

KEMPER BERMUDA LTD.

POINT HOUSE, 4TH FLOOR, 6 FRONT STREET, HAMILTON HM 11
Mailing address: P.O. BOX HM 2450, HAMILTON HM JX, BERMUDA

TELEPHONE: (441) 295- 2220

FACSIMILE NO: (441) 292-0217

DECLARATION OF COMPLIANCE

(Prepared in accordance with section 15A of the Insurance Act 1978)

For the Year-Ended – December 31, 2022

We, the undersigned Directors of Kemper Bermuda Ltd. (“the Company”) declare that to the best of our knowledge and belief, that the Company has:

- (a) complied with all requirements of the minimum criteria applicable to it;
- (b) not complied with the minimum margin of solvency;
- (c) complied with applicable enhanced capital requirements;
- (d) not complied with all applicable regulatory conditions, directions, restrictions and approvals imposed on the insurer; and

With respect to the non-compliance noted above please refer to the appended report containing particulars of (i) the circumstances that led to the non-compliance and (ii) the action plan including time frame the Company has taken to rectify the non-compliance.

DIRECTORS:

DocuSigned by:
Aditya Mahajan
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Director: Aditya Mahajan

4/27/2023

Date

DocuSigned by:
Bradley T. Camden
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Director: Bradley T. Camden

4/27/2023

Date

This report outlines (1) the circumstances that led to the non-compliance and (2) the action plan including time frame the Company has taken to rectify the non-compliance.

The circumstances that led to the non-compliance

As a result of the assessment of the cost of reinsurance treatment under GAAP (being the difference between amounts paid for the reinsurance contract and the amount of liabilities for the policy benefits relating to the underlying reinsured contracts), the Company had lower capital and surplus than it otherwise would have had. Despite the Company assuming GAAP assets in excess of GAAP liabilities, this gain on the business assumed was recorded as a deferred gain based upon the agreement's economics of when the treaty became legally enforceable and is subsequently amortized into income over time. The deferral of this gain adversely impacts the Company's MSM compliance.

The action plan including time frame the Company has taken to rectify the non-compliance

On March 3, 2023, the Company executed a \$10M capital contribution using primarily high-credit quality, noncash assets under the Keep Well Agreement to restore and maintain compliance with its required solvency margin. The Company had also previously received \$5M cash contribution during December 2022 from the Parent.