

PRE Life Bermuda Re Ltd.

Condensed Financial Statements

December 31, 2020 and 2019



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Report of Independent Auditors

The Board of Directors
PRE Life Bermuda Re Ltd.

We have audited the accompanying condensed financial statements of PRE Life Bermuda Re Ltd. (the “Company”), which comprise the condensed balance sheets and condensed statements of capital and surplus as of December 31, 2020 and 2019, and the related condensed statements of income for the years then ended, and the related notes to the condensed financial statements.

Management’s Responsibility 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 Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to condensed general purpose financial statements (the “Legislation”). Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of condensed financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on the condensed financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the condensed financial statements are free from material misstatement.

Reference: Report of Independent Auditors on the condensed financial statements of PRE Life Bermuda Re Ltd. as at December 31, 2020 and 2019 and for the years then ended.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the condensed financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the condensed financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the condensed financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the condensed financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

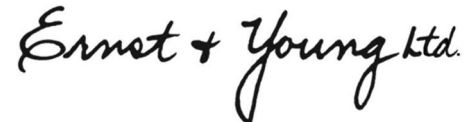
The effects on the condensed financial statements of the variances between the regulatory basis of accounting described in Note 3 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for adverse opinion on U.S. generally accepted accounting principles" paragraph, the condensed financial statements referred to above 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, 2020 and 2019, or the results of its operations or its cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the condensed financial statements referred to above present fairly, in all material respects, the financial position of PRE Life Bermuda Re Ltd. as of December 31, 2020 and 2019, and the results of its operations for the years then ended in accordance with the financial reporting provisions of the Legislation described in Note 3.



April 30, 2021

Chartered Professional Accountants

CONDENSED CONSOLIDATED BALANCE SHEET

PRE Life Bermuda Re Ltd

As at **December 31, 2020**

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

LINE No.		2020	2019
1.	CASH AND CASH EQUIVALENTS	1,685	351
2.	QUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity		
	ii. Other	101,392	87,463
(b)	Total Bonds and Debentures	101,392	87,463
(c)	Equities		
	i. Common stocks		
	ii. Preferred stocks		
	iii. Mutual funds		
(d)	Total equities	-	-
(e)	Other quoted investments		
(f)	Total quoted investments	101,392	87,463
3.	UNQUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity		
	ii. Other		
(b)	Total Bonds and Debentures	-	-
(c)	Equities		
	i. Common stocks		
	ii. Preferred stocks		
	iii. Mutual funds		
(d)	Total equities	-	-
(e)	Other unquoted investments		
(f)	Total unquoted investments	-	-
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	-	-
(g)	Advances to affiliates		
(h)	Total investments in and advances to affiliates	-	-
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		
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	500	424
10.	ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a)	In course of collection		
(b)	Deferred - not yet due		
(c)	Receivables from retrocessional contracts		
(d)	Total accounts and premiums receivable	-	-
11.	REINSURANCE BALANCES RECEIVABLE:		
(a)	Foreign affiliates		
(b)	Domestic affiliates		
(c)	Pools & associations		
(d)	All other insurers		
(e)	Total reinsurance balance receivable	-	-
12.	FUNDS HELD BY CEDING REINSURERS		
13.	SUNDRY ASSETS:		
(a)	Derivative instruments		
(b)	Segregated accounts companies - long-term business - variable annuities		
(c)	Segregated accounts companies - long-term business - other		
(d)	Segregated accounts companies - general business		

CONDENSED CONSOLIDATED BALANCE SHEET

PRE Life Bermuda Re Ltd

As at **December 31, 2020**

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

LINE No.		2020	2019
(e)	Deposit assets		
(f)	Deferred acquisition costs	45,058	33,504
(g)	Net receivables for investments sold		11
(h)	Other Sundry Assets (Specify)		
(i)	Other Sundry Assets (Specify)		
(j)	Other Sundry Assets (Specify)		
(k)	Total sundry assets	45,058	33,515
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	148,635	121,753
	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	-	-
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.	RESERVE FOR UNREPORTED CLAIMS		
22.	POLICY RESERVES - LIFE	14,132	5,551
23.	POLICY RESERVES - ACCIDENT AND HEALTH		
24.	POLICYHOLDERS' FUNDS ON DEPOSIT		
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	14,132	5,551
(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	14,132	5,551
	OTHER LIABILITIES		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	15,399	2,090
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE		
30.	LOANS AND NOTES PAYABLE		

CONDENSED CONSOLIDATED BALANCE SHEET

PRE Life Bermuda Re Ltd

As at **December 31, 2020**

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

LINE No.		2020	2019
31.	(a) INCOME TAXES PAYABLE		
	(b) DEFERRED INCOME TAXES		
32.	AMOUNTS DUE TO AFFILIATES	289	21
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	28	38
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)	Other sundry liabilities (specify)		
(f)	Other sundry liabilities (specify)		
(g)	Other sundry liabilities (specify)		
(h)	Total sundry liabilities	-	-
37.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:		
(a)	Letters of credit		
(b)	Guarantees		
(c)	Other instruments		
(d)	Total letters of credit, guarantees and other instruments	-	-
38.	TOTAL OTHER LIABILITIES	15,716	2,149
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	29,848	7,700
	CAPITAL AND SURPLUS		
40.	TOTAL CAPITAL AND SURPLUS	118,787	114,053
41.	TOTAL	148,635	121,753
		TRUE	TRUE
		-	-

CONDENSED CONSOLIDATED STATEMENT OF INCOME

PRE Life Bermuda Re Ltd

 As at **December 31, 2020**
 expressed in ['000s] **United States Dollars**

LINE No.		2020	2019
	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 BUSINESS	-	-
	LONG-TERM BUSINESS INCOME		
12.	GROSS PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Direct gross premiums and other considerations		
	(b) Assumed gross premiums and other considerations	61,185	46,555
	(c) Total gross premiums and other considerations	61,185	46,555
13.	PREMIUMS CEDED		
14.	NET PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Life	61,168	46,555
	(b) Annuities		
	(c) Accident and health		
	(d) Total net premiums and other considerations	61,168	46,555
15.	OTHER INSURANCE INCOME		
16.	TOTAL LONG-TERM BUSINESS INCOME	61,168	46,555
	LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES		
17.	CLAIMS - LIFE	68,778	42,952
18.	POLICYHOLDERS' DIVIDENDS		
19.	SURRENDERS		
20.	MATURITIES		
21.	ANNUITIES		
22.	ACCIDENT AND HEALTH BENEFITS		
23.	COMMISSIONS	7,942	5,893
24.	OTHER		
25.	TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	76,720	48,845
26.	INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES):		
	(a) Life	8,580	5,447
	(b) Annuities		
	(c) Accident and health		
	(d) Total increase (decrease) in policy reserves	8,580	5,447

CONDENSED CONSOLIDATED STATEMENT OF INCOME

PRE Life Bermuda Re Ltd

As at December 31, 2020
expressed in ['000s] United States Dollars

LINE No.		2020	2019
27.	TOTAL LONG-TERM BUSINESS EXPENSES	85,300	54,292
28.	NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS	(24,132)	(7,737)
29.	COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS	(24,132)	(7,737)
	UNDERNOTED ITEMS		
30.	COMBINED OPERATING EXPENSE		
	(a) General and administration	963	77
	(b) Personnel cost		
	(c) Other		
	(d) Total combined operating expenses	963	77
31.	COMBINED INVESTMENT INCOME - NET	2,108	2,287
32.	COMBINED OTHER INCOME (DEDUCTIONS)		
33.	COMBINED INCOME BEFORE TAXES	(22,987)	(5,527)
34.	COMBINED INCOME TAXES (IF APPLICABLE):		
	(a) Current		
	(b) Deferred	-	(556)
	(c) Total	-	(556)
35.	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	(22,987)	(4,971)
36.	COMBINED REALIZED GAINS (LOSSES)	3,521	2,171
37.	COMBINED INTEREST CHARGES		
38.	NET INCOME	(19,466)	(2,800)

CONDENSED CONSOLIDATED STATEMENT OF CAPITAL AND SURPLUS

PRE Life Bermuda Re Ltd

As at **December 31, 2020**

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

LINE No.		2020	2019
1.	CAPITAL:		
(a)	Capital Stock		
	(i) Common Shares	250	250
	authorized	250,000	
	value	\$ 1,000	
	fully paid	250,000	
		shares of par	
		each issued and	
		shares	
	(ii)		
	(A) Preferred shares:		
	authorized		
	value		
	fully paid		
		shares of par	
		each issued and	
		shares	
	aggregate liquidation value for –		
	2020		
	2019		
	(B) Preferred shares issued by a subsidiary:		
	authorized		
	value		
	fully paid		
		shares of par	
		each issued and	
		shares	
	aggregate liquidation value for –		
	2020		
	2019		
	(iii) Treasury Shares		
	repurchased		
	value		
		shares of par	
		each issued	
(b)	Contributed surplus	138,710	114,510
(c)	Any other fixed capital		
	(i) Hybrid capital instruments		
	(ii) Guarantees and others		
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	138,960	114,760
2.	SURPLUS:		
(a)	Surplus - Beginning of Year	(707)	2,093
(b)	Add: Income for the year	(19,466)	(2,800)
(c)	Less: Dividends paid and payable		
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments		
(e)	Add (Deduct) change in any other surplus		
(f)	Surplus - End of Year	(20,173)	(707)
3.	MINORITY INTEREST		
4.	TOTAL CAPITAL AND SURPLUS	118,787	114,053

PRE Life Bermuda Re Ltd.

General Notes to the Condensed Financial Statements

1. Organization

PRE Life Bermuda Re Ltd. (the Company) was incorporated on May 24, 2018 under the laws of Bermuda and, effective October 2, 2018, is licensed as a Class C insurer under the Bermuda Insurance Act 1978 and related regulations, each as amended. The Company is a wholly-owned direct subsidiary of PartnerRe U.S. Corporation (the Parent) and has elected to be treated as a U.S. corporation for purposes of imposing U.S tax (see Note 4(g) below). The Parent is a 100% owned subsidiary of PartnerRe Ltd. (PartnerRe). At December 31, 2020 and 2019, approximately 99.7% of PartnerRe's total common shares were owned by EXOR Nederland N.V., which is a subsidiary of the ultimate parent company, EXOR N.V.

2. Risks Underwritten

The Company provides reinsurance of mortality business to PartnerRe Life Reinsurance Company of America, an affiliate, through an 80% quota share.

3. Basis of Accounting

The condensed general purpose financial statements (condensed financial statements) are based on U.S. generally accepted accounting principles (GAAP) but have been prepared in conformity with the financial reporting provisions of Insurance Act 1978 and the Insurance Account Rules 2016 with respect to Condensed Financial Statements (the legislation), which varies in certain respects from GAAP. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

4. Significant Accounting Policies

The following are the Company's significant accounting policies:

(a) Premiums

Premiums related to life business are recorded over the premium-paying period on the underlying policies.

(b) Long-term Business Insurance Reserves

The long-term business insurance reserves have been established based upon information reported by the ceding company, supplemented by the Company's actuarial estimates, which for life include mortality, persistency and future investment income, with appropriate provision to reflect uncertainty. The assumptions are locked in at contract inception and are subject to annual loss recognition testing. Reserves for policy claims and benefits include both mortality claims in the process of settlement and claims that have been incurred but not yet reported.

(c) Commissions

Acquisition costs, comprising incremental brokerage fees, commissions and excise taxes, which vary directly with, and are related to, the acquisition of reinsurance contracts, are capitalized and charged to expense as the related premium is earned. All other acquisition related costs, including indirect costs, are expensed as incurred.

Acquisition costs related to life contracts are deferred and amortized over the premium-paying periods in proportion to anticipated premium income, allowing for lapses, terminations and anticipated investment income.

Actual and anticipated loss experience, together with the present value of future gross premiums, the present value of future benefits, and settlement and maintenance costs are considered in determining the recoverability of deferred acquisition costs.

PRE Life Bermuda Re Ltd.

General Notes to the Condensed Financial Statements (continued)

(d) Quoted Investments

The Company elects the fair value option for all of its fixed maturities. All changes in the fair value of investments are recorded in net realized and unrealized investment gains and losses in the Condensed Statements of Income. The Company defines fair value as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company measures the fair value of financial instruments according to a fair value hierarchy that prioritizes the information used to measure fair value into three broad levels. The Company's policy is to recognize transfers between the hierarchy levels at the beginning of the period.

Net investment income includes interest income and amortization of premiums and discounts on fixed maturities, and is net of investment expenses. Investment income is recognized when earned. Realized gains and losses on the disposal of investments are determined on a first-in, first-out basis. Investment purchases and sales are recorded on a trade-date basis.

(e) Cash and Cash Equivalents

Cash equivalents are carried at fair value and include fixed income securities that, from the date of purchase, have a maturity of three months or less.

(f) Taxation

The Company is a controlled foreign corporation engaged in the insurance business electing to be treated as a U.S. corporation for purposes of imposing U.S. tax.

The Company is not subject to Bermuda income or capital gains tax under current Bermuda law. In the event that there is a change in current law such that taxes on income or capital gains are imposed, the Company would be exempt from such tax until March 2035 pursuant to the Bermuda Exempted Undertakings Tax Protection Act of 1966.

5. Revenue Recognition

Premium income - See 4(a) above.

Investment income - See 4(d) above.

Commission income - Not applicable.

6. Translation of Foreign Currencies

Not applicable.

7. Foreign Exchange Control Restrictions

Not applicable.

8. Contingencies or Commitments

Not applicable.

9. Defaults

Not applicable.

10. Preferred Cumulative Shares

Not applicable.

11. Loans to Directors and Officers

Not applicable.

PRE Life Bermuda Re Ltd.

General Notes to the Condensed Financial Statements (continued)

12. Retirement Benefit Obligations

Not applicable.

13. Fair Value

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value by maximizing the use of observable inputs and minimizing the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing an asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about what market participants would use in pricing the asset or liability based on the best information available in the circumstances. 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.

The Company determines the appropriate level in the hierarchy for each financial instrument that it measures at fair value. In determining fair value, the Company uses various valuation approaches, including market, income and cost approaches. The hierarchy is broken down into three levels based on the observability of inputs as follows:

- Level 1 inputs—Unadjusted, quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

The Company does not have any financial instruments that it measures at fair value using Level 1 at December 31, 2020 and 2019.

- Level 2 inputs—Quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets and significant directly or indirectly observable inputs, other than quoted prices, used in industry accepted models.

The Company's financial instruments that it measures at fair value using Level 2 inputs generally include: U.S. government issued bonds; U.S. government sponsored enterprises bonds; certain U.S. state, territory and municipal entities bonds; non-U.S. sovereign government, supranational and government related bonds; corporate bonds; and mortgage-backed securities.

- Level 3 inputs—Unobservable inputs.

The Company does not have any financial instruments that it measures at fair value using Level 3 at December 31, 2020 and 2019.

At December 31, 2020 and 2019, the Company's financial instruments measured at fair value were categorized between Levels 1, 2 and 3 as follows (in thousands of U.S. dollars):

December 31, 2020	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Fixed maturities				
U.S. government and government sponsored enterprises	\$ —	\$ 52,520	\$ —	\$ 52,520
U.S. states, territories and municipalities	—	7,933	—	7,933
Non-U.S. sovereign government, supranational and government related	—	8,634	—	8,634
Corporate	—	20,553	—	20,553
Residential mortgage-backed securities	—	11,752	—	11,752
Total	\$ —	\$ 101,392	\$ —	\$ 101,392

PRE Life Bermuda Re Ltd.

General Notes to the Condensed Financial Statements (continued)

December 31, 2019	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Fixed maturities				
U.S. government and government sponsored enterprises	\$ —	\$ 57,991	\$ —	\$ 57,991
U.S. states, territories and municipalities	—	7,594	—	7,594
Non-U.S. sovereign government, supranational and government related	—	8,678	—	8,678
Residential mortgage-backed securities	—	13,200	—	13,200
Total	\$ —	\$ 87,463	\$ —	\$ 87,463

14. Maturity Distribution of Fixed Maturities

The cost, fair value and distribution of fixed maturities at December 31, 2020, by contractual maturity date, is shown below (in thousands of U.S. dollars). Actual maturities may differ from contractual maturities because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

	Fair Value
One year or less	\$ 9,060
More than one year through five years	41,031
More than five years through ten years	37,124
More than ten years	2,425
Subtotal	89,640
Mortgage/asset-backed securities	11,752
Total	\$ 101,392

15. Agreements with Related Parties

In the ordinary course of operations, the Company reinsures risks written by an affiliated company through an 80% quota share agreement, as such all reinsurance related balances are with a related party (see General Note 2 to the Condensed Financial Statement above for further details).

16. Subsequent Events

The Company received a capital contribution from its Parent of \$5.5 million on January 31, 2021.

The Company has evaluated subsequent events from the balance sheet date through to April 30, 2021, which is the date the consolidated financial statements were available to be issued.

17. Other Information

On October 23, 2018, the Company entered into a deed of novation with PartnerRe Life Reinsurance Company of America (the Reinsured) and Aurigen Reinsurance Limited (the Original Reinsurer), both affiliated companies. The Original Reinsurer and the Reinsured are party to a retrocession agreement dated March 31, 2013 (and amended on January 1, 2015) covering the Reinsured's mortality risks. Pursuant to this deed of novation, the Original Reinsurer was discharged from its liabilities and obligations under the retrocession agreement, and its rights, obligations and liabilities under the retrocession agreement were novated to the Company. The Company paid a ceding commission of \$12.5 million related to this novated business which has been deferred and will be amortized to expense over the remaining life of underlying contracts (see Note 4(c) above).

PRE Life Bermuda Re Ltd.

Notes to the Condensed Statement of Capital and Surplus

1(a). Capital Stock

At December 31, 2020 and 2019, the total authorized and issued shares of the Company were 250,000 shares with a par value of U.S. \$1.

1(b). Contributed Surplus

Contributed surplus of \$138.7 million and \$114.5 million at December 31, 2020 and 2019, respectively. During the year ended December 31, 2020, \$24.2 million was contributed by the Parent.

2(c). Dividend Restrictions and Statutory Requirements

The Company did not declare or pay dividends during the year ended December 31, 2020 or 2019.

The Bermuda Monetary Authority (BMA) imposes certain minimum capital regulatory requirements on the Company referred to as the Enhanced Capital Requirement (ECR) for Class C insurers. The Company's ECR should be calculated by either (a) the model developed by the BMA, or (b) an internal capital model which the BMA has approved for use for this purpose. The Company currently uses the BMA model in calculating its solvency requirements. The Bermuda risk-based regulatory capital adequacy and solvency margin regime provides a risk-based capital model (termed the Bermuda Solvency Capital Requirement (BSCR)) as a tool to assist the BMA both in measuring risk and in determining appropriate levels of capitalization. The BSCR employs a standard mathematical model that correlates the risk underwritten by Bermuda insurers to the capital that is dedicated to their business. The BMA requires that insurers operate at or above a threshold capital level (termed the Target Capital Level (TCL)), which exceeds the BSCR or approved internal model minimum amounts. Class C insurers, such as the Company, must also ensure that, at all times, its ECR is at least equal to the minimum solvency margin for a Class C insurer. At December 31, 2020 and 2019, the Company's statutory capital and surplus exceeded the Company's minimum solvency margin, ECR and TCL.

The Available Statutory Economic Capital and Surplus, ECR, BSCR Ratio and TCL at December 31, 2020 and 2019 (in thousands of U.S. dollars, except percentages) were as follows:

	2020	2019
Available Statutory Capital and Surplus	128,261	136,623
ECR	58,607	45,168
BSCR Ratio	219 %	302 %
TCL	70,329	54,202

PRE Life Bermuda Re Ltd.
Notes to the Condensed Balance Sheet

1. Cash and Cash Equivalents

At December 31, 2020 and 2019 approximately \$1.0 million and \$0.2 million respectively, of cash and time deposits were deposited or held in a trust account to secure obligations under a reinsurance agreement with an affiliated company.

2. Quoted Investments

The following methods and assumptions were used by the Company in estimating the fair value of each class of financial instrument recorded in the Condensed Balance Sheets. There have been no material changes in the Company's valuation techniques during the period presented.

Quoted Bonds and Debentures:

- U.S. government and government sponsored enterprises—consists of bonds issued by the U.S. Treasury. These securities are generally priced by independent pricing services. The independent pricing services may use actual transaction prices for securities that have been actively traded. For securities that have not been actively traded, each pricing source has its own proprietary method to determine the fair value, which may incorporate option adjusted spreads (OAS), interest rate data and market news. The Company generally classifies these securities in Level 2.
- U.S. states, territories and municipalities—consists of bonds issued by U.S. municipalities. These securities are generally priced by independent pricing services using the techniques described for U.S. government and government sponsored enterprises above. The Company generally classifies these securities in Level 2.
- Non-U.S. sovereign government and government related—consists primarily of bonds issued by Danish government sponsored enterprises. These securities are generally priced by independent pricing services. The independent pricing services may use actual transaction prices for securities that have been actively traded. For securities that have not been actively traded, each pricing source has its own proprietary method to determine the fair value, which may incorporate option adjusted spreads (OAS), interest rate data and market news. The Company generally classifies these securities in Level 2.
- Corporate—consists primarily of bonds issued by U.S. corporations covering a variety of industries. These securities are generally priced by independent pricing services and brokers. The pricing provider incorporates information including credit spreads, interest rate data and market news into the valuation of each security. The Company generally classifies these securities in Level 2. When a corporate security is inactively traded or the valuation model uses unobservable inputs, the Company classifies the security in Level 3.
- Residential mortgage-backed securities—consists primarily of bonds issued by the Federal National Mortgage Association and the Government National Mortgage Association, as well as private, non-agency issuers. These residential mortgage-backed securities are generally priced by independent pricing services and brokers. When current market trades are not available, the pricing provider or the Company will employ proprietary models with observable inputs including other trade information, prepayment speeds, yield curves and credit spreads. The Company generally classifies these securities in Level 2.

At December 31, 2020 and 2019, approximately \$101.4 million and \$87.4 million respectively, of quoted bond investments were deposited or held in a trust account to secure obligations under a reinsurance agreement with an affiliated company.

3. Unquoted Investments

None.

4. Investment in and advances to affiliates

None.

5. Investments in mortgage loans on real estate

None.

PRE Life Bermuda Re Ltd.

General Notes to the Condensed Financial Statements (continued)

6. Policy loans

None.

7. Real Estate

None.

8. Collateral Loans

None.

9. Investment Income Due and Accrued

Accrued investment income was \$0.5 million and \$0.4 million at December 31, 2020 and 2019, respectively. The fair value of accrued investment income approximates its carrying value due to its short-term nature. See also Note 4(d) in General Notes to the Financial Statements.

10. Accounts and Premiums Receivable

None.

11. Reinsurance Balances Receivable

None.

12. Funds held by ceding reinsurers

None.

13. Sundry Assets

Sundry assets of \$45.1 million and \$33.5 million at December 31, 2020 and 2019, respectively, primarily consists of deferred acquisition costs (see General Notes to the Financial Statement 4(c)).

14. Letters of Credit, Guarantees and Other Instruments

None.

16. to 17. General Business Insurance Reserves

Not applicable.

20. to 27. Long-term Business Insurance Reserves

The long-term business insurance reserves have been established based upon information reported by the ceding company, supplemented by the Company's actuarial estimates, which for life include mortality, persistency and future investment income, with appropriate provision to reflect uncertainty. Reserves for policy claims and benefits include both claims in the process of settlement and claims that have been incurred but not yet reported.

The reserves for the traditional long-duration contracts are established based upon accepted actuarial valuation methods which require us to make certain assumptions regarding future claims and policy benefits and includes a provision for adverse deviation. The provision for adverse deviation contemplates reasonable deviations from the best estimate assumptions for the key risk elements relevant to the product being evaluated, including mortality, lapse, expenses, and discount rates. The assumptions are locked in at contract inception and are subject to annual loss recognition testing (LRT). LRT occurs at the product group level, based on the manner of acquiring, servicing and measuring profitability of the reinsurance contracts. (see Note 2 to the Condensed Balance Sheet for details of encumbered assets).

PRE Life Bermuda Re Ltd.

General Notes to the Condensed Financial Statements (continued)

28. Insurance and Reinsurance Balances Payable

The Company has \$15.4 million and \$2.0 million of reinsurance balances payable to an affiliated company at December 31, 2020 and 2019 respectively, which represents the net amount due under the reinsurance agreement.

29. Commissions, Expenses, Fees and Taxes Payable

None.

30. Loans and Notes Payable

None.

31. Income Taxes Payable

None.

32. Amounts due to Affiliates

The Company has liabilities to affiliates totaling \$289 thousand and \$21 thousand at December 31, 2020 and 2019 respectively, representing expenses paid on behalf of Company in the normal course of operations. Amounts due to affiliates bear no interest, have no fixed repayment terms and no collateral has been given.

33. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities of \$28 thousand and \$38 thousand at December 31, 2020 and 2019 respectively, represent audit fee accruals.

34. Funds Held Under Reinsurance Contracts

None.

35. Dividends Payable

None.

36. Sundry Liabilities

None.

37. Letters of credit, guarantees and other instruments

None.

PRE Life Bermuda Re Ltd.
Notes to the Condensed Statement of Income

6. Other Insurance Income - General Business

None.

15. Other Insurance Income - Long-term Business

None.

32. Combined Other Income (Deductions)

None.

36. Combined Realized Gains

The components of the net realized and unrealized investment gains for the year ended December 31, 2020 and 2019 were as follows (in thousands of U.S. dollars):

	<u>2020</u>	<u>2019</u>
Net realized investment gains on fixed maturities	\$ 987	\$ 587
Change in net unrealized investment gains on fixed maturities	2,534	1,584
Total net realized and unrealized investment gains	\$ 3,521	\$ 2,171