

**ACE INA Overseas Insurance
Company Ltd. and its Subsidiaries**
(Incorporated in Bermuda)

Condensed Consolidated General Purpose Financial
Statements
December 31, 2023 and 2022
(in thousands of dollars)



April 26, 2024

Report of Independent Auditors

To the Board of Directors of ACE INA Overseas Insurance Company Ltd.

Opinions

We have audited the accompanying condensed consolidated financial statements of ACE INA Overseas Insurance Company Ltd. and its subsidiaries (the "Company"), which comprise the condensed consolidated balance sheets and condensed consolidated statements of capital and surplus as of December 31, 2023 and 2022, and the related condensed consolidated statements of income for the years then ended, including the related notes (collectively referred to as the "condensed consolidated financial statements").

Unmodified opinion on regulatory basis of accounting

In our opinion, the accompanying condensed consolidated 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 consolidated 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 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 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 opinions.

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

As described in Note 3 to the condensed consolidated financial statements, the condensed consolidated 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 consolidated 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 consolidated financial statements

Management is responsible for the preparation and fair presentation of the condensed consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed consolidated 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 consolidated financial statements are available to be issued.

Auditors' responsibilities for the audit of the condensed consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the condensed consolidated 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 consolidated 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 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 condensed consolidated 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 consolidated 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.

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

ACE INA Overseas Insurance Company Ltd. and its subsidiaries

Condensed Consolidated Balance Sheet

At December 31, 2023 and December, 31 2022

CONDENSED CONSOLIDATED BALANCE SHEET			
ACE INA Overseas Insurance Company Ltd. and its subsidiaries			
As at		December 31, 2023	
expressed in ['000s]		United States Dollars	
LINE No.		2023	2022
1	CASH AND CASH EQUIVALENTS	533,002	282,843
2	QUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity	—	—
	ii. Other	2,991,996	3,091,094
(b)	Total Bonds and Debentures	2,991,996	3,091,094
(c)	Equities		
	i. Common stocks	7,019	6,758
	ii. Preferred stocks	—	—
	iii. Mutual funds	—	—
(d)	Total equities	7,019	6,758
(e)	Other quoted investments	—	—
(f)	Total quoted investments	2,999,015	3,097,852
3	UNQUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity	—	—
	ii. Other	3,889	3,837
(b)	Total Bonds and Debentures	3,889	3,837
(c)	Equities		
	i. Common stocks	641	675
	ii. Preferred stocks	—	—
	iii. Mutual funds	—	—
(d)	Total equities	641	675
(e)	Other unquoted investments	—	—
(f)	Total unquoted investments	4,530	4,512
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	563,515	566,966
(f)	Total investments in affiliates	563,515	566,966
(g)	Advances to affiliates	211,707	181,058
(h)	Total investments in and advances to affiliates	775,222	748,024
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	—	—

The accompanying notes are an integral part of these condensed consolidated financial statements.

ACE INA Overseas Insurance Company Ltd. and its subsidiaries

Condensed Consolidated Balance Sheet... continued

At December 31, 2023 and December, 31 2022

CONDENSED CONSOLIDATED BALANCE SHEET

ACE INA Overseas Insurance Company Ltd. and its subsidiaries

As at December 31, 2023

expressed in ['000s] United States Dollars

LINE No.		2023	2022
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	16,620	16,329
10	ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a)	In course of collection	354,943	345,176
(b)	Deferred - not yet due	28,497	43,505
(c)	Receivables from retrocessional contracts	—	—
(d)	Total accounts and premiums receivable	383,440	388,681
11	REINSURANCE BALANCES RECEIVABLE:		
(a)	Foreign affiliates	21,729	9,453
(b)	Domestic affiliates	6,565	9,538
(c)	Pools & associations	—	—
(d)	All other insurers	144,987	188,242
(e)	Total reinsurance balance receivable	173,281	207,233
12	FUNDS HELD BY CEDING REINSURERS	137,434	149,970
13	SUNDRY ASSETS:		
(a)	Derivative instruments	3,787	3,089
(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	482,804	480,931
(g)	Net receivables for investments sold	8,599	126
(h)	Other Assets	106,139	96,376
(i)	Goodwill and other intangible assets	247,788	262,217
(j)	Value of reinsurance business assumed	34,085	40,662
(k)	Total sundry assets	883,202	883,401
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	5,905,746	5,778,845

The accompanying notes are an integral part of these condensed consolidated financial statements.

ACE INA Overseas Insurance Company Ltd. and its subsidiaries

Condensed Consolidated Balance Sheet... continued

At December 31, 2023 and December, 31 2022

CONDENSED CONSOLIDATED BALANCE SHEET

ACE INA Overseas Insurance Company Ltd. and its subsidiaries

As at December 31, 2023

expressed in ['000s] United States Dollars

LINE No.		2023	2022
	TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS		
16	UNEARNED PREMIUM RESERVE		
(a)	Gross unearned premium reserves	1,017,124	940,202
(b)	Less: Ceded unearned premium reserve		
	i. Foreign affiliates	114,460	87,014
	ii. Domestic affiliates	113,141	115,598
	iii. Pools & associations	—	—
	iv. All other insurers	369,450	342,543
(c)	Total ceded unearned premium reserve	597,051	545,155
(d)	Net unearned premium reserve	420,073	395,047
17	LOSS AND LOSS EXPENSE PROVISIONS:		
(a)	Gross loss and loss expense provisions	3,882,219	3,779,184
(b)	Less : Reinsurance recoverable balance		
	i. Foreign affiliates	131,440	149,333
	ii. Domestic affiliates	282,354	282,513
	iii. Pools & associations	—	—
	iv. All other reinsurers	1,780,158	1,658,782
(c)	Total reinsurance recoverable balance	2,193,952	2,090,628
(d)	Net loss and loss expense provisions	1,688,267	1,688,556
18	OTHER GENERAL BUSINESS INSURANCE RESERVES	—	—
19	TOTAL GENERAL BUSINESS INSURANCE RESERVES	2,108,340	2,083,603
	LONG-TERM BUSINESS INSURANCE RESERVES		
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	—	—

The accompanying notes are an integral part of these condensed consolidated financial statements.

ACE INA Overseas Insurance Company Ltd. and its subsidiaries

Condensed Consolidated Balance Sheet... continued

At December 31, 2023 and December, 31 2022

CONDENSED CONSOLIDATED BALANCE SHEET

ACE INA Overseas Insurance Company Ltd. and its subsidiaries

As at December 31, 2023

expressed in ['000s] United States Dollars

LINE No.		2023	2022
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)	Total Net Long-Term Business Insurance Reserves	—	—
	OTHER LIABILITIES		
28	INSURANCE AND REINSURANCE BALANCES PAYABLE	458,063	445,372
29	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	—	—
30	LOANS AND NOTES PAYABLE	—	—
31	(a) INCOME TAXES PAYABLE	(19,824)	(39,483)
	(b) DEFERRED INCOME TAXES	(13,760)	(12,637)
32	AMOUNTS DUE TO AFFILIATES	49,470	44,710
33	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	124,680	113,302
34	FUNDS HELD UNDER REINSURANCE CONTRACTS:	34,150	36,338
35	DIVIDENDS PAYABLE	—	—
36	SUNDRY LIABILITIES:		
(a)	Derivative instruments	12,657	370
(b)	Segregated accounts companies	—	—
(c)	Deposit liabilities	—	—
(d)	Net payable for investments purchased	6,448	—
(e)	Contract Holder Deposit Funds	145,300	150,176
(f)	Lease Liability	26,456	30,068
(g)		—	—
(h)	Total sundry liabilities	190,861	180,614
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	823,640	768,216
39	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	2,931,980	2,851,819
	CAPITAL AND SURPLUS		
40	TOTAL CAPITAL AND SURPLUS	2,973,766	2,927,026
41	TOTAL	5,905,746	5,778,845

The accompanying notes are an integral part of these condensed consolidated financial statements.

ACE INA Overseas Insurance Company Ltd. and its subsidiaries

Condensed Consolidated Statement of Income

For the years ended December 31, 2023 and December, 31 2022

CONDENSED CONSOLIDATED STATEMENT OF INCOME

ACE INA Overseas Insurance Company Ltd. and its subsidiaries

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	813,573	771,546
	(b) Assumed gross premiums written	2,735,350	2,543,062
	(c) Total gross premiums written	3,548,923	3,314,608
2	REINSURANCE PREMIUMS CEDED	2,068,803	1,919,447
3	NET PREMIUMS WRITTEN	1,480,120	1,395,161
4	INCREASE (DECREASE) IN UNEARNED PREMIUMS	(29,666)	(36,985)
5	NET PREMIUMS EARNED	1,450,454	1,358,176
6	OTHER INSURANCE INCOME	—	—
7	TOTAL GENERAL BUSINESS UNDERWRITING INCOME	1,450,454	1,358,176
	GENERAL BUSINESS UNDERWRITING EXPENSES		
8	NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED	464,701	519,306
9	COMMISSIONS AND BROKERAGE	384,161	355,564
10	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	848,862	874,870
11	NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS	601,592	483,306
	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	—	—

The accompanying notes are an integral part of these condensed consolidated financial statements.

ACE INA Overseas Insurance Company Ltd. and its subsidiaries

Condensed Consolidated Statement of Income... continued

For the years ended December 31, 2023 and December, 31 2022

CONDENSED CONSOLIDATED STATEMENT OF INCOME

ACE INA Overseas Insurance Company Ltd. and its subsidiaries

As at December 31, 2023

expressed in ['000s] United States Dollars

LINE No.		2023	2022
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	601,592	483,306
	UNDERNOTED ITEMS		
30	COMBINED OPERATING EXPENSE		
	(a) General and administration	200,985	182,913
	(b) Personnel cost	84,387	85,170
	(c) Other	—	—
	(d) Total combined operating expenses	285,372	268,083
31	COMBINED INVESTMENT INCOME - NET	108,524	79,913
32	COMBINED OTHER INCOME (DEDUCTIONS)	97,373	126,901
33	COMBINED INCOME BEFORE TAXES	522,117	422,037
34	COMBINED INCOME TAXES (IF APPLICABLE):		
	(a) Current	101,654	96,624
	(b) Deferred	(26,979)	12,252
	(c) Total	74,675	108,876
35	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	447,442	313,161
36	COMBINED REALIZED GAINS (LOSSES)	(30,336)	85,888
37	COMBINED INTEREST CHARGES	—	—
38	NET INCOME	417,106	399,049

The accompanying notes are an integral part of these condensed consolidated financial statements.

ACE INA Overseas Insurance Company Ltd. and its subsidiaries

Condensed Consolidated Statement of Capital and Surplus

For the years ended December 31, 2023 and December, 31 2022

CONDENSED CONSOLIDATED STATEMENT OF CAPITAL AND SURPLUS

ACE INA Overseas Insurance Company Ltd. and its subsidiaries

As at December 31, 2023

expressed in ['000s] United States Dollars

LINE No.			2023	2022
1	CAPITAL:			
(a)	Capital Stock			
	(i) Common Shares			
	authorized	10,000	5,000	5,000
	value	500		
	fully paid	10,000		
	(ii)			
	(A) Preferred shares:			
	authorized	10	1	1
	value	1,000		
	fully paid	1		
	aggregate liquidation value for —			
	2023	1		
	2022	1		
	(B) Preferred shares issued by a subsidiary:			
	authorized	—	—	—
	value	—		
	fully paid	—		
	aggregate liquidation value for —			
	2023	—		
	2022	—		
	(iii) Treasury Shares			
	repurchased	—	—	—
	value	—		
(b)	Contributed surplus		1,840,941	1,840,941
(c)	Any other fixed capital			
	(i) Hybrid capital instruments		—	—
	(ii) Guarantees and others		—	—
	(iii) Total any other fixed capital		—	—
(d)	Total Capital		1,845,942	1,845,942
2	SURPLUS:			
(a)	Surplus - Beginning of Year		1,078,912	1,319,284
(b)	Add: Income for the year		417,106	399,049
(c)	Less: Dividends paid and payable		(450,000)	(175,000)
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments		91,845	(304,066)
(e)	Add (Deduct) change in any other surplus		(12,415)	(160,355)
(f)	Surplus - End of Year		1,125,448	1,078,912
3	MINORITY INTEREST		2,376	2,172
4	TOTAL CAPITAL AND SURPLUS		2,973,766	2,927,026

The accompanying notes are an integral part of these condensed consolidated financial statements.

ACE INA Overseas Insurance Company Ltd. and its subsidiaries

Notes to Condensed Consolidated General Purpose Financial Statements

Matters to be set forth in General Note to the Financial Statements

December 31, 2023

1. General

ACE INA Overseas Insurance Company Ltd. (AIOIC, the Company, or we) is incorporated under the laws of Bermuda as a Class 3A general insurer and a Class D long-term insurer and is a wholly-owned subsidiary of Chubb INA International Holdings, Ltd. (CIIH) which is ultimately wholly-owned by Chubb Limited (Chubb), a company incorporated in Switzerland. The Company was incorporated in May 1995 and commenced business July 1, 1995.

On January 24, 2018, Chubb INA Overseas Insurance Company Ltd. (CIOIC), a wholly owned subsidiary of AIOIC was incorporated under the laws of Bermuda. AIOIC capitalized CIOIC with \$35 million in cash. CIOIC writes property and casualty reinsurance business.

In addition to CIOIC, subsidiaries which are 100 percent owned by AIOIC at December 31, 2023 include the following:

- Chubb Insurance Japan
- Chubb Insurance Singapore Limited

2. Nature of risks underwritten

The Company provides property and casualty and accident and health (re)insurance (including through wholly/partially owned insurance companies in Singapore, Canada, Japan and Bermuda).

3. Accounting standards & policies

Basis of presentation

The condensed general purpose financial statements, which include the accounts of the Company and its subsidiaries, 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 (U.S. GAAP) but are in accordance with the reporting requirement of the Legislation, which varies in certain respects from U.S. 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 U.S. 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 U.S. GAAP.

The preparation of Condensed General Purpose Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Amounts included in the Condensed Consolidated Financial Statements reflect the Company’s best estimates and assumptions; actual amounts could differ materially from these estimates. The Company’s principal estimates include:

- unpaid loss and loss expense provisions;
- amortization of deferred acquisition costs;
- value of reinsurance business assumed;
- the assessment of risk transfer for certain reinsurance contracts;
- reinsurance recoverable, including a valuation allowance for uncollectible reinsurance

ACE INA Overseas Insurance Company Ltd. and its subsidiaries

Notes to Condensed Consolidated General Purpose Financial Statements

Matters to be set forth in General Note to the Financial Statements

December 31, 2023

- the valuation of the investment portfolio and assessment of valuation allowance for expected credit losses
- the valuation of deferred tax assets; and
- the assessment of goodwill for impairment.

4. Significant accounting policies

(a) Investments

Bonds and Debentures (including fixed maturities and short-term investments) and equity securities

Bond and debentures are classified as available-for-sale (AFS) and are reported at fair value with changes in fair value recorded as change in unrealized appreciation (depreciation) of investments in Condensed Consolidated Statement of Capital and Surplus.

Short-term investments comprise securities due to mature within one year of the date of purchase and are recorded at fair value which typically approximates cost.

Equity securities are reported at fair value with changes in fair value recorded in Combined realized gains (losses) on the Condensed Consolidated Statement of Income.

Interest, dividend income, amortization of fixed maturity market premiums and discounts related to these securities are recorded in combined investment income, net of investment management and custody fees, in the Condensed Consolidated Statement of Income. Realized gains or losses on sales of investments are determined on a first-in, first-out basis.

For mortgage-backed securities and any other holdings for which there is a prepayment risk, prepayment assumptions are evaluated and revised as necessary. Any adjustments required due to the resultant change in effective yields and maturities are recognized prospectively. Prepayment fees or call premiums that are only payable when a security is called prior to its maturity are earned when received and reflected in combined investment income.

Valuation allowance for fixed income securities

Management evaluates expected credit losses (ECL) for AFS securities when fair value is below amortized cost. AFS securities are evaluated for potential credit loss on an individual security level but the evaluation may use assumptions consistent with expectations of credit losses for a group of similar securities. If management has the intent to sell or will be required to sell the security before recovery, the entire impairment loss will be recorded through income to net realized gains and losses. If management does not have the intent to sell or will not be required to sell the security before recovery, an allowance for credit losses is established and is recorded through income to net realized gains and losses, and the non-credit loss portion is recorded through other comprehensive income.

Examples of criteria that are collectively evaluated to determine if a credit loss has occurred include the following:

- The extent to which the fair value is less than amortized cost;
- Adverse conditions related to the security, industry, or geographic area;
- Downgrades in the security's credit rating by a rating agency; and
- Failure of the issuer to make scheduled principal or interest payments

AFS securities that meet any one of the criteria included above will be subject to a discounted cash flow analysis by comparing the present value of expected future cash flows with the amortized cost basis. Projected cash flows are driven primarily by assumptions regarding probability of default and the timing and amount of recoveries associated with defaults. Chubb developed the projected cash flows using market data, issuer-specific information, and credit ratings. In combination with contractual cash flows and the use of historical default and recovery data by Moody's Investors Service (Moody's) rating category we generate expected cash flows using the average cumulative issuer-weighted global default rates by letter rating.

ACE INA Overseas Insurance Company Ltd. and its subsidiaries

Notes to Condensed Consolidated General Purpose Financial Statements

Matters to be set forth in General Note to the Financial Statements

December 31, 2023

If the present value of expected future cash flows is less than the amortized cost, a credit loss exists and an allowance for credit losses will be recognized. If the present value of expected future cash flows is equal to or greater than the amortized cost basis, management will conclude an expected credit loss does not exist.

Management reviews credit losses and the valuation allowance for expected credit losses each quarter. When all or a portion of a fixed maturity security is identified to be uncollectible and written off, the valuation allowance for expected credit losses is reduced by the same amount. In general, a security is considered uncollectible no later than when all efforts to collect contractual cash flows have been exhausted.

Below are considerations for when a security may be deemed uncollectible:

- We have sufficient information to determine that the issuer of the security is insolvent;
- We receive notice that the issuer of the security has filed for bankruptcy, and the collectability is expected to be adversely impacted by the bankruptcy;
- The issuer of a security has violated multiple debt covenants;
- Amounts have been past due for a specified period of time with no response from the issuer;
- A significant deterioration in the value of the collateral has occurred;
- We have received correspondence from the issuer of the security indicating that it doesn't intend to pay the contractual principal and interest.

We elected to not measure an allowance for accrued investment income as uncollectible balances are written off in a timely manner, typically 30 to 45 days after uncollected balances are due.

Investments in affiliates

Investment in affiliates includes an investment in a partially-owned insurance company in which the Company has significant influence and as such, meets the requirements for equity method accounting. The Company reports its share of the net income or loss of the partially-owned insurance company in combined other income (deductions). See General Note 17 to the Condensed Consolidated Financial Statements for additional information.

Derivative instruments

The Company recognizes all derivatives at fair value in the Condensed Consolidated Balance Sheet in sundry assets and liabilities. Changes in fair value are included in combined realized gains (losses) in the Condensed Consolidated Statement of Income. We did not designate any derivatives as accounting hedges during 2023 or 2022. The Company participates in derivative instruments to mitigate financial risks and manage certain investment portfolio risks and exposures, including assets and liabilities held in foreign currencies. We use derivative instruments including futures and options. Refer to General Note 8(a) to the Condensed Consolidated Financial Statements for additional information.

(b) Cash

The Company has agreements with a third party bank provider which implemented two international multi-currency notional cash pooling programs. In the program, participating Chubb entities establish deposit accounts in different currencies with the bank provider and each day the credit or debit balances in every account are notionally translated into a single currency (U.S. dollars) and then notionally pooled. The bank extends overdraft credit to any participating Chubb entity as needed, provided that the overall notionally-pooled balance of all accounts in each pool at the end of each day is at least zero. Actual cash balances are not physically converted and are not commingled between legal entities. Any overdraft balances incurred under this program by a Chubb entity would be guaranteed by Chubb Limited (up to \$300 million in the aggregate). The Company's syndicated letter of credit facility allows for same day drawings to fund a net pool overdraft should participating Chubb entities overdraw contributed funds from the pool. The Company is a participating Chubb entity.

Restricted cash

Restricted cash represents amounts held for the benefit of third parties and is legally or contractually restricted as to withdrawal or usage. Amounts include deposits with non-U.S. regulatory authorities and trust funds set up for the benefit of ceding companies.

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(c) Reinsurance

The Company assumes and cedes reinsurance with other insurance companies to provide greater diversification of business and minimize the net loss potential arising from large risks. Ceded reinsurance contracts do not relieve the Company of its primary obligation to policyholders.

For both ceded and assumed reinsurance, risk transfer requirements must be met in order to account for a contract as reinsurance, principally resulting in the recognition of cash flows under the contract as premiums and losses. To meet risk transfer requirements, a reinsurance contract must include insurance risk, consisting of both underwriting and timing risk, and a reasonable possibility of a significant loss for the assuming entity. To assess risk transfer for certain contracts, the Company generally develops expected discounted cash flow analyses at contract inception. Deposit accounting is used for contracts that do not meet risk transfer requirements. Deposit accounting requires that consideration received or paid be recorded in the balance sheet as opposed to recording premiums written or losses incurred in the statement of income. Non-refundable fees on deposit contracts are earned based on the terms of the contract described below in Note (h).

Reinsurance balances receivable and reinsurance recoverable includes balances due from reinsurance companies for paid and unpaid losses and loss expenses that will be recovered from reinsurers, based on contracts in force. The method for determining the reinsurance recoverable on unpaid losses and loss expenses incurred but not reported (IBNR) involves actuarial estimates consistent with those used to establish the associated liability for unpaid losses and loss expenses as well as a determination of the Company's ability to cede unpaid losses and loss expenses under the terms of the reinsurance agreement.

Reinsurance balances receivable and reinsurance recoverable is presented net of a valuation allowance for uncollectible reinsurance determined based upon a review of the financial condition of the reinsurers and other factors. The valuation allowance for uncollectible reinsurance is based on an estimate of the reinsurance recoverable balance that the Company will ultimately be unable to recover due to reinsurer insolvency, a contractual dispute, or any other reason. The valuation of this allowance includes several judgments including certain aspects of the allocation of reinsurance recoverable on IBNR claims by reinsurer and a default analysis to estimate uncollectible reinsurance. The primary components of the default analysis are reinsurance recoverable balances by reinsurer, net of collateral, and default factors used to determine the portion of a reinsurer's balance deemed uncollectible. The definition of collateral for this purpose requires some judgment and is generally limited to assets held in trust, letters of credit, and liabilities held by the Company with the same legal entity for which it believes there is a contractual right of offset. The determination of the default factor is principally based on the financial strength rating of the reinsurer. Default factors require considerable judgment and are determined using the current financial strength rating, or rating equivalent, of each reinsurer as well as other key considerations and assumptions. Changes in the valuation allowance for uncollectible reinsurance recoverables are recorded in Losses and loss expenses in the Consolidated Statement of Income. The more significant considerations to calculate the valuation allowance include, but are not necessarily limited to, the following:

- For reinsurers that maintain a financial strength rating from a major rating agency, and for which recoverable balances are considered representative of the larger population (i.e., default probabilities are consistent with similarly rated reinsurers and payment durations conform to averages), the financial rating is based on a published source and the default factor is based on published default statistics of a major rating agency applicable to the reinsurer's particular rating class. When a recoverable is expected to be paid in a brief period of time by a highly rated reinsurer, such as certain property catastrophe claims, a default factor may not be applied;
- For balances recoverable from reinsurers that are both unrated by a major rating agency and for which management is unable to determine a credible rating equivalent based on a parent, affiliate, or peer company, the Company determines a rating equivalent based on an analysis of the reinsurer that considers an assessment of the creditworthiness of the particular entity, industry benchmarks, or other factors as considered appropriate. The Company then applies the applicable default factor for that rating class. For balances recoverable from unrated reinsurers for which the ceded reserve is below a certain threshold, the Company generally applies a default factor of 34 percent, consistent with published statistics of a major rating agency;

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- For balances recoverable from reinsurers that are either insolvent or under regulatory supervision, the Company establishes a default factor and resulting provision for uncollectible reinsurance based on reinsurer-specific facts and circumstances. Upon initial notification of insolvency, the Company generally recognizes an expense for a substantial portion of all balances outstanding, net of collateral, through a combination of write-offs of recoverable balances and increases to the provision for uncollectible reinsurance. When regulatory action is taken on a reinsurer, the Company generally recognizes a default factor by estimating an expected recovery on all balances outstanding, net of collateral. When sufficient credible information becomes available, the Company adjusts the provision for uncollectible reinsurance by establishing a default factor pursuant to information received; and
- For other recoverables, management determines the provision for uncollectible reinsurance based on the specific facts and circumstances.

The methods used to determine the reinsurance recoverable balance and related valuation allowance for uncollectible reinsurance are regularly reviewed and updated and any resulting adjustments are reflected in earnings in the period identified.

The methods used to determine the valuation allowance for uncollectible high deductible recoverable amounts are similar to the processes used to determine the provision for uncollectible reinsurance recoverable. For additional information on high deductible policies, refer to section g) Losses and loss expense provisions, below.

Ceded unearned premium reserves represent the portion of premiums ceded to reinsurers applicable to the unexpired coverage terms of the reinsurance contracts in force.

(d) Deferred policy acquisition costs (DAC)

Policy acquisition costs consist of commissions (direct and ceded), premium taxes, and certain underwriting costs related directly to the successful acquisition of new or renewal insurance contracts. Policy acquisition costs on property and casualty (P&C) contracts are generally amortized ratably over the period in which premiums are earned. The effect of changes in estimates of expected gross profits is reflected in the period the estimates are revised. Policy acquisition costs are reviewed to determine if they are recoverable from future income, including investment income. Unrecoverable policy acquisition costs are expensed in the period identified.

Advertising costs are expensed as incurred except for direct-response campaigns that qualify for cost deferral. Qualified expenses include individual direct-response marketing campaigns where the Company can demonstrate the campaigns have specifically resulted in incremental sales to customers and such sales have probable future economic benefits. Any costs directly related to the marketing campaigns are deferred, included with other policy acquisition costs, and expensed as a component of Policy acquisition costs using the same amortization basis.

(e) Funds held by ceding reinsurers

Funds held consist of premium funds and deposits withheld by ceding insurance companies in accordance with the terms of underlying assumed reinsurance contracts.

(f) Goodwill and other intangible assets

Goodwill represents the excess of the cost of acquisitions over the fair value of net assets acquired and is not amortized. Goodwill is assigned at acquisition to the applicable reporting unit of the acquired entities giving rise to the goodwill. Goodwill impairment tests are performed annually or more frequently if circumstances indicate a possible impairment. For goodwill impairment testing, the Company uses a qualitative assessment to determine whether it is more likely than not (i.e., more than a 50 percent probability) that the fair value of a reporting unit is greater than its carrying amount. If the assessment indicates it is more likely than not that carrying value exceeds fair value, the Company quantitatively estimates a reporting unit's fair value.

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Indefinite lived intangible assets are not subject to amortization. Finite lived intangible assets are amortized over their useful lives, generally ranging from 1 to 30 years. Intangible assets are regularly reviewed for indicators of impairment. Impairment is recognized if the carrying amount is not recoverable from its undiscounted cash flows and is measured as the difference between the carrying amount and fair value.

(g) Losses and loss expense provisions

A liability is established for the estimated unpaid losses and loss expenses under the terms of the Company's policies and agreements. Similar to premiums that are recognized as revenues over the coverage period of the policy, a liability for unpaid losses and loss expenses is recognized as expense when insured events occur over the coverage period of the policy. The liability includes a provision for both reported claims (case reserves) and incurred but not reported claims (IBNR reserves). IBNR reserve estimates are generally calculated by first projecting the ultimate cost of all losses that have occurred (expected losses), and then subtracting paid losses, case reserves, and loss expenses. The methods of determining such estimates and establishing the resulting liabilities are reviewed regularly and any adjustments are reflected in the statement of income in the period in which they become known. Future developments may result in losses and loss expenses materially greater or less than the recorded amounts.

Our loss reserves are presented net of contractual deductible recoverable amounts due from policyholders. Under the terms of certain high deductible policies which we offer, such as workers' compensation and general liability, our customers are responsible to reimburse us for an agreed-upon dollar amount per claim. In nearly all cases we are required under such policies to pay covered claims first, and then seek reimbursement for amounts within the applicable deductible from our customers. We generally seek to mitigate this risk through collateral agreements.

Prior period development arises from changes to loss estimates recognized in the current year that relate to loss reserves first reported in previous calendar years and excludes the effect of losses from the development of earned premium from previous accident years.

For purposes of analysis and disclosure, management views prior period development to be changes in the nominal value of the loss estimates from period to period, net of premium and profit commission adjustments on loss sensitive contracts. Prior period development generally excludes changes in loss estimates that do not arise from the emergence of claims, such as those related to uncollectible reinsurance, unallocated loss adjustment expenses or foreign currency. Accordingly, specific items excluded from prior period development include the following: gains/losses related to foreign currency remeasurement; losses recognized from the early termination or commutation of reinsurance agreements that principally relate to the time value of money; changes in the value of reinsurance business assumed reflected in losses incurred but principally related to the time value of money; and losses that arise from changes in estimates of earned premiums from prior accident years. Except for foreign currency remeasurement, which is included in Combined realized gains (losses), these items are included in current year losses.

(h) Deposit assets and liabilities

Contract holder deposit funds represent a liability for investment contracts sold that do not meet the definition of an insurance contract and certain of these contracts are sold with a guaranteed rate of return. The liability equals accumulated policy account values, which consists of the deposit payments plus credited interest, less withdrawals and amounts assessed through end of period. Changes to the amount of the liability are generally reflected through interest expense to reflect the cumulative effect of the period the contract has been in force.

The Company uses deposit accounting for one assumed reinsurance treaty, whereby liabilities are initially recorded at the same amount as assets received. The liabilities recorded for these contracts as of December 31, 2023 and December 31, 2022 totaled \$3.1 million and \$3.4 million, respectively.

Also, the Company provides "Rent-a-Captive" services to various multinational corporations and liabilities relating to this operation totaled \$1.9 million and \$2.0 million as of December 31, 2023 and 2022, respectively.

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(i) Premiums

Premiums are generally recorded as written upon inception of the policy. For multi-year policies for which premiums written are payable in annual installments, only the current annual premium is included as written at policy inception due to the ability of the insured/reinsured to commute or cancel coverage within the policy term. The remaining annual premiums are recorded as written at each successive anniversary date within the multi-year term.

For property and casualty (P&C) reinsurance products, premiums written are primarily earned on a pro-rata basis over the policy terms to which they relate. Unearned premium reserves represent the portion of premiums written applicable to the unexpired portion of the policies in force. For retrospectively-rated policies, written premiums are adjusted to reflect expected ultimate premiums consistent with changes to incurred losses, or other measures of exposure as stated in the policy, and earned over the policy coverage period.

Reinsurance premiums assumed are based on information provided by ceding companies supplemented by the Company's own estimates of premium when the Company has not received ceding company reports. Estimates are reviewed and adjustments are recorded in the period in which they are determined. Premiums are earned over the coverage terms of the related reinsurance contracts and range from one to three years.

(j) Foreign currency remeasurement and translation

The functional currency for each of our foreign operations is generally the currency of the local operating environment. Transactions in currencies other than the operation's functional currency are remeasured into the functional currency and the resulting foreign exchange gains and losses are reflected in combined realized gain (losses) in the Condensed Consolidated Statement of Income. Functional currency assets and liabilities are translated into the reporting currency, U.S. dollars, using period end exchange rates and the related translation adjustments are recorded as change in any other surplus in Condensed Statement of Capital and Surplus. Functional statement of operations amounts expressed in functional currencies are translated using average exchange rates.

(k) Income taxes

Income taxes have been recorded related to those operations subject to income tax. Deferred assets and liabilities result from temporary difference between the amounts recorded in the Condensed Consolidated Financial Statements and the tax basis of our assets and liabilities. The effect on deferred tax assets and liabilities or change in tax rates is recognized in income in the period that includes the enactment date. 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 these deferred tax assets will not be realized. The valuation allowance assessment considers tax planning strategies where appropriate.

The Company recognizes uncertain tax positions deemed more likely than not of being sustained upon examination. Recognized income tax positions are measured at the largest amount that is greater than 50 percent likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgement occurs.

United States Taxation

In accordance with the Internal Revenue Code Section 953(d), AIOIC has elected to be treated as a U.S. company for U.S. tax reporting purposes and included in the consolidated U.S. tax return of their ultimate U.S. shareholder-parent, Chubb Group Holdings, Inc. and subsidiaries.

In accordance with a tax sharing agreement with Chubb Group Holdings, Inc. the provision for the federal income taxes is computed and paid to Chubb Group Holdings, Inc. as if the U.S. based subsidiaries of Chubb Group Holdings, Inc. were filing separate federal income tax returns. Benefits for foreign tax credits and net operating losses are allocated to the subsidiary producing the benefits. Those benefits are limited however to the extent the amounts could be used to reduce the subsidiary's separate federal income tax liability as computed as if the entity

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had filed a separate federal income tax return. The foreign-based U.S. consolidated tax filings may include certain income from foreign-based subsidiaries as well as U.S. tax credit for foreign taxes paid.

Bermuda Taxation

Under Bermuda law, the Company is not required to pay any taxes on income or capital gains. However, on December 27, 2023, the Government of Bermuda enacted the Corporate Income Tax Act of 2023 (“CIT”) which established a 15 percent income tax on net taxable income of certain Bermuda entities effective January 1, 2025. Bermuda corporations subject to the CIT will pay taxes on their income beginning in 2025. The CIT provides for elections that may exempt or result in timing differences related to the recognition of income for tax purposes as well as provides for tax credits for certain income taxes paid to non-Bermuda taxing jurisdictions. The Company intends to elect to exempt its income from the CIT or would be able to claim tax credits that would offset tax incurred under the CIT.

(I) New accounting pronouncements

Accounting guidance adopted in 2023

Targeted Improvements to the Accounting for Long-Duration Contracts

Effective January 1, 2023, Chubb adopted new guidance on the accounting for long-duration contracts (LDTI). The new accounting guidance requires more frequent updating of assumptions and a standardized discount rate for the future policy benefit liability, and simplified amortization of deferred acquisition costs.

The adoption of this guidance did not have a material impact on the financial condition or results of operations of AIOIC.

Accounting guidance not yet adopted

Improvements to Income Tax Disclosures

In December 2023, the FASB issued guidance that requires expanded income tax disclosures, including the disaggregation of existing disclosures related to the tax rate reconciliation and income taxes paid. The guidance is effective for annual periods beginning after December 15, 2024. Prospective application is required, with retrospective application permitted. We are currently evaluating the impact of this disclosure-only requirement.

5. Revenue Recognition

For revenue recognition of premium, investment and commission income, see Note 4(a), (c), (d) and (i) in the general note to the Condensed Consolidated Financial Statements.

6. Foreign Currency Transactions

For foreign currency remeasurements and translations, see Note 4(j) in the general note to the Condensed Consolidated Financial Statements. Transaction gains and losses resulting from foreign currency transactions are recorded in combined realized gains (losses). There were \$(2.2) million and \$40.5 million of foreign exchange gains (losses) during the year of 2023 and 2022, respectively.

7. Foreign Exchange Control Restrictions

Not applicable.

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8. Commitments, Contingencies, and Guarantees

(a) Derivative Instruments

The Company recognizes all derivatives at fair value in the Condensed Consolidated Balances Sheet with changes in fair value recorded as realized gains or losses in the Condensed Consolidated Statement of Income. The Company employs derivative instruments to mitigate financial risks, principally arising from investment holdings.

We did not designate any derivatives as accounting hedges during 2023 or 2022.

Included in sundry assets are futures contracts valued at \$3.8 million and \$3.1 million at December 31, 2023 and 2022, respectively. Sundry liabilities included futures and options contracts valued at \$12.7 million and \$0.4 million at December 31, 2023 and December 31, 2022, respectively. These instruments are subject to a master netting agreement. The Company realized gains (losses) on derivative instruments in the 2023 and 2022 Condensed Consolidated Statement of Income of \$(2.9) million and \$50.9 million, respectively.

Derivative instrument objectives

Futures

Futures contracts give the holder the right and obligation to participate in market movements, determined by the index or underlying security on which the futures contract is based. Settlement is made daily in cash by an amount equal to the change in value of the futures contract times a multiplier that scales the size of the contract. Exchange-traded bond and note futures contracts are used in fixed maturity portfolios to more efficiently manage duration, as substitutes for ownership of the money market instruments, bonds and notes without significantly increasing the risk in the portfolio. Investments in futures contracts may be made only to the extent that there are assets under management not otherwise committed.

Options

An option contract conveys to the holder the right, but not the obligation, to purchase or sell a specified amount or value of an underlying security at a fixed price. Option contracts are used in the investment portfolio as protection against unexpected shifts in interest rates, which would affect the duration of the fixed maturity portfolio. By using options in the portfolio, the overall interest rate sensitivity of the portfolio can be reduced. Option contracts may also be used as an alternative to futures contracts in the synthetic strategy as described above.

The price of an option is influenced by the underlying security, expected volatility, time to expiration, and supply and demand.

(b) Concentrations of credit risk

In accordance with industry practice, we generally pay amounts owed on claims to brokers who, in turn, remit these amounts to the insured or ceding insurer. Although the law is unsettled and depends upon the facts and circumstances of the particular case, in some jurisdictions, if a broker fails to make such a payment, we might remain liable to the insured or ceding insurer for the deficiency. Conversely, in certain jurisdictions, if the brokers do not remit premiums paid for these policies over to us, these premiums might be considered to have been paid and the insured or ceding insurer will no longer be liable to us for those amounts, whether or not we have actually received the premiums from the broker. Consequently, we assume a degree of credit risk associated with brokers with whom we transact business. However, due to the unsettled and fact-specific nature of the law, we are unable to quantify our exposure to this risk. To date, we have not experienced any material losses related to these credit risks.

Under the terms of certain high-deductible policies which we offer, such as workers' compensation and general liability, our customers are responsible to reimburse us for an agreed-upon dollar amount per claim. In nearly all cases we are required under such policies to pay covered claims first, and then seek reimbursement for amounts within the applicable deductible from our customers. This obligation subjects us to credit risk from these customers. While we generally seek to mitigate this risk through collateral agreements and maintain a provision for uncollectible accounts associated with this credit exposure, an increased inability of customers to reimburse us in this context could have an adverse effect on our financial condition and results of operations. In addition, a lack of

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credit available to our customers could impact our ability to collateralize this risk to our satisfaction, which in turn, could reduce the amount of high-deductible policies we could offer.

(c) Legal proceedings

The Company may be subject to arbitration proceedings involving disputed interpretations of treaty coverage. These arbitration proceedings, involving disputed interpretations of treaty coverage and/or claims on policies issued by ceding companies, are typical to the reinsurance industry in general and in the normal course of business and are considered in the Company's loss and loss expense reserves. In addition to arbitration proceedings, the Company may be subject to lawsuits and regulatory actions in the normal course of business that do not arise from or directly relate to claims on assumed reinsurance treaties. This category of business litigation could involve, amongst other things, allegations of underwriting errors or misconduct, employment claims, regulatory activity or disputes arising from business ventures. In the opinion of the Company's management, the ultimate liability for these matters could be, but we believe is not likely to be, material to the Company's consolidated financial condition and results of operations.

(d) Letters of Credit

The Company has access to credit facilities with letter of credit capacity of \$3.9 billion with a sub-limit of \$3.0 billion of which can be used for revolving credit. The existing credit facilities have remaining terms expiring through October 2027. Chubb's LOC usage on these facilities was \$0.9 billion and \$1.2 billion at December 31, 2023 and 2022, respectively.

(e) Lease commitments

At December 31, 2023 and 2022, the right-of-use asset and lease liability were \$26.5 million and \$30.1 million recorded within sundry assets and sundry liabilities on the Condensed Consolidated Balance Sheet, respectively. These leases consist principally of real estate operating leases that are amortized on a straight-line basis over the term of the lease, which expire at various dates.

9. Default

Not applicable

10. Dividends on Preferred Shares

Not applicable

11. Loans

Not applicable

12. Retirement obligation

AIOIC provides pension benefits to employees through defined contribution plans. Under these plans, employees' contributions may be supplemented by company matching contributions based on the level of employee contribution. These contributions are invested at the election of each employee in one or more of several investment portfolios offered by a third-party investment advisor. Also, the Company maintains non-contributory defined benefit plans that cover certain employees. There are no material obligations in respect of these plans.

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13. Fair Value Measurements

The following table presents, by valuation hierarchy, the financial instruments measured at fair value on a recurring basis:

December 31, 2023	Quoted Prices in Active Markets for Identical Assets or Liabilities Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
	(in thousands of U.S. dollars)			
Assets:				
<u>Fixed maturities available-for-sale</u>				
U.S. Treasury and agency	\$ 29,023	\$ 15,962	\$ —	\$ 44,985
Foreign	—	1,627,344	—	1,627,344
Corporate securities	—	499,406	3,889	503,295
Mortgage-backed securities	—	685,017	—	685,017
States, municipalities and political subdivisions	—	4,522	—	4,522
Equity securities	7,019	—	641	7,660
Short-term investments	18,184	112,538	—	130,722
Total investments at fair value	<u>\$ 54,226</u>	<u>\$ 2,944,789</u>	<u>\$ 4,530</u>	<u>\$ 3,003,545</u>

December 31, 2022	Quoted Prices in Active Markets for Identical Assets or Liabilities Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
	(in thousands of U.S. dollars)			
Assets:				
<u>Fixed maturities available-for-sale</u>				
U.S. Treasury and agency	\$ 112,712	\$ 18,626	\$ —	\$ 131,338
Foreign	—	1,598,331	—	1,598,331
Corporate securities	—	534,982	3,837	538,819
Mortgage-backed securities	—	724,950	—	724,950
States, municipalities and political subdivisions	—	5,314	—	5,314
Equity securities	6,758	—	675	7,433
Short-term investments	10,378	85,801	—	96,179
Total investments at fair value	<u>\$ 129,848</u>	<u>\$ 2,968,004</u>	<u>\$ 4,512</u>	<u>\$ 3,102,364</u>

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14. Contractual Maturity

The following table presents bonds and debentures by contractual maturity at December 31, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
	Fair Value	Fair Value
	(in thousands of U.S. Dollars)	
<u>Available-for-sale; maturity period</u>		
Due in 1 year or less	\$ 537,807	\$ 450,101
Due after 1 year through 5 years	1,004,653	1,059,178
Due after 5 years through 10 years	435,425	486,352
Due after 10 years	332,983	374,350
	<u>2,310,868</u>	<u>2,369,981</u>
Mortgage-backed securities	685,017	724,950
	<u>\$ 2,995,885</u>	<u>\$ 3,094,931</u>

Expected maturities could differ from contractual maturities because borrowers may have the right to call or prepay obligations, with or without call or prepayment penalties.

15. Related Party Transactions

The Company assumes and cedes premiums and losses and loss expenses under various quota share agreements relating to multinational business which is written by various affiliates. Balances are interest free and repayable on demand. Significant statement of income amounts and balance sheet account balances for and at the years ended December 31, 2023 and 2022 that have been affected by these intercompany reinsurance agreements are as follows:

(in thousands of U.S. dollars)	<u>2023</u>	<u>2022</u>
Assets:		
Accounts and premiums receivable	\$ 144,179	\$ 171,337
Ceded unearned premium reserves	227,601	202,613
Reinsurance balances receivable and reinsurance recoverable on loss and loss expense	442,088	450,837
Value of reinsurance business assumed	34,085	40,662
Funds withheld	132,885	145,395
Liabilities:		
Loss and loss expense provisions	\$ 3,551,924	\$ 3,804,280
Unearned premiums	786,967	712,696
Reinsurance balances payable	58,773	46,384
Funds withheld	7,323	7,562
Statement of Income:		
Gross premiums written	2,660,917	2,467,338
Reinsurance premiums ceded	(701,085)	(667,364)
Net premiums earned	1,924,870	1,781,537
Losses and loss expenses	862,189	1,000,179
Policy acquisition costs	258,557	244,828

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There are amounts due from related parties of \$211.7 million and \$181.1 million and due to related parties of \$49.5 million and \$44.7 million as of December 31, 2023 and 2022, respectively.

16. Subsequent events

The Company has performed an evaluation of subsequent events through **April 26, 2024**, which is the date that the financial statements were issued. No significant subsequent events were identified.

17. Other Information

Included in regulated insurance financial operating entities on the Condensed Consolidated Balance Sheet is the Company's 31.5 percent investment in Chubb Canada Holding Inc. (Chubb Canada). Our investment in Chubb Canada is accounted for using the equity method.

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Notes to Condensed Consolidated General Purpose Financial Statements

Matters to be set forth in the Notes to the Condensed Consolidated Statement of Capital and Surplus
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1. (a) Capital Stock

Common Shares

Authorized: 10,000 shares of \$500 par value

Issued and fully paid 10,000 shares

Preferred Shares

Authorized: 10 shares of \$1,000 par value

Issued and fully paid: 1 share

(b) Contributed Surplus

There is no change in contributed surplus during the year ended December 31, 2023 and 2022.

2. Dividends Paid and Payable

During the years ending December 31, 2023 and 2022, the Company declared and paid \$450 million and \$175 million of dividends, respectively.

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

December 31, 2023

1. Cash and Cash equivalents

At December 31, 2023 and 2022, there was cash of \$6.9 million and \$6.7 million that was restricted, respectively. Refer to General Note 4(b) to the Condensed Consolidated Financial Statements for additional information.

2. Quoted Investments

Refer to General Note 4(a) to the Condensed Consolidated Financial Statements for method of valuation. At both December 31, 2023 and 2022, there were fixed maturities and equity securities of \$1.7 billion and \$1.8 billion included that were restricted.

3. Unquoted Investments

Refer to General Note 4(a) to the Condensed Consolidated Financial Statements for method of valuation. At both December 31, 2023 and 2022, there were fixed maturities and equity securities of of \$4.5 million that were restricted.

4. Investment in and advances to affiliates

Refer to General Note 1, Note 4(a), and Note 17 to the Condensed Consolidated Financial Statements.

5. Investments in Mortgage loans on Real Estates

Not applicable.

6. Policy Loans

Not applicable.

7. Real Estate

Not applicable.

8. Collateral Loans

Not applicable

9. Investment Income due and Accrued

At December 31, 2023 and 2022, there was \$16.6 million and \$16.3 million of accrued investment income included in the Condensed Consolidated Balance Sheets.

10. Accounts and Premiums Receivable

At December 31, 2023 and 2022, there was \$144.2 million and \$171.3 million of accounts and premiums receivable with affiliates included in the Condensed Consolidated Balance Sheets.

11. Reinsurance Balances Receivable

There was \$173.3 million and \$207.2 million of reinsurance balance receivable, and \$73.4 million and \$89.4 million inward collateral at December 31, 2023 and 2022, respectively. Included in inward collateral are trust funds and letters of credit.

ACE INA Overseas Insurance Company Ltd. and its subsidiaries

Notes to Condensed Consolidated General Purpose Financial Statements

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

December 31, 2023

12. Funds Held by Ceding Reinsurers

At December 31, 2023 and 2022, there was \$132.9 million and \$145.4 million of funds held by affiliates included in the Condensed Consolidated Balance Sheets.

13. Sundry Assets

(a) Nature

The following table presents the components of the sundry assets at December 31, 2023 and 2022.

(in thousands of U.S. dollars)	<u>2023</u>	<u>2022</u>
Deferred acquisition costs	\$ 482,804	\$ 480,931
Goodwill	188,554	196,983
Other intangible assets	59,234	65,234
Value of reinsurance business assumed	34,085	40,662
Right-of-use assets	26,456	30,068
Derivative instruments	3,787	3,089
Others	88,282	66,434
	<u>\$ 883,202</u>	<u>\$ 883,401</u>

Refer to General Note 4(d), (f) and (g) to Condensed Consolidated Financial Statements for additional information on the deferred acquisition costs, goodwill and other intangible assets, and value of reinsurance business assumed.

Also included in sundry assets are receivables for proceeds in respect of the sale of certain quoted investments (net receivables for investments sold) and other assets including deposits and other insignificant assets.

(b) Derivative Instruments

Refer to General Note 8(a) to the Condensed Consolidated Financial Statements.

14. Letters of Credit, Guarantees and other

Not applicable.

16. Unearned Premium Reserve

Refer to General Note 4(i) to the Condensed Consolidated Financial Statements.

ACE INA Overseas Insurance Company Ltd. and its subsidiaries

Notes to Condensed Consolidated General Purpose Financial Statements

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

December 31, 2023

17. Loss and loss Expense Provisions

The following table presents a reconciliation of unpaid losses and loss expense provisions for the years ended December 31, 2023 and 2022.

(in thousands of U.S. dollars)	<u>2023</u>	<u>2022</u>
Gross losses and loss expense provisions at beginning of year	\$ 3,779,184	\$ 3,622,924
Reinsurance recoverable on unpaid losses ⁽¹⁾	<u>(2,090,628)</u>	<u>(1,949,859)</u>
Net losses and loss expense provisions at beginning of year	<u>1,688,556</u>	<u>1,673,065</u>
Net losses and loss expenses incurred in respect of losses occurring in:		
Current year	597,654	624,644
Prior years	<u>(132,953)</u>	<u>(105,338)</u>
Total	<u>464,701</u>	<u>519,306</u>
Net losses and loss expenses paid in respect of losses occurring in:		
Current year	189,204	196,873
Prior years	<u>280,909</u>	<u>230,511</u>
Total	<u>470,113</u>	<u>427,384</u>
Foreign currency revaluation and Other	5,123	(76,431)
Net losses and loss expense provisions at end of year	1,688,267	1,688,556
Reinsurance recoverable on unpaid losses ⁽¹⁾	<u>2,193,952</u>	<u>2,090,628</u>
Gross losses and loss expense provisions at end of year	<u>\$ 3,882,219</u>	<u>\$ 3,779,184</u>

⁽¹⁾ Net of provision for uncollectible reinsurance.

Net losses and loss expenses incurred includes \$133.0 million and \$105.3 million of net favorable prior period development in the years ended December 31, 2023 and 2022, respectively. In 2023 and 2022, favorable prior period development was driven mainly by favorable experience in the Company's casualty lines. No additional premiums or return premiums were accrued as a result of prior period development in 2023 and 2022.

The Company is required to maintain assets on deposit with various regulatory authorities to support its reinsurance operations. These requirements are generally promulgated in the statutory regulations of the individual jurisdictions. The assets on deposit are available to settle reinsurance liabilities. The Company also utilizes trust funds in certain transactions where the trust funds are set up for the benefit of the ceding companies and generally take the place of letter of credit requirements. See Note 1 and 2 to the Condensed Consolidated Balance Sheet for additional information. The following table presents the components of the restricted assets at December 31, 2023 and 2022.

(in thousands of U.S. dollars)	<u>2023</u>	<u>2022</u>
Deposits with non-U.S. regulatory authorities	\$ 171,484	\$ 176,557
Trust funds	<u>1,551,081</u>	<u>1,681,506</u>
	<u>\$ 1,722,565</u>	<u>\$ 1,858,063</u>

There were \$901.1 million and \$883.0 million of inward collateral at December 31, 2023 and 2022, respectively. Included in inward collateral are trust funds and letters of credit.

ACE INA Overseas Insurance Company Ltd. and its subsidiaries

Notes to Condensed Consolidated General Purpose Financial Statements

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

December 31, 2023

20. Reserves for Reported Claims

Not applicable.

21. Reserves for Unreported Claims

Not applicable.

22. Policy Reserves - Life

Not applicable.

23. Policy Reserves for 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.

27. Total Long-term Business Insurance Reserves

Not applicable.

28. Insurance and Reinsurance Balance Payable

At December 31, 2023 and 2022, there were \$58.8 million and \$46.4 million of insurance and reinsurance balance payable with affiliates included in the Condensed Consolidated Balance Sheets.

29. Commissions, expenses, fees and taxes payable

Not applicable

30. Loans and Notes Payable

Not applicable

31. Income Taxes

(a) Income Taxes Payable

At December 31, 2023 and 2022, the current taxes payable (receivable) recorded in the Condensed Consolidated Balance Sheets were \$(19.8) million and \$(39.5) million, respectively.

ACE INA Overseas Insurance Company Ltd. and its subsidiaries

Notes to Condensed Consolidated General Purpose Financial Statements

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

December 31, 2023

(b) Deferred Income Taxes

The following table presents the components of the net deferred tax assets/liabilities at December 31, 2023 and 2022.

(in thousands of U.S. dollars)	<u>2023</u>	<u>2022</u>
Deferred Tax Assets:		
Unearned Premium Reserve	\$ 9,905	\$ 8,811
Unrealized Depreciation on Investments	37,564	68,507
Unrealized Pension	919	—
Foreign Exchange	63,006	58,866
Loss Reserve Discount	18,223	10,508
Lease Liability	5,696	7,066
Other	9,321	—
Total deferred tax assets	<u>\$ 144,634</u>	<u>\$ 153,758</u>
Deferred Tax Liabilities:		
Deferred Policy Acquisition Costs	98,737	106,419
Foreign Local Deferrals	26,441	25,044
Right of Use Assets	5,696	7,066
Other	—	2,592
Total deferred tax liabilities	<u>\$ 130,874</u>	<u>\$ 141,121</u>
Net Deferred Income Tax Asset	<u>\$ (13,760)</u>	<u>\$ (12,637)</u>

32. Amounts due to Affiliates

The amount due to affiliate is interest free and payable on demand.

33. Accounts Payable and Accrued Liabilities

At December 31, 2023 and 2022, there were \$124.7 million and \$113.3 million of accounts payable and accrued liabilities included in the Condensed Consolidated Balance Sheets.

34. Funds Held under Reinsurance Contracts

At December 31, 2023 and 2022, there were \$7.3 million and \$7.6 million of funds held under reinsurance contracts with affiliates included in the Condensed Consolidated Balance Sheets.

35. Dividends Payable

Not applicable.

36. Sundry Liabilities

The following table presents the components of the sundry liabilities at December 31, 2023 and 2022.

(in thousands of U.S. dollars)	<u>2023</u>	<u>2022</u>
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ACE INA Overseas Insurance Company Ltd. and its subsidiaries

Notes to Condensed Consolidated General Purpose Financial Statements

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

December 31, 2023

Contract Holder Deposit Funds	\$	145,300	\$	150,176
Lease liability		26,456		30,068
Net payable for investments purchased		6,448		—
Derivative instruments		12,657		370
	\$	<u>190,861</u>	\$	<u>180,614</u>

Refer to General Note 4(h) and Note 8(a) to the Condensed Consolidated Financial Statements for additional information.

37. Letters of Credit, Guarantees and other instruments

Not applicable.

ACE INA Overseas Insurance Company Ltd. and its subsidiaries

Notes to Condensed Consolidated General Purpose Financial Statements

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

December 31, 2023

6. Other Insurance Income

Not applicable

15. Other Insurance Income

Not applicable

32. Combined Other Income (Deductions)

Other income includes policy fees earned in relations with Multinational programs and income from investment in affiliates during the year.

36. Combined Realized Gains (Loss)

Realized gains (losses) include foreign exchange gains (losses), capital gains (losses), other-than-temporary-impairment losses, and gains (losses) from derivative instruments during the year.