



Ernst & Young Ltd.
3 Bermudiana Road
Hamilton HM 08
P.O. Box HM 463
Hamilton HM BX
BERMUDA

Tel: +1 441 295 7000
Fax: +1 441 295 5193
ey.com

Report of Independent Auditors

The Board of Directors
Split Rock Insurance, Ltd.

Opinions

We have audited the accompanying condensed financial statements of Split Rock Insurance, 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 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 Split Rock Insurance, Ltd. as at December 31, 2023 and for the year 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 Split Rock Insurance, Ltd. as at December 31, 2023 and for the year 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.



April 24, 2024

Chartered Professional Accountants

CONDENSED STATEMENT OF FINANCIAL POSITION

Split Rock Insurance, Ltd.

As at **December 31, 2023**

expressed in ['000s] **United States Dollars**

LINE No.	2023	2022
1. CASH AND CASH EQUIVALENTS	2,431	24,274
2. QUOTED INVESTMENTS:		
(a) Bonds and Debentures		
i. Held to maturity		
ii. Other	0	65,918
(b) Total Bonds and Debentures	-	65,918
(c) Equities		
i. Common stocks		
ii. Preferred stocks		
iii. Mutual funds		
(d) Total equities	-	-
(e) Other quoted investments		
(f) Total quoted investments	-	65,918
3. UNQUOTED INVESTMENTS:		
(e) Other unquoted investments	0	3,013
(f) Total unquoted investments	-	3,013
9. INVESTMENT INCOME DUE AND ACCRUED	0	541
10. ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a) In course of collection	0	0
(b) Deferred - not yet due		
(c) Receivables from retrocessional contracts		
(d) Total accounts and premiums receivable	-	-
11. REINSURANCE BALANCES RECEIVABLE:		
(a) Foreign affiliates		
(b) Domestic affiliates		
(c) Pools & associations		
(d) All other insurers	-	2,897
(e) Total reinsurance balance receivable	-	2,897
12. FUNDS HELD BY CEDING REINSURERS		
13. SUNDRY ASSETS:		
(a) Derivative instruments		
(b) Segregated accounts companies - long-term business - variable annuities		
(c) Segregated accounts companies - long-term business - other		
(d) Segregated accounts companies - general business		
(e) Deposit assets		
(f) Deferred acquisition costs		
(g) Net receivables for investments sold		
(h) Other Sundry Assets (Specify)		
(i) Other Sundry Assets (Specify)		
(j) Other Sundry Assets (Specify)		
(k) Total sundry assets	-	-
15. TOTAL	2,431	96,643
TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS		
17. LOSS AND LOSS EXPENSE PROVISIONS:		
(a) Gross loss and loss expense provisions	0	76,192
(b) Less : Reinsurance recoverable balance		
i. Foreign affiliates		
ii. Domestic affiliates		-
iii. Pools & associations		
iv. All other reinsurers	-	26,193
(c) Total reinsurance recoverable balance	-	26,193
(d) Net loss and loss expense provisions	-	49,999
18. OTHER GENERAL BUSINESS INSURANCE RESERVES		
19. TOTAL GENERAL BUSINESS INSURANCE RESERVES	-	49,999

CONDENSED STATEMENT OF FINANCIAL POSITION

Split Rock Insurance, Ltd.

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

LINE No.		2023	2022
	OTHER LIABILITIES		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	-	9,223
32.	AMOUNTS DUE TO AFFILIATES	27	8
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	105	75
38.	TOTAL OTHER LIABILITIES	132	9,306
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	132	59,305
	CAPITAL AND SURPLUS		
40.	TOTAL CAPITAL AND SURPLUS	2,299	37,338
41.	TOTAL	2,431	96,643

CONDENSED STATEMENT OF PROFIT OR LOSS

Split Rock Insurance, 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		
	(b) Assumed gross premiums written		
	(c) Total gross premiums written	-	-
2.	REINSURANCE PREMIUMS CEDED	-	-
3.	NET PREMIUMS WRITTEN	-	-
4.	INCREASE (DECREASE) IN UNEARNED PREMIUMS		
5.	NET PREMIUMS EARNED	-	-
6.	OTHER INSURANCE INCOME		
7.	TOTAL GENERAL BUSINESS UNDERWRITING INCOME	-	-
	GENERAL BUSINESS UNDERWRITING EXPENSES		
8.	NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED	11,970	12,056
9.	COMMISSIONS AND BROKERAGE	-	
10.	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	11,970	12,056
11.	NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS	(11,970)	(12,056)
29.	COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS	(11,970)	(12,056)
	UNDERNOTED ITEMS		
30.	COMBINED OPERATING EXPENSE		
	(a) General and administration	216	260
	(b) Personnel cost	-	
	(c) Other	-	
	(d) Total combined operating expenses	216	260
31.	COMBINED INVESTMENT INCOME - NET	3,082	2,778
32.	COMBINED OTHER INCOME (DEDUCTIONS)	-	
33.	COMBINED INCOME BEFORE TAXES	(9,104)	(9,538)
34.	COMBINED INCOME TAXES (IF APPLICABLE):		
	(a) Current	-	
	(b) Deferred	-	
	(c) Total	-	-
35.	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	(9,104)	(9,538)
36.	COMBINED REALIZED GAINS (LOSSES)	(5,349)	(2,452)
37.	COMBINED INTEREST CHARGES		
38.	NET INCOME	(14,453)	(11,990)

CONDENSED STATEMENT OF CHANGES IN CAPITAL AND SURPLUS

Split Rock Insurance, Ltd.

As at **December 31, 2023**

expressed in ['000s] **United States Dollars**

LINE No.		2023	2022
1.	CAPITAL:		
(a)	Capital Stock		
	(i) Common Shares		
	authorized	120	120
	value	\$ 1,000	
	fully paid	120	
		shares of par	each issued and
		shares	shares
(b)	Contributed surplus	35,700	61,500
(d)	Total Capital	35,820	61,620
2.	SURPLUS:		
(a)	Surplus - Beginning of Year	-24,282	-5,997
(b)	Add: Income for the year	(14,453)	(11,990)
(c)	Less: Dividends paid and payable	-	-
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments	5,475	(6,295)
(e)	Add (Deduct) change in any other surplus	-261	-
(f)	Surplus - End of Year	(33,521)	(24,282)
3.	MINORITY INTEREST	-	-
4.	TOTAL CAPITAL AND SURPLUS	2,299	37,338

NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

Split Rock Insurance, Ltd.
As at December 31, 2023
(Expressed in thousands of United States Dollars)

GENERAL NOTES TO THE FINANCIAL STATEMENTS

1. Split Rock Insurance, Ltd. (the “Company”) was incorporated under the laws of Bermuda on February 5, 2013 and is registered as a Class 3A insurer under the Bermuda Insurance Act 1978, amendments thereto and Related Regulations, (“the Act”). The Company is a wholly owned subsidiary of Intact Ventures Inc. The Company’s ultimate parent is Intact Financial Corporation (“IFC”). IFC is incorporated in Canada and is the largest provider of property and casualty insurance in Canada and a leading provider of specialty insurance in North America.
2. On August 1, 2013, the Company entered into a reinsurance agreement with Atlantic Specialty Insurance Company (“ASIC”), an indirect wholly owned subsidiary of IFC, to assume 20% quota share of ASIC specialty property and casualty net exposures. This agreement was not renewed upon its expiration at July 31, 2014.

Under the January 1, 2015 The Company entered into a new reinsurance agreement with ASIC in which the Company assumes 50% quota share of ASIC business. The 50% quote share agreement was renewed on January 1, 2016 and January 1, 2017. The Company did not renew the ASIC quota share reinsurance agreement on January 1, 2018.

On November 1, 2013, the Company entered into a reinsurance agreement with Star & Shield Insurance Exchange (“SSIE”), a US domiciled property and casualty insurance company, to assume 40% quota share of SSIE automobile liability and physical damage book of business. This agreement was not renewed upon its expiration on November 1, 2014. In June 2019 SSIE novated the reinsurance agreement to Peachtree Casualty Insurance Company.

On September 28, 2017, the Company entered into an adverse development cover (“ADC”) with Swiss Reinsurance America Corporation (“Swiss Re”) which covers net losses incurred in accident year 2016 and prior. The ADC provides protection up to \$200 million above net losses in excess of \$1.2 billion on the combined balance of ASIC and the Company at December 31, 2016.

On December 31, 2019 the Company entered into a retroactive reinsurance agreement effective December 31, 2019 whereby substantially all of the healthcare loss reserves on accident years 2017 and forward were ceded by way of a loss portfolio transfer. On July 1, 2020 the agreement was terminated and commuted.

Effective November 1, 2023, the Company entered into a Reinsurance Commutation and Release Agreement with ASIC. Pursuant to the agreement, ASIC commuted one hundred percent (100%) of all liabilities ceded to the Company, of \$64.6 million under applicable reinsurance arrangements, without any further liability or obligation of either party. The commutation settlement includes SRI's reinsurance recoverables due from Swiss Re under the ADC. Pursuant to the agreement the Company's recoverables from Swiss Re were novated to ASIC in the amount of \$11.8 million. The net settlement paid to ASIC was \$51.8 million on November 16, 2023.

Effective December 8, 2023, the Company was contributed from Intact Ventures Inc., pursuant of the Contribution Agreement, where 100% of the issued and outstanding shares of the Company were contributed through holding companies to ASIC. As a result, the Company is a direct, wholly owned foreign subsidiary of ASIC. Accordingly, as at December 31, 2023, the Company has no insurance business.

Split Rock Insurance, Ltd.
NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS
(Expressed in thousands of United States Dollars)

Effective December 20, 2023 the Company entered into a Reinsurance Commutation and Release Agreement with DNA Insurance Company (as successor to Peachtree Casualty Insurance Company). Pursuant to the agreement, DNA Insurance Company commuted one hundred percent (100%) of all liabilities ceded to the Company. The net settlement of \$11 was paid to DNA Insurance Company.

3. **BASIS OF PRESENTATION**

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 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 may differ from the 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.

Use of Estimates

The presentation of the financial statements in conformity with the financial reporting provisions of the Legislation requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements. The most significant items on the balance sheet that involve accounting estimates and actuarial determinants are reserves for losses and loss expenses and valuation of investments. The recorded amounts of revenues and expenses during the reporting period are based on information currently available, and actual results could differ from these estimates. Management believes the amounts recorded are reasonable.

4. **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies are summarized as follows:

Cash and cash equivalents

Cash and cash equivalents include amounts due from banks, money market mutual funds, short-term securities with maturities of less than 90 days and commercial paper held in the ordinary course of business.

Premium Income

Premiums are earned on a pro rata basis over the terms of the policies. Premiums applicable to future periods, if any, are deferred as unearned premium in the balance sheet. Additional premiums reported by ceding companies are fully earned in the period when they are reported. The Company is assuming written premiums as they are earned.

Commission Income

Commissions are expensed as incurred.

4. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Losses and loss adjustment expenses

The liability for losses and loss adjustment expenses represents estimates of the ultimate cost of all losses incurred but not paid through to the statement of financial position date. These estimates are continually reviewed and, as adjustments become necessary, such adjustments are reflected in current operations. Inherent in the estimates of losses are expected trends of frequency, severity and other factors that could vary significantly as claims are settled. Accordingly, ultimate losses could vary from the amounts provided in these financial statements. Any subsequent differences arising are recorded in the period in which they are determined.

Investment Income

Quoted investments are fixed maturity investments and are recorded at fair value.

Other unquoted investments are private equity funds and are recorded at fair value. Fair value is determined by receiving valuation statements based on the underlying investments of the funds.

Investment transactions are recorded on the trade date with balances pending settlement reflected in the condensed balance sheet as a component of sundry assets or sundry liabilities. Premiums and discounts on all fixed maturity investments are amortized and accreted to income over the anticipated life of the investment. Changes in unrealized investment gains or losses are recorded as change in unrealized appreciation (depreciation) of investments as a separate component of surplus. Realized investment gains or losses are included in the Condensed Statement of Profit or Loss and are derived using the specific identification method for determining the cost of investments sold. Interest income is recorded on the accrual basis. Dividends are recognized on the ex-dividend date.

Foreign Currency Translation

Foreign currency denominated assets and liabilities are translated at exchange rates in effect at the Condensed Statement of Financial Position date. Foreign currency revenues and expenses are translated at the exchange rates in effect at the date of the transaction. Exchange gains or losses are reflected in the Condensed Statement of Profit or Loss.

- 5. Investment Income: See General Note 4.
- 6. Not Applicable
- 7. There are no foreign exchange control restrictions affecting assets of the Company.
- 8-12. Not Applicable

Split Rock Insurance, Ltd.
NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS
(Expressed in thousands of United States Dollars)

13. The fair value of the Company's quoted and unquoted investments as at December 31, 2023 and 2022 are presented below by Level.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy of investments is based on the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities that the reporting entity can access at the measurement date
- Level 2: Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly
- Level 3: Unobservable input

For Footnote:

	As at December 31, 2023			
	Total Fair Value	Level 1	Level 2	Level 3
Quoted Investments				
Bonds and debentures				
Other	-	-	-	
Cash and short term investments	-	-		
Private Money Market Funds	2,431	2,431		
Quoted Investments	2,431	2,431	-	-
Unquoted Investments:				
Other unquoted investments	-			-
Unquoted Investments	-	-	-	-
Total	2,431	2,431	-	-

	As at December 31, 2022			
	Total Fair Value	Level 1	Level 2	Level 3
Quoted Investments				
Bonds and debentures				
Other	65,918	5,097	60,820	
Cash and short term investments	22,884	22,884		
Private Money Market Funds	1,390	1,390		
Quoted Investments	90,191	29,371	60,820	-
Unquoted Investments:				
Other unquoted investments	3,013			3,013
Unquoted Investments	3,013	-	-	3,013
Total	93,204	29,371	60,820	3,013

Split Rock Insurance, Ltd.
NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS
(Expressed in thousands of United States Dollars)

14. The cost or amortized cost and fair value of the Company's fixed maturity investments as of December 31, 2023 and 2022 is presented below by contractual maturity.

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

	As at December 31, 2023	
	Cost or amortized cost	Fair Value
Due within one year	-	-
Due after one year through five years	-	-
Due after five years through ten years	-	-
Due after ten years	-	-
Total	-	-

	As at December 31, 2022	
	Cost or amortized cost	Fair Value
Due within one year	-	-
Due after one year through five years	15,872	15,455
Due after five years through ten years	9,993	9,603
Due after ten years	45,606	40,860
Total	71,471	65,918

15. Related party transactions

Intact Services USA LLC

Effective August 1, 2013, the Company entered into a services agreement with Intact Services USA LLC ("ISU"), an affiliate and wholly owned subsidiary of IFC, pursuant to which ISU provides various operational services for the Company. The Company had \$27 and \$8 payable to OBS at December 31, 2023 and 2022, respectively.

Atlantic Specialty Insurance Company

Please see General Note 2 for details of the reinsurance agreements with ASIC. For the year ended December 31, 2023 and 2022, the Company assumed gross written premiums of \$0 and \$0 and losses and loss expenses of \$12,042 and \$18,943 from ASIC and had \$0 and \$0 in premiums receivable from ASIC and \$0 and \$9,223 in reinsurance balances payable to ASIC at December 31, 2023 and 2022, respectively. See Note 2 for the Commutation Details.

15. Related party transactions (continued)

Investment Management Agreement with Intact Investment Management

Intact Investment Management LLC ("IIM"), a wholly owned subsidiary of Intact Financial Corporation, supervised and directed the fixed income and other investments portion of the Company's investment portfolio in accordance with the Company's investment objectives, policies, and restrictions described in the Company's investment guidelines. IIM had full discretion and authority to make all investment decisions in respect of the fixed income and other investments portion of the Company's investment portfolio and to do anything which IIM deem is required, appropriate or advisable in connection with the foregoing, subject to and in accordance with the Company's Investment Guidelines. The assets of the Company's portfolio are held in one or more separately identifiable accounts in the custody of a bank or similar entity designated by the Company and acceptable to IIM.

The Company incurred fees of \$72 and \$27 related to IIM in the year ended December 31, 2023 and 2022 respectively, and had \$1 and \$6 in fees payable to IIM at December 31, 2023 and 2022, respectively.

16. Not Applicable.

17. On 27 December 2023, the Government of Bermuda enacted the Corporate Income Tax Act 2023 ("CITA"). Per the CITA, Bermuda imposes a corporate income tax of fifteen percent in Bermuda entities which are part of a Multinational Enterprise Group which has consolidated revenue of at least EUR 750m in at least four fiscal years preceding the year in question. The Bermuda domestic CITA will apply to taxation period which begin on or after 1 January 2025. While the Company is assessing guidance from the Bermuda government, the Company plans to elect the de minimis exemption as a Bermuda Constituent Entity Group that meets the Euro 10m revenue threshold and Euro 1m net taxable income threshold and that CITA will not apply to the Company. The statutory financials as presented do not reflect any impact or deferred taxes with respect to this legislation.

NOTES TO THE CONDENSED STATEMENT OF FINANCIAL POSITION

1. Cash and cash equivalents

At December 31, 2023 and 2022, cash and cash equivalents of \$0 and \$23,337 were held in trust as restricted balances for a ceding insurer in order to indemnify against certain losses and loss expenses.

2. Quoted investments

At December 31, 2023 and 2022, quoted investments of \$0 and \$71,471 were held in trust as restricted balances in order to indemnify ceding insurers against certain losses and loss expenses. Please see General Note 4 for a description of the valuation method for quoted investments.

3. Unquoted investments

At December 31, 2023 and 2022, none of the unquoted investments were held in trust as restricted balances. Please see General Note 4 for a description of the valuation method for unquoted investments.

4-8. Not Applicable

9. At December 31, 2023 and 2022, the Investment income due and accrued was \$0 and \$541.

Split Rock Insurance, Ltd.
NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS
(Expressed in thousands of United States Dollars)

- 10. Not Applicable.
- 11-12. Not Applicable
- 13. Not Applicable
- 14. Not Applicable
- 16. Not Applicable

17(a). Loss and Loss Adjustment Expense Provisions

The reconciliation of unpaid losses and loss expense for the period ended December 31, 2023 and 2022 is as follows:

	2023 ('000s)	2022 ('000s)
Gross loss and loss expense provisions at beginning of year	76,192	103,728
Less: Reinsurance recoverable at beginning of year	26,193	42,435
Net loss and loss expense provisions at beginning of year	49,999	61,293
Acquisition / Sale of loss reserves (net):	-	-
Net losses incurred and net loss expenses incurred related to:		
Current year	-	-
Prior years	12,230	12,056
Total net incurred losses & loss expenses	12,230	12,056
Net losses and loss expenses paid or payable related to:		
Current year	-	-
Prior years	(62,229)	(23,350)
Total losses and loss expenses paid or payable	(62,229)	(23,350)
Foreign exchange and other	-	-
Net loss and loss expense provisions at end of year	-	49,999
Add: Reinsurance recoverable at end of year	-	26,193
Gross loss and loss expense provisions at end of year	-	76,192

17(b). Incurred loss and loss expense was \$12,230 in 2023. This includes adverse development of \$11,970 on prior accident years, with an additional \$260 adverse due to the removal of the prior year net favorable Risk Margin & Discount with the associated reserves due to the transition to U.S. GAAP. The adverse development on prior accident years was driven by Architects & Engineers in AY 2017, Healthcare and Specialty Property in AY 2015, and Healthcare in AY 2014.

Incurred loss and loss expense was \$12,056 in 2022. Adverse development of \$19,022 on prior accident years was partially offset by \$6,964 of favorability in risk margin and discount due to reserves being paid and increases in the discount rate. The adverse development on prior accident

years was driven by Architects & Engineers, Public Entities and Entertainment in AY 2017, Public Entities in AYs 2015 and 2016, and Healthcare in AY 2014.

17(c). At December 31, 2023 and 2022, total restricted assets held for security or collateral against a liability or contingent liability are \$0 and \$94,808.

20-27. Not Applicable

28. At December 31, 2023 and 2022 the reinsurance balance due to affiliates is \$0 and \$9,223.

29-31. Not Applicable

32. Amounts due to affiliates.

The amounts due to affiliates represents amounts due from the Company to various group companies. These arise from normal operating activities. At December 31, 2023 and 2022, amounts due to affiliates were \$27 and \$8 respectively; the amounts outstanding were unsecured, interest free and settled quarterly.

33. Accounts Payable and Accrued liabilities.

The accounts payable and accrued liabilities represents' amounts due from the Company for accrued investment expenses and audit fees. These arise from normal operating activities. At December 31, 2023 and 2022, accounts payable was \$105 and \$75 respectively.

34-35. Not Applicable

36. Not Applicable

37. Not Applicable

NOTES TO THE CONDENSED STATEMENT OF PROFIT OR LOSS

6. Not Applicable

15. Not Applicable

32. Not Applicable

36. Realized gains (losses)

Realized gains (losses) during the period were generated by the sale of equity and fixed income securities and derivatives during the period.

See General Note 4 Investments and Investment Income.

NOTES TO THE CONDENSED STATEMENT OF CAPITAL AND SURPLUS

1(a). Capital Stock

At December 31, 2023 and 2022, the common stock consists of 120,000 authorized, issued and fully paid common share with a par value of \$1.00 each.

Split Rock Insurance, Ltd.
NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS
(Expressed in thousands of United States Dollars)

1(b). Contributed Surplus

Contributed surplus represents a contribution to surplus made by the parent company or a return of capital to the parent company. During 2023, the Company returned \$25,800 of capital to its parent company.

The Company adopted US GAAP on January 1, 2023. As a result, there was a deduction in surplus of \$261,000 which related to the change in the accounting policy.

2(c). Dividends

In 2023 the Company paid a dividend of \$0 to its parent company (\$0 in 2022). See return of capital disclosed in Note 1(b) above.