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Report of Independent Auditors

The Board of Directors
GAI Insurance Company, Ltd.

Opinions

We have audited the accompanying condensed financial statements of GAI Insurance Company, Ltd. (the “Company”), which comprise the condensed balance sheets and condensed statements of capital and surplus as of December 31, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022, or the results of its operations for the years then ended.

Basis of 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.

Reference: Report of Independent Auditors on the condensed financial statements of GAI Insurance Company, Ltd. as at December 31, 2023 and 2022, and for the years then ended.

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.

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

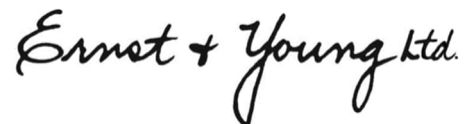
Our objectives are to obtain reasonable assurance about whether the condensed financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute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

Reference: Report of Independent Auditors on the condensed financial statements of GAI Insurance Company, Ltd. as at December 31, 2023 and 2022, and for the years then ended.

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.



May 31, 2024

Chartered Professional Accountants

CONDENSED CONSOLIDATED BALANCE SHEET

GAI Insurance Company, Ltd.

As at December 31, 2023

expressed in ['000s] United States Dollars

LINE No.		2023	2022
1.	CASH AND CASH EQUIVALENTS	13,928	15,276
10.	ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a)	In course of collection	680	731
(b)	Deferred - not yet due		
(c)	Receivables from retrocessional contracts		
(d)	Total accounts and premiums receivable	680	731
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	15,912	13,639
(e)	Deposit assets		
(f)	Deferred acquisition costs	372	378
(g)	Net receivables for investments sold		
(h)	Prepaid Expenses	20	7
(i)	Deferred Tax Asset	208	212
(j)	Amounts due from Affiliate for Federal Income Taxes	447	246
(k)	Total sundry assets	16,959	14,482
15.	TOTAL	31,567	30,489
	TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS		
16.	UNEARNED PREMIUM RESERVE		
(a)	Gross unearned premium reserves	3,279	3,350
(b)	Less: Ceded unearned premium reserve		
i.	Foreign affiliates		
ii.	Domestic affiliates		
iii.	Pools & associations		
iv.	All other insurers	1,937	1,954
(c)	Total ceded unearned premium reserve	1,937	1,954
(d)	Net unearned premium reserve	1,342	1,396
17.	LOSS AND LOSS EXPENSE PROVISIONS:		
(a)	Gross loss and loss expense provisions	12,500	12,500
(b)	Less : Reinsurance recoverable balance		
i.	Foreign affiliates		
ii.	Domestic affiliates		
iii.	Pools & associations		
iv.	All other reinsurers	9,000	9,000
(c)	Total reinsurance recoverable balance	9,000	9,000
(d)	Net loss and loss expense provisions	3,500	3,500
18.	OTHER GENERAL BUSINESS INSURANCE RESERVES		
19.	TOTAL GENERAL BUSINESS INSURANCE RESERVES	4,842	4,896
	OTHER LIABILITIES		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	732	680
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	230	377
36.	SUNDRY LIABILITIES:		
(a)	Derivative instruments		
(b)	Segregated accounts companies	15,912	13,639
(c)	Deposit liabilities		
(d)	Net payable for investments purchased		
(e)	Deferred Ceding Commissions	601	621
(f)	Other sundry liabilities - Due to Segregated Cells	88	
(g)			
(h)	Total sundry liabilities	16,601	14,260
38.	TOTAL OTHER LIABILITIES	17,563	15,317
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	22,405	20,213
	CAPITAL AND SURPLUS		
40.	TOTAL CAPITAL AND SURPLUS	9,162	10,276
41.	TOTAL	31,567	30,489

CONDENSED CONSOLIDATED STATEMENT OF INCOME

GAJ Insurance Company, Ltd.
 As at **December 31, 2023**
 expressed in ('000s) **United States Dollars**

LINE No.	2023	2022
GENERAL BUSINESS UNDERWRITING INCOME		
1. GROSS PREMIUMS WRITTEN		
(a) Direct gross premiums written	6,960	7,124
(b) Assumed gross premiums written	99	147
(c) Total gross premiums written	7,059	7,271
2. REINSURANCE PREMIUMS CEDED	4,185	4,274
3. NET PREMIUMS WRITTEN	2,874	2,997
4. INCREASE (DECREASE) IN UNEARNED PREMIUMS	53	59
5. NET PREMIUMS EARNED	2,927	3,056
6. OTHER INSURANCE INCOME	-	-
7. TOTAL GENERAL BUSINESS UNDERWRITING INCOME	2,927	3,056
GENERAL BUSINESS UNDERWRITING EXPENSES		
8. NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED	-	-
9. COMMISSIONS AND BROKERAGE	(532)	(575)
10. TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	(532)	(575)
11. NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS	3,459	3,631
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	-	-
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	3,459	3,631
UNDERNOTED ITEMS		
30. COMBINED OPERATING EXPENSE		
(a) General and administration	410	422
(b) Personnel cost	-	-
(c) Other	-	-
(d) Total combined operating expenses	410	422
31. COMBINED INVESTMENT INCOME - NET	405	(202)
32. COMBINED OTHER INCOME (DEDUCTIONS)	203	165
33. COMBINED INCOME BEFORE TAXES	3,657	3,172
34. COMBINED INCOME TAXES (IF APPLICABLE):		
(a) Current	768	661
(b) Deferred	3	1
(c) Total	771	662
35. COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	2,886	2,510
36. COMBINED REALIZED GAINS (LOSSES)	-	-
37. COMBINED INTEREST CHARGES	-	-
38. NET INCOME	2,886	2,510

CONDENSED CONSOLIDATED STATEMENT OF CAPITAL AND SURPLUS

GAI Insurance Company, Ltd.

As at December 31, 2023
expressed in [000s] United States Dollars

LINE No.		2023	2022
1.	CAPITAL:		
(a)	Capital Stock		
	(i) Common Shares	200	200
	authorized 200,000 shares of par		
	value \$ 1,000 each issued and		
	fully paid 200,000 shares		
	(ii)		
	(A) Preferred shares:		
	authorized _____ shares of par		
	value _____ each issued and		
	fully paid _____ shares		
	aggregate liquidation value for –		
	2023 _____		
	2022 _____		
	(B) Preferred shares issued by a subsidiary:		
	authorized _____ shares of par		
	value _____ each issued and		
	fully paid _____ shares		
	aggregate liquidation value for –		
	2023 _____		
	2022 _____		
	(iii) Treasury Shares		
	repurchased _____ shares of par		
	value _____ each issued		
(b)	Contributed surplus		
(c)	Any other fixed capital		
	(i) Hybrid capital instruments		
	(ii) Guarantees and others		
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	200	200
2.	SURPLUS:		
(a)	Surplus - Beginning of Year	10,076	9,766
(b)	Add: Income for the year	2,886	2,510
(c)	Less: Dividends paid and payable	(4,000)	(2,200)
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments		
(e)	Add (Deduct) change in any other surplus		
(f)	Surplus - End of Year	8,962	10,076
3.	MINORITY INTEREST		
4.	TOTAL CAPITAL AND SURPLUS	9,162	10,276

GAI INSURANCE COMPANY, LTD.
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023
(expressed in U.S. dollars)

General Note to the Financial Statements

1. Organization

GAI Insurance Company, Ltd. (“the Company”) is incorporated under the laws of Bermuda and is a wholly owned subsidiary of APU Holding Company (“APUHC”). The Company was previously owned by GAI (Bermuda) Ltd. until it was transferred to APUHC on March 28, 2006. The ultimate holding company is American Financial Group, Inc. a company incorporated in the United States of America.

The Company is an exempted Bermuda company with limited liability and has been incorporated pursuant to the Bermuda Companies Act of 1981 and is subject to the GAI Insurance Company, Ltd, Act 1998, which authorizes the Company to establish segregated Separate Accounts (“cells”).

2. Description of business

The Company writes liability insurance as a direct insurer and provides reinsurance to a third party covering certain liability business. The policies are written as companion policies to commercial liability policies issued by an affiliate. In addition, the Company has eight separate accounts that reinsure Great American and certain affiliates, pursuant to Property and Casualty Quota Share Reinsurance Agreements.

During 2001, the Company began to provide reinsurance to a third party covering punitive damages liability in relation to commercial general liability programs offered by an affiliate. Limits of such punitive damages coverage provided by the Company are \$50 million for each insured, gross of reinsurance.

During 2002, in accordance with two segregated cell agreements, the Company agreed to write insurance for the cell participants and keep separate books of account for each program. Of the two cells set up under the GAI Insurance Company, Ltd. (Separate Accounts) Act, 1998, the Cobbs Allen segregated cell was commuted on July 1, 2003 and the Innkeepers segregated cell was commuted on February 12th, 2013.

During 2010, the Company began to write punitive damage insurance business as a direct insurer. Limits of such punitive damages coverage provided by the Company are up to \$50 million for each insured, gross of reinsurance. The Company has various reinsurers covering limits under this Policy. These policies were in place as at December 31, 2023. The Company also entered into a reinsurance agreement with Neon Underwriting Limited, an affiliated company, effective October 1, 2019 to September 1, 2020. During the first quarter of 2020, the Company received notice of termination of this reinsurance agreement from Neon Underwriting Limited.

During 2013, the Company established three new separate accounts by virtue of the GAI Insurance Company, Ltd. (Separate Accounts) Act, 1998. The purpose of the separate accounts is to reinsure Great American Insurance Company and certain affiliates, pursuant to a Property and Casualty Quota Share Reinsurance Agreement. Each separate account is established by way of a preferred shareholder agreement. A further separate account was established in 2014 for similar purposes.

During 2017, four further separate accounts were established. Runoff Corp Separate Account E was established to enter into a novation agreement with Insurance Solutions Ltd., to assume all interest, right, duties, obligations, and liabilities under the Casualty Quota Share Reinsurance Agreements subject to the

GAI INSURANCE COMPANY, LTD.
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023
(expressed in U.S. dollars)

novation. The program is in run-off. Phoenix Separate Account F, Cardinal Separate Account G and J&GK Separate Account H were established to enter into Property and Casualty Quota Share Reinsurance Agreements to accept a quota share of losses pertaining to trucking physical damage, non-trucking liability, occupational accident, contingent liability and workers compensation. Each separate account is established by way of a preferred shareholder agreement. During 2019, Separate Account I known as Long Iron Services Account was established for similar purposes and during 2022, Separate Account J known as Cowan and Separate Account K known as Bay & Bay were established.

3. Basis of preparation

The accompanying condensed 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 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. Accounting policies

Premiums

Insurance and reinsurance premiums are recorded on the accruals basis and are included in income on a pro-rata basis over the terms of the related treaties, with the unearned portion deferred in the balance sheet. Unearned premiums represent the amounts of premiums applicable to the unexpired terms of the contract.

Investment income

Investment income consists of interest on cash; funds withheld balances which are accrued to the balance sheet date. Investment income is also earned on shares held in short duration fixed income funds.

Cash and cash equivalents

Cash and time deposits include cash and time deposits with maturities of 90 days or less from the date of purchase.

Loss and Loss expenses

The liability for losses and loss expenses includes an amount determined from loss reports and individual cases and an amount, based on past experiences, for losses incurred but not reported. These estimates are

GAI INSURANCE COMPANY, LTD.
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023
(expressed in U.S. dollars)

continually reviewed and are subject to the impact of future changes in such factors as claim severity and frequency. While management believes that the amount is adequate, the ultimate liability may be materially in excess of, or less than, the amounts provided and any adjustment will be reflected in the periods in which they become known.

Taxation

The Company accounts for income taxes under the asset and liability approach, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and the tax basis of assets and liabilities using enacted tax rates in effect for the year in which the difference are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that included the enactment date.

The Company records net deferred tax assets to the extent it believes these assets will more likely than not be realized. In making such determination, the Company considers all available positive and negative evidence, including future reversal of existing taxable temporary differences, tax planning strategies, projected future taxable income, and recent financial operations.

The Company recognizes tax benefits in accordance with the provisions of the standard for accounting for uncertainty in income taxes. Penalties and interest on the Company's tax positions are classified as a component of the Company's income tax provision.

5. Recognition of income

The basis for recognition of premium income is as noted in 4 above. The basis for recognition of commission income is pro-rata over the policy periods. The basis for recognition of investment income is noted in 4 above.

6-14. N/A

15. Related party transactions

Included in amounts due from affiliates for federal income taxes is a balance of \$341,914 due to AFG in respect of federal U.S. income tax payments made in the year. Also included in amounts due from affiliates for federal income taxes is an inter-cell tax reserve established to reflect the tax recoverable from / due to the separate account business only. The Company pays tax calculated on entity level results, including separate account income, and therefore the reserve establishes the portion due to / from the separate accounts. Also, included in accounts payable and accrued liabilities is \$5,000 due to segregated cells in respect of cash received in consideration of the issuance of preference share capital. This balance is due on demand, at face value, and is non-interest bearing.

16-17. N/A

Notes to the Statement of Capital and Surplus

1. (a) Capital Stock

GAI INSURANCE COMPANY, LTD.
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023
(expressed in U.S. dollars)

During 2013 the Company increased its authorised share capital to 1,200,000 shares of \$1.00 par value each, via the creation of 1,000,000 preference shares of \$1 par value each to rank pari passu in all respects with the existing shares of the Company.

During 2013 the Company issued 900 preference shares pursuant to the establishment of its separate accounts. The issuance of these preference shares is in connection to the creation of the separate accounts and therefore the rights and obligations of such shares are limited to the cell's assets and liabilities. During 2014, 2015, 2017, 2019 and 2020 the Company issued a further 100, 100, 20,500, 5,000 and 300 preference shares respectively pursuant to the establishment of further separate accounts. During 2021 and 2022 the Company issued a further 100 preference shares for new members under Separate Account D. During 2022 the Company issued 5,000 preference shares each for new Separate Accounts J and K.

As of December 31, 2023 there were 36,100 preference shares issued pertaining to the separate accounts, and as such are excluded from the total capital in the Condensed Consolidated Statement of Capital and Surplus.

(b) N/A

(c) Dividends in the amount \$4,000,000 were declared and paid during the year.

Notes to the Balance Sheet

1-3. N/A

4. Investments in and advances to affiliates

See General Note to the Financial Statements - 15

5-9. N/A

10. Accounts and Premiums Receivable

Included in accounts receivable is \$88,618 due from the segregated cells in relation to management fees.

11-12. N/A

13. Sundry assets

The total assets of the separate accounts are included within sundry assets. Sundry assets also includes, deferred acquisition costs, prepaid expenses, deferred tax assets and net amounts due from affiliates in respect of federal U.S. income tax payments made in the year and an inter-cell tax reserve of \$788,661 established to reflect the tax due to the separate account business only.

14. N/A

16. Unearned premium reserve

GAI INSURANCE COMPANY, LTD.
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023
(expressed in U.S. dollars)

Unearned premiums represent the amounts of premiums applicable to the unexpired terms of the contract. Unearned premium is calculated based on a straight-line allocation over the term of the policy.

17. Loss and loss expense provision

See General Note to the Financial Statements – 4. Loss and Loss Expenses.

Activity in the liability for loss and loss expense is summarized as follows:

	2023
Gross loss and loss expense provisions at beginning of year	12,500,000
Less: Reinsurance recoverable at beginning of year	<u>9,000,000</u>
Net loss and loss expense provisions at beginning of year	<u>3,500,000</u>
Add: Net loss and loss expenses reserve movement related to:	
Current year	-
Prior years	<u>-</u>
Total net incurred losses and loss expenses	<u>-</u>
Less: Net losses and loss expenses paid related to:	
Current year	-
Prior years	<u>-</u>
Total losses and loss expenses paid or payable	<u>-</u>
Foreign exchange and other	-
Net loss and loss expense provisions at end of year	3,500,000
Add: Reinsurance recoverable at end of year	<u>9,000,000</u>
Gross loss and loss expense provisions at end of year	<u><u>12,500,000</u></u>

There has been no change in net losses incurred and net loss expenses incurred related to prior years. No additional premiums or return premiums have been accrued as a result of the prior year.

22-31. N/A

31. Income Tax

Bermuda Tax

On December 27, 2023, the Government of Bermuda enacted the Corporate Income Tax Act of 2023 (“the Act”). The Act introduces a 15% corporate income tax on Bermuda businesses that are a part of an In Scope

GAI INSURANCE COMPANY, LTD.
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December 31, 2023
(expressed in U.S. dollars)

Multinational Enterprise Group (“MNE Group”), effective for fiscal years beginning on or after January 1, 2025. The Act defines In Scope MNE Group, with respect to any fiscal year beginning on or after the commencement date, which has annual revenue of EUR 750 million or more in the consolidated financial statements of the ultimate parent entity for at least two of the four fiscal years immediately preceding such fiscal year.

GAI Insurance Company Ltd (“the Company”) is part of an In Scope MNE and will be subject to Bermuda tax and Bermuda tax compliance. Effective January 1, 2025 the Company will record a foreign tax credit for income taxes paid to the US which will reduce the Bermuda tax liability at the enacted rate of 15% to zero. The Bermuda tax does not have a material impact on the financial statements as of December 31, 2023.

U.S. Income Tax

The Company has made an election under section 953(d) of the Internal Revenue Code to be treated as a U.S. domestic insurance company for U.S. federal income tax purposes.

The Company will be taxed as a corporation for U.S. income tax purposes and will file as part of the AFG consolidated tax return.

32. N/A

33. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities includes amounts due for administrative fees payable on the punitive damages program of \$49,500, and amounts due for management fees payable of \$178,625.

34-35. N/A

36. Sundry liabilities

Amounts due to separate accounts of \$88,124, the total separate account liabilities & equity of its separate accounts are included within sundry liabilities, including the preference share capital issued by the Company in respect of the separate accounts.

37. N/A

Notes to the Statement of Income

6-15. N/A

32. Combined other income (deductions)

For the year ended December 31, 2023, the Company earned \$203,430 from its segregated accounts for initial set-up and ongoing cell management fees.

36. N/A