Wilton Reinsurance Bermuda Limited and Subsidiary

Consolidated Financial Statements and Supplementary Information as of and for the Years Ended December 31, 2023 and 2022, and Independent Auditor's Report

WILTON REINSURANCE BERMUDA LIMITED AND SUBSIDIARY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Wilton Reinsurance Bermuda Limited:

Opinion

We have audited the consolidated financial statements of Wilton Reinsurance Bermuda Limited and subsidiary (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income (loss), changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying 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 and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 financial statements.
- Obtain an understanding of internal control 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 financial statements.
- Conclude whether, in our judgment, 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.

Deloitte + Touche LLP

April 25, 2024

WILTON REINSURANCE BERMUDA LIMITED AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31, 2023 AND 2022

(Expressed in thousands of U.S. dollars, except share amounts)

	2023	2022
Assets		
Investments		
Fixed maturity securities available-for-sale, at estimated fair value (allowance for credit losses of $330, and amortized cost of $292,623 at December 31, 2023)	$ 301,839	$ —
Fixed maturity securities trading and equity securities, estimated at fair value (amortized cost of $1,982 and $293,798 at December 31, 2023 and 2022, respectively)	1,794	282,055
Policy loans	13,170	14,375
Funds withheld at interest (includes $16,706,772 and $16,419,121 at fair value at December 31, 2023 and 2022, respectively)	17,628,387	17,341,033
Other invested assets (amortized cost of $309 and $496 at December 31, 2023 and 2022, respectively)	118,257	134,146
Total investments	18,063,447	17,771,609
Cash and cash equivalents	267,519	78,908
Accrued investment income	2,483	2,194
Premiums receivable	15,601	16,754
Other reinsurance receivables	45,492	57,414
Net deferred acquisition costs	24,725	28,333
Value of in-force business acquired	963,321	1,060,753
Net deferred income taxes	754,560	869,886
Other assets	161,152	176,202
Total assets	$ 20,298,300	$ 20,062,053
Liabilities and shareholder's equity		
Liabilities:		
Reserves for future policy benefits	$ 11,244,796	$ 11,628,363
Interest sensitive contract liabilities	9,697,858	9,492,161
Other reinsurance liabilities	74,605	54,240
Other liabilities	56,294	73,915
Total liabilities	21,073,553	21,248,679
Shareholder's equity:		
Class A-1 common shares $1.00 par value; 31,780 shares authorized, issued and outstanding at December 31, 2023 and 2022 respectively	32	32
Class A-2 common shares $1.00 par value; 50,000 shares authorized, 10,594 issued and outstanding at December 31, 2023 and 2022 respectively	11	11
Class B common shares $1.00 par value; 218,220 shares authorized, issued and outstanding at December 31, 2023 and 2022 respectively	218	218
Additional paid-in capital	798,110	798,110
Accumulated other comprehensive income (loss)	7,385	—
Retained deficit	(1,581,009)	(1,984,997)
Total shareholder's deficit	(775,253)	(1,186,626)
Total liabilities and shareholder's equity	$ 20,298,300	$ 20,062,053

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

WILTON REINSURANCE BERMUDA LIMITED AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of U.S. dollars)

	2023	2022
Revenues		
Net premiums	$ 130,595	$ 142,481
Policy fees and charges	113,694	112,485
Inuring third-party reinsurance commissions	921	992
Investment earnings—net	812,250	602,498
Net change in unrealized losses on investments classified as trading and other	(345)	(11,304)
Change in value of embedded derivatives—net	314,940	(4,227,363)
Total revenues	1,372,055	(3,380,211)
Benefits and expenses		
Claims and policy benefits	399,521	437,656
Interest credited to interest sensitive contract liabilities	227,735	233,134
Acquisition and other insurance expenses	137,653	(640,509)
Operating expenses	33,897	32,351
Interest expense	—	478
Total benefits and expenses	798,806	63,110
Net income (loss) before income taxes	573,249	(3,443,321)
Income tax expense (benefit)	118,334	(723,480)
Net income (loss)	$ 454,915	$ (2,719,841)
Other comprehensive income, net of tax		
Net unrealized investment gains	9,348	—
Less: income tax expense related to other comprehensive gain	1,963	—
Other comprehensive income, net of tax	7,385	—
Comprehensive income (loss)	$ 462,300	$ (2,719,841)

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

WILTON REINSURANCE BERMUDA LIMITED AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of U.S. dollars)

	2023	2022
Common Shares (Class A-1)		
Balance at beginning and end of year	32	32
Common Shares (Class A-2)		
Balance at beginning and end of year	11	11
Common Shares (Class B)		
Balance at beginning and end of year	218	218
Additional Paid-in Capital		
Balance at beginning and end of year	798,110	798,110
Accumulated Other Comprehensive Income		
Balance at beginning of year	—	—
Net unrealized investment gains	9,348	—
Income tax benefit related to other comprehensive income	(1,963)	—
Balance at end of year	7,385	—
Retained (Deficit) Earnings		
Balance at beginning of year	(1,984,997)	859,844
Cumulative adjustment for adoption of credit loss accounting standard	(927)	—
Dividends to shareholders	(50,000)	(125,000)
Net income (loss)	454,915	(2,719,841)
Balance at end of year	(1,581,009)	(1,984,997)
Total shareholder's deficit	$ (775,253)	$ (1,186,626)

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

WILTON REINSURANCE BERMUDA LIMITED AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of US dollars)

	2023	2022
Cash flows from operating activities		
Net income (loss)	$ 454,915	$ (2,719,841)
Adjustments to reconcile net income (loss) to net cash from operating activities		
Amortization of net investment premium, discounts and other	(4,341)	17
Investment related realized losses - net	190	3,876
Investment related unrealized gains - net	(13,213)	(9,698)
(Earnings) of equity method investee	—	(2,004)
Mark-to-market on embedded derivatives	(314,940)	4,227,363
Amortization and other adjustments to deferred acquisition costs	3,607	5,381
Amortization and other adjustments to value of business acquired	60,243	9,945
Interest credited to interest sensitive contracts	227,735	233,134
Other reserve changes of interest sensitive contract liabilities	286,996	(538,931)
Change in assets and liabilities:		
Fixed maturity securities trading and equity securities	—	909
Accrued investment income	(288)	(1,883)
Deferred income taxes	113,363	(719,175)
Premiums receivable	1,152	2,062
Other reinsurance receivables	11,922	(5,659)
Funds withheld at interest	22,730	1,060,045
Value of in-force business acquired	37,189	(695,192)
Other assets	15,051	6,558
Reserve for future policy benefits	(383,567)	(333,672)
Other reinsurance liabilities	19,439	(112,955)
Other liabilities	(12,879)	(3,816)
Net cash flows from operating activities	$ 525,304	$ 406,464

WILTON REINSURANCE BERMUDA LIMITED AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of US dollars)

	2023	2022
Cash flows from investing activities		
Sales, maturities and repayments of:		
Fixed maturity securities available-for-sale	$ 31,217	$ —
Limited partnership interests	—	24,653
Purchases of:		
Fixed maturity securities available-for-sale	(34,153)	—
Limited partnership interests	—	(207)
Premiums paid on life settlement contracts	(19,302)	(21,869)
Net proceeds from maturity of life settlement contracts	48,399	59,353
Change in policy loans	1,205	1,970
Net cash flows from investing activities	27,366	63,900
Cash flows from financing activities:		
Dividends to shareholders on common stock	(50,000)	(125,000)
Paydown of secured borrowing	(4,743)	(4,241)
Proceeds from credit facility	—	115,000
Paydown of credit facility	—	(115,000)
Deposits into interest sensitive contracts	6,896	15,409
Redemption and benefit payments on interest sensitive contracts	(316,212)	(307,884)
Net cash flows used in financing activities	(364,059)	(421,716)
Increase cash and cash equivalents	188,611	48,648
Cash and cash equivalents - beginning of year	78,908	30,260
Cash and cash equivalents - end of year	$ 267,519	$ 78,908
Supplemental disclosure of cash flow information:		
Cash received (paid) during the year for income taxes	$ —	$ (10,100)

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

1. ORGANIZATION

Wilton Reinsurance Bermuda Limited (WREB or the Company) is a subsidiary of Wilton Re Ltd. (95.9%) and Wilton Re U.S. Holdings, Inc. (4.1%) and was incorporated under the laws of Bermuda as a long term insurer on December 17, 2004. Wilton Re Ltd. (WRL) is the ultimate parent corporation in the Company's holding company structure.

Mills Creek LLC (Mills Creek), a wholly owned subsidiary of WREB, was formed on January 7, 2019, as a Delaware limited liability company authorized to issue 100 Common Units. On January 25, 2019, WREB contributed all of its right, title and interest in its direct investment life settlement contracts valued at $240,376 in exchange for its 100 Common Units. On January 29, 2019, WREB sold 25 Common Units to SPC Opps Fund Holdings II, L.P., a Delaware limited partnership for an amount equal to 25% of WREB's investment in Mills Creek. WREB recorded the proceeds from the sale as a secured borrowing, included within other liabilities of the consolidated balance sheets. The balance of the secured borrowing is $30,626 and $35,368 at December 31, 2023 and December 31, 2022, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation and Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The accompanying consolidated financial statements include the accounts of WREB and its subsidiary. All significant intercompany accounts balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements, as described above, 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates include those used in determining deferred acquisition costs, value of in-force business acquired, reserves for future policy benefits, other policy claims and benefits, income taxes, and the valuation of investments. While the amounts included in the consolidated financial statements reflect management's best estimates and assumptions, the actual results could be materially different from the amounts reported in the consolidated financial statements

Investments and Investment Earnings:

Transfer of fixed income portfolio from trading to available for sale

As part of the Inflation Reduction Act of 2022, signed into law on August 16, 2022, Congress enacted the corporate alternative minimum tax (CAMT), effective January 1, 2023. The CAMT presented a new and material liquidity and financial risk to the Company as it is calculated based upon the Company's reported GAAP income, inclusive of unrealized gains and losses on investments accounted for as "trading" for the first time ever. To mitigate this risk, the Company transferred its fixed income portfolio from trading to available-for-sale as of January 1, 2023.

Before making this change, the Company considered both ASC 320, *Investments – Debt and Equity Securities*, and other SEC guidance on transfers and while the Company does not believe that guidance anticipated the specific scenario, management has concluded that it does meet the "rare" criteria given the uniqueness of the law and the potential severe liquidity, solvency and tax risk to the Company. More specifically, we believe the potential impact imposed by the CAMT on the Company's liquidity and solvency under certain interest rate scenarios is consistent with the SEC speech comments of "Similar transfers might be appropriate if a significant business combination or other event greatly alters the company's liquidity position or investing strategy." Although the final regulations aren't expected to be issued until later in 2024, any changes, if any, to the law will be evaluated at that time.

As disclosed in the table below, which presents only the affected financial statement line items and the respective totals, the effect on the financial statements was to decrease net income (loss) by $7,385 and increase other comprehensive income (loss) by $7,385 resulting in no effect to total comprehensive income (loss) for the year ended December 31, 2023. There was no effect on total assets, total liabilities, or total shareholder's equity as of December 31, 2023. Of those changes, approximately $935 was due to assets purchased during 2023.

(Expressed in thousands of U.S. dollars, except share amounts)

	December 31, 2023		
	Historical[1] Basis	Conversion [2]	As Reported
Total Assets	**$ 20,298,300**	**$ —**	**$ 20,298,300**
Liabilities and shareholder's equity			
Total Liabilities	$ 21,073,553	$ —	$ 21,073,553
Shareholders' Equity			
Retained deficit	(1,573,624)	(7,385)	(1,581,009)
Accumulated other comprehensive income	—	7,385	7,385
Total Shareholder's Equity	(775,253)	—	(775,253)
Total Liabilities and Shareholder's Equity	**$ 20,298,300**	**$ —**	**$ 20,298,300**
Revenues			
Investment earnings - net	$ 810,464	$ 1,786	$ 812,250
Net change in unrealized gains (losses) on investments classified as trading and other	11,071	(11,416)	(345)
Total Revenues	1,381,685	(9,630)	1,372,055
Benefits and expenses			
Claims and policy benefits, net of reinsurance ceded	399,803	(282)	399,521
Acquisition and other insurance expenses	137,653	—	137,653
Total Benefits and expenses	799,088	(282)	798,806
Net Income (loss) before income taxes and net earnings of equity method investee	**582,597**	**(9,348)**	**573,249**
Income tax expense/(benefit)	120,297	(1,963)	118,334
Net (loss) before net earnings of equity method investee	**462,300**	**(7,385)**	**454,915**
Share of net earnings of equity method investee	—	—	—
Net Income (Loss)	**$ 462,300**	**$ (7,385)**	**$ 454,915**
Other comprehensive income			
Other comprehensive income, net of taxes	$ —	$ 7,385	$ 7,385
Other comprehensive income, net of taxes	—	7,385	7,385
Net income and comprehensive income	**$ 462,300**	**$ —**	**$ 462,300**

[1] Historical basis represents the value that would have been reported in the financial statements if the Company did not transfer certain of its fixed income portfolio from trading to available-for-sale as of January 1, 2023.

[2] Conversion refers to the effect of reporting certain fixed income securities as available-for-sale.

Fixed Maturity and Equity Securities

Fixed maturity and equity securities include publicly-traded fixed maturity securities, preferred stocks, credit tenant loans, surplus debentures, and private placements. Fixed maturity securities which are classified as trading and equity securities are recorded at fair value with the change in fair value reported as net change in unrealized gains (losses) on investments classified as trading and other in the consolidated statements of income (loss). Fixed maturity securities classified as available-for-sale (AFS) are reported at fair value with unrealized gains and losses, less applicable deferred income taxes, reported in other comprehensive income (OCI). The fair value of publicly-traded securities is based on quoted market prices or obtained from independent third-party dealers in the absence of quoted market prices. The fair value of private placements and credit tenant loans are obtained from third-party dealers or is modeled.

Investment transactions are recorded on a trade date basis. The Company's investment earnings are recognized when earned and consist primarily of interest and the accretion of discount or amortization of premium on fixed maturity securities. The amortized cost and effective yield of structured fixed maturity securities are adjusted as necessary to reflect historical prepayment experience and changes in estimated future prepayments. The adjustments to amortized cost are recorded as a charge or credit to investment earnings - net in accordance with the retrospective method. Investment earnings are presented net of investment management, investment accounting and custody expenses on the consolidated statements of income (loss). Gains and losses realized on the sale of all investments are determined on the first in-first out method.

Allowance for Credit Losses and Impairments of AFS Fixed Maturity Securities

AFS fixed maturity securities whose fair value is less than their carrying amount are evaluated for potential credit losses.

If the Company intends to sell a security or it is more likely than not that it would be required to sell a security before the recovery of its amortized cost, less any recorded credit loss, it recognizes an impairment loss in investment earnings - net of the difference between amortized cost and fair value.

The Company identifies AFS fixed maturity securities for credit losses by monitoring credit rating and market events that could impact issuers' credit risk including the relevant industry business climate, management changes, litigation, government actions and other similar factors.

Credit impairments and changes in the allowance for credit losses on fixed maturity securities are reflected in net change in unrealized gains (losses) on investments classified as trading and other, while non-credit impairment losses are recognized in OCI.

The Company estimates the amount of the credit loss component of a fixed maturity security impairment as the difference between amortized cost and the present value of the expected cash flows of the security. The Company excludes accrued interest from the amortized cost and the present value of the expected cash flows of the security. The present value is determined using the best estimate cash flows discounted at the current yield used to recognize interest income. The techniques and assumptions for establishing the best estimate cash flows vary depending on the type of security. The asset-backed securities' cash flow estimates are based on security-specific facts and circumstances that may include collateral characteristics, expectations of delinquency and default rates, loss severity and prepayment speeds.

The Company writes off fixed maturity securities when facts and circumstances indicate that outstanding principal and interest is uncollectible.

Policy Loans

Policy loans are reported at the unpaid principal balance. Interest income on such loans is recorded as earned using the contractually agreed upon interest rates.

Funds Withheld at Interest

Funds withheld at interest, an asset, represent amounts contractually withheld by the ceding company in accordance with reinsurance agreements (funds withheld). For agreements written on a modified coinsurance basis and agreements written on a coinsurance funds withheld basis, assets generally equal to the statutory reserves, net of reinsurance, are withheld and legally owned by the ceding company. Fixed maturity investments associated with funds withheld are classified as both available-for-sale and trading, and investment income on funds withheld includes the interest income earned on these assets as defined by the treaty terms.

The Company accounts for the embedded derivatives in modified coinsurance and funds withheld contracts as total return swaps. Accordingly, the value of the derivative is equal to the unrealized gain or loss on the assets underlying the funds withheld portfolio associated with each agreement. The Company’s funds withheld are recorded at fair value with the changes in the fair value of the embedded derivative reflected in the change in value of derivatives and embedded derivatives, net, in the consolidated statements of income (loss). At December 31, the fair value of these embedded derivatives, and the changes in fair value for the years then ended, included:

		2023		2022
Fair Value	$	(1,949,749)	$	(2,259,383)
Change in Fair Value		314,940		(4,227,363)

Short-Term Investments

Short-term investments represent investments with maturities at acquisition of greater than three months but less than twelve months, are carried at amortized cost, which approximates fair value.

Other Invested Assets

Other invested assets include surplus debentures classified as AFS, investments in limited partnerships and limited liability corporations (limited partnerships), and life settlement contracts.

Limited Partnerships

Limited partnerships are accounted for using the equity method if the Company has more than a minor ownership interest, more than a minor influence over the investees’ operations or if the limited partnership maintains separate capital accounts for their investors. The most recently available financial information provided by the general partner or manager of each of the investments is used, which is one to three months prior to the end of our reporting period. Changes in the value of limited partnerships are included in net unrealized gains (losses) on investments classified as trading and other in the consolidated statements of comprehensive loss. Income distributions from limited partnerships are included in investment earnings—net in the consolidated statements of income (loss).

Surplus Debentures

Surplus debentures are similar to corporate securities, but are subordinated obligations of insurance companies and may be subject to restrictions by the insurance commissioners and are considered fixed maturity securities which are classified as AFS and carried at fair value.

Life Settlement Contracts—Direct Investment

The Company acquired the ownership and beneficiary rights of underlying life insurance policies through the acquisition of life settlement contracts from the owners of the life insurance contracts. The Company accounts for its investments in life settlement contracts using the fair value method. Under the fair value method, each life settlement contract is carried at its fair value at the end of each reporting period within other invested assets on the consolidated balance sheets. The change in fair value, life insurance proceeds received and periodic maintenance costs, such as premiums, necessary to keep the underlying policy in force, are recorded in the investment earnings—net in the consolidated statements of income (loss).

Cash and Cash Equivalents

The Company considers all investments purchased with a maturity at acquisition of three months or less to be cash equivalents.

Premiums Receivable

Premiums receivable are recognized when due and in accordance with information received from the ceding company. Under the legal right of offset provision in the reinsurance treaties, the Company can withhold payments for allowances and claims for unpaid premiums. Based on a review of these factors and historical experience, the Company did not believe an allowance for credit loss was necessary as of December 31, 2023 or 2022. Included in the premiums receivable balance at December 31, 2023 and 2022 is $14,967 and $16,080, respectively from affiliates.

Other Reinsurance Receivables and Liabilities

Other reinsurance receivables and liabilities primarily include reinsurance settlements not yet paid, but which generally settle quarterly. As of December 31, 2023, and 2022, other reinsurance receivables include reinsurance settlements due of $44,375 and $51,760, respectively, and other reinsurance liabilities includes payables of $71,314 and $51,684, respectively. All of the above amounts are due to or payable from affiliates. As of December 31, 2023 other reinsurance liabilities also included $1,109 of allowance for credit losses on inuring reinsurance.

Net Deferred Acquisition Costs (DAC)

The costs that are directly related to the successful acquisition of new and renewal life insurance and reinsurance business have been deferred to the extent that such costs are deemed recoverable from future premiums or gross profits.

The Company performs periodic tests to determine that DAC remains recoverable, and if financial performance deteriorates to the point where a premium deficiency exists, a charge to current operations would be recorded. DAC was fully recoverable during 2023 and 2022. Deferred costs related to traditional life insurance contracts, all of which relate to long duration contracts, are amortized generally over the premium-paying period, in proportion to the ratio of individual period premium revenues to total anticipated premium revenues over the amortization period. Such anticipated premium revenues are estimated using the same assumptions used for computing liabilities for future policy benefits. DAC related to interest sensitive insurance products, such as universal life and annuities, are recognized as expense over the term of the policies in proportion to estimated gross profits (EGPs), arising principally from surrender charges, investment margins including unrealized gains (losses) on investments classified as trading and available for sale, and mortality and expense margins, over the amortization period. EGPs are updated periodically with actual gross profits, and the assumptions underlying future EGPs are evaluated for continued reasonableness. Adjustments to EGPs require that amortization rates be revised retroactively to the date of the contract issuance (“unlocking”).

Income Taxes

The income tax provision is calculated under the asset and liability method on those operations that are subject to income taxes. Deferred tax assets and liabilities result from temporary differences between the carrying amounts of assets and liabilities recorded in the consolidated financial statements and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax rates would be recognized in the consolidated statements of comprehensive income (loss) in the period in which the tax rate change is enacted. A valuation allowance for a portion or all of deferred tax assets is recorded as a reduction to deferred tax assets when it is more likely than not that such portion or all of such deferred tax assets will not be realized.

The Company assesses all significant tax positions to determine if a liability for an uncertain position is necessary and, if so, the impact on the current or deferred income tax balances. Also, if indicated, the Company recognizes interest or penalties related to income taxes as a component of the income tax provision.

Reserves for Future Policy Benefits

The Company's liabilities for direct life and payout annuity (with life contingencies) policies and reinsurance of traditional life insurance, accident and health (including long-term care) and payout annuities (including structured settlements) with life contingencies are recognized as reserves for future policy benefits. All of the Company's material reinsurance contracts are long duration contracts. The Company monitors actual experience and revises assumptions and related reserve estimates as permitted. The reserve is estimated using the net level premium method utilizing assumptions for mortality, morbidity, persistency, interest and expenses established when the contract is underwritten. These assumptions are based on anticipated experience with a margin for adverse deviation. For reinsurance assumed, such estimates are based primarily on historical experience provided by ceding companies with the exception of investment returns and expenses.

If the reserves for future policy benefits plus the present value of expected future gross premiums are insufficient to provide for expected future benefits and expense, deferred policy acquisition costs are expensed or a premium deficiency reserve is established by a charge to claims and policy benefits. Benefit liabilities for traditional life contingent payout annuities and structured settlements are recorded at the present value of expected future benefit payments. Where required, the Company also establishes an unearned profit reserve and amortizes it over expected benefit payments. Additionally, the Company performs a premium deficiency test of non-interest sensitive contract reserves to reflect the effect of unrealized gains or losses on fixed maturity securities, with related changes recognized within reserves for future policy benefits in the accompanying consolidated statements of comprehensive loss. While the treatment of investments classified as "held to maturity" and "available for sale" in the determination of premium deficiency testing is explicitly addressed in existing U.S. GAAP guidance, the treatment of changes in market rates and related temporary unrealized gains and losses on securities classified as "trading" is not explicitly addressed. Accordingly, the Company has adopted an accounting policy that essentially assumes all the securities classified as trading had been sold at the measurement date at their stated aggregate fair value and the proceeds backing the liabilities are reinvested at current market yields. This treatment can result in a premium deficiency reserve that would be considered locked in which in turn the Company will need to amortize over the remaining life of the underlying business.

At December 31, 2020, the Company recorded a premium deficiency reserve. Due to the low interest rate environment at that time, the Company recognized temporary unrealized gains on its investments classified as trading of $2,792,143 supporting business subject to the premium deficiency assessment, which resulted in a locked in premium deficiency reserve of $755,600 that is amortized over the life of the business. During 2021 as interest rates increased, the Company recognized a reduction in the temporary unrealized gain or unrealized loss of $654,197 in the consolidated statements of comprehensive income. Had the Company determined its premium deficiency reserves in accordance with the U.S. GAAP guidance applicable to securities classified as "held to maturity", it would not have recorded premium deficiency reserves as of December 31, 2023, 2022, 2021 or 2020. Had the Company determined its premium deficiency reserves in accordance with the US GAAP guidance applicable to securities classified as "available for sale", it would have recorded premium deficiency reserves of $0, and $0 as of December 31, 2023 and 2022, respectively.

(Expressed in thousands of U.S. dollars, except share amounts)

At December 31, 2023, the unamortized premium deficiency reserve recognized by the Company was $692,885, with a related deferred tax asset of $145,506. At December 31, 2022, the unamortized premium deficiency reserve recognized by the Company was $714,042, with a related deferred tax asset of $149,949. The amortization of the premium deficiency reserve during 2023 and 2022 was $21,157 and $21,157, respectively. No additional premium deficiency reserves were recorded in 2023 or 2022.

Unrealized appreciation on investments in a low interest rate environment may cause additional premium deficiency reserves to be recorded in the future through a charge directly to net income.

The average discount rates used to compute the Company's reserves for future policy benefits are as follows:

	2023	2022
Traditional life insurance	4.20 %	4.20 %
Payout annuities with life contingencies	3.73	3.73
Accident & health, including long-term care	3.50	3.50

Interest Sensitive Contract Liabilities

Liabilities for interest sensitive insurance products such as universal life and deferred annuities are established based on account values before applicable surrender charges. Certain universal life products contain features that link interest credited to an equity index. These features create an embedded derivative that is not clearly and closely related to the host insurance contract. The embedded derivative is carried at fair value with changes in the fair value recognized within Interest credited to interest sensitive contract liabilities in the accompanying consolidated statements of comprehensive income (loss). The Company had no such embedded derivatives in 2023 or 2022.

In situations where mortality profits are followed by mortality losses (PFBL), a liability is established, in addition to the account value, to recognize the portion of policy assessments that relate to benefits to be provided in the future. The calculation of these liabilities is based on management's best estimates and assumptions regarding expected mortality, lapse, persistency, expenses and investment experience, which are reviewed and unlocked at least annually if necessary. Additional liabilities are established for universal life products related to unearned policy charges. As of December 31, 2023 and 2022, the Company has passed PFBL testing with no projected losses for all years, and therefore, has not recorded an additional liability related to benefits provided in the future.

Claim Reserves

For both non-interest sensitive and interest sensitive life insurance, liabilities are established for estimated death benefits that have been incurred, but not yet reported. These liabilities are based on periodic analyses of the actual reporting lag between when a claim occurs and when it is reported to the Company, including a provision for adverse deviation.

Long-term care claim reserves established for continuing benefit payments are calculated using assumptions of anticipated mortality and claim continuance rates that are based on established industry tables adjusted for the ceding company's historical experience. Long-term care claims reserves are discounted at 3.50% and 3.50% for 2023 and 2022, respectively.

Recognition of Revenue and Expenses

Assumed reinsurance and policy premiums related to traditional life products and long-duration accident and health contracts are recognized as revenue when due from the ceding companies and policyholders and are reported net of the cost of reinsurance ceded. Benefits and expenses are reported net of amounts related to reinsurance ceded and are associated with earned premiums so that profits are recognized over the life of the related contracts.

For each of its reinsurance contracts, the Company must determine whether the contract provides indemnification against loss or liability relating to insurance risk. The Company reviews all contractual features, particularly those that may limit the amount of insurance risk to which the Company is subject or features that delay the timely reimbursement of claims. If the Company determines that a contract does not expose it to a reasonable possibility of a significant loss from insurance risk, the Company records the contract under the deposit method of accounting with the net amount payable/receivable reflected in other reinsurance assets or liabilities on the consolidated balance sheets. Fees earned on these contracts are reflected as policy fees and charges, as opposed to premiums, on the consolidated statements of income (loss).

For annuity and interest-sensitive life contracts, premiums collected are not reported as revenues, but as deposits to insurance liabilities. The Company recognizes revenues for these products over time in the form of investment income, policy charges for the cost of insurance, policy administration fees, and surrender fees that have been assessed against policy account balances during the period. Policy benefits and claims that are charged to expense include claims incurred in the period in excess of related policy account balances and interest credited to policy account balances. The weighted average interest-crediting rates for interest-sensitive products was 3.67% and 3.66% during 2023 and 2022, respectively.

Closed Block Reinsurance

Acquisitions by the Company of blocks of business in run off (i.e. where only existing policies will be renewed and new policies will not be sold), as either a reinsurance transaction or a stock purchase, are accounted for as reinsurance transactions. Results of operations only include the revenues and expenses from the effective date of acquisition of these blocks of business. The initial transfer of assets and liabilities is recorded in the consolidated balance sheets at the date of acquisition at fair value, except for the reserves for future policy benefits and value of business acquired (VOBA), which are recorded at management’s best estimate. Future policy benefit reserves are established based on the present value of benefits and maintenance expense minus the present value of valuation (or net) premiums.

VOBA represents the present value of future profits from the acquired contracts using the discount rate implicit in the pricing of such transactions. In establishing the VOBA, the Company considers costs which vary with and are primarily related to the acquisition to be part of the purchase price. Such costs include initial ceding allowances, advisory and legal fees, investment banking fees, and contractually obligated involuntary severance. Other costs incurred that are not contractually required, such as transition and conversion costs, financing costs, and severance are expensed as period costs. The Company amortizes VOBA in proportion to premiums for traditional life products and in proportion to EGPs for interest sensitive life and annuity contracts. The EGP’s and related amortization of VOBA for interest sensitive life and annuity products are updated (unlocked) periodically to reflect revised assumptions for lapses, mortality and investment earnings including unrealized gains (losses) on investments classified as trading and available for sale. The Company performs periodic tests to determine that VOBA associated with both traditional life products and interest sensitive life and annuity products remains recoverable, and when financial performance deteriorates to the point where VOBA is not recoverable, a cumulative charge to current operations would be recorded.

The net liability recorded (reserves for future policy benefits net of DAC and VOBA) represents management’s best estimate of future cash flows, with provisions for adverse deviation as appropriate. Such estimates are subject to refinement within one year of acquisition.

New Accounting Pronouncements

Changes to the accounting principles are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASUs) to the FASB Accounting Standards Codification. Accounting standard updates not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Company's consolidated financial statements.

ASUs Adopted During the Year Ended December 31, 2023

ASU 2016-13—Financial Instruments—Credit Losses (Topic 326): In June 2016, the FASB issued an accounting standard update which amends guidance on reporting credit losses for assets held at amortized cost basis and available for sale fixed maturity securities. For assets held at amortized cost basis, the update eliminates the probable initial recognition threshold in current GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. For available for sale fixed maturity securities, credit losses should be measured in a manner similar to current GAAP; however, the update will require that credit losses to be presented as an allowance rather than as a write-down. The guidance is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company completed the adoption of this new standard in 2023 under the modified retrospective method and has determined its adoption impact, solely applicable to other reinsurance liabilities to its consolidated financial statements was $927 that was recognized in the beginning balance of retained earnings.

ASUs Issued But Not Adopted as of December 31, 2023

ASU 2023-09—Income Taxes (Topic 740): Improvements to Income Tax Disclosures - In December 2023, the FASB issued an accounting standard that amends the codification to enhance the transparency and decision usefulness of income tax disclosures. This ASU requires additional disaggregation of the reconciliation between the statutory and effective tax rate for an entity and of income taxes paid, both of which are disclosures required by current GAAP. The amendments improve the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction.

The guidance is effective for annual periods beginning after December 15, 2025. Early adoption is permitted. The Company is currently evaluating the impact of this amendment on its consolidated financial statements.

ASU 2018-12—Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts—In August 2018, the FASB issued an accounting standard update with the objective of making targeted improvements to the existing recognition, measurement, presentation, and disclosure requirements for long-duration contracts issued by an insurance entity. The standard prescribes significant and comprehensive changes to recognition, measurement, presentation and disclosure as summarized below:

- Requires the review and if necessary, update of future policy benefit assumptions at least annually for traditional and limited pay long-duration contracts, with the recognition and separate presentation of any resulting re-measurement gain or loss (except for discount rate changes as noted below) in the income statement.
- Requires the discount rate assumption to be updated at the end of each reporting period using an upper medium grade (low-credit risk) fixed income instrument yield that maximizes the use of observable market inputs and recognizes the impact of changes to discount rates in other comprehensive income.

(Expressed in thousands of U.S. dollars, except share amounts)

- Simplifies the amortization of DAC and DAC-like balances to a constant level basis over the expected term of the related contracts with adjustments for unexpected terminations, but no longer requires an impairment test for these balances.
- Requires the measurement of all market risk benefits associated with deposit (or account balance) contracts at fair value through the income statement with the exception of instrument-specific credit risk changes, which will be recognized in other comprehensive income.
- Increased disclosures of disaggregated roll-forwards of policy benefits, account balances, market risk benefits, separate account liabilities and information about significant inputs, judgments and methods used in measurement and changes thereto and impact of those changes.

In November 2020, the FASB granted a one-year date delay for the adoption of ASU 2018-12. The Company plans to adopt ASU 2018-12 on its effective date of January 1, 2025.

The Company continues to assess the impact of the standard on its reported consolidated financial statements and required disclosures. The adoption of this standard is expected to have a significant impact on the consolidated financial statements and required disclosures, as well as changes to systems, processes and controls. The Company has created a governance framework and is managing a detailed implementation plan to support timely application of the guidance. The Company is currently developing and will continue to refine key accounting policy decisions, technology solutions and internal controls until the implementation is complete.

3. INVESTMENTS

Fixed maturity and Equity Securities

The amortized cost, fair value and related gross unrealized gain and loss of fixed maturity and preferred stock investments as of December 31 are as follows:

	2023				
	Amortized Cost	Unrealized Gain	Unrealized Loss	Allowance for Credit Losses	Fair Value
Fixed maturities:					
Available-for-sale[2]:					
U.S. Government and Agencies	$ 29,962	$ 68	$ (471)	$ —	$ 29,559
State and political subdivisions	65,553	3,201	(24)	—	68,730
Corporate securities	149,409	5,776	(266)	—	154,919
Residential mortgage-backed securities	17,933	452	(140)	—	18,245
Commercial mortgage-backed securities	10,388	43	(43)	(330)	10,058
Asset backed securities	14,657	865	(131)	—	15,391
Collateralized debt obligations	4,721	216	—	—	4,937
Other Invested Assets (Surplus debentures and Debt portion of collateral loans)[1]	309	14	—	—	323
Total available-for-sale	292,932	10,635	(1,075)	(330)	302,162
Total fixed maturities	292,932	10,635	(1,075)	(330)	302,162
Preferred stock	1,982	6	(194)	—	1,794
Total fixed maturity and equity securities	$ 294,914	$ 10,641	$ (1,269)	$ (330)	$ 303,956

[1]Included in Other Invested Assets line on the Balance Sheet

[2]Effective January 1, 2023, the Company transferred its fixed income portfolio from trading to available-for-sale. With this change, the fair market value of the securities as at January 1, 2023 became the new amortized cost. The amortized cost, effective January 1, 2023 reduced by $11,540 from $291,816 to the fair market value of $280,276, with this accounting policy election. See Note 2: Summary of Significant Accounting Policies - Transfer of fixed income portfolio from trading to available for sale.

(Expressed in thousands of U.S. dollars, except share amounts)

	2022				
	Amortized Cost	Unrealized Gain	Unrealized Loss	Allowance for Credit Losses	Fair Value
Fixed maturities:					
Trading:					
U.S. government and agencies	$ 37,668	$ 102	$ (1,168)	$ —	$ 36,602
State and political subdivisions	63,261	620	(2,217)	—	61,664
Corporate securities	144,921	436	(6,585)	—	138,772
Residential mortgage-backed securities	7,850	27	(729)	—	7,148
Commercial mortgage-backed securities	8,166	—	(204)	—	7,962
Asset backed securities	24,643	48	(1,769)	—	22,922
Collateralized debt obligations	5,307	1	(102)	—	5,206
Total trading:	291,816	1,234	(12,774)		280,276
Total fixed maturities	291,816	1,234	(12,774)	—	280,276
Preferred stock	1,982	8	(211)	—	1,779
Total fixed maturity and equity securities	$ 293,798	$ 1,242	$ (12,985)	$ —	$ 282,055

The unrealized loss and fair values by investment category and by the duration of fixed maturity securities for which an allowance for credit loss has not been recorded and equity securities in a continuous unrealized loss position at December 31 are as follows:

	Less than 12 Months		12 Months or More		Total	
At December 31, 2023	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Fixed maturities:						
Available-for-sale:						
U.S. Government and Agencies	$ 26,928	$ (471)	$ —	$ —	$ 26,928	$ (471)
State and political subdivisions	640	(24)	—	—	640	(24)
Corporate securities	8,791	(266)	—	—	8,791	(266)
Residential mortgage-backed securities	8,710	(140)	—	—	8,710	(140)
Commercial mortgage-backed securities	5,090	(43)	—	—	5,090	(43)
Asset backed securities	3,771	(131)	—	—	3,771	(131)
Total available-for-sale	53,930	(1,075)	—	—	53,930	(1,075)
Total fixed maturities	53,930	(1,075)	—	—	53,930	(1,075)
Preferred stock	243	(7)	795	(187)	1,038	(194)
Total fixed maturity and equity securities	$ 54,173	$ (1,082)	$ 795	$ (187)	$ 54,968	$ (1,269)

(Expressed in thousands of U.S. dollars, except share amounts)

	Less than 12 Months		12 Months or More		Total	
At December 31, 2022	**Fair Value**	**Unrealized Loss**	**Fair Value**	**Unrealized Loss**	**Fair Value**	**Unrealized Loss**
Fixed maturities:						
Trading:						
U.S. government and agencies	$ 16,509	$ (1,073)	$ 6,254	$ (95)	$ 22,763	$ (1,168)
State and political subdivisions	26,888	(1,167)	4,576	(1,050)	31,464	(2,217)
Corporate securities	48,707	(4,120)	6,401	(2,465)	55,108	(6,585)
Residential mortgage-backed securities	4,211	(652)	369	(77)	4,580	(729)
Commercial mortgage-backed securities	7,680	(184)	282	(20)	7,962	(204)
Asset-backed securities	7,174	(434)	5,415	(1,335)	12,589	(1,769)
Collateralized debt obligations	3,264	(87)	236	(15)	3,500	(102)
Total trading	114,433	(7,717)	23,533	(5,057)	137,966	(12,774)
Total fixed maturities	114,433	(7,717)	23,533	(5,057)	137,966	(12,774)
Preferred stock	1,021	(211)	—	—	1,021	(211)
Total fixed maturity and equity securities	$ 115,454	$ (7,928)	$ 23,533	$ (5,057)	$ 138,987	$ (12,985)

At December 31, 2023, there are no fixed-maturity investments classified as AFS, and for which an allowance for credit loss had not been recognized, in an unrealized loss position for 12 months or more.

At December 31, 2022, eighty fixed-maturity investments with a total unrealized loss of $5,057 had been in an unrealized loss position for 12 months or more. Of those securities in an unrealized loss position for 12 months or more, thirty securities had fair values below 70% of book value with a total unrealized loss of $1,359.

(Expressed in thousands of U.S. dollars, except share amounts)

The following tables set for the activity in the allowance for credit losses for fixed maturity AFS securities, as of the dates indicated:

	Year Ended December 31, 2023
	Commercial mortgage-backed securities
Balance, beginning of period	—
Additions to the allowance for credit loss not previously recorded	(330)
Reductions for securities sold during the period	—
Reductions for securities with intent or expectation to sell	—
Additions (reductions) on securities with an allowance for credit loss previously recorded	—
Balance, end of period	(330)

Contractual maturities of the Company’s fixed maturity securities as of December 31, 2023, are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepayment obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
One year or less	$ 14,806	$ 14,762
One through five years	3,534	3,580
After five through ten years	24,595	25,306
After ten through twenty years	58,098	60,171
After twenty years	144,200	149,712
Residential mortgage-backed securities	17,933	18,245
Commercial mortgage-backed securities	10,388	10,058
Asset-backed securities	14,657	15,391
Collateralized debt obligations	4,721	4,937
Total fixed maturity securities	$ 292,932	$ 302,162

Credit ratings of the Company’s fixed maturity securities as of December 31 are shown below. Ratings are assigned by Standard & Poor’s Corporation, Moody’s Investors Service or Fitch Ratings. The ratings assigned may not be accurate predictors of credit losses.

	2023		2022	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
AAA	$ 10,714	$ 11,075	$ 60,368	$ 58,225
AA	102,391	104,664	48,104	47,285
A	144,571	149,643	136,923	133,209
BBB	30,422	31,626	43,039	38,476
BB	4,521	4,366	3,246	3,003
B	313	788	99	49
CCC or lower and unrated	—	—	37	29
Total fixed maturities	$ 292,932	$ 302,162	$ 291,816	$ 280,276

(Expressed in thousands of U.S. dollars, except share amounts)

The Company's largest five exposures by issuer as of December 31, 2023, were Glam Milhsg Fee LLC, Guggenheim Partners - Opportunistic Investment Grade Securities Fund LLC, Walmart Inc., Johnson & Johnson, and Morgan Stanley, each of which comprised less than 0.7%, and in aggregate comprise 2.56%, of total investments.

The Company's largest five exposures by issuer as of December 31, 2022, were Guggenheim Partners - Opportunistic Investment Grade Securities Fund LLC, Walmart Inc., Morgan Stanley, Johnson & Johnson, and Glam Milhsg Fee LLC, each of which comprised less than 0.6 %, and in aggregate comprise 2.38%, of total investments.

Investment Earnings—Net

Major sources and related amounts of investment earnings - net are as follows:

	2023	2022
Fixed maturity and equity securities	$ 16,485	$ 3,261
Policy loans	977	1,050
Funds withheld at interest	788,054	694,957
Short-term investments and cash and cash equivalents	5,909	451
Life settlements contracts	9,541	16,297
Other invested assets	32	17
Investment income	820,998	716,033
Investment expenses	(3,073)	(3,165)
Interest on secured borrowing	(1,469)	(3,442)
Investment income—net	816,456	709,426
Realized gains on fixed maturity securities classified as AFS	148	—
Realized gains on all other investments	32	586
Realized losses on fixed maturity securities classified as AFS	(201)	—
Realized losses on all other investments	(168)	(4,462)
Net realized gains (losses) on funds withheld at interest	(4,017)	(103,052)
Investment earnings—net	$ 812,250	$ 602,498

The proceeds from sales of fixed maturities AFS securities for the year ended December 31, 2023 was $18,813.

Life Settlement Contracts—Direct Investment

The Company uses an actuarial model to estimate the aggregate face amount of life insurance that are expected to settle in each future year and the corresponding fair value. This model projects the likelihood of the insured's death for each inforce policy based upon the estimated mortality rates, which may vary due to the relatively small size of the portfolio of life settlement contracts. The number of life settlement contracts presented in the following table is based upon the average face amount of inforce policies estimated to settle in each future year:

(Expressed in thousands of U.S. dollars, except share amounts)

	Number of Contracts	Face Amount of Policies	Fair Value
2024	1	$ 5,000	$ 4,435
2025	8	21,250	12,162
2026	31	83,451	47,231
2027	20	68,335	29,083
2028	14	32,411	9,816
Thereafter	26	61,468	15,206
Total	100	$ 271,915	$ 117,933

Policy Loans

Policy loans comprised approximately 0.1% and 0.1% of the Company's investments as of December 31, 2023 and 2022, respectively. These policy loans present minimal credit risk because the amount of the loan cannot exceed the obligation due the ceding company or the policyholder upon the death of the insured or surrender of the underlying policy. The provisions of the underlying policies determine the policy loan interest rates. Because policy loans represent premature distributions of policy liabilities, they have the effect of reducing future disintermediation risk. In addition, the Company earns a spread between the interest rate earned on policy loans and the interest rate credited to corresponding liabilities.

4. FUNDS WITHHELD AT INTEREST

Funds withheld at interest comprised approximately 97.6% and 97.6% of the Company's total investments as of December 31, 2023 and 2022, respectively. The risk of loss to the Company due to the insolvency of a ceding company is mitigated by the Company's contractual right to offset amounts it owes the ceding company for claims or allowances with amounts owed to the Company from the ceding company. Interest generally accrues on these assets based upon the investment earnings on the underlying investments. The Company is subject to the investment performance on the funds withheld assets in a fashion similar to its invested assets.

(Expressed in thousands of U.S. dollars, except share amounts)

The funds withheld at interest balances on the consolidated balance sheets are comprised of the following:

Affiliated Ceding Company	**2023**	**2022**
Segregated portfolio of assets—general account	$ 13,077,688	$ 12,554,779
Segregated portfolio of assets—separate account	3,717,197	3,430,213
Non-segregated portfolio of assets	439,769	911,224
Funds withheld at interest —affiliated	17,234,654	16,896,216
Unaffiliated Ceding Company		
Segregated portfolio of assets—general account	396,594	979,893
Non-segregated portfolio of assets	(2,861)	(535,076)
Funds withheld at interest —unaffiliated	393,733	444,817
Total funds withheld at interest	$ 17,628,387	$ 17,341,033

The disclosures that follow are for the segregated portfolio—general account only, both affiliated and unaffiliated, and exclude commercial mortgage loans, short term investments, cash and other invested assets, with the exception of surplus debentures and debt portion of collateral loans, of $1,315,178 and $2,016,317 as of December 31, 2023 and 2022, respectively. The segregated portfolio-separate account is supported by assets with specific underlying investment objectives and are in accounts legally segregated from the single ceding company for which the policyholder has assumed substantially all the risk and reward. The non-segregated portfolio is supported by a proportionate share of the assets held by the ceding company.

(Expressed in thousands of U.S. dollars, except share amounts)

As noted in Footnote 2, investments are withheld by ceding companies in accordance with the reinsurance agreements, with the Company recording funds withheld balances on the consolidated balance sheet representing such interest. The following disclosures represent the composition of such investments in the segregated portfolio - general account held by the ceding companies for the periods presented:

At December 31, 2023	Amortized Cost	Unrealized Gain	Unrealized Loss	Allowance for Credit Losses	Fair Value
Fixed maturities:					
Available-for-sale:					
U.S. Government and Agencies	$ 1,518,752	$ 3,420	$ (53,074)	$ —	$ 1,469,098
State and political subdivisions	514,148	17,888	(606)	—	531,430
Foreign sovereign	14,124	16	(518)	—	13,622
Corporate securities	6,705,637	288,533	(21,065)	(2,807)	6,970,298
Residential mortgage-backed securities	191,593	971	(7,824)	(196)	184,544
Commercial mortgage-backed securities	220,114	1,346	(11,799)	—	209,661
Asset backed securities	527,320	13,047	(17,602)	(18)	522,747
Collateralized debt obligations	553,083	34,082	(672)	—	586,493
Other Invested Assets (Surplus debentures and Debt portion of collateral loans)	560,323	9,745	(1,637)	—	568,431
Total available-for-sale	10,805,094	369,048	(114,797)	(3,021)	11,056,324
Trading:					
U.S. Government and Agencies	$ 99,481	$ 443	$ (18,548)	$ —	$ 81,376
State and political subdivisions	33,223	273	(2,186)	—	31,310
Foreign sovereign	2,963	—	(633)	—	2,330
Corporate securities	640,132	3,961	(54,931)	—	589,162
Residential mortgage-backed securities	89,784	363	(8,571)	—	81,576
Commercial mortgage-backed securities	71,237	126	(8,095)	—	63,268
Asset backed securities	38,791	96	(3,310)	—	35,577
Collateralized debt obligations	32,624	6	(887)	—	31,743
Other Invested Assets (Surplus debentures and Debt portion of collateral loans)	22,631	22	(2,834)	—	19,819
Total trading	1,030,866	5,290	(99,995)	—	936,161
Total fixed maturities	11,835,960	374,338	(214,792)	(3,021)	11,992,485
Preferred stock	193,796	1,015	(28,198)	—	166,613
Common stock	—	6	—	—	6
Total fixed maturity and equity securities	$ 12,029,756	$ 375,359	$ (242,990)	$ (3,021)	$ 12,159,104

(Expressed in thousands of U.S. dollars, except share amounts)

At December 31, 2022	Amortized Cost	Unrealized Gain	Unrealized Loss	Allowance for Credit Losses	Fair Value
Fixed maturities:					
Trading:					
U.S. government and agencies	$ 2,126,840	$ —	$ (597,635)	$ —	$ 1,529,205
State and political subdivisions	712,223	7,931	(75,764)	—	644,390
Foreign sovereign	19,119	—	(2,739)	—	16,380
Corporate securities	8,467,480	19,880	(1,065,081)	—	7,422,279
Residential mortgage-backed securities	318,830	310	(38,458)	—	280,682
Commercial mortgage-backed securities	318,794	17	(40,510)	—	278,301
Asset-backed securities	661,858	816	(78,445)	—	584,229
Collateralized debt obligations	660,211	1	(76,012)	—	584,200
Total trading	13,285,355	28,955	(1,974,644)	—	11,339,666
Total fixed maturities	13,285,355	28,955	(1,974,644)	—	11,339,666
Preferred stock	221,243	799	(43,369)	—	178,673
Common stock	—	16	—	—	16
Total fixed maturity and equity securities	$ 13,506,598	$ 29,770	$ (2,018,013)	$ —	$ 11,518,355

(Expressed in thousands of U.S. dollars, except share amounts)

The unrealized loss and fair values by investment category and by duration of the fixed maturity securities in a continuous unrealized loss position of the segregated portfolio—general account assets supporting funds withheld at interest at December 31 are as follows:

	Less than 12 Months		12 Months or More		Total	
At December 31, 2023	**Fair Value**	**Unrealized Loss**	**Fair Value**	**Unrealized Loss**	**Fair Value**	**Unrealized Loss**
Fixed maturities:						
Available-for-sale:						
U.S. Government and Agencies	$ 1,349,785	$ (53,074)	$ —	$ —	$ 1,349,785	$ (53,074)
State and political subdivisions	28,530	(606)	—	—	28,530	(606)
Foreign sovereign	12,556	(518)	—	—	12,556	(518)
Corporate securities	842,974	(20,979)	—	—	842,974	(20,979)
Residential mortgage-backed securities	125,084	(6,550)	—	—	125,084	(6,550)
Commercial mortgage-backed securities	136,119	(11,799)	—	—	136,119	(11,799)
Asset backed securities	204,279	(17,256)	—	—	204,279	(17,256)
Collateralized debt obligations	19,922	(672)	—	—	19,922	(672)
Other Invested Assets (Surplus debentures and Debt portion of collateral loans)	160,224	(1,637)	—	—	160,224	(1,637)
Total available-for-sale	2,879,473	(113,091)	—	—	2,879,473	(113,091)
Trading:						
U.S. Government and Agencies	$ 7,996	$ (377)	$ 66,992	$ (18,171)	$ 74,988	$ (18,548)
State and political subdivisions	3,575	(133)	20,505	(2,053)	24,080	(2,186)
Foreign sovereign	—	—	2,330	(633)	2,330	(633)
Corporate securities	43,184	(1,385)	465,620	(53,546)	508,804	(54,931)
Residential mortgage-backed securities	11,433	(222)	55,992	(8,349)	67,425	(8,571)
Commercial mortgage-backed securities	3,934	(57)	53,429	(8,038)	57,363	(8,095)
Asset backed securities	443	(5)	30,446	(3,305)	30,889	(3,310)
Collateralized debt obligations	—	—	29,986	(887)	29,986	(887)
Other Invested Assets (Surplus debentures and Debt portion of collateral loans)	4,038	(63)	14,295	(2,771)	18,333	(2,834)
Total trading	74,603	(2,242)	739,595	(97,753)	814,198	(99,995)
Total fixed maturities	2,954,076	(115,333)	739,595	(97,753)	3,693,671	(213,086)
Preferred stock	11,222	(71)	128,359	(28,127)	139,581	(28,198)
Common stock	—	—	—	—	—	—
Total fixed maturity and equity securities	$ 2,965,298	$ (115,404)	$ 867,954	$ (125,880)	$ 3,833,252	$ (241,284)

(Expressed in thousands of U.S. dollars, except share amounts)

	Less than 12 Months		12 Months or More		Total	
At December 31, 2022	**Fair Value**	**Unrealized Loss**	**Fair Value**	**Unrealized Loss**	**Fair Value**	**Unrealized Loss**
Fixed maturities:						
Trading:						
U.S. government and agencies	$ 1,482,999	$ (567,635)	$ 45,956	$ (30,000)	$ 1,528,955	$ (597,635)
State and political subdivisions	497,236	(62,086)	72,971	(13,678)	570,207	(75,764)
Foreign sovereign	15,470	(2,258)	911	(481)	16,381	(2,739)
Corporate securities	6,721,664	(984,224)	281,261	(80,857)	7,002,925	(1,065,081)
Residential mortgage-backed securities	239,439	(30,450)	33,474	(8,008)	272,913	(38,458)
Commercial mortgage-backed securities	242,831	(31,207)	33,622	(9,303)	276,453	(40,510)
Asset-backed securities	474,697	(58,861)	82,518	(19,584)	557,215	(78,445)
Collateralized debt obligations	271,456	(31,783)	312,396	(44,229)	583,852	(76,012)
Other Invested Assets (Surplus debentures and Debt portion of collateral loans)	—	—	—	—	—	—
Total trading	9,945,792	(1,768,504)	863,109	(206,140)	10,808,901	(1,974,644)
Total fixed maturities	9,945,792	(1,768,504)	863,109	(206,140)	10,808,901	(1,974,644)
Preferred stock	139,805	(33,208)	20,252	(10,161)	160,057	(43,369)
Common stock	—	—	—	—	—	—
Total fixed maturity and equity securities	$10,085,597	$(1,801,712)	$ 883,361	$ (216,301)	$10,968,958	$(2,018,013)

At December 31, 2023, 898 fixed-maturity investments with a total unrealized loss of $97,753 had been in an unrealized loss position for 12 months or more. Of those securities in an unrealized loss position for 12 months or more, 59 securities were below 70% of book value with an unrealized loss of $16,795.

At December 31, 2022, 551 fixed-maturity investments with a total unrealized loss of $206,140 had been in an unrealized loss position for 12 months or more. Of those securities in an unrealized loss position for 12 months or more, 114 securities were below 70% of book value with an unrealized loss of $68,030.

The contractual maturities of the segregated portfolio—general account's fixed maturity securities supporting funds withheld at interest as of December 31, 2023, are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
0 to 1 Year	$ 57,960	$ 57,748
1 to 5 years	960,775	956,363
5 to 10 years	1,100,836	1,110,465
10 to 20 years	3,151,159	3,228,746
> 20 years	4,840,684	4,923,554
Residential mortgage-backed securities	281,377	266,120
Commercial mortgage-backed securities	291,351	272,929
Asset-backed securities	566,111	558,324
Collateralized debt obligations	585,707	618,236
Total fixed maturities	$ 11,835,960	$ 11,992,485

(Expressed in thousands of U.S. dollars, except share amounts)

Commercial Mortgage Loans

Commercial mortgage loans (CMLs) represented approximately 4.2% and 5.4% of the Company's segregated portfolio of assets—general account supporting the funds withheld at interest as of December 31, 2023 and 2022, respectively. The amortized cost, fair value and the related gross unrealized gain (loss) are as follows:

	Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value
December, 31 2023	$ 598,224	$ 29	$ (44,238)	$ 554,015
December, 31 2022	$ 736,337	$ 457	$ (52,862)	$ 683,932

The unrealized loss and fair values by the duration of the CMLs in a continuous unrealized loss position are as follows:

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
December, 31 2023	$ —	$ —	$ 540,469	$ (44,238)	$ 540,469	$ (44,238)
December, 31 2022	$ 666,003	$ (52,295)	$ 3,976	$ (567)	$ 669,979	$ (52,862)

No valuation allowances were recorded in 2023 or 2022.

The CML portfolio of the Company's segregated portfolio of assets—general account supporting the funds withheld at interest is collateralized by a variety of commercial real estate property types located across the United States. The principal geographic distribution as of December 31 is shown below. No other state represented more than 5% of the portfolio.

Percentage of Loan Portfolio Fair Value	2023	2022
California	18.5 %	17.2 %
New York	15.9	13.3
Virginia	8.6	13.5
Tennessee	7.7	6.4
Texas	5.5	5.3

(Expressed in thousands of U.S. dollars, except share amounts)

The types of properties collateralizing the CMLs as of December 31 are as follows:

Percentage of Loan Portfolio Fair Value	2023	2022
Multifamily	38.5 %	52.0 %
Other commercial	33.5	14.6
Retail	14.2	16.8
Office buildings	7.4	8.2
Industrial	6.3	8.4
Health care / medical	0.1	—
Total	100.0	100.0

The contractual maturities of the CML portfolio as of December 31, 2023, are as follow:

	Number of Loans	Fair Value	Percent
2024	10	$ 29,952	5.4 %
2025	23	94,208	17.0 %
2026	6	28,012	5.1 %
2027	4	8,945	1.6 %
2028	7	59,166	10.7 %
Thereafter	49	333,732	60.2 %
Total	99	$ 554,015	100.0 %

Loan-to-value (LTV) and debt service coverage (DSC) ratios are measures commonly used to assess risk and quality of CMLs. The LTV ratio, calculated at time of origination, is expressed as a percentage of the amount of the loan relative to the value of the underlying property. An LTV ratio in excess of 100% indicates the unpaid loan amount exceeds the value of the underlying collateral. There were no loans at December 31, 2023 with an LTV ratio greater than 75%. The DSC ratio, based upon the most recently received financial statements, is expressed as a percentage of the amount of estimated cash flows from the property available to the borrower to meet principal and interest payment obligations. A DSC ratio of less than 1.0 indicates that property's operations do not generate sufficient cash flows to cover the debt payments. A loan can be considered performing and not a credit issue while experiencing a DSC below 1.0 for periods of time due to timing issues with regard to the receipt of income and payment of periodic expenses, such as taxes.

The following table reflects the distribution of the Company's CMLs across these two risk and quality measures are as of December 31, 2023:

	Debt Service Coverage Ratio					
Loan-to-Value Ratios	Less 1.0	1.0 to 1.25	1.26 to 1.5	1.51 to 1.75	Above 1.75	Total
Less than 50%	$ —	$ 3,030	$ 17,967	$ 42,312	$ 316,986	$ 380,295
50% to 60%	—	14,241	—	72,411	43,945	130,597
60% to 75%	—	25,230	—	5,103	12,790	43,123
Total	$ —	$ 42,501	$ 17,967	$ 119,826	$ 373,721	$ 554,015

(Expressed in thousands of U.S. dollars, except share amounts)

The following table reflects the distribution of the Company's CMLs across these two risk and quality measures are as of December 31, 2022:

	Debt Service Coverage Ratio					
Loan-to-Value Ratios	**Less 1.0**	**1.0 to 1.25**	**1.26 to 1.5**	**1.51 to 1.75**	**Above 1.75**	**Total**
Less than 50%	$ 3,976	$ 3,192	$ 25,405	$ 29,354	$ 440,434	$ 502,361
50% to 60%	—	—	11,887	98,846	26,530	137,263
60% to 75%	—	26,127	5,300	—	12,881	44,308
Total	$ 3,976	$ 29,319	$ 42,592	$ 128,200	$ 479,845	$ 683,932

5. CONCENTRATION OF CREDIT RISK

As of December 31, 2023, substantially all the Company's cash and cash equivalents were held in six financial institutions that the Company considers to be of high quality. As of December 31, 2022, substantially all of the Company's cash and cash equivalents were held in four financial institutions that the Company considers to be of high quality.

6. REINSURANCE ASSUMED

At December 31, 2023, the Company has five reinsurance agreements with Wilton Reassurance Company (WRAC) involving certain pre-XXX (The Valuation of Life Insurance Policies Model) term, universal life, whole life and final expense exposures. The treaties were initially effective in 2005 and 2006 and have been amended periodically.

In 2017, WRAC reinsured closed blocks of non-par payout annuities (payouts) and corporate owned and bank owned life insurance business (COLI | BOLI) on a coinsurance and modified coinsurance basis. Concurrently, WRAC retroceded the blocks to the Company, with the retrocession on a 100% coinsurance funds withheld basis. Also in 2017, Wilcac Life Insurance Company, an Illinois domiciled affiliate (WCAC), ceded its block of payouts to the Company on a 100% coinsurance funds withheld basis.

In 2020, WRAC retroceded 50% of a closed block of long-term care business as well as a 100% of a XXX term block, both on a coinsurance funds withheld basis.

The following table presents information for the Company's reinsurance liabilities as of December 31:

Reinsurance Liability Assumed	**2023**	**2022**
Affiliates—WRAC & WCAC	$ 20,231,499	$ 20,335,054
Non-affiliates—other insurers	711,155	785,470
Total Reserve for future policy benefits and Interest sensitive contract liabilities	$ 20,942,654	$ 21,120,524

The effect of reinsurance and retrocessions on total premiums earned is as follows:

	2023	**2022**
Reinsurance assumed—affiliate	$ 128,305	$ 139,243
Reinsurance assumed—non-affiliate	2,290	3,238
Total premiums	$ 130,595	$ 142,481

(Expressed in thousands of U.S. dollars, except share amounts)

The effect of reinsurance and retrocessions on total claims and policy benefits is as follows:

	2023	2022
Reinsurance assumed—affiliate	$ 390,156	$ 439,722
Reinsurance assumed—non-affiliate	9,365	(2,066)
Total claims and policy benefits	$ 399,521	$ 437,656

At December 31, 2023 and 2022, there were no retrocessional receivables.

The effect of reinsurance and retrocessions on life insurance inforce is as follows:

	Direct	Assumed	Ceded	Net
December 31, 2023	$ 3,114	$ 28,888,296	$ —	$ 28,891,410
December 31, 2022	$ 6,156	$ 29,389,584	$ —	$ 29,395,740

Reinsurance and retrocession treaties do not relieve the Company from its obligations to counterparties. Failure of reinsurers or retrocessionaires to honor their obligations could result in losses to the Company. Expected credit losses recognized in the allowance for credit loss for the period along with the changes thereof from the prior period related to reinsurance recoverable balances and inuring reinsurance exposures are:

	2023	2022
Balance, beginning of period	—	—
Cumulative adjustment for adoption of credit loss accounting standard	1,173	—
Provision for credit losses	—	—
Write-offs	(63)	—
Balance, end of period	1,110	—

7. DEFERRED ACQUISITION COSTS AND VALUE OF BUSINESS ACQUIRED

The balances and changes in DAC for the years ended December 31 are as follows:

	2023	2022
Beginning of year	$ 28,333	$ 33,714
Capitalized	—	—
Amortized	(3,608)	(5,381)
End of year	$ 24,725	$ 28,333

(Expressed in thousands of U.S. dollars, except share amounts)

The balances and changes in VOBA for the years ended December 31 are as follows:

	2023	2022
Beginning of year	$ 1,060,753	$ 375,506
Amortized	(60,243)	(9,945)
Attributable to realized / unrealized gains and losses	(67,277)	700,221
Impact of unlocking	30,088	(5,029)
End of year	$ 963,321	$ 1,060,753

The expected amortization of VOBA in the next five years is as follows:

2024	$ 26,687
2025	$ 26,553
2026	$ 27,444
2027	$ 31,787
2028	$ 32,637

8. INCOME TAXES

WREB became a US taxpayer as of January 1, 2018.

Under prior Bermuda law, the Company was not required to pay taxes in Bermuda on income or realized capital gains. The Company had received an undertaking from the Minister of Finance in Bermuda that, in the event of any taxes being imposed, the Company would be exempt from taxation in Bermuda until March 2035.

The Corporate Income Tax 2023 was enacted in Bermuda on December 27, 2023. Following a five-year exclusion period, the Company's Bermuda entities expect to be subject to the new tax regime starting from January 1, 2030, at a rate of 15% reduced by creditable foreign taxes. The deferred taxes on the balance sheet have been calculated using the enacted rate for temporary differences that will be reversed once the regime comes into effect. However, a net deferred tax asset of approximately $571,469 related to transition tax adjustments has been reduced to zero by a valuation allowance to reflect that no incremental benefit is expected to be realized because of the availability of credits for US income taxes to offset the Bermuda tax liability.

At December 31, 2023, the Company had a net operating loss carryforward of $6,922, a capital loss carryforward of $83, and no tax credits. An additional valuation allowance against other net deferred tax assets was applied in the amount of $1,355. At December 31, 2022, the Company had a net operating loss carryforward of $102,652, a capital loss carryforward of $1,810, and no tax credits. In addition, a valuation allowance against the net deferred tax asset was applied in the amount of $3,188.

Income tax expense attributable to income from continuing operations for the years ended December 31, 2023 and 2022, is as follows:

	2023	2022
Current tax expense (benefit)	$ 4,725	$ (4,305)
Deferred tax expense (benefit)	113,609	(719,175)
Income tax expense (benefit)	$ 118,334	$ (723,480)

(Expressed in thousands of U.S. dollars, except share amounts)

The income tax expense differs from applying the US federal income tax rate of 21% to income before taxation as a result of the following:

	2023	2022
Computed expected tax expense (benefit)	$ 120,382	$ (723,097)
Valuation Allowance	(1,833)	—
Other	(215)	(383)
Income tax expense (benefit)	$ 118,334	$ (723,480)

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities at December 31, 2023 and 2022, are presented in the following table:

	2023	2022
Deferred income tax assets:		
Reserve for future policy benefits	$ 1,241,683	$ 1,322,185
Investments	541,970	610,228
Net operating loss carryforwards	1,454	21,557
Capital loss carryforwards	18	380
Employee benefits	2,721	2,796
Nondeductible accruals	110	74
Bermuda Economic Transition Tax Adjustment	571,469	—
Other	—	3
Total deferred tax assets	2,359,425	1,957,223
Deferred income tax liabilities:		
Differences between tax and financial reporting bases concerning certain reinsurance transactions	(840,214)	(872,094)
Deferred acquisition costs/value of business acquired	(191,800)	(212,055)
Other	(27)	—
Total deferred tax liabilities	(1,032,041)	(1,084,149)
Valuation allowance	(572,824)	(3,188)
Net deferred tax asset	$ 754,560	$ 869,886

The Company's U.S. federal income tax returns for tax years 2020–2023 are open and subject to examination by the Internal Revenue Service.

As of December 31, 2023, the Company had no unrecognized tax benefits.

The Inflation Reduction Act enacted the Corporate Alternative Minimum Tax (CAMT) on August 16, 2022. For applicable corporations that report over $1 billion in profits to shareholders, the act includes a 15% CAMT based on book income. The Company does not meet the average "adjusted financial statement income" threshold for CAMT purposes. As such, the Company is a nonapplicable reporting entity and is not subject to pay CAMT. As of December 31, 2023, the Company is not required to calculate or recognize a payable for CAMT in 2023 and will not have a CAMT credit carryforward.

9. STATUTORY REQUIREMENTS AND DIVIDEND RESTRICTIONS

The Company is subject to insurance laws and regulations of Bermuda by the Bermuda Monetary Authority (BMA). These regulations include restrictions that limit the amount of dividends or other distributions available to shareholders without prior approval of the insurance regulatory authorities.

Under Bermuda law, the following statutory conditions must all be met prior to a distribution to shareholders:

1. The value of the assets backing the Company's insurance liabilities, as certified by the Company's approved actuary, must be greater than the Company's reserves (also certified) after the distribution (Insurance Act, Section 24);
2. Company must be solvent after payment of the dividend, i.e. the realizable value of its assets must be greater than its liabilities (Companies Act, Section 54);
3. BMA approval is required for dividends exceeding 25% of the Company's statutory capital and surplus, per its previous year's statutory balance sheet (Insurance Act, Section 31B);
4. BMA approval is required for any distribution exceeding 15% of the Company's statutory capital, per its previous year's statutory financial statements (Insurance Act, Section 31C); and,
5. After the distribution, the Company's capital must be above regulatory margins (Insurance Act, Sections 31B and 31C).

The Company is to obtain the BMA prior approval before paying any dividends based on Statutory Financials modifications approved under Section 6C(1) of the Insurance Act 1978.

10. SHAREHOLDERS' EQUITY

Dividends

On September 14, 2023, the Company declared a dividend of $50,000 payable to its shareholders, WRL and Wilton Re US Holdings. The dividend was paid using cash on September 15, 2023.

On September 20, 2022, the Company declared a dividend of $75,000 payable to its shareholders, WRL and Wilton Re US Holdings. The dividend was paid using cash on September 21, 2022.

On December 5, 2022, the Company declared a dividend of $50,000 payable to its shareholders, WRL and Wilton Re US Holdings. The dividend was paid using cash on December 21, 2022.

11. RELATED PARTY TRANSACTIONS

The Company is party to a Service Agreement with its affiliate, Wilton Re Services, Inc., (Wilton Services) under which Wilton Services provides certain accounting, actuarial and administrative services to the Company (the Services Agreement). During 2023 and 2022, the Company incurred $4,367 and $8,133, respectively of expenses for these services. Amounts payable to parents, subsidiaries and affiliates of $13,631 and $12,123 at December 31, 2023 and 2022, respectively, were primarily related to the Services Agreement.

During 2022, the Company transferred ownership of UNUK Holdings LP (UNUK) to Wilcac Life Insurance Company (WCAC). In Exchange, WCAC transferred cash equal to the market value of UNUK of $24,653.

12. COMMITMENTS AND CONTINGENCIES

Funding of Investments

The Company has no commitments to fund limited partnership investments as of December 31, 2023 and 2022.

Collateral Arrangements

In November 2008, the Company entered into a reinsurance trust agreement with WRAC as beneficiary, for the purpose of collateralizing the Company's obligations under the terms of the reinsurance agreements between the Company and WRAC. At December 31, 2023 and 2022, the balance in the trust was $2,987 and $2,791, respectively.

Legal Proceedings

In the normal course of business, the Company is involved in litigation, principally from claims made under insurance policies and contracts. The ultimate disposition of such litigation is not expected to have a material adverse effect on the Company's financial condition, liquidity or results of operations. At the current time the Company is not a party to any pending litigation.

Capital Maintenance Agreement

Effective April 5, 2019, the Company entered into a Capital Maintenance Agreement (CMA) with WRL. Under the CMA terms, WRL agrees to maintain in the Company, "Available Statutory Economic Capital and Surplus" in excess of 125% of its "Enhanced Capital Requirement" at all times as defined in the Insurance (Prudential Standards) (Class C, D and Class E Solvency Requirement) Rules 2011, up to an aggregate amount of $400,000.

13. LONG-TERM AND OTHER DEBT

Liquidity Facilities

WRL obtains letter of credits (LOCs) for the benefit of various affiliated and unaffiliated insurance companies from which the Company assumes business. These LOCs represent guarantees of performance under the reinsurance agreements and allow ceding companies to take statutory reserve credits.

In September 2021, WRL, along with the Wilton Re US Holdings, extended its existing five-year $500,000 senior revolving credit facility (Wells Fargo Facility I) by 3 years, with a new expiry in 2026 with a syndicate of lenders. The facility includes a $100,000 letter of credit sublimit. The facility also requires WRL's combined leverage ratio not to be greater than 0.35 to 1.00 and that WRL maintain a minimum adjusted consolidated tangible net worth. Borrowings under the Wells Fargo Facility I bear interest, at the applicable borrower's option, at either a base rate or a LIBOR rate (or following a LIBOR replacement event, a SOFR rate) (or, in the case of borrowings denominated in Canadian Dollars, at the Canadian Dollar Offered Rate or "CDOR"), in each case, plus an applicable margin that is determined according to a sliding scale based upon the majority of the financial strength rating of WRAC, WREB, and ivari. The applicable margin for base rate loans ranges from 0.125% to 0.75%. The applicable margin for LIBOR loans/CDOR Loans/SOFR Loans ranges from 1.125% to 1.75%. Any amounts borrowed may be repaid at any time without prepayment penalty. In September 2022, the Wells Fargo Facility I was amended to, among other things, remove the LIBOR rate option for Borrowings thereunder.

LOCs issued under the Wells Fargo Facility I may be collateralized by qualifying cash and securities (liquid collateral). The market value of the collateral held by the Company at December 31, 2023 and 2022, was $22,198 and $21,575, respectively. At December 31, 2023 and 2022, there were approximately $18,285 and $17,945, respectively of outstanding bank letters of credit issued by the Company under the facility in favor of non-affiliated companies.

In September 2023, WRL, along with Wilton Re US Holdings, renewed its 364-day $500,000 senior revolving credit facility (Wells Fargo Facility II) with a syndicate of lenders. Wells Fargo Facility II has the same financial covenant restrictions and rates as Wells Fargo Facility I. The applicable margin for base rate loans ranges from 0.125% to 0.75%. The applicable margin for SOFR Loans ranges from 1.125% to 1.75%.

On February 16, 2022, $115,000 was drawn by WREB under the 364-day $500,000 senior credit facility (Well Fargo Facility II). On May 19, 2022, WREB subsequently repaid the $115,000. The company incurred $478 of interest expense on debt.

The Company is a borrower under both Wells Fargo Facility I and Wells Fargo Facility II. At December 31, 2023 and 2022, there was $0 borrowed under the facilities by the Company.

On February 3, 2023, the Company issued a $50,000 unsecured letter of credit to WCAC to provide reserve credit for certain 2023 activity.

On December 5, 2022, the Company issued a $100,000 unsecured letter of credit to WCAC to provide reserve credit for certain 2022 activity.

14. FAIR VALUE

The Company has categorized its assets and liabilities recorded at fair value, based on the priority of the inputs to the valuation technique, into a three-level hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded at fair value on the consolidated balance sheets are categorized as follows:

Level 1 Unadjusted quoted prices for identical assets or liabilities in an active market.

The types of financial investments included in Level 1 are listed equities, mutual funds, money market funds, US Treasury Securities and non-interest bearing cash. listed equities, mutual funds, money market funds, US Treasury Securities and non-interest-bearing cash.

Level 2 Pricing inputs other than quoted prices in active markets which are either directly or indirectly observable as of the reporting date, and fair value determined through the use of models or other valuation methods. Such inputs may include benchmarking prices for similar assets in active, liquid markets, quoted prices in markets that are not active and observable yields and spreads in the market. Level 2 valuations may be obtained from independent sources for identical or comparable assets or through the use of valuation methodologies using observable market-corroborated inputs. Prices from third-party pricing services are validated through analytical reviews.

The types of financial instruments included in Level 2 include publicly traded issues such as US and foreign corporate securities, residential and commercial mortgage-backed securities, preferred stocks and common stocks among others.

Level 3 Prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. They reflect management’s own assumptions about the assumptions a market participant would use in pricing the asset or liability. Market standard techniques for determining the estimated fair value of certain securities that trade infrequently may rely on inputs that are not observable in the market or cannot be derived from or corroborated by market observable data. Prices are determined using valuation methodologies such as discounted cash flow models and other techniques. Management believes these inputs are consistent with what other market participants would use when pricing similar assets.

The types of financial investments included in Level 3 primarily include privately placed fixed maturities or equities, equities with limited trading, certain asset-backed and mortgage-backed securities, commercial mortgage loans, collateral loans and the LLC or limited partnership interests that are not accounted for on an equity method.

Recurring Fair Value Measurements

The assets and liabilities measured at fair value on a recurring basis and their placement in the fair value hierarchy, including those items for which the Company has elected the FVO, are summarized below at:

(Expressed in thousands of U.S. dollars, except share amounts)

December 31, 2023	Fair Value	Level 1	Level 2	Level 3
Invested assets:				
U.S. government and agencies	29,559	26,569	2,990	—
State and political subdivisions	68,730	—	68,368	362
Foreign sovereign	—	—	—	—
Corporate securities	154,919	—	148,577	6,342
Residential mortgage-backed securities	18,245	—	18,245	—
Commercial mortgage-backed securities	10,058	—	10,058	—
Asset backed securities	15,391	—	10,800	4,591
Collateralized debt obligations	4,937	—	4,937	—
Total fixed maturity	301,839	26,569	263,975	11,295
Preferred stock	1,794	—	1,794	—
Total fixed maturity and equity securities	303,633	26,569	265,769	11,295
Other invested assets:				
Life settlement contracts - direct	117,933	—	—	117,933
All other	324	—	324	—
Total other invested assets	118,257	—	324	117,933
Total invested assets	421,890	26,569	266,093	129,228
Funds withheld at interest:				
U.S. government and agencies	1,550,474	1,351,265	199,209	—
State and political subdivisions	562,740	—	555,444	7,296
Foreign sovereign	15,952	—	15,952	—
Corporate securities	7,559,460	—	6,866,470	692,990
Residential mortgage-backed securities	266,120	—	266,120	—
Commercial mortgage-backed securities	272,929	—	272,929	—
Asset backed securities	558,324	—	328,574	229,750
Collateralized debt obligations	618,236	—	618,236	—
Total fixed maturity	11,404,235	1,351,265	9,122,934	930,036
Preferred stock	166,613	—	158,428	8,185
Common stock	6	—	—	6
Total fixed maturity and equity securities	11,570,854	1,351,265	9,281,362	938,227
Commercial mortgage loans	554,015	—	—	554,015
Other invested assets[3]	864,706	—	370,937	493,769
Funds withheld at interest - segregated portfolio assets - general account	12,989,575	1,351,265	9,652,299	1,986,011
Funds withheld at interest - segregated portfolio of assets - separate account	3,717,197	—	3,717,197	—
Total funds withheld at interest[1 2]	16,706,772	1,351,265	13,369,496	1,986,011
Other liabilities - life settlement contracts - secured borrowing	(30,626)	—	—	(30,626)
Total	17,098,036	1,377,834	13,635,589	2,084,613

(Expressed in thousands of U.S. dollars, except share amounts)

[1]Cash and short-term investments of $189,279 is a component of funds withheld at interest: segregated portfolio of assets—general account not measured at fair value on a recurring basis.

[2]Funds withheld at interest: Non segregated portfolio of assets of $436,908 are a component of Funds withheld at interest not measured at fair value on a recurring basis.

[3]Limited partnerships of $295,428 is a component of other invested assets not measured at fair value on a recurring basis

December 31, 2022	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Invested assets:				
U.S. government and agencies	36,602	33,733	2,869	—
State and political institutions	61,664	—	57,968	3,696
Corporate securities	138,772	—	137,155	1,617
Residential mortgage-backed securities	7,148	—	7,148	—
Commercial mortgage-backed securities	7,962	—	7,962	—
Asset-backed securities	22,922	—	17,998	4,924
Collateralized debt obligations	5,206	—	5,206	—
Total fixed maturity	280,276	33,733	236,306	10,237
Preferred stock	1,779	—	1,779	—
Total fixed maturity and equity securities	282,055	33,733	238,085	10,237
Other invested assets:				
Life settlement contracts - direct	133,838	—	—	133,838
All other	308	—	308	—
Total other invested assets	134,146	—	308	133,838
Total invested assets	416,201	33,733	238,393	144,075
Funds withheld at interest:				
U.S. government and agencies	1,529,205	1,341,384	187,821	—
State and political subdivisions	644,390	—	575,450	68,940
Foreign sovereign	16,380	—	16,380	—
Corporate securities	7,422,279	—	6,868,414	553,865
Residential mortgage-backed securities	280,682	—	280,681	1
Commercial mortgage-backed securities	278,301	—	278,301	—
Asset-backed securities	584,229	—	351,014	233,215
Collateralized debt obligations	584,200	—	584,200	—
Total fixed maturity	11,339,666	1,341,384	9,142,261	856,021
Preferred stock	178,673	—	168,588	10,085
Common stock	16	—	—	16
Total fixed maturity and equity securities	11,518,355	1,341,384	9,310,849	866,122
Commercial mortgage loans	683,932	—	—	683,932
Other invested assets[3]	786,621	—	364,751	421,870
Funds withheld at interest - segregated portfolio assets - general account	12,988,908	1,341,384	9,675,600	1,971,924
Funds withheld at interest - segregated portfolio of assets - separate account	3,430,213	—	3,430,213	—
Total funds withheld at interest[1 2]	16,419,121	1,341,384	13,105,813	1,971,924
Other liabilities - life settlement contracts - secured borrowing	(35,368)	—	—	(35,368)
Total	16,799,954	1,375,117	13,344,206	2,080,631

[1]Cash and short-term investments of $231,296 is a component of funds withheld at interest: segregated portfolio of assets—general account not measured at fair value on a recurring basis.

[2]Funds withheld at interest: Non segregated portfolio of assets of $376,149 are a component of Funds withheld at interest not measured at fair value on a recurring basis.

[3]Limited partnerships of $314,493 is a component of other invested assets not measured at fair value on a recurring basis.

Fixed Maturity and Equity Securities

Publicly traded fixed maturity securities included in fixed maturity and equity securities and funds withheld at interest are valued based on quoted market prices or broker prices. Private placement securities included in fixed maturity and equity securities and funds withheld at interest are valued based on the credit quality and duration of marketable securities deemed comparable by the Company’s investment advisor, which may be of another issuer. In some cases, discounted cash flow analysis may be used.

U.S. Government and Agencies, State and Political Subdivisions, Foreign Sovereign and Corporate Securities

US Treasury securities, which trade based on quoted prices for identical assets in an active market, are included in Level 1.

The fair value of Level 2 bonds and securities is predominantly priced by third-party pricing services and broker quotes. Their pricing models typically utilize the following inputs: principal and interest payments, treasury yield curve, credit spreads from new issue and secondary trading markets, early redemption or call features, benchmark securities and reported trades.

Level 3 bonds and securities primarily represent investments in privately placed bonds, credit tenant loans and other less liquid corporate and municipal bonds for which prices are not readily available. To determine a fair value, the Company may rely on modeling for market valuation using both observable and unobservable inputs. These inputs are entered into industry standard pricing models to determine the final price of the security. These inputs typically include: projected cash flows, discount rate, industry sector, underlying collateral, credit quality of the issuer, maturity, embedded options, recent new issuance, comparative bond analysis, and seniority of debt.

The extent of the use of each market input depends on the asset class, market conditions and the relevant market data available. Depending on the security, these inputs may change, some market inputs may not be relevant or additional inputs may be necessary.

The fair value of corporate bonds classified as Level 3 is sensitive to changes in the interest rate spread over the corresponding US Treasury rate. This spread represents a risk premium that is affected by company-specific and market factors. An increase in the spread can be caused by a perceived increase in credit risk of a specific issuer and/or an increase in the overall market risk premium associated with similar securities.

Mortgage-Backed Securities, Asset-Backed Securities and Collateralized Debt Obligations

This category consists of residential mortgage-backed securities, commercial mortgage-backed securities, and other asset-backed securities, such as credit card and automobile receivables, home equity loans, manufactured housing bonds and collateralized debt obligations. Level 2 securities are priced from information provided by third-party pricing services and independent broker quotes. For mortgage-backed and asset-backed securities, valuation is based primarily on matrix pricing or other similar techniques using standard market inputs including spreads for actively traded securities, spreads off benchmark yields, expected prepayment speeds and volumes, current and forecasted loss severity, credit rating, weighted average coupon, weighted average maturity, average delinquency rates, geographic region, debt-service coverage ratios and issuance-specific information including, but not limited to: collateral type, payment terms of the underlying assets, payment priority within the tranche, structure of the security, deal performance, vintage of loans and insurance guarantees.

The Company has included mortgage-backed and asset-backed securities with less liquidity in Level 3, these securities are primarily privately placed transactions with little transparency to the market or other securities with limited or inactive trading markets. Significant inputs cannot be derived principally from or corroborated by observable market data. The significant unobservable inputs used in the fair value measurement of these securities typically include: discounted cash flows, credit rating of issuer, debt coverage ratios, type and quality of underlying collateral, prepayment rates, probability of default and loss severity in the event of default.

Included in the pricing of mortgage-backed and asset-backed securities are estimates of the rate of future prepayments of principal over the remaining life of the securities. Such estimates are derived based on the securities' underlying structure and rates of prepayments previously experienced at the interest rate levels projected for the underlying collateral. Changes in significant inputs used in the fair value measurement, such as the paydown rate (the projected annual rate of principal reduction), may affect the fair value of the securities. For example, a decrease in the paydown rate would increase the projected weighted average life and increase the sensitivity of the fair value to changes in interest rates.

Preferred and Common Stock

The fair values of preferred and common stocks are primarily based upon quoted market prices in active markets and are classified within Level 1 in the fair value hierarchy. The fair values of preferred and common stocks, for which quoted market prices are not readily available, are based on prices obtained from independent pricing services and are generally classified within Level 2 in the fair value hierarchy. Privately placed transactions with little transparency to the market or other equities with limited or inactive trading markets may rely on modeling for market valuation using both observable and unobservable inputs. These are generally classified within Level 3 in the fair value hierarchy.

Commercial Mortgage Loans

The Company elects the FVO for CMLs. The loans are valued using a net present value calculation of future cash flows. The calculation uses a credit spread plus a liquidity spread and is added to an interpolated Treasury yield to determine the discount rate. Credit and liquidity spreads are derived from industry spread curve data provided by third parties that are considered market-makers in commercial mortgage loans.

The CMLs are considered Level 3 in the fair value hierarchy due to the limited transaction activity and unobservable inputs.

Other Invested Assets

Surplus Debentures

Surplus debentures are similar to corporate securities. The fair values of surplus debentures are primarily based on prices obtained from independent pricing services or may be obtained from independent third-party dealers in the absence of quoted market prices. They are generally classified within Level 2 in the fair value hierarchy.

Funds Withheld

The fair value of embedded derivatives associated with funds withheld reinsurance treaties is determined based upon a total return swap methodology with reference to the fair value of the investments held by the ceding company that support the Company's funds withheld at interest asset.

(Expressed in thousands of U.S. dollars, except share amounts)

The fair value of the underlying assets is generally based on market observable inputs using market valuation methodologies.

Changes of Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis

The Company obtains its Level 3 fair value measurements from independent, third-party pricing sources. The Company does not develop the significant inputs used to measure the fair value of these assets and liabilities, and the information regarding the significant inputs is not readily available to the Company. Independent broker-quoted fair values are non-binding quotes developed by market makers or broker-dealers obtained from third-party sources recognized as market participants. The fair value of a broker-quoted asset or liability is based solely on the receipt of an updated quote from a single market maker, or a broker-dealer recognized as a market participant as the Company does not adjust broker quotes when used as the fair value measurement for an asset or liability. In addition, some prices are determined based on discounted cash flow models.

The Company’s policy is to recognize transfers into and out of levels within the fair value hierarchy at the end of the period in which the actual event or change in circumstances that caused the transfer occurs.

For all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3), the following table presents select activity for the years ended December 31, 2023 and 2022:

	2023			2022		
Invested Assets	**Purchases**	**Transfer**	**Transfer Out**	**Purchases**	**Transfer**	**Transfer Out**
Corporate securities	$ 595	$ —	$ —	$ 625	$ —	$ (3,714)
Commercial mortgage-backed securities	—	—	—	—	—	(1,816)
Asset-backed securities	185	—	—	1,006	1,037	—
Total invested assets	$ 780	$ —	$ —	$ 1,631	$ 1,037	$ (5,530)

15. SUBSEQUENT EVENTS

The Company has evaluated the impact of subsequent events through April 25, 2024, representing the date at which the consolidated financial statements were available to be issued. The following events occurred subsequent to December 31, 2023:

On February 21, 2024, the Company issued a $70,000 unsecured letter of credit to WCAC to provide reserve credit for certain 2024 activity.

On April 25, 2024, the Company declared a dividend of $200,000 payable to its shareholders, WRL and Wilton Re US Holdings.

SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
Wilton Reinsurance Bermuda Limited:

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary consolidating balance sheets as of December 31, 2023 and 2022, and the supplementary consolidating statements of comprehensive income (loss) for the years then ended ("supplementary information") are presented for the purpose of additional analysis and are not a required part of the financial statements. This supplementary information is the responsibility of Wilton Reinsurance Bermuda Limited and subsidiary's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such supplementary information has been subjected to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion such supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte & Touche LLP

April 25, 2024

WILTON REINSURANCE BERMUDA LIMITED AND SUBSIDIARY

CONSOLIDATING BALANCE SHEET

AS OF DECEMBER 31, 2023

(Amounts in thousands of U.S. dollars)

	WREB	Mills Creek	Eliminations	WREB Consolidated
Assets				
Investments:				
Fixed maturity securities available-for-sale, at estimated fair value	$ 301,839	$ —	$ —	$ 301,839
Fixed maturity securities trading and equity securities	1,794	—	—	1,794
Policy loans	13,170	—	—	13,170
Funds withheld at interest	17,628,387	—	—	17,628,387
Other invested assets	324	117,933	—	118,257
Total investments	17,945,514	117,933	—	18,063,447
Cash and cash equivalents	262,681	4,838	—	267,519
Accrued investment income	2,483	—	—	2,483
Premiums receivable	15,601	—	—	15,601
Other reinsurance receivables	45,492	—	—	45,492
Net deferred acquisition costs	24,725	—	—	24,725
Value of in-force business acquired	963,321	—	—	963,321
Net deferred income taxes	754,560	—	—	754,560
Other assets	283,609	45	(122,502)	161,152
Total assets	$ 20,297,986	$ 122,816	$ (122,502)	$ 20,298,300
Liabilities and shareholder's equity				
Liabilities:				
Reserves for future policy benefits	$ 11,244,796	$ —	$ —	$ 11,244,796
Interest sensitive contract liabilities	9,697,858	—	—	9,697,858
Other reinsurance liabilities	74,605	—	—	74,605
Other liabilities	55,980	314	—	56,294
Total liabilities	21,073,239	314	—	21,073,553
Shareholder's equity:				
Class A-1 common shares	32	—	—	32
Class A-2 common shares	11	—	—	11
Class B common shares	218	—	—	218
Additional paid-in capital	798,110	32,050	(32,050)	798,110
Retained deficit	(1,581,009)	90,452	(90,452)	(1,581,009)
Accumulated other comprehensive (loss) income	7,385	—	—	7,385
Total shareholder's deficit	(775,253)	122,502	(122,502)	(775,253)
Total liabilities and shareholder's equity	$ 20,297,986	$ 122,816	$ (122,502)	$ 20,298,300

WILTON REINSURANCE BERMUDA LIMITED AND SUBSIDIARY

CONSOLIDATING BALANCE SHEET

AS OF DECEMBER 31, 2022

(Amounts in thousands of U.S. dollars)

	WREB	Mills Creek	Eliminations	WREB Consolidated
Assets				
Investments:				
Fixed maturity securities trading and equity securities	$ 282,055	$ —	$ —	$ 282,055
Commercial mortgage loans at fair value	—	—	—	—
Policy loans	14,375	—	—	14,375
Funds withheld at interest	17,341,033	—	—	17,341,033
Other invested assets	308	133,838	—	134,146
Total investments	17,637,771	133,838	—	17,771,609
Cash and cash equivalents	74,686	4,222	—	78,908
Accrued investment income	2,194	—	—	2,194
Premiums receivable	16,754	—	—	16,754
Other reinsurance receivables	57,414	—	—	57,414
Net deferred acquisition costs	28,333	—	—	28,333
Value of in-force business acquired	1,060,753	—	—	1,060,753
Net deferred income taxes	869,886	—	—	869,886
Other assets	313,979	3,696	(141,473)	176,202
Total assets	$ 20,061,770	$ 141,756	$ (141,473)	$ 20,062,053
Liabilities and shareholder's equity				
Liabilities:				
Reserves for future policy benefits	$ 11,628,363	$ —	$ —	$ 11,628,363
Interest sensitive contract liabilities	9,492,161	—	—	9,492,161
Other reinsurance liabilities	54,240	—	—	54,240
Other liabilities	73,632	283	—	73,915
Total liabilities	21,248,396	283	—	21,248,679
Shareholder's equity:				
Class A-1 common shares	32	—	—	32
Class A-2 common shares	11	—	—	11
Class B common shares	218	—	—	218
Additional paid-in capital	798,110	58,554	(58,554)	798,110
Retained deficit	(1,984,997)	82,919	(82,919)	(1,984,997)
Total shareholder's deficit	(1,186,626)	141,473	(141,473)	(1,186,626)
Total liabilities and shareholder's equity	$ 20,061,770	$ 141,756	$ (141,473)	$ 20,062,053

WILTON REINSURANCE BERMUDA LIMITED AND SUBSIDIARY

CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in thousands of U.S. dollars)

	WREB	Mills Creek	Eliminations	WREB Consolidated
Revenues				
Net premiums	$ 130,595	$ —	$ —	$ 130,595
Policy fees and charges	113,694	—	—	113,694
Inuring third-party reinsurance commissions	921	—	—	921
Investment earnings—net	804,717	7,533	—	812,250
Net change in unrealized losses on investments classified as trading and other	(345)	—	—	(345)
Change in value of embedded derivatives—net	314,940	—	—	314,940
Total revenues	1,364,522	7,533	—	1,372,055
Benefits and expenses				
Claims and policy benefits	399,521	—	—	399,521
Interest credited to interest sensitive contract liabilities	227,735	—	—	227,735
Acquisition costs and other insurance expenses	137,653	—	—	137,653
Operating expenses	33,897	—	—	33,897
Total benefits and expenses	798,806	—	—	798,806
Net income (loss) before income taxes	565,716	7,533	—	573,249
Income tax expense (benefit)	118,334	—	—	118,334
Net income (loss) before equity in net income (loss) of subsidiary	447,382	7,533	—	454,915
Equity in net income (loss) of subsidiary	7,533	—	(7,533)	—
Net income (loss)	$ 454,915	$ 7,533	$ (7,533)	$ 454,915
Other comprehensive income, net of tax				
Net unrealized investment gains	9,348	—	—	9,348
Less: income tax expense related to other comprehensive gain	1,963	—	—	1,963
Other comprehensive income, net of tax	7,385	—	—	7,385
Comprehensive income (loss)	$ 462,300	$ 7,533	$ (7,533)	$ 462,300

WILTON REINSURANCE BERMUDA LIMITED AND SUBSIDIARY

CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)

FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in thousands of U.S. dollars)

	WREB	Mills Creek	Eliminations	WREB Consolidated
Revenues				
Net premiums	$ 142,481	$ —	$ —	$ 142,481
Policy fees and charges	112,485	—	—	112,485
Inuring third-party reinsurance commissions	992	—	—	992
Investment earnings—net	588,337	14,161	—	602,498
Net change in unrealized (losses) gains on investments classified as trading and other	(11,304)	—	—	(11,304)
Change in value of embedded derivatives—net	(4,227,363)	—	—	(4,227,363)
Total revenues	(3,394,372)	14,161	—	(3,380,211)
Benefits and expenses				
Claims and policy benefits	437,656	—	—	437,656
Interest credited to interest sensitive contract liabilities	233,134	—	—	233,134
Acquisition costs and other insurance expenses	(640,509)	—	—	(640,509)
Operating expenses	32,355	(4)	—	32,351
Interest expense	478	—	—	478
Total benefits and expenses	63,114	(4)	—	63,110
Net income (loss) before income taxes	(3,457,486)	14,165	—	(3,443,321)
Income tax (benefit) expense	(723,480)	—	—	(723,480)
Net (loss) income before equity in net income (loss) of subsidiary	(2,734,006)	14,165	—	(2,719,841)
Equity in net income (loss) of subsidiary	14,165	—	(14,165)	—
Net income (loss)	$ (2,719,841)	$ 14,165	$ (14,165)	$ (2,719,841)
Other comprehensive income, net of tax				
Other comprehensive income, net of tax	—	—	—	—
Comprehensive income (loss)	$ (2,719,841)	$ 14,165	$ (14,165)	$ (2,719,841)