

April 27, 2023

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors,  
Insko Limited

### **Opinions**

We have audited the accompanying condensed financial statements of Insko Limited (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.

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.

## **INDEPENDENT AUDITORS' REPORT** *(continued)*

### **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.

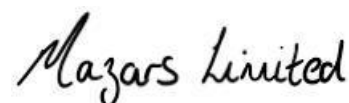
### **Auditors' responsibilities for the audit of the condensed financial statements**

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.

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.



Chartered Professional Accountants  
Hamilton, Bermuda

## CONDENSED BALANCE SHEET

InSCO Limited

As at

expressed in ['000s]

December 31, 2022

United States Dollars

LINE No.		2022	2021
1.	CASH AND CASH EQUIVALENTS	10,819	9,142
2.	QUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity		
	ii. Other	5,510	9,143
(b)	Total Bonds and Debentures	5,510	9,143
(c)	Equities		
	i. Common stocks		
	ii. Preferred stocks		
	iii. Mutual funds		
(d)	Total equities	-	-
(e)	Other quoted investments		
(f)	Total quoted investments	5,510	9,143
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	80,331	60,687
(f)	Total unquoted investments	80,331	60,687
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	22	22
(h)	Total investments in and advances to affiliates	22	22
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)		

## CONDENSED BALANCE SHEET

Insko Limited

As at

expressed in ['000s]

December 31, 2022

United States Dollars

LINE No.		2022	2021
(c)	Total real estate	-	-
8.	COLLATERAL LOANS		
9.	INVESTMENT INCOME DUE AND ACCRUED	22	13
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		
(b)	Domestic affiliates		
(c)	Pools & associations		
(d)	All other insurers	526	527
(e)	Total reinsurance balance receivable	526	527
12.	FUNDS HELD BY CEDING REINSURERS	126	144

## CONDENSED BALANCE SHEET

Insko Limited

As at

expressed in ['000s]

December 31, 2022

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		
(g)	Net receivables for investments sold	-	-
(h)	Other Sundry Assets - due from Insko Holdings		
(i)	Other Sundry Assets (Specify)		
(j)	Other Sundry Assets (Specify)		
(k)	Total sundry assets	-	-
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	97,356	79,678
TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS			
16.	UNEARNED PREMIUM RESERVE		
(a)	Gross unearned premium reserves		
(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	-	-
17.	LOSS AND LOSS EXPENSE PROVISIONS:		
(a)	Gross loss and loss expense provisions	18,863	20,217
(b)	Less : Reinsurance recoverable balance		
	i. Foreign affiliates		
	ii. Domestic affiliates		
	iii. Pools & associations		
	iv. All other reinsurers	4,514	4,977
(c)	Total reinsurance recoverable balance	4,514	4,977
(d)	Net loss and loss expense provisions	14,349	15,240
18.	OTHER GENERAL BUSINESS INSURANCE RESERVES		
19.	TOTAL GENERAL BUSINESS INSURANCE RESERVES	14,349	15,240

## CONDENSED BALANCE SHEET

Insko Limited

As at

expressed in ['000s]

December 31, 2022

United States Dollars

LINE No.		2022	2021
	<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>	-	-
	<b>OTHER LIABILITIES</b>		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	1,682	2,038
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE		
30.	LOANS AND NOTES PAYABLE		
31.	(a) INCOME TAXES PAYABLE		
	(b) DEFERRED INCOME TAXES		
32.	AMOUNTS DUE TO AFFILIATES		
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	149	134
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS:		
35.	DIVIDENDS PAYABLE		
36.	SUNDRY LIABILITIES:		
(a)	Derivative instruments		
(b)	Segregated accounts companies		
(c)	Deposit liabilities		

## CONDENSED BALANCE SHEET

Insko Limited

As at

expressed in ['000s]

December 31, 2022

United States Dollars

LINE No.

(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

2022

2021

-

-

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

-

-

## CONDENSED BALANCE SHEET

Insko Limited

As at

December 31, 2022

expressed in ['000s]

United States Dollars

LINE No.		2022	2021
38.	TOTAL OTHER LIABILITIES	1,831	2,172
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	16,180	17,412
	<b>CAPITAL AND SURPLUS</b>		
40.	TOTAL CAPITAL AND SURPLUS	81,176	62,266
41.	TOTAL	97,356	79,678
		TRUE	TRUE

-

-



**CONDENSED STATEMENT OF INCOME**

Insko Limited

As at

expressed in ['000s]

December 31, 2022

United States Dollars

LINE No.

2022

2021

**GENERAL BUSINESS UNDERWRITING INCOME**

1. GROSS PREMIUMS WRITTEN

(a) Direct gross premiums written

(b) Assumed gross premiums written

(c) Total gross premiums written

2. REINSURANCE PREMIUMS CEDED

3. NET PREMIUMS WRITTEN

4. INCREASE (DECREASE) IN UNEARNED PREMIUMS

5. NET PREMIUMS EARNED

6. OTHER INSURANCE INCOME

7. TOTAL GENERAL BUSINESS UNDERWRITING INCOME

**GENERAL BUSINESS UNDERWRITING EXPENSES**

8. NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED

9. COMMISSIONS AND BROKERAGE

10. TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES

11. NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS

**LONG-TERM BUSINESS INCOME**

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

**LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES**

17. CLAIMS - LIFE

# CONDENSED STATEMENT OF INCOME

Insko Limited

As at

expressed in ['000s]

December 31, 2022

United States Dollars

## LINE No.

2022

2021

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. NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS

29. COMBINED NET UNDERWRITING RESULTS BEFORE  
THE UNDERNOTED ITEMS

## UNDERNOTED ITEMS

30. COMBINED OPERATING EXPENSE

(a) General and administration

(b) Personnel cost

(c) Other

(d) Total combined operating expenses

31. COMBINED INVESTMENT INCOME - NET

32. COMBINED OTHER INCOME (DEDUCTIONS)

33. COMBINED INCOME BEFORE TAXES

34. COMBINED INCOME TAXES (IF APPLICABLE):

(a) Current

(b) Deferred

(c) Total

35. COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)

36. COMBINED REALIZED GAINS (LOSSES)

144

(2,803)

807

819

807

819

262

386

-

-

(401)

(3,236)

(401)

(3,236)

19,714

10,520

## CONDENSED STATEMENT OF INCOME

InSCO Limited

As at

expressed in ['000s]

December 31, 2022

United States Dollars

### LINE No.

37.

COMBINED INTEREST CHARGES

2022

2021

38.

NET INCOME

19,313

7,284

# CONDENSED STATEMENT OF CAPITAL AND SURPLUS

Insko Limited

As at

expressed in ['000s]

December 31, 2022

United States Dollars

LINE No.

2022

2021

## 1. CAPITAL:

### (a) Capital Stock

#### (i) Common Shares

authorized 120 shares of par  
value \$ 1,000 each issued and  
fully paid 120 shares

120

120

#### (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

185,521

185,521

### (c) Any other fixed capital

#### (i) Hybrid capital instruments

#### (ii) Guarantees and others

#### (iii) Total any other fixed capital

-

-

### (d) Total Capital

185,641

185,641

## 2. SURPLUS:

### (a) Surplus - Beginning of Year

(123,375)

(130,603)

### (b) Add: Income for the year

19,313

7,284

### (c) Less: Dividends paid and payable

### (d) Add (Deduct) change in unrealized appreciation (depreciation) of investments

(403)

(56)

### (e) Add (Deduct) change in any other surplus

### (f) Surplus - End of Year

(104,465)

(123,375)

## 3. MINORITY INTEREST

## 4. TOTAL CAPITAL AND SURPLUS

81,176

62,266

## **Insko Limited**

### **NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS**

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

1. **INSCO LIMITED**

INSCO Limited (the "Company") was incorporated under the laws of Bermuda and is a wholly owned subsidiary of Insko Holdings Ltd., a Bermuda holding company.

On August 14, 2019, The Mangrove Partners Master Fund Ltd (the ultimate majority owner of Insko Holdings Ltd) sold its investment in Insko Holdings Ltd (formerly called Acumen Holdings Ltd., which changed its name to Insko Holdings Ltd. on February 20, 2019), which is incorporated in the Cayman Islands, to Buttonwood Holdings, Ltd ("BHL"). BHL is ultimately owned by a number of preferred shareholders, none with more than 9.9% shareholding.

On September 17, 2019 the Bermuda Monetary Authority authorised an application made by the Company for a restructuring of beneficial ownership to BHL.

On October 1, 2021, Buttonwood Holdings Acquisition Company 1 Limited ("BHAC"), a wholly owned subsidiary of BHL (incorporated in Bermuda on February 19, 2021), acquired 100% of the issued and outstanding shares of Insko Holdings Limited.

Insko Limited's principal office in Bermuda is Power House, 7 Par-la-Ville Road, Hamilton, HM11, Bermuda.

2. The Company ceased all writing and accepting of insurance business as of November 15, 1984. Prior to cessation, the Company's Net Premium Income included reinsurance of coverage placed with primary insurers by companies in the Gulf Oil Corporation group. Since 1977, the Company had entered into an active participation in International Markets in the following books of business: casualty; property; marine; oil and aviation.
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 upon accounting principles generally accepted in the United States of America ("US GAAP") but are in accordance with the reporting requirements of the Legislation, which varies in certain respects from US GAAP. The more significant variances are as follows:
  - A statement of cash flows is not included;
  - A statement of comprehensive income is not included;
  - The presentation and classification of financial statement line items is in accordance with Schedules IX and XI of the Insurance Account Rules 2016 and differ from the expected presentation and classification under US GAAP; and
  - The notes included in the condensed general purpose financial statements have been prepared in accordance with Schedule X of the Insurance Account Rules 2016 and exclude certain information required under US GAAP.
4. There were no changes to accounting policies during the year.
5. Premiums are recorded as reported for Non-Group business and on an accrual basis for Group business. Premiums are taken into income earned on a pro-rata basis over policy periods. Investment income is earned on the accrual basis of accounting. There is no commission income.
6. Transactions in foreign currencies are translated into US Dollars at the rates of exchange prevailing at the dates of the transactions. Year end monetary assets and liability balances denominated in foreign currency are translated into US Dollars at the year-end rates. The resultant exchange gain or loss is recorded in other income in Line 32 of the Condensed Statement of Income.
7. The Company did not experience any foreign currency control restrictions during the year.
8. There were no material contingencies or commitments during the year.
9. There were no defaults made by the insurer during the year.

10. There are no dividend arrears.
11. No loans were made during the year.
12. There are no retirement benefits obligations.
13. The fair value hierarchy of investments is as follows:

	Fair value	Level 1	Level 2	Level 3
<b>2022</b>	\$	\$	\$	\$
<b>Financial assets</b>				
Hedge funds	80,331,222	-	80,331,222	-
Fixed income securities	5,509,776	-	5,509,776	-
Time deposits	10,591,957	10,591,957	-	-
<b>Total</b>	<b>96,432,955</b>	<b>10,591,957</b>	<b>85,840,998</b>	<b>-</b>

	Fair value	Level 1	Level 2	Level 3
<b>2021</b>	\$	\$	\$	\$
<b>Financial assets</b>				
Hedge funds	60,687,202	-	60,687,202	-
Fixed income securities	9,143,067	-	9,143,067	-
Time deposits	8,464,766	8,464,766	-	-
<b>Total</b>	<b>78,295,035</b>	<b>8,464,766</b>	<b>69,830,269</b>	<b>-</b>

14. The contractual maturity profile of fixed maturity and short-term investment are:

	Fair value	Up to a year	1 – 5 years	5 – 10 years	Over 10 years
<b>2022</b>	\$	\$	\$	\$	\$
<b>Financial assets</b>					
Fixed income securities	5,509,776	1,879,352	1,860,750	1,769,674	-
Time deposits	10,591,957	10,591,957	-	-	-
<b>Total</b>	<b>16,101,733</b>	<b>12,471,309</b>	<b>1,860,750</b>	<b>1,769,674</b>	<b>-</b>

	Fair value	Up to a year	1 – 5 years	5 – 10 years	Over 10 years
<u>2021</u>	\$	\$	\$	\$	\$
<b>Financial assets</b>					
Fixed income securities	9,143,067	-	6,031,420	3,111,647	-
Time deposits	8,464,766	8,464,766	-	-	-
<b>Total</b>	<b>17,607,833</b>	<b>8,464,766</b>	<b>6,031,420</b>	<b>3,111,647</b>	<b>-</b>

15. Related party transactions

Quest Consulting (London) Limited is considered a related party by virtue of having common directors and shareholders, who have the ability to exercise influence over the financial and operating policies of the Company. During the year, the Company was charged by and paid Quest Consulting (London) Limited \$500,000 management fees (2021: \$500,000).

Marsh Management Limited is considered a related party by virtue of having common directors. During the year, the Company was charged by and paid Marsh Management Limited \$59,661 for management fees (2021: \$52,876).

Mangrove Partners is considered a related party by virtue of having common directors and shareholders, who have the ability to exercise influence over the financial and operating policies of the Company. During 2016, the Company invested \$30,000,000 in the i-feeder investment fund.

16. There have been no transactions made or other event occurring between the end of the relevant year and the date of approval of the condensed general purpose financial statements by the board of directors and materially affecting the condensed general purpose financial statements.
17. There is no further information which in the opinion of the board of directors is required to be disclosed if the condensed general purpose financial statements are not to be misleading.

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

- 1(a) Authorized, Issued and Fully Paid in 2022 and 2021  
120 shares of par value \$1,000.00 each \$120,000
- 1(b) There were no changes to contributed surplus during the year.
- 2(c) No dividend has been declared or paid during the year.

**Matters to be set forth in Notes to the Balance Sheet  
– Class 3A, Class C, and Class D**

1. **Cash and Time Deposits**  
Cash and Time Deposits include cash equivalents which are comprised of highly liquid investments with original maturity dates of three months or less when purchased together with fixed term deposits for periods in excess of three months.  
The value of the Time Deposits at year end were \$10,591,957 (2021: \$8,464,766).  
The value of Cash and Time Deposits encumbered in Letters of Credit was \$1,528,958 (2021: \$1,525,864).
2. **Quoted Investments**  
Investments are carried at fair market value, based on quoted market prices. Unrealised investment gains and losses are reported on a net basis with the change in unrealised gains and losses recorded in the condensed statement of statutory capital and surplus. Realised gains and losses are measured as the difference between the amounts for which the securities are disposed and their amortised cost.  
The value of quoted investments at the year end were \$5,509,776 (2021: \$9,143,067).
3. **Unquoted investments**  
Investments are carried at fair market value, based on reported Net Asset Values. Unrealised investment gains and losses are reported on a net basis with the change in unrealised gains and losses recorded through income. Realised gains and losses are measured as the difference between the amounts for which the securities are disposed and their amortised cost.  
Unquoted investments at year end amounted to \$80,331,222 (2021: \$60,687,202).
4. **Advances to affiliates.**  
During the year Insco paid audit, license and regulatory costs totalling \$nil on behalf of Insco Holdings Limited. The total amount due from affiliates of \$22,095 (2021: \$22,095) will be recovered by Insco by offset against the accrued management fee payable to Insco Holdings by Insco in 2023.
5. There is no investment in real estate.
6. There are no policy loans.
7. There is no investment in real estate.
8. There are no collateral loans.
9. Accrued income relates to the Company's fixed income investment portfolio. The balance at December 31, 2022 was \$21,648 (2021: \$12,624).
10. **Accounts and premiums receivable**  
Insurance receivable \$nil (2021: \$nil)
11. **Reinsurance balances receivable**  
Insurance receivable \$526,105 (2021: \$527,076)
12. There are no funds held by ceding reinsurers.  
Funds held by assumed policyholders amounted to \$126,195 at the year end (2021: \$144,295).
13. There are no sundry assets.
14. The value of the Letters of Credit held are  
Letter of Credit held at Bank of Butterfield \$1,528,958 (2021: \$1,522,830)
16. There is no unearned premium reserve.



17. Loss and loss expense provisions

Movements in the loss and loss expense provisions for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
	\$	\$
Gross balance at beginning of year	20,217	18,064
Less reinsurance recoverable	4,977	4,243
Net balance at beginning of year	15,240	13,821
Incurring losses related to:		
Current year	0	0
Prior years	(144)	2,803
Total incurred	(144)	2,803
Paid losses related to:		
Current year	0	0
Prior years	(747)	(1,384)
Total paid	(747)	(1,384)
Net balance at end of year	14,349	15,240
Plus reinsurance recoverable	4,514	4,977
Gross balance at end of year	18,863	20,217

The favourable movement during the year was mainly due to adverse market experience during the year on the asbestos and pollution segments, which was offset by favourable movement on the non-latent claims.

The unfavourable development on prior year was mainly due to adverse market experience during the year on the asbestos and pollution segments, which was offset by favourable movement on the non-latent claims. There were no additional or return premiums accrued as a result of prior year effects.

Letters of credit in the amount of \$1,528,958 (2021: \$1,522,830) secured on accounts totalling \$1,528,958 (2021: \$1,525,864) and funds withheld of \$126,195 (2021: \$144,295) are held as security against the Company's liabilities. All other amounts are unsecured.

Generally, provision is made for the estimated unpaid amounts of losses and loss expenses arising from incidents reported to the Company during the year, together with a provision for losses incurred, but not yet reported ("IBNR"). The IBNR is based on past experience using the latest available information and management best estimates of the probable number and nature of claims arising from incidents not yet

reported. The IBNR as at December 31, 2022 and 2021 was established in conjunction with an independent actuarial study for certain risks assumed. The methods of making such estimates and the resulting reserves established are continually reviewed and updated. Any adjustments resulting therefrom are reflected in earnings in the year in which they became known and such adjustments could be material.

The liabilities for unpaid losses and loss expenses are after deductions for reinsurance recoveries from other insurance companies. Amounts recoverable from reinsurance pursuant to reinsurance agreements have been estimated using assumptions consistent with those used in establishing the liability for loss and loss adjustment expenses described above, including the independent actuarial study as appropriate. Management believes that the reinsurance recoverable as recorded represents its best estimate of such amounts. However, as changes in the estimated ultimate liability for losses and loss adjustment expense are determined, the estimated ultimate amount recoverable from reinsurers will also change. Accordingly, the ultimate recoverable could be significantly in excess of or less than the amount indicated in the condensed general purpose financial statements. As adjustment to these estimates become known, such adjustments are reflected in current operations. Management must estimate any recoverables which may be uncollectible based on the creditworthiness of its reinsurers and other factors. Any amounts considered to be uncollectible are covered by an allowance for doubtful accounts, which is reviewed at least annually. In the event that all or any of the reinsuring companies might be unable to meet their obligations under existing reinsurance agreements, the Company would be liable for such defaulted amount.

The Company acts as an insurer and reinsurer of companies which are subject to claims arising from environmental property damage and the clean-up of toxic waste disposal sites. In a large number of instances, the Company has been advised that a potential for claims against the insured exists, but the insured and reinsured are only in a position to quantify the amounts involved. There are various potential interpretations of the coverage provided by the underlying contracts. In addition, it is probable that all insured claims have not yet been reported. As a result, the potential exposure to loss varies significantly over a wide range of values.

20-32 N/A

33. Accounts payable and accrued liabilities as at December 31, 2022 relate to:

Audit fee	\$35,000 (2021: \$35,000)
Actuarial review	\$50,000 (2021: \$48,762)
Insco Holding	\$60,000 (2021: \$35,000)
Mangrove	\$nil (2021: \$10,956)
Accrued investment expenses	\$nil (2021: \$4,112)

34-37 N/A

**Matters to be set forth in Notes to the Statement of Income**  
**– Class 3A, Class C, and Class D**

6. N/A

15. N/A

32. N/A

36. N/A