EVEREST REINSURANCE (BERMUDA), LTD.

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

GAAP Financial Statements

For the Years Ended December 31, 2021 and 2020

Report of Independent Auditors

To the Board of Directors of Everest Reinsurance (Bermuda), Ltd.

Opinion

We have audited the accompanying financial statements of Everest Reinsurance (Bermuda), Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations and comprehensive income (loss), of changes in shareholder's equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the Company has entered into significant transactions with related parties. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplemental Information

Accounting principles generally accepted in the United States of America require that the information about incurred and paid claims development for the years ended December 31, 2012 to December 31, 2020 on pages 19 and 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

PricewaterhouseCoopers LLP

April 27, 2022

EVEREST REINSURANCE (BERMUDA), LTD.
BALANCE SHEETS

	December 31,	
(Dollars in thousands, except par value per share)	2021	2020
ASSETS:		
Fixed maturities - available for sale	$ 6,292,599	$ 6,319,709
(amortized cost: 2021, $6,215,309; 2020, $6,026,161; credit allowances: 2021, ($2,247); 2020, ($178))		
Equity securities, at fair value	27,270	154,064
Short-term investments (cost: 2021, $137,833; 2020, $63,546)	137,833	63,546
Other invested assets	1,179,074	938,651
Cash	209,989	67,609
Total investments and cash	7,846,765	7,543,579
Accrued investment income	39,243	41,578
Premiums receivable	1,249,076	857,929
Reinsurance recoverables - unaffiliated	270,632	330,033
Reinsurance recoverables - affiliated	1,158,140	938,302
Funds held by reinsureds	570,866	461,445
Deferred acquisition costs	191,831	128,911
Prepaid reinsurance premiums	413,888	207,152
Income taxes recoverable	-	4,226
Other assets	11,844	11,969
TOTAL ASSETS	$ 11,752,285	$ 10,525,124
LIABILITIES:		
Reserve for losses and loss adjustment expenses	$ 6,629,769	$ 6,283,337
Future policy benefit reserve	35,669	37,723
Unearned premium reserve	1,130,025	758,178
Funds held under reinsurance treaties	28,481	21,759
Losses in course of payment	133,693	103,340
Income taxes payable	1,061	-
Other net payable to reinsurers	394,328	185,163
Deferred gain on retroactive reinsurance	149,868	143,196
Other liabilities	65,432	61,084
Total liabilities	8,568,326	7,593,780
Contingencies (Note 12)		
SHAREHOLDER'S EQUITY:		
Common shares, par value: $1.00; 1.25 million shares authorized, issued and outstanding (2021 and 2020)	1,250	1,250
Additional paid-in capital	1,332,529	1,331,801
Accumulated other comprehensive income (loss), net of deferred income tax expense (benefit) of $963 at 2021 and $9,456 at 2020	(46,630)	172,705
Retained earnings	1,896,810	1,425,588
Total shareholder's equity	3,183,959	2,931,344
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$ 11,752,285	$ 10,525,124

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

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

(Dollars in thousands)	Years Ended December 31, 2021	Years Ended December 31, 2020
REVENUES:		
Premiums earned	$ 1,917,216	$ 1,358,478
Net investment income	398,247	246,437
Net realized capital gains (losses):		
Credit allowances on fixed maturity securities	(2,068)	(179)
Other net realized capital gains (losses)	1,154	31,432
Total net realized capital gains (losses)	(914)	31,253
Gain (loss) on retroactive reinsurance	(29,925)	16,478
Other income (expense)	520	28,641
Total revenues	2,285,144	1,681,287
CLAIMS AND EXPENSES:		
Incurred losses and loss adjustment expenses	1,045,764	1,133,820
Commission, brokerage, taxes and fees	406,918	297,925
Other underwriting expenses	45,860	41,606
Total claims and expenses	1,498,542	1,473,351
INCOME (LOSS) BEFORE TAXES	786,602	207,936
Income tax expense (benefit)	15,380	(1,701)
NET INCOME (LOSS)	$ 771,222	$ 209,637
Other comprehensive income (loss), net of tax:		
Unrealized appreciation (depreciation) ("URA(D)") on securities arising during the period	(192,135)	189,800
Less: reclassification adjustment for realized losses (gains) included in net income (loss)	(13,561)	(34,808)
Total URA(D) on securities arising during the period	(205,696)	154,992
Foreign currency translation adjustments	(13,639)	22,057
Total other comprehensive income (loss), net of tax	(219,335)	177,049
COMPREHENSIVE INCOME (LOSS)	$ 551,887	$ 386,686

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

EVEREST REINSURANCE (BERMUDA), LTD.
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

(Dollars in thousands, except share amounts)	Years Ended December 31, 2021	2020
COMMON SHARES (shares outstanding):		
Balance, beginning of period	1,250,000	1,250,000
Balance, end of period	1,250,000	1,250,000
COMMON SHARES (par value):		
Balance, beginning of period	$ 1,250	$ 1,250
Balance, end of period	1,250	1,250
ADDITIONAL PAID-IN CAPITAL:		
Balance, beginning of period	1,331,801	1,331,801
Contribution from Parent	728	-
Balance, end of period	1,332,529	1,331,801
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS), NET OF DEFERRED INCOME TAXES:		
Balance, beginning of period	172,705	(4,344)
Net increase (decrease) during the period	(219,335)	177,049
Balance, end of period	(46,630)	172,705
RETAINED EARNINGS:		
Balance, beginning of period	1,425,588	1,868,842
Change to beginning balance due to adoption of Accounting Standards Update 2016-13	-	(2,891)
Net income (loss)	771,222	209,637
Dividends to Parent	(300,000)	(650,000)
Balance, end of period	1,896,810	1,425,588
TOTAL SHAREHOLDER'S EQUITY, END OF PERIOD	$ 3,183,959	$ 2,931,344

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

EVEREST REINSURANCE (BERMUDA), LTD.
STATEMENTS OF CASH FLOWS

(Dollars in thousands)	Years Ended December 31, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 771,222	$ 209,637
Adjustments to reconcile net income to net cash provided by operating activities:		
Decrease (increase) in premiums receivable	(401,810)	(102,440)
Decrease (increase) in funds held by reinsureds, net	(103,642)	(175,860)
Decrease (increase) in reinsurance recoverables	(177,059)	(175,442)
Increase (decrease) in reserve for losses and loss adjustment expenses	381,484	389,293
Increase (decrease) in future policy benefit reserve	(2,054)	(4,869)
Increase (decrease) in unearned premiums	382,230	113,967
Increase (decrease) in losses in course of payment	30,617	(10,547)
Increase (decrease) in other net payable to reinsurer	215,563	51,468
Change in equity adjustments in limited partnerships	(240,217)	(62,508)
Distribution of limited partnership income	88,908	27,952
Change in other assets and liabilities, net	(252,836)	(16,464)
Amortization of bond premium (accrual of bond discount)	27,429	23,534
Net realized capital (gains) losses	914	(31,253)
Net cash provided by (used in) operating activities	720,749	236,468
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from fixed maturities matured/called - available for sale	1,021,754	1,075,196
Proceeds from fixed maturities sold - available for sale	516,914	962,204
Proceeds from equity securities sold - available for sale, at fair value	128,576	1,046
Distributions from other invested assets	1,833,883	2,386,008
Cost of fixed maturities acquired - available for sale	(1,756,015)	(1,570,283)
Cost of equity securities acquired - available for sale, at fair value	(29,973)	(397)
Cost of other invested assets acquired	(1,934,063)	(2,441,937)
Net change in short-term investments	(74,459)	28,641
Net change in unsettled securities transactions	1,745	(2,905)
Net cash provided by (used in) investing activities	(291,638)	437,573
CASH FLOWS FROM FINANCING ACTIVITIES:		
Common shares issued during the period for share-based compensation, net of expense	253	(610)
Dividends paid to Parent	(300,000)	(650,000)
Net cash provided by (used in) financing activities	(299,747)	(650,610)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	13,016	(16,940)
Net increase (decrease) in cash	142,380	6,491
Cash, beginning of period	67,609	61,118
Cash, end of period	$ 209,989	$ 67,609
SUPPLEMENTAL CASH FLOW INFORMATION		
Income taxes paid (recovered)	$ 1,653	$ 3,143

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Business and Basis of Presentation.

Everest Reinsurance (Bermuda) Ltd. (the "Company" or "Bermuda Re"), a Bermuda insurance company and direct wholly owned subsidiary of Everest Re Group, Ltd. ("Group"), is registered as a Class 4 insurer and long-term insurer and underwrites property and casualty reinsurance and insurance and life and annuity business. The Company's U.K. branch writes property and casualty reinsurance for the United Kingdom and European markets.

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

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

B. Investments.

Fixed maturity investments available for sale reflect unrealized appreciation and depreciation, as a result of changes in market value during the period, in shareholder's equity, net of income taxes in "accumulated other comprehensive income (loss)" in the balance sheets, since cash flows from these investments will be primarily used to settle its reserve for losses and loss adjustment expense liabilities. The Company anticipates holding these investments for an extended period as the cash flow from interest and maturities will fund the projected payout of these liabilities. The Company reviews all of its fixed maturity, available for sale securities whose fair value has fallen below their amortized cost at the time of review. The Company then assesses whether the decline in value is due to non-credit related or credit related factors. In making its assessment, the Company evaluates the current market and interest rate environment as well as specific issuer information. Generally, a change in a security's value caused by a change in the market, interest rate or foreign exchange environment does not constitute a credit impairment, but rather a non-credit related decline in market value. Non-credit related declines in market value are recorded as unrealized losses in accumulated other comprehensive income (loss). If the Company intends to sell the impaired security or is more likely than not to be required to sell the security before an anticipated recovery in value, the Company records the entire impairment in net realized capital gains (losses) in the Company's statements of operations and comprehensive income (loss). If the Company determines that the decline is credit related and the Company does not have the intent to sell the security; and it is more likely than not that the Company will not have to sell the security before recovery of its cost basis, the Company establishes a credit allowance equal to the estimated credit loss and is recorded in net realized capital gains (losses) in the Company's statements of operations and comprehensive income (loss). The amount of the allowance for a given security will generally be the difference between a discounted cash flow model and the Company's carrying value. The fair value adjustment that is non-credit related is recorded as a component of other comprehensive income (loss), net of tax, and is included in accumulated other comprehensive income (loss) in the Company's balance sheets. The Company will adjust the credit allowance account for future changes in credit loss estimates for a security and record this adjustment through net realized capital gains (losses) in the Company's statements of operations and comprehensive income (loss).

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

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

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

For equity securities, the Company reflects changes in value as net realized capital gains and losses. Interest income on all fixed maturities and dividend income on all equity securities are included as part of net investment income in the statements of operations and comprehensive income (loss). Short-term investments are stated at cost, which approximates market value. Realized gains or losses on sales of investments are determined on the basis of identified cost. For some non-publicly traded securities, market prices are determined through the use of pricing models that evaluate securities relative to the U.S. Treasury yield curve, taking into account the issue type, credit quality, and cash flow characteristics of each security. For other non-publicly traded securities, investment managers' valuation committees will estimate fair value, and in many instances, these fair values are supported with opinions from qualified independent third parties. All fair value estimates from investment managers are reviewed by the Company for reasonableness. For publicly traded securities, market value is based on quoted market prices or valuation models that use observable market inputs. When a sector of the financial markets is inactive or illiquid, the Company may use its own assumptions about future cash flows and risk-adjusted discount rates to determine fair value. Retrospective adjustments are employed to recalculate the values of asset-backed securities. Each acquisition lot is reviewed to recalculate the effective yield. The recalculated effective yield is used to derive a book value as if the new yield were applied at the time of acquisition. Outstanding principal factors from the time of acquisition to the adjustment date are used to calculate the prepayment history for all applicable securities. Conditional prepayment rates, computed with life to date factor histories and weighted average maturities, are used as an input to the calculation of projected and prepayments for pass-through security types. Other invested assets include limited partnerships. Cash contributions to and cash distributions from the sweep facility were reported gross in cash flows from investing activities in the statements of cash flows. Limited partnerships are accounted for under the equity method of accounting, which can be recorded on a monthly or quarterly lag.

C. Allowance for Receivable Balances.

Effective January 1, 2020, the Company adopted the Current Expected Credit Losses (CECL) methodology for estimating allowances for credit losses. The Company evaluates the recoverability of its premiums and reinsurance recoverable balances and establishes an allowance for estimated uncollectible amounts. Prior to the adoption of CECL, an allowance for doubtful accounts was estimated on the basis of periodic evaluations of balances due from third parties, considering historical collection experience, solvency and current economic conditions.

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

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

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

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

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

The Company expects the impact of the COVID-19 pandemic to reinsurers to be somewhat mitigated by their regulated capital and liquidity positions. The ultimate impact to the Company's financial statements could vary significantly from our estimates depending on the duration and severity of the pandemic, the duration and severity of the economic downturn and the degree to which federal, state and local government actions to mitigate the economic impact of COVID-19 are effective.

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

Allowances are presented in the table below for the periods indicated.

	Years Ended December 31,	
(Dollars in thousands)	2021	2020
Reinsurance recoverable and premiums receivables	$ 3,064	$ 2,626

D. Deferred Acquisition Costs.

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

E. Reserve for Losses and Loss Adjustment Expenses.

The reserve for losses and loss adjustment expenses ("LAE") is based on individual case estimates and reports received from ceding companies. A provision is included for losses and LAE incurred but not reported ("IBNR") based on past experience. Provisions are also included for certain potential liabilities, including those relating to asbestos and environmental ("A&E") exposures, catastrophe exposures and COVID-19 exposures, for which liabilities cannot be estimated using traditional reserving techniques. See also Note 3. The reserves are reviewed periodically and any changes in estimates are reflected in earnings in the period the adjustment is made. The Company's loss and LAE reserves represent management's best estimate of the ultimate liability. Loss and LAE reserves are presented gross of reinsurance recoverable and incurred losses and LAE are presented net of reinsurance.

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

F. Future Policy Benefit Reserve.

Liabilities for future policy benefits on annuity policies are carried at their accumulated values. Reserves for policy benefits include mortality claims in the process of settlement and IBNR claims. Actual experience in a particular period may fluctuate from expected results.

G. Premium Revenues.

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

H. Prepaid Reinsurance Premiums.

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

I. Income Taxes.

The U.K. branch of Bermuda Re files a U.K. income tax return. Income taxes have been recorded to recognize the tax effect of temporary differences between the financial reporting and income tax bases of assets and liabilities, which arise because of differences between GAAP and U.K. income tax accounting rules.

As an accounting policy, the Company has adopted the aggregate portfolio approach for releasing disproportionate income tax effects from AOCI.

J. Foreign Currency.

Assets and liabilities relating to foreign operations are translated into U.S. dollars at the exchange rates in effect at the balance sheet date; revenues and expenses are translated into U.S. dollars using average exchange rates in effect during the reporting period. Gains and losses resulting from translating foreign currency financial statements, net of deferred income taxes, are excluded from net income (loss) and accumulated in shareholder's equity. Gains and losses resulting from foreign currency transactions, other than debt securities available for sale, are recorded through the statements of operations and comprehensive income (loss) in other income (expense). Gains and losses resulting from changes in the foreign currency exchange rates on debt securities, available for sale at market value, are recorded in the balance sheets in accumulated other comprehensive income (loss) as unrealized appreciation (depreciation) and any losses which are deemed non-credit related are charged to net income (loss) as net realized capital loss.

K. Deposit Assets and Liabilities.

In the normal course of its operations, the Company may enter into contracts that do not meet risk transfer provisions. Such contracts are accounted for using the deposit accounting method and are included in other liabilities in the Company's balance sheets. For such contracts, the Company originally records deposit liabilities for an amount equivalent to the assets received. Actuarial studies are used to estimate the final liabilities under such contracts with any change reflected in the statements of operations and comprehensive income (loss).

L. Retroactive Reinsurance.

The gains on assumed retroactive contracts are deferred and amortized into income based on cash payouts. Losses on assumed retroactive contracts are recognized immediately into income.

M. Application of Recently Issued Accounting Standard Changes.
Reference Rate Reform - LIBOR. In March 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-04, which outlines the issues surrounding the cessation of LIBOR as a reference rate for contractual debt agreements. The guidance also details the potential alternative expedients and sources available for use in determination of rates and terms for such debt agreements in order to apply appropriate accounting policy. The guidance is effective for annual reporting periods beginning after December 15, 2021. The Company has reviewed its inventory of investments, debt issuances and business contracts to evaluate the impact of elimination of LIBOR upon its financial statements and business operations. Due to the existence of modification or default provisions for use of other reference rates after the elimination of LIBOR, the Company has determined that the adoption of ASU 2020-04 did not have a material impact upon its financial statements or business operations.

Accounting for Long Duration Contracts. In August 2018, FASB issued ASU 2018-12, which discusses changes to the recognition, measurement and presentation of long duration contracts. The main provisions of this guidance address the following: 1) In determining liability for future policy benefits, companies must review cash flow assumptions at least annually and the discount rate assumption at each reporting period date 2) Amortization of deferred acquisition costs has been simplified to be in constant level proportion to either premiums, gross profits or gross margins 3) Disaggregated roll forwards of beginning and ending liabilities for future policy benefits are required. The guidance was originally effective for annual reporting periods beginning after December 15, 2020 and interim periods within that annual reporting period. However, FASB issued ASU 2019-09 in November 2019 and then ASU 2020-11 in November 2021, which ultimately defers the effective date of ASU 2018-12 until annual reporting periods beginning after December 15, 2022. The Company is currently evaluating the impact of the adoption of ASU 2018-12 on its financial statements.

Valuation of Financial Instruments. In June 2016, FASB issued ASU 2016-13 (and has subsequently issued related guidance and amendments in ASU 2019-11 and ASU 2019-10 in November 2019) which outline guidance on the valuation of and accounting for assets measured at amortized cost and available for sale debt securities. The new guidance requires the carrying value of assets measured at amortized cost, including reinsurance and premiums receivables to be presented as the net amount expected to be collected on the financial asset (amortized cost less an allowance for credit losses valuation account). The allowance reflects expected credit losses of the financial asset which considers available information using a combination both historical information, current market conditions and reasonable and supportable forecasts. For available-for-sale debt securities, the guidance modified the previous other than temporary impairment model, now requiring an allowance for estimated credit related losses rather than a permanent impairment, which will be limited to the amount by which fair value is below amortized cost. The guidance is effective for annual and interim reporting periods beginning after December 15, 2019. The Company adopted the guidance effective January 1, 2020, on a modified retrospective basis. The adoption resulted in a cumulative reduction of $2.9 million in retained earnings, net of tax, which is disclosed separately within the Statements of Shareholder's Equity.

Any issued guidance and pronouncements, other than those directly referenced above, are deemed by the Company to be either not applicable or immaterial to its financial statements.

2. INVESTMENTS

The tables below present the amortized cost, allowance for credit losses, gross unrealized appreciation/(depreciation) and market value of fixed maturity securities as of December 31, 2021 and 2020.

	At December 31, 2021				
(Dollars in thousands)	Amortized Cost	Allowance for Credit Losses	Unrealized Appreciation	Unrealized Depreciation	Market Value
Fixed maturity securities					
U.S. Treasury securities and obligations of					
U.S. government agencies and corporations	$ 653,108	$ -	$ 11,849	$ (6,594)	$ 658,363
U.S. Corporate securities	2,510,809	-	80,500	(24,568)	2,566,741
Asset-backed securities	48,317	-	729	(508)	48,538
Mortgage-backed securities					
Commercial	358,040	-	15,103	(1,395)	371,748
Agency residential	854,333	-	14,371	(4,783)	863,921
Non-agency residential	1,197	-	7	-	1,204
Foreign government securities	412,501	-	11,120	(18,261)	405,360
Foreign corporate securities	1,377,004	(2,247)	31,591	(29,624)	1,376,724
Total fixed maturity securities	$ 6,215,309	$ (2,247)	$ 165,270	$ (85,733)	$ 6,292,599

	At December 31, 2020				
(Dollars in thousands)	Amortized Cost	Allowance for Credit Losses	Unrealized Appreciation	Unrealized Depreciation	Market Value
Fixed maturity securities					
U.S. Treasury securities and obligations of					
U.S. government agencies and corporations	$ 489,722	$ -	$ 22,823	$ (3,284)	$ 509,261
U.S. Corporate securities	2,532,937	(14)	162,691	(13,471)	2,682,143
Asset-backed securities	30,014	-	1,174	(458)	30,730
Mortgage-backed securities					
Commercial	340,466	-	32,827	(691)	372,602
Agency residential	955,256	-	30,216	(356)	985,116
Non-agency residential	19	-	-	-	19
Foreign government securities	568,992	(22)	28,952	(15,936)	581,986
Foreign corporate securities	1,108,755	(142)	65,277	(16,038)	1,157,852
Total fixed maturity securities	$ 6,026,161	$ (178)	$ 343,960	$ (50,234)	$ 6,319,709

The amortized cost and market value of fixed maturity securities are shown in the following table by contractual maturity. Mortgage-backed securities are generally more likely to be prepaid than other fixed maturity securities. As the stated maturity of such securities may not be indicative of actual maturities, the totals for mortgage-backed and asset-backed securities are shown separately.

	At December 31, 2021		At December 31, 2020	
(Dollars in thousands)	Amortized Cost	Market Value	Amortized Cost	Market Value
Fixed maturity securities – available for sale:				
Due in one year or less	$ 570,994	$ 569,912	$ 425,203	$ 432,614
Due after one year through five years	2,398,887	2,414,043	2,389,029	2,465,192
Due after five years through ten years	1,694,449	1,727,076	1,577,405	1,694,214
Due after ten years	289,092	296,157	308,769	339,222
Asset-backed securities	48,317	48,538	30,014	30,730
Mortgage-backed securities:				
Commercial	358,040	371,748	340,466	372,602
Agency residential	854,333	863,921	955,256	985,116
Non-agency residential	1,197	1,204	19	19
Total fixed maturity securities	$ 6,215,309	$ 6,292,599	$ 6,026,161	$ 6,319,709

The changes in net unrealized appreciation (depreciation) for the Company's investments are derived from the following sources for the periods indicated:

	Years Ended December 31,	
(Dollars in thousands)	2021	2020
Increase (decrease) during the period between the market value and cost of investments carried at market value, and income taxes thereon:		
Fixed maturity securities	$ (214,189)	$ 153,324
Change in unrealized appreciation (depreciation), pre-tax	(214,189)	153,324
Income tax benefit (expense)	8,493	1,668
Change in unrealized appreciation (depreciation), net of income taxes, included in shareholder's equity	$ (205,696)	$ 154,992

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

	Duration of Unrealized Loss at December 31, 2021 By Security Type					
	Less than 12 months		Greater than 12 months		Total	
(Dollars in thousands)	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation
Fixed maturity securities - available for sale						
U.S. Treasury securities and obligations of U.S. government agencies and corporations	$ 237,216	$ (2,968)	$ 71,716	$ (3,626)	$ 308,932	$ (6,594)
U.S. Corporate securities	450,890	(8,342)	237,493	(16,226)	688,383	(24,568)
Asset-backed securities	21,164	(200)	1,233	(306)	22,397	(506)
Mortgage-backed securities						
Commercial	57,104	(222)	4,844	(1,173)	61,948	(1,395)
Agency residential	280,131	(3,869)	43,253	(914)	323,384	(4,783)
Non-agency residential	-	-	-	-	-	-
Foreign government securities	75,919	(2,232)	82,719	(16,029)	158,638	(18,261)
Foreign corporate securities	527,749	(13,629)	166,069	(15,997)	693,818	(29,626)
Total fixed maturity securities	$ 1,650,173	$ (31,462)	$ 607,327	$ (54,271)	$ 2,257,500	$ (85,733)

	Duration of Unrealized Loss at December 31, 2021 By Maturity					
	Less than 12 months		Greater than 12 months		Total	
(Dollars in thousands)	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation
Fixed maturity securities						
Due in one year or less	$ 8,996	$ (92)	$ 77,060	$ (6,328)	$ 86,056	$ (6,420)
Due in one year through five years	684,786	(10,193)	273,156	(24,664)	957,942	(34,857)
Due in five years through ten years	485,320	(14,785)	183,931	(19,222)	669,251	(34,007)
Due after ten years	112,672	(2,101)	23,850	(1,664)	136,522	(3,765)
Asset-backed securities	21,164	(200)	1,233	(306)	22,397	(506)
Mortgage-backed securities	337,235	(4,091)	48,097	(2,087)	385,332	(6,178)
Total fixed maturity securities	$ 1,650,173	$ (31,462)	$ 607,327	$ (54,271)	$ 2,257,500	$ (85,733)

The aggregate market value and gross unrealized losses related to investments in an unrealized loss position at December 31, 2021 were $2.3 billion and $85.7 million, respectively. The market value of securities for the single issuer (United States government) whose securities comprised the largest unrealized loss position at December 31, 2021, did not exceed 5.0% of the overall market value of the Company's fixed maturity securities. The market value of the securities for the issuer with the second largest unrealized loss comprised less than 0.7% of the Company's fixed maturity securities. In addition, as indicated on the above table, there was no significant concentration of unrealized losses in any one market sector. The $31.5 million of unrealized losses related to fixed maturity securities that have been in an unrealized loss position for less than one year were generally comprised of U.S. and foreign corporate securities, U.S. government securities, agency residential mortgage-backed securities and foreign government securities. Of these unrealized losses, $29.3 million were related to securities that were rated investment grade by at least one nationally recognized statistical rating agency. The $54.3 million of unrealized losses related to fixed maturity securities in an unrealized loss position for more than one year related primarily to foreign government securities and U.S. and foreign corporate securities. Of these unrealized losses, $54.2 million were related to securities that were rated investment grade by at least one nationally recognized statistical rating agency. In all instances, there were no projected cash flow shortfalls to recover the full book value of the investments and the related interest obligations. The mortgage-backed securities still have excess credit coverage and are current on interest and principal payments.

The Company, given the size of its investment portfolio and capital position, does not have the intent to sell these securities; and it is more likely than not that the Company will not have to sell the security before recovery of its cost basis. In addition, all securities currently in an unrealized loss position are current with respect to principal and interest payments.

The tables below display the aggregate market value and gross unrealized depreciation of fixed maturity securities, by security type and contractual maturity, in each case subdivided according to length of time that individual securities had been in a continuous unrealized loss position for the periods indicated. The amounts presented in the tables below include $0.1 million of market value and $0.01 million of gross unrealized depreciation as of December 31, 2020 related to fixed maturity securities for which the Company has recorded an allowance for credit losses.

Duration of Unrealized Loss at December 31, 2020 By Security Type

	Less than 12 months		Greater than 12 months		Total	
(Dollars in thousands)	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation
Fixed maturity securities - available for sale						
U.S. Treasury securities and obligations of U.S. government agencies and corporations	$ 77,528	$ (3,284)	$ -	$ -	$ 77,528	$ (3,284)
U.S. Corporate securities	247,306	(10,758)	27,719	(2,713)	275,025	(13,471)
Asset-backed securities	1,176	(176)	3,643	(282)	4,819	(458)
Mortgage-backed securities						
Commercial	14,022	(376)	2,610	(315)	16,632	(691)
Agency residential	83,818	(244)	10,989	(112)	94,807	(356)
Non-agency residential	19	-	-	-	19	-
Foreign government securities	67,804	(6,457)	106,915	(9,479)	174,719	(15,936)
Foreign corporate securities	173,880	(9,784)	56,163	(6,254)	230,043	(16,038)
Total fixed maturity securities	$ 665,553	$ (31,079)	$ 208,039	$ (19,155)	$ 873,592	$ (50,234)

Duration of Unrealized Loss at December 31, 2020 By Maturity

	Less than 12 months		Greater than 12 months		Total	
(Dollars in thousands)	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation	Market Value	Gross Unrealized Depreciation
Fixed maturity securities						
Due in one year or less	$ 37,685	$ (1,536)	$ 19,902	$ (2,799)	$ 57,587	$ (4,335)
Due in one year through five years	275,509	(14,314)	134,264	(14,048)	409,773	(28,362)
Due in five years through ten years	216,504	(13,588)	36,631	(1,599)	253,135	(15,187)
Due after ten years	36,820	(845)	-	-	36,820	(845)
Asset-backed securities	1,176	(176)	3,643	(282)	4,819	(458)
Mortgage-backed securities	97,859	(620)	13,599	(427)	111,458	(1,047)
Total fixed maturity securities	$ 665,553	$ (31,079)	$ 208,039	$ (19,155)	$ 873,592	$ (50,234)

The aggregate market value and gross unrealized losses related to investments in an unrealized loss position at December 31, 2020 were $873.6 million and $50.2 million, respectively. The market value of securities for the single issuer whose securities comprised the largest unrealized loss position at December 31, 2020, did not exceed 1.0% of the overall market value of the Company's fixed maturity securities. In addition, as indicated on the above table, there was no significant concentration of unrealized losses in any one market sector. The $31.1 million of unrealized losses related to fixed maturity securities that have been in an unrealized loss position for less than one year were generally comprised of U.S. and foreign corporate securities, U.S. government securities and foreign government securities. Of these unrealized losses, $30.9 million were related to securities that were rated investment grade by at least one nationally recognized statistical rating agency. The $19.2 million of unrealized losses related to fixed maturity securities in an unrealized loss position for more than one year related primarily to foreign government securities and U.S. and foreign corporate securities. Of these unrealized losses, $19.1 million were related to securities that were rated investment grade by at least one nationally recognized statistical rating agency. In all instances, there were no projected cash flow shortfalls to recover the full book value of the investments and the related interest obligations. The mortgage-backed securities still have excess credit coverage and are current on interest and principal payments.

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

(Dollars in thousands)	Years Ended December 31, 2021	2020
Fixed maturities	$ 160,443	$ 179,662
Equity securities	2,022	7,310
Short-term investments and cash	641	1,311
Other invested assets:		
Limited partnerships	240,217	62,605
Other	230	669
Gross investment income before adjustments	403,553	251,557
Funds held interest income (expense)	4,322	6,390
Future policy benefit reserve income (expense)	(1,093)	(1,238)
Gross investment income	406,782	256,709
Investment expenses	(8,535)	(10,272)
Net investment income	$ 398,247	$ 246,437

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

The Company had contractual commitments to invest up to an additional $617.6 million in limited partnerships at December 31, 2021. These commitments will be funded when called in accordance with the partnership and loan agreements, which have investment periods that expire, unless extended, through 2025.

The Company's other invested assets at December 31, 2021 and 2020 included $146.9 million and $103.0 million, respectively, related to a private placement liquidity sweep facility. The primary purpose of the facility is to enhance the Company's return on its short-term investments and cash positions. The facility invests in high quality, short-duration securities and permits daily liquidity.

Variable Interest Entities

The Company is engaged with various special purpose entities and other entities that are deemed to be VIEs primarily as an investor through normal investment activities but also as an investment manager. A VIE is an entity that either has investors that lack certain essential characteristics of a controlling financial interest, such as simple majority kick-out rights, or lacks sufficient funds to finance its own activities without financial support provided by other entities. The Company performs ongoing qualitative assessments of its VIEs to determine whether the Company has a controlling financial interest in the VIE and therefore is the primary beneficiary. The Company is deemed to have a controlling financial interest when it has both the ability to direct the activities that most significantly impact the economic performance of the VIE and the obligation to absorb losses or right to receive benefits from the VIE that could potentially be significant to the VIE. Based on the Company's assessment, if it determines it is the primary beneficiary, the Company consolidates the VIE in the Company's Financial Statements. As of December 31, 2021 and 2020, the Company did not hold any securities for which it is the primary beneficiary.

The Company, through normal investment activities, makes passive investments in general and limited partnerships and other alternative investments. For these non-consolidated VIEs, the Company has determined it is not the primary beneficiary as it has no ability to direct activities that could significantly affect the economic performance of the investments. The Company's maximum exposure to loss as of December 31, 2021 and 2020 is limited to the total carrying value of $1.0 billion and $835.6 million, respectively, which are included in limited partnerships and other alternative investments in Other Invested Assets in the Company's Balance Sheets. As of December 31, 2021, the Company has outstanding commitments totaling $617.6 million whereby the Company is committed to fund these investments and may be called by the partnership during the commitment period to fund the purchase of new investments and partnership expenses. These investments are generally of a passive nature in that the Company does not take an active role in management.

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

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

	Years Ended December 31,	
(Dollars in thousands)	2021	2020
Fixed maturity securities, market value:		
Allowance for credit losses	$ (2,068)	$ (179)
Gains (losses) from sales	15,008	30,708
Equity securities, fair value:		
Gains (losses) from sales	3,169	(1,036)
Gains (losses) from fair value adjustments	(17,023)	1,734
Short-term investments gain (loss)	-	26
Total net realized capital gains (losses)	$ (914)	$ 31,253

(Some amounts may not reconcile due to rounding.)

	Roll Forward of Allowance for Credit Losses							
	Twelve Months Ended December 31, 2021				Twelve Months Ended December 31, 2020			
	Corporate Securities	Foreign Government Securites	Foreign Corporate Securites	Total	Corporate Securities	Foreign Government Securites	Foreign Corporate Securites	Total
(Dollars in thousands)								
Beginning Balance	$ (14)	$ (22)	$ (142)	$ (178)	$ -	$ -	$ -	$ -
Credit losses on securities where credit losses were not previously recorded	-	-	(2,247)	(2,247)	(5,836)	(448)	(4,138)	(10,422)
Increases in allowance on previously impaired securities	-	-	-	-	(227)	(28)	(270)	(525)
Decreases in allowance on previously impaired securities	-	-	-	-	2,510	309	600	3,419
Reduction in allowance due to disposals	14	22	142	178	3,539	145	3,666	7,350
Total fixed maturity securities	$ -	$ -	$ (2,247)	$ (2,247)	$ (14)	$ (22)	$ (142)	$ (178)

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

	Years Ended December 31,	
(Dollars in thousands)	2021	2020
Proceeds from sales of fixed maturity securities	$ 516,914	$ 962,204
Gross gains from sales	22,051	43,381
Gross losses from sales	(7,043)	(12,673)
Proceeds from sales of equity securities	$ 128,576	$ 1,046
Gross gains from sales	3,169	9
Gross losses from sales	-	(1,045)

3. RESERVE FOR LOSSES, LAE AND FUTURE POLICY BENEFIT RESERVE

Reserves for losses and LAE.

Activity in the reserve for losses and LAE is summarized for the periods indicated:

(Dollars in thousands)	At December 31, 2021	At December 31, 2020
Gross reserves at January 1	$ 6,283,337	$ 5,819,737
Less reinsurance recoverables	(1,257,853)	(1,050,587)
Net reserves at January 1	5,025,484	4,769,150
Incurred related to:		
Current year	1,077,106	931,920
Prior years	(31,342)	201,900
Total incurred losses and LAE	1,045,764	1,133,820
Paid related to:		
Current year	33,329	69,722
Prior years	838,847	882,316
Total paid losses and LAE	872,176	952,038
Foreign exchange/translation adjustment	8,667	74,552
Net reserves at December 31	5,207,739	5,025,484
Plus reinsurance recoverables	1,422,030	1,257,853
Gross reserves at December 31	$ 6,629,769	$ 6,283,337

(Some amounts may not reconcile due to rounding.)

Current year incurred losses were $1.1 billion and $931.9 million at December 31, 2021 and 2020, respectively. The increase in current year incurred losses was primarily due to higher catastrophe losses in 2021 compared to 2020 and the impact of the increase in premiums earned, partially offset by COVID-19 losses incurred in 2020 which did not recur in 2021.

Prior years' reserves decreased by $31.3 million and increased by $201.9 million for the years ended December 31, 2021 and 2020, respectively. The 2021 decrease was primarily attributable to long-tail lines such as general liability, auto liability and professional liability and to a lesser degree non-cat property lines.

The following is information about incurred and paid claims development as of December 31, 2021, net of reinsurance, as well as cumulative claim frequency and the total of incurred but not reported liabilities (IBNR) plus expected development on reported claims included within the net incurred claims amounts. The Company's loss activity has been disaggregated into casualty and property business. The casualty and property segregation results in groups that have homogeneous loss development characteristics and are large enough to represent credible trends. Generally, casualty claims take longer to be reported and settled, resulting in longer payout patterns and increased volatility. Property claims on the other hand, tend to be reported and settled quicker and therefore tend to exhibit less volatility. The property business is more exposed to catastrophe losses, which can result in year over year fluctuations in incurred claims depending on the frequency and severity of catastrophes claims in any one accident year.

The information about incurred and paid claims development for the years ended December 31, 2012 to December 31, 2020 is presented as supplementary information.

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

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

Casualty Business

Incurred Claims and Allocated Claim Adjustment Expenses, Net of reinsurance
Years Ended December 31,

Accident Year	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021	Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
(Dollars in thousands)												
2012	$ 595,480	$ 636,961	$ 617,404	$ 599,310	$ 576,398	$ 564,352	$ 572,687	$ 584,808	$ 565,894	$ 558,121	38,213	N/A
2013		610,316	682,869	671,255	658,158	623,768	591,863	587,431	586,410	581,532	39,135	N/A
2014			640,413	720,280	695,758	690,952	587,429	570,393	584,469	579,237	54,643	N/A
2015				695,041	721,238	723,195	727,100	643,886	683,523	683,057	110,023	N/A
2016					616,972	768,082	809,238	843,264	856,445	846,596	175,366	N/A
2017						818,872	814,816	805,020	918,968	902,819	270,735	N/A
2018							352,869	353,704	403,126	402,756	241,199	N/A
2019								448,315	484,942	485,540	295,363	N/A
2020									589,836	600,238	441,276	N/A
2021										740,496	638,528	N/A
										$ 6,380,391		

(Some amounts may not reconcile due to rounding.)

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance
Years Ended December 31,

Accident Year	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021
(Dollars in thousands)										
2012	$ 38,420	$ 99,572	$ 171,165	$ 250,493	$ 315,250	$ 383,317	$ 445,041	$ 474,976	$ 489,052	$ 490,239
2013		44,636	128,968	206,556	287,227	336,867	414,356	455,776	473,078	494,250
2014			58,311	130,868	208,894	276,405	365,327	426,491	453,018	486,978
2015				56,192	141,909	175,158	288,654	379,042	423,082	477,233
2016					63,013	15,164	145,641	241,796	361,289	431,459
2017						2,306	61,615	198,206	347,410	461,688
2018							19,961	41,312	73,438	142,025
2019								28,392	65,194	108,868
2020									27,051	71,170
2021										38,910
										3,202,820
All outstanding liabilities prior to 2012, net of reinsurance										465,173
Liabilities for claims and claim adjustment expenses, net of reinsurance										$ 3,642,744

(Some amounts may not reconcile due to rounding.)

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

Years	1	2	3	4	5	6	7	8	9	10
Casualty	5.9%	7.4%	12.0%	14.4%	12.7%	9.9%	7.7%	4.7%	3.1%	0.2%

Property Business

	Incurred Claims and Allocated Claim Adjustment Expenses, Net of reinsurance Years Ended December 31,										Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
Accident Year	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021		
(Dollars in thousands)												
2012	$ 890,696	$ 673,230	$ 618,204	$ 593,450	$ 598,420	$ 588,812	$ 591,853	$ 583,844	$ 589,108	$ 588,055	6,691	N/A
2013		854,873	624,731	571,950	557,149	553,659	549,815	549,263	547,512	545,572	1,644	N/A
2014			761,971	678,423	650,096	588,689	587,236	582,949	576,029	576,823	3,959	N/A
2015				874,811	721,399	667,505	642,640	639,383	632,827	634,564	3,824	N/A
2016					1,141,496	925,076	949,776	946,699	927,209	927,404	12,130	N/A
2017						1,655,781	1,650,477	1,630,837	1,670,628	1,651,153	2,389	N/A
2018							273,027	275,465	277,262	279,985	27,453	N/A
2019								269,534	271,221	285,755	34,067	N/A
2020									252,251	265,191	107,792	N/A
2021										413,907	211,476	N/A
										$ 6,168,410		

(Some amounts may not reconcile due to rounding.)

	Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance Years Ended December 31,									
Accident Year	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021
(Dollars in thousands)										
2012	$ 264,144	$ 411,670	$ 493,668	$ 547,951	$ 563,282	$ 567,662	$ 570,146	$ 571,816	$ 573,929	$ 575,983
2013		265,400	394,742	478,597	518,368	528,629	534,300	535,387	536,659	538,621
2014			240,985	421,163	490,523	533,941	548,692	552,663	559,812	560,945
2015				262,463	415,714	507,370	567,101	578,421	600,442	603,895
2016					316,214	530,756	704,301	805,737	844,274	853,159
2017						98,255	682,697	874,058	1,093,860	1,159,894
2018							49,270	113,656	145,265	183,110
2019								49,694	115,376	153,330
2020									26,183	113,863
2021										14,819
										$ 4,757,617
All outstanding liabilities prior to 2012, net of reinsurance										96,959
Liabilities for claims and claim adjustment expenses, net of reinsurance										$ 1,507,751

(Some amounts may not reconcile due to rounding.)

	Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance (unaudited)									
Years	1	2	3	4	5	6	7	8	9	10
Property	25.7%	28.3%	13.9%	10.7%	3.2%	1.4%	0.6%	0.2%	0.4%	0.3%

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

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

(Dollars in thousands)	December 31, 2021
Net outstanding liabilities	
Casualty	$ 3,642,744
Property	1,507,751
Liabilities for unpaid claims and claim adjustment expenses, net of reinsurance	5,150,495
Reinsurance recoverable on unpaid claims	
Casualty	1,197,475
Property	224,555
Total reinsurance recoverable on unpaid claims	1,422,030
Insurance lines other than short-duration	-
Unallocated claims adjustment expenses	45,744
Other	11,500
	57,244
Total gross liability for unpaid claims and claim adjustment expense	$ 6,629,769

(Some amounts may not reconcile due to rounding.)

Reserving Methodology

The Company maintains reserves equal to our estimated ultimate liability for losses and loss adjustment expense (LAE) for reported and unreported claims. Because reserves are based on estimates of ultimate losses and LAE by underwriting or accident year, the Company uses a variety of statistical and actuarial techniques to monitor reserve adequacy over time, evaluate new information as it becomes known, and adjust reserves whenever an adjustment appears warranted. The Company considers many factors when setting reserves including: (1) exposure base and projected ultimate premium; (2) expected loss ratios by product and class of business, which are developed collaboratively by underwriters and actuaries; (3) actuarial methodologies and assumptions which analyze loss reporting and payment experience, reports from ceding companies and historical trends, such as reserving patterns, loss payments, and product mix; (4) current legal interpretations of coverage and liability; and (5) economic conditions. Insurance and reinsurance loss and LAE reserves represent the Company's best estimate of its ultimate liability. Actual loss and LAE ultimately paid may deviate, perhaps substantially, from such reserves. Net income will be impacted in a period in which the change in estimated ultimate loss and LAE is recorded.

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

The Company assigns business to exposure groupings so that the underlying exposures have reasonably homogeneous loss development characteristics and are large enough to facilitate credible estimation of ultimate losses. The Company periodically reviews its exposure groupings and may change groupings over time as business changes. The Company currently uses approximately 200 exposure groupings to develop reserve estimates. One of the key selection characteristics for the exposure groupings is the historical duration of the claims settlement process. Business in which claims are reported and settled relatively quickly are commonly referred to as short tail lines, principally property lines. On the other hand, casualty claims tend to take longer to be reported and settled and casualty lines are generally referred to as long tail lines. Estimates of ultimate losses for shorter tail lines, with the exception of loss estimates for large catastrophic events, generally exhibit less volatility than those for the longer tail lines.

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

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

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

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

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

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

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

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

The Company continues to receive claims under expired insurance and reinsurance contracts asserting injuries and/or damages relating to or resulting from environmental pollution and hazardous substances, including asbestos. Environmental claims typically assert liability for (a) the mitigation or remediation of environmental contamination or (b) bodily injury or property damage caused by the release of hazardous substances into the land, air or water. Asbestos claims typically assert liability for bodily injury from exposure to asbestos or for property damage resulting from asbestos or products containing asbestos.

The Company's reserves include an estimate of the Company's ultimate liability for A&E claims. The Company's A&E liabilities emanate from Mt. McKinley Insurance Company's ("Mt. McKinley"), a formerly owned affiliated company that was sold in 2015, direct business and Everest Reinsurance Company's ("Everest Re") assumed reinsurance business. All of the contracts of insurance and reinsurance, under which the Company has received claims during the past three years, expired more than 20 years ago. There are significant uncertainties surrounding the Company's reserves for its A&E losses.

On July 13, 2015, Everest Reinsurance Holdings, Inc., an affiliate of the Company, sold Mt. McKinley to Clearwater Insurance Company, a subsidiary of Fairfax Financial. Concurrently with the closing, the Company entered into a retrocession treaty with an affiliate of Clearwater Insurance Company. Per the retrocession treaty, the Company retroceded 100% of the liabilities associated with certain Mt. McKinley policies. As consideration for entering into the retrocession treaty, the Company transferred cash of $140.3 million, an amount equal to the net loss reserves as of the closing date. The maximum liability retroceded under the retrocession treaty will be $440.3 million, equal to the retrocession payment plus $300.0 million. The Company will retain liability for any amounts exceeding the maximum liability retroceded under the retrocession treaty.

On December 20, 2019, the retrocession treaty was amended and included a partial commutation. As a result of this amendment and partial commutation, gross A&E reserves and correspondingly reinsurance recoverables were reduced by $43.4 million. In addition, the maximum liability permitted to be retroceded increased to $450.3 million.

A&E exposures represent a separate exposure group for monitoring and evaluating reserve adequacy. The following table summarizes incurred losses with respect to A&E reserves on both a gross and net of reinsurance basis for the periods indicated:

	At December 31,	
(Dollars in thousands)	2021	2020
Gross basis:		
Beginning of period reserves	$ 30,815	$ 32,127
Incurred losses	3,148	3,980
Paid losses	(6,282)	(5,292)
End of period reserves	$ 27,681	$ 30,815
Net basis:		
Beginning of period reserves	$ 30,815	$ 32,127
Incurred losses	3,148	3,980
Paid losses	(6,282)	(5,292)
End of period reserves	$ 27,681	$ 30,815

<u>Reinsurance Recoverables.</u> Reinsurance recoverables for both paid and unpaid losses were $1.4 billion and $1.3 billion at December 31, 2021 and 2020, respectively. At December 31, 2021, $1.2 billion, or 81.0%, was receivable from Everest International Reinsurance, Ltd. ("Everest International") and $257.6 million, or 18.0%, was receivable from Mt. Logan Reinsurance Limited ("Mt. Logan Re"), an affiliated entity. No other retrocessionaire accounted for more than 5% of reinsurance recoverables.

Future Policy Benefit Reserve.

Activity in the reserve for future policy benefits is summarized for the periods indicated:

(Dollars in thousands)	At December 31, 2021	2020
Balance at beginning of year	$ 37,723	$ 42,592
Liabilities assumed	27	35
Adjustments to reserves	719	(1,113)
Benefits paid in the current year	(2,800)	(3,791)
Balance at end of year	$ 35,669	$ 37,723

(Some amounts may not reconcile due to rounding.)

4. FAIR VALUE

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

The levels in the hierarchy are defined as follows:

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

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

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

The Company's fixed maturity and equity securities are primarily managed by third party investment asset managers. The investment asset managers managing publicly traded securities obtain prices from nationally recognized pricing services. These services seek to utilize market data and observations in their evaluation process. They use pricing applications that vary by asset class and incorporate available market information and when fixed maturity securities do not trade on a daily basis the services will apply available information through processes such as benchmark curves, benchmarking of like securities, sector groupings and matrix pricing. In addition, they use model processes, such as the Option Adjusted Spread model to develop prepayment and interest rate scenarios for securities that have prepayment features.

The investment asset managers do not make any changes to prices received from either the pricing services or the investment brokers. In addition, the investment asset managers have procedures in place to review the reasonableness of the prices from the service providers and may request verification of the prices. The Company also continually performs quantitative and qualitative analysis of prices, including but not limited to initial and ongoing review of pricing methodologies, review of prices obtained from pricing services and third party investment asset managers, review of pricing statistics and trends, and comparison of prices for certain securities with a secondary price source for reasonableness. No material variances were noted during these price validation procedures. In limited situations, where financial markets are inactive or illiquid, the Company may use its own assumptions about future cash flows and risk-adjusted discount rates to determine fair value. At December 31, 2021, $70.6 million of fixed maturities, market value were fair valued using unobservable inputs. The majority of these fixed maturities were valued by investment managers' valuation committees and many of these fair values were substantiated by valuations from independent third parties. The Company has procedures in place to evaluate these independent third party valuations. At December 31, 2020, $70.6

million of fixed maturities, market value were fair valued using unobservable inputs.

Equity securities denominated in U.S. currency with quoted prices in active markets for identical assets are categorized as Level 1 since the quoted prices are directly observable. Equity securities traded on foreign exchanges are categorized as Level 2 due to the added input of a foreign exchange conversion rate to determine fair or market value. The Company uses foreign currency exchange rates published by nationally recognized sources.

Fixed maturity securities listed in the tables below have been categorized as Level 2, since a particular security may not have traded but the pricing services are able to use valuation models with observable market inputs such as interest rate yield curves and prices for similar fixed maturity securities in terms of issuer, maturity and seniority. For foreign government securities and foreign corporate securities, the fair values provided by the third-party pricing services in local currencies, and where applicable, are converted to U.S. dollars using currency exchange rates from nationally recognized sources.

In addition to the valuations from investment managers, some of the fixed maturities with fair values categorized as Level 3 result when prices are not available from the nationally recognized pricing services and are derived using unobservable inputs. The Company will value the securities with unobservable inputs using comparable market information or receive fair values from investment managers. The investment managers may obtain non-binding price quotes for the securities from brokers. The single broker quotes are provided by market makers or broker-dealers who are recognized as market participants in the markets in which they are providing the quotes. The prices received from brokers are reviewed for reasonableness by the third-party asset managers and the Company. If the broker quotes are for foreign denominated securities, the quotes are converted to U.S. dollars using currency exchange rates from nationally recognized sources.

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

- U.S. Treasury securities and obligations of U.S. government agencies and corporations are primarily comprised of U.S. Treasury bonds and the fair value is based on observable market inputs such as quoted prices, reported trades, quoted prices for similar issuances or benchmark yields;

- Obligations of U.S. states and political subdivisions are comprised of state and municipal bond issuances and the fair values are based on observable market inputs such as quoted market prices, quoted prices for similar securities, benchmark yields and credit spreads;

- Corporate securities are primarily comprised of U.S. corporate and public utility bond issuances and the fair values are based on observable market inputs such as quoted market prices, quoted prices for similar securities, benchmark yields and credit spreads;

- Asset-backed and mortgage-backed securities fair values are based on observable inputs such as quoted prices, reported trades, quoted prices for similar issuances or benchmark yields and cash flow models using observable inputs such as prepayment speeds, collateral performance and default spreads;

- Foreign government securities are comprised of global non-U.S. sovereign bond issuances and the fair values are based on observable market inputs such as quoted market prices, quoted prices for similar securities and models with observable inputs such as benchmark yields and credit spreads and then, where applicable, converted to U.S. dollars using an exchange rate from a nationally recognized source;

- Foreign corporate securities are comprised of global non-U.S. corporate bond issuances and the fair values are based on observable market inputs such as quoted market prices, quoted prices for similar securities and models with observable inputs such as benchmark yields and credit spreads and then, where applicable, converted to U.S. dollars using an exchange rate from a nationally recognized source.

The following table presents the fair value measurement levels for all assets and liabilities, which the Company has recorded at fair value (fair and market value) as of the periods indicated:

		Fair Value Measurement Using:		
(Dollars in thousands)	December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Fixed maturities, market value				
U.S. Treasury securities and obligations of U.S. government agencies and corporations	$ 658,363	$ -	$ 658,363	$ -
U.S. Corporate securities	2,566,741	-	2,496,092	70,649
Asset-backed securities	48,538	-	48,538	-
Mortgage-backed securities				
Commercial	371,748	-	371,748	-
Agency residential	863,921	-	863,921	-
Non-agency residential	1,204	-	1,204	-
Foreign government securities	405,360	-	405,360	-
Foreign corporate securities	1,376,724	-	1,376,724	-
Total fixed maturities, market value	6,292,599	-	6,221,950	70,649
Equity securities, at fair value	27,270	20,605	6,665	-

The following table presents the fair value measurement levels for all assets and liabilities, which the Company has recorded at fair value (fair and market values) as of the periods indicated:

		Fair Value Measurement Using:		
(Dollars in thousands)	December 31, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Fixed maturities, market value				
U.S. Treasury securities and obligations of U.S. government agencies and corporations	$ 509,261	$ -	$ 509,261	$ -
U.S. Corporate securities	2,682,143	-	2,611,494	70,649
Asset-backed securities	30,730	-	30,730	-
Mortgage-backed securities				
Commercial	372,602	-	372,602	-
Agency residential	985,116	-	985,116	-
Non-agency residential	19	-	19	-
Foreign government securities	581,986	-	581,986	-
Foreign corporate securities	1,157,852	-	1,157,852	-
Total fixed maturities, market value	6,319,709	-	6,249,060	70,649
Equity securities, at fair value	154,064	146,546	7,518	-

The following table presents the activity under Level 3, fair value measurements using significant unobservable inputs by asset type, for the periods indicated:

(Dollars in thousands)	December 31, 2021 Corporate Securities	December 31, 2021 Total	December 31, 2020 Corporate Securities	December 31, 2020 Total
Beginning balance	$ 70,649	$ 70,649	$ 70,649	$ 70,649
Total gains or (losses) (realized/unrealized)				
Included in earnings	-	-	-	-
Included in other comprehensive income (loss)	-	-	-	-
Purchases, issuances and settlements	-	-	-	-
Transfers in and/or (out) of Level 3	-	-	-	-
Ending balance	$ 70,649	$ 70,649	$ 70,649	$ 70,649
The amount of total gains or losses for the period included in earnings (or changes in net assets) attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	$ -	$ -	$ -	$ -

There were no net transfers to/(from) level 3, fair value measurements using significant unobservable inputs as of December 31, 2021 and 2020.

5. CREDIT FACILITY

Group Credit Facility

Effective May 26, 2016, Group, Bermuda Re and Everest International, entered into a five year, $800.0 million senior credit facility with a syndicate of lenders, which amended and restated in its entirety the June 22, 2012, four year, $800.0 million senior credit facility. Both the May 26, 2016 and June 22, 2012 senior credit facilities, which have similar terms, are referred to as the "2016 Group Credit Facility". Wells Fargo Corporation ("Wells Fargo Bank") is the administrative agent for the 2016 Group Credit Facility.

Effective May 26, 2021, the term of the 2016 Group Credit Facility expired. The Company elected not to renew this facility to allow for the replacement by other collateralized letter of credit facilities, such as described below. As a result of the non-renewal in May 2021, letter of credit commitment/availability in the 2016 Group Credit Facility as of December 21, 2021 is limited only to the remaining $39.2 million of letters of credit currently in force and scheduled to expire in 2022. No additional letters of credit will be issued under the 2016 Group Credit Facility, and the facility will be dormant once the remaining letters of credit have expired. As of December 31, 2021, the Company was in compliance with all Group Credit Facility covenants.

The following table summarizes the outstanding letters of credit and/or borrowings for the periods indicated:

(Dollars in thousands) Bank	At December 31, 2021 Commitment	At December 31, 2021 In Use	At December 31, 2021 Date of Expiry	At December 31, 2020 Commitment	At December 31, 2020 In Use	At December 31, 2020 Date of Expiry
Wells Fargo Bank Group Credit Facility	$ 39,198	$ 39,198	12/30/2022	$ 200,000	$ 164,242	12/31/2021
	-	-		600,000	589,690	12/31/2021
Total Wells Fargo Bank Group Credit Facility	$ 39,198	$ 39,198		$ 800,000	$ 753,932	

Bermuda Re Wells Fargo Letter of Credit Facility

Effective February 23, 2021, Bermuda Re entered into a letter of credit issuance facility with Wells Fargo referred to as the "2021 Bermuda Re Wells Fargo Bilateral Letter of Credit Facility." The Bermuda Re Wells Fargo Bilateral Letter of Credit Facility originally provided for the issuance of up to $50.0 million of secured letters of credit. Effective May 5, 2021, the agreement was amended to provide for the issuance of up to $500.0 million of secured letters of credit.

The following table summarizes the outstanding letters of credit for the periods indicated:

(Dollars in thousands)	At December 31, 2021		
Bank	Commitment	In Use	Date of Expiry
Bermuda Re Wells Fargo Bilateral LOC Facility	$ 500,000	$ 351,497	12/30/2022
Total Bermuda Re Wells Fargo Bilateral LOC Facility	$ 500,000	$ 351,497	

<u>Bermuda Re Citibank Letter of Credit Facility</u>

Effective August 9, 2021, Bermuda Re entered into a new letter of credit issuance facility with Citibank N.A. which superseded the previous letter of credit issuance facility with Citibank that was effective December 31, 2020. Both of these are referred to as the “Bermuda Re Letter of Credit Facility”. The current Bermuda Re Citibank Letter of Credit Facility provides for the committed issuance of up to $230.0 million of secured letters of credit. In addition, the facility provided for the uncommitted issuance of up to $140.0 million, which may be accessible via written request by the Company and corresponding authorization from Citibank N.A.

The following table summarizes the outstanding letters of credit for the periods indicated:

(Dollars in thousands)	At December 31, 2021			At December 31, 2020		
Bank	Commitment	In Use	Date of Expiry	Commitment	In Use	Date of Expiry
Bermuda Re Citibank LOC Facility - Committed	$ 230,000	$ 4,425	2/28/2022	$ 200,000	$ 4,425	2/28/2021
		925	3/1/2022		3,672	11/24/2021
		1,264	11/24/2022		448	12/16/2021
		423	12/16/2022		115	12/20/2021
		146	12/20/2022		136,383	12/31/2021
		216,622	12/31/2022		39,619	12/30/2024
		473	1/21/2023		821	8/15/2022
		985	8/15/2023			
		1,234	9/23/2023		-	
Bermuda Re Citibank LOC Facility - Uncommitted	140,000	84,203	12/31/2022		-	
		22,731	12/30/2025		-	
Total Bermuda Re Citibank LOC Facility	$ 370,000	$ 333,429		$ 200,000	$ 185,483	

<u>Bermuda Re Bayerische Landesbank Bilateral Credit Facility</u>

Effective August 27, 2021 Bermuda Re entered into a letter of credit issuance facility with Bayerische Landesbank, an agreement referred to as the “Bermuda Re Bayerische Landesbank Bilateral Credit Facility”. The Bermuda Re Bayerische Landesbank Bilateral Credit Facility provides for the committed issuance of up to $200.0 million of secured letters of credit.

The following table summarizes the outstanding letters of credit for the periods indicated:

(Dollars in thousands)	At December 31, 2021		
Bank	Commitment	In Use	Date of Expiry
Bermuda Re Bayerische Landesbank Bilateral LOC Facility	$ 200,000	$ 154,691	12/31/2022
Total Bermuda Re Bayerische Landesbank Bilateral LOC Facility	$ 200,000	$ 154,691	

Bermuda Re Lloyd's Bank Credit Facility.

Effective October 8, 2021 Bermuda Re entered into a letter of credit issuance facility with Lloyd's Bank Corporate Markets PLC, an agreement referred to as the "Bermuda Re Lloyd's Bank Credit Facility". The Bermuda Re Lloyd's Bank Credit Facility provides for the committed issuance of up to $50.0 million of secured letters of credit, and subject to credit approval a maximum total facility amount of $250.0 million.

The following table summarizes the outstanding letters of credit for the periods indicated:

(Dollars in thousands)	At December 31, 2021		
Bank	Commitment	In Use	Date of Expiry
Bermuda Re Bayerische Landesbank Bilateral LOC Facility	$ 50,000	$ 46,008	12/31/2022
Total Bermuda Re Bayerische Landesbank Bilateral LOC Facility	$ 50,000	$ 46,008	

Bermuda Re Barclays Bank Credit Facility.

Effective November 3, 2021 Bermuda Re entered into a letter of credit issuance facility with Barclays Bank PLC, an agreement referred to as the "Bermuda Re Barclays Credit Facility". The Bermuda Re Barclays Credit Facility provides for the committed issuance of up to $200.0 million of secured letters of credit.

The following table summarizes the outstanding letters of credit for the periods indicated:

(Dollars in thousands)	At December 31, 2021		
Bank	Commitment	In Use	Date of Expiry
Bermuda Re Bayerische Landesbank Bilateral LOC Facility	$ 200,000	$ 186,299	12/31/2022
Total Bermuda Re Bayerische Landesbank Bilateral LOC Facility	$ 200,000	$ 186,299	

6. TRUST AGREEMENTS

The Company has established trust agreements, which effectively use the Company's investments as collateral, as security for assumed losses payable to certain non-affiliated ceding companies. At December 31, 2021 the total amount on deposit in trust accounts was $951.1 million.

7. LEASES

The Company enters into lease agreements for real estate that is primarily used for office space in the ordinary course of business. Lease agreements are accounted for as operating leases, whereby lease expense is recognized on a straight-line basis over the term of the lease.

Supplemental information related to operating leases is as follows for the periods indicated:

	Years Ended December 31,	
(Dollars in thousands)	2021	2020
Lease expense incurred:		
Operating lease cost	$ 308	$ 308

	Years Ended December 31,	
(Dollars in thousands)	2021	2020
Operating lease right of use assets	$ 845	$ 699
Operating lease liabilities	845	699

	At December 31,	
	2021	2020
Weighted average remaining operating lease term	1.4 years	2.4 years

Maturities of the existing lease liabilities are expected to occur as follows:

(Dollars in thousands)	
2022	$ 289
2023	121
2024	-
2025	-
2026	-
Thereafter	-
Total operating lease liability	$ 410

8. INCOME TAXES

Under Bermuda law, no income or capital gains taxes are imposed on Group and its Bermuda subsidiaries. The Minister of Finance of Bermuda has assured Group and its Bermuda subsidiaries that, pursuant to The Exempted Undertakings Tax Protection Amendment Act of 2011, they will be exempt until 2035 from imposition of any such taxes. However, the UK Branch of Bermuda Re is subject to UK income taxes on its income.

The provision for income taxes in the statement of operations and comprehensive income (loss) has been determined by reference to the applicable tax laws of jurisdictions in which the income of Bermuda Re is subject to tax. It reflects the permanent differences between financial and taxable income. The significant components of the provision are as follows for the periods indicated:

	Years Ended December 31,	
(Dollars in thousands)	2021	2020
Current foreign tax expense (benefit)	$ 12,286	$ 1,670
Deferred foreign tax expense (benefit)	3,094	(3,371)
Total income tax expense (benefit)	$ 15,380	$ (1,701)

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

	Years Ended December 31,	
(Dollars in thousands)	2021	2020
Expected tax provision at weighted average rate	$ 15,259	$ 1,860
2021 and prior year benefit related to the HMRC APA agreement	(7,510)	(3,127)
Withholding tax	1,941	(11)
Other	5,690	(423)
Total income tax provision	$ 15,380	$ (1,701)

On October 20, 2017, Her Majesty's Revenue and Customs ("HMRC") signed an Advance Pricing Agreement ("APA") covering tax years 2016 – 2020 with regard to the pricing of the quota share agreement between the UK Branch of Bermuda Re and Everest International. The tax provision benefit related to the APA includes $7.5 million for the tax year 2021 and $3.1 million for the tax year 2020.

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

(Dollars in thousands)	Years Ended December 31, 2021	2020
Deferred tax assets:		
Net operating loss carryforward	$ -	$ 3,928
Net unrealized investment losses	-	1,589
Total deferred tax assets	-	5,517
Deferred tax liabilities:		
Net unrealized investment gains	80	-
Total deferred liabilities	80	-
Net deferred tax assets	80	5,517
Less: Valuation allowance	-	-
Total net deferred tax assets/(liabilities)	$ 80	$ 5,517

The Company believes that it will more than likely not recognize all of the deferred tax assets.

9. REINSURANCE

The Company engages in reinsurance transactions, including agreements with affiliates Everest Re, Everest International, Everest Reinsurance Company (Ireland), Ltd. ("Ireland Re"), Everest Insurance Company of Canada ("Everest Canada"), Everest International Assurance ("Everest Assurance") and Mt. Logan Re, primarily driven by enterprise risk and capital management considerations under which business is assumed or ceded at market rates and terms. These agreements provide for recovery from reinsurers of a portion of losses and LAE under certain circumstances without relieving the ceding company of its obligations to the policyholders. Losses and LAE incurred and premiums earned are reported after deduction for reinsurance. In the event that one or more of the reinsurers were unable to meet their obligations under these reinsurance agreements, the Company would not realize the full value of the reinsurance recoverable balances. The Company may hold partial collateral, including letters of credit and funds held, under these agreements. See also Note 1C and Note 3.

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

(Dollars in thousands)	Years Ended December 31, 2021	2020
Written premiums:		
Direct	$ 7,235	$ 6,293
Assumed	2,911,212	1,821,396
Ceded	(828,440)	(389,307)
Net written premiums	$ 2,090,007	$ 1,438,382
Premiums earned:		
Direct	$ 4,191	$ 3,959
Assumed	2,529,183	1,711,303
Ceded	(616,158)	(356,784)
Net premiums earned	$ 1,917,216	$ 1,358,478
Incurred losses and LAE:		
Direct	$ 5,533	$ 3,922
Assumed	1,442,569	1,458,283
Ceded	(402,338)	(328,385)
Net incurred losses and LAE	$ 1,045,764	$ 1,133,820

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

(Dollars, British pounds and euros in thousands)

Coverage Period	Ceding Company	Percent Ceded	Assuming Company	Type of Business	Single Occurrence Limit	Aggregate Limit
01/01/2010-12/31/2010	Everest Re	44.0%	Bermuda Re	property / casualty business	150,000	325,000
01/01/2011-12/31/2011	Everest Re	50.0%	Bermuda Re	property / casualty business	150,000	300,000
01/01/2012-12/31/2014	Everest Re	50.0%	Bermuda Re	property / casualty business	100,000	200,000
01/01/2015-12/31/2016	Everest Re	50.0%	Bermuda Re	property / casualty business	162,500	325,000
01/01/2017-12/31/2017	Everest Re	60.0%	Bermuda Re	property / casualty business	219,000	438,000
01/01/2006-12/31/2008	Bermuda Re (U.K. Branch)	30.0%	Everest International	property business	400,000	-
01/01/2009-12/31/2009	Bermuda Re (U.K. Branch)	50.0%	Everest International	property business	€ 200,000	-
01/01/2010-12/31/2010	Bermuda Re (U.K. Branch)	50.0%	Everest International	property business	€ 160,000	-
01/01/2011-12/31/2011	Bermuda Re (U.K. Branch)	50.0%	Everest International	property / casualty business	€ 80,000	-
01/01/2011-12/31/2012	Bermuda Re (U.K. Branch)	50.0%	Everest International	property / casualty business	£ 70,000	-
01/01/2013-12/31/2015	Bermuda Re (U.K. Branch)	59.5%	Everest International	property business	£ 70,000	-
01/01/2016-12/31/2016	Bermuda Re (U.K. Branch)	50.0%	Everest International	property business	£ 130,000	-
01/01/2017-12/31/2018	Bermuda Re (U.K. Branch)	50.0%	Everest International	property business	£ 70,000	-
01/01/2019-12/31/2019	Bermuda Re (U.K. Branch)	50.0%	Everest International	property business	£ 76,000	-
01/01/2020-12/31/2020	Bermuda Re (U.K. Branch)	50.0%	Everest International	property business	£ 84,000	-
01/01/2021-12/31/2021	Bermuda Re (U.K. Branch)	60.0%	Everest International	property business	£ 100,000	-
01/01/2022-	Bermuda Re (U.K. Branch)	70.0%	Everest International	property business	£ 75,000	-
01/01/2010-12/31/2010	Everest Re- Canadian Branch	60.0%	Bermuda Re	property business	350,000 (1)	-
01/01/2011-12/31/2011	Everest Re- Canadian Branch	60.0%	Bermuda Re	property business	350,000 (1)	-
01/01/2012-12/31/2012	Everest Re- Canadian Branch	75.0%	Bermuda Re	property / casualty business	206,250 (1)	412,500 (1)
01/01/2013-12/31/2013	Everest Re- Canadian Branch	75.0%	Bermuda Re	property / casualty business	150,000 (1)	412,500 (1)
01/01/2014-12/31/2017	Everest Re- Canadian Branch	75.0%	Bermuda Re	property / casualty business	262,500 (1)	412,500 (1)
01/01/2018	Everest Canada	80.0%	Bermuda Re	property / casualty business	-	-
01/01/2020	Everest International Assurance	100.0%	Bermuda Re	property / casualty business	-	-

(1) Amounts shown are Canadian dollars.

Effective April 1, 2018, the Company entered into a retroactive reinsurance transaction with one of the Mt. Logan Re segregated accounts to retrocede $269.2 million of casualty reserves related to accident years 2002 through 2015. As consideration for entering the agreement, the Company transferred cash of $252.0 million to the Mt. Logan Re segregated account. The maximum liability to be retroceded under the agreement will be $319.0 million. The Company will retain liability for any amounts exceeding the maximum liability.

As of December 31, 2017, the quota share reinsurance agreements between Everest Re and the Company and between the Everest Re-Canadian Branch and the Company were not renewed.

Effective January 1, 2018, the Company entered into a twelve-month whole account aggregate stop loss reinsurance contract (“stop loss agreement”) with Everest Re. Through the stop loss agreement, the Company provides Everest Re with coverage for ultimate net losses on applicable net earned premiums above a retention level, subject to certain other coverage limits and conditions. The stop loss agreement has been renewed annually and was most recently renewed effective January 1, 2021.

The table below represents loss portfolio transfer reinsurance agreements whereby net insurance exposures and reserves were transferred from an affiliate.

(Dollars in thousands)

Effective Date	Transferring Company	Assuming Company	% of Business or Amount of Transfer	Covered Period of Transfer
10/01/2001	Everest Re (Belgium Branch)	Bermuda Re	100%	All years
10/01/2008	Everest Re	Bermuda Re	$ 747,022	01/01/2002-12/31/2007
12/31/2017	Everest Re	Bermuda Re	$ 970,000	All years

On December 31, 2017, the Company entered into a loss portfolio transfer ("LPT") agreement with Everest Re. The LPT agreement covers Everest Re loss reserves of $2.3 billion for accident years 2017 and prior. As a result of the LPT agreement, the Company received $1.0 billion of cash and fixed maturity securities from Everest Re and assumed $970.0 million of loss reserves to Everest Re. The Company has recorded a deferred gain of $30.0 million on the LPT transaction. As part of the LPT agreement, the Company will provide an additional $500.0 million of adverse development coverage on the subject loss reserves.

Bermuda Re has entered into catastrophe excess of loss reinsurance contracts with Ireland Re beginning in 2010. The table below represents Bermuda Re's liability limits for any losses per one occurrence and for aggregate losses under each contract.

(Euros in thousands)	Liability Limits Exceeding	Liability Limits Not to Exceed
01/01/2010 - 12/31/2010		
Losses per one occurrence	€ 45,000	€ 45,000
Aggregate losses	€ -	€ 100,000
01/01/2011 - 12/31/2011		
Losses per one occurrence	€ 75,000	€ 50,000
Aggregate losses	€ -	€ 100,000
01/01/2012 - 12/31/2012		
Losses per one occurrence	€ 75,000	€ 25,000
Aggregate losses	€ -	€ 50,000
01/01/2013 -		
Losses per one occurrence	€ 75,000	€ 50,000
Aggregate losses	€ -	€ 100,000

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

Everest Re and subsidiaries	Years Ended December 31,	
(Dollars in thousands)	2021	2020
Assumed written premiums	$ 457,746	$ 181,629
Assumed earned premiums	426,377	175,348
Assumed losses and LAE	19,051	136,595

Everest International	Years Ended December 31,	
(Dollars in thousands)	2021	2020
Ceded written premiums	$ 682,218	$ 336,586
Ceded earned premiums	495,973	300,803
Ceded losses and LAE	349,367	288,930

Mt. Logan Re	Years Ended December 31,	
(Dollars in thousands)	2021	2020
Ceded written premiums	$ 31,102	$ 25,931
Ceded earned premiums	30,539	26,675
Ceded losses and LAE	25,274	40,761

10. COMPREHENSIVE INCOME (LOSS)

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

	Years Ended December 31,					
	2021			2020		
(Dollars in thousands)	Before Tax	Tax Effect	Net of Tax	Before Tax	Tax Effect	Net of Tax
Unrealized appreciation (depreciation) ("URA(D)") on securities - non-credit related	$ (201,249)	$ 9,114	(192,135)	$ 184,551	$ 5,249	$ 189,800
Reclassification of net realized losses (gains) included in net income (loss)	(12,940)	(621)	(13,561)	(31,227)	(3,581)	(34,808)
Foreign currency translation adjustments	(13,639)	-	(13,639)	22,057	-	22,057
Total other comprehensive income (loss)	$ (227,828)	$ 8,493	$ (219,335)	$ 175,381	$ 1,668	$ 177,049

The following table presents details of the amounts reclassified from accumulated other comprehensive income ("AOCI") for the periods indicated:

AOCI component	Years Ended December 31, 2021	Years Ended December 31, 2020	Affected line item within the statements of operations and comprehensive income (loss)
(Dollars in thousands)			
URA(D) on securities	$ (12,939)	$ (31,227)	Other net realized capital gains (losses)
	(622)	(3,581)	Income tax expense (benefit)
	$ (13,561)	$ (34,808)	Net income (loss)

The following table shows the components of the change in accumulated other comprehensive income (loss) for the periods indicated:

(Dollars in thousands)	Years Ended December 31, 2021	2020
Beginning balance of URA (D) on securities	$ 284,732	$ 129,740
Current period change in URA (D) of investments - non-credit related	(205,696)	154,992
Ending balance of URA (D) on securities	79,036	284,732
Beginning balance of foreign currency translation adjustments	(112,027)	(134,084)
Current period change in foreign currency translation adjustments	(13,639)	22,057
Ending balance of foreign currency translation adjustments	(125,666)	(112,027)
Ending balance of accumulated other comprehensive income (loss)	$ (46,630)	$ 172,705

11. DIVIDEND RESTRICTIONS AND STATUTORY FINANCIAL INFORMATION

Dividend Restrictions.

Under Bermuda law, Bermuda Re is prohibited from declaring or making payment of a dividend if it fails to meet its minimum solvency margin or minimum liquidity ratio. As a long term insurer, Bermuda Re is also unable to declare or pay a dividend to anyone who is not a policyholder unless, after payment of the dividend, the value of the assets in its long term business fund, as certified by its approved actuary, exceeds its liabilities for long term business by at least the $250 thousand minimum solvency margin. Prior approval of the BMA is required if Bermuda Re's dividend payments would exceed 25% of its prior year-end total statutory capital and surplus.

Statutory Financial Information.

Bermuda Re prepares its statutory financial statements in conformity with the accounting principles set forth in Bermuda in The Insurance Act 1978, amendments thereto and related regulations. The statutory capital and surplus of Bermuda Re was $3.2 billion and $2.9 billion at December 31, 2021 and 2020, respectively. The statutory net income of Bermuda Re was $772.3 million and $208.6 million for the years ended December 31, 2021 and 2020, respectively.

Capital Restrictions.

In Bermuda, Bermuda Re is subject to the BSCR administered by the BMA. No regulatory action is taken if an insurer's capital and surplus is equal to or in excess of their enhanced capital requirement determined by the BSCR model. In addition, the BMA has established a target capital level for each insurer, which is 120% of the enhanced capital requirement.

The regulatory targeted capital and the actual statutory capital for Bermuda Re was as follows:

	Bermuda Re (1)	
	At December 31,	
(Dollars in thousands)	2021	2020
Regulatory targeted capital	$ 2,169,295	$ 1,923,209
Actual capital	3,184,058	2,930,250

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

12. CONTINGENCIES

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

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

The Company had one equity index put option contract at December 31, 2021, based on the Standard & Poor's 500 ("S&P 500") index. Based on historical index volatilities and trends and the December 31, 2021 S&P 500 index value, the Company estimates the probability that the equity index put option contract of the S&P 500 index falling below the strike price on the exercise date to be less than 0.1%. The theoretical maximum payout under this equity index put option contract would occur if on the exercise date the S&P 500 index value was zero. At December 31, 2021, the present value of the theoretical maximum payout using a 3% discount factor was $152.3 million. Conversely, if the contract had expired on December 31, 2021, with the S&P index at 4,766.18, there would have been no settlement amount.

On April 1, 2009, the Company entered into a guaranty agreement with Ireland Re, an affiliate, for an annual fee. The guaranty agreement stated that if Ireland Re's surplus at the end of any fiscal quarter is less than €250.0 million, the Company would guarantee Ireland Re's commercial payment obligations to the extent that such payment obligations are not disputed or contested and have not been discharged or commuted. This guaranty agreement was cancelled effective April 1, 2021.

Effective December 15, 2017, the Company entered into a guaranty agreement with Everest Insurance (Ireland), dac ("Ireland Re"), an affiliated company. The guaranty agreement states that the Company will guarantee payment of Ireland Insurance's undisputed obligations if Ireland Insurance fails to pay any of its undisputed obligations in a legal timeframe as a result of its financial inability to make payment.

13. RELATED-PARTY TRANSACTIONS

The Company has engaged in reinsurance transactions with Everest Re, Everest Assurance and Ireland Re under which business is assumed and Everest International and Mt. Logan Re under which business is ceded. See also Note 9.

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

The following table presents the expenses incurred by Bermuda Re from services provided by Everest Global for the periods indicated.

	Years Ended December 31,	
(Dollars in thousands)	2021	2020
Expenses incurred	$ 20,533	$ 18,944

14. SUBSEQUENT EVENTS

The war in the Ukraine is ongoing and an evolving event. Economic and legal sanctions have been levied against Russia, specific named individuals and entities connected to the Russian government, as well as businesses located in the Russian Federation and/or owned by Russian nationals by numerous countries, including the United States. The significant political and economic uncertainty surrounding the war and associated sanctions have impacted economic and investment markets both within Russia and around the world. To the best of our knowledge at this time, the Company has limited financial exposure related to the Russian invasion of the Ukraine. However, given the ongoing nature of the war and the high degree of uncertainty around both exposures and coverage, a reasonable estimation of potential loss is not credible at this time.