



# Arthur Morris & Company Limited

Chartered Professional Accountants

Century House  
16 Par-la-Ville Road  
Hamilton HM08  
Bermuda

Tel: +1 441 292 7478  
Email: info@amc.bm

**April 26, 2021**

## **Report of Independent Auditors**

### **To the Board of Directors of Del Re Ltd.**

We have audited the accompanying condensed financial statements of Del Re Ltd., which comprise the condensed balance sheets and condensed statements of capital and surplus as of December 31, 2020, and the related condensed statements of income for the year 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 audit. We conducted our audit 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.

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, 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 Del Re Ltd. as of December 31, 2020, 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.

*Arthur Morris + Company Limited*

**Arthur Morris & Company Limited  
Chartered Professional Accountants  
Hamilton, Bermuda**

**CONDENSED CONSOLIDATED BALANCE SHEET**

Del Re Ltd.

As at

expressed in ['000s]

**December 31, 2020**
**United States Dollars**

LINE No.		2020	2019
1.	CASH AND CASH EQUIVALENTS	4,054	3,514
2.	QUOTED 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 quoted investments		
(f)	Total quoted investments	-	-
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	19,800	20,388
(h)	Total investments in and advances to affiliates	19,800	20,388
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	1,382	1,076
10.	ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a)	In course of collection	4,814	6,532
(b)	Deferred - not yet due		
(c)	Receivables from retrocessional contracts		
(d)	Total accounts and premiums receivable	4,814	6,532
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		

**CONDENSED CONSOLIDATED BALANCE SHEET**

Del Re Ltd.

As at  
expressed in ['000s]

**December 31, 2020**

**United States Dollars**

**LINE No.**

- 13. SUNDRY ASSETS:
- (a) Derivative instruments
- (b) Segregated accounts companies - long-term business - variable annuities
- (c) Segregated accounts companies - long-term business - other
- (d) Segregated accounts companies - general business
- (e) Deposit assets
- (f) Deferred acquisition costs
- (g) Net receivables for investments sold
- (h) Prepaid expenses
- (i) Deferred tax asset
- (j) Other Sundry Assets (Specify)
- (k) Total sundry assets

	2020	2019
	1,649	3,065
	9	9
	1,810	1,663
	3,468	4,737

- 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

	33,518	36,247
--	--------	--------

**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

	5,155	9,986
	-	-
	5,155	9,986

- 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

	3,047	42
	-	-
	3,047	42

18. OTHER GENERAL BUSINESS INSURANCE RESERVES

		-
--	--	---

19. TOTAL GENERAL BUSINESS INSURANCE RESERVES

	8,202	10,028
--	-------	--------

**LONG-TERM BUSINESS INSURANCE RESERVES**

- 20. RESERVE FOR REPORTED CLAIMS
- 21. RESERVE FOR UNREPORTED CLAIMS
- 22. POLICY RESERVES - LIFE
- 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
  - (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**

	-	-
	-	-
	-	-

**CONDENSED CONSOLIDATED BALANCE SHEET**

Del Re Ltd.

As at

December 31, 2020

expressed in ['000s]

United States Dollars

LINE No.		2020	2019
	<b>OTHER LIABILITIES</b>		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	857	
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE		
30.	LOANS AND NOTES PAYABLE		
31.	(a) INCOME TAXES PAYABLE		
	(b) DEFERRED INCOME TAXES		
32.	AMOUNTS DUE TO AFFILIATES		
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	22	19
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	879	19
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	9,081	10,047
	<b>CAPITAL AND SURPLUS</b>		
40.	TOTAL CAPITAL AND SURPLUS	24,437	26,200
41.	TOTAL	33,518	36,247

TRUE

TRUE

**CONDENSED CONSOLIDATED STATEMENT OF INCOME**

Del Re Ltd.

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

LINE No.		2020	2019
	<b>GENERAL BUSINESS UNDERWRITING INCOME</b>		
1.	GROSS PREMIUMS WRITTEN		
	(a) Direct gross premiums written	5,164	10,581
	(b) Assumed gross premiums written		
	(c) Total gross premiums written	5,164	10,581
2.	REINSURANCE PREMIUMS CEDED		
3.	NET PREMIUMS WRITTEN	5,164	10,581
4.	INCREASE (DECREASE) IN UNEARNED PREMIUMS	4,831	(9,986)
5.	NET PREMIUMS EARNED	9,995	595
6.	OTHER INSURANCE INCOME		
7.	TOTAL GENERAL BUSINESS UNDERWRITING INCOME	9,995	595
	<b>GENERAL BUSINESS UNDERWRITING EXPENSES</b>		
8.	NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED	10,756	42
9.	COMMISSIONS AND BROKERAGE	1,659	8
10.	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	12,415	50
11.	<b>NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS</b>	(2,420)	545
	<b>LONG-TERM BUSINESS INCOME</b>		
12.	GROSS PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Direct gross premiums and other considerations		
	(b) Assumed gross premiums and other considerations		
	(c) Total gross premiums and other considerations	-	-
13.	PREMIUMS CEDED		
14.	NET PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Life		
	(b) Annuities		
	(c) Accident and health		
	(d) Total net premiums and other considerations	-	-
15.	OTHER INSURANCE INCOME		
16.	TOTAL LONG-TERM BUSINESS INCOME	-	-
	<b>LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES</b>		
17.	CLAIMS - LIFE		
18.	POLICYHOLDERS' DIVIDENDS		
19.	SURRENDERS		
20.	MATURITIES		
21.	ANNUITIES		
22.	ACCIDENT AND HEALTH BENEFITS		
23.	COMMISSIONS		
24.	OTHER		
25.	TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	-	-
26.	INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES):		
	(a) Life		
	(b) Annuities		
	(c) Accident and health		
	(d) Total increase (decrease) in policy reserves	-	-

**CONDENSED CONSOLIDATED STATEMENT OF INCOME**

Dei Re Ltd.

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

LINE No.		2020	2019
27.	TOTAL LONG-TERM BUSINESS EXPENSES	-	-
28.	<b>NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS</b>	-	-
29.	<b>COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS</b>	(2,420)	545
	<b>UNDERNOTED ITEMS</b>		
30.	COMBINED OPERATING EXPENSE		
	(a) General and administration	77	66
	(b) Personnel cost		
	(c) Other		
	(d) Total combined operating expenses	77	66
31.	COMBINED INVESTMENT INCOME - NET	385	392
32.	COMBINED OTHER INCOME (DEDUCTIONS)		
33.	COMBINED INCOME BEFORE TAXES	(2,112)	871
34.	COMBINED INCOME TAXES (IF APPLICABLE):		
	(a) Current	(202)	
	(b) Deferred	(147)	(461)
	(c) Total	(349)	(461)
35.	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	(1,763)	1,332
36.	COMBINED REALIZED GAINS (LOSSES)		
37.	COMBINED INTEREST CHARGES		
38.	NET INCOME	(1,763)	1,332

**CONDENSED CONSOLIDATED STATEMENT OF CAPITAL AND SURPLUS**

Del Re Ltd.

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

LINE No.		2020	2019
1.	<b>CAPITAL:</b>		
(a)	Capital Stock		
	(i) Common Shares	120	120
	authorized	120,000	
	value	\$ 1,000	
	fully paid	120,000	
	(ii)		
	(A) Preferred shares:		
	authorized		
	value		
	fully paid		
	aggregate liquidation value for –		
	2020		
	2019		
	(B) Preferred shares issued by a subsidiary:		
	authorized		
	value		
	fully paid		
	aggregate liquidation value for –		
	2020		
	2019		
	(iii) Treasury Shares		
	repurchased		
	value		
(b)	Contributed surplus	7,496	7,496
(c)	Any other fixed capital		
	(i) Hybrid capital instruments		
	(ii) Guarantees and others		
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	7,616	7,616
2.	<b>SURPLUS:</b>		
(a)	Surplus - Beginning of Year	18,584	16,050
(b)	Add: Income for the year	(1,763)	1,332
(c)	Less: Dividends paid and payable		
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments		
(e)	Add (Deduct) change in any other surplus		1,202
(f)	Surplus - End of Year	16,821	18,584
3.	<b>MINORITY INTEREST</b>		
4.	<b>TOTAL CAPITAL AND SURPLUS</b>	24,437	26,200



**DEL Re Ltd.**  
**Notes to the Condensed General Purpose Financial Statements**  
**December 31, 2020**

**General Notes to the Condensed General Purpose Financial Statements**

1. DEL Re Ltd. (the "Company") was incorporated on April 26, 2011 as an exempted company with the Registrar of Companies in Bermuda. Effective May 9, 2011, the Company registered as a Class 3A insurer under The Bermuda Insurance Act 1978 and related regulations (the "Act").

The Company is wholly owned by DEL Re Holdings, Inc. (the "Parent") a corporation registered in Florida, USA. The ultimate sole owner is George Schaeffer.

2. The Company provides Florida catastrophic reinsurance coverage to its affiliated company, People's Trust Insurance Company ("PTIC"). The Company covers exposure to catastrophic events caused by natural events such as high winds, tornadoes, tropical storms and hurricanes. The Company provides reinsurance via excess of loss and quota share programs with PTIC.
3. The condensed general purpose financial statements have been prepared 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"). The condensed general purpose financial statements are based on United States of America Generally Accepted Accounting Principles ("US GAAP") but are in accordance with the reporting requirements of the Legislation, which varies in certain respects from US GAAP. The more significant variances are as follows:
  - A statement of cash flows is not included;
  - A statement of comprehensive income is not included;
  - The presentation and classification of financial statement line items is in accordance with Schedules IX and XI of the Insurance Account Rules 2016 and differ from the expected presentation and classification under US GAAP; and
  - The notes included in the condensed general purpose financial statements have been prepared in accordance with Schedule X of the Insurance Account Rules 2016 and exclude certain information required under US GAAP.
4. The Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S.GAAP") and are denominated in U.S. dollars. All estimates are subjective in nature and could materially influence the financial statements. Accordingly, management makes these estimates and assessments on an ongoing basis according to past experience and various factors that are deemed reasonable and which constitute the basis for these assessments. The amounts shown in the Company's future financial statements are likely to differ from these estimates in accordance with changes in assumptions or different conditions. It is believed that the estimates utilized in preparing these financial statements are reasonable; however, actual results could differ from these estimates and such differences could be material.

**DEL Re Ltd.**  
**Notes to the Condensed General Purpose Financial Statements**  
**December 31, 2020**

The following are the significant accounting policies adopted by the Company:

(a) Premiums

Premiums assumed are recorded on the accruals basis and are included in income in the period to which they relate. Commissions are recorded on the accrual basis.

Premium returns are recorded by the Company in accordance with the terms of the insurance policy and are booked as receivable and a reduction of premium written when return of premium is certain.

(b) Losses reserves

The loss and loss expenses provision includes reserves for unpaid reported losses (“case”) and for losses incurred but not reported (“IBNR”). The case reserve is established based on reports from PTIC and represents the estimate ultimate cost of events or conditions that have been reported to, or specifically identified by the insurer. The reserve for IBNR is established by management based on actuarially determined estimates of ultimate losses and loss expenses. Inherent in the estimate of ultimate losses and loss expenses are expected trends in claim severity and frequency and other factors which may vary significantly as claims are settled. Accordingly, ultimate losses and loss expenses may differ materially from the amounts recorded in the condensed general purpose financial statements

The preparation of the financial statements 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 revenue and amounts of revenues and expenses during the reported period. Actual results could differ materially from those estimates.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks and other short-term highly liquid investments with a maturity of three months or less at the date of purchase. The carrying value approximates fair value because of the short-term nature and high liquidity of these assets.

(d) Investment income

Investment income consists of interest and dividend income. Interest income is accrued to the balance sheet date. Investment income is stated net of investment manager, custody fees and withholding taxes.

**DEL Re Ltd.**  
**Notes to the Condensed General Purpose Financial Statements**  
**December 31, 2020**

5. Premiums - refer to note 4(a) above

Investment income- refer to note 4(d) above  
Commission income- Not applicable.

- 6-14. Not applicable

15. On December 12, 2016 the Company entered into an intercompany loan agreement facility with People's Trust Holdings, LLC ("PTH") an affiliated company. The loan amount was \$4,400,000 at an interest rate of 2.26% per annum, the loan is unsecured. The loan balance matures on December 31, 2026. On January 19, 2017, another unsecured intercompany loan agreement was entered into for \$9,000,000 at an interest of 2.75% per annum. The loan balance matures on January 31, 2027. As of December 31, 2020, the total accrued interest payable for these loans amounted to \$1,381,954 (2019 – \$1,073,703).

On December 30, 2016 the Company entered into an intercompany loan agreement facility with People's Trust MGA, LLC ("PTM") an affiliated company. The loan amount was \$583,587 at an interest rate of 2.26% per annum, the loan is unsecured. The loan balance matures on December 31, 2026. As of December 31, 2020, the Company received the full settlement from PTM of its outstanding loan amounting to \$583,587 and the outstanding interest related to that loan amounting to \$39,640

At December 31, 2020, additional total advances to PTH amounted to \$6,400,000 (2019 - \$6,404,537). This balance is carried at cost, bears no interest, and is unsecured and due on demand.

16. Not applicable

17. On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen that have had serious and adverse consequences to business conditions around the globe following December 31, 2020. The COVID-19 outbreak has resulted in limitations on travel, transportation, education, production of goods, provision of services and businesses operations generally. Further, the equity and other securities markets have experienced significant volatility, with substantial losses in the equity markets as compared to year end.

The Company has evaluated whether it has any exposure to losses arising from COVID-19 claims and has determined, based on its investigation and discussions with its ceding insurers, that there is little to no exposure to loss as a result of COVID-19.

**DEL Re Ltd.**  
**Notes to the Condensed General Purpose Financial Statements**  
**December 31, 2020**

**Notes to the Statement of Capital and Surplus**

**1(a) Capital stock**

Capital stock comprises 120,000 authorized, issued and fully paid common shares at par value of \$1 each.

**1(b) Contributed surplus**

Not applicable.

**2(c) Dividends paid and payable**

No dividends were declared or paid in 2020 and 2019.

**Notes to the Balance Sheet**

**1. Cash and cash equivalents**

At December 31, 2020, the cash and cash equivalents amounted to \$4,053,627 (2019 - \$3,513,787). These are held in SunTrust Bank, United Bank, and HSBC Bermuda. \$3,481,665 (2019 - \$1,504,416) is held in Trust in accordance with the reinsurance agreement with PTIC, while the remaining funds are used for operating expenses.

2-3. Not applicable

**4. Investments in and advances to affiliates**

At December 31, 2020, \$19,800,000 (2019 - \$20,388,124) was due from related parties. A total of \$6,400,000 (2019 - \$6,404,537) represents advances to the affiliate. This balance is carried at cost, bears no interest, and is unsecured and due on demand. A total of \$13,400,000 (2019 - \$13,983,587) represents promissory notes to affiliated company. The promissory notes totaling \$4,400,000 earn at an interest rate of 2.26% per annum, are unsecured and mature on December 31, 2026. The remaining promissory note of \$9,000,000 earns at an interest rate of 2.75% per annum, is unsecured, and matures on January 31, 2027.

5-8. Not applicable

**9. Investment income due and accrued**

Investment income due and accrued of \$1,382,241 as at December 31, 2020 (2019 - \$1,075,675) is interest earned on intercompany loans, as described in Notes to the Balance Sheet, note 4, and on bank balances.

**DEL Re Ltd.**  
**Notes to the Condensed General Purpose Financial Statements**  
**December 31, 2020**

**10. Accounts and premiums receivable**

Accounts and premium receivable of \$4,813,983 as at December 31, 2020 (2019 - \$6,532,025) represents premiums receivable from PTIC. Post year-end part of the receivable was collected and held in the trust to collateralize the Company's obligations in accordance to reinsurance agreement.

11-12. Not applicable

**13. Sundry assets**

At December 31, 2020, sundry assets amounted to \$3,468,238 (2019- \$4,737,216). Sundry assets comprise Deferred acquisition costs of \$1,649,442 (2019 - \$3,065,473); deferred tax asset of \$1,809,646 (2019 - \$1,662,593) and prepaid expenses of \$9,150 (2019 - \$9,150). Deferred acquisition costs represent the acquisition costs related to the portion of premiums written which are applicable to the unexpired terms of the policies in force at year end. Prepaid expenses represent the portion of Secretarial and Directors fees paid in advance not expensed yet. Refer to Notes to the Balance sheet, note 31(b) for the details of deferred tax assets.

14. Not applicable

**16. Unearned premium**

Refer to the General Notes, note 4(a)

**17. Loss and loss expense provision**

Refer to General Notes, note 4(b)

The reserves for losses and loss expenses comprise of:

	2020	2019
	\$	\$
Outstanding losses	992,750	-
Losses incurred but not reported	2,054,189	41,503
	3,046,939	41,503

**DEL Re Ltd.**  
**Notes to the Condensed General Purpose Financial Statements**  
**December 31, 2020**

The activity in the reserves for losses and loss expense is as follows:

	2020	2019
Balance, beginning of year	\$ 41,503	\$ -
Net losses incurred and net loss expenses incurred related to:		
(a) Current year	10,736,174	41,503
(b) Prior Years	20,027	-
Total net losses incurred and net loss expenses incurred	10,756,201	41,503
Less: Losses and loss expenses paid or payable related to:		
(a) Current year	7,730,738	-
(b) Prior years	20,207	-
Total losses and loss expenses paid or payable	7,750,765	-
Balance, end of year	\$ 3,046,939	\$ 41,503

Management believes that the assumptions used establishing its provision for loss and loss expenses represent a realistic and appropriate basis for estimating those reserves as of December 31, 2020. However, these assumptions are subject to change and the Company continually reviews and adjusts its reserve estimates taking into account all currently known information and updated assumptions related to unknown information. While management believes it has made a reasonable estimate of loss expenses occurring up to the balance sheet date, the ultimate costs of claims incurred could exceed the Company's reserves and have a materially adverse effect on its future results of operations and financial condition.

a) The prior years net incurred losses increase of \$20,027 (2019: \$Nil) is attributed to losses paid in current year. No additional premiums or return premiums have been accrued as a result of the prior year effects

(b) The Company has established trust accounts and holds cash equivalent balances to support the insurance liabilities of the Company. These restricted assets of \$3,481,665 (2019 - \$1,504,416) will be used to fund all future loss and loss expenses as they arise.

**DEL Re Ltd.**  
**Notes to the Condensed General Purpose Financial Statements**  
**December 31, 2020**

20-30. Not applicable

**31(a) Income taxes payable**

Bermuda taxes

Under current Bermuda law, the Company is not required to pay any taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda that in the event of any such taxes being imposed, the Company will be exempted from taxation until the year 2035.

US Taxes

The Company has filed an election under the Section 953(d) of the Internal Revenue Code of 1986, as amended, to be taxed as a domestic US corporation. As a result of the "domestic election", the Company is subject to US taxation on its worldwide taxable income as if it were a US corporation.

**31(b) Deferred income taxes**

The components of the deferred income tax asset are as follows:

	2020	2019
Loss carry forward	\$1,550,823	\$ 1,242,759
Unearned premium	216,489	419,405
Loss reserves	42,334	429
Total	<u>1,809,646</u>	<u>1,662,593</u>

32. Not applicable

**33. Accounts payable and accrued liabilities**

At December 31, 2020, \$22,275 (2019 - \$19,275) was due to third party service providers.

34-37. Not applicable

**Notes to the Statement of Income**

6. Not applicable.

15. Not applicable.

**32. Combined other income (deductions)**

Not applicable.

**36. Combined realized gains (loss).**

Not applicable.