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**April, 28 2023**

**Report of Independent Auditors**

**To the Board of Directors of Osprey Re Ltd.**

**Opinions**

We have audited the accompanying condensed financial statements of Osprey Re Ltd. (the “Company”), which comprise the condensed balance sheets and condensed statements of capital and surplus as of December 31, 2022 and 2021, and the related condensed statements of income for the years then ended, including the related notes (collectively referred to as the “condensed financial statements”).

*Unmodified opinion on regulatory basis of accounting*

In our opinion, the accompanying condensed financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021 and the results of its operations for the years then ended in accordance with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to condensed general purpose financial Statements (the “Legislation”).

*Adverse opinion on U.S. generally accepted accounting principles*

In our opinion, because of the significance of the matter discussed in the *Basis for adverse opinion on U.S. generally accepted accounting principles* section of our report, the accompanying condensed financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2022 and 2021, or the results of its operations for the years then ended.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the condensed financial statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Basis for adverse opinion on U.S. generally accepted accounting principles*

As described in Note 3 to the condensed financial statements, the condensed financial statements are prepared by the Company on the basis of the financial reporting provisions of the Legislation, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Bermuda Monetary Authority.

## **Report of Independent Auditors**

### **April 28, 2023**

The effects on the condensed financial statements of the variances between the regulatory basis of accounting described in Note [3] and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### **Responsibilities of management for the condensed financial statements**

Management is responsible for the preparation and fair presentation of the condensed financial statements in accordance with the financial reporting provisions of the Legislation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the condensed financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditors' responsibilities for the audit of the condensed financial statements**

Our objectives are to obtain reasonable assurance about whether the condensed financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the condensed financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the condensed financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the condensed financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the condensed financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

**Report of Independent Auditors**  
**April 28, 2023**

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.

Yours faithfully,

*Grant Thornton (Bermuda) Limited*

**Chartered Professional Accountants**  
**Hamilton, Bermuda**

# CONDENSED CONSOLIDATED BALANCE SHEET

Osprey RE Ltd.

As at December 31, 2022

expressed in ['000s] United States Dollars

LINE No.		2022	2021
1.	CASH AND CASH EQUIVALENTS	40,594	41,182
2.	QUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
i.	Held to maturity		
ii.	Other		
(b)	Total Bonds and Debentures	-	-
(c)	Equities		
i.	Common stocks		
ii.	Preferred stocks		
iii.	Mutual funds		
(d)	Total equities	-	-
(e)	Other quoted investments		
(f)	Total quoted investments	-	-
3.	UNQUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
i.	Held to maturity		
ii.	Other		
(b)	Total Bonds and Debentures	-	-
(c)	Equities		
i.	Common stocks		
ii.	Preferred stocks		
iii.	Mutual funds		
(d)	Total equities	-	-
(e)	Other unquoted investments		
(f)	Total unquoted investments	-	-
4.	INVESTMENTS IN AND ADVANCES TO AFFILIATES		
(a)	Unregulated entities that conduct ancillary services		
(b)	Unregulated non-financial operating entities		
(c)	Unregulated financial operating entities		
(d)	Regulated non-insurance financial operating entities		
(e)	Regulated insurance financial operating entities		
(f)	Total investments in affiliates	-	-
(g)	Advances to affiliates	3,192	
(h)	Total investments in and advances to affiliates	3,192	-
5.	INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:		
(a)	First liens		
(b)	Other than first liens		
(c)	Total investments in mortgage loans on real estate	-	-
6.	POLICY LOANS		
7.	REAL ESTATE:		
(a)	Occupied by the company (less encumbrances)		
(b)	Other properties (less encumbrances)		
(c)	Total real estate	-	-
8.	COLLATERAL LOANS		
9.	INVESTMENT INCOME DUE AND ACCRUED	40	-
10.	ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a)	In course of collection		
(b)	Deferred - not yet due		
(c)	Receivables from retrocessional contracts		
(d)	Total accounts and premiums receivable	-	-
11.	REINSURANCE BALANCES RECEIVABLE:		
(a)	Foreign affiliates	-	27,500
(b)	Domestic affiliates		
(c)	Pools & associations		
(d)	All other insurers		
(e)	Total reinsurance balance receivable	-	27,500
12.	FUNDS HELD BY CEDING REINSURERS	22,991	

# CONDENSED CONSOLIDATED BALANCE SHEET

Osprey RE Ltd.

As at December 31, 2022

expressed in ['000s] United States Dollars

LINE No.		2022	2021
13.	SUNDRY ASSETS:		
(a)	Derivative instruments		
(b)	Segregated accounts companies - long-term business - variable annuities		
(c)	Segregated accounts companies - long-term business - other		
(d)	Segregated accounts companies - general business		
(e)	Deposit assets		
(f)	Deferred acquisition costs	22,438	20,589
(g)	Net receivables for investments sold		
(h)	Deferred Tax Asset and Tax Deposit	-	3,706
(i)	Prepaid Expenses	21	26
(j)	Other Sundry Assets (Specify)		
(k)	Total sundry assets	22,459	24,321
14.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS		
(a)	Letters of credit		
(b)	Guarantees		
(c)	Other instruments		
(e)	Total letters of credit, guarantees and other instruments	-	-
15.	TOTAL	89,276	93,003
	<b>TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS</b>		
16.	UNEARNED PREMIUM RESERVE		
(a)	Gross unearned premium reserves	49,863	45,753
(b)	Less: Ceded unearned premium reserve		
	i. Foreign affiliates		
	ii. Domestic affiliates		
	iii. Pools & associations		
	iv. All other insurers		
(c)	Total ceded unearned premium reserve	-	-
(d)	Net unearned premium reserve	49,863	45,753
17.	LOSS AND LOSS EXPENSE PROVISIONS:		
(a)	Gross loss and loss expense provisions	22,928	24,464
(b)	Less : Reinsurance recoverable balance		
	i. Foreign affiliates		
	ii. Domestic affiliates		
	iii. Pools & associations		
	iv. All other reinsurers		
(c)	Total reinsurance recoverable balance	-	-
(d)	Net loss and loss expense provisions	22,928	24,464
18.	OTHER GENERAL BUSINESS INSURANCE RESERVES		
19.	TOTAL GENERAL BUSINESS INSURANCE RESERVES	72,791	70,217
	<b>LONG-TERM BUSINESS INSURANCE RESERVES</b>		
20.	RESERVE FOR REPORTED CLAIMS		
21.	RESERVE FOR UNREPORTED CLAIMS		
22.	POLICY RESERVES - LIFE		
23.	POLICY RESERVES - ACCIDENT AND HEALTH		
24.	POLICYHOLDERS' FUNDS ON DEPOSIT		
25.	LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS		
26.	OTHER LONG-TERM BUSINESS INSURANCE RESERVES		
27.	TOTAL LONG-TERM BUSINESS INSURANCE RESERVES		
(a)	Total Gross Long-Term Business Insurance Reserves	-	-
(b)	Less: Reinsurance recoverable balance on long-term business		
	(i) Foreign Affiliates		
	(ii) Domestic Affiliates		
	(iii) Pools and Associations		
	(iv) All Other Insurers		
(c)	Total Reinsurance Recoverable Balance	-	-
(d)	<b>Total Net Long-Term Business Insurance Reserves</b>	-	-

# CONDENSED CONSOLIDATED BALANCE SHEET

Osprey RE Ltd.

As at December 31, 2022

expressed in ['000s] United States Dollars

LINE No.		2022	2021
	<b>OTHER LIABILITIES</b>		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	-	4,344
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE		
30.	LOANS AND NOTES PAYABLE		
31.	(a) INCOME TAXES PAYABLE	100	
	(b) DEFERRED INCOME TAXES	-	2,343
32.	AMOUNTS DUE TO AFFILIATES	-	2,160
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	20	19
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS:		
35.	DIVIDENDS PAYABLE		
36.	SUNDRY LIABILITIES:		
(a)	Derivative instruments		
(b)	Segregated accounts companies		
(c)	Deposit liabilities		
(d)	Net payable for investments purchased		
(e)	Other sundry liabilities (specify)		
(f)	Other sundry liabilities (specify)		
(g)	Other sundry liabilities (specify)		
(h)	Total sundry liabilities	-	-
37.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:		
(a)	Letters of credit		
(b)	Guarantees		
(c)	Other instruments		
(d)	Total letters of credit, guarantees and other instruments	-	-
38.	TOTAL OTHER LIABILITIES	120	8,866
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	72,911	79,083
	<b>CAPITAL AND SURPLUS</b>		
40.	TOTAL CAPITAL AND SURPLUS	16,365	13,920
41.	TOTAL	89,276	93,003
		TRUE	TRUE
		-	-

# CONDENSED CONSOLIDATED STATEMENT OF INCOME

Osprey RE Ltd.

As at

expressed in ['000s]

December 31, 2022

United States Dollars

LINE No.		2022	2021
	<b>GENERAL BUSINESS UNDERWRITING INCOME</b>		
1.	GROSS PREMIUMS WRITTEN		
	(a) Direct gross premiums written		-
	(b) Assumed gross premiums written	106,000	90,000
	(c) Total gross premiums written	106,000	90,000
2.	REINSURANCE PREMIUMS CEDED		
3.	NET PREMIUMS WRITTEN	106,000	90,000
4.	INCREASE (DECREASE) IN UNEARNED PREMIUMS	(4,110)	9,419
5.	NET PREMIUMS EARNED	101,890	99,419
6.	OTHER INSURANCE INCOME		
7.	TOTAL GENERAL BUSINESS UNDERWRITING INCOME	101,890	99,419
	<b>GENERAL BUSINESS UNDERWRITING EXPENSES</b>		
8.	INCURRED	88,487	73,154
9.	COMMISSIONS AND BROKERAGE	39,900	34,500
10.	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	128,387	107,654
11.	<b>NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS</b>	(26,497)	(8,235)
	<b>LONG-TERM BUSINESS INCOME</b>		
12.	GROSS PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Direct gross premiums and other considerations		
	(b) Assumed gross premiums and other considerations		
	(c) Total gross premiums and other considerations	-	-
13.	PREMIUMS CEDED		
14.	NET PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Life		
	(b) Annuities		
	(c) Accident and health		
	(d) Total net premiums and other considerations	-	-
15.	OTHER INSURANCE INCOME		
16.	TOTAL LONG-TERM BUSINESS INCOME	-	-
	<b>LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES</b>		
17.	CLAIMS - LIFE		
18.	POLICYHOLDERS' DIVIDENDS		
19.	SURRENDERS		
20.	MATURITIES		
21.	ANNUITIES		
22.	ACCIDENT AND HEALTH BENEFITS		
23.	COMMISSIONS		
24.	OTHER		
25.	TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	-	-
26.	INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES):		
	(a) Life		
	(b) Annuities		
	(c) Accident and health		
	(d) Total increase (decrease) in policy reserves	-	-
27.	TOTAL LONG-TERM BUSINESS EXPENSES	-	-
28.	<b>NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS</b>	-	-

**CONDENSED CONSOLIDATED STATEMENT OF INCOME**

Osprey RE Ltd.

As at

expressed in ['000s]

December 31, 2022

United States Dollars

LINE No.

2022

2021

29. COMBINED NET UNDERWRITING RESULTS BEFORE  
THE UNDERNOTED ITEMS

(26,497)

(8,235)

## UNDERNOTED ITEMS

30. COMBINED OPERATING EXPENSE

(a) General and administration

165

275

(b) Personnel cost

(c) Other

(d) Total combined operating expenses

165

275

31. COMBINED INVESTMENT INCOME - NET

550

6

32. COMBINED OTHER INCOME (DEDUCTIONS)

33. COMBINED INCOME BEFORE TAXES

(26,112)

(8,504)

34. COMBINED INCOME TAXES (IF APPLICABLE):

(a) Current

285

(2,143)

(b) Deferred

(2,342)

254

(c) Total

(2,057)

(1,889)

35. COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)

(24,055)

(6,615)

36. COMBINED REALIZED GAINS (LOSSES)

37. COMBINED INTEREST CHARGES

38. NET INCOME

(24,055)

(6,615)

# CONDENSED CONSOLIDATED STATEMENT OF CAPITAL AND SURPLUS

Osprey RE Ltd.

As at December 31, 2022  
expressed in ['000s] United States Dollars

LINE No.		2022	2021
1.	<b>CAPITAL:</b>		
(a)	Capital Stock		
	(i) Common Shares		
	authorized 120,000 shares of par	120	120
	value \$ 1,000 each issued and		
	fully paid 120,000 shares		
	(ii)		
	(A) Preferred shares:		
	authorized _____ shares of par		
	value _____ each issued and		
	fully paid _____ shares		
	aggregate liquidation value for —		
	2022 _____		
	2021 _____		
	(B) Preferred shares issued by a subsidiary:		
	authorized _____ shares of par		
	value _____ each issued and		
	fully paid _____ shares		
	aggregate liquidation value for —		
	2022 _____		
	2021 _____		
	(iii) Treasury Shares		
	repurchased _____ shares of par		
	value _____ each issued		
(b)	Contributed surplus	49,587	23,087
(c)	Any other fixed capital		
	(i) Hybrid capital instruments		
	(ii) Guarantees and others		
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	49,707	23,207
2.	<b>SURPLUS:</b>		
(a)	Surplus - Beginning of Year	(9,287)	(2,672)
(b)	Add: Income for the year	(24,055)	(6,615)
(c)	Less: Dividends paid and payable		
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments		
(e)	Add (Deduct) change in any other surplus		
(f)	Surplus - End of Year	(33,342)	(9,287)
3.	<b>MINORITY INTEREST</b>		
4.	<b>TOTAL CAPITAL AND SURPLUS</b>	16,365	13,920

## **OSPREY RE LTD.**

### **NOTES TO CONDENSED CONSOLIDATED GENERAL PURPOSE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022**

#### **Matters to be set forth in a General Note to the Financial Statements**

1. Osprey Re Ltd. (the “Company”) was incorporated on April 23, 2013 as an exempted company with the Registrar of Companies in Bermuda. Effective May 31, 2013, the Company registered as a Class 3A insurer under The Bermuda Insurance Act 1978 and related regulations (the “Act”). The Company is wholly owned by Heritage Insurance Holdings Inc. (the “Parent”), formerly Heritage Insurance Holding LLC, a corporation domiciled in Delaware, USA.
2. The Company provides Florida and Hawaii catastrophic reinsurance coverage to its affiliated companies, Heritage Property & Casualty Insurance Company (“HPCI”) and Zephyr Insurance Company (“Zephyr”) respectively. The Company covered exposure to catastrophic events caused by natural events such as high winds, tornadoes, tropical storms and hurricanes.
3. The condensed general purpose financial statements have been prepared in conformity with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to Condensed General Purpose Financial Statements (the “Legislation”). The condensed general purpose financial statements are based on United States of America Generally Accepted Accounting Principles (“US GAAP”) but are in accordance with the reporting requirements of the Legislation, which varies in certain respects from US GAAP.
4. The significant accounting policies are as follows:

- a. Premiums

Premiums assumed are recorded on the accruals basis and are included in income in the period to which they relate. Commissions are recorded on the accrual basis. The portion of premiums unearned as of the date of commutation are recorded as an adjustment to premiums written.

- b. Cash and time deposits

The Company considers all highly liquid investments and those investments with an original maturity date of 90 days or less as equivalent to cash.

- c. Loss and loss expenses

Loss and loss expenses paid are recorded when advised by the ceding insurance company. Outstanding losses comprise estimates for aggregate losses in excess of the Company’s attachment point based on information received from the claims administrators plus a provision for losses incurred but not reported. Management believes that the provision will be adequate to cover the ultimate net cost of losses incurred to the balance sheet date but the provision is necessarily an estimate and may ultimately be settled for a greater or lesser amount. Any subsequent differences arising are recorded in the period in which they are determined.

**OSPREY RE LTD.**

**NOTES TO CONDENSED CONSOLIDATED GENERAL PURPOSE FINANCIAL  
STATEMENTS AS AT DECEMBER 31, 2022**

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d. Income Taxes

The Company has received an approval for Election provided for by Internal Revenue Code Section 953(d) to be treated as a domestic U.S. corporation, for tax purposes. Deferred income taxes reflect the impact of “temporary differences” between the amount of assets and liabilities for statutory reporting purposes and such amounts measured by tax laws. The Company has been included in the consolidated US income tax return of its parent, Heritage Insurance Holdings, Inc.

5. Premiums income – see note 4 a.

Investment income – not applicable.

Commission income – not applicable

6. Not applicable.

7. Not applicable.

8. Not applicable.

9. Not applicable.

10. Not applicable.

11. Not applicable.

12. Not applicable.

13. Not applicable.

14. Not applicable.

15. Not applicable.

16. Not applicable.

17. As of the reporting period, the Company met the minimum solvency margin and liquidity ratio.

**OSPREY RE LTD.**

**NOTES TO CONDENSED CONSOLIDATED GENERAL PURPOSE FINANCIAL  
STATEMENTS AS AT DECEMBER 31, 2022**

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

1. (a) Capital Stock  
Authorized, Issued and fully paid 120,000 Common shares of par value US\$1.00.
- (b) Contributed surplus  
During the period the parent company contributed surplus of \$26,500,000 (2021:- \$8,286,683) by way of \$22,000,000 cash contribution and \$4,500,000 debt cancellation.
2. (c) Dividends paid and payable  
Not applicable.

**Matters to be set forth in Notes to the Consolidated Balance Sheet**

1. Cash and cash equivalents  
As at December 31, 2022, the Company held \$40,562,413 in trust to collateralize exposure under the various reinsurance agreements in place.
2. Quoted investments  
Not applicable.
3. Unquoted investments  
Not applicable.
4. Investment in and advances to affiliates  
Advances to affiliates represent amounts due from Heritage Insurance Holdings Inc. for a refund from the 2021 consolidated tax return. These amounts are non-interest bearing, unsecured and have not fixed terms of repayment.
5. Investments in mortgage loans on real estate  
Not applicable.
6. Policy loans  
Not applicable.
7. Real estate  
Not applicable.
8. Collateral loans  
Not applicable.
9. Investment income due and accrued  
As at December 31, 2022, the Company reported accrued investment income of \$39,758.
10. Accounts and premiums receivable  
Not applicable.

**OSPREY RE LTD.**

**NOTES TO CONDENSED CONSOLIDATED GENERAL PURPOSE FINANCIAL  
STATEMENTS AS AT DECEMBER 31, 2022**

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11. Reinsurance balances receivable  
As at December 31, 2022, the Company and no reinsurance balances receivable.
12. Funds held by ceding reinsurers  
As at December 31, 2022, the Company reported funds held by ceding reinsurers of \$22,990,737.
13. Sundry assets  
Included in sundry asset is deferred acquisition cost of \$22,438,356 which is calculated pro rata over the terms of the coverage in place.
14. Letters of credit, guarantees and other  
Not Applicable.
16. Unearned premium reserve  
Represents the unearned portion on ceded premiums which is calculated pro rata over the terms of the coverage in place.
17. Loss and loss expense provisions  
As at December 31, 2022, the Company reports a loss and loss expense provisions of \$22,928,002.
20. Reserves for reported claims  
Not Applicable.
21. Reserves for unreported claims  
Not Applicable.
22. Policy reserves – life  
Not Applicable.
23. Policy reserves accident and health  
Not Applicable.
24. Policyholders' funds on deposit  
Not Applicable.
25. Liability for future policyholders' dividends  
Not Applicable.
26. Other insurance reserves - long term  
Not Applicable.

**OSPREY RE LTD.**

**NOTES TO CONDENSED CONSOLIDATED GENERAL PURPOSE FINANCIAL  
STATEMENTS AS AT DECEMBER 31, 2022**

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27. Total long-term business insurance reserves  
Not Applicable.

28. Insurance and reinsurance balances payable  
As at December 31, 2022, the Company reports losses payable of \$0.

29. Commissions, expenses, fees and taxes payable  
Not Applicable.

30. Loans and notes payable  
Not Applicable.

31(a) Income taxes payable

(i) Bermuda taxes

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

(ii) US taxes

The Company has received an approval for Election provided for by Internal Revenue Code Section 953(d) to be treated as a domestic U.S. corporation, for tax purposes. Deferred income taxes reflect the impact of “temporary differences” between the amount of assets and liabilities for statutory reporting purposes and such amounts measured by tax laws.

The Company has been included in the consolidated US income tax return of its parent, Heritage Insurance Holdings, Inc

31(b) As at December 31, 2022 the Company reports deferred tax liability of \$3.

32. Amounts due to affiliates  
There were no amounts due to affiliates as at December 31, 2022.

33. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities relates to the general administrative expenses of the Company.

**OSPREY RE LTD.**

**NOTES TO CONDENSED CONSOLIDATED GENERAL PURPOSE FINANCIAL  
STATEMENTS AS AT DECEMBER 31, 2022**

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- 34. Funds held under reinsurance contracts  
Not applicable
- 35. Dividends payable  
Not applicable.
- 36. Sundry liabilities  
Not applicable.
- 37. Letters of credit, guarantees and other instruments  
Not applicable.

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

- 6. Other insurance income  
Not applicable.
- 15. Other insurance income  
Not applicable.
- 32. Combined other income (deductions)  
Not applicable.
- 36. Combined realized gains (loss)  
Not applicable.