

Kemper Bermuda Ltd.

Condensed General Purpose Financial Statements

As at December 31, 2023 and 2022 and for the year ended December 31, 2023 and the period
from July 1, 2022 (date of inception) through December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
Kemper Bermuda Ltd.

Opinions

We have audited the condensed financial statements of Kemper Bermuda Ltd. (the "Company"), which comprise the condensed balance sheets and condensed statements of capital and surplus as of December 31, 2023 and 2022, and the related condensed statements of income for the year ended December 31, 2023 and for the period from July 1, 2022 (date of inception) through December 31, 2022, including the related notes (collectively referred to as the "condensed financial statements").

Unmodified opinion on regulatory basis of accounting

In our opinion, the accompanying condensed financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations for the year ended December 31, 2023 and for the period from July 1, 2022 (date of inception) through December 31, 2022, in accordance with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to the condensed general purpose financial Statements (the "Legislation").

Adverse opinion on accounting principles generally accepted in the United States of America

In our opinion, because of the significance of the matter described in the *Basis for adverse opinion on U.S. generally accepted accounting principles* section of our report, the condensed financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2023 and 2022, or the results of its operations for the year ended December 31, 2023 and for the period from July 1, 2022 (date of inception) through December 31, 2022.

Change in Accounting Principle

As discussed in Note 4 to the condensed financial statements, the Company changed its method of accounting, measurement, and disclosure of long duration contracts effective January 1, 2023, using the modified retrospective method applied as of the transition date of September 30, 2022, due to adoption of ASU 2018-12, *Financial Services - Insurance (Topic 944): Targeted Improvements to the Accounting for Long Duration Contracts*.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the condensed financial statements* section of our report. We are required

to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 3 to the condensed financial statements, the condensed financial statements are prepared by the Company on the basis of the financial reporting provisions of the Legislation, which is a basis of accounting other than accounting principles generally accepted in the United State of America, to meet the requirements of the Bermuda Monetary Authority.

The effects on the condensed financial statements of the variances between the regulatory basis of accounting described in Note 3 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Condensed Financial Statements

Management is responsible for the preparation and fair presentation of the condensed financial statements in accordance with the financial reporting provisions of the Legislation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the condensed financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the condensed financial statements are issued.

Auditor's Responsibilities for the Audit of the Condensed Financial Statements

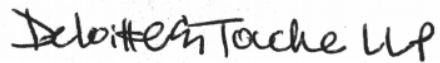
Our objectives are to obtain reasonable assurance about whether the condensed financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 condensed 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 condensed financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the condensed financial statements.

- Obtain an understanding of internal 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 condensed 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.

A handwritten signature in black ink that reads "Deloitte Touche LLP". The signature is written in a cursive, slightly slanted style.

July 15, 2024

CONDENSED BALANCE SHEETS

Kemper Bermuda Ltd.

As at **December 31, 2023 and 2022**
expressed in ['000s] **United States Dollars**

		2023	2022 ¹
LINE No.			
ASSETS			
1	CASH AND CASH EQUIVALENTS	\$ 19,707	\$ 1,786
2	QUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity	—	—
	ii. Other	143,418	—
(b)	Total Bonds and Debentures	<u>143,418</u>	<u>—</u>
(c)	Equities		
	i. Common stocks	—	—
	ii. Preferred stocks	—	—
	iii. Mutual funds	—	—
(d)	Total equities	<u>—</u>	<u>—</u>
(e)	Other quoted investments	—	—
(f)	Total quoted investments	<u>143,418</u>	<u>—</u>
3	UNQUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity	—	—
	ii. Other	—	—
(b)	Total Bonds and Debentures	<u>—</u>	<u>—</u>
(c)	Equities		
	i. Common stocks	—	—
	ii. Preferred stocks	—	—
	iii. Mutual funds	—	—
(d)	Total equities	<u>—</u>	<u>—</u>
(e)	Other unquoted investments	—	—
(f)	Total unquoted investments	<u>—</u>	<u>—</u>
4	INVESTMENTS IN AND ADVANCES TO AFFILIATES		
(a)	Unregulated entities that conduct ancillary services	—	—
(b)	Unregulated non-financial operating entities	—	—
(c)	Unregulated financial operating entities	—	—
(d)	Regulated non-insurance financial operating entities	—	—
(e)	Regulated insurance financial operating entities	—	—
(f)	Total investments in affiliates	<u>—</u>	<u>—</u>
(g)	Advances to affiliates	—	—
(h)	Total investments in and advances to affiliates	<u>—</u>	<u>—</u>

CONDENSED BALANCE SHEETS

Kemper Bermuda Ltd.

As at **December 31, 2023 and 2022**

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

		2023	2022 ¹
5	INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:		
(a)	First liens	\$ —	\$ —
(b)	Other than first liens	—	—
(c)	Total investments in mortgage loans on real estate	—	—
6	POLICY LOANS	231,637	233,502
7	REAL ESTATE:		
(a)	Occupied by the company (less encumbrances)	—	—
(b)	Other properties (less encumbrances)	—	—
(c)	Total real estate	—	—
8	COLLATERAL LOANS	—	—
9	INVESTMENT INCOME DUE AND ACCRUED	2,347	—
10	ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a)	In course of collection	14,707	42,963
(b)	Deferred - not yet due	—	—
(c)	Receivables from retrocessional contracts	—	—
(d)	Total accounts and premiums receivable	14,707	42,963
11	REINSURANCE BALANCES RECEIVABLE:		
(a)	Foreign affiliates	—	—
(b)	Domestic affiliates	—	—
(c)	Pools & associations	—	—
(d)	All other insurers	—	—
(e)	Total reinsurance balance receivable	—	—
12	FUNDS HELD BY CEDING REINSURERS	2,277,528	2,396,482

CONDENSED BALANCE SHEETS

Kemper Bermuda Ltd.

As at **December 31, 2023 and 2022**

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

		2023	2022 ¹
13	SUNDRY ASSETS:		
(a)	Derivative instruments	\$ —	\$ —
(b)	Segregated accounts companies - long-term business - variable annuities	—	—
(c)	Segregated accounts companies - long-term business - other	—	—
(d)	Segregated accounts companies - general business	—	—
(e)	Deposit assets	—	—
(f)	Deferred acquisition costs	336,594	320,712
(g)	Net receivables for investments sold	—	—
(h)	1-Net deferred tax asset	5,951	46,580
(i)	Other Sundry Assets (Not Applicable)	2,652	—
(j)	Other Sundry Assets (Not Applicable)	—	—
(k)	Total sundry assets	345,197	367,292
14	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS		
(a)	Letters of credit	—	—
(b)	Guarantees	—	—
(c)	Other instruments	—	—
(e)	Total letters of credit, guarantees and other instruments	—	—
15	TOTAL	3,034,541	3,042,025
	TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS		
16	UNEARNED PREMIUM RESERVE		
(a)	Gross unearned premium reserves	—	—
(b)	Less: Ceded unearned premium reserve		
	i. Foreign affiliates	—	—
	ii. Domestic affiliates	—	—
	iii. Pools & associations	—	—
	iv. All other insurers	—	—
(c)	Total ceded unearned premium reserve	—	—
(d)	Net unearned premium reserve	—	—

CONDENSED BALANCE SHEETS

Kemper Bermuda Ltd.

As at **December 31, 2023 and 2022**

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

		2023	2022 ¹
17	LOSS AND LOSS EXPENSE PROVISIONS:		
(a)	Gross loss and loss expense provisions	\$ —	\$ —
(b)	Less : Reinsurance recoverable balance		
	i. Foreign affiliates	—	—
	ii. Domestic affiliates	—	—
	iii. Pools & associations	—	—
	iv. All other reinsurers	—	—
(c)	Total reinsurance recoverable balance	—	—
(d)	Net loss and loss expense provisions	—	—
18	OTHER GENERAL BUSINESS INSURANCE RESERVES	—	—
19	TOTAL GENERAL BUSINESS INSURANCE RESERVES	—	—
	LONG-TERM BUSINESS INSURANCE RESERVES		
20	RESERVE FOR REPORTED CLAIMS	21,139	27,927
21	RESERVE FOR UNREPORTED CLAIMS	12,633	14,966
22	POLICY RESERVES - LIFE	2,671,402	2,552,773
23	POLICY RESERVES - ACCIDENT AND HEALTH	—	—
24	POLICYHOLDERS' FUNDS ON DEPOSIT	3,978	4,172
25	LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS	—	—
26	OTHER LONG-TERM BUSINESS INSURANCE RESERVES	—	—
27	TOTAL LONG-TERM BUSINESS INSURANCE RESERVES	—	—
(a)	Total Gross Long-Term Business Insurance Reserves	2,709,152	2,599,838
(b)	Less: Reinsurance recoverable balance on long-term business		
	(i) Foreign Affiliates	—	—
	(ii) Domestic Affiliates	—	—
	(iii) Pools and Associations	—	—
	(iv) All Other Insurers	—	—
(c)	Total Reinsurance Recoverable Balance	—	—
(d)	Total Net Long-Term Business Insurance Reserves	2,709,152	2,599,838

CONDENSED BALANCE SHEETS

Kemper Bermuda Ltd.

As at **December 31, 2023 and 2022**expressed in ['000s] **United States Dollars**

		2023	2022¹
	OTHER LIABILITIES		
28	INSURANCE AND REINSURANCE BALANCES PAYABLE	\$ —	\$ —
29	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	2,051	5,832
30	LOANS AND NOTES PAYABLE	—	—
31	(a) INCOME TAXES PAYABLE	—	45,147
	(b) DEFERRED INCOME TAXES	—	—
32	AMOUNTS DUE TO AFFILIATES	—	—
33	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	—	—
34	FUNDS HELD UNDER REINSURANCE CONTRACTS:	—	—
35	DIVIDENDS PAYABLE	—	—
36	SUNDRY LIABILITIES:		
(a)	Derivative instruments	—	—
(b)	Segregated accounts companies	—	—
(c)	Deposit liabilities	—	—
(d)	Net payable for investments purchased	—	—
(e)	1-Net deferred gain, coinsurance with UICA	211,395	390,069
(f)	Other sundry liabilities (Not applicable)	—	—
(g)	Other sundry liabilities (Not applicable)	—	—
(h)	Total sundry liabilities	<u>211,395</u>	<u>390,069</u>
	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:		
37	(a) Letters of credit	—	—
	(b) Guarantees	—	—
	(c) Other instruments	—	—
	(d) Total letters of credit, guarantees and other instruments	<u>—</u>	<u>—</u>
38	TOTAL OTHER LIABILITIES	213,446	441,048
39	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	2,922,598	3,040,886
	CAPITAL AND SURPLUS		
40	TOTAL CAPITAL AND SURPLUS	<u>111,943</u>	<u>1,139</u>
41	TOTAL	<u>3,034,541</u>	<u>3,042,025</u>

¹On January 1, 2023, the Company adopted ASU 2018-12 using the modified retrospective method applied as of the transition date September 30, 2022, the date the Coinsurance Agreement was executed. Prior period amounts in the condensed financial statements have been recast to reflect adoption of the new guidance. See Note 4 to the Condensed Financial Statements for additional information.

CONDENSED STATEMENTS OF INCOME

Kemper Bermuda Ltd.

For the Year Ended: **December 31, 2023 and 2022²**

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

LINE No.		2023	2022 ^{1,2}
	GENERAL BUSINESS UNDERWRITING INCOME		
1	GROSS PREMIUMS WRITTEN		
	(a) Direct gross premiums written	\$ —	\$ —
	(b) Assumed gross premiums written	—	—
	(c) Total gross premiums written	—	—
2	REINSURANCE PREMIUMS CEDED	—	—
3	NET PREMIUMS WRITTEN	—	—
4	INCREASE (DECREASE) IN UNEARNED PREMIUMS	—	—
5	NET PREMIUMS EARNED	—	—
6	OTHER INSURANCE INCOME	—	—
7	TOTAL GENERAL BUSINESS UNDERWRITING INCOME	—	—
	GENERAL BUSINESS UNDERWRITING EXPENSES		
8	NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED	—	—
9	COMMISSIONS AND BROKERAGE	—	—
10	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	—	—
11	NET UNDERWRITING PROFIT (LOSS) - GENERAL	—	—
	LONG-TERM BUSINESS INCOME		
12	GROSS PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Direct gross premiums and other considerations	—	—
	(b) Assumed gross premiums and other considerations	268,477	70,574
	(c) Total gross premiums and other considerations	268,477	70,574

CONDENSED STATEMENTS OF INCOME

Kemper Bermuda Ltd.

For the Year Ended: **December 31, 2023 and 2022²**

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

		2023	2022 ^{1,2}
13	PREMIUMS CEDED	\$ —	\$ —
14	NET PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Life	268,477	70,574
	(b) Annuities	—	—
	(c) Accident and health	—	—
	(d) Total net premiums and other considerations	<u>268,477</u>	<u>70,574</u>
15	OTHER INSURANCE INCOME	—	—
16	TOTAL LONG-TERM BUSINESS INCOME	<u>268,477</u>	<u>70,574</u>
	LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES		
17	CLAIMS - LIFE	167,135	37,313
18	POLICYHOLDERS' DIVIDENDS	—	—
19	SURRENDERS	37,467	8,320
20	MATURITIES	4,490	1,067
21	ANNUITIES	—	—
22	ACCIDENT AND HEALTH BENEFITS	—	—
23	COMMISSIONS	91,055	24,466
24	OTHER	4,124	(1,154)
25	TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	<u>304,271</u>	<u>70,012</u>
26	INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES):		
	(a) Life	(37,931)	559
	(b) Annuities	—	—
	(c) Accident and health	—	—
	(d) Total increase (decrease) in policy reserves	<u>(37,931)</u>	<u>559</u>

CONDENSED STATEMENTS OF INCOME

Kemper Bermuda Ltd.

For the Year Ended: **December 31, 2023 and 2022²**expressed in ['000s] **United States Dollars**

		2023	2022^{1,2}
27	TOTAL LONG-TERM BUSINESS EXPENSES	\$ 266,340	\$ 70,571
28	NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS	2,137	3
29	COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS	2,137	3
	UNDERNOTED ITEMS		
30	COMBINED OPERATING EXPENSE		
	(a) General and administration	44,935	11,684
	(b) Personnel cost	53,760	12,891
	(c) Other	—	—
	(d) Total combined operating expenses	98,695	24,575
31	COMBINED INVESTMENT INCOME - NET	149,812	39,918
32	COMBINED OTHER INCOME (DEDUCTIONS)	11,987	3,393
33	COMBINED INCOME BEFORE TAXES	65,241	18,739
34	COMBINED INCOME TAXES (IF APPLICABLE):		
	(a) Current	(41,321)	1,258
	(b) Deferred	57,725	8,159
	(c) Total	16,404	9,417
35	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	48,837	9,322
36	COMBINED REALIZED GAINS (LOSSES)	91,166	26,633
37	COMBINED INTEREST CHARGES	—	—
38	NET INCOME	140,003	35,955

¹On January 1, 2023, the Company adopted ASU 2018-12 using the modified retrospective method applied as of the transition date September 30, 2022, the date the Coinsurance Agreement was executed. Prior period amounts in the condensed financial statements have been recast to reflect adoption of the new guidance. See Note 4 to the Condensed Financial Statements for additional information.

²For the period from July 1, 2022 (date of inception) through December 31, 2022.

CONDENSED STATEMENTS OF CAPITAL AND SURPLUS

Kemper Bermuda Ltd.

As at **December 31, 2023 and 2022**
 expressed in ['000s] **United States Dollars**

LINE No.		2023	2022 ^{1,2}
1	CAPITAL:		
(a)	Capital Stock	\$ 250	\$ 12
	(i) Common Shares		
	authorized 12,000		shares of par
	value \$1.00		each issued and
	fully paid 12,000		shares
	(ii) (A) Preferred shares:	—	—
	authorized		share of par
	value		each issued and
	fully paid		shares
	aggregate liquidation value for —		
	2022		
	2021		
	(B) Preferred shares issued by a	—	—
	authorized		share of par
	value		each issued and
	fully paid		shares
	aggregate liquidation value for —		
	2022		
	2021		
	(iii) Treasury Shares	—	—
	repurchased		share of par
	value		each issued
(b)	Contributed surplus	40,864	5,988
(c)	Any other fixed capital		
	(i) Hybrid capital instruments	—	—
	(ii) Guarantees and others	—	—
	(iii) Total any other fixed capital	—	—
(d)	Total Capital	<u>41,114</u>	<u>6,000</u>

CONDENSED STATEMENTS OF CAPITAL AND SURPLUS

Kemper Bermuda Ltd.

As at **December 31, 2023 and 2022**expressed in ['000s] **United States Dollars**

		2023	2022^{1,2}
2	SURPLUS:		
(a)	Surplus - Beginning of Year	\$ (4,861)	\$ —
(b)	Add: Income for the year	140,003	35,955
(c)	Less: Dividends paid and payable	—	—
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments	10,380	—
(e)	Add (Deduct) change in any other surplus	(74,693)	(40,816)
(f)	Surplus - End of Year	70,829	(4,861)
3	MINORITY INTEREST	—	—
4	TOTAL CAPITAL AND SURPLUS	111,943	1,139

¹On January 1, 2023, the Company adopted ASU 2018-12 using the modified retrospective method applied as of the transition date September 30, 2022, the date the Coinsurance Agreement was executed. Prior period amounts in the condensed financial statements have been recast to reflect adoption of the new guidance. See Note 4 to the Condensed Financial Statements for additional information.

²For the period from July 1, 2022 (date of inception) through December 31, 2022.

Kemper Bermuda Ltd.
Notes to Condensed General Purpose Financial Statements

As at December 31, 2023 and 2022 and for the year ended December 31, 2023 and the period from July 1, 2022 (date of inception) through December 31, 2022

(All amounts in thousands U.S. Dollars, except common share amounts and share par value)

1. Organization and Description of Business

Kemper Bermuda Ltd. (“KBL” or “the Company”) was incorporated in Bermuda on March 15, 2022 and licensed as a Class C Insurer by the Bermuda Monetary Authority (“BMA”) on September 16, 2022 under The Insurance Act 1978. The Company is a wholly-owned subsidiary of Kemper Corporation.

2. Nature of Risks by the Insurer

The Company does not have any direct underwriting operations, including underwriting, marketing, or distributing insurance policies.

The Company had executed one coinsurance agreement (“the Coinsurance Agreement”) with United Insurance Company of America (“UICA”), an affiliated company, as the ceding company on September 30, 2022. The Coinsurance Agreement has a retroactive effective date of July 1, 2022.

Under the Coinsurance Agreement, UICA cedes to KBL, and KBL reinsures, on an 80% coinsurance with funds withheld basis, UICA’s liability under any and all past, current and future life contracts (including whole and term life, including associated riders such as waiver of premium and accidental death benefit, along with deferred payment or other annuity type benefits) issued or reinsured by UICA. The Company is responsible for the investment risk of the funds withheld portfolio and receives 100% of net investment income and realized capital gains and losses from the portfolio. The Funds Withheld Investment Income is explicitly defined as the investment income in respect of the segregated assets in the funds withheld account, as would be reported on lines 3 (Net Investment Income) and 34 (Net realized capital gains (losses)) of the Summary of Operations from a United States (“U.S.”) Statutory annual statement, earned and realized on the segregated assets in the funds withheld account, without reduction for any interest maintenance reserve (“IMR”) or taxes. The Illinois Department of Insurance approved this Coinsurance Agreement on September 30, 2022. All parties to this coinsurance agreement are under the ultimate control of Kemper Corporation.

The Company does not retrocede any policies it assumes to any other Kemper affiliates or third-party reinsurers.

3. Basis of Presentation

These Condensed General Purpose Financial Statements have been prepared in conformity with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to Condensed General Purpose Financial Statements (the “Legislation”). The Condensed General Purpose Financial Statements are compiled in compliance with accounting principles generally accepted in the United States (“U.S. GAAP”) but are presented in accordance with the reporting requirements of the Legislation which vary in certain respects from U.S. GAAP. The more significant variances are as follows:

- A statement of cash flows is not included;
- A statement of comprehensive income is not included;
- The presentation and classification of financial statement line items are in accordance with Schedules IX and XI of the Insurance Account Rules 2016 and differ from the expected presentation and classification under U.S. GAAP; and;
- The notes included in the Condensed General Purpose Financial Statements have been prepared in accordance with Schedule X of the Insurance Account Rules 2016 and exclude certain information required under U.S. GAAP.

Kemper Bermuda Ltd.

Notes to Condensed General Purpose Financial Statements (Continued)

As at December 31, 2023 and 2022 and for the year ended December 31, 2023 and the period from July 1, 2022 (date of inception) through December 31, 2022

(All amounts in thousands U.S. Dollars, except common share amounts and share par value)

3. Basis of Presentation (Continued)

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. Many of these estimates and assumptions are common in the insurance and financial services industries; others are specific to the Company's business and operations. Actual results could differ materially from those estimates and assumptions.

The process of determining whether an investment in the Funds Withheld Portfolio or Contributed Surplus is impaired or recoverable relies on projections of future cash flows, operating results, and market conditions. Projections are inherently uncertain, and, accordingly, actual future cash flows may differ materially from projected cash flows. As a result, the Company's assessment of the impairment of assets is susceptible to the risk inherent in making such projections.

4. Significant Accounting Policies

Adoption of New Accounting Guidance

The Company adopted Accounting Standards Update ("ASU") 2018-12, Financial Services - Insurance (Topic 944): *Targeted Improvements to Accounting for Long-Duration Contracts, for the liability for Policy Reserves - Life and Deferred Acquisition Costs* on a modified retrospective basis on January 1, 2023, such that those balances were adjusted to conform to ASU 2018-12 on September 30, 2022, the date the Coinsurance Agreement was executed. Prior period amounts have been recast to reflect application of the new guidance.

The new standard requires cash flow assumptions used to measure the liability for Policy Reserves - Life for nonparticipating traditional and limited pay long-duration contracts to be reviewed at least annually, and if there is a change, updated with the recognition and remeasurement recorded in net income. It also requires the discount rate used in measuring the liability to be an upper-medium grade fixed-income instrument yield, which is to be updated at each reporting period, and recognized in Total Capital and Surplus. ASU 2018-12 simplifies the amortization of Deferred Acquisition Costs to a constant level basis over the expected term of the contract and requires all market risk benefits to be measured at fair value.

As a result of the adoption of ASU 2018-12, there was no change to Total Capital and Surplus and the net deferred gain from coinsurance with UICA increased \$254,534 as of September 30, 2022.

Kemper Bermuda Ltd.

Notes to Condensed General Purpose Financial Statements (Continued)

As at December 31, 2023 and 2022 and for the year ended December 31, 2023 and the period from July 1, 2022 (date of inception) through December 31, 2022

(All amounts in thousands U.S. Dollars, except common share amounts and share par value)

4. Significant Accounting Policies (Continued)

The effects of adoption of ASU 2018-12 on Net Income for the period from July 1, 2022 (date of inception) to December 31, 2022 was \$4,892. The impacts to the financial statement line items on the Condensed Statement of Income for the period from July 1, 2022 (date of inception) to December 31, 2022 were as follows:

	Prior to Adoption	Effect of Adoption	Post-Adoption Balance
Assumed Gross Premiums and Other Considerations	\$ 79,709	\$ (9,135)	\$ 70,574
Commissions	\$ 22,733	\$ 1,733	\$ 24,466
Other Deductions	\$ 210	\$ (1,364)	\$ (1,154)
Increase (Decrease) in Policy Reserves - Life	\$ 14,060	\$ (13,501)	\$ 559
Combined Other Income (Deductions)	\$ 1,198	\$ 2,195	\$ 3,393
Combined Income Taxes – Deferred	\$ 6,859	\$ 1,300	\$ 8,159
Net Income	\$ 31,063	\$ 4,892	\$ 35,955

The effects of adoption of ASU 2018-12 on the Condensed Balance Sheet as of December 31, 2022 were as follows:

	Prior to Adoption	Effect of Adoption	Post-Adoption Balance
Deferred Acquisition Costs	\$ 312,745	\$ 7,967	\$ 320,712
Net Deferred Tax Asset	\$ 37,031	\$ 9,549	\$ 46,580
Policy Reserves – Life	\$ 2,751,673	\$ (198,900)	\$ 2,552,773
Net Deferred Gain, Coinsurance	\$ 137,729	\$ 252,340	\$ 390,069
Total Capital and Surplus	\$ 37,063	\$ (35,924)	\$ 1,139

Kemper Bermuda Ltd.

Notes to Condensed General Purpose Financial Statements (Continued)

As at December 31, 2023 and 2022 and for the year ended December 31, 2023 and the period from July 1, 2022 (date of inception) through December 31, 2022

(All amounts in thousands U.S. Dollars, except common share amounts and share par value)

4. Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents includes certificates of deposit and other fixed maturities that mature within one year from the date of purchase, U.S. Treasury bills, money market mutual funds and overnight interest-bearing accounts. Cash and cash equivalents are reported at cost, which approximates fair value.

Quoted Investments – Bonds and Debentures Other

Quoted Investments in Bonds and Debentures- Other include bonds, notes and redeemable preferred stocks. Investments in Bonds and Debentures - Other are classified as available for sale and reported at fair value. Combined Investment Income - Net, including amortization of purchased premiums and accretion of market discounts, on Quoted Investments in Bonds and Debentures - Other is recognized as interest over the period that it is earned using the effective yield method. Changes in unrealized appreciation or depreciation, net of applicable deferred income taxes, on bonds classified as available for sale is reported in Add (Deduct) change in unrealized appreciation (depreciation) of investments within the change in Total Capital and Surplus.

For Bonds and Debentures – Other that the Company intends to sell or for which it is more likely than not that the Company will be required to sell before an anticipated recovery of value, the full amount of the impairment is reported in Combined Realized Gains (Losses). The Company writes down the investment's amortized cost to its fair value and will not adjust for any subsequent recoveries.

Fair Value Measurements

The Company uses a hierarchical framework which prioritizes and ranks the market observability of inputs used in fair value measurements. Market price observability is affected by a number of factors, including the type of asset or liability and the characteristics specific to the asset or liability being measured. Assets and liabilities with readily available, active, quoted market prices or for which fair value can be measured from actively quoted prices generally are deemed to have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. The Company classifies the inputs used to measure fair value into one of three levels as follows:

- Level 1 — Quoted prices in an active market for identical assets or liabilities;
- Level 2 — Observable inputs other than Level 1, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, and model-derived prices whose inputs are observable or whose significant value drivers are observable; and
- Level 3 — Significant unobservable inputs for the asset or liability being measured.

Observable inputs are based on market data obtained from independent sources, while unobservable inputs are based on the Company's market assumptions. Unobservable inputs require significant management judgment or estimation. In some cases, the inputs used to measure an asset or liability may fall into different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level of input that is significant to the entire measurement. Such determination requires significant management judgment.

Kemper Bermuda Ltd.

Notes to Condensed General Purpose Financial Statements (Continued)

As at December 31, 2023 and 2022 and for the year ended December 31, 2023 and the period from July 1, 2022 (date of inception) through December 31, 2022

(All amounts in thousands U.S. Dollars, except common share amounts and share par value)

4. Significant Accounting Policies (Continued)

Policy Loans

Loans to policyholders represents funds loaned to policyholders up to the cash surrender value of the associated insurance policies and are carried at the unpaid principal balances due to the Company from the policyholders. Interest income on policy loans is recognized in Combined Net Investment Income-Net at the contract interest rate when earned. Policy loans are fully collateralized by the cash surrender value of the associated insurance policies. The Company has elected to report any accrued interest on policy loans at the contract interest rate as part of Policy Loans instead of Investment Income Due and Accrued.

Funds Held by Ceding Reinsurers

In funds withheld arrangements, the investments supporting the reinsurance agreements are withheld by, and therefore continue to reside on the balance sheet of, the ceding company. These investments also include the due and accrued investment income associated with those investments. This creates an obligation for UICA to pay the Company at a later date. The assets in the funds withheld portfolio consist of mostly fixed maturity investments of high credit quality, along with common stock, preferred stock, due and accrued investment income, and other short-term investments.

UICA legally controls and owns all assets for its reinsurance relationship and is responsible for the accounting of the underlying investments that comprise the segregated funds withheld portfolio. All economic rights and obligations on the underlying assets accrue to the Company. The assets are required to be sufficient to meet the associated policyholder obligations with any surplus or shortfall settled at least quarterly between both companies.

The Company is required to recognize an embedded derivative, at fair value, for the investment performance of the funds withheld portfolio from July 1, 2022 because the economic characteristics and risks of the funds withheld portfolio are not clearly or closely related to the insurance liabilities the Company assumes. Any changes in the embedded derivative are recognized through Combined Realized Gains (Losses) on the Company's Condensed Statement of Income.

An asset is recognized on the Company's Condensed Balance Sheet for the underlying investments in this portfolio at fair value. This fair value also includes the fair value of the embedded derivative asset or liability, calculated as the cumulative change in unrealized investment position since the Company acquired rights to the funds withheld portfolio on the Coinsurance Agreement's execution date.

Sundry Assets- Deferred Policy Acquisition Costs

Costs directly associated with the successful acquisition of business, principally commissions and certain premium taxes and policy issuance costs, are deferred. Deferred costs on traditional life insurance products and other long duration insurance contracts are grouped by contract type and issue year into cohorts consistent with the grouping used in estimating the associated liability. These deferred costs are amortized on a constant level basis for grouped contracts over the expected term of the related contracts to approximate straight-line amortization. The expected term of the contract used for amortization is determined using mortality and termination assumptions that are based on experience, industry data, and other factors and are consistent with those used for the liability for future policyholder benefits. If those projected assumptions change in future periods, they will be reflected in the straight-line amortization horizon at that time. Unexpected terminations, due to higher mortality and termination experience than expected, are recognized in the current period as a reduction of the capitalized balances.

Kemper Bermuda Ltd.

Notes to Condensed General Purpose Financial Statements (Continued)

As at December 31, 2023 and 2022 and for the year ended December 31, 2023 and the period from July 1, 2022 (date of inception) through December 31, 2022

(All amounts in thousands U.S. Dollars, except common share amounts and share par value)

4. Significant Accounting Policies (Continued)

Sundry Assets- Net Deferred Tax Asset

Deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance, if any, is maintained for the portion of deferred income tax assets that the Company does not expect to recover. Increases, if any, in the valuation allowance for deferred income tax assets are recognized as income tax expense. Decreases, if any, in the valuation allowance for deferred income tax assets are generally recognized as income tax benefit. The effect on deferred income tax assets and liabilities of a change in tax law including a change in tax rates is recognized in income from operations in the period in which the change is enacted.

Long-term Business Insurance Reserves

For life insurance products, the liability for future policyholder benefits is the present value of estimated future policyholder benefits to be paid to or on behalf of policyholders and certain related expenses, less the present value of estimated future net premiums to be collected from policyholders. The liability is estimated using current assumptions that include discount rate, mortality, lapses and expenses. These current assumptions are based on judgments that consider the Company's historical experience, industry data, and other factors. The liability is adjusted for differences between actual and expected experience. The Company reviews and updates its estimate of cash flows expected over the lifetime of a group of contracts using actual historical experience quarterly and current future cash flow assumptions at least annually to calculate its revised net premium ratio. The revised net premium ratios are then used to calculate an updated liability for future policyholder benefits for the current reporting period, discounted at the original contract issuance discount rate. The Company has elected to use expense assumptions that are locked in at contract inception and are not subsequently reviewed or updated. Resulting changes in the liability due to differences in actual versus expected experience, changes in current cash flow assumptions, and prefunding and payout of benefits compared to the carrying amount of the liability as of that same date are recorded as a separate component of benefit expense in the Condensed Statement of Income.

The current discount rate assumption is an equivalent spot rate curve of annually compounded rates at monthly increments that is derived based on A-credit rated fixed-income instruments reflecting the duration characteristics of the liability. The Company utilizes published corporate yield curves from Bloomberg's BVAL Investment Grade Corporate Sector curve. The current discount rate assumption is updated at least annually at the reporting date and used to remeasure the liability at the reporting date, with the resulting change reflected in changes in other statutory capital within Total Statutory Capital and Surplus. For liability cash flows that are projected beyond the maximum observable point on the yield curve, the yield grades to an ultimate forward rate.

Insurance Reserves for life insurance products are comprised of reserves for future policy benefits plus an estimate of the Company's liability for unpaid life insurance claims and claims adjustment expenses, which includes an estimate for incurred but not reported ("IBNR") life insurance claims.

Sundry Liabilities-Net Deferred Gain, Coinsurance

Upon formal legal execution of the Coinsurance Agreement, the Company is required to recognize a liability as a deferred gain for entering the coinsurance relationship ("assumed cost of reinsurance") with UICA. This profit is based upon the economics governing the treaty's agreed-upon terms. This balance is calculated as the sum of all consideration between both parties from the treaty's inception date of July 1, 2022 to its legally enforceable execution date of September 30, 2022.

Kemper Bermuda Ltd.

Notes to Condensed General Purpose Financial Statements (Continued)

As at December 31, 2023 and 2022 and for the year ended December 31, 2023 and the period from July 1, 2022 (date of inception) through December 31, 2022

(All amounts in thousands U.S. Dollars, except common share amounts and share par value)

4. Significant Accounting Policies (Continued)

During Q3 2023, UICA made reserve changes as a result of a review of improved historical information. Because the nature of the reserve reduction pre-dated the effective date of the coinsurance agreement with UICA, KBL accepted a consideration payment of \$80,000 in lieu of recognizing the Net Deferred Gain, Coinsurance from the release. The net reduction to the net deferred gain from coinsurance as a result of the reserve changes and related consideration was \$176,906.

As a result of the adoption of ASU 2018-12, the net deferred gain from coinsurance with UICA increased \$254,534 as of September 30, 2022.

This deferred gain is amortized into income on a monthly basis over a period of twenty-nine years as part of Combined Other Income (Deductions). This period represents the estimated weighted average life of the net assumed liability cashflow obligations of the Company. This timeframe is subject to periodic reassessment should assumed liabilities change.

5. Revenue Recognition

a. Combined Investment Income - Net

Combined Investment Income – Net is recorded on an accrual basis. Combined Investment Income - Net, including amortization of purchase premiums and accretion of market discounts, on investments in fixed maturities is recognized as interest over the period that it is earned using the effective yield method.

The Company reports accrued investment income on assets in the funds withheld portfolio as part of Funds Held by Ceding Reinsurers. Accrued investment income for assets held by the Company are reported in Investment Income Due and Accrued. The Company has elected not to measure an allowance for expected credit losses on accrued investment income. Accrued investment income is written off through impairment losses at the time the issuer of the bond defaults or is expected to default on interest payments.

b. Net Premiums and Other Considerations - Life

Net Premiums and Other Considerations – Life are recorded as collected and reported by UICA. All premium activity assumed by the Company is net of any premium waivers or premium refunds owed back to UICA's policyholders.

c. Commission Income - Not applicable

6. Foreign Exchange Translation- Not applicable

7. Foreign Exchange Control Restrictions affecting assets- Not applicable

8. Material Contingencies or Commitments- Not applicable

9. Defaults relating to principal, interest, sinking fund, or redemption provisions of any securities issued or credit agreement entered into- Not applicable

10. Gross amount of arrears in dividends on preferred cumulative shares and date which those dividends are paid.- Not applicable

Kemper Bermuda Ltd.
Notes to Condensed General Purpose Financial Statements (Continued)

As at December 31, 2023 and 2022 and for the year ended December 31, 2023 and the period from July 1, 2022 (date of inception) through December 31, 2022

(All amounts in thousands U.S. Dollars, except common share amounts and share par value)

11. Loan Amounts to Company Directors or Officers- Not applicable

12. Employee Retirement Benefit Obligations Arising from Service Prior to the End of the Year- Not applicable

13. Fair Value Hierarchy

The following table presents the Company's hierarchy for its Funds Held by Ceding Reinsurers receivable measured at fair value as at December 31, 2023 and 2022. The fair value measurement policy is discussed in Note 4, Significant Accounting Policies.

	Level 1	Level 2	Level 3	Total
December 31, 2023				
Funds Held by Ceding Reinsurers	\$159	\$2,186,875	\$52,189	\$2,239,223
Bonds and Debentures, Other	\$—	\$143,418	\$—	\$143,418
Grand Total	\$159	\$2,330,293	\$52,189	\$2,382,641

	Level 1	Level 2	Level 3	Total
December 31, 2022				
Funds Held by Ceding Reinsurers	\$213	\$2,273,217	\$66,124	\$2,339,554
Bonds and Debentures, Other	\$—	\$—	\$—	\$—
Grand Total	\$213	\$2,273,217	\$66,124	\$2,339,554

14. Contractual Maturity of Fixed Maturity and Short-Term Investments

As at December 31, 2023 and 2022, the Company has \$19,707 and \$1,786 of short-term investments held at amortized cost with maturities less than one year.

Kemper Bermuda Ltd.

Notes to Condensed General Purpose Financial Statements (Continued)

As at December 31, 2023 and 2022 and for the year ended December 31, 2023 and the period from July 1, 2022 (date of inception) through December 31, 2022

(All amounts in thousands U.S. Dollars, except common share amounts and share par value)

14. Contractual Maturity of Fixed Maturity and Short-Term Investments (continued)

The following provides the contractual maturity of the Company's fixed maturity and short-term investments. Actual maturities may differ from contractual maturities because certain securities may be called or prepaid.

	2023		2022	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
One to Five Years	\$—	\$—	\$—	\$—
Five to Ten Years	\$—	\$—	\$—	\$—
More than Ten Years	\$108,660	\$118,074	\$—	\$—
Mortgage- and Asset-backed Securities Not Due at a Single Maturity Date	\$24,378	\$25,344	\$—	\$—
Grand Total	\$133,038	\$143,418	\$—	\$—

15. Related Party Transactions

Effective July 1, 2022, corporate administration services are carried out under a three-year general services agreement between the Company, Infinity Insurance Company, and Merastar Insurance Company ("General Services Agreement"). All parties to this General Services agreement are under the ultimate control of Kemper Corporation. Infinity Insurance Company is domiciled in U.S. State of Indiana and Merastar is domiciled in U.S. State of Illinois. Corporate administration services are comprised of various shared services, including, but not limited to, accounting, treasury, and financial reporting services. This agreement automatically renews in three-year increments, unless the agreement requires re-negotiation by any of the parties.

All transactions between the Company and UICA are considered related party transactions as both entities are under the common control of Kemper Corporation. All transactions, including the quarterly settlement, between these two parties are governed by the terms of the Coinsurance Agreement. The quarterly rebalancing of the funds withheld portfolio owed between both companies are measured using U.S. Statutory Accounting Principles as adopted by the National Association of Insurance Commissioners.

All covered transactions under the General Services Agreement are calculated based upon 80% of the expense reported by UICA. The allocation methodology for shared expenses is consistent with other Kemper Companies and is required to be fair and reasonable in accordance with U.S. Statement of Statutory Accounting Principle Number 25 ("SSAP No. 25"). No profit or mark-up is realized by either party under this agreement.

All transactions between the Company and Kemper Corporation under the Keep Well Agreement (see Part III, Note 14, Letters of Credit, Guarantees, and Other Instruments) are considered related party transactions.

16. Subsequent Events

The Company has evaluated the effects of events subsequent to December 31, 2023, for recognition and disclosure purposes, through to July 15, 2024, which is the date the Condensed General Purpose Financial Statements were made available to be issued for recognition and disclosure purposes. No material events have occurred which are expected to have a material impact on the Company's operations.

17. Any other information which, in the opinion of the Company's Board of Directors, is required to be disclosed so the financial statements are not misleading.- Not applicable

PART II

Notes to the Condensed General Purpose Statutory Statements of Capital and Surplus

As at December 31, 2023 and 2022

(All amounts in thousands U.S. Dollars, except common share amounts and share par value)

1. Capital Stock

a. Paid-Up Share Capital- As at December 31, 2023 and 2022, the Company had authorized 250,000 and 12,000 common shares of non-voting share capital at a \$1.00 par value. All authorized shares were issued at December 31, 2023 and 2022.

b. Contributed Surplus- As at December 31, 2023 and 2022, the Company has contributed surplus of \$40,864 and \$5,988, respectively, representing cash and securities contributions from Kemper Corporation.

2(c). Dividends Paid and Payable- The Company is subject to minimum solvency requirements on its statutory and economic capital that limits its ability to declare and pay dividends.

As at December 31, 2023 and 2022, the Company has not authorized or paid any dividends.

PART III
Notes to the Condensed General Purpose Statutory Balance Sheets

As at December 31, 2023 and 2022

(All amounts in thousands U.S. Dollars, except common share amounts and share par value)

1. Cash and Cash Equivalents - As at December 31, 2023 and 2022, the Company has a cash-equivalents balance of \$19,707 and \$1,786 consisting of short-term investments carried at amortized cost, which approximates fair value.

2. Quoted Investments - As at December 31, 2023 and 2022, the Company has a bonds balance of \$143,418 and \$0, respectively, carried at fair value. There were no impairments on Quoted Investments for the year ended December 31, 2023 or the period from July 1, 2022 (date of inception) to December 31, 2022.

3-5. Not Applicable

6. Policy Loans - As at December 31, 2023 and 2022, the Company has an assumed policy loan balance, including accrued interest, of \$231,637 and \$233,502, respectively.

7-8. Not Applicable

9. Investment Income Due and Accrued- As at December 31, 2023 and 2022, the Company has total investment income due and accrued of \$2,347 and \$0, respectively.

10. Accounts and Premiums Receivable- As at December 31, 2023, the Company has a total accounts and premium receivable balance of \$14,707 with UICA. This balance also includes the net intercompany position between both entities, inclusive of U.S. GAAP to US statutory reporting differences. This balance primarily relates to the Company's receivable from UICA of \$0 resulting from the fourth quarter 2022 settlement of coinsurance and funds withheld activity.

11. Not applicable

12. Funds Held by Ceding Reinsurers - As at December 31, 2023 and 2022, the Company has a funds withheld receivable balance of \$2,277,528 and \$2,396,482, respectively, with UICA. At December 31, 2023, this balance is comprised of assets with a fair value of \$2,239,223, short-term investments reported at cost of \$3,807, preferred stock reported at modified cost of \$7,028 and due and accrued investment income on the portfolio's investments of \$27,470. At December 31, 2022, this balance is comprised of assets with a fair value of \$2,422,350, short-term investments reported at cost of \$19,471, preferred stock reported at modified cost of \$7,028, and due and accrued investment income on the portfolio's investments of \$30,328.

13. Sundry Assets- As at December 31, 2023, the Company has Sundry Assets of \$345,197, which represents net assumed deferred acquisition costs of the underlying coinsured policies of \$336,594 a deferred tax asset of \$5,951, and an income tax receivable of \$2,652. As at December 31, 2022, the Company has Sundry Assets of \$367,292. This balance is comprised of net assumed deferred acquisition costs of the underlying coinsured policies of \$320,712, a deferred tax asset of \$46,580, and an income tax receivable of \$0.

14. Letters of Credit, Guarantees, and Other Instruments- As at July 1, 2022, Kemper Corporation and the Company entered into an indefinite agreement ("Keep Well Agreement") that provides the Company financial guarantees of up to \$300,000 in contributed capital, in either cash or non-cash assets, from Kemper Corporation in order to maintain a 150% Enhanced Capital Requirement ("ECR"). As at December 31, 2023 and 2022, the Company received \$34,876 and \$5,000, respectively, in cash and securities under this agreement.

15-19. Not applicable

20. Reserve for Reported Claims- As at December 31, 2023 and 2022, the Company had a reserve for assumed reported life claims of \$21,139 and \$27,927, respectively.

PART III
Notes to the Condensed General Purpose Statutory Balance Sheets (Continued)

As at December 31, 2023 and 2022

(All amounts in thousands U.S. Dollars, except common share amounts and share par value)

21. Reserve for Unreported Claims- As at December 31, 2023 and 2022, the Company had a reserve for assumed unreported life claims of \$12,633 and \$14,966, respectively.

22. Policy Reserves- Life- As at December 31, 2023 and 2022, the Company had a reported assumed policy reserves of \$2,671,402 and \$2,552,773, respectively.

23. Not applicable

24. Policyholder's Funds on Deposit- As at December 31, 2023 and 2022, the Company had a policyholder's funds on deposit liability balance of \$3,978 and \$4,172, respectively, consisting of assumed premiums paid in advance of their due date.

25-26. Not applicable

27. Total Long-Term Business Insurance Reserves- As at December 31, 2023 and 2022, Long-term Business Insurance Reserves were \$2,709,152 and \$2,599,838, respectively. There were no restricted assets or unsecured assumed policyholder obligations.

28. Not applicable

29. Commissions, Expenses, Fees, and Taxes Payable- As at December 31, 2023 and 2022, the Company had a balance of \$2,051 and \$5,832, respectively, representing assumed accrued commissions payable to UICA agents.

30. Not applicable

31. Taxes

Bermuda Tax

On December 27, 2023, legislation implementing a corporate income tax ("CIT") in Bermuda was enacted into law. The CIT imposes a 15% income tax that applies to Bermuda businesses which are part of multinational enterprise groups with annual revenue of EURO 750 million or more. The CIT will be effective for fiscal years beginning on or after January 1, 2025, with a five-year deferred effective date for certain groups with a limited international footprint. The Company has recorded, as part of its total income tax provision, the estimated impact of the Bermuda CIT on the Company at the effective date.

U.S. Income Tax

The Company has filed with the U.S. Internal Revenue Service ("IRS") an election pursuant to Section 953(d) to be taxed as a domestic corporation for purposes of the U.S. Internal Revenue Code. Approval of the election has been received from the IRS and is effective for the period from July 1, 2022 (date of inception) to December 31, 2022 and all subsequent years and may not be revoked without the consent of the U.S. Secretary of the Treasury.

An electing corporation, as a domestic corporation for U.S. tax purposes, is not subject to the provisions of Subpart F of the Internal Revenue Code. In addition, premiums paid or ceded to the Company will not be subject to the U.S. federal excise tax. The Company has a current income tax receivable balance of \$2,652. Current income taxes are settled annually with the IRS on April 15th.

Deferred taxes reflect the impact of temporary differences between amounts of assets and liabilities recognized for financial reporting purposes and such amounts recognized for income tax purposes, measured by applying currently enacted tax laws.

32-35. Not applicable

PART III
Notes to the Condensed General Purpose Statutory Balance Sheets (Continued)

As at December 31, 2023 and 2022

(All amounts in thousands U.S. Dollars, except common share amounts and share par value)

36. Sundry Liabilities- As at December 31, 2023 and 2022, the Company has a sundry liabilities balance of \$211,395 and \$390,069, respectively. This balance relates to the deferred gain to the Company, net of any amortization, for entering the coinsurance relationship with UICA.

37. Not Applicable

PART IV

Notes to the Condensed Statements of Income

For the year ended December 31, 2023 and for the period from July 1, 2022 (date of inception) to December 31, 2022
(All amounts in thousands U.S. Dollars, except common share amounts and share par value)

6. Not applicable

15. Not applicable

32. Combined Other Income (Deductions) - This balance is reflective of the year-to-date amortization of the deferred gain from entering the coinsurance relationship with UICA.

36. Combined Net Realized Gain (Loss) - For the year ended December 31, 2023 and the period from July 1, 2022 (date of inception) to December 31, 2022, the Company had a combined realized pre-tax gain of \$91,166 and \$26,633, respectively.