monthly management fee equal to one twelfth of 0.50% (0.50% per annum) of the TPOC Portfolio, net of any expenses, and a fixed advisory fee for the advisory services equal to 1/4 of \$1,500,000 per quarter.

Under the 2022 IMA, the Company may withdraw any amount from the TPOC Portfolio as of any month-end up to (i) the full balance of any sub-account established in respect of any capital contribution not in respect of TPE Withdrawn Amounts and (ii) any net profits in respect of any other sub-account. The Company may withdraw the TPOC Portfolio in full on March 31, 2026, and each successive anniversary of such date. The Company will have the right to withdraw funds monthly from the TPOC Portfolio upon the occurrence of certain events specified in the 2022 IMA, including, within 120 days following the occurrence of a Cause Event (as defined in the 2022 LPA), to meet capital adequacy requirements, to prevent a negative credit rating, for risk management purposes, underperformance of the TPOC Portfolio relative to investment funds managed by third-party managers and pursuing the same or substantially similar investment strategy as the TPOC Portfolio (i.e., which measure performance relative to the benchmark) for two or more consecutive calendar years or a Key Person Event (as defined in the 2022 LPA), subject to certain limitations on such withdrawals as specified in the 2022 IMA. The Company is also entitled to withdraw funds from the TPOC Portfolio in order to satisfy its risk management guidelines, upon prior written notice to Third Point LLC, in an amount not to exceed the Risk Management Withdrawable Amount (as defined in the 2022 LPA).

As of December 31, 2022, the Company had no unfunded commitments related to TP Enhanced Fund.

Investment in Third Point Venture Offshore Fund I LP

On March 1, 2021, the Company entered into the Amended and Restated Exempted Limited Partnership Agreement ("2021 Venture LPA") of TP Venture Fund") which became effective on March 1, 2021. In accordance with the 2021 Venture LPA, Third Point Venture GP LLC ("TP Venture GP") serves as the general partner of TP Venture Fund.

The TP Venture Fund investment strategy, as implemented by Third Point LLC, is to generate attractive risk-adjusted returns through a concentrated portfolio of investments in privately-held companies, primarily in the expansion through late/pre-IPO stage. The TP Venture Fund may also invest in early stage companies. Due the nature of the fund, withdrawals are not permitted. Distributions prior to the expected termination date of the fund include, but are not limited to, dividends or proceeds arising from the liquidation of the fund's underlying investments.

As of December 31, 2022, the Company had \$9.5 million of unfunded commitments related to TP Venture Fund. As of December 31, 2022, the Company holds interests of approximately 16.8% of the net asset value of TP Venture Fund.

Investment in Third Point Venture Offshore Fund II LP

On June 30, 2022, the Company entered into the Amended and Restated Exempted Limited Partnership Agreement (“2022 Venture II LPA”) of TP Venture Fund II”). In accordance with the 2022 Venture II LPA, Third Point Venture GP II LLC (“TP Venture GP II”) serves as the general partner of TP Venture Fund II.

The TP Venture Fund II investment strategy, as implemented by Third Point LLC, is to generate attractive risk-adjusted returns through a concentrated portfolio of investments in privately-held companies, primarily in the expansion through late/pre-IPO stage. The TP Venture Fund may also invest in early stage companies. Due the nature of the fund, withdrawals are not permitted. Distributions prior to the expected termination date of the fund include, but are not limited to, dividends or proceeds arising from the liquidation of the fund's underlying investments.

As of December 31, 2022, the Company had \$22.5 million of unfunded commitments related to TP Venture Fund II. As of December 31, 2022, the Company holds interests of approximately 17.8% of the net asset value of TP Venture Fund II.

7. Total realized and unrealized investment gains (losses) and net investment income (loss)

Total realized and unrealized investment gains (losses) and net investment income (loss) for the years ended December 31, 2022 and 2021 consisted of the following:

	2022	2021
Debt securities, available for sale	\$ 35.1	\$ —
Debt securities, trading	(115.6)	(4.9)
Short-term investments	17.7	1.6
Other long-term investments	(17.0)	33.9
Equity securities	(0.4)	(2.5)
Net realized and unrealized investment gains (losses) from related party investment funds	(210.5)	304.0
Realized and unrealized investment gains (losses) and net investment income (loss) before other investment expenses and investment income (loss) on cash and cash equivalents	(290.7)	332.1
Investment expenses	(20.3)	(11.6)
Net investment loss on cash and cash equivalents	(18.1)	(9.3)
Net realized and unrealized investment gains (losses) and net investment income (loss)	<u>\$ (329.1)</u>	<u>\$ 311.2</u>

Net realized and unrealized gains (losses) on investments

Net realized and unrealized investment gains (losses) for the years ended December 31, 2022 and 2021 consisted of the following:

	2022	2021
Gross realized gains	\$ 56.2	\$ 39.5
Gross realized losses	(132.3)	(9.6)
Net realized gains (losses) on investments	(76.1)	29.9
Net unrealized losses on investments	(155.8)	(48.1)
Net realized and unrealized losses on investments (1)	<u>\$ (231.9)</u>	<u>\$ (18.2)</u>

(1) Excludes realized and unrealized gains (losses) on the Company's investments in related party investment funds and unrealized gains (losses) from available for sale investments, net of tax.

Net realized investment gains (losses)

Net realized investment gains (losses) for the years ended December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Debt securities, available for sale	\$ 2.7	\$ —
Debt securities, trading	(66.7)	12.3
Short-term investments	(2.9)	(0.1)
Equity securities	(2.3)	(0.1)
Other long-term investments	2.9	13.2
Net investment income (loss) on cash and cash equivalents	(9.8)	4.6
Net realized investment gains (losses) (1)	<u>\$ (76.1)</u>	<u>\$ 29.9</u>

(1) Includes realized gains (losses) due to foreign currency of \$(25.2) million for the year ended December 31, 2022 (2021 - \$4.5 million).

Net unrealized investment gains (losses)

Net unrealized investment gains (losses) for the years ended December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Debt securities, trading (1)	\$ (105.0)	\$ (40.2)
Short-term investments	(0.3)	1.4
Equity securities	1.8	(2.5)
Other long-term investments	(32.1)	10.8
Net investment loss on cash and cash equivalents	(20.2)	(17.6)
Net unrealized investment losses (2)	<u>\$ (155.8)</u>	<u>\$ (48.1)</u>

(1) Includes unrealized losses, excluding foreign currency, of \$15.0 million for the year ended December 31, 2022 (2021 - \$23.9 million).

(2) Includes unrealized gains (losses) due to foreign currency of \$17.9 million for the year ended December 31, 2022 (2021 - \$(32.8) million).

The following table summarizes the amount of total (losses) included in earnings attributable to unrealized investment (losses) – Level 3 investments for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Debt securities, trading	\$ 0.7	\$ —
Other long-term investments	(21.8)	(6.9)
Total unrealized investment (losses) – Level 3 investments	<u>\$ (21.1)</u>	<u>\$ (6.9)</u>

8. Investments in unconsolidated entities

The Company's investments in unconsolidated entities are included within other long-term investments and consist of investments in common equity securities or similar instruments, which give the Company the ability to exert significant influence over the investee's operating and financial policies. Such investments may be accounted for under either the equity method ("equity method eligible entities") or, alternatively, the Company may elect to account for them under the fair value option ("equity method eligible unconsolidated entities").

The following table presents the components of other long-term investments as of December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Equity method eligible unconsolidated entities, using the fair value option ⁽¹⁾	\$ 146.4	\$ 166.6
Equity method investments	41.8	83.2
Other unconsolidated investments, at fair value ⁽²⁾	106.6	187.3
Other unconsolidated investments, at cost ⁽³⁾	63.0	6.0
Total other long-term investments	\$ 357.8	\$ 443.1

(1) Excludes the Company's investments in Related Party Investment Funds, which are equity method eligible but are carried outside of other long-term investments. See Notes 6 and 10 for additional information on these related party investment funds.

(2) Includes other long-term investments that are not equity method eligible and are measured at fair value.

(3) The Company has elected to apply the cost adjusted for market observable events less impairment measurement alternative to investments that do not meet the criteria to be accounted for under the equity method, in which the investment is measured at cost and remeasured to fair value when impaired or upon observable transaction prices.

9. Derivatives

The Company holds derivative financial instruments for both risk management and investment purposes.

Foreign currency risk derivatives

The Company executes foreign currency forwards, call options, swaps, and futures to manage foreign currency exposure. The foreign currency risk derivatives are not designated or accounted for under hedge accounting. Changes in fair value are presented within foreign exchange (gains) losses. The fair value of the swaps and forwards are estimated using a single broker quote, and accordingly, are classified as a Level 3 measurement. The fair value of the futures is widely available and have quoted prices in active markets, and accordingly, were classified as a Level 1 measurement. The Company holds \$15.2 million in collateral associated with the foreign currency derivatives.

Weather Derivatives

The Company holds assets and assumes liabilities related to weather and weather contingent risk management products. Weather and weather contingent derivative contracts are entered into with the objective of generating profits in normal climatic conditions. Accordingly, the Company's weather and weather contingent derivatives are not designed to meet the criteria for hedge accounting under GAAP. The Company receives payment of premium at the contract inception in exchange for bearing the risk of variations in a quantifiable weather index. Changes in fair value are presented within net corporate and other expenses. Management uses available market data and internal pricing models based upon consistent statistical methodologies to estimate the fair value. Because of the significance of the unobservable inputs used to estimate the fair value of the Company's weather risk contracts, the fair value measurements of the contracts are deemed to be Level 3 measurements in the fair value hierarchy as of December 31, 2022. The Company does not provide or hold any collateral associated with the weather derivatives.

Interest rate cap

The Company entered into an interest rate swap ("Interest rate cap") that matured on June 30, 2022 with two financial institutions where it paid an upfront premium and in return receives a series of quarterly payments based on the 3-month London Interbank Offered Rate ("LIBOR") at the time of payment. Changes in fair value are recognized as unrealized gains or losses and are presented within net investment income.

The following table summarizes information on the classification and amount of the fair value of derivatives not designated as hedging instruments within the Company's consolidated balance sheets as of December 31, 2022 and 2021:

Derivatives not designated as hedging instruments	December 31, 2022			December 31, 2021		
	Derivative assets at fair value ⁽¹⁾	Derivative liabilities at fair value ⁽²⁾	Notional Value	Derivative assets at fair value ⁽¹⁾	Derivative liabilities at fair value ⁽²⁾	Notional Value
Foreign currency forwards	\$ 9.0	\$ —	\$ 425.1	\$ —	\$ 1.3	\$ 83.6
Foreign currency swaps	—	1.5	264.6	—	—	—
Weather derivatives	—	4.9	30.6	—	0.8	6.2
Foreign currency futures contracts	—	—	—	0.2	—	133.9
Equity warrants	—	—	—	0.1	—	0.1
Interest rate cap	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 250.0

(1) Derivative assets are classified within other assets in the Company's consolidated balance sheets.

(2) Derivative liabilities are classified within accounts payable, accrued expenses and other liabilities in the Company's consolidated balance sheets.

The following table summarizes information on the classification and net impact on earnings, recognized in the Company's consolidated statements of income (loss) relating to derivatives during the years ended December 31, 2022 and 2021:

Derivatives not designated as hedging instruments	Classification of gains (losses) recognized in earnings	2022	2021
Foreign currency futures contracts	Foreign exchange (gains) losses	\$ (32.1)	\$ (8.0)
Foreign currency forwards	Foreign exchange (gains) losses	(8.1)	(1.3)
Weather derivatives	Other revenues	7.3	0.9
Foreign currency swaps	Foreign exchange (gains) losses	1.5	—
Equity warrants	Net realized and unrealized investment gains (losses)	(0.1)	(0.3)
Foreign currency call options	Foreign exchange (gains) losses	\$ —	\$ 0.4

Underwriting-related derivatives

The following tables identify the listing currency, fair value and notional amounts of underwriting-related derivatives included in the consolidated balance sheets as of December 31, 2022 and 2021:

Derivative assets	Listing currency	December 31, 2022		December 31, 2021	
		Fair Value	Notional Amounts ⁽¹⁾	Fair Value	Notional Amounts ⁽¹⁾
Reinsurance contracts accounted for as derivative assets	British Pound	\$ 0.5	\$ 16.5	\$ 1.2	\$ 49.3
Reinsurance contracts accounted for as derivative liabilities	British Pound	\$ 2.2	\$ 76.4	\$ 0.1	\$ 37.4

(1) The absolute notional exposure represents the Company's derivative activity as of December 31, 2022 and 2021, which is representative of the volume of derivatives held during the period.

10. Variable and voting interest entities

The Company consolidates the results of operations and financial position of every voting interest entity ("VOE") in which it has a controlling financial interest and variable interest entities ("VIE") in which it is considered to be the primary beneficiary in accordance with guidance in ASC 810, Consolidation. The consolidation assessment, including the

determination as to whether an entity qualifies as a VOE or VIE, depends on the facts and circumstances surrounding each entity.

Consolidated variable interest entities

Alstead Re

Alstead Re Insurance Company (“Alstead Re”) is considered a VIE and the Company has concluded that it is the primary beneficiary of Alstead Re because the Company can exercise control over the activities that most significantly impact the economic performance of Alstead Re. As a result, the Company has consolidated the results of Alstead Re in its consolidated financial statements. As of December 31, 2022, Alstead Re’s assets and liabilities included in the Company’s consolidated balance sheets were \$14.0 million and \$9.0 million, respectively (December 31, 2021 - \$9.8 million and \$5.5 million, respectively).

Arcadian

Arcadian Risk Capital Ltd. (“Arcadian”) is considered a VIE and the Company has concluded that it is the primary beneficiary of Arcadian because the Company can exercise control over the activities that most significantly impact the economic performance of Arcadian. As a result, the Company has consolidated the results of Arcadian in its consolidated financial statements. The Company’s ownership in Arcadian as of December 31, 2022 was 49%, and its financial exposure to Arcadian is limited to its investment in Arcadian’s common shares and other financial support up to \$18.0 million through an unsecured promissory note. As of December 31, 2022, Arcadian’s assets and liabilities, after intercompany eliminations, included in the Company’s consolidated balance sheets were \$32.3 million and \$9.7 million, respectively (December 31, 2021 - \$29.0 million and \$7.0 million, respectively).

Joyn

Joyn Insurance Services Inc. (“Joyn”) was considered a VIE through the third quarter of 2022 and the Company concluded that it was the primary beneficiary of Joyn because the Company could have exercised control over the activities that most significantly impact the economic performance of Joyn. As a result, the Company had consolidated the results of Joyn in its consolidated financial statements. During the quarter ended December 31, 2022, an additional investment was made in Joyn by third parties, after which Joyn no longer met the criterion for consolidation. During the year ended December 31, 2022, the Company recognized a pre-tax loss of \$8.7 million related to Joyn, recorded in other revenues in the Company’s consolidated statements of income (loss). As of December 31, 2022, the investment in Joyn is recorded in other long-term investments in the Company’s consolidated balance sheets utilizing cost adjusted for market observable events less impairment method.

As of December 31, 2021, Joyn’s assets and liabilities, after intercompany eliminations, included in the Company’s consolidated balance sheets were \$7.8 million and \$4.1 million, respectively.

Consolidated voting interest entities

Alta Signa

On June 30, 2022, the Company entered into a strategic partnership with Alta Signa Holdings (“Alta Signa”), a European MGA specializing in financial and professional lines insurance. The Company’s ownership in Alta Signa as of December 31, 2022 was 75.1%. Alta Signa is considered a VOE and the Company holds a majority of the voting interests through its seats on Alta Signa’s board of directors. As a result, the Company has consolidated the results of Alta Signa in its consolidated financial statements. As of December 31, 2022, Alta Signa’s assets and liabilities, after intercompany eliminations, included in the Company’s consolidated balance sheets were \$8.0 million and \$2.1 million, respectively.

Noncontrolling interests

Noncontrolling interests represent the portion of equity in consolidated subsidiaries not attributable, directly or indirectly, to the Company. The following table is a reconciliation of the beginning and ending carrying amount of noncontrolling interests for the years ended December 31, 2022 and 2021:

	2022	2021
Balance, beginning of period	\$ (0.4)	\$ 1.4
Sirius Group acquisition and other business combinations (1)	0.8	0.3
Net income (loss) attributable to noncontrolling interests	0.8	(2.3)
Contributions (Redemptions)	—	0.2
Derecognition of noncontrolling interest (2)	6.7	—
Balance, end of period	<u>\$ 7.9</u>	<u>\$ (0.4)</u>

(1) See Note 3 for additional information related to the acquisition of Sirius Group.

(2) See above for additional information on the derecognition of noncontrolling interest in Joyn.

Non-consolidated variable interest entities

The Company is a passive investor in certain third-party-managed hedge and private equity funds, some of which are VIEs. The Company is not involved in the design or establishment of these VIEs, nor does it actively participate in the management of the VIEs. The exposure to loss from these investments is limited to the carrying value of the investments at the balance sheet date.

The Company calculates maximum exposure to loss to be (i) the amount invested in the debt or equity of the VIE, (ii) the notional amount of VIE assets or liabilities where the Company has also provided credit protection to the VIE with the VIE as the referenced obligation, and (iii) other commitments and guarantees to the VIE. The Company does not have any VIEs that it sponsors nor any VIEs where it has recourse to it or has provided a guarantee to the VIE interest holders.

The following table presents total assets of unconsolidated VIEs in which the Company holds a variable interest, as well as the maximum exposure to loss associated with these VIEs as of December 31, 2022 and December 31, 2021:

	Total VIE Assets	Maximum Exposure to Loss		
		On-Balance Sheet	Off-Balance Sheet	Total
December 31, 2022				
Other long-term investments ⁽¹⁾	\$ 211.5	\$ 144.0	\$ 2.0	\$ 146.0
December 31, 2021				
Other long-term investments ⁽¹⁾	\$ 326.2	\$ 177.5	\$ 2.1	\$ 179.6

(1) Excludes the Company's investments in Related Party Investment Funds which are also VIEs and are discussed separately below.

Third Point Enhanced LP

As of December 31, 2022, the Company and TP GP hold interests of approximately 89.4% and 10.6%, respectively, of the net asset value of TP Enhanced Fund. As a result, both entities hold significant financial interests in TP Enhanced Fund. However, TP GP controls all of the investment decision-making authority and the Company does not have the power to direct the activities which most significantly impact the economic performance of TP Enhanced Fund. As a result, the Company is not considered the primary beneficiary and does not consolidate TP Enhanced Fund. The Company's maximum exposure to loss corresponds to the value of its investments in TP Enhanced Fund.

Investment in Third Point Venture Offshore Fund I LP

TP Venture GP controls all of the investment decision-making authority of the TP Venture Fund. The Company does not have the power to direct the activities which most significantly impact the economic performance of the TP Venture Fund. The Company's maximum exposure to loss corresponds to the value of its investment in TP Venture Fund. See Note 6 for additional information on the Company's investment in TP Venture Fund.

Investment in Third Point Venture Offshore Fund II LP

TP Venture GP II controls all of the investment decision-making authority of the TP Venture Fund II. The Company does not have the power to direct the activities which most significantly impact the economic performance of the TP Venture Fund II. The Company's maximum exposure to loss corresponds to the value of its investment in TP Venture Fund II. See Note 6 for additional information on the Company's investment in TP Venture Fund II.

11. Loss and loss adjustment expense reserves

As of December 31, 2022 and 2021, loss and loss adjustment expense reserves in the consolidated balance sheets was comprised of the following:

	December 31, 2022	December 31, 2021
Case loss and loss adjustment expense reserves	\$ 1,980.2	\$ 1,916.8
Incurred but not reported loss and loss adjustment expense reserves	3,226.5	2,868.2
Unallocated loss adjustment expense reserves	62.0	55.8
Deferred gains on retroactive reinsurance contracts	—	0.6
	<u>\$ 5,268.7</u>	<u>\$ 4,841.4</u>

Reserving methodologies

The Company establishes loss and loss adjustment expense reserves that are estimates of future amounts needed to pay claims and related expenses for events that have already occurred. The Company also obtains reinsurance whereby another reinsurer contractually agrees to indemnify the Company for all or a portion of the insurance or reinsurance risks underwritten by the Company. The Company establishes estimates of amounts recoverable from the reinsurer in a manner consistent with the loss and loss adjustment expense liability associated with the original policies issued, net of an allowance for uncollectible amounts. Net reinsurance loss reserves represent loss and loss adjustment expense reserves reduced by reinsurance recoverable on unpaid losses.

The process of estimating reserves involves a considerable degree of judgment by management and, as of any given date, is inherently uncertain. Based on the above, such uncertainty may be larger relative to the reserves for reinsurance compared to insurance, and certainty may take a longer time to emerge. Upon notification of a loss from an insured (either a ceding company or a primary insured), the Company establishes case reserves, including loss adjustment expense reserves, based upon the Company's share of the amount of reserves reported by the insured and the Company's independent evaluation of the loss.

Generally, initial actuarial estimates of IBNR reserves not related to a specific event are based on the expected loss ratio method applied to each class of business. The Company regularly reviews the adequacy of its recorded reserves by using a variety of generally accepted actuarial methods, including incurred and paid loss development methods and Bornhuetter-Ferguson paid and incurred loss methods. Use of these methods involves key assumptions, including expected loss ratios and paid and incurred loss development factors. Key to the projection of ultimate losses are the selection and weighting of the actuarial methods. Estimates of the initial expected ultimate losses involve management judgment and are based on historical information for that class of business, which includes loss ratios, market conditions, changes in pricing and conditions, underwriting changes, changes in claims emergence and other factors that may influence expected ultimate losses. If actual loss activity differs substantially from expectations, an adjustment to recorded reserves may be warranted. The uncertainties that could lead to these substantial differences are primarily due to the lapse of time to receive the reporting of the claims and the ultimate settlement of the claims; the diversity of development patterns among different lines of business; and the reliance on cedents, managing general underwriters, and brokers for information regarding claims. As time passes, loss reserve estimates for a given year will rely more on actual loss activity and historical patterns than on initial loss ratio assumptions.

Catastrophe event estimates

Some of the Company's contracts are exposed to losses from catastrophes (either natural catastrophes or man-made catastrophes). Given the high-severity, low-frequency nature of these events, the losses typically generated from catastrophe events do not lend themselves to traditional actuarial reserving methods, such as those described above. Therefore, the

reserving approach for these types of coverages is to estimate the ultimate cost associated with a single loss event rather than analyzing the historical development patterns of past losses for estimating ultimate losses for an entire contract. The Company estimates reserves for these catastrophe events on a contract-by-contract basis by means of a review of policies with known or potential exposure to a particular loss event. The Company considers the following information when making these contract-by-contract estimates of catastrophe event losses: information provided by cedents and brokers; industry loss estimates; our estimated market share; catastrophe model output; and the terms and conditions of the contracts with exposure to those events. Initial estimates are established in the period that a catastrophe event occurs and are then monitored each subsequent quarter, considering the latest information available.

Roll forward of loss and loss adjustment expense reserves

The following table represents the activity in the loss and loss adjustment expense reserves for the years ended December 31, 2022 and 2021:

	2022	2021
Gross reserves for loss and loss adjustment expenses, beginning of year	\$ 4,841.4	\$ 1,310.1
Less: loss and loss adjustment expenses recoverable, beginning of year	(1,215.3)	(14.4)
Less: deferred charges on retroactive reinsurance contracts	(1.4)	(6.0)
Net reserves for loss and loss adjustment expenses, beginning of year	3,624.7	1,289.7
Increase (decrease) in net loss and loss adjustment expenses incurred in respect of losses occurring in:		
Current year	1,609.7	1,369.1
Prior years	(21.3)	(42.6)
Total incurred loss and loss adjustment expenses	1,588.4	1,326.5
Net loss and loss adjustment expenses paid in respect of losses occurring in:		
Current year	(316.1)	(271.2)
Prior years	(939.2)	(1,178.9)
Total net paid losses	(1,255.3)	(1,450.1)
Foreign currency translation	(66.3)	(9.2)
Amounts acquired as a result of Sirius Group acquisition ⁽¹⁾	—	2,467.8
Net reserves for loss and loss adjustment expenses, end of year	3,891.5	3,624.7
Plus: loss and loss adjustment expenses recoverable, end of year	1,376.2	1,215.3
Plus: deferred charges on retroactive reinsurance contracts ⁽²⁾	1.0	1.4
Gross reserves for loss and loss adjustment expenses, end of year	<u>\$ 5,268.7</u>	<u>\$ 4,841.4</u>

(1) Represents the fair value of Sirius Group's reserves for claims and claim expenses, net of reinsurance recoverables, acquired at February 26, 2021. See Note 3 for additional information related to the acquisition of Sirius Group.

(2) Deferred charges on retroactive contracts are recorded in other assets on the Company's consolidated balance sheets.

The Company's prior year reserve development arises from changes to estimates of losses and loss adjustment expenses related to loss events that occurred in previous calendar years.

For the year ended December 31, 2022, the Company recorded \$21.3 million of net favorable prior year loss reserve development driven by favorable development due to reserve releases in COVID-19 and A&H reserves due to better than expected loss experience, with the most significant offsetting movements being reserve strengthening in direct Workers' Compensation reserves based on reported loss emergence, and in the Property lines, driven by the current elevated level of inflation.

For the year ended December 31, 2021, the Company recorded \$42.6 million of net favorable prior year loss reserve development driven by \$18.6 million of net favorable prior year reserve development in the Reinsurance segment as a result of better than expected loss reserve emergence on historical property events relating to multiple accident years and better than expected attritional loss experience, \$13.5 million of net favorable prior year reserve development in the Insurance & Services segment as a result of better than expected loss experience in A&H for recent accident years, and \$10.5 million of

net favorable prior year reserve development in Corporate as a result of better than expected loss experience on property and contingency classes moved to runoff in 2021.

Incurred and paid development tables by accident year

The Company manages its business on the basis of two operating segments, Reinsurance and Insurance & Services. The Company has disaggregated its loss information presented in the tables below by line of business in each segment. The Company has presented the below development tables for all accident years shown using exchange rates as at December 31, 2022. All accident years prior to the current year have been restated and presented using the current year exchange rate.

The Company's loss reserve analysis is based primarily on underwriting year data. The preparation of accident year development tables requires an allocation of underwriting year data to the corresponding accident years. For instance, a contract written in one particular underwriting year may have exposure to losses from two or more accident years. These allocations are done using accident year loss payment and reporting patterns, along with premium earnings patterns. These patterns are derived from either company-specific or industry historical loss data, depending on availability and applicability. The Company believes that its allocations are reasonable; however, to the extent that the Company's allocation procedure for loss and loss adjustment expenses incurred differs from actual historical development, the actual loss development may differ materially from the loss development presented.

As described in the roll forward of loss and loss adjustment expense reserves section above, changes in the Company's loss and loss adjustment expense reserves result from both re-estimating loss reserves as well as changes in premium estimates.

Reinsurance

The following tables provide a breakdown of the Company's loss and allocated loss adjustment expenses incurred, net and net loss and allocated loss adjustment expenses paid by accident year by line of business for the Company's Reinsurance segment for the year ended December 31, 2022. The information related to loss and allocated loss adjustment expenses incurred, net and net loss and allocated loss adjustment expenses paid for the years ended December 31, 2013 through 2021 is presented as supplementary information and is unaudited:

Aviation & Space

Loss and allocated loss adjustment expenses incurred, net

Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	IBNR loss and ALAE reserves, net
	←----- Unaudited -----→										
2013	\$ 38.4	\$ 34.3	\$ 31.2	\$ 29.9	\$ 30.8	\$ 30.9	\$ 31.0	\$ 30.7	\$ 31.4	\$ 31.6	\$ —
2014	—	31.8	34.3	30.8	29.8	29.7	28.3	30.0	29.2	29.7	(2.2)
2015	—	—	34.6	31.0	35.0	34.0	33.3	33.5	34.3	34.9	1.7
2016	—	—	—	31.7	32.0	33.0	35.3	34.9	35.2	36.3	(0.1)
2017	—	—	—	—	33.7	42.6	43.8	45.3	45.7	48.4	0.5
2018	—	—	—	—	—	47.7	50.3	58.2	60.7	63.2	3.1
2019	—	—	—	—	—	—	60.2	71.6	75.7	93.8	21.2
2020	—	—	—	—	—	—	—	39.8	41.5	39.9	1.5
2021	—	—	—	—	—	—	—	—	41.9	37.5	9.8
2022	—	—	—	—	—	—	—	—	—	58.2	46.0
Total										\$ 473.5	\$ 81.5

Cumulative net losses and allocated loss adjustment expenses paid

Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	←----- Unaudited -----→									
2013	\$ 12.4	\$ 18.1	\$ 22.1	\$ 24.7	\$ 26.4	\$ 27.1	\$ 28.4	\$ 28.5	\$ 29.4	\$ 29.4
2014	—	6.2	14.2	19.7	22.0	23.6	24.2	25.7	25.3	25.8
2015	—	—	8.8	18.2	24.2	30.5	32.0	32.8	33.4	34.0
2016	—	—	—	7.5	19.2	26.3	28.7	32.0	33.2	34.3
2017	—	—	—	—	8.9	23.5	32.2	35.5	39.1	40.6
2018	—	—	—	—	—	14.2	27.3	36.5	42.2	46.2
2019	—	—	—	—	—	—	8.3	22.3	32.3	37.7
2020	—	—	—	—	—	—	—	10.8	22.1	29.5
2021	—	—	—	—	—	—	—	—	6.5	15.0
2022	—	—	—	—	—	—	—	—	—	6.9
Total										\$ 299.4
Net reserves for loss and allocated loss adjustment expenses from 2013 to 2022										174.1
Net reserves for loss and allocated loss adjustment expenses prior to 2013										2.4
Aviation & Space - net reserves for loss and allocated loss adjustment expenses, end of year										\$ 176.5

Casualty

Loss and allocated loss adjustment expenses incurred, net

Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	IBNR loss and ALAE reserves, net
	←----- Unaudited -----→										
2013	\$ 72.1	\$ 53.4	\$ 57.9	\$ 57.9	\$ 57.9	\$ 57.8	\$ 57.4	\$ 57.6	\$ 57.0	\$ 57.2	\$ —
2014	—	178.1	178.3	182.4	171.5	172.6	171.8	172.3	171.8	171.3	0.8
2015	—	—	223.5	256.7	237.5	237.6	237.9	240.4	240.4	239.8	5.9
2016	—	—	—	270.3	267.2	265.5	261.7	264.6	265.2	264.6	12.1
2017	—	—	—	—	246.2	253.5	254.7	258.8	261.9	262.5	27.7
2018	—	—	—	—	—	317.3	340.4	346.8	349.3	351.9	63.7
2019	—	—	—	—	—	—	388.8	423.9	441.4	446.0	138.3
2020	—	—	—	—	—	—	—	377.7	416.8	414.9	214.3
2021	—	—	—	—	—	—	—	—	351.8	342.5	211.9
2022	—	—	—	—	—	—	—	—	—	391.4	317.5
Total										<u>\$2,942.1</u>	<u>\$ 992.2</u>

Cumulative net losses and allocated loss adjustment expenses paid

Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		
	←----- Unaudited -----→											
2013	\$ 11.3	\$ 27.8	\$ 40.4	\$ 46.8	\$ 51.4	\$ 53.6	\$ 55.0	\$ 55.4	\$ 56.0	\$ 55.9		
2014	—	51.1	128.3	147.6	153.5	161.1	164.3	166.2	167.2	168.2		
2015	—	—	75.7	151.7	184.6	201.3	210.9	218.9	223.7	226.7		
2016	—	—	—	64.9	171.4	196.4	212.3	224.0	232.3	239.3		
2017	—	—	—	—	82.3	136.1	157.2	180.1	199.0	212.6		
2018	—	—	—	—	—	57.2	111.2	151.0	211.2	237.5		
2019	—	—	—	—	—	—	45.5	116.2	181.2	236.9		
2020	—	—	—	—	—	—	—	38.0	65.7	137.2		
2021	—	—	—	—	—	—	—	—	29.1	77.9		
2022	—	—	—	—	—	—	—	—	—	24.6		
Total										<u>\$1,616.8</u>		
											Net reserves for loss and allocated loss adjustment expenses from 2013 to 2022	<u>1,325.3</u>
											Net reserves for loss and allocated loss adjustment expenses prior to 2013	<u>9.5</u>
											Casualty - net reserves for loss and allocated loss adjustment expenses, end of year	<u>\$1,334.8</u>

Contingency

Loss and allocated loss adjustment expenses incurred, net

Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	IBNR loss and ALAE reserves, net
	←----- Unaudited ----->										
2013	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ —
2014	—	—	—	—	—	—	—	—	—	—	—
2015	—	—	—	—	—	—	—	—	—	—	—
2016	—	—	—	—	—	—	—	—	—	—	—
2017	—	—	—	—	0.5	0.5	1.1	0.7	0.8	0.7	—
2018	—	—	—	—	—	1.4	1.7	1.5	1.6	1.4	—
2019	—	—	—	—	—	—	1.8	1.8	1.8	1.8	—
2020	—	—	—	—	—	—	—	13.7	11.2	11.7	1.2
2021	—	—	—	—	—	—	—	—	8.4	10.4	0.1
2022	—	—	—	—	—	—	—	—	—	8.7	0.6
Total										<u>\$ 34.8</u>	<u>\$ 1.9</u>

Cumulative net losses and allocated loss adjustment expenses paid

Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	←----- Unaudited ----->									
2013	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
2014	—	—	—	—	—	—	—	—	—	—
2015	—	—	—	—	—	—	—	—	—	—
2016	—	—	—	—	—	—	—	—	—	—
2017	—	—	—	—	(0.1)	0.1	0.4	0.6	0.6	0.6
2018	—	—	—	—	—	(0.1)	0.8	1.3	1.3	1.4
2019	—	—	—	—	—	—	(0.1)	1.1	1.2	1.5
2020	—	—	—	—	—	—	—	3.2	4.1	11.2
2021	—	—	—	—	—	—	—	—	3.6	7.3
2022	—	—	—	—	—	—	—	—	—	4.0
Total										<u>\$ 26.1</u>
	Net reserves for loss and allocated loss adjustment expenses from 2013 to 2022									8.7
	Net reserves for loss and allocated loss adjustment expenses prior to 2013									0.8
	Contingency - net reserves for loss and allocated loss adjustment expenses, end of year									<u>\$ 9.5</u>

Credit & Bond

Loss and allocated loss adjustment expenses incurred, net

Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	IBNR loss and ALAE reserves, net	
	←----- Unaudited ----->											
2013	\$ 29.1	\$ 28.3	\$ 27.4	\$ 27.0	\$ 27.8	\$ 27.4	\$ 27.7	\$ 27.8	\$ 28.3	\$ 28.7	\$ 0.8	
2014	—	25.1	24.6	25.2	23.2	22.2	22.0	21.9	22.1	22.1	(2.0)	
2015	—	—	23.7	23.3	22.5	20.9	20.0	19.4	19.4	19.7	0.6	
2016	—	—	—	19.3	17.9	17.6	16.7	16.3	16.6	16.0	0.1	
2017	—	—	—	—	24.3	25.0	24.0	22.5	22.5	21.5	3.2	
2018	—	—	—	—	—	30.8	31.3	30.5	30.8	29.7	1.5	
2019	—	—	—	—	—	—	40.2	38.4	38.0	35.1	3.0	
2020	—	—	—	—	—	—	—	44.7	41.1	38.9	10.5	
2021	—	—	—	—	—	—	—	—	22.5	21.6	9.6	
2022	—	—	—	—	—	—	—	—	—	37.5	25.8	
Total											<u>\$ 270.8</u>	<u>\$ 53.1</u>

Cumulative net losses and allocated loss adjustment expenses paid

Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
	←----- Unaudited ----->										
2013	\$ 11.1	\$ 19.0	\$ 22.0	\$ 23.2	\$ 23.9	\$ 24.0	\$ 24.2	\$ 24.2	\$ 24.5	\$ 26.2	
2014	—	7.5	13.6	17.9	19.9	20.5	20.9	20.9	21.0	21.2	
2015	—	—	4.6	12.6	16.8	18.1	18.2	18.1	18.0	18.3	
2016	—	—	—	5.3	10.4	13.2	14.3	14.7	15.0	15.3	
2017	—	—	—	—	3.9	10.2	14.4	15.5	15.9	17.3	
2018	—	—	—	—	—	8.2	17.6	22.9	24.2	25.4	
2019	—	—	—	—	—	—	9.7	20.7	26.8	28.5	
2020	—	—	—	—	—	—	—	18.6	20.6	23.5	
2021	—	—	—	—	—	—	—	—	4.4	7.2	
2022	—	—	—	—	—	—	—	—	—	7.7	
Total											<u>\$ 190.6</u>
	Net reserves for loss and allocated loss adjustment expenses from 2013 to 2022										80.2
	Net reserves for loss and allocated loss adjustment expenses prior to 2013										2.5
	Credit & Bond - net reserves for loss and allocated loss adjustment expenses, end of year										<u>\$ 82.7</u>

Marine & Energy

Loss and allocated loss adjustment expenses incurred, net

Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	IBNR loss and ALAE reserves, net	
	←----- Unaudited ----->											
2013	\$ 19.9	\$ 17.8	\$ 16.6	\$ 15.8	\$ 15.4	\$ 15.4	\$ 15.5	\$ 15.6	\$ 15.2	\$ 14.9	\$ 0.5	
2014	—	21.7	20.3	18.7	17.4	16.9	17.6	17.5	17.5	17.4	(0.2)	
2015	—	—	26.7	28.6	26.5	26.0	25.8	26.3	26.2	26.2	—	
2016	—	—	—	29.9	28.2	24.5	24.4	24.5	24.4	24.5	—	
2017	—	—	—	—	34.1	30.0	29.0	31.5	31.1	31.2	0.3	
2018	—	—	—	—	—	18.8	20.3	20.3	20.0	20.3	0.9	
2019	—	—	—	—	—	—	18.5	18.9	19.1	19.2	0.6	
2020	—	—	—	—	—	—	—	19.9	18.0	18.1	5.2	
2021	—	—	—	—	—	—	—	—	24.6	22.8	11.8	
2022	—	—	—	—	—	—	—	—	—	22.5	17.0	
Total											\$ 217.1	\$ 36.1

Cumulative net losses and allocated loss adjustment expenses paid

Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
	←----- Unaudited ----->										
2013	\$ 2.5	\$ 8.1	\$ 10.9	\$ 12.2	\$ 12.4	\$ 12.7	\$ 12.9	\$ 13.0	\$ 13.0	\$ 12.9	
2014	—	3.8	9.8	13.2	14.5	15.0	15.1	16.1	16.1	16.1	
2015	—	—	3.0	10.0	19.5	23.6	24.6	25.2	25.3	25.3	
2016	—	—	—	5.9	14.2	17.5	20.1	22.1	23.1	23.6	
2017	—	—	—	—	4.8	12.9	19.0	23.2	24.9	26.7	
2018	—	—	—	—	—	2.8	8.7	14.3	15.0	15.9	
2019	—	—	—	—	—	—	2.5	7.3	10.2	11.6	
2020	—	—	—	—	—	—	—	1.9	6.3	8.4	
2021	—	—	—	—	—	—	—	—	1.9	4.4	
2022	—	—	—	—	—	—	—	—	—	2.7	
Total											\$ 147.6
Net reserves for loss and allocated loss adjustment expenses from 2013 to 2022										69.5	
Net reserves for loss and allocated loss adjustment expenses prior to 2013										0.9	
Marine & Energy - net reserves for loss and allocated loss adjustment expenses, end of year										\$ 70.4	

Mortgage

Loss and allocated loss adjustment expenses incurred, net

Accident year	Loss and allocated loss adjustment expenses incurred, net											IBNR loss and ALAE reserves, net
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		
	←----- Unaudited ----->											
2013	\$ 0.3	\$ 0.3	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ —
2014	—	3.6	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.5	—
2015	—	—	1.7	1.7	1.6	1.6	0.8	0.8	0.8	0.8	0.8	—
2016	—	—	—	5.9	5.5	5.8	1.4	2.2	1.9	1.7	1.7	0.3
2017	—	—	—	—	8.0	8.4	2.2	3.1	2.5	2.4	0.8	0.8
2018	—	—	—	—	—	11.2	4.3	5.5	4.9	4.3	2.1	2.1
2019	—	—	—	—	—	—	7.0	8.7	8.0	6.9	4.1	4.1
2020	—	—	—	—	—	—	—	12.0	11.8	7.8	5.0	5.0
2021	—	—	—	—	—	—	—	—	11.1	7.7	5.0	5.0
2022	—	—	—	—	—	—	—	—	—	8.8	6.3	6.3
Total											\$ 41.0	\$ 23.6

Cumulative net losses and allocated loss adjustment expenses paid

Accident year	Cumulative net losses and allocated loss adjustment expenses paid										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
	←----- Unaudited ----->										
2013	\$ —	\$ —	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
2014	—	—	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
2015	—	—	0.3	0.5	0.7	0.7	0.8	0.8	0.8	0.8	0.8
2016	—	—	—	0.1	0.5	0.8	1.0	1.0	1.0	1.0	1.0
2017	—	—	—	—	0.1	0.7	1.0	1.1	1.0	1.2	1.2
2018	—	—	—	—	—	0.3	1.2	1.3	1.4	1.4	1.4
2019	—	—	—	—	—	—	0.8	1.6	1.8	1.7	1.7
2020	—	—	—	—	—	—	—	1.4	1.5	1.3	1.3
2021	—	—	—	—	—	—	—	—	1.1	1.1	1.1
2022	—	—	—	—	—	—	—	—	—	0.9	0.9
Total											\$ 10.1
	Net reserves for loss and allocated loss adjustment expenses from 2013 to 2022										30.9
	Net reserves for loss and allocated loss adjustment expenses prior to 2013										—
	Mortgage - net reserves for loss and allocated loss adjustment expenses, end of year										\$ 30.9

Property

Loss and allocated loss adjustment expenses incurred, net

Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	IBNR loss and ALAE reserves, net
	←----- Unaudited ----->										
2013	\$ 224.2	\$ 247.2	\$ 236.2	\$ 233.0	\$ 231.7	\$ 231.4	\$ 230.8	\$ 231.2	\$ 230.5	\$ 230.1	\$ 0.2
2014	—	198.3	203.0	201.3	205.5	205.8	205.5	205.2	205.5	205.5	(0.6)
2015	—	—	210.8	208.2	212.3	212.8	211.5	211.5	211.6	211.2	(5.6)
2016	—	—	—	286.0	285.6	288.3	288.6	286.6	285.8	285.6	0.8
2017	—	—	—	—	455.5	499.0	508.9	514.6	514.2	510.3	11.1
2018	—	—	—	—	—	452.8	510.1	516.9	510.0	502.4	16.6
2019	—	—	—	—	—	—	515.1	500.8	500.2	483.8	27.1
2020	—	—	—	—	—	—	—	563.1	554.9	524.0	104.1
2021	—	—	—	—	—	—	—	—	596.9	662.1	161.4
2022	—	—	—	—	—	—	—	—	—	334.7	171.4
Total										<u>\$3,949.7</u>	<u>\$ 486.5</u>

Cumulative net losses and allocated loss adjustment expenses paid

Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		
	←----- Unaudited ----->											
2013	\$ 55.4	\$ 166.2	\$ 204.4	\$ 216.6	\$ 220.9	\$ 222.7	\$ 224.3	\$ 225.6	\$ 225.6	\$ 225.9		
2014	—	49.1	136.5	170.8	187.3	193.5	197.4	198.3	199.2	199.5		
2015	—	—	52.5	144.2	177.1	192.8	201.0	203.3	205.3	205.8		
2016	—	—	—	62.2	186.8	238.2	261.3	272.3	276.2	278.0		
2017	—	—	—	—	86.6	311.4	398.6	453.7	465.9	480.4		
2018	—	—	—	—	—	67.9	312.8	406.6	437.9	457.9		
2019	—	—	—	—	—	—	67.5	291.6	380.4	414.5		
2020	—	—	—	—	—	—	—	76.6	220.5	330.2		
2021	—	—	—	—	—	—	—	—	79.2	232.5		
2022	—	—	—	—	—	—	—	—	—	45.0		
Total										<u>\$2,869.7</u>		
											Net reserves for loss and allocated loss adjustment expenses from 2013 to 2022	1,080.0
											Net reserves for loss and allocated loss adjustment expenses prior to 2013	29.7
											Property - net reserves for loss and allocated loss adjustment expenses, end of year	<u>\$1,109.7</u>

Insurance & Services

The following tables provide a breakdown of the Company's loss and allocated loss adjustment expenses incurred, net and net loss and allocated loss adjustment expenses paid by accident year by line of business for the Company's Insurance & Services segment for the year ended December 31, 2022. The information related to loss and allocated loss adjustment expenses incurred, net and net loss and allocated loss adjustment expenses paid for the years ended December 31, 2013 through 2021 is presented as supplementary information and is unaudited:

A&H

Loss and allocated loss adjustment expenses incurred, net											IBNR loss and ALAE reserves, net
Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
	←----- Unaudited ----->										
2013	\$ 124.6	\$ 122.2	\$ 117.7	\$ 117.2	\$ 116.6	\$ 115.8	\$ 115.7	\$ 115.5	\$ 115.6	\$ 115.5	\$ —
2014	—	130.4	131.5	130.0	130.0	129.1	129.0	128.9	129.1	129.1	0.1
2015	—	—	152.2	148.5	145.2	143.9	143.5	143.6	143.6	143.6	0.3
2016	—	—	—	172.3	172.0	167.9	166.4	166.2	165.8	165.9	2.3
2017	—	—	—	—	176.5	172.6	166.0	163.8	163.6	163.9	(0.6)
2018	—	—	—	—	—	200.2	207.6	205.5	203.8	203.8	(1.6)
2019	—	—	—	—	—	—	274.7	269.8	261.1	260.8	(1.5)
2020	—	—	—	—	—	—	—	311.3	305.4	282.8	13.7
2021	—	—	—	—	—	—	—	—	223.1	216.3	21.2
2022	—	—	—	—	—	—	—	—	—	355.1	156.6
Total										<u>\$2,036.8</u>	<u>\$ 190.5</u>

Cumulative net losses and allocated loss adjustment expenses paid												
Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		
	←----- Unaudited ----->											
2013	\$ 54.1	\$ 102.7	\$ 113.1	\$ 114.5	\$ 115.8	\$ 115.2	\$ 115.2	\$ 115.3	\$ 115.3	\$ 115.3		
2014		59.1	110.9	124.3	126.0	126.0	126.7	126.8	126.8	126.8		
2015			75.2	129.6	141.0	142.6	142.9	143.0	143.0	143.0		
2016				97.6	149.3	160.9	162.8	163.3	163.0	163.1		
2017					58.8	146.9	159.5	160.3	160.7	160.8		
2018						90.6	187.5	204.2	205.4	205.8		
2019							130.9	235.6	252.6	255.7		
2020								107.0	246.1	273.2		
2021									120.6	182.8		
2022										169.7		
Total										<u>\$1,796.2</u>		
											Net reserves for loss and allocated loss adjustment expenses from 2013 to 2022	240.6
											Net reserves for loss and allocated loss adjustment expenses prior to 2013	(0.4)
											A&H - net reserves for loss and allocated loss adjustment expenses, end of year	<u>\$ 240.2</u>

Environmental

Loss and allocated loss adjustment expenses incurred, net

Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	IBNR loss and ALAE reserves, net	
	←----- Unaudited ----->											
2013	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
2014	—	—	—	—	—	—	—	—	—	—	—	
2015	—	—	—	—	—	—	—	—	—	—	—	
2016	—	—	—	—	—	—	—	—	—	—	—	
2017	—	—	—	—	—	—	—	—	—	—	—	
2018	—	—	—	—	—	0.4	0.1	0.1	0.1	0.1	—	
2019	—	—	—	—	—	—	4.5	4.6	2.7	2.8	0.9	
2020	—	—	—	—	—	—	—	3.6	3.2	3.4	2.9	
2021	—	—	—	—	—	—	—	—	4.7	4.9	3.3	
2022	—	—	—	—	—	—	—	—	—	11.8	11.4	
Total											<u>\$ 23.0</u>	<u>\$ 18.5</u>

Cumulative net losses and allocated loss adjustment expenses paid

Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
	←----- Unaudited ----->										
2013	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
2014	—	—	—	—	—	—	—	—	—	—	
2015	—	—	—	—	—	—	—	—	—	—	
2016	—	—	—	—	—	—	—	—	—	—	
2017	—	—	—	—	—	—	—	—	—	—	
2018	—	—	—	—	—	—	—	0.1	0.1	0.1	
2019	—	—	—	—	—	—	—	0.9	1.8	1.9	
2020	—	—	—	—	—	—	—	—	0.3	0.5	
2021	—	—	—	—	—	—	—	—	—	0.8	
2022	—	—	—	—	—	—	—	—	—	—	
Total											<u>\$ 3.3</u>
										Net reserves for loss and allocated loss adjustment expenses from 2013 to 2022	19.7
										Net reserves for loss and allocated loss adjustment expenses prior to 2013	—
										Environmental - net reserves for loss and allocated loss adjustment expenses, end of year	<u>\$ 19.7</u>

Workers' Compensation

Loss and allocated loss adjustment expenses incurred, net

Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	IBNR loss and ALAE reserves, net	
	←----- Unaudited ----->											
2013	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
2014	—	—	—	—	—	—	—	—	—	—	—	
2015	—	—	—	—	—	—	—	—	—	—	—	
2016	—	—	—	—	—	—	—	—	—	—	—	
2017	—	—	—	—	—	—	—	—	—	—	—	
2018	—	—	—	—	—	1.5	1.5	1.1	1.2	0.6	0.2	
2019	—	—	—	—	—	—	18.6	16.6	15.7	15.7	1.3	
2020	—	—	—	—	—	—	—	45.8	46.9	47.6	2.8	
2021	—	—	—	—	—	—	—	—	94.9	119.1	34.2	
2022	—	—	—	—	—	—	—	—	—	97.7	67.9	
Total											<u>\$ 280.7</u>	<u>\$ 106.4</u>

Cumulative net losses and allocated loss adjustment expenses paid

Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
	←----- Unaudited ----->										
2013	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
2014	—	—	—	—	—	—	—	—	—	—	
2015	—	—	—	—	—	—	—	—	—	—	
2016	—	—	—	—	—	—	—	—	—	—	
2017	—	—	—	—	—	—	—	—	—	—	
2018	—	—	—	—	—	—	0.2	0.3	0.4	0.5	
2019	—	—	—	—	—	—	1.3	6.8	10.0	12.6	
2020	—	—	—	—	—	—	—	4.2	19.7	29.1	
2021	—	—	—	—	—	—	—	—	10.4	43.9	
2022	—	—	—	—	—	—	—	—	—	8.5	
Total											<u>\$ 94.6</u>
										Net reserves for loss and allocated loss adjustment expenses from 2013 to 2022	186.1
										Net reserves for loss and allocated loss adjustment expenses prior to 2013	—
										Workers' Compensation - net reserves for loss and allocated loss adjustment expenses, end of year	<u>\$ 186.1</u>

Other

Loss and allocated loss adjustment expenses incurred, net

Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	IBNR loss and ALAE reserves, net
	←----- Unaudited ----->										
2013	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2014	—	—	—	—	—	—	—	—	—	—	—
2015	—	—	—	—	—	—	—	—	—	—	—
2016	—	—	—	—	—	—	—	—	—	—	—
2017	—	—	—	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	2.6	2.2	2.2	1.1
2021	—	—	—	—	—	—	—	—	61.7	62.1	42.8
2022	—	—	—	—	—	—	—	—	—	238.2	213.3
Total										<u>\$ 302.5</u>	<u>\$ 257.2</u>

Cumulative net losses and allocated loss adjustment expenses paid

Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	←----- Unaudited ----->									
2013	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2014	—	—	—	—	—	—	—	—	—	—
2015	—	—	—	—	—	—	—	—	—	—
2016	—	—	—	—	—	—	—	—	—	—
2017	—	—	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	0.4	0.8	0.9
2021	—	—	—	—	—	—	—	—	1.4	12.5
2022	—	—	—	—	—	—	—	—	—	15.6
Total										<u>\$ 29.0</u>
	Net reserves for loss and allocated loss adjustment expenses from 2013 to 2022									<u>273.5</u>
	Net reserves for loss and allocated loss adjustment expenses prior to 2013									<u>2.0</u>
	Other - net reserves for loss and allocated loss adjustment expenses, end of year									<u>\$ 275.5</u>

Reconciliation of loss development information to loss and loss adjustment expense reserves

The following table provides a reconciliation of the Company's loss and loss adjustment expense reserves as of December 31, 2022:

	2022
Net reserves for loss and allocated loss adjustment expenses	
<i>Reinsurance</i>	
Aviation & Space	\$ 176.5
Casualty	1,334.8
Contingency	9.5
Credit & Bond	82.7
Marine & Energy	70.4
Mortgage	30.9
Property	1,109.7
<i>Insurance & Services</i>	
A&H	240.2
Environmental	19.7
Workers' Compensation	186.1
Other	275.5
<i>Corporate</i> ⁽¹⁾	239.9
Net reserves for loss and allocated loss adjustment expenses, end of year	<u>3,775.9</u>
Loss and allocated loss adjustment expenses recoverable	
<i>Reinsurance</i>	
Aviation & Space	60.0
Casualty	9.1
Contingency	2.6
Credit & Bond	7.5
Marine & Energy	9.3
Mortgage	1.9
Property	527.3
<i>Insurance & Services</i>	
A&H	72.5
Environmental	7.6
Workers' Compensation	121.4
Other	129.6
<i>Corporate</i>	427.4
Total loss and allocated loss adjustment expenses recoverable	<u>1,376.2</u>
Unallocated loss adjustment expense reserves	62.0
Other items, net ⁽²⁾	53.6
Deferred charges on retroactive reinsurance contracts	1.0
Gross reserves for loss and loss adjustment expenses, end of year	<u>\$ 5,268.7</u>

(1) Corporate includes the results of all runoff business and is not presented in the loss development tables.

(2) Includes fair value adjustments associated with the acquisition of Sirius Group.

Cumulative claims frequency

The reporting of cumulative claims frequency for the reserve classes within the Reinsurance and Insurance & Services segments are deemed to be impracticable as the information necessary to provide cumulative claims frequency for these reserve classes is not available to the Company. The underlying claim count is not provided for most reinsurance contracts written on a quote share or aggregate loss basis, and certain MGAs report data to the Company in an aggregate format and therefore the information necessary to provide cumulative claims is not available.

Claims duration

The following table is presented as supplementary information and presents the Company's historical average annual percentage payout of loss and loss adjustment expenses incurred, net by age, as of December 31, 2022:

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>
(Unaudited)										
Reinsurance										
Aviation & Space	19.1 %	23.2 %	15.3 %	8.3 %	6.4 %	2.7 %	3.4 %	0.2 %	2.4 %	— %
Casualty	16.3 %	20.8 %	13.0 %	10.2 %	5.8 %	3.5 %	2.1 %	1.0 %	0.7 %	(0.2)%
Contingency	30.3 %	26.3 %	51.8 %	13.9 %	3.6 %	1.6 %	0.1 %	(1.4)%	— %	(19.1)%
Credit & Bond	29.9 %	25.1 %	15.5 %	5.6 %	2.5 %	2.0 %	0.4 %	0.5 %	1.0 %	6.2 %
Marine & Energy	14.7 %	26.9 %	20.9 %	10.1 %	4.8 %	3.2 %	2.2 %	0.1 %	0.2 %	(0.2)%
Mortgage	12.6 %	11.0 %	3.7 %	1.9 %	0.8 %	1.5 %	0.4 %	(0.3)%	(0.2)%	— %
Property	16.3 %	38.9 %	18.2 %	7.7 %	3.2 %	1.8 %	0.7 %	0.4 %	0.1 %	0.2 %
Insurance & Services										
A&H	47.3 %	41.5 %	8.2 %	1.0 %	0.3 %	— %	— %	— %	— %	— %
Environmental	0.7 %	17.9 %	17.1 %	3.7 %	4.4 %	— %	— %	— %	— %	— %
Workers' Compensation	8.7 %	29.9 %	19.9 %	16.4 %	11.7 %	— %	— %	— %	— %	— %
Other	5.8 %	17.8 %	7.2 %	8.3 %	— %	— %	— %	— %	— %	— %

12. Third party reinsurance

In the normal course of business, the Company seeks to protect its businesses from losses due to concentration of risk and losses arising from catastrophic events by reinsuring with third-party reinsurers. Additionally, retrocession can be used as a mechanism to share the risks and rewards of business written and therefore can be used as a tool to align the Company's interests with those of its counterparties. The Company remains liable for risks reinsured in the event that the reinsurer does not honor its obligations under reinsurance contracts.

The following tables provide a breakdown of the Company's written and earned premiums and loss and loss adjustment expenses from direct business, reinsurance assumed and reinsurance ceded for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Written premiums:		
Direct	\$ 1,403.9	\$ 718.0
Assumed	2,005.8	1,518.5
Gross premiums written	3,409.7	2,236.5
Ceded	(860.5)	(502.3)
Net premiums written	<u>\$ 2,549.2</u>	<u>\$ 1,734.2</u>
	<u>2022</u>	<u>2021</u>
Premiums earned:		
Direct	\$ 1,153.6	\$ 600.8
Assumed	1,915.2	1,598.5
Gross premiums earned	3,068.8	2,199.3
Ceded	(750.7)	(482.3)
Net premiums earned	<u>\$ 2,318.1</u>	<u>\$ 1,717.0</u>

	2022	2021
Loss and loss adjustment expense:		
Direct	\$ 778.0	\$ 349.3
Assumed	1,386.8	1,506.1
Loss and loss adjustment expense incurred	2,164.8	1,855.4
Ceded	(576.4)	(528.9)
Loss and loss adjustment expense incurred, net	<u>\$ 1,588.4</u>	<u>\$ 1,326.5</u>

Because retrocessional reinsurance contracts do not relieve the Company of its obligation to its insureds, the collectability of balances due from the Company's reinsurers is important to its financial strength. The Company monitors the financial strength and ratings of retrocessionaires on an ongoing basis. As of December 31, 2022, the Company had loss and loss adjustment expenses recoverable of \$1,376.2 million (December 31, 2021 - \$1,215.3 million). Loss and loss adjustment expenses recoverable from the retrocessionaire are recorded as assets.

The following tables provide a listing of the Company's loss and loss adjustment expenses recoverable by the reinsurer's S&P rating and the percentage of total recoverables as of December 31, 2022 and 2021. With certain reinsurers, if S&P's rating was not available, an equivalent AM Best rating was used.

Rating ⁽¹⁾⁽²⁾	December 31, 2022			
	Gross	Collateral	Net	% of Net Total
AA	\$ 252.8	\$ 41.2	\$ 211.6	29.5 %
A	370.6	48.5	322.1	44.9 %
BBB or lower	246.7	104.8	141.9	19.8 %
Not rated	506.1	464.2	41.9	5.8 %
Total	<u>\$ 1,376.2</u>	<u>\$ 658.7</u>	<u>\$ 717.5</u>	<u>100.0 %</u>

Rating ⁽¹⁾⁽²⁾	December 31, 2021			
	Gross	Collateral	Net	% of Net Total
AA	\$ 149.5	\$ 1.7	\$ 147.8	22.6 %
A	360.8	16.0	344.8	52.6 %
BBB or lower	212.3	130.5	81.8	12.5 %
Not rated	492.7	412.0	80.7	12.3 %
Total	<u>\$ 1,215.3</u>	<u>\$ 560.2</u>	<u>\$ 655.1</u>	<u>100.0 %</u>

(1) S&P's ratings as detailed above are: "AAA" (Extremely Strong), "AA" (Very strong), "A" (Strong) and "BBB" (Adequate).

(2) Not rated represents reinsurers who are not rated by either S&P or AM. Best. Included in the "Not rated" category as of December 31, 2022 is \$327.7 million (2021 - \$355.9 million) related to Pallas Reinsurance Ltd. as a result of the loss portfolio transfer transaction in 2021, and the amount is fully collateralized.

The following tables provide a listing of the five highest loss and loss adjustment expenses recoverable by reinsurer, along with percentage of total recoverable amount, the reinsurer's S&P reinsurer rating and the percentage that the recoverable is collateralized as of December 31, 2022 and 2021:

	December 31, 2022			
	Balance	% of Total	S&P rating	% Collateralized
Reinsurer:				
Pallas Reinsurance Company Ltd.	\$ 327.7	23.8 %	Not rated	100.0 %
General Insurance Corporation of India	184.9	13.4 %	BBB	31.3 %
Arch Reinsurance Ltd	79.6	5.8 %	A+	1.3 %
Swiss Reinsurance Company Ltd	68.6	5.0 %	AA-	25.8 %
Pie Casualty Insurance Company	\$ 44.1	3.2 %	Not rated	100.0 %

	December 31, 2021			
	Balance	% of Total	S&P rating	% Collateralized
Reinsurer:				
Pallas Reinsurance Company Ltd.	\$ 355.9	29.3 %	Not rated	100.0 %
General Insurance Corporation of India ⁽¹⁾	140.9	11.6 %	BBB	89.4 %
Swiss Reinsurance Company, Ltd.	34.8	2.9 %	AA-	13.4 %
Argo Capital Group Ltd.	28.6	2.4 %	Not rated	100.0 %
Lloyd's of London	\$ 27.4	2.3 %	A+	51.8 %

(1) Reflects an AM Best rating of "B++" (Good).

13. Allowance for expected credit losses

The Company is exposed to credit losses primarily through sales of its insurance and reinsurance products and services. The financial assets in scope of the current expected credit losses impairment model primarily include the Company's insurance and reinsurance balances receivable and loss and loss adjustment expenses recoverable. The Company pools these amounts by counterparty credit rating and applies a credit default rate that is determined based on the studies published by the rating agencies (e.g., AM Best, S&P). In circumstances where ratings are unavailable, the Company applies an internally developed default rate based on historical experience, reference data including research publications, and other relevant inputs.

The Company's assets in scope of the current expected credit loss assessment as of December 31, 2022 and December 31, 2021 are as follows:

	December 31, 2022	December 31, 2021
Insurance and reinsurance balances receivable, net ⁽¹⁾	\$ 1,876.9	\$ 1,708.2
Loss and loss adjustment expenses recoverable, net	1,376.2	1,215.3
Other assets ⁽²⁾	52.4	14.5
Total assets in scope	<u>\$ 3,305.5</u>	<u>\$ 2,938.0</u>

(1) As of December 31, 2022, one counterparty's insurance and reinsurance balances receivable of \$236.5 million exceeded 10% of the Company's total insurance and reinsurance balances receivable (December 31, 2021 - no counterparties exceeded 10%).

(2) Relates to MGA trade receivables (included in other assets in the Company's consolidated balance sheets), loans receivables (included in other long-term investments in the Company's consolidated balance sheets) and interest and dividend receivables.

The Company's allowance for expected credit losses was \$34.3 million as of December 31, 2022 (December 31, 2021 - \$21.6 million). For the year ended December 31, 2022, the Company recorded current expected credit losses of \$12.7 million

(2021 - \$21.0 million). These amounts are included in net corporate and other expenses in the consolidated statements of income (loss).

The Company monitors counterparty credit ratings and macroeconomic conditions, and considers the most current AM Best and S&P credit ratings to determine the allowance each quarter. As of December 31, 2022, approximately 55% of the total gross assets in scope were balances with counterparties rated by either AM Best or S&P and, of the total rated, 78% were rated A- or better.

14. Letter of credit facilities

Standby letter of credit facilities

As of December 31, 2022, the Company had entered into the following letter of credit facilities:

	Letters of Credit		Collateral	
	Committed Capacity	Issued	Cash and Cash Equivalents	Debt securities
Committed - Secured letters of credit facilities	\$ 380.0	\$ 288.0	\$ 15.8	\$ 205.9
Uncommitted - Secured letters of credit facilities	n/a	982.4	18.5	1,188.5
		<u>\$ 1,270.4</u>	<u>\$ 34.3</u>	<u>\$ 1,394.4</u>

The Company's secured letter of credit facilities are bilateral agreements that generally renew on an annual basis. The letters of credit issued under the secured letter of credit facilities are fully collateralized. The above referenced facilities are subject to various affirmative, negative and financial covenants that the Company considers to be customary for such borrowings, including certain minimum net worth and maximum debt to capitalization standards. See Note 4 for additional information.

Revolving credit facility

In addition to the letter of credit facilities above, SiriusPoint and the Company entered into a three-year, \$300.0 million senior unsecured revolving credit facility (the "Facility") with JPMorgan Chase Bank, N.A. as administrative agent, effective February 26, 2021. The Facility includes an option, subject to satisfaction of certain conditions including agreement of lenders representing greater than a majority of commitments, for the Company to request an extension by such lenders of the maturity date of the Facility by an additional 12 months. The Facility provides access to loans for working capital and general corporate purposes, and letters of credit to support obligations under insurance and reinsurance agreements, retrocessional agreements and for general corporate purposes. Loans and letters of credit under the Facility will become available, subject to customary conditions precedent. As of December 31, 2022, there were no outstanding borrowings under the Facility.

15. Income taxes

The Company provides for income tax expense or benefit based upon pre-tax income or loss reported in the consolidated statements of income (loss) and the provisions of currently enacted tax laws. The Company and its Bermuda-domiciled subsidiaries are incorporated under the laws of Bermuda and are subject to Bermuda law with respect to taxation. Under current Bermuda law, the Company and its Bermuda-domiciled subsidiaries are not subject to any income or capital gains taxes in Bermuda. In the event that such taxes are imposed, the Company and its Bermuda-domiciled subsidiaries would be exempted from any such taxes until March 2035 under the Tax Assurance Certificates issued to such entities pursuant to the Bermuda Exempted Undertakings Tax Protection Act of 1966, as amended.

The Company has subsidiaries and branches that operate in various other jurisdictions around the world that are subject to tax in the jurisdictions in which they operate. The jurisdictions in which the Company's subsidiaries and branches are subject to tax are Australia, Belgium, Canada, Germany, Gibraltar, Hong Kong (China), Ireland, Luxembourg, Malaysia, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

The following is a summary of the Company's income (loss) before income tax benefit by jurisdiction for the years ended December 31, 2022 and 2021:

	2022	2021
Bermuda	\$ (123.1)	\$ 194.4
U.S.	(47.0)	30.0
U.K.	(9.7)	1.9
Sweden	(174.6)	(138.1)
Luxembourg	(37.2)	(20.5)
Other	(2.5)	1.5
Income (loss) before income tax benefit	<u>\$ (394.1)</u>	<u>\$ 69.2</u>

For the years ended December 31, 2022 and 2021, income tax (expense) benefit consisted of the following:

	2022	2021
Current tax expense:		
U.S. Federal	\$ (0.3)	\$ (3.3)
State	(0.9)	(1.8)
Non-U.S.	(3.2)	(18.2)
Total current tax expense	<u>(4.4)</u>	<u>(23.3)</u>
Deferred tax (expense) benefit:		
U.S. Federal	20.7	(4.9)
State	2.0	(4.8)
Non-U.S.	16.5	52.1
Total deferred tax benefit	<u>39.2</u>	<u>42.4</u>
Total income tax benefit	<u>\$ 34.8</u>	<u>\$ 19.1</u>

Effective Rate Reconciliation

The following table presents a reconciliation of expected income taxes to income tax (expense) benefit for the years ended December 31, 2022 and 2021:

	2022	2021
Tax (expense) benefit at the 0% Bermuda statutory rate	\$ —	\$ —
Differences in taxes resulting from:		
Non-Bermuda earnings	52.9	25.9
Change in valuation allowance	(14.3)	10.5
Foreign currency effects	(10.7)	(19.0)
Change in uncertain tax positions	8.0	(8.0)
Provision-to-return true up	2.0	(0.5)
Tax rate change	2.7	4.3
Tax on Safety Reserve	(2.4)	(1.0)
Non-taxable/deductible income	(1.4)	7.2
Other, net	(1.3)	0.6
State taxes expense	(0.7)	(0.9)
Total income tax benefit	<u>\$ 34.8</u>	<u>\$ 19.1</u>

For the year ended December 31, 2022, the non-Bermuda component of pre-tax loss was \$270.8 million (2021 - \$125.3 million).

The Tax Cuts and Jobs Act (“TCJA”) includes a Base Erosion and Anti-Abuse Tax (“BEAT”) provision, which is essentially a minimum tax on certain otherwise deductible payments made by U.S. entities to non-U.S. affiliates, including cross-border interest payments and reinsurance premiums paid or ceded. The statutory BEAT rate is 10% through 2025, and then rises to 12.5% in 2026 and thereafter. The TCJA also includes provisions for Global Intangible Low-Taxed Income (“GILTI”), under which taxes on foreign income are imposed on the excess of a deemed return on tangible assets of certain foreign subsidiaries. Consistent with accounting guidance, the Company will treat BEAT as an in period tax charge when incurred in future periods for which no deferred taxes need to be provided and has made an accounting policy election to treat GILTI taxes in a similar manner. No provision for income taxes related to BEAT or GILTI was recorded as of December 31, 2022 and December 31, 2021.

The Company has capital and liquidity in many of its subsidiaries, some of which may reflect undistributed earnings. If such capital or liquidity were to be paid or distributed to the Company or to one of its intermediary subsidiaries as dividends or otherwise, they may be subject to withholding tax by the source country and/or income tax by the recipient country. The Company generally intends to operate, and manage its capital and liquidity, in a tax-efficient manner. However, the applicable tax laws in relevant countries are still evolving, including in connection with guidance and proposals from the Organization for Economic Cooperation and Development (OECD). Accordingly, such payments or distributions may be subject to income or withholding tax in jurisdictions where they are not currently taxed or at higher rates of tax than currently taxed, and the applicable tax authorities could attempt to apply income or withholding tax to past earnings or payments. It is not practicable to estimate the income tax liabilities that might be incurred if such earnings were remitted since it is driven by facts at the time of distribution.

Deferred Tax Inventory

The following table presents the tax effects of temporary differences that give rise to the deferred tax assets and deferred tax liabilities as of December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Deferred tax assets:		
Non-U.S. net operating loss carryforwards	\$ 301.1	\$ 273.3
Unearned premiums	22.1	13.4
U.S. federal net operating loss and capital carryforwards	17.8	19.4
Purchase accounting	16.9	17.8
Tax credit carryforwards	16.0	26.2
Investment basis differences	10.7	5.9
Discounting of loss and loss adjustment expense reserves	9.3	7.6
Unrealized losses on investments	9.0	—
Incentive compensation and benefit accruals	5.8	5.7
Deferred interest	4.3	3.9
Allowance for doubtful accounts	4.0	2.9
Other items	4.0	5.2
Total gross deferred tax assets	421.0	381.3
Valuation allowance	(114.3)	(113.3)
Total adjusted deferred tax asset	<u>\$ 306.7</u>	<u>\$ 268.0</u>
Deferred tax liabilities:		
Safety reserve	\$ 126.5	\$ 150.1
Deferred acquisition costs	22.5	6.7
Intangible assets	13.4	14.3
Foreign currency translation on investments	0.9	1.7
Unrealized gains on investments	—	3.8
Other items	2.9	4.8
Total deferred tax liabilities	166.2	181.4
Net deferred tax assets	<u>\$ 140.5</u>	<u>\$ 86.6</u>

Of the net deferred tax asset, net of valuation allowance, of \$140.5 million as of December 31, 2022, \$70.9 million relates to net deferred tax assets in U.S. subsidiaries, \$129.6 million relates to net deferred tax assets in Luxembourg subsidiaries, \$5.2 million relates to net deferred tax liabilities in UK subsidiaries, \$53.9 million relates to net deferred tax liabilities in Sweden subsidiaries, and \$0.9 million relates to net deferred tax liabilities in other jurisdictions.

The Company records a valuation allowance against deferred tax assets if it becomes more likely than not that all or a portion of deferred tax assets will not be realized. Changes in valuation allowances from period to period are included in income tax expense in the period of change. In determining whether or not a valuation allowance, or change therein, is warranted, the Company considers factors such as prior earnings history, expected future earnings, carryback and carryforward periods and strategies that if executed would result in the realization of a deferred tax asset. It is possible that certain planning strategies or projected earnings in certain subsidiaries may not be feasible to utilize the entire deferred tax asset, which could result in material changes to the Company's deferred tax assets and tax expense.

Based on this approach, for the year ended December 31, 2022, the Company recorded \$114.3 million in the valuation allowance applicable to deferred tax assets. Of the \$114.3 million, \$69.4 million relates to net operating loss carryforwards in Luxembourg subsidiaries, \$38.5 million relates primarily to net operating loss carryforward in the United Kingdom and \$6.4 million relates to foreign tax credits in the United States.

Net Operating Loss and Capital Loss Carryforwards

Net operating loss and capital loss carryforwards as of December 31, 2022, the expiration dates and the deferred tax assets thereon are as follows:

	December 31, 2022				
	United States	Luxembourg	Sweden	U.K.	Total
2023-2027	\$ 3.0	\$ —	\$ —	\$ —	\$ 3.0
2028-2042	63.0	74.8	—	—	137.8
No expiration date	21.1	723.6	312.1	150.3	1,207.1
Total	87.1	798.4	312.1	150.3	1,347.9
Gross deferred tax asset	18.0	199.1	64.3	37.6	319.0
Valuation allowance	—	(69.4)	—	(37.6)	(107.0)
Net deferred tax asset	\$ 18.0	\$ 129.7	\$ 64.3	\$ —	\$ 212.0

The Company expects to utilize net operating loss carryforwards in Luxembourg of \$524.1 million but does not expect to utilize the remainder based on forecasted taxable income. The U.S. net operating loss carryforwards of \$87.1 million are subject to an annual limitation on utilization under Internal Revenue Code Section 382. Of the Section 382 limited loss carryforwards, \$3.0 million will expire between 2023 and 2025, \$63.0 million will expire between 2036 and 2039 and the remaining \$21.1 million does not expire. The Company expects to utilize all of the U.S. net operating loss carryforwards.

Foreign Tax Credits

As of December 31, 2022, there are U.S. foreign tax credits carryforwards available of \$8.1 million, of which minimal amount expires in 2023 and the remaining will expire between 2024 and 2031. As of December 31, 2022, there are alternative minimum tax credit carryforwards of \$0.1 million which do not expire and are expected to become fully refundable beginning in the 2024 tax year under the TCJA. Further, there are Swedish foreign tax credits carryforwards available of \$7.8 million and will start to expire in 2026.

Uncertain Tax Positions

Recognition of the benefit of a given tax position is based upon whether a company determines that it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. In evaluating the more likely than not recognition threshold, the Company must presume that the tax position will be subject to examination by a taxing authority with full knowledge of all relevant information. If the recognition threshold is met, then the tax position is measured at the largest amount of benefit that is more than 50% likely of being realized upon ultimate settlement.

The following table is a reconciliation of the beginning and ending unrecognized tax benefits for the years ended December 31, 2022 and 2021:

	Permanent differences ⁽¹⁾	Temporary differences ⁽²⁾	Interest and penalties ⁽³⁾	Total
Balance as of January 1, 2021	\$ 1.1	\$ —	\$ 0.5	\$ 1.6
Acquisition of Sirius Group	0.7	0.1	0.1	0.9
Changes in prior year tax positions	(0.1)	(0.1)	0.1	(0.1)
Tax positions taken during the current year	8.0	0.3	—	8.3
Balance as of December 31, 2021	9.7	0.3	0.7	10.7
Changes in prior year tax positions	(8.0)	(0.3)	—	(8.3)
Lapse in statute of limitations	(0.1)	—	—	(0.1)
Balance as of December 31, 2022	<u>\$ 1.6</u>	<u>\$ —</u>	<u>\$ 0.7</u>	<u>\$ 2.3</u>

(1) Represents the amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate.

(2) Represents the amount of unrecognized tax benefits that, if recognized, would create a temporary difference between the reported amount of an item in the consolidated balance sheets and its tax basis.

(3) Net of tax benefit.

As of December 31, 2022, the total reserve for unrecognized tax benefits is \$2.3 million. If the Company determines in the future that its reserves for unrecognized tax benefits on permanent differences and interest and penalties are not needed, the reversal of \$1.6 million of such reserves as of December 31, 2022 would be recorded as an income tax benefit and would impact the effective tax rate.

The Company classifies all interest and penalties on unrecognized tax benefits as part of income tax expense. During the year ended December 31, 2022, the Company did not recognize interest expense, net of any tax benefit (2021 - \$0.1 million). As of December 31, 2022, the balance of accrued interest, net of any tax benefit, is \$0.7 million (2021 - \$0.7 million).

Tax Examinations

With few exceptions, which are not material, the Company is no longer subject to U.S. federal, state or non-U.S. income tax examinations by tax authorities for years before 2018.

16. Share-based compensation and employee benefit plans

Share-based compensation

As of December 31, 2022, SiriusPoint's share-based awards consisted of Restricted Share Units ("RSUs"), Restricted Share Awards ("RSAs"), Performance Share Units ("PSUs") and options.

As part of the 2022-2024 annual long-term incentive award cycle, the Company granted to its employees a number of RSUs pursuant to the terms and conditions of the SiriusPoint Ltd. 2013 Omnibus Incentive Plan. The RSUs generally vest over three years in equal, one-third installments on each anniversary of the award grant date subject to continued provision of services through the applicable vesting date. As of December 31, 2022, 17,018,916 (December 31, 2021 - 18,532,406) of SiriusPoint's common shares were available for future issuance under the equity incentive compensation plans.

The total share-based compensation expense recognized by the Company during the years ended December 31, 2022 and 2021 was \$20.6 million and \$10.7 million, respectively.

As of December 31, 2022, the Company had \$22.8 million (December 31, 2021 - \$33.0 million) of unamortized share compensation expense, which is expected to be amortized over a weighted average period of 1.7 years (December 31, 2021 - 2.6 years).

Restricted Share Units

RSUs with service condition vest either ratably or at the end of the required service period and contain certain restrictions during the vesting period, relating to, among other things, forfeiture in the event of termination of employment or service and transferability.

Restricted Share Awards

RSAs vest either ratably or at the end of the required service period and contain certain restrictions during the vesting period, relating to, among other things, forfeiture in the event of termination of employment or service and transferability.

Performance Share Units

PSUs vest over four distinct performance periods subject to participant's continued provision of services to the Company until the vesting date.

Options

The share options issued to management under the Share Incentive Plan are subject to a service condition. The fair value of share options issued are estimated on the grant date using the Black-Scholes option-pricing model.

As of December 31, 2022, there were no options outstanding or exercisable. As of December 31, 2021 the weighted average remaining contractual term for options outstanding and exercisable was 0.1 year.

Employee benefit plans

The Company operates several retirement plans in accordance with the local regulations and practices. These plans cover substantially all of the Company's employees and provide benefits to employees in event of death, disability, or retirement.

Defined benefit plans

Swedish and German employees of SiriusPoint International Insurance Corporation ("SiriusPoint International") can participate in defined benefit plans which are based on the employees' pension entitlements and length of employment. In Sweden, where a defined benefit pension plan is mandated by the government, SiriusPoint International's employees participate in collective agreements funded by SiriusPoint International. These collective agreements are managed by third party trustees who calculate the pension obligation, invoice SiriusPoint International for additional funding and invest the funds. All employees in Germany are covered by defined benefit pension plans sponsored by SiriusPoint International called SiriusPoint Re GmbH Pension Plan. Paid pension premiums are invested with Skandia Liv for employees in Sweden and with Allianz for employees in Germany.

As of December 31, 2022, the projected benefit obligation of SiriusPoint International's various benefit plans was \$18.3 million (2021 - \$20.4 million) and the funded status was \$6.0 million (2021 - \$2.3 million). As of December 31, 2022, the Swedish plan had a funded status of \$7.6 million (2021 - \$6.0 million) and the German plan had a funded status of \$(1.6) million (2021 - \$(3.7) million). The accumulated benefit obligation for the year ended December 31, 2022 was \$13.5 million (2021 - \$20.4 million).

Defined contribution plans

In the United Kingdom, SiriusPoint International contributes 12% of the employee's salary. Contributed funds are invested into an annuity of the employee's choice. In Belgium, SiriusPoint International contributes 6.5% - 8.5% of the employee's salary. In Switzerland, employees are eligible to participate in an industry-sponsored pension plan, which is a combination of a defined contribution and a defined benefit plan. SiriusPoint International incurs 60% - 70% of the total premium charges and the employees incur the remaining 30% - 40%. In Sweden, the insurance industry's occupational pension plan is a combination of a defined contribution and a defined benefit plan, in which SiriusPoint International contributes 5.5% - 31.3% of the employee's salary dependent on base salary. In Bermuda, SiriusPoint Bermuda's employees are eligible for retirement benefits through defined contribution retirement plans. SiriusPoint Bermuda and employees contribute an amount equal to a specified percentage of each employee's salary. The Company's U.S. subsidiaries' employees are eligible for retirement

benefits through 401(k) retirement savings plans. These plans provide qualifying employees with matching contributions from the Company based on the amount of employee contribution. Total expenses related to the Company's contributions to the above defined contribution plans was \$6.1 million for the year ended December 31, 2022 (2021 - \$6.9 million).

17. Related party transactions

In addition to the transactions disclosed in Notes 6, 7 and 10 to these consolidated financial statements, the following transactions are classified as related party transactions, as the counterparties have either a direct or indirect shareholding in the Company or the Company has an investment in such counterparty.

(Re)insurance contracts

Insurance and reinsurance contracts with certain of the Company's insurance and MGA related parties resulted in gross written premiums of \$336.4 million during the year ended December 31, 2022 (2021 - \$214.0 million). As of December 31, 2022, the Company had total receivables from these related parties of \$59.6 million and payables of \$4.6 million (2021 - \$35.6 million and no payables).

Investments managed by related parties

The following table provides the fair value of the Company's investments managed by related parties as of December 31, 2022 and December 31, 2021:

	December 31, 2022	December 31, 2021
Third Point Enhanced LP	\$ 100.3	\$ 878.2
Third Point Venture Offshore Fund I LP	26.0	31.4
Third Point Venture Offshore Fund II LP	2.5	—
Investments in related party investment funds, at fair value	128.8	909.6
Third Point Optimized Credit Portfolio ⁽¹⁾⁽²⁾	530.7	—
Total investments managed by related parties	<u>\$ 659.5</u>	<u>\$ 909.6</u>

(1) The Third Point Optimized Credit Portfolio is reported in debt securities available for sale and trading in the consolidated balance sheets.

(2) Includes \$59.9 million of asset-backed securities withdrawn as a redemption in-kind from the TP Enhanced Fund.

As of December 31, 2022, \$350.0 million of withdrawals from the TP Enhanced Fund remain to be reinvested in, or contractually committed to, the TPOC Portfolio or other Third Point strategies, pursuant to the 2022 LPA.

Management, advisory and performance fees to related parties

The total management, advisory and performance fees to related parties for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Management and advisory fees	\$ 7.3	\$ 17.9
Performance fees	(1.2)	75.7
Total management and performance fees to related parties ⁽¹⁾	<u>\$ 6.1</u>	<u>\$ 93.6</u>

(1) Management and performance fees for the Related Party Investment Funds, where applicable, are presented within net realized and unrealized investment gains from related party investment funds in the consolidated statements of income (loss).

Management and advisory fees

Third Point Enhanced LP

Effective January 1, 2019, SiriusPoint and the Company entered into the Second Amended and Restated Exempted Limited Partnership Agreement (the "2019 LPA") of TP Enhanced Fund. Pursuant to the 2019 LPA, Third Point LLC is entitled to receive monthly management fees. Management fees are charged at the TP Enhanced Fund level and are calculated based on 1.25% of the investment in TP Enhanced Fund and multiplied by an exposure multiplier computed by dividing the average

daily investment exposure leverage of the TP Enhanced Fund by the average daily investment exposure leverage of the Third Point Offshore Master Fund L.P. (“Offshore Master Fund”). Third Point LLC also serves as the investment manager for the Offshore Master Fund.

The 2020 LPA, effective February 26, 2021, removed the adjustment for investment exposure leverage in the management fee calculation, as previously adjusted for under the 2019 LPA. The 2020 LPA did not amend the management fee rate of 1.25% per annum.

The 2022 LPA, effective February 23, 2022, did not amend the management fee rate of 1.25% per annum.

Third Point Venture Offshore Fund I LP

No management fees are payable by the Company under the 2021 Venture LPA.

Third Point Venture Offshore Fund II LP

Pursuant to the 2022 Venture II LPA, management fees are charged at the TP Venture Fund II level and are calculated based on 0.1875% per quarter (0.75% per annum).

Third Point Insurance Portfolio Solutions and Third Point Optimized Credit

Effective February 26, 2021, Third Point LLC, Third Point Insurance Portfolio Solutions (“TPIPS”) and the Company entered into an Investment Management Agreement (the “TPIPS IMA”), pursuant to which TPIPS will serve as investment manager to the Company and provide investment advice with respect to the investable assets of the Company, other than assets that the Company may withdraw from time to time as working capital. The Amended and Restated Collateral Assets Investment Management Agreement was terminated at the effective date of the TPIPS IMA.

Pursuant to the TPIPS IMA, the Company will pay Third Point LLC a fixed management fee, payable monthly in advance, equal to 1/12 of 0.06% of the fair value of assets managed (other than assets invested in TP Enhanced Fund).

On February 23, 2022, the Company entered into the 2022 IMA with Third Point LLC and the other parties thereto, which amended and restated the TPIPS IMA.

Pursuant to the 2022 IMA, effective February 23, 2022, the Company will also pay Third Point LLC a monthly management fee equal to one twelfth of 0.50% (0.50% per annum) of the TPOC Portfolio, net of any expenses, and a fixed advisory fee of \$1.5 million per annum.

Performance fees

Third Point Enhanced LP

Pursuant to the 2019 LPA, TP GP receives a performance fee allocation equal to 20% of the Company’s investment income in the related party investment fund. The performance fee is included as part of “Investments in related party investment fund, at fair value” on the Company’s consolidated balance sheet since the fees are charged at the TP Enhanced Fund level.

The performance fee is subject to a loss carryforward provision pursuant to which TP GP is required to maintain a loss recovery account, which represents the sum of all prior period net loss amounts and not subsequently offset by prior year net profit amounts, and that is allocated to future profit amounts until the loss recovery account has returned to a positive balance. Until such time, no performance fees are payable, provided that the loss recovery account balance shall be reduced proportionately to reflect any withdrawals from TP Enhanced Fund. The 2019 LPA preserves the loss carryforward attributable to our investment in TP Enhanced Fund when contributions to TP Enhanced Fund are made within nine months of certain types of withdrawals from TP Enhanced Fund.

Pursuant to the 2020 LPA, the performance of certain fixed income and other investments managed by Third Point LLC were included when calculating the performance fee allocation and loss recovery account amounts under the terms of the 2019 LPA for the year ended December 31, 2020 only. There were no other changes to the performance fee calculation under the 2020 LPA.

The 2022 LPA did not amend the performance fee calculation.

Third Point Venture Offshore Fund I LP

Pursuant to the 2021 Venture LPA, TP Venture GP receives a performance fee allocation equal to 20% of the Company's investment income in the related party investment fund.

Third Point Venture Offshore Fund II LP

Pursuant to the 2022 Venture II LPA, TP Venture GP II receives a performance fee allocation equal to 20% of the Company's investment income in the related party investment fund.

Third Point Optimized Credit

Pursuant to the 2022 IMA, the Company will pay Third Point LLC, from the assets of each sub-account, an annual incentive fee equal to 15% of outperformance over a specified benchmark. The performance fee is included as part of net investment income on the Company's consolidated statements of income (loss).

Amounts due to/from affiliates

The Company receives and pays amounts to related parties for operating purposes and sundry back-office services. These amounts are included in amounts due to/from affiliates. As of December 31, 2022, the Company had amounts due to affiliates of \$14.6 million (December 31, 2021 - \$4.7 million) relating to payables to its parent company, SiriusPoint.

During the year ended December 31, 2022, the Company declared dividends of \$125.0 million to SiriusPoint (2021 - \$83.0 million).

18. Commitments and contingencies

Concentrations of credit risk

The Company has exposure to credit risk as it relates to its business written through brokers, if any of the Company's brokers are unable to fulfill their contractual obligations with respect to payments to the Company. In addition, in some jurisdictions, if the broker fails to make payments to the insured under the Company's policy, the Company may remain liable to the insured for the deficiency. These brokers are fairly large and well established, and there are no indications they are financially distressed. The Company's exposure to such credit risk is somewhat mitigated in certain jurisdictions by contractual terms. The following table sets forth the Company's premiums written by source that individually contributed more than 10% of total gross premiums written for the years ended December 31, 2022 and 2021:

	2022		2021	
Aon Corporation and subsidiaries	\$ 625.5	18.3 %	\$ 536.6	24.0 %
Guy Carpenter & Company and subsidiaries	441.9	13.0 %	414.1	18.5 %
Arthur J. Gallagher & Co. and subsidiaries	216.8	6.4 %	244.2	10.9 %
Other	2,125.5	62.3 %	1,041.6	46.6 %
	<u>\$ 3,409.7</u>	<u>100.0 %</u>	<u>\$ 2,236.5</u>	<u>100.0 %</u>

The Company is exposed to credit risk through reinsurance contracts with companies that write credit risk insurance. The Company's portfolio of risk is predominantly U.S. mortgage insurance and mortgage credit risk transfer. The Company provides its clients in these lines of business with reinsurance protection against credit deterioration, defaults or other types of financial non-performance. Loss experience in these lines of business has been very good but is cyclical and is affected by the state of the general economic environment. The Company proactively manages the risks associated with these credit-sensitive lines of business by closely monitoring its risk aggregation and by diversifying the underlying risks where possible. The Company has bought some retrocessional coverage against a subset of these risks.

The Company has exposure to credit risk related to balances receivable under our reinsurance contracts, including funds withheld and premiums receivable, and the possibility that counterparties may default on their obligations to the Company.

The risk of counterparty default is partially mitigated by the fact that any amount owed from a reinsurance counterparty would be netted against any losses or acquisition costs the Company would pay in the future. The Company monitors the collectability of these balances on a regular basis.

Lloyd's Central Fund

The Lloyd's Central Fund is available to satisfy claims if a member of Lloyd's is unable to meet its obligations to policyholders. The Company has an obligation to pay contributions to the Lloyd's Central Fund each year based on gross written premium. The Company estimates the Lloyd's Central Fund contributions to be \$0.6 million (based on the December 31, 2022 GBP to USD exchange rate) which is 0.35% of gross written premium. The Council of Lloyd's have the power to levy an additional contribution on members if it considered necessary, and the maximum additional contribution is currently 5.0% of capacity.

Letters of Credit

See Note 14 for additional information related to the Company's letter of credit facilities.

Promissory Note & Loan Agreement

On September 16, 2020, the Company entered into an Unsecured Promissory Note agreement with Arcadian, pursuant to which the Company has committed to loan up to \$18.0 million. Interest shall accrue and be computed on the aggregate principal amount drawn and outstanding at a rate of 8.0% per annum. No amounts were drawn as of December 31, 2022.

On July 2, 2021, the Company entered into a loan and security agreement with Joyn, pursuant to which the Company has lent Joyn \$11.5 million. In the year ended December 31, 2022, \$1.4 million of unsecured promissory notes were also issued by Joyn to the Company, of which \$0.3 million was subsequently repaid. As a part of Joyn's recapitalization in December 2022, all outstanding promissory notes and the loan were converted into equity.

On March 7, 2022, the Company entered into an Unsecured Convertible Promissory Note agreement with Player's Health, pursuant to which the Company has lent \$8.0 million. Interest shall accrue and be computed on the aggregate principal amount drawn and outstanding at a rate of 6.0% per annum.

Restructuring Plan

On November 2, 2022, SiriusPoint announced a restructuring of our underwriting platform to support the future shape of our business. In line with our strategy to strengthen underwriting results and align our operating platform to our business portfolio, we have made changes to the structure and composition of our international branch network (the "Restructuring Plan"). In the fourth quarter of 2022, the Company incurred approximately \$30.0 million of costs to implement the Restructuring Plan, which primarily related to severance expense. These costs were included as part of net corporate and other expenses on the Company's consolidated statements of income (loss).

Litigation

From time to time in the normal course of business, the Company may be involved in formal and informal dispute resolution procedures, which may include arbitration or litigation, the outcomes of which determine the rights and obligations under the Company's reinsurance and insurance contracts and other contractual agreements. In some disputes, the Company may seek to enforce its rights under an agreement or to collect funds owed to it. In other matters, the Company may resist attempts by others to collect funds or enforce alleged rights. The Company may also be involved, from time to time in the normal course of business, in formal and informal dispute resolution procedures that do not arise from, or are not directly related to, claims activity. The Company believes that no individual litigation or arbitration to which it is presently a party is likely to have a material adverse effect on its results of operations, financial condition, business or operations.

Leases

The Company operates in Bermuda, the United States and Europe, and leases office space under various non-cancelable operating lease agreements.

During the year ended December 31, 2022, the Company recognized operating lease expense of \$12.8 million (2021 - \$10.5 million), including property taxes and routine maintenance expense as well as rental expenses related to short term leases. As of December 31, 2022 the Company had \$25.9 million (December 31, 2021 - \$27.4 million) of operating lease right-of-use assets included in other assets. As of December 31, 2022 the Company had \$30.3 million (December 31, 2021 - \$32.5 million) of operating lease liabilities included in accounts payable, accrued expenses and other liabilities.

The following table presents the lease balances within the consolidated balance sheets as of December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Operating lease right-of-use assets	\$ 25.9	\$ 27.4
Operating lease liabilities	\$ 30.3	\$ 32.5
Weighted average lease term (years)	5.5	5.0
Weighted average discount rate	3.1 %	2.4 %

Future minimum rental commitments as of December 31, 2022 under these leases are expected to be as follows:

	Future Payments
2023	\$ 9.2
2024	5.9
2025	4.6
2026	3.7
2027 and thereafter	9.7
Total future annual minimum rental payments	33.1
Less: present value discount	(2.8)
Total lease liability as of December 31, 2022	<u>\$ 30.3</u>

19. Statutory requirements

The Company's insurance and reinsurance operations are subject to regulation and supervision in each of the jurisdictions where they are domiciled and licensed to conduct business. These regulations include certain restrictions on the amount of dividends or other distributions available to shareholders without prior approval of the insurance regulatory authorities. Statutory accounting differs from GAAP by jurisdiction in the reporting of certain reinsurance contracts, investments, subsidiaries, acquisition expenses, fixed assets, deferred income taxes, and certain other items.

Bermuda

The Insurance Act 1978 of Bermuda and related regulations, as amended ("Insurance Act"), regulates the insurance business of Bermuda-domiciled insurers and reinsurers. The Insurance Act imposes solvency and liquidity standards on Bermuda insurance companies, as well as auditing and reporting requirements. Under the Insurance Act, insurers and reinsurers are required to maintain minimum statutory capital and surplus at a level equal to the greater of a minimum solvency margin ("MSM") and the Enhanced Capital Requirement ("ECR") which is established by reference to either a Bermuda Solvency Capital Requirement ("BSCR") model or an approved internal capital model. The BSCR model is a standardized statutory risk-based capital model that provides a method for determining an insurer's minimum required capital taking into account the risk characteristics of different aspects of the company's business. The Economic Balance Sheet ("EBS") is an input to the BSCR which determines the Company's ECR. The EBS regime prescribes the use of financial statements prepared in accordance with GAAP as the basis on which statutory financial statements are prepared, and those statutory financial statements form the starting basis for the EBS. The model also requires insurers to estimate insurance technical provisions, which consist of the insurer's insurance related balances valued based on best-estimate cash flows, adjusted to reflect the time value of money, with the addition of a risk margin to reflect the uncertainty in the underlying cash flows. The BMA has established a target capital level which is set at 120% of the ECR. While the Company is not required to maintain statutory

economic capital and surplus at this level, it serves as an early warning signal for the BMA, and failure to meet the target capital level may result in additional reporting requirements or increased regulatory oversight.

SiriusPoint Bermuda is a Class 4 insurer and Alstead Re is a Class 3A insurer. Each of these Bermuda insurance subsidiaries are registered under the Insurance Act and are subject to regulation and supervision of the BMA. The Company is currently completing its BSCRs for SiriusPoint Bermuda and Alstead Re for the year ended December 31, 2022, which must be filed with the BMA on or before April 30, 2023, and at this time, the Company believes it will exceed the target level of required statutory economic capital and surplus. Each of the Company's Bermuda based insurance subsidiaries met their target level of required statutory economic capital and surplus for the year ended December 31, 2021.

The following is a summary of available and required statutory economic capital and surplus of the Bermuda based insurance subsidiaries as of December 31, 2021:

	December 31, 2021
Available statutory economic capital and surplus	
SiriusPoint Bermuda	\$ 3,333.5
Alstead Re	4.6
Required statutory economic capital and surplus	
SiriusPoint Bermuda	1,531.6
Alstead Re	\$ 1.6

The following is a summary of the statutory net income (loss) for the Bermuda based insurance subsidiaries for the years ended December 31, 2022 and 2021:

	2022	2021
SiriusPoint Bermuda	\$ (360.1)	\$ 90.6
Alstead Re	\$ 0.9	\$ (0.4)

The Bermuda based insurance subsidiaries are also required to maintain a minimum liquidity ratio whereby the value of their relevant assets are not less than 75% of the amount of their relevant liabilities for general business. As of December 31, 2022, all liquidity ratio requirements were met.

SiriusPoint Bermuda's ability to pay dividends is limited under Bermuda law and regulations. SiriusPoint Bermuda may declare dividends subject to it continuing to meet its solvency and capital requirements, which includes continuing to hold statutory capital and surplus equal to or exceeding its ECR. In addition, SiriusPoint Bermuda is prohibited from declaring or paying in any fiscal year dividends of more than 25% of its prior year's statutory capital and surplus unless SiriusPoint Bermuda files with the BMA a signed affidavit by at least two members of the Board of Directors attesting that a dividend would not cause SiriusPoint Bermuda to fail to meet its capital requirements. As of December 31, 2022, SiriusPoint Bermuda could pay dividends of approximately \$713.5 million (2021 - \$844.4 million) without providing an affidavit to the BMA. SiriusPoint Bermuda indirectly owns SiriusPoint International, SiriusPoint America, and SiriusPoint's other insurance and reinsurance operating companies, each of which are limited in their ability to pay dividends by the insurance laws of their relevant jurisdictions.

Europe

The financial services industry in the United Kingdom is dual-regulated by the Financial Conduct Authority and the Prudential Regulation Authority (collectively, the "U.K. Regulators"). The U.K. Regulators regulate insurers, insurance intermediaries and Lloyd's. The U.K. Regulators and Lloyd's have common objectives in ensuring that the Lloyd's market is appropriately regulated. Lloyd's is required to implement certain rules prescribed by the U.K. Regulators by the powers it has under the Lloyd's Act of 1982 relating to the operation of the Lloyd's market. In addition, each year the U.K. Regulators require Lloyd's to satisfy an annual solvency test that measures whether Lloyd's has sufficient assets in the aggregate to meet all the outstanding liabilities of its members.

Lloyd's permits its corporate and individual members ("Members") to underwrite insurance risks through Lloyd's syndicates. Members of Lloyd's may participate in a syndicate for one or more underwriting years by providing capital to support the

syndicate's underwriting. All syndicates are managed by Lloyd's approved managing agents. Managing agents receive fees and profit commissions in respect of the underwriting and administrative services they provide to the syndicates. Lloyd's prescribes, in respect of its managing agents and Members, certain minimum standards relating to their management and control, solvency and various other requirements.

The Company participates in the Lloyd's market through the 100% ownership of SiriusPoint Corporate Member Ltd., a Lloyd's corporate member, which in turn provides underwriting stamp capacity to Syndicate 1945. The Company has its own Lloyd's managing agent, SiriusPoint International Managing Agency, which manages Syndicate 1945. Lloyd's approved net capacity for 2022 was £89.0 million, or approximately \$107.5 million (based on the December 31, 2022 GBP to USD exchange rate). Stamp capacity is a measure of the amount of net premium (premiums written less acquisition costs) that a syndicate is authorized by Lloyd's to write.

SiriusPoint International is subject to regulation and supervision by the Swedish Financial Supervisory Authority ("SFSA"). Under Solvency II, the SFSA also acts as the European Economic Area group supervisor, with Sirius Group International S.a.r.l. ("SGI") serving as the highest European entity subject to the SFSA's group supervision. Solvency II regulation in Europe gives the SFSA the option to waive European-level group supervision if certain legal requirements are met. As of December 31, 2022, the SFSA has not exercised this option.

For the year ended December 31, 2022, SiriusPoint International's statutory net income (loss) was \$(69.6) million (2021 - \$289.5 million). The Company is currently completing its statutory returns for SiriusPoint International and SGI for the year ended December 31, 2022, which must be filed with the SFSA on or before April 8, 2023 and May 20, 2023, respectively, and at this time, the Company believes it will exceed the target level of required capital and surplus.

SiriusPoint International has the ability to pay dividends to its immediate parent subject to the availability of unrestricted equity, calculated in accordance with the Swedish Act on Annual Accounts in Insurance Companies and the SFSA. Unrestricted equity is calculated on a consolidated group account basis and on a parent account basis. Differences between the two include but are not limited to accounting for goodwill, subsidiaries (with parent accounts stated at original foreign exchange rates), taxes and pensions. SiriusPoint International's ability to pay dividends is limited to the "lower of" unrestricted equity as calculated within the group and parent accounts. As of December 31, 2022, SiriusPoint International had \$437.4 million (based on the December 31, 2022 SEK to USD exchange rate) of unrestricted equity on a standalone basis (the lower of the two approaches) available to pay dividends in 2022 (2021 - \$560.3 million). The amount of dividends available to be paid by SiriusPoint International in any given year is also subject to cash flow and earnings generated by SiriusPoint International's business, the maintenance of adequate solvency capital ratios for SiriusPoint International and the consolidated SGI group, as well as to dividends received from its subsidiaries. Earnings generated by SiriusPoint International's business that are allocated to the Safety Reserve are not available to pay dividends (see "Safety Reserve" below). During 2022, SiriusPoint International did not declare a dividend and paid SEK 25.1 million (or \$2.3 million on date of payment) of dividends declared prior to 2022.

U.S.

SiriusPoint America, SiriusPoint Specialty Insurance Corporation ("SiriusPoint Specialty") and Oakwood Insurance Company ("Oakwood") are subject to regulation and supervision by the National Association of Insurance Commissioners ("NAIC") and the department of insurance in the state of domicile. The NAIC uses risk-based capital ("RBC") standards for U.S. property and casualty insurers as a means of monitoring certain aspects affecting the overall financial condition of insurance companies. As of December 31, 2022, the NAIC risk-based capital authorized control level for SiriusPoint America, SiriusPoint Specialty, and Oakwood was \$152.2 million, \$9.2 million and \$0.3 million, respectively, and the subsidiaries' available capital exceeded their respective RBC requirements.

The following is a summary of estimated actual and required statutory capital and surplus of the U.S. based insurance and reinsurance subsidiaries as of December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Actual statutory capital and surplus		
SiriusPoint America	\$ 508.8	\$ 581.5
SiriusPoint Specialty	57.0	55.2
Oakwood	39.4	39.7
Required statutory capital and surplus⁽¹⁾		
SiriusPoint America	152.2	112.4
SiriusPoint Specialty	46.0	47.0
Oakwood	\$ 7.5	\$ 7.5

(1) Equals the authorized control level of the NAIC risk-based capital.

The following is a summary of the statutory net income (loss) for the U.S. based insurance and reinsurance subsidiaries for the years ended December 31, 2022 and 2021:

	2022	2021
SiriusPoint America	\$ (56.2)	\$ 28.9
SiriusPoint Specialty	(8.1)	(7.1)
Oakwood	\$ (0.2)	\$ (0.4)

The principal differences between the statutory amounts and the amounts reported in accordance with GAAP include deferred acquisition costs, deferred taxes, gains recognized under retroactive reinsurance contracts and market value adjustments for debt securities.

Under the normal course of business, SiriusPoint America has the ability to pay dividends to its immediate parent during any twelve-month period without the prior approval of regulatory authorities in an amount set by a formula based on the lesser of net investment income, as defined by statute, or 10% of statutory surplus, in both cases as most recently reported to regulatory authorities, subject to the availability of earned surplus and subject to dividends paid in prior periods. Based on this formula, SiriusPoint America has dividend capacity as of December 31, 2022, without prior regulatory approval. As of December 31, 2022, SiriusPoint America had approximately \$508.8 million (2021 - \$581.5 million) of statutory surplus and \$9.9 million (2021 - \$69.0 million) of earned surplus, and could pay approximately \$9.9 million (2021 - \$11.0 million) to its parent company. During 2022, SiriusPoint America did not pay a dividend to its immediate parent.

Safety Reserve

Subject to certain limitations under Swedish law, SiriusPoint International is permitted to transfer pre-tax income amounts into a reserve referred to as a "Safety Reserve." Under local statutory requirements, an amount equal to the deferred tax liability on SiriusPoint International's Safety Reserve is included in Solvency Capital. Access to the Safety Reserve is generally restricted to cover insurance and reinsurance losses and to cover a breach of the Solvency Capital Requirement. Similar to the approach taken by Swedish regulatory authorities, most major rating agencies generally take into account the Safety Reserve in SiriusPoint International's regulatory capital when assessing SiriusPoint International and SiriusPoint's financial strength.

As of December 31, 2022, SiriusPoint International's Safety Reserve was SEK 6.0 billion, or \$0.6 billion (based on the December 31, 2022 SEK to USD exchange rate). Under Swedish GAAP, an amount equal to the Safety Reserve, net of a related deferred tax liability established at the Swedish tax rate, is classified as common shareholders' equity. Generally, this deferred tax liability (\$118.9 million based on the December 31, 2022 SEK to USD exchange rate) is required to be paid by SiriusPoint International if it fails to maintain prescribed levels of premium writings and loss reserves in future years. As a result of the indefinite deferral of these taxes, the related deferred tax liability is not taken into account by Swedish regulatory authorities for purposes of calculating Solvency Capital under Swedish insurance regulations.

20. Subsequent events

Loss Portfolio Transfer

On March 2, 2023, the Company agreed, subject to applicable regulatory approvals and other closing conditions, to enter into a loss portfolio transfer transaction (“LPT”), on a fund withheld basis, with Pallas Reinsurance Company Ltd., a subsidiary of the Compre Group, an insurance and reinsurance legacy specialist. The LPT covers approximately \$1.31 billion of loss reserves as of September 30, 2022 for an estimated premium of \$1.13 billion and the transaction is expected to close and incept on or around June 30, 2023. The actual ceded reserves and premium paid will be based on the aforementioned September 30, 2022 amounts, decreased by the amount of paid losses between September 30, 2022 and June 30, 2023. The Company expects this transaction to result in a gain, which will be deferred and amortized over the claim payout period of the subject business, and the final amount of the gain will be dependent upon factors including reserve development and claim payments through June 30, 2023. The LPT comprises several classes of business from 2021 and prior underwriting years. The aggregate limit under the LPT is 130% of the booked reserves as of the inception of the contract.