

EVEREST INTERNATIONAL REINSURANCE, LTD.

(a wholly owned subsidiary of Everest Group, Ltd.)

GAAP Financial Statements

For the Years Ended December 31, 2023 and 2022



Report of Independent Auditors

To the Board of Directors of Everest International Reinsurance, Ltd.

Opinion

We have audited the accompanying financial statements of Everest International Reinsurance, Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and comprehensive income (loss), of changes in shareholder's equity and of cash flows for the years then ended, including the related notes (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 audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 8 to the financial statements, the Company has entered into significant transactions with related parties. Our opinion is not modified with respect to this matter.

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 the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US 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.

Supplemental Information

Accounting principles generally accepted in the United States of America require that the information about incurred and paid claims development for the years ended December 31, 2014 to December 31, 2022 on pages 20, 21, and 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



New York, New York
April 25, 2024

EVEREST INTERNATIONAL REINSURANCE, LTD.
BALANCE SHEETS

	December 31,	
	2023	2022
(Dollars in thousands)		
ASSETS:		
Fixed maturities - available for sale (amortized cost: 2023, \$3,314,689; 2022, \$2,734,866, credit allowances: 2023, \$0; 2022, \$0)	\$ 3,205,256	\$ 2,409,325
Other invested assets	380,373	239,050
Short-term investments	54,061	22
Cash	154,783	170,306
Total investments and cash	3,794,473	2,818,703
Notes receivable - affiliated	—	125,000
Accrued investment income	31,323	19,182
Premiums receivable (net of credit allowances: 2023, \$(427); 2022, \$(175))	850,397	826,930
Reinsurance unpaid loss recoverables	5,642	989
Funds held by reinsureds	68,411	58,710
Deferred acquisition costs	229,168	236,556
Prepaid reinsurance premiums	11,153	4,596
Income tax asset	94,636	—
Other assets	4,342	1,634
TOTAL ASSETS	\$ 5,089,545	\$ 4,092,299
LIABILITIES:		
Reserve for losses and loss adjustment expenses	2,704,858	2,190,211
Unearned premium reserve	840,566	815,622
Losses in course of payment	58,941	41,380
Amounts due to reinsurers	9,910	3,217
Other liabilities	45,693	23,365
Total liabilities	3,659,968	3,073,795
Contingencies (Note 6)		
SHAREHOLDER'S EQUITY:		
Common shares, par value: \$1.00; 1,564,000 issued and outstanding (2023 and 2022)	1,564	1,564
Additional paid-in capital	869,851	869,851
Accumulated other comprehensive income (loss)	(97,435)	(325,460)
Retained earnings	655,597	472,549
Total shareholder's equity	1,429,577	1,018,504
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$ 5,089,545	\$ 4,092,299

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

EVEREST INTERNATIONAL REINSURANCE, LTD.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(Dollars in thousands)	Years Ended December 31,	
	2023	2022
REVENUES:		
Premiums earned	\$ 1,248,680	\$ 1,263,565
Net investment income	105,129	(5,282)
Net gains (losses) on investments	(16,966)	(6,452)
Other income (expense)	(37,022)	18,910
Total revenues	<u>1,299,821</u>	<u>1,270,741</u>
CLAIMS AND EXPENSES:		
Incurred losses and loss adjustment expenses	824,628	898,797
Commission, brokerage, taxes and fees	373,614	368,259
Other underwriting expenses	13,143	3,516
Total claims and expenses	<u>1,211,385</u>	<u>1,270,572</u>
INCOME (LOSS) BEFORE TAXES	88,436	170
Income tax expense (benefit)	(94,612)	42
NET INCOME (LOSS)	\$ 183,048	\$ 128
Other comprehensive income (loss), net of tax:		
Unrealized appreciation (depreciation) ("URA(D)") on securities arising during the period	199,142	(361,411)
Less: reclassification adjustment for realized losses (gains) included in net income (loss)	16,966	6,452
Total URA(D) on securities arising during the period	<u>216,108</u>	<u>(354,959)</u>
Foreign currency translation and other adjustments	11,917	81
Total other comprehensive income (loss), net of tax	<u>228,025</u>	<u>(354,878)</u>
COMPREHENSIVE INCOME (LOSS)	\$ 411,073	\$ (354,750)

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

EVEREST INTERNATIONAL REINSURANCE, LTD.
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

	Years Ended December 31,	
	2023	2022
(Dollars and share amounts in thousands)		
COMMON SHARES (shares outstanding):		
Balance, beginning of period	1,564	1,564
Issued during the period, net	—	—
Balance, end of period	1,564	1,564
COMMON SHARES (par value):		
Balance, beginning of period	\$ 1,564	\$ 1,564
Issued during the period, net	—	—
Balance, end of period	1,564	1,564
ADDITIONAL PAID-IN CAPITAL:		
Balance, beginning of period	869,851	519,851
Capital contribution from Parent	—	350,000
Balance, end of period	869,851	869,851
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS):		
Balance, beginning of period	(325,460)	29,418
Net increase (decrease) during the period	228,025	(354,878)
Balance, end of period	(97,435)	(325,460)
RETAINED EARNINGS:		
Balance, beginning of period	472,549	472,421
Net income (loss)	183,048	128
Balance, end of period	655,597	472,549
TOTAL SHAREHOLDER'S EQUITY, END OF PERIOD	\$ 1,429,577	\$ 1,018,504

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

EVEREST INTERNATIONAL REINSURANCE, LTD.
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2023	2022
(Dollars in thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 183,048	\$ 128
Adjustments to reconcile net income to net cash provided by operating activities:		
Decrease (increase) in premiums receivable	(16,774)	(164,339)
Decrease (increase) in funds held by reinsureds, net	(9,701)	(16,985)
Decrease (increase) in reinsurance receivables	(4,653)	(989)
Increase (decrease) in reserve for losses and loss adjustment expenses	514,647	516,541
Increase (decrease) in unearned premiums	24,944	194,965
Increase (decrease) in losses in course of payment	17,561	12,899
Change in equity adjustments in limited partnerships	(18,354)	48,343
Distribution of Limited partnership income	12,042	4,279
Change in other assets and liabilities, net	(75,106)	26,273
Amortization of bond premium (accrual of bond discount)	(1,743)	9,970
Net (gains) losses on investments	16,966	6,452
Net cash provided by (used in) operating activities	642,878	637,537
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from fixed maturities matured/called - available for sale	242,234	237,682
Proceeds from fixed maturities sold - available for sale	223,384	50,392
Distributions from other invested assets	472,156	443,255
Cost of fixed maturities acquired - available for sale	(1,060,964)	(1,025,162)
Cost of other invested assets acquired	(602,984)	(481,287)
Net change in short-term investments	(53,869)	(11)
Proceeds from (issuance of) long term notes receivable - affiliated	125,000	(125,000)
Net change in unsettled securities transactions	495	(845)
Net cash provided by (used in) investing activities	(654,547)	(900,976)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution from Parent	—	350,000
Net cash provided by (used in) financing activities	—	350,000
EFFECT OF EXCHANGE RATE CHANGES ON CASH		
	(3,854)	6,178
Net increase (decrease) in cash	(15,523)	92,739
Cash, beginning of period	170,306	77,567
Cash, end of period	\$ 154,783	\$ 170,306

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

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Business and Basis of Presentation.

Everest International Reinsurance, Ltd. (the “Company” or “Everest International”), a Bermuda insurance company and direct wholly owned subsidiary of Everest Group, Ltd. (“Group”) is registered as a Class 4 general insurer. The Company’s operations include the reinsuring of property and casualty products. Currently, this business is the result of quota share reinsurance agreements with the following affiliates: (1) Everest Reinsurance Company (“Everest Re”), (2) Everest Reinsurance (Bermuda), Ltd. (“Bermuda Re”), (3) Everest Reinsurance Company (Ireland) dac (“Ireland Re”), (4) Everest Insurance (Ireland) dac (“Ireland Insurance), and (5) Everest Corporate Member Limited. In 2022 the Company established a branch in Singapore, which writes insurance-based products.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). All amounts are reported in U.S. dollars.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (and disclosure of contingent assets and liabilities) at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Ultimate actual results could differ, possibly materially, from those estimates.

B. Investments.

Fixed maturity securities designated as available for sale reflect unrealized appreciation and depreciation, as a result of changes in fair value during the period, in shareholder’s equity, net of income taxes in accumulated other comprehensive income (loss) (“AOCI”) in the balance sheets. The Company reviews all of its fixed maturity, available for sale securities whose fair value has fallen below their amortized cost at the time of review. The Company then assesses whether the decline in value is due to non-credit related or credit related factors. In making its assessment, the Company evaluates the current market and interest rate environment as well as specific issuer information. Generally, a change in a security’s value caused by a change in the market, interest rate or foreign exchange environment does not constitute a credit impairment, but rather a non-credit related decline in fair value which is recorded as unrealized losses in accumulated other comprehensive income (loss). If the Company determines that the decline is non-credit related and the Company intends to sell the impaired security, or it is more likely than not that the Company will be required to sell the security before an anticipated recovery in value, the Company records the entire impairment in net gains (losses) on investments in the Company’s statements of operations and comprehensive income (loss). If the Company determines that a decline in a security’s value is credit related and the Company does not have the intent to sell the security, and it is more likely than not that the Company will not have to sell the security before recovery in value, the Company establishes a credit allowance, equal to the estimated credit loss, which is recorded in net gains (losses) on investments in the Company’s statements of operations and comprehensive income (loss). The determination of credit related or non-credit related impairment is first based on an assessment of qualitative factors, which may determine that a qualitative analysis is sufficient to support the conclusion that the present value of expected cash flows equals or exceeds the security’s amortized cost basis. However, if the qualitative assessment suggests a credit loss may exist, a quantitative assessment is performed, and the amount of the allowance for a given security will generally be the difference between a discounted cash flow model and the Company’s carrying value. The Company will adjust the credit allowance account for future changes in credit loss estimates for a security and record this adjustment through net gains (losses) on investments in the Company’s statements of operations and comprehensive income (loss).

The Company does not create an allowance for uncollectible interest. If interest is not received when due, the interest receivable is immediately reversed and no additional interest is accrued. If future interest is received that has not been accrued, it is recorded as income at that time.

The Company’s assessments are based on the issuers’ current and expected future financial position, timeliness with respect to interest and/or principal payments, speed of repayments and any applicable credit enhancements or breakeven constant default rates on mortgage-backed and asset-backed securities, as well as relevant information provided by rating agencies, investment advisors and analysts.

Retrospective adjustments are employed to recalculate the values of asset-backed securities. All of the Company's asset-backed and mortgage-backed securities have a pass-through structure. Each acquisition lot is reviewed to recalculate the effective yield. The recalculated effective yield is used to derive a book value as if the new yield were applied at the time of acquisition. Outstanding principal factors from the time of acquisition to the adjustment date are used to calculate the prepayment history for all applicable securities. Conditional prepayment rates, computed with life to date factor histories and weighted average maturities, are used in the calculation of projected prepayments for pass-through security types.

Interest income on all fixed maturities are included as part of net investment income in the statements of operations and comprehensive income (loss).

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

Realized gains or losses on sales of investments are determined on the basis of identified cost. For some non-publicly traded securities, market prices are determined through the use of pricing models that evaluate securities relative to the U.S. Treasury yield curve, taking into account the issue type, credit quality, and cash flow characteristics of each security. For other non-publicly traded securities, investment managers' valuation committees will estimate fair value and in many instances, these fair values are supported with opinions from qualified independent third parties. All fair value estimates from investment managers are reviewed by the Company for reasonableness. For publicly traded securities, fair value is based on quoted market prices or valuation models that use observable market inputs. When a sector of the financial markets is inactive or illiquid, the Company may use its own assumptions about future cash flows and risk-adjusted discount rates to determine fair value.

Other invested assets include limited partnerships and other investments. Limited partnerships are accounted for under the equity method of accounting, which can be recorded on a monthly or quarterly lag.

Cash includes cash on hand.

C. Allowance for Premium Receivable and Reinsurance Recoverables.

The Company applies the Current Expected Credit Losses (CECL) methodology for estimating allowances for credit losses. The Company evaluates the recoverability of its premiums and reinsurance recoverable balances and establishes an allowance for estimated uncollectible amounts.

Premiums receivable are primarily comprised of premiums due from policyholders/ cedents. Balances are considered past due when amounts that have been billed are not collected within contractually stipulated time periods. For these balances, the allowance is estimated based on recent historical credit loss and collection experience, adjusted for current economic conditions and reasonable and supportable forecasts, when appropriate.

The Company records total credit loss expenses related to premiums receivable in Other underwriting expenses in the Company's consolidated statements of operations and comprehensive income (loss).

The allowance for uncollectible reinsurance recoverable reflects management's best estimate of reinsurance cessions that may be uncollectible in the future due to reinsurers' unwillingness or inability to pay. The allowance for uncollectible reinsurance recoverable comprises an allowance and an allowance for disputed balances. Based on this analysis, the Company may adjust the allowance for uncollectible reinsurance recoverable or charge off reinsurer balances that are determined to be uncollectible.

Due to the inherent uncertainties as to collection and the length of time before reinsurance recoverable become due, it is possible that future adjustments to the Company's reinsurance recoverable, net of the allowance, could be required, which could have a material adverse effect on the Company's consolidated results of operations or cash flows in a particular quarter or annual period.

The allowance is estimated as the amount of reinsurance recoverable exposed to loss multiplied by estimated factors for the probability of default. The reinsurance recoverable exposed is the amount of reinsurance recoverable net of collateral

and other offsets, considering the nature of the collateral, potential future changes in collateral values, and historical loss information for the type of collateral obtained. The probability of default factors are historical insurer and reinsurer defaults for liabilities with similar durations to the reinsured liabilities as estimated through multiple economic cycles. Credit ratings are forward-looking and consider a variety of economic outcomes. The Company's evaluation of the required allowance for reinsurance recoverable considers the current economic environment as well as macroeconomic scenarios.

The Company records credit loss expenses related to reinsurance recoverable in Incurred losses and loss adjustment expenses in the Company's consolidated statements of operations and comprehensive income (loss). Write-offs of reinsurance recoverable and any related allowance are recorded in the period in which the balance is deemed uncollectible.

D. Deferred Acquisition Costs.

Acquisition costs, consisting principally of commissions and brokerage expenses and certain premium taxes and fees incurred at the time a contract or policy is issued and that vary with and are directly related to the Company's reinsurance and insurance business, are deferred and amortized over the period in which the related premiums are earned. Deferred acquisition costs are limited to their estimated realizable value by line of business based on the related unearned premiums, anticipated claims and claim expenses and anticipated investment income.

E. Reserve for Losses and Loss Adjustment Expenses.

The reserve for losses and loss adjustment expenses ("LAE") is based on individual case estimates and reports received from ceding companies. A provision is included for losses and LAE incurred but not reported ("IBNR") based on past experience. Provisions are also included for certain potential liabilities, including those relating to catastrophe exposures, COVID-19 and other exposures, for which liabilities cannot be estimated using traditional reserving techniques. See also Note 4. The reserves are reviewed periodically and any changes in estimates are reflected in earnings in the period the adjustment is made. The Company's loss and LAE reserves represent management's best estimate of the ultimate liability. Loss and LAE reserves are presented gross of reinsurance recoverable and incurred losses and LAE are presented net of reinsurance.

Accruals for commissions are established for reinsurance contracts that provide for the stated commission percentage to increase or decrease based on the loss experience of the contract. Changes in estimates for such arrangements are recorded as commission expense. Commission accruals for contracts with adjustable features are estimated based on expected loss and LAE.

F. Premium Revenues.

Written premiums are earned ratably over the periods of the related insurance and reinsurance contracts. Unearned premium reserves are established relative to the unexpired contract period. For reinsurance contracts, such reserves are established based upon reports received from ceding companies or estimated using pro rata methods based on statistical data. Reinstatement premiums represent additional premium recognized and earned at the time a loss event occurs and losses are recorded, most prevalently catastrophe related, when limits have been depleted under the original reinsurance contract and additional coverage is granted. The recognition of reinstatement premiums is based on estimates of loss and LAE, which reflects management's judgement. Written and earned premiums and the related costs, which have not yet been reported to the Company, are estimated and accrued. Premiums are net of ceded reinsurance.

G. Prepaid Reinsurance Premiums.

Prepaid reinsurance premiums represent unearned premium reserves ceded to other reinsurers.

H. Income Taxes.

With the assent of the governor on December 27, 2023, the Bermuda Corporate Income Tax Act of 2023 ("The 2023 Act") became law. Beginning in 2025, a 15% corporate income tax will be applicable to Bermuda businesses that are part of multinational enterprise groups with annual revenue of €750 million or more. Group's Bermuda entities will be subject to the new corporate income tax. The Company has evaluated The 2023 Act and has recorded \$95 million of net deferred income tax benefits in 2023 related to it. The net deferred income tax benefits relate primarily to a default provision in the law which allows for what is called an "Economic Transition Adjustment" ("ETA"). The ETA allows companies to establish deferred tax assets or liabilities related to the revaluation of intangible assets, excluding goodwill, and their

other assets and liabilities, based on fair value as of September 30, 2023. The deferred tax assets or liabilities are then amortized in accordance with The 2023 Act.

Under current Bermuda law through 2024, no income, withholding or capital gains taxes are imposed upon Group and its Bermuda subsidiaries. Non-Bermuda branches of Bermuda subsidiaries are subject to local taxes in the jurisdictions in which they operate.

As an accounting policy, the Company has adopted the aggregate portfolio approach for releasing disproportionate income tax effects from accumulated other comprehensive income ("AOCI").

I. Foreign Currency.

The Company transacts business in numerous currencies through affiliated entities located around the world. Movements in exchange rates related to transactions in currencies other than the Company's functional currency for monetary assets and liabilities are remeasured through the consolidated statements of operations and comprehensive income (loss) in other income (expense), except for currency movements related to available for sale fixed maturities securities, which are excluded from net income (loss) and accumulated in shareholder's equity, net of deferred taxes.

The Insurance Branches' functional currency financial statements are translated to the Company's reporting currency, U.S. dollars, using the exchange rates at the end of period for the balance sheets and the average exchange rates in effect for the reporting period for the statements of operations. Gains and losses resulting from translating the foreign currency financial statements, net of deferred income taxes, are excluded from net income (loss) and accumulated as a separate component of other comprehensive income (loss) in shareholder's equity.

J. Recent Accounting Pronouncements.

Adoption of New Accounting Standards

The Company did not adopt any new accounting standards that had a material impact in 2023.

Future Adoption of Recently Issued Accounting Standards

The Company assessed the adoption impacts of recently issued accounting standards that are effective after 2023 by the Financial Accounting Standards Board on the Company's financial statements. Additionally, the Company assessed whether there have been material updates to previously issued accounting standards that are effective after 2023. There were no accounting standards identified that are expected to have a material impact to the Company.

2. INVESTMENTS

The tables below present the amortized cost, allowance for credit losses, gross unrealized appreciation/(depreciation) (“URA(D)”) and fair value of fixed maturity securities - available for sale for the periods indicated:

	At December 31, 2023				
	Amortized	Allowance for	Unrealized	Unrealized	Fair
	Cost	Credit Losses	Appreciation	Depreciation	Value
(Dollars in thousands)					
Fixed maturity securities - available for sale					
U.S. Treasury securities and obligations of					
U.S. government agencies and corporations	\$ 26,305	\$ —	\$ 120	\$ (412)	\$ 26,014
U.S. corporate securities	793,678	—	18,455	(43,407)	768,725
Asset-backed securities	64,271	—	621	(1,497)	63,395
Mortgage-backed securities					
Commercial	110,120	—	219	(7,544)	102,795
Agency residential	563,729	—	11,458	(22,677)	552,510
Non-agency residential	—	—	—	—	—
Foreign government securities	317,871	—	5,046	(19,075)	303,843
Foreign corporate securities	1,438,714	—	24,376	(75,116)	1,387,974
Total fixed maturity securities - available for sale	\$ 3,314,689	\$ —	\$ 60,294	\$ (169,727)	\$ 3,205,256

(Some amounts may not reconcile due to rounding.)

	At December 31, 2022				
	Amortized	Allowance for	Unrealized	Unrealized	Fair
	Cost	Credit Losses	Appreciation	Depreciation	Value
(Dollars in thousands)					
Fixed maturity securities - available for sale					
U.S. Treasury securities and obligations of					
U.S. government agencies and corporations	\$ 38,472	\$ —	\$ —	\$ (1,757)	\$ 36,715
U.S. corporate securities	637,892	—	496	(69,747)	568,641
Asset-backed securities	39,822	—	13	(2,501)	37,334
Mortgage-backed securities					
Commercial	96,668	—	—	(8,976)	87,692
Agency residential	281,349	—	159	(26,474)	255,034
Non-agency residential	—	—	—	—	—
Foreign government securities	274,177	—	664	(35,344)	239,497
Foreign corporate securities	1,366,486	—	1,575	(183,649)	1,184,412
Total fixed maturity securities - available for sale	\$ 2,734,866	\$ —	\$ 2,907	\$ (328,448)	\$ 2,409,325

(Some amounts may not reconcile due to rounding.)

The amortized cost and fair value of fixed maturity securities - available for sale are shown in the following table by contractual maturity. As the stated maturity of such securities may not be indicative of actual maturities, the totals for mortgage-backed and asset-backed securities are shown separately.

(Dollars in thousands)	At December 31, 2023		At December 31, 2022	
	Amortized	Fair	Amortized	Fair
	Cost	Value	Cost	Value
Fixed maturity securities - available for sale				
Due in one year or less	\$ 165,299	\$ 160,668	\$ 185,592	\$ 178,926
Due after one year through five years	1,379,233	1,342,374	1,305,083	1,168,674
Due after five years through ten years	838,349	788,662	719,632	597,313
Due after ten years	193,687	194,851	106,720	84,352
Asset-backed securities	64,271	63,395	39,822	37,334
Mortgage-backed securities				
Commercial	110,120	102,795	96,668	87,692
Agency residential	563,729	552,510	—	—
Non-agency residential	—	—	281,349	255,034
Total fixed maturity securities - available for sale	\$ 3,314,689	\$ 3,205,256	\$ 2,734,866	\$ 2,409,325

(Some amounts may not reconcile due to rounding.)

The changes in net URA(D) for the Company's investments are as follows:

(Dollars in thousands)	Years Ended December 31,	
	2023	2022
Increase (decrease) during the period between the fair value and cost of investments carried at fair value:		
Fixed maturity securities	\$ 216,108	\$ (354,958)
Change in unrealized appreciation (depreciation), included in shareholder's equity	\$ 216,108	\$ (354,958)

(Some amounts may not reconcile due to rounding.)

The tables below display the aggregate fair value and gross unrealized depreciation of fixed maturity securities - available for sale, by security type and contractual maturity, in each case subdivided according to length of time that individual securities had been in a continuous unrealized loss position for the periods indicated:

(Dollars in thousands)	Duration of Unrealized Loss at December 31, 2023 By Security Type					
	Less than 12 months		Greater than 12 months		Total	
	Gross Unrealized		Gross Unrealized		Gross Unrealized	
	Fair Value	Depreciation	Fair Value	Depreciation	Fair Value	Depreciation
Fixed maturity securities - available for sale						
U.S. Treasury securities and obligations of						
U.S. government agencies and corporations	\$ —	\$ —	\$ 22,911	\$ (412)	\$ 22,911	\$ (412)
U.S. corporate securities	9,914	(93)	382,886	(43,314)	392,800	(43,407)
Asset-backed securities	2,978	(6)	20,638	(1,491)	23,616	(1,497)
Mortgage-backed securities						
Commercial	466	(5)	87,661	(7,538)	88,127	(7,544)
Agency residential	25,262	(170)	210,251	(22,507)	235,513	(22,677)
Non-agency residential	—	—	—	—	—	—
Foreign government securities	—	—	216,712	(19,075)	216,712	(19,075)
Foreign corporate securities	1,546	(74)	779,634	(75,042)	781,181	(75,116)
Total fixed maturity securities - available for sale	\$ 40,166	\$ (348)	\$ 1,720,694	\$ (169,380)	\$ 1,760,860	\$ (169,727)

(Some amounts may not reconcile due to rounding.)

	Duration of Unrealized Loss at December 31, 2023 By Maturity					
	Less than 12 months		Greater than 12 months		Total	
	Gross Unrealized		Gross Unrealized		Gross Unrealized	
	Fair Value	Depreciation	Fair Value	Depreciation	Fair Value	Depreciation
(Dollars in thousands)						
Fixed maturity securities - available for sale						
Due in one year or less	\$ 2,001	\$ —	\$ 127,085	\$ (5,449)	\$ 129,086	\$ (5,449)
Due in one year through five years	6,539	(84)	776,232	(57,189)	782,771	(57,273)
Due in five years through ten years	2,921	(81)	462,143	(65,925)	465,064	(66,006)
Due after ten years	—	—	36,683	(9,281)	36,683	(9,281)
Asset-backed securities	2,978	(6)	20,638	(1,491)	23,616	(1,497)
Mortgage-backed securities	25,728	(176)	297,912	(30,045)	323,640	(30,221)
Total fixed maturity securities - available for sale	\$ 40,166	\$ (348)	\$ 1,720,694	\$ (169,380)	\$ 1,760,860	\$ (169,727)

(Some amounts may not reconcile due to rounding.)

The aggregate fair value and gross unrealized losses related to fixed maturity securities - available for sale in an unrealized loss position at December 31, 2023 were \$1.8 billion and \$169.7 million, respectively. The fair value of securities for the single issuer (the United States government) whose securities comprised the largest unrealized loss position at December 31, 2023, did not exceed 3.3% of the overall fair value of the Company's fixed maturity securities. The \$0.3 million of unrealized losses related to fixed maturity securities that have been in an unrealized loss position for less than one year were generally comprised of foreign and domestic corporate securities and agency residential mortgage-backed securities. Of these unrealized losses, \$0.3 million were related to securities that were rated investment grade by at least one nationally recognized statistical rating agency. The \$169.4 million of unrealized losses related to fixed maturity securities in an unrealized loss position for more than one year related primarily to foreign and domestic corporate securities, agency residential and commercial mortgage-backed securities and foreign government securities. All of these unrealized losses were rated investment grade by at least one nationally recognized statistical rating agency. In all instances, there were no projected cash flow shortfalls to recover the full book value of the investments and the related interest obligations. The mortgage-backed securities still have excess credit coverage and are current on interest and principal payments.

The tables below display the aggregate fair value and gross unrealized depreciation of fixed maturity securities - available for sale, by security type and contractual maturity, in each case subdivided according to length of time that individual securities had been in a continuous unrealized loss position for the periods indicated:

	Duration of Unrealized Loss at December 31, 2022 By Security Type					
	Less than 12 months		Greater than 12 months		Total	
	Gross Unrealized		Gross Unrealized		Gross Unrealized	
	Fair Value	Depreciation	Fair Value	Depreciation	Fair Value	Depreciation
(Dollars in thousands)						
Fixed maturity securities - available for sale						
U.S. Treasury securities and obligations of						
U.S. government agencies and corporations	\$ 36,716	\$ (1,757)	\$ —	\$ —	\$ 36,716	\$ (1,757)
U.S. corporate securities	489,965	(56,132)	54,976	(13,615)	544,941	(69,747)
Asset-backed securities	27,807	(1,714)	6,014	(787)	33,821	(2,501)
Mortgage-backed securities						
Commercial	70,238	(6,623)	17,454	(2,353)	87,692	(8,976)
Agency residential	196,657	(18,411)	51,316	(8,063)	247,973	(26,474)
Non-agency residential	—	—	—	—	—	—
Foreign government securities	202,038	(29,123)	12,359	(6,221)	214,397	(35,344)
Foreign corporate securities	1,029,599	(154,241)	74,749	(29,408)	1,104,348	(183,649)
Total fixed maturity securities - available for sale	\$ 2,053,020	\$ (268,001)	\$ 216,868	\$ (60,447)	\$ 2,269,888	\$ (328,448)

(Some amounts may not reconcile due to rounding.)

Duration of Unrealized Loss at December 31, 2022 By Maturity

	Less than 12 months		Greater than 12 months		Total	
	Gross		Gross		Gross	
	Fair Value	Unrealized Depreciation	Fair Value	Unrealized Depreciation	Fair Value	Unrealized Depreciation
(Dollars in thousands)						
Fixed maturity securities - available for sale						
Due in one year or less	\$ 174,827	\$ (6,668)	\$ —	\$ —	\$ 174,827	\$ (6,668)
Due in one year through five years	1,050,463	(130,584)	38,395	(7,563)	1,088,858	(138,147)
Due in five years through ten years	477,548	(94,973)	76,926	(28,319)	554,474	(123,292)
Due after ten years	55,480	(9,028)	26,763	(13,362)	82,243	(22,390)
Asset-backed securities	27,807	(1,714)	6,014	(787)	33,821	(2,501)
Mortgage-backed securities	266,895	(25,034)	68,770	(10,416)	335,665	(35,450)
Total fixed maturity securities - available for sale	\$ 2,053,020	\$ (268,001)	\$ 216,868	\$ (60,447)	\$ 2,269,888	\$ (328,448)

(Some amounts may not reconcile due to rounding.)

The aggregate fair value and gross unrealized losses related to fixed maturity securities - available for sale in an unrealized loss position at December 31, 2022 were \$2.3 billion and \$328.4 million, respectively. The fair value of securities for the single issuer whose securities comprised the largest unrealized loss position at December 31, 2022, did not exceed 4.4% of the overall fair value of the Company's fixed maturity securities. The \$268.0 million of unrealized losses related to fixed maturity securities that have been in an unrealized loss position for less than one year were generally comprised of foreign and domestic corporate securities, foreign government securities and agency residential mortgage-backed securities. Of these unrealized losses, \$267.0 million were related to securities that were rated investment grade by at least one nationally recognized statistical rating agency. The \$60.4 million of unrealized losses related to fixed maturity securities in an unrealized loss position for more than one year related primarily to foreign and domestic corporate securities, agency residential mortgage-backed securities and foreign government securities. All of these unrealized losses were rated investment grade by at least one nationally recognized statistical rating agency. In all instances, there were no projected cash flow shortfalls to recover the full book value of the investments and the related interest obligations. The mortgage-backed securities still have excess credit coverage and are current on interest and principal payments.

The components of net investment income are presented in the table below for the periods indicated:

	Years Ended December 31,	
	2023	2022
(Dollars in thousands)		
Fixed maturity securities	\$ 84,546	\$ 44,364
Short-term investments and cash	1,213	17
Other invested assets		
Limited partnerships	17,284	(48,343)
Other	1,925	—
Gross investment income before adjustments	104,968	(3,962)
Interest income from Parent	2,140	165
Gross investment income	107,108	(3,797)
Investment expenses	1,979	1,485
Net investment income	\$ 105,129	\$ (5,282)

(Some amounts may not reconcile due to rounding.)

The Company records results from its limited partnership investment on the equity method of accounting with changes in value reported through net investment income. The net investment income from limited partnerships is dependent upon the Company's share of the net asset values of interests underlying each limited partnership. Due to the timing of receiving financial information from this partnership, the results are generally reported on a quarter lag. If the Company determines there has been a significant decline in value of the limited partnership during this lag period, a loss will be recorded in the period in which the Company identifies the decline.

The Company had contractual commitments to invest up to an additional \$526.8 million in limited partnerships at December 31, 2023. The commitment will be funded when called in accordance with the partnership agreements, which have an investment period that expire, unless extended through in 2027, for new investments. Following the investment period, these capital commitments may be called by the partnerships for follow-on investments, management fees and operating expenses.

Variable Interest Entities (“VIE”)

The Company is engaged with various special purpose entities and other entities that are deemed to be VIEs primarily as an investor through normal investment activities but also as an investment manager. A VIE is an entity that either has investors that lack certain essential characteristics of a controlling financial interest, such as simple majority kick-out rights, or lacks sufficient funds to finance its own activities without financial support provided by other entities. The Company performs ongoing qualitative assessments of its VIEs to determine whether the Company has a controlling financial interest in the VIE and therefore is the primary beneficiary. The Company is deemed to have a controlling financial interest when it has both the ability to direct the activities that most significantly impact the economic performance of the VIE and the obligation to absorb losses or right to receive benefits from the VIE that could potentially be significant to the VIE. Based on the Company’s assessment, if it determines it is the primary beneficiary, the Company consolidates the VIE in the Company’s Financial Statements. As of December 31, 2023 and 2022, the Company did not hold any securities for which it is the primary beneficiary.

The Company, through normal investment activities, makes passive investments in general and limited partnerships and other alternative investments. For these non-consolidated VIEs, the Company has determined it is not the primary beneficiary as it has no ability to direct activities that could significantly affect the economic performance of the investments. The Company’s maximum exposure to loss as of December 31, 2023 and 2022 is limited to the total carrying value of \$354.7 million and \$237.9 million, respectively, which are included in limited partnerships and other alternative investments in Other Invested Assets in the Company’s Balance Sheets. As of December 31, 2023, the Company has outstanding commitments totaling \$526.8 million whereby the Company is committed to fund these investments and may be called by the partnership during the commitment period to fund the purchase of new investments and partnership expenses. These investments are generally of a passive nature in that the Company does not take an active role in management.

In addition, the Company makes passive investments in structured securities issued by VIEs for which the Company is not the manager. These investments are included in asset-backed securities, which includes collateralized loan obligations and are classified as fixed maturities - available for sale. The Company has not provided financial or other support with respect to these investments other than its original investment. For these investments, the Company determined it is not the primary beneficiary due to the relative size of the Company’s investment in comparison to the principal amount of the structured securities issued by the VIEs, the level of credit subordination which reduces the Company’s obligation to absorb losses or right to receive benefits and the Company’s inability to direct the activities that most significantly impact the economic performance of the VIEs. The Company’s maximum exposure to loss on these investments is limited to the amount of the Company’s investment.

The components of net gains (losses) on investments are presented in the table below for the periods indicated:

	<u>Years Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
(Dollars in thousands)		
Fixed maturity securities:		
Gains (losses) from dispositions	\$ (16,966)	\$ (6,452)
Other invested assets:		
Gains (losses) from fair value adjustments	—	—
Total net gains (losses) on investments	<u>\$ (16,966)</u>	<u>\$ (6,452)</u>

(Some amounts may not reconcile due to rounding.)

The proceeds and split between gross gains and losses, from maturities and dispositions of fixed maturity securities are presented in the table below for the periods indicated:

	Years Ended December 31,	
	2023	2022
(Dollars in thousands)		
Proceeds from sales of fixed maturity securities	\$ 223,384	\$ 50,392
Gross gains from dispositions	1,325	1,263
Gross losses from dispositions	(18,292)	(7,715)

3. FAIR VALUE

GAAP guidance regarding fair value measurements address how companies should measure fair value when they are required to use fair value measures for recognition or disclosure purposes under GAAP and provides a common definition of fair value to be used throughout GAAP. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants at the measurement date. In addition, it establishes a three-level valuation hierarchy for the disclosure of fair value measurements. The valuation hierarchy is based on the transparency of inputs to the valuation of an asset or liability. The level in the hierarchy within which a given fair value measurement falls is determined based on the lowest level input that is significant to the measurement, with Level 1 being the highest priority and Level 3 being the lowest priority.

The levels in the hierarchy are defined as follows:

Level 1: Inputs to the valuation methodology are observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in an active market;

Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument;

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company's fixed maturity securities are managed both internally and on an external basis by independent, professional investment managers using portfolio guidelines approved by the Company. The Company obtains prices from nationally recognized pricing services. These services seek to utilize market data and observations in their evaluation process. These services use pricing applications that vary by asset class and incorporate available market information and when fixed maturity securities do not trade on a daily basis the services will apply available information through processes such as benchmark curves, benchmarking of like securities, sector groupings and matrix pricing. In addition, they use model processes, such as the Option Adjusted Spread model to develop prepayment and interest rate scenarios for securities that have prepayment features.

The Company does not make any changes to prices received from the pricing services. In addition, the Company has procedures in place to review the reasonableness of the prices from the service providers and may request verification of the prices. The Company also continually performs quantitative and qualitative analysis of prices, including but not limited to initial and ongoing review of pricing methodologies, review of prices obtained from pricing services and third party investment asset managers, review of pricing statistics and trends, and comparison of prices for certain securities with a secondary price source for reasonableness. No material variances were noted during these price validation procedures. In limited situations, where financial markets are inactive or illiquid, the Company may use its own assumptions about future cash flows and risk-adjusted discount rates to determine fair value. The Company made no such assumptions at December 31, 2023 and 2022.

All categories of fixed maturity securities listed in the tables below are generally categorized as level 2, since a particular security may not have traded but the pricing services are able to use valuation models with observable market inputs such as interest rate yield curves and prices for similar fixed maturity securities in terms of issuer, maturity and seniority. For foreign government securities and foreign corporate securities, the fair values provided by the third party pricing

services in local currencies, and where applicable, are converted to U.S. dollars using currency exchange rates from nationally recognized sources.

The composition and valuation inputs for the presented fixed maturities categories are as follows:

- U.S. Treasury securities and obligations of U.S. government agencies and corporations are primarily comprised of U.S. Treasury bonds and the fair value is based on observable market inputs such as quoted prices, reported trades, quoted prices for similar issuances or benchmark yields;
- Corporate securities are primarily comprised of U.S. corporate and public utility bond issuances and the fair values are based on observable market inputs such as quoted market prices, quoted prices for similar securities, benchmark yields and credit spreads;
- Asset-backed and mortgage-backed securities fair values are based on observable inputs such as quoted prices, reported trades, quoted prices for similar issuances or benchmark yields and cash flow models using observable inputs such as prepayment speeds, collateral performance and default spreads;
- Foreign government securities are comprised of global non-U.S. sovereign bond issuances and the fair values are based on observable market inputs such as quoted market prices, quoted prices for similar securities and models with observable inputs such as benchmark yields and credit spreads and then, where applicable, converted to U.S. dollars using an exchange rate from a nationally recognized source;
- Foreign corporate securities are comprised of global non-U.S. corporate bond issuances and the fair values are based on observable market inputs such as quoted market prices, quoted prices for similar securities and models with observable inputs such as benchmark yields and credit spreads and then, where applicable, converted to U.S. dollars using an exchange rate from a nationally recognized source.

The following tables present the fair value measurement levels for all assets, which the Company has recorded at fair value as of the periods indicated:

	December 31, 2023	Fair Value Measurement Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(Dollars in thousands)				
Assets:				
Fixed maturities, fair value				
U.S. Treasury securities and obligations of				
U.S. government agencies and corporations	\$ 26,014	\$ —	\$ 26,014	\$ —
U.S. corporate securities	768,725	—	768,725	—
Asset-backed securities	63,395	—	63,395	—
Mortgage-backed securities				
Commercial	102,795	—	102,795	—
Agency residential	552,510	—	552,510	—
Non-agency residential	—	—	—	—
Foreign government securities	303,843	—	303,843	—
Foreign corporate securities	1,387,974	—	1,387,974	—
Total fixed maturities, fair value	\$ 3,205,256	\$ —	\$ 3,205,256	\$ —

(Some amounts may not reconcile due to rounding.)

		Fair Value Measurement Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(Dollars in thousands)	December 31, 2022			
Assets:				
Fixed maturities, fair value				
U.S. Treasury securities and obligations of				
U.S. government agencies and corporations	\$ 36,716	\$ —	\$ 36,716	\$ —
U.S. corporate securities	568,641	—	568,641	—
Asset-backed securities	37,334	—	37,334	—
Mortgage-backed securities				
Commercial	87,692	—	87,692	—
Agency residential	255,034	—	255,034	—
Non-agency residential	—	—	—	—
Foreign government securities	239,496	—	239,496	—
Foreign corporate securities	1,184,412	—	1,184,412	—
Total fixed maturities, fair value	\$ 2,409,325	\$ —	\$ 2,409,325	\$ —

(Some amounts may not reconcile due to rounding.)

Financial Instruments Disclosed, But Not Reported, at Fair Value

Certain financial instruments disclosed, but not reported, at fair value are excluded from the fair value hierarchy tables above. Short-term investments are stated at cost, which approximates fair value. See Note 1.

4. RESERVE FOR LOSSES AND LAE

Reserve for losses and LAE.

The following table provides a roll forward of the Company's beginning and ending reserve for losses and LAE and is summarized for the periods indicated:

	At December 31,	
	2023	2022
(Dollars in thousands)		
Gross reserves at January 1	\$ 2,190,211	\$ 1,673,670
Less reinsurance recoverables on unpaid losses	(989)	—
Net reserves at January 1	2,189,222	1,673,670
Incurred related to:		
Current year	812,312	895,279
Prior years	12,316	3,518
Total incurred losses and LAE	824,628	898,797
Paid related to:		
Current year	69,795	48,405
Prior years	340,915	260,601
Total paid losses and LAE	410,709	309,006
Foreign exchange/translation adjustment	96,075	(74,239)
Net reserves at December 31	2,699,216	2,189,222
Plus reinsurance recoverables on unpaid losses	5,642	989
Gross reserves at December 31	\$ 2,704,858	\$ 2,190,211

(Some amounts may not reconcile due to rounding.)

Prior years' reserves increased by \$12.3 million and \$3.5 million for the years ended December 31, 2023 and 2022, respectively. The changes in both 2023 and 2022 were primarily due to loss development under the affiliated quota share agreements.

The following is information about incurred and paid claims development as of December 31, 2023, net of reinsurance, as well as cumulative claim frequency and the total of incurred but not reported liabilities (IBNR) plus expected development on reported claims included within the net incurred claims amounts. The Company's loss activity has been disaggregated into casualty and property business. The casualty and property segregation results in groups that have homogeneous loss development characteristics and are large enough to represent credible trends. Generally, casualty claims take longer to be reported and settled, resulting in longer payout patterns and increased volatility. Property claims on the other hand, tend to be reported and settled quicker and therefore tend to exhibit less volatility. The property business is more exposed to catastrophe losses, which can result in year over year fluctuations in incurred claims depending on the frequency and severity of catastrophes claims in any one accident year.

The information about incurred and paid claims development for the years ended December 31, 2014 to December 31, 2022 is presented as supplementary information.

The Cumulative Number of Reported Claims is not shown, as it is impractical to provide the information. The loss activity includes pro rata contracts for which ceding companies provide only summary information via a bordereau. This summary information does not include the number of reported claims underlying the paid and reported losses. Therefore, it is not possible to provide this information.

Reconciliation of the Disclosure of Incurred and Paid Claims Development to the Liability for Unpaid Claims and Claim Adjustment Expenses

The reconciliation of the net incurred and paid claims development tables to the liability for claims and claim adjustment expenses in the consolidated statement of financial position is as follows:

	<u>December 31, 2023</u>
(Dollars in thousands)	
Net outstanding liabilities	
Casualty	\$ 2,147,319
Property	551,897
Liabilities for unpaid claims and claim adjustment expenses, net of reinsurance	<u>2,699,216</u>
Reinsurance recoverable on unpaid claims	
Casualty	5,642
Property	—
Total reinsurance recoverable on unpaid claims	<u>5,642</u>
Total gross liability for unpaid claims and claim adjustment expense	<u>\$ 2,704,858</u>

(Some amounts may not reconcile due to rounding.)

The following tables present the ultimate loss and ALAE and the paid loss and ALAE, net of reinsurance for casualty and property, as well as the average annual percentage payout of incurred claims by age, net of reinsurance for each of our disclosed lines of business:

Casualty Business

Accident Year	Ultimate Incurred Loss and Allocated Loss Adjustment Expenses, Net of reinsurance										At December 31, 2023	
	Years Ended December 31,										Total of	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	IBNR Liabilities	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	Plus Expected	Cumulative
											Development	Number of
											on Reported	Reported
											Claims	Claims
(Dollars in thousands)												
2014	\$ 56,019	\$ 62,231	\$ 67,444	\$ 69,761	\$ 66,552	\$ 64,885	\$ 64,085	\$ 64,540	\$ 62,516	\$ 60,963	\$ 1,644	N/A
2015		93,718	90,906	88,409	88,517	85,074	83,670	82,522	84,556	84,531	1,416	N/A
2016			92,928	97,613	97,763	97,013	96,526	95,283	108,167	113,574	(1,329)	N/A
2017				115,932	123,391	119,737	119,573	124,013	136,230	148,939	6,675	N/A
2018					162,960	168,809	173,229	173,184	177,294	193,980	30,351	N/A
2019						207,910	218,686	218,609	216,000	223,975	65,580	N/A
2020							238,356	302,044	288,983	284,114	151,272	N/A
2021								364,679	365,463	357,571	258,007	N/A
2022									556,247	562,274	282,601	N/A
2023										<u>500,654</u>	464,893	N/A
										\$ 2,530,577		

(Some amounts may not reconcile due to rounding.)

Cumulative Paid Loss and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	Years Ended December 31,									
	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022 (unaudited)	2023
(Dollars in thousands)										
2014	\$ 4,311	\$ 7,126	\$ 11,891	\$ 17,664	\$ 23,402	\$ 27,891	\$ 33,056	\$ 40,131	\$ 42,233	\$ 43,702
2015		5,239	24,320	31,855	39,331	42,817	48,978	56,678	61,688	63,944
2016			20,203	29,895	38,084	44,310	52,830	60,057	70,443	75,961
2017				10,186	23,629	35,404	47,653	63,199	72,899	82,373
2018					11,149	38,402	49,191	69,259	81,837	91,774
2019						23,953	33,100	50,065	62,153	78,037
2020							11,842	7,811	31,543	51,081
2021								12,829	29,539	59,938
2022									29,395	43,473
2023										9,860
										\$ 600,143
All outstanding liabilities prior to 2014, net of reinsurance										216,885
Liabilities for claims and claim adjustment expenses, net of reinsurance										\$ 2,147,319

(Some amounts may not reconcile due to rounding.)

Average Annual Percentage Payout of Incurred Loss by Age, Net of Reinsurance (unaudited)

Years	1	2	3	4	5	6	7	8	9	10
Casualty	5.5 %	5.3 %	7.8 %	7.5 %	7.5 %	6.2 %	8.0 %	6.8 %	3.0 %	2.4 %

Property Business

Accident Year	Ultimate Incurred Loss and Allocated Loss Adjustment Expenses, Net of reinsurance										At December 31, 2023	
	Years Ended December 31,										Total of	
	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022 (unaudited)	2023	IBNR Liabilities	Cumulative
(Dollars in thousands)											Plus Expected	Number of
											Development	Reported
											on Reported	Reported
											Claims	Claims
2014	\$ 40,313	\$ 36,076	\$ 33,647	\$ 31,765	\$ 31,720	\$ 31,678	\$ 31,878	\$ 31,932	\$ 31,625	\$ 31,509	\$ 178	N/A
2015		44,745	42,067	38,287	37,604	39,104	40,104	41,117	41,304	41,564	184	N/A
2016			52,615	45,517	45,740	45,755	46,955	48,161	48,542	48,913	266	N/A
2017				78,796	67,512	63,107	61,459	55,069	53,205	54,235	5,647	N/A
2018					76,338	67,409	64,005	64,412	57,295	58,543	6,116	N/A
2019						81,082	78,331	81,149	77,971	77,818	2,543	N/A
2020							219,988	158,356	173,743	168,296	(13,279)	N/A
2021								216,344	234,203	227,899	41,596	N/A
2022									297,312	293,495	106,124	N/A
2023										80,808	66,898	N/A
										\$ 1,083,079		

(Some amounts may not reconcile due to rounding.)

Cumulative Paid Loss and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	Years Ended December 31,									
	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022 (unaudited)	2023
(Dollars in thousands)										
2014	\$ 8,650	\$ 22,202	\$ 26,995	\$ 28,875	\$ 29,926	\$ 30,401	\$ 30,699	\$ 30,927	\$ 31,159	\$ 31,398
2015		10,144	23,843	29,592	33,183	35,369	37,143	37,533	38,403	38,530
2016			7,699	24,698	33,421	38,577	41,147	43,299	44,043	44,269
2017				9,490	32,511	40,710	44,903	46,354	48,231	51,158
2018					14,887	33,189	41,653	45,873	49,164	53,382
2019						12,299	35,774	46,739	53,659	57,720
2020							15,789	45,358	67,490	65,308
2021								22,988	109,971	118,155
2022									67,638	133,529
2023										5,329
										\$ 598,780
All outstanding liabilities prior to 2014, net of reinsurance										67,597
Liabilities for claims and claim adjustment expenses, net of reinsurance										\$ 551,897

(Some amounts may not reconcile due to rounding.)

Average Annual Percentage Payout of Incurred Loss by Age, Net of Reinsurance (unaudited)

Years	1	2	3	4	5	6	7	8	9	10
Property	16.2 %	29.1 %	10.9 %	4.9 %	4.7 %	4.5 %	2.5 %	1.1 %	0.5 %	0.8 %

Reserving Methodology

The Company maintains reserves equal to our estimated ultimate liability for losses and LAE for reported and unreported claims for our insurance and reinsurance businesses. Because reserves are based on estimates of ultimate losses and LAE by underwriting or accident year, the Company uses a variety of statistical and actuarial techniques to monitor reserve adequacy over time, evaluate new information as it becomes known, and adjust reserves whenever an adjustment appears warranted. The Company considers many factors when setting reserves including: (1) exposure base and projected ultimate premium; (2) expected loss ratios by product and class of business, which are developed collaboratively by underwriters and actuaries; (3) actuarial methodologies and assumptions which analyze loss reporting and payment experience, reports from ceding companies and historical trends, such as reserving patterns, loss payments, and product mix; (4) current legal interpretations of coverage and liability; and (5) economic conditions. Management's best estimate is developed through collaboration with actuarial, underwriting, claims, legal and finance departments and culminates with the input of reserve committees. Each reserve committee includes the participation of the relevant parties from actuarial, finance, claims and segment senior management and has the responsibility for recommending and approving management's best estimate. Reserves are further reviewed by Everest's Chief Reserving Actuary and senior management. The objective of such process is to determine a single best estimate viewed by management to be the best estimate of its ultimate loss liability. Actual loss and LAE ultimately paid may deviate, perhaps substantially, from such reserves. Net income will be impacted in a period in which the change in estimated ultimate loss and LAE is recorded.

Reserving for reinsurance requires evaluation of loss information received from ceding companies. Ceding companies report losses in many forms depending on the type of contract and the agreed or contractual reporting requirements. Generally, pro rata contracts require the submission of a monthly/quarterly account, which includes premium and loss activity for the period with corresponding reserves as established by the ceding company. This information is recorded into the Company's records. For certain pro rata contracts, the Company may require a detailed loss report for claims that exceed a certain dollar threshold or relate to a particular type of loss. Excess of loss and facultative contracts generally require individual loss reporting with precautionary notices provided when a loss reaches a significant percentage of the attachment point of the contract or when certain causes of loss or types of injury occur. Experienced claims staff handles individual loss reports and supporting claim information. Based on evaluation of a claim, the Company may establish additional case reserves in addition to the case reserves reported by the ceding company. To ensure ceding companies are submitting required and accurate data, Everest's Underwriting, Claim, Reinsurance Accounting, and Internal Audit Departments perform various reviews of ceding companies, particularly larger ceding companies, including on-site audits.

The Company assigns business to exposure groupings so that the underlying exposures have reasonably homogeneous loss development characteristics, and are large enough to facilitate credible estimation of ultimate losses. The Company periodically reviews its exposure groupings and may change groupings over time as business changes. One of the key selection characteristics for the exposure groupings is the historical duration of the claims settlement process. Business in which claims are reported and settled relatively quickly are commonly referred to as short tail lines, principally property lines. Casualty claims tend to take longer to be reported and settled and casualty lines are generally referred to as long tail lines. Estimates of ultimate losses for shorter tail lines, with the exception of loss estimates for large catastrophic events, generally exhibit less volatility than those for the longer tail lines.

The Company uses a variety of actuarial methodologies, such as the expected loss ratio method, chain ladder methods, and Bornhuetter-Ferguson methods, supplemented by judgment where appropriate, to estimate ultimate loss and LAE for each exposure group.

Expected Loss Ratio Method: The expected loss ratio method uses earned premium times an expected loss ratio to calculate ultimate losses for a given underwriting or accident year. This method relies entirely on expectation to project ultimate losses with no consideration given to actual losses. As such, it may be appropriate for an immature underwriting or accident year where few, if any, losses have been reported or paid, but less appropriate for a more mature year.

Chain Ladder Method: Chain ladder methods use a standard loss development triangle to project ultimate losses. Age-to-age development factors are selected for each development period and combined to calculate age-to-ultimate development factors which are then applied to paid or reported losses to project ultimate losses. This method relies entirely on actual paid or reported losses to project ultimate losses. No other factors such as changes in pricing or other expectations are taken into account. It is most appropriate for groups with homogeneous, stable experience where past development patterns are expected to continue in the future. It is least appropriate for groups which have changed significantly over time or which are more volatile.

Bornhuetter-Ferguson Method: The Bornhuetter-Ferguson method is a combination of the expected loss ratio method and the chain ladder method. Ultimate losses are projected based partly on actual paid or reported losses and partly on expectation. Incurred but not reported (IBNR) reserves are calculated using earned premium, an a priori loss ratio, and selected age-to-age development factors and added to actual reported (paid) losses to determine ultimate losses. It is more responsive to actual reported or paid development than the expected loss ratio method but less responsive than the chain ladder method. The reliability of the method depends on the accuracy of the selected a priori loss ratio.

Although the Company uses similar actuarial methods for both short tail and long tail lines, the faster reporting of experience for the short tail lines allows the Company to have greater confidence in its estimates of ultimate losses for short tail lines at an earlier stage than for long tail lines. As a result, the Company utilizes, as well, exposure-based methods to estimate its ultimate losses for longer tail lines, especially for immature underwriting or accident years. For both short and long tail lines, the Company supplements these general approaches with analytically based judgments.

Key actuarial assumptions contain no explicit provisions for reserve uncertainty nor does the Company supplement the actuarially determined reserves for uncertainty.

Carried reserves at each reporting date are the management's best estimate of ultimate unpaid losses and LAE at that date. The Company completes detailed reserve studies for each exposure group annually for both reinsurance and insurance operations. The completed annual reserve studies are "rolled-forward" for each accounting period until the subsequent reserve study is completed. Analyzing the roll-forward process involves comparing actual reported losses to expected losses based on the most recent reserve study. The Company analyzes significant variances between actual and expected losses and post adjustments to its reserves as warranted.

Certain reserves, including losses from widespread catastrophic events and COVID-19 related losses, cannot be estimated using traditional actuarial methods. These types of events are reserved for separately using a variety of statistical and actuarial techniques. We estimate losses for these types of events based on information derived from catastrophe models, quantitative and qualitative exposure analyses, reports and communications from ceding companies and development patterns for historically similar events, where available.

5. REINSURANCE

The Company maintains certain restricted assets as security for potential future obligations, primarily to support its underwriting operations. The following table summarizes the Company's restricted assets:

(Dollars in thousands)	At December 31,	
	2023	2022
Collateral in trust for affiliated agreements	\$ 43,166	\$ 48,962
Funds at Lloyd's	538,011	494,367
Funds held by reinsureds	68,411	58,710
Total restricted assets	<u>\$ 649,589</u>	<u>\$ 602,039</u>

The Company engages in reinsurance transactions with Everest Re, Bermuda Re, Ireland Re, Ireland Insurance and Everest Corporate Member Limited primarily driven by enterprise risk and capital management considerations under which business is assumed or ceded at market rates and terms. Such reinsurance does not relieve the Company of its obligation to policyholders. The majority of the Company's business is derived from assumed inter-affiliate reinsurance agreements. All of the Company's retrocessions are with an affiliate.

Balances are considered past due when amounts that have been billed are not collected within contractually stipulated time periods, generally 30, 60 or 90 days. To manage reinsurer credit risk, a reinsurance security review committee evaluates the credit standing, financial performance, management and operational quality of each potential reinsurer. In placing reinsurance, the Company considers the nature of the risk reinsured, including the expected liability payout duration, and establishes limits tiered by reinsurer credit rating.

Where its contracts permit, the Company secures future claim obligations with various forms of collateral or other credit enhancement, including irrevocable letters of credit, secured trusts, funds held accounts and group-wide offsets.

See Note 1C for discussion of allowance on reinsurance recoverables.

Insurance companies, including reinsurers, are regulated and hold risk-based capital to mitigate the risk of loss due to economic factors and other risks. Non-U.S. reinsurers are either subject to a capital regime substantively equivalent to domestic insurers or we hold collateral to support collection of reinsurance receivable. As a result, there is limited history of losses from insurer defaults.

Premiums written and earned and incurred losses and LAE are comprised of the following for the periods indicated:

(Dollars in thousands)	Years Ended December 31,	
	2023	2022
Written premiums:		
Direct	\$ 15,468	\$ 3,428
Assumed	1,262,353	1,464,564
Ceded	(16,009)	(5,953)
Net written premiums	\$ 1,261,812	\$ 1,462,039
Premiums earned:		
Direct	\$ 8,244	\$ 332
Assumed	1,250,160	1,264,770
Ceded	(9,724)	(1,537)
Net premiums earned	\$ 1,248,680	\$ 1,263,565
Incurred losses and LAE:		
Direct	\$ 17,038	\$ 1,966
Assumed	812,191	897,829
Ceded	(4,601)	(998)
Net incurred losses and LAE	\$ 824,628	\$ 898,797

(Some amounts may not reconcile due to rounding.)

The table below represents affiliated quota share reinsurance agreements ("whole account quota share") for all new and renewal business for the indicated coverage period:

(Dollars, British pounds and euros in thousands)

Coverage Period	Ceding Company	Percent Ceded	Assuming Company	Type of Business	Single Occurrence Limit	Aggregate Limit
01/01/2004-12/31/2005	Everest Re	2.5 %	Everest International	property / casualty business	\$ —	—
01/01/2006-12/31/2006	Everest Re	2.0 %	Everest International	property business	\$ 12,500	—
01/01/2006-12/31/2007	Everest Re	3.5 %	Everest International	casualty business	\$ —	—
01/01/2007-12/31/2007	Everest Re	2.5 %	Everest International	property business	\$ 13,000	—
01/01/2008-12/31/2008	Everest Re	4.0 %	Everest International	property / casualty business	\$ 13,000	27,500
01/01/2009-12/31/2009	Everest Re	8.0 %	Everest International	property / casualty business	\$ 27,300	59,100
01/01/2009-12/31/2009	Everest International	100.0 %	Ireland Re	property / casualty business	\$ —	—
01/01/2006-12/31/2008	Bermuda Re - U.K. Branch	30.0 %	Everest International	property business	€ 400,000	—
01/01/2009-12/31/2009	Bermuda Re - U.K. Branch	50.0 %	Everest International	property business	€ 200,000	—
01/01/2010-12/31/2010	Bermuda Re - U.K. Branch	50.0 %	Everest International	property business	€ 160,000	—
01/01/2011-12/31/2011	Bermuda Re - U.K. Branch	50.0 %	Everest International	property / casualty business	€ 80,000	—
01/01/2012-12/31/2012	Bermuda Re - U.K. Branch	50.0 %	Everest International	property / casualty business	£ 70,000	—
01/01/2013-12/31/2015	Bermuda Re - U.K. Branch	59.5 %	Everest International	property business	£ 70,000	—
01/01/2016-12/31/2016	Bermuda Re - U.K. Branch	50.0 %	Everest International	property business	£ 130,000	—
01/01/2017-12/31/2018	Bermuda Re - U.K. Branch	50.0 %	Everest International	property business	£ 70,000	—
01/01/2019-12/31/2019	Bermuda Re - U.K. Branch	50.0 %	Everest International	property business	£ 76,000	—
01/01/2020-12/31/2020	Bermuda Re - U.K. Branch	50.0 %	Everest International	property business	£ 84,000	—
01/01/2021-12/31/2021	Bermuda Re - U.K. Branch	60.0 %	Everest International	property business	£ 60,000	—
01/01/2022-12/31/2022	Bermuda Re - U.K. Branch	70.0 %	Everest International	property business	£ 75,000	—
01/01/2023-12/31/2023	Bermuda Re - U.K. Branch	70.0 %	Everest International	property business	£ 66,500	—
01/01/2011-12/31/2013	Ireland Re	50.0 %	Everest International	property / casualty business	€ 37,500	—
01/01/2014-12/31/2016	Ireland Re	50.0 %	Everest International	property business	€ 40,000	—
01/01/2018-12/31/2020	Ireland Re	60.0 %	Everest International	property business	€ 90,000	—
01/01/2021-12/31/2021	Ireland Re	80.0 %	Everest International	property business	€ 64,000	280,000
01/01/2022-12/31/2022	Ireland Re	80.0 %	Everest International	property business	€ 48,000	212,000
11/15/2017-06/30/2022	Ireland Insurance	50.0 %	Everest International	property business	\$ 50,000	100,000
11/15/2017-06/30/2022	Ireland Insurance	variable	Everest International	property / casualty business	—	—

Effective December 15, 2023, the Company entered into an aggregate stop loss reinsurance contract ("stop loss agreement") with Everest Corporate Member Limited. Through the stop loss agreement, the Company provides Everest Corporate Member Limited with coverage for net losses above a set retention level.

The following tables summarize the premiums and losses assumed and ceded by the Company from and to its affiliates for the periods indicated:

Everest Re, Bermuda Re, Ireland Re and Ireland Insurance

(Dollars in thousands)

	Years Ended December 31,	
	2023	2022
Assumed written premiums	\$ 1,262,353	\$ 1,464,564
Assumed earned premiums	1,250,160	1,264,770
Assumed losses and LAE	812,191	897,829

Ireland Re

(Dollars in thousands)

Ceded written premiums

Ceded earned premiums

Ceded losses and LAE

		Years Ended December 31,	
		2023	2022
\$	16,009	\$	5,953
	9,724		1,537
	4,601		998

6. CONTINGENCIES

In the ordinary course of business, the Company is involved in lawsuits, arbitrations and other formal and informal dispute resolution procedures, the outcomes of which will determine the Company's rights and obligations under insurance and reinsurance agreements. In some disputes, the Company seeks to enforce its rights under an agreement or to collect funds owing to it. In other matters, the Company is resisting attempts by others to collect funds or enforce alleged rights. These disputes arise from time to time and are ultimately resolved through both informal and formal means, including negotiated resolution, arbitration and litigation. In all such matters, the Company believes that its positions are legally and commercially reasonable. The Company considers the statuses of these proceedings when determining its reserves for unpaid loss and loss adjustment expenses.

Aside from litigation and arbitrations related to these insurance and reinsurance agreements, the Company is not a party to any other material litigation or arbitration.

7. COMPREHENSIVE INCOME (LOSS)

The following table presents the components of comprehensive income (loss) in the statements of operations for the periods indicated:

	Years Ended December 31,					
	2023			2022		
	Before Tax	Tax Effect	Net of Tax	Before Tax	Tax Effect	Net of Tax
(Dollars in thousands)						
Unrealized appreciation (depreciation) ("URA(D)") on securities-temporary	\$ 199,142	\$ —	\$ 199,142	\$ (361,411)	\$ —	\$ (361,411)
Reclassification of net realized losses (gains) included in net income (loss)	16,966	—	16,966	6,452	—	6,452
Foreign currency translation and other adjustments	11,917	—	11,917	81	—	81
Total other comprehensive income (loss)	\$ 228,025	\$ —	\$ 228,025	\$ (354,878)	\$ —	\$ (354,878)

(Some amounts may not reconcile due to rounding.)

The following table presents details of the amounts reclassified from AOCI for the periods indicated:

AOCI component	Years Ended December 31,		Affected line item within the statements of operations and comprehensive income (loss)
	2023	2022	
(Dollars in thousands)			
URA(D) on securities	\$ 16,966	\$ 6,452	Other net gains (losses) on investments
	—	—	Income tax expense (benefit)
	\$ 16,966	\$ 6,452	Net income (loss)

(Some amounts may not reconcile due to rounding.)

The following table presents the components of the change in accumulated other comprehensive income (loss), net of tax, in the balance sheets for the periods indicated:

	Years Ended December 31,	
	2023	2022
(Dollars in thousands)		
Beginning balance of URA(D) on securities	\$ (325,541)	\$ 29,418
Current period change in URA(D) of investments - non-credit related	216,108	(354,959)
Ending balance of URA(D) on securities	\$ (109,433)	\$ (325,541)
Beginning balance of foreign currency translation adjustments	81	—
Current period change in foreign currency translation and other adjustments	11,917	81
Ending balance of foreign currency translation adjustments	11,998	81
Ending balance of accumulated other comprehensive income (loss)	\$ (97,435)	\$ (325,460)

(Some amounts may not reconcile due to rounding.)

8. RELATED-PARTY TRANSACTIONS

In 2022 the Company received \$350 million of capital contributions from Group, its parent company. There were no capital contributions received in 2023.

In 2023 and 2022, the Company contributed capital of \$25 million and \$9 million, respectively, to its Singapore branch.

As of December 19, 2022, the Company entered into a \$125 million long-term note agreement with Group. The note will pay interest annually at a rate of 4.34% and was scheduled to mature in December 2052. However, the note was paid off in full in May 2023 and is no longer outstanding as of December 31, 2023.

Everest Global Services, Inc. (“Everest Global”), an affiliate of Everest International, provides centralized management and home office services, through a management agreement. Services provided by Everest Global include executive managerial services, legal services, actuarial services, accounting services, information technology services and others.

The following table presents the expenses incurred by Everest International from services provided by Everest Global for the periods indicated:

	Years Ended December 31,	
	2023	2022
(Dollars in thousands)		
Expenses incurred	\$ 555	\$ 4

9. INCOME TAXES

With the assent of the governor on December 27, 2023, the Bermuda Corporate Income Tax Act of 2023 (“The 2023 Act”) became law. Beginning in 2025, a 15% corporate income tax will be applicable to Bermuda businesses that are part of multinational enterprise groups with annual revenue of €750 million or more. Group’s Bermuda entities will be subject to the new corporate income tax. The Company has evaluated The 2023 Act and has recorded \$95 million of net deferred income tax benefits in 2023 related to it. The net deferred income tax benefits relate primarily to a default provision in the law which allows for what is called an “Economic Transition Adjustment” (“ETA”). The ETA allows companies to establish deferred tax assets or liabilities related to the revaluation of intangible assets, excluding goodwill, and their other assets and liabilities, based on fair value as of September 30, 2023. The deferred tax assets or liabilities are then amortized in accordance with The 2023 Act.

All of the foreign branch income of the Company, in particular the Singapore branch, is subject to the applicable foreign and local taxes.

The provision for income taxes in the statement of operations and comprehensive income (loss) has been determined by reference to the applicable tax laws of jurisdictions in which the income of the Company is subject to tax. It reflects the

permanent differences between financial and taxable income. The significant components of the provision are as follows for the periods indicated:

	Years Ended December 31,	
	2023	2022
(Dollars in thousands)		
Current foreign tax expense (benefit)	\$ 24	\$ 42
Deferred tax expense (benefit)	(94,636)	—
Total income tax expense (benefit)	\$ (94,612)	\$ 42

The weighted average expected tax provision has been calculated using the pre-tax income (loss) in each jurisdiction multiplied by that jurisdiction's applicable statutory tax rate. Reconciliation of the difference between the provision for income taxes and the expected tax provision at the weighted average tax rate for the periods indicated is provided below:

	Years Ended December 31,	
	2023	2022
(Dollars in thousands)		
Expected tax provision at applicable statutory rates	\$ (948)	\$ (540)
Bermuda corporate income tax	(94,636)	—
Valuation allowance	948	540
Withholding tax	24	42
Total income tax provision	\$ (94,612)	\$ 42

(Some amounts may not reconcile due to rounding.)

Deferred Income taxes reflect the tax effect of the temporary differences between the value of assets and liabilities for financial statement purposes and such values are measured by the U.S. tax laws and regulations. The principal items making up the net deferred income tax assets/(liabilities) are as follows for the periods indicated:

	At December 31,	
	2023	2022
(Dollars in thousands)		
Deferred tax assets:		
Bermuda intangible asset	\$ 93,285	\$ —
Bermuda loss reserves	35,613	—
Net operating losses	1,471	540
Total deferred tax assets	130,369	540
Deferred tax liabilities:		
Fair Value Investments	34,156	—
Other liabilities	106	—
Total deferred tax liabilities	34,262	—
Net deferred tax assets	96,107	540
Valuation Allowance	1,471	540
Net deferred tax assets/(liabilities)	\$ 94,636	\$ —

(Some amounts may not reconcile due to rounding.)

At December 31, 2023, the Company had \$1.5 million of Valuation Allowance ("VA"). The VA is a result of our conclusion under US GAAP accounting principles that the Singapore jurisdiction could not demonstrate that it was more likely than not that the related deferred tax assets will be realized. This was primarily due to the Company's inability to demonstrate overall profitability within the Singapore jurisdiction.

10. DIVIDEND RESTRICTIONS AND STATUTORY FINANCIAL INFORMATION

Dividend Restrictions.

Under Bermuda law, Everest International is prohibited from declaring or making payment of a dividend if it fails to meet its minimum solvency margin or minimum liquidity ratio. Prior approval of the Bermuda Monetary Authority ("BMA") is

required if Everest International’s dividend payments would reduce its prior year-end total statutory capital and surplus by 25% or more.

Statutory Financial Information.

Everest International prepares its statutory financial statements in conformity with the accounting principles set forth in Bermuda in The Insurance Act 1978, amendments thereto and related regulations. The statutory capital and surplus of Everest International was \$1.3 billion and \$1.0 billion at December 31, 2023 and 2022, respectively. The statutory net income (loss) of Everest International was \$95.3 million and \$3.4 million for the years ended December 31, 2023 and 2022, respectively.

Capital Restrictions.

Everest International is subject to the BSCR administered by the BMA. No regulatory action is taken if an insurer’s capital and surplus is equal to or in excess of their enhanced capital requirement determined by the Bermuda Solvency Capital Requirement (“BSCR”) model. In addition, the BMA has established a target capital level for each insurer, which is 120% of the enhanced capital requirement.

The regulatory targeted capital and the actual statutory capital for Everest International was as follows:

(Dollars in thousands)	Everest International ⁽¹⁾	
	At December 31,	
	2023 ⁽²⁾	2022
Regulatory targeted capital	\$ 1,109,120	\$ 1,013,287
Actual capital	1,310,352	1,012,171

⁽¹⁾ Regulatory targeted capital represents the target capital level from the applicable year's BSCR calculation.

⁽²⁾ In accordance with guidance issued by the BMA in February 2024, Everest International has not reflected the impacts of the Economic Transition Adjustment recognized in response to the Bermuda Corporate Income Tax Act of 2023 (“the 2023 Act”) in its 2023 regulatory targeted capital or actual capital. The BMA expects to complete its assessment before the 2023 Act becomes effective and to issue directives within a timeline that will be compatible with the 2023 Act coming into effect.

11. SUBSEQUENT EVENTS

The Company has evaluated known recognized and non-recognized subsequent events through April 25, 2024, the date the financial statements are available to be issued. The Company is in the process of obtaining regulatory approval to be licensed to write insurance through an Australian branch, which is expected to be obtained before the end of the second quarter of 2024. The Company does not have any other subsequent events to report.