MUNICH RE AMERICA CORPORATION

Annual Report For The Fiscal Year Ended December 31, 2023

(Pursuant to Section 4.04 of the
Indenture between the Company and the
holders of the Company's 7.45% Senior Notes*)

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*IN MARCH 2002 THE COMPANY DEREGISTERED THE NOTES IN ACCORDANCE WITH THE RULES AND REGULATIONS OF THE SECURITIES AND EXCHANGE ACT OF 1934. THIS FINANCIAL REPORT IS NOT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

April 1, 2024

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Unless indicated otherwise, all financial data presented herein are derived from or based on Munich Re America Corporation's consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Statutory data, where specifically identified as such, is presented on a combined basis for Munich Reinsurance America, Inc., American Alternative Insurance Corporation, The Princeton Excess and Surplus Lines Insurance Company, and Bridgeway Insurance Company. (These companies together are the "insurance subsidiaries"). The statutory data are derived from statutory financial statements. Such statutory financial statements are prepared in accordance with statutory accounting principles, which differ from GAAP.

Business

The Company and Its Subsidiaries

Munich Re America Corporation (the "Company") primarily acts as the holding company for four insurance subsidiaries, Munich Reinsurance America, Inc. ("MRAm"), American Alternative Insurance Corporation ("AAIC"), The Princeton Excess and Surplus Lines Insurance Company ("Princeton E&S"), and Bridgeway Insurance Company ("Bridgeway") (MRAm, AAIC, Princeton E&S, and Bridgeway, together, are the "Insurance Subsidiaries"). MRAm underwrites property and casualty reinsurance. AAIC primarily writes primary insurance program business, aviation, collector car, commercial and residential flood, excess liability, surety bonds, and ocean marine business on an admitted basis. Princeton E&S provides insurance coverage on a non-admitted basis in the United States primarily for public entities and the specialty commercial surplus lines market. Bridgeway provides excess and surplus lines insurance coverages on a non-admitted basis in the United States. The Insurance Subsidiaries are domiciled in the State of Delaware. The Delaware Insurance Department ("the Insurance Department") is the domiciliary regulator for the Insurance Subsidiaries.

MRAm is licensed to transact insurance or reinsurance business in all fifty states and the District of Columbia. AAIC is licensed to transact insurance or reinsurance business in all fifty states and the District of Columbia. Princeton E&S is licensed as a domestic surplus lines insurer in its state of domicile and is eligible or approved to write insurance on a non-admitted basis in all other states and the District of Columbia. Bridgeway is a domestic surplus lines insurer in its state of domicile and is eligible or approved to write surplus lines insurance on a non-admitted basis in all states and the District of Columbia.

The Company is a subsidiary of Munich-American Holding Corporation ("MAHC"), a subsidiary of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München ("Munich Re"), a company organized under the laws of Germany. Munich Re is the world's largest reinsurance company, based on 2022 net premiums written, according to *Standard & Poor's.* The Munich Re Group, led by Munich Re, includes primary insurance operations under the ERGO Insurance Group, and reinsurance subsidiaries, branches, service companies and liaison offices serving clients in more than 160 countries throughout the world.

Our Strategy

Our strategy is to achieve the full potential of the U.S. property-casualty market through underwriting excellence and sustainable profitable growth over the course of the market cycle. The strategy seeks to increase its profitability through direct and broker reinsurance as well as primary insurance by:

- employing a client-centric approach to develop reinsurance solutions that leverage Munich Re's expertise and risk appetite;
- developing closer broker relationships to support clients' needs;
- building a leading presence in niche primary insurance segments.

Our business model consists of two business segments, Munich Re US, herein referred to as Reinsurance and Munich Re Specialty. The Reinsurance segment is comprised of (i) client management, responsible for managing client and broker relationships; and (ii) underwriting, which focuses on property and casualty underwriting for large national and regional clients, including facultative business and specialty lines business (credit, ocean marine, cyber, and professional liability), written on a direct basis and through reinsurance intermediaries. A variety of reinsurance and insurance products and solutions are provided by Munich Re Specialty: (i) municipal, educational and religious entities including large self-insurers, captives, risk retention groups, governmental entities, and pools, (ii) insurance programs where licensed program administrators underwrite the individual policies through delegated underwriting

authority and the programs are underwritten on a portfolio basis (iii) excess and surplus lines business, (iv) corporate insurance business (property, excess casualty and financial lines) and (v) customs bonds business. The insurance is provided through AAIC, Princeton E&S, Bridgeway, or other affiliate insurers.

Other Products and Services

The Company offers a full range of property and casualty insurance coverage including property, general liability, professional liability, umbrella, commercial multi-peril, workers' compensation, auto liability and physical damage, surety, marine, construction, and errors and omissions, through its subsidiaries AAIC, Princeton E&S, and Bridgeway.

Risk Factors

In the course of conducting its business, the Company could be exposed to a variety of risks to the Company's business, financial condition or results of operations, among others. The following risk factors have been organized by category for ease of use; however, many of the risks may have impacts in more than one category.

Insurance Related Risks

Adequacy of loss reserves. The Company regularly establishes reserves to cover its estimated liabilities for losses and loss adjustment expenses for both reported and unreported claims. These reserves do not represent an exact calculation of liabilities. Rather, these reserves are management's estimates of the cost to settle and administer claims. These expectations are based on facts and circumstances known at the time, predictions of future events, estimates of future trends in the severity and frequency of claims, and judicial theories of liability and inflation. The establishment of appropriate reserves is an inherently uncertain process, and the Company cannot be sure that ultimate losses and related expenses will not materially exceed the Company's reserves. To the extent that reserves prove to be inadequate in the future, the Company would have to increase its reserves and incur a charge to earnings in the period such reserves are increased, which could have a material and adverse impact on our financial condition and results.

Accumulation of event losses. The Company is exposed to large event losses that may accumulate across the portfolio. Examples of event losses include natural catastrophes, terrorism, pandemic, and cyber security breaches. Concentration of our insurance, reinsurance and other risk exposures may have adverse effects. We are exposed to risks as a result of concentrations in our insurance and reinsurance policies, investments, and other obligations that we undertake for customers. We manage these concentration risks by monitoring the accumulation of our exposures to factors such as exposure type and size, industry, geographic region, counterparty and other factors. We also seek to use third-party reinsurance, hedging and other arrangements to limit or offset exposures that exceed the retention and risk appetite limits we define as part of our Risk Appetite Statement. In certain circumstances, however, these risk management arrangements may not be available on acceptable terms or may prove to be ineffective for certain exposures. Our risk exposures under insurance and reinsurance policies, and other obligations are, from time to time, compounded by risk exposure assumed in our investment business. Also, our exposure for certain single risk coverages and other coverages may be so large that adverse experience compared to our expectations may have a material adverse effect on our consolidated results of operations or result in additional statutory capital requirements for our subsidiaries.

Changing Climate Conditions. Changing climate and weather patterns may adversely affect our business, financial condition and results of operation. Climate change presents risks to us as an insurer, investor and employer. Climate models indicate that rising temperatures will likely result in rising sea levels over the decades to come and may increase the frequency and intensity of natural catastrophes and severe weather events. Extreme weather events such as abnormally high temperatures may result in increased losses associated with our property, auto, workers' compensation and group benefits businesses. Changing climate patterns may also increase the duration, frequency and intensity of heat/cold waves, which may result in increased claims for property damage, business interruption and losses under workers' compensation. Precipitation patterns across the U.S. are projected to change, which if realized, may increase risks of flash floods and wildfires. Additionally, there may be an impact on the demand, price and availability of automobile and homeowners insurance, and there is a risk of higher reinsurance costs or more limited availability of reinsurance coverage. Changes in climate conditions may also cause our underlying modeling data to not adequately reflect frequency and severity, limiting our ability to effectively evaluate and manage risks of catastrophes and severe weather events. Among other impacts, this could result in not charging enough premiums or not obtaining timely state approvals for rate increases to cover the risks we insure. We may also experience significant interruptions to the Company's systems and operations that hinder our ability to sell and service business,

manage claims and operate our business. In addition, climate change-related risks may adversely impact the value of the securities that we hold. The effects of climate change could also lead to increased credit risk of other counterparties with whom we transact business. Rising sea levels may lead to decreases in real estate values in coastal areas, reducing premium and demand for commercial property and homeowners insurance. Additionally, government policies or regulations to address climate change, such as emission controls or technology mandates, or accelerated divestment of our investments, may have an adverse impact on sectors such as utilities, transportation and manufacturing, and affect demand for our products and our investments in these sectors.

Changes in security asset prices may impact the value of our investments, resulting in realized or unrealized losses on our invested assets. Our decision to invest in certain securities may also be impacted by changes in climate patterns due to:

- changes in supply/demand characteristics for fuel (e.g., coal, oil, natural gas)
- advances in low-carbon technology and renewable energy development and
- effects of extreme weather events on the physical and operational exposure of industries and issuers.

Because there is significant variability associated with the impacts of climate change, we cannot predict how physical, legal, regulatory and social responses may impact our business.

Competition and Disruptive Technology. We compete in the United States reinsurance and insurance markets. The property and casualty insurance industry is highly competitive, and we believe that it will remain highly competitive for the foreseeable future. We compete with both domestic and foreign insurers, including an increasing number of start-ups, which may offer products at prices and on terms that are not consistent with our economic standards in an effort to maintain or increase their business. The competitive environment in which we operate could also be impacted by current general economic conditions, which could reduce the volume of business available to us as well as to our competitors. In recent years, pension and hedge funds and other entities with substantial available capital and potentially lower return objectives have increasingly sought to participate in the property and casualty insurance and reinsurance businesses. Well-capitalized new entrants to the property and casualty insurance and reinsurance industries and existing competitors that receive substantial infusions of capital may conduct business in ways that adversely impact our business volumes and profitability. Further, an expanded supply of reinsurance capital may lower costs for insurers that rely significantly on reinsurance and, as a consequence, those insurers may be able to price their products more competitively. In addition, the competitive environment could be impacted by changes in customer preferences, including customer demand for direct distribution channels and/or greater choice, in personal lines and also in commercial lines. Similarly, customer behavior could evolve in the future towards buying insurance in point-of-sale or other non-traditional distribution channels. Consolidation within the insurance industry also could alter the competitive environment in which we operate, which may impact our business volumes and/or the rates or terms of our products.

The increasing use of comparative rating technologies has impacted, and may continue to impact, our business as well as the industry as a whole. An increasing amount of new insurance business is written after a customer or agent compares quotes using comparative rating technologies, a cost-efficient means of obtaining quotes from multiple companies. Because the use of this technology, whether by agents or directly by customers, facilitates the process of generating multiple quotes, the technology has increased price comparison on new business and, increasingly, on renewal business. It also has resulted in an increase in the level of quote activity and a lower percentage of quotes that result in new business from customers, and these trends may continue or accelerate. If we are not able to operate with a competitive cost structure or accurately estimate and price for loss and loss adjustment expenses, our business volume and underwriting margins could be adversely affected over time. Additionally, similar technology is starting to be used to access comparative rates for small commercial business and that trend is likely to continue and may accelerate. In recent years, there have been new entrants into the small commercial insurance business and this trend may continue.

Technology companies or other third parties have created, and may in the future create, digitally-enabled business models, platforms or alternate distribution channels for personal or commercial business that may adversely impact our competitive position. These technology companies or other third parties may compete with us directly by providing, or arranging to provide, insurance coverage themselves.

Other technological changes also present competitive risks. For example, our competitive position could be impacted if we are unable to deploy, in a cost effective and competitive manner, technology such as artificial intelligence and machine learning that collects and analyzes a wide variety of data points (so-called “big data” analysis) to make underwriting or other decisions, or if our competitors collect and use data which we do not have the ability to access or use. In addition, innovations, such as telematics and other usage-based methods of

determining premiums, can impact product design and pricing and may become an increasingly important competitive factor.

Competitive dynamics may impact the success of efforts to improve our underwriting margins on our insurance products. These efforts could include seeking improved rates, as well as improved terms and conditions, and could also include other initiatives, such as reducing operating expenses and acquisition costs. These efforts may not be successful and/or may result in lower retention and new business levels and therefore lower business volumes. In addition, if our underwriting is not effective, further efforts to increase rates could also lead to “adverse selection”, whereby accounts retained have higher losses, and are less profitable, than accounts lost.

Government Regulation.

We are subject to extensive laws and regulations that are complex, subject to change and often conflict in their approach or intended outcomes. Compliance with these laws and regulations can increase cost, affect our strategy, and constrain our ability to adequately price our products. Regulatory and legislative developments could have a material adverse impact on our business, financial condition, results of operations and liquidity.

In the U.S., regulatory initiatives and legislative developments may significantly affect our operations and prospects in ways that we cannot predict.

Our U.S. insurance subsidiaries are regulated by the insurance departments of the states in which they are domiciled, licensed or authorized to conduct business. State regulations generally seek to protect the interests of policyholders rather than an insurer or the insurer’s stockholders and other investors. U.S. state laws grant insurance regulatory authorities broad administrative powers with respect to, among other things, licensing and authorizing lines of business, approving policy forms and premium rates, setting statutory capital and reserve requirements, limiting the types and amounts of certain investments and restricting rating and underwriting practices. State insurance departments also set constraints on domestic insurer transactions with affiliates and dividends and, in many cases, must approve affiliate transactions and extraordinary dividends as well as strategic transactions such as acquisitions and divestitures.

In addition, future regulatory initiatives could be adopted at the federal, state and international level that could impact the profitability of our businesses. For example, the National Association of Insurance Commissioners (“NAIC”) and state insurance regulators are continually reexamining existing laws and regulations, specifically focusing on modifications to U.S. statutory accounting principles, interpretations of existing laws and the development of new laws and regulations. Changes in laws or regulations, particularly relating to privacy, data security and potential limitations on use of data, algorithms, predictive models, machine learning tools, artificial intelligence or use of certain underwriting rating variables, may materially impede our ability to execute on business strategies and/or our ability to be competitive. Any proposed or future legislation or NAIC initiatives, if adopted, may be more restrictive on our ability to conduct business than current regulatory requirements or may result in higher costs or increased statutory capital and reserve requirements.

Further, a particular regulator or enforcement authority may interpret a legal, accounting, or reserving issue differently than we have, exposing us to different or additional regulatory risks. The application of these regulations and guidelines by insurers involves interpretations and judgments that may be challenged by state insurance departments and other regulators. The result of those potential challenges could require us to increase levels of regulatory capital and reserves or incur higher operating and/or tax costs. In addition, our asset management businesses are also subject to extensive regulation in the various jurisdictions where they operate. These laws and regulations are primarily intended to protect investors in the securities markets or investment advisory clients and generally grant supervisory authorities broad administrative powers. Compliance with these laws and regulations is costly, time consuming and personnel intensive, and may have an adverse effect on our business, financial condition, results of operations and liquidity.

Federal Financial and Sanctions Regulations. The USA PATRIOT Act, the Foreign Corrupt Practices Act, the Office of Foreign Assets Control regulations and similar laws and regulations that apply to us may expose us to significant penalties. The USA PATRIOT Act of 2001 requires companies to know certain information about their clients and to monitor their transactions for suspicious activities. The Foreign Corrupt Practices Act makes it unlawful for certain classes of persons and entities to make payments to foreign government officials to assist in obtaining or retaining business. Also, the Department of the Treasury’s Office of Foreign Assets Control administers regulations requiring U.S. persons to refrain from doing business, or allowing their clients to do business through them, with certain organizations or individuals on a prohibited list maintained by the U.S. government or with

certain countries. The laws and regulations of other jurisdictions may sometimes conflict with those of the U.S. Although we have instituted compliance programs to address these requirements, as well as potential conflicts of law, there are inherent risks in global transactions.

New Federal Regulatory Initiatives. Although, in the United States, the business of insurance is regulated by state insurance authorities, the federal government has increased its involvement in the insurance regulatory framework in recent years. Current and proposed federal measures that may significantly affect the Company's business and the market as a whole include federal regulation of insurance companies, systemic risk regulation, federal terrorism insurance, tort reform, natural catastrophes, corporate governance, data breach, cyber security, reporting requirements, health care reform including changes in the Affordable Care Act, medical malpractice reform and patients' rights, privacy, international trade, and the taxation of insurance companies. We cannot predict what impact, if any, these or other new initiatives or legislation will have on us.

Data Protection, Data Privacy and Cyber Security Regulation. We are subject to U.S. and foreign laws and regulations that require financial institutions and other businesses to protect the security and confidentiality of personal information, to provide notice of their practices and respond to consumer requests relating to the collection, use and disclosure of personal information, to maintain a written information security program, to conduct risk assessments, to oversee the data security practices of third-party service providers and other related requirements. We also are subject to laws and regulations requiring notification to affected individuals and regulators of security breaches. In addition, we must comply with laws and regulations regarding the cross-border transfer of information. It is not clear whether or not, or in what form, the federal government and state governments will adopt additional data protection and cyber security regulation.

Social and Emerging Issues. Unexpected and unintended claim and coverage issues under our insurance contracts may adversely impact our financial performance. Changes in industry practices and in legal, judicial, social and other environmental conditions, technological advances or fraudulent activities, may require us to pay claims we did not intend to cover when we wrote the policies. Social, economic and environmental issues, including rising income inequality, climate change, prescription drug use and addiction, exposures to new substances or those previously considered to be safe and sexual harassment claims, along with the use of social media to proliferate messaging around such issues, has expanded the theories for reporting claims, which may increase our claims administration and/or litigation costs. State and local governments' increased efforts aimed to respond to the costs and concerns associated with these types of issues, may also lead to expansive, new theories for reporting claims. In addition, these and other social, economic and environmental issues may either extend coverage beyond our underwriting intent or increase the frequency or severity of claims. Some of these changes, advances or activities may not become apparent until sometime after we have issued insurance contracts that are affected by the changes, advances or activities and/or we may be unable to compensate for such losses through future pricing and underwriting. As a result, the full extent of liability under our insurance contracts may not be known for many years after a contract is issued, and this liability may have a material adverse effect on our business, financial condition, results of operations and liquidity at the time it becomes known.

As writers of direct insurance, through the Company's insurance subsidiaries (AAIC, Princeton E&S and Bridgeway), litigation is a routine part of the Company's business - both in defending and indemnifying our insureds and in litigating insurance coverage disputes. The Company accounts for such activity by establishing unpaid loss and loss adjustment expense reserves. Significant changes in the legal environment could cause our ultimate liabilities to change from our current expectations. Such changes could be judicial in nature, like trends in the size of jury awards, developments in the law relating to tort liability or the liability of insurers, and rulings concerning the scope of insurance coverage or the amount or types of damages covered by insurance. In addition, changes in federal or state laws and regulations relating to the liability of insurers or policyholders, including laws that retroactively require insurers to pay for uninsured losses and state laws expanding "bad faith" liability and state "reviver" statutes, extending statutes of limitations for certain sexual abuse claims, could result in changes in business practices, additional litigation, or could result in unexpected losses, including increased frequency and severity of claims. It is impossible to forecast such changes reliably, much less to predict how they might affect our loss reserves or how those changes might adversely affect our ability to price our insurance products appropriately. Thus, significant judicial or legislative developments could adversely affect the Company's business, financial condition, results of operations and liquidity.

We could be adversely affected if our controls designed to ensure compliance with guidelines, policies and legal and regulatory standards are not effective. Our business is highly dependent on our ability to engage on a real-time basis in a large number of insurance underwriting, claim processing, treasury and investment activities, many of which are highly complex and constantly evolving, including from a systems perspective. These activities often are

subject to internal guidelines and policies, as well as legal and regulatory standards. A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system's objectives will be met. If our controls are not effective (including with respect to the prevention or identification of misconduct by employees or others with whom we do business), it could lead to financial loss, unanticipated risk exposure (including underwriting, credit and investment risk), errors in financial reporting, litigation, regulatory proceedings or damage to our reputation.

Financial Strength

Capital Requirements. The amount of capital that we must hold to maintain our financial strength and credit ratings and meet other requirements can vary significantly from time to time and is sensitive to a number of factors outside of our control. We conduct the vast majority of our business through licensed insurance company subsidiaries. In the United States, statutory accounting standards and statutory capital and reserve requirements for these entities are prescribed by the applicable insurance regulators and the NAIC. The minimum capital we must hold is based on a Risk-Based Capital ("RBC") formula for property and casualty companies. The RBC formula for property and casualty companies sets required statutory surplus levels based on underwriting, asset, loss and loss adjustment expenses ("LAE") reserves, catastrophe exposure, and credit and off-balance sheet risks.

In any particular year, statutory surplus amounts and RBC ratios may increase or decrease depending on a variety of factors, including:
- the amount of statutory income or losses generated by our insurance subsidiaries,
- the amount of additional capital our insurance subsidiaries must hold to support business growth,
- the amount of dividends or distributions taken out of our insurance subsidiaries,
- growth of net written premiums and loss and loss adjustment expense reserves,
- the amount of paid in capital or surplus to our insurance subsidiaries,
- growth of net written premiums and loss and loss adjustment expense reserves,
- the value of certain fixed-income and other assets in our investment portfolio,
- changes in interest rates,
- admissibility of deferred tax assets, and
- changes to the regulatory and rating agency capital formulas.

Some of these factors are outside of the Company's control. The Company's financial strength and credit ratings are significantly influenced by the amount of capital and regulatory capital formulas of various insurance operations. The regulatory capital formulas could also be negatively affected if the NAIC, state insurance regulators or other insurance regulators change the accounting guidance for determining capital adequacy. In addition, rating agencies may implement changes to their capital adequacy formulas that have the effect of increasing the amount of capital we must hold in order to maintain our current ratings. If our capital resources are insufficient for regulatory purposes or to maintain a particular rating by one or more rating agencies, we may need to use holding company resources or seek capital from our Parent. If we were not able to raise additional capital, either at our discretion or because we were unable to do so, our financial strength and credit ratings might be downgraded by one or more rating agencies.

Risk-Based Capital. The Insurance Department has an RBC standard for property and casualty insurance (and reinsurance) companies which measures the amount of capital appropriate for a property and casualty insurance company to support its overall business operations in light of its size and risk profile. At December 31, 2023, MRAm's RBC ratio was 284.8%, compared to 250.0% at December 31, 2022. An RBC ratio in excess of 200% generally requires no regulatory action. The RBC ratios of AAIC, Princeton E&S, and Bridgeway were also in excess of 200% at December 31, 2023 and 2022.

Dividends. The payment of future dividends on our capital stock is subject to the discretion of our board of directors, which considers, among other factors, our operating results, overall financial condition, credit risk considerations and capital requirements, as well as general business and market conditions. Our board of directors may only declare such dividends out of funds legally available for such payments. Moreover, as a holding company that is separate and distinct from our insurance subsidiaries, we have no significant business operations of our own. Therefore, we rely on dividends from our insurance company subsidiaries as the principal source of cash flow to meet our obligations. Subsidiary dividends fund payments on our debt securities and the payment of dividends to stockholders on our capital stock. Because the operations of the Company are conducted primarily through its insurance subsidiaries, the Company is dependent upon management service agreements and dividends from the insurance subsidiaries to meet its debt service obligations. The payment of dividends to the Company by the insurance subsidiaries is subject to limitations imposed by the Insurance Department, including the requirement that

dividends be paid from available unassigned funds, as set forth in the most recent annual statement of the insurer. Based on these limitations, MRAm cannot pay dividends in 2024 without the prior approval of the Insurance Department. At December 31, 2023, AAIC, Princeton E&S, and Bridgeway can pay dividends of up to $22.3 million, $41.1 million, and $24.1 million, respectively, in 2024 without the prior approval of the Insurance Department.

Investment Limitations. The Delaware Insurance Code contains rules governing the types and amounts of investments that are permissible for a Delaware insurer, including the insurance subsidiaries. These rules are designed to ensure the safety and liquidity of the insurer's investment portfolio.

Statutory Financial Condition Examinations. As part of its general regulatory oversight process, the Insurance Department usually conducts financial condition examinations of domiciled insurers and reinsurers every three to five years, or at such other times as is deemed appropriate by the Insurance Commissioner. In 2021, the Insurance Department began the regularly scheduled financial condition examination of the Company's insurance subsidiaries for the financial period 2017 through 2021. The financial condition examination field work was completed in 2023, with no adverse findings. The Insurance Department's final examination reports were issued on April 19, 2023.

Insurance Regulatory Information System Ratios. The NAIC annually calculates thirteen financial ratios to assist state insurance departments in monitoring the financial condition of insurance companies. Results are compared against a "usual range" of results for each ratio, established by the NAIC. In 2023, MRAm had no ratios outside of the usual range.

Collateralization Requirements. Ceding companies may, at times, require reinsurers to collateralize their obligations. The Company's policy against generally providing collateral to support its reinsurance transactions could detract from the Company's ability to compete for some clients' business.

Business and Operational Risk

Information Systems. Our businesses may suffer and we may incur substantial costs if we are unable to access our systems and safeguard the security of our data in the event of a disaster, cyber breach or other information security incident. We use technology to process, store, retrieve, evaluate and utilize customer and company data and information. Our information technology and telecommunications systems, in turn, interface with and rely upon third-party systems. We and our third party vendors must be able to access our systems to provide insurance quotes, process premium payments, make changes to existing policies, file and pay claims, administer mutual funds, provide customer support, manage our investment portfolios, report on financial results and perform other necessary business functions. Systems failures or outages could compromise our ability to perform these business functions in a timely manner, which could harm our ability to conduct business and hurt our relationships with our business partners and customers. In the event of a disaster such as a natural catastrophe, a pandemic, an industrial accident, a cyber-attack, a blackout, a terrorist attack (including conventional, nuclear, biological, chemical or radiological) or war, systems upon which we rely may be inaccessible to our employees, customers or business partners for an extended period of time. Even if our employees and business partners are able to report to work, they may be unable to perform their duties for an extended period of time if our data or systems used to conduct our business are disabled or destroyed. Our systems have been, and will likely continue to be, subject to viruses, ransomware, or other malicious codes, unauthorized access, cyber-attacks, cyber frauds or other computer related penetrations. The frequency and sophistication of such threats continue to increase as well. While, to date, we are not aware of having experienced a material breach of our cyber security systems, administrative, internal accounting and technical controls as well as other preventive actions may be insufficient to prevent physical and electronic break-ins, denial of service, cyber-attacks, business email compromises, ransomware or other security breaches to our systems or those of third parties with whom we do business. Such an event could compromise our confidential information as well as that of our clients and third parties, impede or interrupt our business operations and result in other negative consequences, including remediation costs, loss of revenue, additional regulatory scrutiny and litigation and reputational damage. In addition, we routinely transmit to third parties personal, confidential and proprietary information, which may be related to employees and customers, by email and other electronic means, along with receiving and storing such information on our systems. Although we attempt to protect privileged and confidential information, we may be unable to secure the information in all events, especially with clients, vendors, service providers, counterparties and other third parties who may not have appropriate controls to protect confidential information. Our businesses must comply with regulations to control the privacy of customer, employee and third party data, and state, federal and international regulations, including, through our Parent Company, the European Union General Data Protection Regulation and other consumer privacy laws. Regulations regarding data privacy are becoming increasingly more onerous. A misuse or mishandling of confidential or proprietary information could

result in legal liability, regulatory action and reputational harm. Third parties, including third party administrators and cloud-based systems, are also subject to cyber-breaches of confidential information, along with the other risks outlined above, any one of which may result in our incurring substantial costs and other negative consequences, including a material adverse effect on our business, reputation, financial condition, results of operations and liquidity. While we maintain cyber liability insurance that provides both third party liability and first party insurance coverages, our insurance may not be sufficient to protect against all loss.

Human Capital Resources. Difficulty in attracting and retaining talented and qualified personnel may adversely affect the execution of our business strategies. Our ability to attract, develop and retain talented employees, managers and executives is critical to our success. There is significant competition within and outside the insurance and financial services industry for qualified employees, particularly for individuals with highly specialized knowledge in areas such as underwriting, actuarial, data and analytics, technology and digital commerce. Our continued ability to compete effectively in our businesses and to expand into new business areas depends on our ability to attract new employees and to retain and motivate our existing employees. The loss of any one or more key employees, including executives, managers and employees with strong technological, analytical and other specialized skills, may adversely impact the execution of our business objectives or result in loss of important institutional knowledge. Our inability to attract and retain key personnel could have a material adverse effect on our financial condition and results of operations.

Third Party Relationships. Performance problems due to outsourcing and other third party relationships may compromise our ability to conduct business. We outsource certain business and administrative functions and rely on third-party vendors to perform certain functions or provide certain services on our behalf and have a significant number of information technology and business processes outsourced with a single vendor. If we are unable to reach agreement in the negotiation of contracts or renewals with certain third-party providers, or if such third-party providers experience disruptions or do not perform as anticipated, we may be unable to meet our obligations to customers and claimants, incur higher costs and lose business which may have a material adverse effect on our business and results of operations. For other risks associated with our outsourcing of certain functions, see the Risk Factor, “Information Systems”.

Financial, Economic and Credit Risk

Economic Conditions. Unfavorable economic, political and global market conditions may adversely impact our business and results of operations. The Company’s investment portfolio and insurance liabilities are sensitive to changes in economic, political and global capital market conditions, such as the effect of a weak economy and changes in credit spreads and inflation. Weak economic conditions, such as high unemployment, low labor force participation, lower disposable income, depressed asset valuations, a weak commercial real estate market, lower business investment and lower consumer spending may adversely affect the demand for insurance and financial products and lower the Company’s profitability in some cases. In addition, a deterioration in global economic conditions and/or geopolitical conditions, including due to military action, trade wars, tariffs, supply chain disruptions or other actions with respect to international trade agreements or policies, has the potential to, among other things, reduce demand for our products, reduce exposures we insure, or drive higher inflation that could increase the Company’s loss costs and result in increased incidence of claims. The Company’s investment portfolio includes limited partnerships and other alternative investments and equity securities for which changes in value are reported in earnings. These investments may be adversely impacted by economic volatility, including commercial real estate market deterioration, which could impact our net investment returns and result in an adverse impact on operating results.

Market Volatility and Changes in Interest Rates. Financial market volatility, such as has occurred in the past, resulting in a negative economic impact may adversely affect our investment portfolio which primarily consists of fixed income securities (such as corporate debt securities and U.S. government securities). The fair value of securities in the investment portfolio may fluctuate depending on general economic and market conditions or events related to a particular issuer of securities. In addition, the Company’s fixed income investments are subject to risks of loss upon default and price volatility in reaction to changes in risk spreads and interest rates. These factors could cause us to realize less than expected returns on invested assets, sell investments for a loss or write off or write down investments. These changes in the fair value of securities in the investment portfolio are reflected in the consolidated financial statements and, therefore, could affect the Company’s financial condition or results.

Credit risk. The Company is exposed to loss from the failure of counterparties to meet their financial obligations to the Company, or the failure to meet them in a timely fashion. The Company is exposed to credit risks on both sides of the balance sheet. In addition to the credit risks of the investment portfolio, the Company is

exposed to losses on receivables from transactions with clients or on the business we cede externally through reinsurance or retrocession. The Company is also exposed to losses through the active assumption of credit risk from the writing of surety and political risk business.

Tax Issues. The Tax Cuts and Jobs Act of 2017 (the "Act" or "tax reform") imposed an alternative tax, the Base Erosion Anti-Abuse Tax ("BEAT"). The BEAT is a minimum tax amount imposed on applicable taxpayers that make "base erosion payments" to foreign related parties that result in tax deductions and other specified tax benefits. An applicable taxpayer is defined as having average annual gross receipts of at least $500 million and a base erosion percentage of 3% or higher, determined by dividing the base erosion payments by total U.S. tax deductions. The Company meets the definition of an applicable taxpayer.

In September 2020, the final BEAT regulations were amended to allow for a waiver election to apply to reinsurance premiums ceded to foreign affiliates. The intent was to allow companies that were narrowly in excess of the 3% base erosion percentage, and therefore subject to BEAT, to disallow all or a portion of their BEAT payments as regular tax deductions to get below the 3% threshold. The disallowed BEAT payments are treated as a permanent difference add back in the determination of taxable income subject to the statutory tax rate of 21%. The Company elected to utilize the waiver election in the determination of its taxable income for the 2019 through 2023 tax years.

On August 16, 2022, President Biden signed the Inflation Reduction Act ("IRA") of 2022 (H.R. 5376), which finances climate and energy provisions and an extension of enhanced subsidies under the Affordable Care Act with a 15% corporate alternative minimum tax ("CAMT") on adjusted financial statement income for corporations with profits over $1.0 billion, a stock buyback tax, a two-year extension of the excess business loss limitation through 2028, increased IRS enforcement funding, and Medicare's new ability to negotiate prescription drug prices. The IRA is effective for tax years beginning after December 31, 2022.

The MAHC US tax group is subject to the 15% CAMT. The CAMT is applicable for corporations with adjusted financial statement income with average adjusted annual financial statement income over a three tax year period in excess of $1.0 billion. Domestic corporations with a foreign parent must pass a two-tier test to be subject to the CAMT. First, the foreign parent company must have an average of $1.0 billion of Adjusted Financial Statement Income ("AFSI") over a three-year period (three years immediately prior to current tax year). AFSI is generally defined as net book income less any intercompany dividends and income tax expenses. Second, the US tax group must have an average AFSI of $100.0 million over the same three-year period. The MAHC US tax group has analyzed the effects of the two-tier test for the 2023 tax year. The US tax group is not expected to be subject to the CAMT in 2023 since the US tax group does not meet test 2 (3-year average of $100.0 million of income for years 2022-2020). The US tax group does expect to pass the $100.0 million of income test in 2024, subject to the CAMT in 2024. The IRA does not impact the current 21% corporate tax rate, BEAT or GILTI. The 1% tax on repurchase of corporate stock does not apply to the MAHC US tax group.

Our income tax expense includes deferred income taxes arising from temporary differences between the financial reporting and tax bases of assets and liabilities and carry-forwards for possible foreign tax credits, capital losses and net operating losses. Deferred tax assets are assessed periodically by management to determine if it is more likely than not that the deferred income tax assets will be realized. Factors in management's determination include the performance of the business, including the ability to generate, from a variety of sources and tax planning strategies, sufficient future taxable income and capital gains before net operating loss and capital loss carry-forwards, if any, expire. If based on available information, it is more likely than not that we are unable to recognize a full tax benefit on deferred tax assets, then a valuation allowance will be established with a corresponding charge to net income (loss). Charges to increase our valuation allowance could have a material adverse effect on our results of operations and financial condition.

Goodwill. Goodwill represents the excess of the amounts we paid to acquire subsidiaries and other businesses over the fair value of their net assets at the date of acquisition. We test goodwill at least annually for impairment. Impairment testing is performed based upon estimates of the fair value of the "reporting unit" to which the goodwill relates. The reporting unit is the operating segment or a business one level below an operating segment if discrete financial information is prepared and regularly reviewed by management at that level. The fair value of the reporting unit could decrease if new business, customer retention, profitability or other drivers of performance differ from expectations. If it is determined that the goodwill has been impaired, the Company must write down the goodwill by the amount of the impairment, with a corresponding charge to net income (loss). These write downs could have a material adverse effect on our results of operations or financial condition.

LEGAL PROCEEDINGS

The Company is involved in non-claim litigation incidental to its business principally related to insurance company insolvencies or liquidation proceedings in the ordinary course of business. Also, in the ordinary course of business, the Company is sometimes involved in adversarial proceedings incidental to its insurance and reinsurance business. The amounts at risk in these proceedings are taken into account in setting loss reserves. Based upon its familiarity with or review and analysis of such matters, the Company believes that none of the pending litigation matters will have a material adverse effect on the consolidated financial statements of the Company. However, no assurance can be given as to the ultimate outcome of any such litigation matters.

Operating Controls

Forecasting and Results Monitoring. To establish appropriate loss ratios for future periods, the Company first quantifies the condition of the current portfolio. Then the Company considers the impact of market conditions to establish prudent loss ratios for the prospective period. The intent is to establish loss reserves which are sufficient in aggregate to fund future claim payments and to avoid the need for future reserve increases after the end of the period.

Once the planning process is complete, the Company begins a rigorous results monitoring process to ensure that assumptions employed in building plan figures hold true. The key metrics that are monitored over the course of the year include: effective rate change on primary and reinsurance renewals; adherence to pricing guidelines; mix of business (including concentration levels in special risk areas); commission levels; and premium production. The Company also compares pricing ultimate loss ratio assumptions to reserving ultimate loss ratio assumptions for the current and previous underwriting years. In addition, the Company reviews its largest client groups to ensure that the relationships are yielding results that are consistent with the Company's strategy. The focus is on maintaining appropriate underwriting standards and sustainable profitability.

To ensure that prior year reserves are adequate, the Company frequently monitors the emergence of actual reported and paid losses as compared to projected amounts. If actual paid and reported figures are higher or lower than the amounts expected, then this information may be an indicator that loss reserves may need to be adjusted. This information is used to supplement the formal reserve reviews conducted by the Company's actuarial staff. The objective is to continuously have an adequate reserve position and integrity in the balance sheet at the close of each financial period.

The Company believes the planning and results monitoring process addresses many of the inherent risks associated with the property and casualty reinsurance product. Specifically, the reinsurance product is priced and sold using estimates of the ultimate costs to be incurred by the reinsurance company. The final costs are only known in hindsight. To ensure that financial statements are appropriately stated, the Company must continually re-examine the assumptions and data leading to the estimates of these ultimate costs. This estimation process is particularly difficult for reinsurance providers given the complexity of many factors involved, including: lengthy reporting and settlement lags associated with liability cases and evolving judicial decisions which can expand liability for reinsurers.

Aggregate Controls. The Company closely manages and monitors its aggregations. Risk management aggregation budgets have been established for natural catastrophe, terrorism, professional liability, political risk, worker's compensation losses resulting from natural perils, trade credit and multiple cyber security risk scenarios. Additional risk concentration exposures are continually being evaluated. The Company works closely with the Corporate Underwriting unit of Munich Re to establish global aggregation budgets, and usage is monitored on a quarterly basis. The Company also uses group expertise in addition to industry accumulation risk modeling tools to price and model the Company's natural peril, terrorism and pandemic exposures.

Underwriting Audit Process. The Company has an extensive internal underwriting audit process and works closely with the Corporate Underwriting unit of Munich Re in order to monitor adherence to underwriting and pricing guidelines and maintain best practices. Supplementing the on-site audit process is an individual account review of hand-selected programs as needed.

Enterprise Risk Management ("ERM"). Risk Management is a key part of our corporate management. Its purpose is to safeguard the Company's financial strength, enable the Company to meet its obligations to clients and create sustained value for our shareholder. The Integrated Risk Management ("IRM") Division's role is to

implement the group-wide ERM framework locally through the coordination of decentralized risk management processes into the group framework. Risk governance is overseen by a Risk Management Committee which reports into the Board. Risk topics considered by the Risk Management Committee include the full scope of risk that would be faced by the enterprise including: underwriting, market, credit, operational, liquidity, strategic, and reputational. The Risk Management committee has authority to approve and recommend to the Board the Risk Management Policy, the Own Risk and Solvency Assessment ("ORSA"), risk strategies and risk tolerances of the legal entities, proposed reinsurance structure/capital position, the Liquidity Crisis Plan, as well as adequacy of the charter on an annual basis. Additionally, IT and cyber security risks are regularly discussed with the Board and Risk Management Committee. The scope of ERM activities overseen by IRM includes identification, measurement, risk strategy development, risk control, and disclosure.

The ERM framework balances regulatory and rating agency requirements with business objectives and culture. The Company utilizes the group-wide operational risk control system ("ORCS") for managing operational risks across all risk dimensions. The ORCS satisfies group management needs as well as local regulatory requirements of the Model Audit Rule and links risks, processes and relevant risk controls. The ORCS ensures that appropriate internal controls are set up and maintained for operational, compliance, and financial risks enabling us to ensure that financial reporting is reliable and our published financial statements are correct.

In addition to the risk management activities listed above, the Company and its subsidiaries follow a group-wide liability driven investment process and closely manages and monitors its investment risks within tolerances and limits established at Munich Re as part of an overall Asset Liability Management framework.

In response to the dynamic changing threat environment and regulatory changes the Company has strengthened its controls to manage cyber security risks. A number of IT tools have been implemented to allow the organization to prevent and detect cyber incidents. Additionally, the Company in alignment with the group, has developed and tested processes and procedures to manage cyber incidents when they occur.

Management's Discussion and Analysis of the Company's Results of Operations and Financial Condition

Executive Overview

The Company, is the holding company for various reinsurance and insurance entities that provide reinsurance, insurance and related services to insurance companies, commercial businesses, government agencies, and self-insurers in the United States. The Company's principal subsidiary, MRAm, a Delaware insurance company, primarily underwrites property and casualty reinsurance. The Company is one of the largest property and casualty reinsurers in the United States according to the Reinsurance Association of America, based on combined statutory gross premiums written by the insurance subsidiaries of $6,711.5 million in 2023. The Company had total assets of $26,078.6 million and stockholder's equity of $3,628.6 million at December 31, 2023.

The Company's strategy is to achieve the full potential of the U.S. property-casualty market through underwriting excellence and sustainable profitable growth over the course of the market cycle. Management's review of financial results focuses on its property and casualty ("P&C") business segments, comprised of its Reinsurance and Munich Re Specialty divisions. The underwriting results of business segments in run-off, retrocessional programs designed to protect the overall surplus of MRAm, and certain business written on behalf of Munich Re and its affiliated companies, are not included in the P&C results.

Revenues

Revenues are derived principally from the following:

- net premiums earned, which are gross premiums assumed from clients, earned during the accounting period, net of premiums ceded to retrocessionnaires;

- net investment income earned on invested assets;

- net realized capital gains on the sale of investments, and

- other income, which includes interest income on underwriting balances, margin income on underwriting deposit balances, and net foreign exchange gains on foreign currency-denominated assets and liabilities other than investments.

Expenses

Expenses consist predominately of the following:

- LAE, including estimates for losses and LAE incurred during the period and changes in estimates from prior periods, net of those insurance losses and loss adjustment expenses ceded to retrocessionnaires and the recognition of previously recorded deferred loss benefits;

- commissions and other underwriting expenses, which consist of commissions paid to clients, in addition to operating expenses related to the production and underwriting of reinsurance, less ceding commissions received under the Company's retrocessional contracts;

- interest expense on debt obligations,

- interest on ceded funds held balances, predominantly on retrocessional programs with Munich Re, and

- other expenses, which include allowance for doubtful accounts and net foreign exchange losses on foreign currency-denominated assets and liabilities other than investments.

Results of Operations

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

Underwriting Results and Combined Ratio

A key measure of the financial success of a (re)insurance company is a positive underwriting result, or an underwriting profit. A major goal of a successful reinsurance company is to produce an underwriting profit, exclusive of investment income. A company's underwriting result is measured by its premiums earned, net of losses and LAE incurred and underwriting expenses. If underwriting is not profitable, investment income must be used to cover underwriting losses.

Combined ratio is also an industry-wide measure of a (re)insurance company's profitability. Combined ratio is the sum of the loss ratio and the underwriting expense ratio. The combined ratio is calculated, on a GAAP basis, as the sum of the losses and LAE incurred and underwriting expenses, divided by net premiums earned. These ratios are relative measurements that describe the cost of losses and expenses for every dollar of net premiums earned. The combined ratio presents the total cost per dollar of premium production. A combined ratio below 100% demonstrates underwriting profit; a combined ratio above 100% demonstrates underwriting loss.

In addition to reviewing the overall underwriting results and ratios of the Company at a consolidated financial statement level, management focuses on the P&C business segments in evaluating the underwriting performance of the Company. The underwriting results of business segments in run-off, retrocessional programs designed to protect the overall surplus of MRAm, and certain business written on behalf of Munich Re and its affiliated companies, are not included in the P&C results.

The underwriting results and combined ratios for the Company for the years ended December 31, 2023 and 2022, are as follows:

	2023	2022
	(Dollars in millions)	
Premiums earned	$ 5,744.1	$ 7,397.8
Less: Losses and LAE	3,644.6	5,413.1
Commission expense	1,471.4	2,249.2
Operating expense	354.2	286.9
Underwriting gain (loss)	$ 273.9	$ (551.4)
Loss ratio	63.4 %	73.2 %
Expense ratio	31.8	34.3
Combined ratio	95.2 %	107.5 %

The Company reported an underwriting gain of $273.9 million and loss of $551.4 million for 2023 and 2022, respectively. The improved underwriting result in 2023 is primarily attributable to lower outlier loss activity, reserve releases for prior year non-outlier losses, improved loss ratios for current year non-outlier losses, partially offset by reserve increases for Asbestos and Environmental losses.

Financial Statement Results

The Company's net income to its common stockholder was $626.2 million for the year ended December 31, 2023, compared to net loss of $174.9 million for the same period in 2022.

Revenues

Net premiums written by the Company's P&C business segments, which exclude certain corporate retrocessional programs, decreased 18.8% to $4,465.6 million for the year ended December 31, 2023, from $5,500.2 million for the same period in 2022. The Reinsurance segment experienced a 39.3% decrease in net premiums written to $2,412.2 million for the year ended December 31, 2023, from $3,977.0 million for the same period in 2022. This decrease is primarily due to strategic actions taken to shift from property line quota share business to catastrophic excess of loss

business. The Munich Re Specialty segment experienced a 34.8% increase in net premiums written to $2,053.4 million for the year ended December 31, 2023, from $1,523.2 million for the same period in 2022. This increase was primarily the result of an increase in the excess and surplus business mainly within casualty property and surety and program business. The decrease in net premiums written by the P&C segments was offset by a 41.4% increase in net premiums written for business not included in the P&C segments to $1,658.7 million for the year ended December 31, 2023, from $1,172.9 million for the same period in 2022. This resulted in a 8.2% decrease in consolidated net premiums written to $6,124.3 million for the year ended December 31, 2023, from $6,673.1 million for the same period in 2022.

The Company's net premiums earned decreased 22.4% to $5,744.1 million for the year ended December 31, 2023, from $7,397.9 million for the same period in 2022. The decrease in premiums earned is the result of a decrease in net premiums written coupled with the timing of earnings of premiums in force during the respective periods.

Investment Income. Net investment income increased 19.0% to $540.6 million for the year ended December 31, 2023, from $454.1 million for the same period in 2022. This increase is due to higher yields on fixed income investments due to rising rates, increased income from money market securities, and increased income from equity securities for the year ended December 31, 2023, compared to the same period in 2022. This increase was offset by decreased income from treasury inflation protected securities.

Net Realized Capital Gain and Losses. The Company recognized a net realized capital gain of $11.6 million for the year ended December 31, 2023, compared to a net realized capital loss of $149.0 million for the same period in 2022. During 2023, the Company adopted ASU 2016-13, "Measurement of Credit Losses on Financial Instruments", on a modified retrospective basis with a cumulative effect adjustment, net of tax, to retained earnings. In the 2023 period the Company recorded a net $42.0 million realized gain from an overall reduction in the allowance between the available for sale and held to maturities securities since adoption. In addition, the Company recorded a net realized loss of $25.3 million on the sale of fixed income securities as well as a $5.1 million in intent to sale impairment. The 2022 period included $118.5 million in net realized losses from the sale of fixed income securities and write downs of $30.5 million resulting predominantly from the impairment of Russian investment holdings in the first quarter of 2022, as their decline in fair value is considered by management to be other than temporary.

Other income. Other income decreased 80.6% to $13.3 million for the year ended December 31, 2023, from $68.5 million for the same period in 2022, primarily due to decreased income from assumed funds held balance driven by the novation of a large quota share program, coupled with decreased unrealized foreign currency gains attributable to the strengthening of euro, Canadian and Australian dollars.

Expenses

Losses and Loss Adjustment Expenses. Net losses and LAE incurred decreased 32.7% to $3,644.6 million for the year ended December 31, 2023, from $5,413.1 million for the same period in 2022. This decrease was primarily attributable to the novation of a large quota share reinsurance agreement and a reduction in outlier[1] loss events. Current outlier losses were $278.0 million for the year ended December 31, 2023, predominantly from Wildfire Maui, Hurricane Idalia, and various thunderstorm events, compared to $652.0 million for the year ended December 31, 2022, predominantly from Hurricane Ian, Winter Storm Elliot and various tornado events. Prior accident year outlier losses were decreased $30.8 million in 2023, predominantly from Hurricane Ian compared to a $134.2 million increase for prior accident year events in 2022.

Overall losses decreased by $1,768.5 including the impact of certain corporate retrocessional programs with Munich Re. This decrease is predominantly attributable to decreases of property lines which showed favorable loss emergence in prior years, partially offset by increases of liability lines and asbestos and environmental-related losses.

Underwriting Expense. Underwriting expense, consisting of commission expense plus operating expenses related to underwriting activities, decreased 28.0% to $1,825.6 million for the year ended December 31, 2023, from $2,536.1 million for the same period in 2022. This decrease was due to a 34.6% decrease in commission expense to $1,471.4 million for the year ended December 31, 2023, from $2,249.2 million for the same period in 2022. The

[1] As a member of the Munich Re Group, the Company separately tracks and estimates reserves for outlier events, defined as occurrences which generate incurred amounts in excess of €30 million for the Munich Re Group. Smaller catastrophe losses are aggregated together with non-catastrophe events for reserving and tracking purposes.

decrease in commission expense is primarily due to lower earned premium, coupled with a shift to more non-proportional business which generally carries lower commission rates. Operating expense increased 23.5% to $354.2 million for the year ended December 31, 2023, from $286.9 million for the same period in 2022, due to an increase in personnel related and information technology expenses.

Interest Expense on Ceded Funds Held Balances. Interest expense on funds held under reinsurance treaties increased to $20.2 million for the year ended December 31, 2023, from $18.9 million for the same period in 2022. This increase was primarily attributable to fluctuations in interest rates.

Other expense. Other expense decreased 7.5% to $23.5 million for the year ended December 31, 2023, from $25.4 million for the same period in 2022.

Federal and Foreign Income Taxes. Federal and foreign income tax expense of $140.6 million was recognized for the year ended December 31, 2023, compared to a benefit of $71.8 million for the year ended December 31, 2022. The expected tax expense at the 21% statutory rate on pretax income of $766.8 million in the 2023 period was $161.0 million. This expense was offset by $14.5 million valuation allowance on deferred tax assets and $26.0 million of tax benefits related to affiliated reinsurance, and increased by $13.0 million of additional tax from a reinsurance premium waiver election made under the BEAT regulations, coupled with an increase of $7.1 million in other adjustments. In the 2022 period, the expected tax expense at the statutory rate was a benefit of $51.8 million. This benefit was increased by $33.0 million valuation allowance on deferred tax assets and $17.2 million of tax benefits related to affiliated reinsurance, offset by $29.0 million of additional tax from the reinsurance premium waiver election.

Year Ended December 31, 2022 Compared with Year Ended December 31, 2021

Underwriting Results and Combined Ratio

The underwriting results and combined ratios for the Company for the years ended December 31, 2022 and 2021, are as follows:

	2022		2021	
	(Dollars in millions)			
Premiums earned	$ 7,397.8		$ 6,488.9	
Less: Losses and LAE	5,413.1		5,027.9	
Commission expense	2,249.2		2,043.5	
Operating expense	286.9		255.6	
Underwriting loss	$ (551.4)		$ (838.1)	
Loss ratio	73.2	%	77.5	%
Expense ratio	34.3		35.4	
Combined ratio	107.5	%	112.9	%

The Company reported an underwriting loss of $551.4 million and $838.1 million for 2022 and 2021, respectively. These underwriting losses are primarily the result of natural catastrophe loss events in both 2022 and 2021, in addition to loss reserve strengthening of current and prior accident years in 2022 predominantly due to adjustments for increased economic inflation and large property catastrophe losses.

Financial Statement Results

The Company's net loss to its common stockholder was $174.9 million for the year ended December 31, 2022, compared to net loss of $311.0 million for the same period in 2021.

Revenues

Net premiums written by the Company's P&C business segments, which exclude certain corporate retrocessional programs, decreased 16.0% to $5,500.2 million for the year ended December 31, 2022, from $6,550.9 million for the same period in 2021. The Reinsurance segment experienced a 25.5% decrease in net premiums written to $3,977.0 million for the year ended December 31, 2022, from $5,339.9 million for the same period in 2021. This decrease is primarily attributable to a decrease in the property line of business, driven by strategic changes in business mix and novation of a large quota share agreement, coupled with a decrease in the casualty line of business. The Munich Re Specialty segment experienced a 25.8% increase in net premiums written to $1,523.2 million for the year ended December 31, 2022, from $1,211.0 million for the same period in 2021. This increase is primarily the result of increases in the property, casualty, and marine lines of business resulting from planned growth of this segment. The increase in premiums written by the P&C segments was coupled with a 26.0% increase in net premiums written for business not included in the P&C segments to $1,172.9 million for the year ended December 31, 2022, from $930.7 million for the same period in 2021. This resulted in a 10.8% decrease in consolidated net premiums written to $6,673.1 million for the year ended December 31, 2022, from $7,481.6 million for the same period in 2021.

The Company's net premiums earned increased 14.0% to $7,397.9 million for the year ended December 31, 2022, from $6,488.9 million for the same period in 2021. The increase in premiums earned is the timing of the earnings of premiums in force during the respective periods, offset by the decrease in net premiums written.

Investment Income. Net investment income increased 44.7% to $454.1 million for the year ended December 31, 2022, from $313.8 million for the same period in 2021. This increase is primarily due to higher income from infrastructure investments as the 2021 period included write downs of two equity ownership investments, increased gains on derivative investments, and higher yields on fixed income investments due to rising interest rates for the year ended December 31, 2022, compared to the same period in 2021. These increases were offset by decreased income from equity securities for the same period.

Net Realized Capital Gains. The Company realized net capital losses of $118.5 million on the sale of fixed income securities for the year ended December 31, 2022, compared to net capital gains of $192.6 million for the same period in 2021. The 2022 period included write downs of $30.5 million resulting predominantly from the impairment of Russian investment holdings in the first quarter of 2022, as their decline in fair value is considered by management to be other than temporary. The 2021 period include write downs of $3.2 million resulting from either, the Company's intent to sell the securities as part of the active management of the portfolio, or the evaluation of certain securities' credit quality and expected cash flows.

Other income. Other income increased 61.2% to $68.5 million for the year ended December 31, 2022, from $42.5 million for the same period in 2021, primarily due to increased income from assumed funds held balances in 2022 compared to the 2021 period related to an increased share participation on a large quota share program, coupled with increased unrealized foreign currency gains on foreign currency denominated assets and liabilities.

Expenses

Losses and Loss Adjustment Expenses. Net losses and LAE incurred increased 7.7% to $5,413.1 million for the year ended December 31, 2022, from $5,027.9 million for the same period in 2021. This increase was primarily attributable to adjustments for increased economic inflation and large property catastrophe losses. Current accident year property catastrophe losses were $652.0 million for the year ended December 31, 2022, predominantly from Hurricane Ian, Winter Storm Elliot, and various tornado events, compared to $901.0 million for the year ended December 31, 2021, predominantly from Hurricane Ida and severe winter weather in Texas and other states in early 2021, in addition to other tornado, thunderstorm, and wildfire events,. Prior accident year property catastrophe losses and LAE were increased $64.0 million in 2022, predominantly from hurricane, wildfire, and thunderstorm events, compared to a $171.1 million increase in 2021.

Reflecting the indications of the Company's ongoing monitoring of loss reserves and its in-depth annual reserve review, in 2022 the Company increased loss and LAE reserves for prior accident years by $171.0 million, excluding the impact of certain corporate retrocessional programs with Munich Re. This increase is predominantly attributable to adjustments for economic inflation for outstanding losses in prior years and loss reserve strengthening for environmental-related losses and prior year property catastrophe losses.

The increased losses resulted in increased cessions to various corporate retrocessional programs with Munich Re. The reserve increase of $171.0 million was offset by the increased cessions and the recognition of previously deferred loss benefits totaling $79.0 million, and resulted in an overall increase to prior accident year losses of $92.0 million, for the year ended December 31, 2022.

Underwriting Expense. Underwriting expense, consisting of commission expense plus operating expenses related to underwriting activities, increased 10.3% to $2,536.1 million for the year ended December 31, 2022, from $2,299.1 million for the same period in 2021. This increase was due to a 10.1% increase in commission expense to $2,249.2 million for the year ended December 31, 2022, from $2,043.5 million for the same period in 2021. The increase in commission expense is primarily the result of increased premiums earned. Operating expense increased 12.2% to $286.9 million for the year ended December 31, 2022, from $255.6 million for the same period in 2021, due to an increase in personnel related and information technology expenses.

Interest Expense on Ceded Funds Held Balances. Interest expense on funds held under reinsurance treaties increased to $18.9 million for the year ended December 31, 2022, from $16.6 million for the same period in 2021. This increase was primarily attributable to rising interest rates that impacted a large property catastrophe cover treaty subject to variable rates.

Other expense. Other expense decreased 39.8% to $25.4 million for the year ended December 31, 2022, from $42.2 million for the same period in 2021. This decrease was primarily attributable to a write off of capitalized building improvements in 2021.

Federal and Foreign Income Taxes. Federal and foreign income tax benefit of $71.8 million was recognized for the year ended December 31, 2022, compared to a benefit of $65.3 million for the year ended December 31, 2021. The expected tax benefit at the 21% statutory rate on pretax loss of $246.7 million in the 2022 period was $51.8 million. This benefit was increased by $33.0 million increase in the valuation allowance on deferred tax assets and $17.2 million of tax benefits related to affiliated reinsurance offset by $29.0 million of additional tax from a reinsurance premium waiver election made under the base erosion and anti-abuse tax ("BEAT") regulations. In the 2021 period, the expected tax expense at the statutory rate was a benefit of $79.0 million. This benefit was increased by $22.9 million of tax benefits related to affiliated reinsurance offset by $35.1 million of additional tax from the reinsurance premium waiver election.

Financial Condition

The Company is a holding company, which includes its principal subsidiary, MRAm. Based on combined statutory gross premiums written by the insurance subsidiaries of $6,711.5 million in 2023, the Company is one of the largest property and casualty reinsurers in the U.S., according to Reinsurance Association of America statistics.

Total consolidated assets increased by 4.9% to $26,078.6 million at December 31, 2023, from $24,863.5 million at December 31, 2022. This increase is primarily due to an increase in total investments and cash primarily resulting from $988.7 million of net cash flow from operating activities, $305.0 million proceeds from issuance of a surplus note and $408.0 million decrease in unrealized losses. These increases were coupled with an increase in other assets of $550.4 million related to an investment in a surplus note, offset by a $1,015.9 million decrease in premiums and other receivables primarily resulting from the novation of a large quota share program.

Total consolidated liabilities increased by 1.6% to $22,450.0 million at December 31, 2023, from $22,103.6 million at December 31, 2022. This increase was primarily due to a surplus note issuance of $305.0 million and a senior unsecured note issuance of $543.0 million, offset by a $895.9 million decrease in loss balances payable resulting primarily resulting from the novation of a large quota share program.

The Company may, from time to time, redeem all or part of its 7.45% senior notes due 2026 pursuant to the terms of the indenture under which the senior notes were issued (the "Indenture"), or purchase them in privately negotiated transactions, tender offers or otherwise. The indenture contains certain covenants, including, but not limited to, covenants imposing limitations on liens, and restrictions on mergers and sale of assets. In 2023, the Company repurchased, and subsequently cancelled, $26.5 million aggregate principal of senior notes through privately negotiated transactions. At December 31, 2023, $294.2 million aggregate principal of senior notes remain outstanding.

Common stockholder's equity increased 31.5% to $3,628.6 million at December 31, 2023, from $2,759.9 million at December 31, 2022. This increase was primarily the result of comprehensive income of $1,001.2 million offset by dividends paid of $50.9 million.

Statutory surplus of the Company's insurance subsidiaries increased to $5,479.7 million at December 31, 2023, from $4,994.6 million at December 31, 2022. This increase was primarily the result of combined statutory net income of $449.2 million, a change in non-admitted assets of $8.2 million and net unrealized capital gains of $92.3 million, offset by a decrease in deferred income taxes of $23.2 million and dividends paid to the Company of $50.9 million. This statutory net income is different from the net loss reported in these financial statements, primarily due to differing accounting treatment for deferred federal income taxes, retroactive reinsurance contracts, and deferred acquisition costs.

The Insurance Department has a RBC standard for property and casualty insurance (and reinsurance) companies which measures the amount of capital appropriate for a property and casualty insurance company to support its overall business operations in light of its size and risk profile. At December 31, 2023, MRAm's RBC ratio was 284.8%, compared to 250.0% at December 31, 2022. An RBC ratio in excess of 200% generally requires no regulatory action.

Investments

The total financial statement value of investments and cash increased 10.0% to $17,902.3 million at December 31, 2023, from $16,267.8 million at December 31, 2022, primarily resulting from $988.7 million of net cash flow from operations and $305.0 million issuance of surplus note, with $408.0 million from lower unrealized losses offset by dividends paid to MAHC of $50.9 million, net realized loss of $29.8 million and $26.2 million from partial extinguishment of senior notes.

The financial statement value of the investment portfolio at December 31, 2023, included a net decrease from amortized cost to fair value of $1,456.9 million for investments available for sale, compared to a net decrease of $1,864.0 million at December 31, 2022. At December 31, 2023, the Company recognized a cumulative unrealized loss of $1,093.9 million due to the net adjustment to fair value on investments, after applicable income tax effects, which was reflected as a component of accumulated other comprehensive income. This represents a net increase to stockholder's equity of $368.0 million from the cumulative unrealized loss on investments of $1,461.9 million recognized at December 31, 2022.

The Company follows an investment strategy that emphasizes maintaining a high-quality investment portfolio while providing stable periodic returns. The composition of the Company's investment portfolio, on a fair value basis, for the periods ending December 31, was as follows:

	2023		2022	
	Amount	Percent	Amount	Percent
	(Dollars in millions)			
Fixed income securities, available for sale:				
U.S. Government and government agency bonds	$ 6,950.3	37.3 %	$ 6,366.9	38.6 %
Foreign governments	869.6	4.7	826.5	5.0
State and municipal bonds	-	-	0.2	-
Asset-backed securities	1,062.1	5.7	1,220.9	7.4
Residential mortgage-backed securities	634.6	3.4	662.6	4.0
Commercial mortgage-backed securities	519.3	2.8	533.6	3.2
Domestic corporate bonds	3,105.7	16.6	2,941.8	17.9
Foreign bonds	1,412.5	7.6	1,381.0	8.4
Fixed income securities, trading	7.3	0.0	12.8	0.1
Equity securities	91.9	0.5	84.1	0.5
Other invested assets	1,261.7	6.8	1,222.8	7.4
Short term investments	296.9	1.6	188.8	1.1
Cash and cash equivalents	1,856.7	10.0	1,055.7	6.4
Other assets	550.4	3.0	-	-
Total fair value	$ 18,619.0	100.0 %	$ 16,497.7	100.0 %

The Company's current investment strategy emphasizes investments in fixed income securities and real estate and infrastructure investment vehicles, rather than equity securities. This strategy is premised on the investment and tax planning strategies within the Munich Re Group. The Company's investment in equity securities was $91.9 million and $84.1 million at December 31, 2023 and 2022, respectively.

The following table indicates the composition of the Company's fixed income securities available for sale, on a fair value basis, by rating as assigned by Standard & Poor's at December 31.

	2023		2022	
	Amount	Percent	Amount	Percent
	(Dollars in millions)			
AAA	$ 1,556.3	10.7 %	$ 1,640.5	11.8 %
AA	8,032.8	55.2	7,505.2	53.9
A	1,860.1	12.8	1,673.0	12.0
BBB	2,547.2	17.5	2,485.2	17.8
BB and below	557.7	3.8	629.6	4.5
Total fair value	$ 14,554.1	100.0 %	$ 13,933.5	100.0 %

The Company continues to seek opportunities to enhance investment yield through a fixed maturity investment strategy. The Company also monitors investment and liability duration for each of its insurance subsidiaries to ensure optimal investment performance. The Company seeks to control its need for liquidity through prudent cash management steps, which include frequent and regular communication with its investment manager. The effective duration of the Company's bond portfolio was 4.49 and 4.99 years at December 31, 2023, and 2022, respectively.

Reserves for Unpaid Losses and Loss Adjustment Expenses

The reconciliation between statutory accounting basis and GAAP basis reserves for each of the three years in the period ended December 31, 2023, is shown below:

	Year ended December 31,		
	2023	2022	2021
	(Dollars in millions)		
Statutory loss and LAE reserves	$ 11,979.9	$ 11,998.1	$ 11,900.4
Retroactive reinsurance reserves	79.6	89.8	100.9
Reinsurance recoverables on unpaid losses	3,596.0	3,629.1	3,414.1
GAAP loss and LAE reserves	$ 15,655.5	$ 15,717.0	$ 15,415.4

Liquidity and Capital Resources

The Company is an insurance holding company whose only material investment is in the capital stock of its subsidiaries. The Company has been dependent on management service agreements and dividends from the insurance subsidiaries in order to meet its short- and long-term liquidity requirements, including its debt service obligations. The payment of dividends by the insurance subsidiaries is subject to limitations imposed by the Insurance Department, including the requirement that dividends be paid from available unassigned funds, as set forth in the most recent annual statement of the insurer. Based on these restrictions, MRAm cannot pay dividends in 2024 without the prior approval of the Insurance Department. AAIC, Princeton E&S, and Bridgeway can pay dividends of up to $22.3 million, $41.0 million, and $24.1 million, respectively, in 2024 without the prior approval of the Insurance Department. In the future, the Company believes that its long-term debt service obligations will be provided for by available cash of the Company, dividends and/or tax allocation payments from its subsidiaries, and/or through other forms of financing.

The Company's cash flow from operations may be influenced by a variety of factors, including cyclical changes in the property and casualty reinsurance market, insurance regulatory initiatives, and changes in general economic conditions. Liquidity requirements are met on both a short- and long-term basis by funds provided by operations and from the maturity and sale of investments. Cash provided by operations primarily consists of premiums collected, investment income, and reinsurance recoverable balances collected, less paid claims, retrocessional payments, underwriting and interest expenses, and income tax payments. Cash flows provided by operations were $988.7 million for the year ended December 31, 2023, generally resulting from the Company's underwriting activities. Cash flows provided by operations were $1,027.9 million and $787.6 million for the years ended December 31, 2022 and 2021, respectively.

Cash flows used in investing activities were $415.7 million, $300.3 million, and $1,422.1 million for the years ended December 31, 2023, 2022, and 2021, respectively. The negative cash flows used in investing activities in 2023, 2022, and 2021 were generally the result of the reinvestment of cash flows provided by operating activities and cash equivalents.

Cash flows provided by financing activities were $228.0 for the year ended December 31, 2023. Cash flows used in financing activities were $63.5 million for the year ended December 31, 2022. Cash flows provided by financing activities were $583.0 for the year ended December 31, 2021.

Cash and cash equivalents of $1,856.7 million, $1,055.7 million at December 31, 2023 and 2022, respectively, are maintained for liquidity purposes and represented 10.4% and 6.5%, respectively, of total financial statement investments and cash on such dates.

Credit Ratings

The Company and its subsidiaries are assigned financial strength and debt ratings from internationally recognized ratings agencies. Financial strength ratings represent the rating agencies opinion on the financial strength of a company and its capacity to meet the obligations of insurance policies. These independent ratings are one of the important factors that contribute to the Company's competitive position in the insurance market. Debt ratings are assessments of the likelihood that a company will make timely payments on principle and interest on short-and long-term debt. There can be no assurance that the Company or its subsidiaries will maintain their current ratings.

Standard & Poor's. On August 16, 2023 Standard & Poor's Rating Services ("S&P") affirmed its 'AA-' issuer credit and insurer financial strength ratings on Munich Re including the Company and changed the rating outlook to

positive from stable. With this affirmation with positive outlook, S&P states that Munich Re continues to demonstrate strong and improving underwriting performance in its various operations and increased diversification, which compares well with peers. The positive outlook reflects S&P's view that the group will defend its excellent competitive position and conservative capital management via further earnings diversification by divisions and improvements. Prior to the August 16, 2023 announcement, on April 19, 2023, S&P affirmed its "AA-" (Very Strong) insurer financial strength rating and issuer credit rating of Munich Re and its related core operating subsidiaries. The ratings reflect S&P's expectation that Munich Re will maintain its excellent franchise as one of the leading global reinsurance companies in the P&C and life reinsurance markets, supported by solid and conservative financial capabilities. S&P cited Munich Re's strong earnings which is supported by business and geographic diversification, sound underwriting in P/C and life reinsurance, and a growing contribution from the primary insurance business and the group's global Munich Re Specialty business. S&P stated that Munich Re's sound risk controls, conservative reserving, and strong capital generation capabilities will keep capitalization at least very strong. Another key strength is Munich Re's liquidity, which is expected to remain exceptional. In addition, the Company's issuer credit rating and senior debt rating continue to be rated "A-" (Strong). The outlook on the ratings is "positive".

Fitch Ratings. On July 24, 2023, Fitch Ratings ("Fitch") announced that it affirmed the "AA" (Very Strong) insurer financial strength rating of Munich Re, including MRAm. Fitch also affirmed the long-term issuer default rating and senior debt rating of "AA-" (Very Strong) of the Company. The ratings affirmation reflects Munich Re's continuing most favorable business profile within the global reinsurance sector, very strong capitalization with a low level of financial leverage and strong financial performance. Fitch views Munich Re as having the scale, diversity and financial strength to attract the highest-quality business in the global reinsurance market. Fitch's rating announcements reflect that the Company is a core subsidiary of Munich Re, recognizing a long track record of support and that the Company is the primary platform for the Munich Re organization to pursue reinsurance operations in the large U.S. reinsurance market. The outlook on these ratings is "stable".

A.M. Best. On July13, 2023, A.M. Best affirmed the Financial Strength Rating of A+ (Superior) and the Long-Term Issuer Credit Rating of "aa" (Superior) of Munich Re and its operating subsidiaries. The ratings reflect Munich Re's balance sheet strength, which A.M. Best assesses as "strongest", as well as its strong operating performance, very favorable business profile and very strong enterprise risk management. Concurrently, A.M. Best affirmed the long-term issuer credit rating and senior debt rating of "a" (Excellent) of the Company. A.M. Best considers the Company to be integral to the Munich Re group. Additionally, the U.S. reinsurance subsidiaries serve as an important conduit for Munich Re's access to the U.S. market. The outlook for these ratings is "stable".

Moody's. As at December 31, 2023, Munich Re, the Company and MRAm terminated the interactive rating relationship with Moody's Investor Service (Moody's) at Munich Re's request. At Moody's discretion, they have decided to continue to publish unsolicited insurance financial strength and debt ratings on Munich Re, the Company and MRAm. Prior to the interactive termination, on December 4, 2023 Moody's issued a credit opinion update on Munich Re, in which it affirmed its "Aa3" (Excellent) insurance financial strength rating with a stable outlook. Moody's coprommented that the group's very strong business profile, characterized by its excellent franchise in the global reinsurance market and solid primary insurance operations, its very high degree of diversification, its very strong capital adequacy, its resilient earnings and its conservative reserving levels supported its rating. Subsequently, on February 21, 2024, Moody's issued an updated unsolicited credit opinion on the Company, which affirmed the "Aa3" (Excellent) insurance financial strength rating of MRAm and the "A2" (Upper Medium Grade) senior unsecured debt rating of the Company with a stable outlook. The credit opinion update noted the Company's strong explicit and implicit support from Munich Re and the strategic importance of the U.S. operations to the Munich Re group. Moody's also stated that the Company has a strong franchise in the direct and broker reinsurance market, long-standing client relationships and well-established broker distribution channels in the U.S., well diversified product lines, and a high quality investment portfolio.

Market and Interest Rate Risk

The Company is subject to market risk arising from the potential change in the value of its various financial instruments. These changes may be due to fluctuations in interest and foreign exchange rates, credit spreads, and equity prices. The major components of market risk affecting the Company are interest rate and foreign currency risk.

Interest rate and equity price risk. The Company has both fixed and variable income investments with a value of $14,858.3 million at December 31, 2023, that are subject to changes in value due to market interest rates. In

addition to interest rate and foreign exchange risk, the Company's common equity portfolio of $91.9 million at December 31, 2023, is subject to changes in value based on changes in equity prices.

Foreign currency rate risk. Foreign currency rate risk is the potential change in value, income and cash flow arising from adverse changes in foreign currency exchange rates. Although the majority of the Company's remaining international operations are in run-off, the Company generally maintains investments in local currencies to meet its foreign obligations. The Company's primary foreign currency exposures are the Canadian Dollar and the Euro.

Management of market risk. The Company invests in foreign exchange forward contracts to economically hedge the foreign currency exchange risk associated with certain non-U.S. dollar denominated exposures. At December 31, 2023, the Company had three open foreign currency forward contracts with an aggregate notional value of $159.6 million. To hedge credit risk, the Company may at times purchase or sell credit default swaps in the form of CDS or CDX contracts. At December 31, 2023, the Company had no open CDS or CDX contracts. The Company may also use other derivative instruments, such as futures, to economically hedge the duration of fixed income assets due to anticipated changes in the interest rate environment. At December 31, 2023, the Company had no open futures positions. Derivatives, depending on the type of instrument, are inherently at risk to changes in interest rates, foreign exchange rates and price movements. The market valuations are also a function of the volume of transactions and the terms of the given agreement.

Sensitivity Analysis of Market Risk and Disclosures About Model

Interest rate sensitivity analysis is used to measure the Company's interest rate price risk by computing estimated changes in fair value of fixed and variable rate assets and liabilities in the event of a range of assumed changes in market interest rates. This analysis assesses the risk in market risk sensitive instruments in the event of a sudden and sustained 100 to 200 basis point increase or decrease in market interest rates. The following table presents the Company's projected change in fair value of the Company's financial instruments at December 31, 2023. All market sensitive investments presented in this table are either available for sale or trading.

The calculation of fair value is based on quoted market prices, where available. If market prices are not available from a public exchange, fair values are based on quoted market prices of comparable instruments or determined based on quotes from various brokers.

Percent Change in Interest Rates	Fair Value of Total Investments, Excluding Common Equities	Hypothetical Change	Percentage Hypothetical Change
(Dollars in millions)			
200 basis point rise	$ 16,756.0	$ (1,220.7)	(6.8) %
100 basis point rise	17,322.8	(653.9)	(3.6)
Base scenario	17,976.7	-	-
100 basis point decline	18,718.0	741.3	4.1
200 basis point decline	19,546.6	1,569.9	8.7

Percent Change in Interest Rates	Fair Value of Senior Notes	Hypothetical Change	Percentage Hypothetical Change
(Dollars in millions)			
200 basis point rise	$ 300.7	$ (16.3)	(5.1) %
100 basis point rise	308.7	(8.3)	(2.6)
Base scenario	317.0	-	-
100 basis point decline	325.5	8.5	2.7
200 basis point decline	334.4	17.4	5.5

The preceding tables indicate that at December 31, 2023, in the event of a sudden and sustained increase in prevailing market interest rates, the fair value of the Company's investment and debt instruments would be expected

to decrease, and that in the event of a sudden and sustained decrease in prevailing market interest rates, the fair value of the Company's fixed maturity investments and debt instruments would be expected to increase.

Disclosures About Limitations of Sensitivity Analysis

Computations of prospective effects of hypothetical interest rate changes are based on numerous assumptions, including relative levels of market interest rates and loan prepayments, and should not be relied on as indicative of future results.

Certain shortcomings are inherent in the method of analysis presented in the computation of the fair value of fixed rate instruments. Actual values may differ from those projections presented should market conditions vary from assumptions used in the calculation of the fair value. In the event of a change in interest rates, prepayment and early withdrawal levels could deviate significantly from those assumed in the calculation of fair value. Actual results may differ from the hypothetical change in market rates assumed in this disclosure, especially since this sensitivity analysis does not reflect the results of any actions that would be taken by the Company to mitigate such hypothetical losses in fair value.

Forward-Looking Information

The Company has disclosed certain forward-looking statements concerning its operations, economic performance and financial condition, including, in particular the likelihood of the Company's success in developing and expanding its business and the risks related thereto. These statements are based upon a number of assumptions and estimates that are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of the Company, and reflect future business decisions that are subject to change. Some of these assumptions inevitably will not materialize, and unanticipated events will occur which will affect the Company's results. Such statements may include, but are not limited to, projections of premium revenue, investment income, other revenue, losses, expenses, earnings, cash flows, plans for future operations, common stockholder's equity, investments, capital plans, dividends, plans relating to products or services of the Company, estimates concerning the effects of litigation or other disputes, adverse state or federal legislation or regulation, adverse publicity or news coverage or changes in general economic factors as well as the assumptions for any of the foregoing and are generally expressed with words, such as "believes," "estimates," "expects," "anticipates," "plans," "projects," "forecasts," "goals," "could have," "may have" and similar expressions.

MUNICH RE AMERICA CORPORATION AND SUBSIDIARIES

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Report of Independent Auditors

The Board of Directors and Stockholder of
Munich Re America Corporation

Opinion

We have audited the consolidated financial statements of Munich Re America Corporation and subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income (loss), stockholder's equity and cash flows for the years ended December 31, 2023, 2022 and 2021, and 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 at December 31, 2023 and 2022, and the results of its operations and its cash flows for the years ended December 31, 2023, 2022 and 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 of 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 that the financial statements are available to be issued.

Auditor's 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 of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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.

Other Information

Management is responsible for the other information. The other information comprises of business, risk factors, management's discussion and analysis of the Company's results of operations and financial condition included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the incurred and cumulative paid loss and loss adjustment expense development as well as average annual payout of incurred losses for the years prior to 2023 in Note 8D be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information included in the Supplemental Schedules I through IV, and VI is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Ernst + Young LLP

April 1, 2024

MUNICH RE AMERICA CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2023 and 2022
(Dollars in millions, except share amounts)

	December 31,	
	2023	**2022**
Assets:		
Investments		
Fixed income securities		
Available for sale, at fair value (net of allowance for credit loss of $59.1 and nil, respectively); and amortized cost: $16,011.0 and $15,797.5, respectively)	$ 14,554.1	$ 13,933.5
Trading, at fair value	7.3	12.8
Equity securities	91.9	84.1
Other invested assets (net of allowance for credit loss of $2.9 and nil, respectively)	1,095.4	992.9
Short term investments	296.9	188.8
Cash and cash equivalents	1,856.7	1,055.7
Total investments and cash	17,902.3	16,267.8
Accrued investment income	91.7	82.0
Premiums and other receivables	1,279.9	2,295.8
Deferred policy acquisition costs	814.4	706.7
Reinsurance recoverables on paid and unpaid losses	3,644.3	3,695.8
Funds held by ceding companies	523.7	537.7
Prepaid reinsurance premiums	95.6	72.1
Goodwill	237.3	237.3
Deferred federal income taxes	473.0	636.9
Other assets	1,016.4	331.4
Total assets	$ 26,078.6	$ 24,863.5
Liabilities:		
Loss and loss adjustment expense reserves	$ 15,655.5	$ 15,717.0
Unearned premium reserve	2,882.3	2,478.3
Total insurance reserves	18,537.8	18,195.3
Loss balances payable	186.7	1,082.6
Funds held under reinsurance treaties	444.7	449.7
Deferred underwriting revenue	1,372.4	1,355.7
Senior notes	293.4	319.6
Other liabilities	1,615.0	700.7
Total liabilities	22,450.0	22,103.6
Stockholder's Equity:		
Common stock, par value: $0.01 per share; authorized: 1,000 shares; issued and outstanding: 149.49712 shares at December 31, 2023 and 2022	-	-
Additional paid-in capital	6,941.3	6,941.3
Accumulated deficit	(2,115.5)	(2,609.2)
Accumulated other comprehensive loss	(1,197.2)	(1,572.2)
Total stockholder's equity	3,628.6	2,759.9
Total liabilities and stockholder's equity	$ 26,078.6	$ 24,863.5

See accompanying notes to consolidated financial statements.

MUNICH RE AMERICA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
Years Ended December 31, 2023, 2022, and 2021
(Dollars in millions)

	Year ended December 31,		
	2023	**2022**	**2021**
Revenue:			
Premiums written	$ 6,124.3	$ 6,673.1	$ 7,481.6
Change in unearned premium reserve	(380.2)	724.8	(992.7)
Premiums earned	5,744.1	7,397.9	6,488.9
Net investment income	540.6	454.1	313.8
Net realized capital gains (losses)	11.6	(149.0)	189.4
Other income	13.3	68.5	42.5
Total revenue	6,309.6	7,771.5	7,034.6
Losses and expenses:			
Losses and loss adjustment expenses	3,644.6	5,413.1	5,027.9
Commission expense	1,471.4	2,249.2	2,043.5
Operating expense	354.2	286.9	255.6
Interest expense	28.9	24.7	25.1
Interest on ceded funds held balances	20.2	18.9	16.6
Other expense	23.5	25.4	42.2
Total losses and expenses	5,542.8	8,018.2	7,410.9
Income (loss) before income taxes	766.8	(246.7)	(376.3)
Federal and foreign income taxes (benefit)	140.6	(71.8)	(65.3)
Net Income (loss)	626.2	(174.9)	(311.0)
Other comprehensive income (loss), net of tax:			
Unrealized appreciation (depreciation) of investments	364.3	(1,492.7)	(180.5)
Reclassification adjustment for provision for credit loss expense	(45.9)	-	-
Reclassification adjustment for losses (gains) included in operations	49.7	(98.2)	(275.1)
Defined benefit plan adjustment	4.8	3.4	27.9
Reclassification adjustment for losses included in operations	2.1	2.0	2.9
Other comprehensive income (loss)	375.0	(1,585.5)	(424.8)
Comprehensive income (loss)	$ 1,001.2	$ (1,760.4)	$ (735.8)

See accompanying notes to consolidated financial statements.

MUNICH RE AMERICA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY
Years Ended December 31, 2023, 2022, and 2021
(Dollars in millions)

	Common stock	Additional paid in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Total
Balance at January 1, 2021	$ -	$ 6,316.3	$ (2,030.5)	$ 438.1	$ 4,723.9
Net loss	-	-	(311.0)	-	(311.0)
Other comprehensive loss	-	-	-	(424.8)	(424.8)
Capital contribution	-	625.0	-	-	625.0
Dividend to parent company	-	-	(42.0)	-	(42.0)
Balance at December 31, 2021	-	6,941.3	(2,383.5)	13.3	4,571.1
Net loss	-	-	(174.9)	-	(174.9)
Other comprehensive loss	-	-	-	(1,585.5)	(1,585.5)
Dividend to parent company	-	-	(50.8)	-	(50.8)
Balance at December 31, 2022	-	6,941.3	(2,609.2)	(1,572.2)	2,759.9
Cumulative-effect adjustment for accounting change	-	-	(82.0)	-	(82.0)
Net Income	-	-	626.2	-	626.2
Other comprehensive income	-	-	0.4	375.0	375.4
Dividend to parent company	-	-	(50.9)	-	(50.9)
Balance at December 31, 2023	$ -	$ 6,941.3	$ (2,115.5)	$ (1,197.2)	$ 3,628.6

See accompanying notes to consolidated financial statements.

MUNICH RE AMERICA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023, 2022, and 2021
(Dollars in millions)

	2023	2022	2021
Cash Flows From Operating Activities:			
Net income (loss)	$ 626.2	$ (174.9)	$ (311.0)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Accrued investment income	(9.7)	(21.6)	11.8
Trading securities	5.5	2.4	3.5
Premiums and other receivables	1,015.9	(873.1)	(421.4)
Deferred policy acquistion costs	(107.7)	214.3	(286.6)
Reinsurance recoverables on paid and unpaid losses	51.5	(219.5)	(492.9)
Funds held, net	9.0	1,133.7	(626.4)
Insurance reserves	342.4	(415.0)	3,203.0
Deferred revenue	16.7	(22.9)	(40.5)
Current and deferred federal and foreign income taxes, net	96.0	423.2	(60.9)
Other assets and liabilities, net	(993.3)	913.3	39.2
Depreciation expense on property and equipment	5.0	5.2	7.9
Net realized capital losses (gains)	(11.6)	147.4	(206.3)
Equity in losses (income) of investees	(22.2)	(7.4)	61.1
Other, net	(35.0)	(77.2)	(92.9)
Net cash provided by operating activities	988.7	1,027.9	787.6
Cash Flows From Investing Activities:			
Fixed income securities available for sale:			
Purchases	(1,452.0)	(9,576.1)	(22,079.2)
Maturities	411.5	21.8	37.7
Sales	811.6	9,086.2	20,862.0
Equity securities:			
Sales	0.1	1.6	68.8
Other invested assets:			
Purchases	(128.2)	(56.7)	(309.2)
Sales	45.6	38.4	126.9
Net derivative instrument settlements	(7.0)	(12.7)	1.9
Net purchases and sales of short term investments	(97.1)	198.6	(139.4)
Disposals (additions) of property and equipment	(0.2)	(1.4)	8.4
Net cash used in investing activities	(415.7)	(300.3)	(1,422.1)
Cash Flows From Financing Activities:			
Capital contributions	-	-	625.0
Issuance of surplus note	305.0	-	-
Dividends paid to parent company	(50.9)	(50.8)	(42.0)
Partial extinguishment of senior notes	(26.1)	(12.7)	-
Net cash provided by (used in) financing activities	228.0	(63.5)	583.0
Net increase (decrease) in cash and cash equivalents	801.0	664.1	(51.5)
Cash and cash equivalents, beginning of period	1,055.7	391.6	443.1
Cash and cash equivalents, end of period	$ 1,856.7	$ 1,055.7	$ 391.6
Supplemental Cash Flow Information:			
Income taxes received, net	$ 15.0	$ 61.9	$ 7.0
Interest paid	$ (22.8)	$ (24.1)	$ (24.9)

See accompanying notes to consolidated financial statements.

1. NATURE OF OPERATIONS

Munich Re America Corporation (the "Company") primarily acts as the holding company for four insurance subsidiaries, Munich Reinsurance America, Inc. ("MRAm"), American Alternative Insurance Corporation ("AAIC"), The Princeton Excess and Surplus Lines Insurance Company ("Princeton E&S"), and Bridgeway Insurance Company ("Bridgeway") (MRAm, AAIC, Princeton E&S, and Bridgeway, together, are the "Insurance Subsidiaries"). MRAm underwrites property and casualty reinsurance. AAIC primarily writes primary insurance program business, aviation, collector car, commercial and residential flood, excess liability, surety bonds, and ocean marine business on an admitted basis. Princeton E&S provides insurance coverage on a non-admitted basis in the United States primarily for public entities and the specialty commercial surplus lines market. Bridgeway provides excess and surplus lines insurance coverages on a non-admitted basis in the United States. The Insurance Subsidiaries are domiciled in the State of Delaware. The Delaware Insurance Department ("the Insurance Department") is the domiciliary regulator for the Insurance Subsidiaries.

The Company is a wholly-owned subsidiary of Munich-American Holding Corporation ("MAHC"), a Delaware holding company, which in turn is wholly-owned by Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München ("Munich Re"), a company organized under the laws of Germany.

2. SUBSEQUENT EVENTS

MRAm is a participant in a pooling arrangement with four affiliates, AAIC, PESLIC, BIC and Digital Advantage Insurance Company ("DAIC"). MRAm is the lead company for the pooling arrangement and has a 100% participation in the pooled business. AAIC, PESLIC, BIC and DAIC each have a 0% participation in the pooled business. Effective January 1, 2024, American Modern Home Insurance Company ("AMHIC"), an affiliate, will be added to the pooling arrangement and have a 0% participation in the pooled business. The Company's participation in the pooling arrangement is not impacted by this transaction.

MRAm, AAIC, PESLIC, BIC and DAIC are Delaware domiciled companies. AMHIC is domiciled in Ohio. This transaction has been approved by the Delaware Insurance Department and the Ohio Department of Insurance.

There were no other subsequent events requiring adjustment to the financial statements or disclosure through April 1, 2024, the date that the Company's financial statements were available to be issued.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Company's primary business is (re)insuring property-casualty risks of domestic and foreign insurance organizations under excess of loss and pro rata (re)insurance contracts and providing specialized insurance products and solutions for small- to medium-size commercial organizations which are distributed through broker and program administrator partners. The Company and its subsidiaries operate on a calendar year basis.

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of the Company and its subsidiaries. Inter-company accounts and transactions have been eliminated. Investees which represent the Company's investment in voting interests of 20% to 50% generally are recorded using the equity method. 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. Actual results could differ from those estimates.

B. Capital Contributions

In December 2021, Munich Re contributed capital of $625.0 to MAHC and further to the Company and MRAm, as a means to strengthen the statutory surplus of that entity.

C. Application of New Accounting Standards

Measurement of Credit Losses on Financial Instruments

On January 1, 2023, the Company adopted ASU 2016-13, "Measurement of Credit Losses on Financial Instruments" on a modified retrospective basis and recorded a cumulative effect adjustment, net of tax, to retained earnings of $82.0. The Company records an allowance for credit losses ("ACL") based on the expectation of lifetime credit losses on financing receivables carried at amortized cost, including, but not limited to, mortgage loans, premium receivables, and reinsurance receivables. Other-than-temporary impairments on available for sale ("AFS") debt securities are recorded as an allowance for credit losses with any improvements in expected future cash flows reflected as a reduction to the allowance. The Company established credit loss models for its AFS debt securities and financing receivables carried at amortized cost. The development of these credit loss models include data input validations, updates to information systems, discussions with external service providers, and enhanced policies and controls.

D. Future Application of Accounting Standards

All other recently issued but not yet effective accounting and reporting standards are either not applicable to the Company or are not expected to have an impact on the Company.

E. Investments

Debt securities classified as available for sale are reported at fair value, with unrealized gains and losses excluded from earnings and reflected in stockholder's equity as a component of accumulated other comprehensive income, net of related income taxes.

Treasury inflation-protected securities classified as available for sale are reported at fair value with unrealized gains and losses excluded from earnings and reflected in stockholder's equity as a component of accumulated other comprehensive income, net of related income taxes. Adjustments related to the inflation factor are included in net investment income.

Equity investments, and debt securities classified as trading, are reported at fair value, with gains and losses, both realized and unrealized, included in net investment income.

Other invested assets includes investments accounted for under the equity method, as the Company's ownership is deemed to represent significant influence. These investments represent the Company's ownership portion of the respective investee's equity. Other invested assets also includes the Company's investments in senior secured fixed term loans carried at amortized cost offset by the allocated ACL.

The Company's derivative portfolio may consist of credit default swaps, credit default swap indices, foreign exchange forward contracts, and fixed income futures. The Company does not apply hedge accounting in its reporting of derivative instruments. Derivative instruments are reported at fair value, with gains and losses, both realized and unrealized, included in net investment income. Derivative assets and liabilities and any related cash collateral received or paid, are presented on a net basis when a legally enforceable master netting agreement exists between the Company and the counterparty. A master netting agreement is an agreement between two counterparties who have multiple derivative contracts with each other that provides for the net settlement of all contracts, as well as cash collateral, through a single payment.

The fair value of the credit default swaps, credit default swap indices, and foreign exchange forward contracts are reported in other invested assets if in a net gain position or other liabilities if in a net loss position. The fixed income futures are settled with cash daily, therefore only the one-day open receivable or payable related to the variation margin is included in the Company's Consolidated Balance Sheet in other assets or other liabilities, respectively. The value of the Company's derivative instruments can change, sometimes significantly, based on varying factors such as changes in equity market values, credit spreads, and foreign exchange rates.

Short term investments are predominantly debt securities purchased with a maturity of greater than three months and less than one year when purchased. Short term securities are reported at fair value, with unrealized gains and losses reflected in accumulated other comprehensive income, net of tax.

Realized gains and losses on the sale of investments are determined on a first-in, first-out basis and are included in net income. Investment income is recognized as earned and includes the accretion of discounts and amortization of premiums related to fixed maturity securities. Purchases and sales are recorded on a trade date basis.

The amortized cost for fixed maturity securities is adjusted for unamortized premiums and discounts, which are amortized or accreted using the interest-rate method over the estimated remaining term of the securities. Mortgage-backed and asset-backed securities are further adjusted for anticipated prepayments and defaults.

For investments in limited partnerships and limited liability companies, that the Company intends to sell, or for which it does not have the intent and ability to hold until such time that it has recovered in value, the full amount of an impairment is reported in net investment income.

Per the adoption of ACL, the policy for fixed income securities that are available for sale changed in 2023. For securities in an unrealized loss position, a credit loss is recognized in earnings within net investment gains (losses) when it is anticipated that the amortized cost, excluding accrued investment income, will not be recovered. When either: (i) the Company has the intent to sell the security; or (ii) it is more likely than not that the Company will be required to sell the security before recovery, the reduction of amortized cost and the loss recognized in earnings is the entire difference between the security's amortized cost and estimated fair value. If neither of these conditions exists, the difference between the amortized cost of the security and the present value of projected future cash flows expected to be collected is recognized in earnings as a credit loss by establishing an ACL with a corresponding charge recorded in net investment gains (losses). However, the ACL is limited by the amount that the fair value is less than the amortized cost. This limitation is known as the "fair value floor." If the estimated fair value is less than the present value of projected future cash flows expected to be collected, this portion of the decline in value related to other-than-credit factors is recorded in OCI as an unrecognized loss.

For purchased credit deteriorated ("PCD") fixed maturity securities AFS and financing receivables, an ACL is established at acquisition, which is added to the purchase price to establish the initial amortized cost of the investment and is not recognized in earnings. The Company has no holdings with PCD as of December 31, 2023.

For fixed term loans classified as held-to-maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity, the Company utilizes the probability of default ("PD") and loss given default ("LGD") methods to determine the credit loss.

For fixed income securities that the Company intends to sell, or for which it is more likely than not had it would be required to sell before the anticipated recovery in value, the fully amount of an impairment is reported in net realized capital losses for both 2023 and 2022 reporting periods.

Prior to the adoption of ACL, investments were subject to regular reviews to determine if a decline in value is other-than-temporary. Factors considered were: the reasons for the decline in value, the extent and duration of the decline, the Company's intent to sell the investment or when it is more likely than not that the Company will be required to sell the investment before its anticipated recover in value.

For fixed income securities that the Company does not intend to sell, or for which it is more likely than not that it would not be required to sell before the anticipated recovery in value, the Company bifurcates the fixed income portfolio into two populations. For mortgage-backed and asset-backed securities, the Company separates the credit loss component of an impairment, defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis, from the amount related to other factors and reports the credit loss component in net realized capital losses. The impairment related to the other factors is reported in a separate category of accumulated other comprehensive income. Other fixed income securities are analyzed for objective evidence of impairment resulting from one or more loss events that are anticipated to impact future cash flows and are therefore considered to be other-than-temporary. If the carrying value of the security is less than the fair value, the security is written down to fair market value as a component of net realized capital losses.

F. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, money market funds, and other debt issues purchased with a maturity of three months or less when purchased. Cash equivalents investments with original maturities of less than three months are carried at amortized cost which, because of their short-term nature, approximates fair value.

G. Premiums and Unearned Premiums

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are computed for the remaining period of coverage using pro rata methods.

Assumed reinsurance premiums are based on information provided by ceding companies. Written and earned premiums, and their related cost, which have not yet been reported to the Company are estimated and accrued. The information used in establishing these estimates is reviewed and subsequent adjustments are recorded in the period in which they are determined. On retrospectively rated contracts, estimated additional or return premiums are accrued.

Assumed reinsurance and ceded retrocessional contracts that do not both transfer significant insurance risk and result in the reasonable possibility that the Company or its retrocessionnaires may realize a significant loss from the insurance risk assumed are required to be accounted for as deposits. These contract deposits are included in other assets and other liabilities in the Consolidated Balance Sheets and are accounted for as financing transactions with interest income or expense included in other income and credited or charged to the contract deposits.

A premium deficiency occurs when expected losses and loss adjustment expenses (“LAE”) and deferred policy acquisition costs exceed related unearned premiums. Anticipated investment income is considered in making this evaluation. A premium deficiency reserve is established after the related deferred policy acquisition costs have been reduced to zero.

The Company maintains an allowance for doubtful accounts for amounts due from clients in receivership or believed to be in financial difficulty. The total allowance reflected in premiums and other receivables was $15.0 and $13.5 at December 31, 2023 and 2022, respectively. There can be no assurance future charges for uncollectible premiums and other receivables will not have a material adverse effect on results of operations in any future period, although management believes any such charges would not be expected to have a material adverse effect on the Company’s liquidity or financial condition.

H. Deferred Policy Acquisition Costs

Deferred policy acquisition costs represent acquisition costs, primarily commissions and certain operating expenses related to the successful acquisition of new or renewal contracts. These costs are deferred and limited to their estimated realizable value based on the related unearned premiums, anticipated loss and loss adjustment expenses, and anticipated investment income. These costs are amortized ratably over the terms of the related contracts. The amortization of deferred policy acquisition costs was $706.7, $921.0, and $634.4 for the years ended

December 31, 2023, 2022, and 2021, respectively. Deferred policy acquisition costs are reviewed for recoverability at least annually; anticipated investment income is considered in making these evaluations.

I. Loss and Loss Adjustment Expense Reserves

The Company maintains reserves to cover its estimated ultimate liability for loss and LAE with respect to reported and unreported claims incurred as of the end of each accounting period modified for current trends and estimates of expenses for investigating and settling claims, net of estimated related salvage and subrogation claims. These reserves represent management's best estimates based on actuarial indications of ultimate loss and expenses.

It is the Company's policy to discount all workers' compensation claims on reported and unreported losses at a rate permitted by the Commissioner. Claims related to accident years prior to 2007 are discounted using an interest rate of 4.5%. Claims related to accident years 2007 through 2010 are discounted using an interest rate of 3.0%. Claims related to accident years 2011 through 2023 are discounted using an interest rate of 0.0%. Such discounts resulted in a reduction in gross loss reserves of $583.4 and $641.1, and net loss reserves of $295.3 and $321.9, at December 31, 2023 and 2022, respectively.

J. Deferred Underwriting Gain

The Company has several retroactive reinsurance contracts, most notably the loss portfolio transfer agreement and adverse loss development covers with Munich Re (see Note 15 – Related Party Transactions). For retroactive reinsurance contracts, adverse loss development in excess of the premiums paid is generally deferred and recognized in income using the interest method over the settlement period of the underlying claims. Changes in the expected timing and estimated amounts of the underlying claim payment patterns produce changes in the periodic income recognized. These changes in estimates are determined retrospectively and included in income in the period of the change and subsequent periods.

K. Reinsurance Recoverables on Unpaid Losses

Reinsurance recoverables on unpaid losses were $3,596.0 and $3,629.1 at December 31, 2023, and 2022, respectively. These recoverables were based upon the application of estimates of unpaid loss and LAE reserves in conjunction with terms specified under individual retrocessional contracts. The amounts ultimately collected may be more or less than such estimates. Any adjustments of these estimates or differences between estimates and amounts subsequently collected are reflected in income as they occur.

The Company maintains an allowance for doubtful accounts for amounts due from reinsurers in receivership or believed to be in financial difficulty. The total allowance reflected in reinsurance recoverables on paid and unpaid losses was $34.6 and $33.8 at December 31, 2023 and 2022, respectively. Management believes such provision is sufficient to reduce reinsurance recoverables to their collectible amounts. There can be no assurance future charges for uncollectible reinsurance will not have a material adverse effect on results of operations in any future period, although management believes any such charges would not be expected to have a material adverse effect on the Company's liquidity or financial condition.

L. Defined Benefit Plans

The liability for the Company's defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of the qualified pension plan assets. Gains or losses and prior service costs or credits that may arise during the period are recognized in other comprehensive income, net of tax.

The defined benefit obligation and periodic benefit cost are calculated by independent actuaries based on plan and employee data and actuarial assumptions provided by the Company. Key assumptions include discount rate, mortality rates, and expected return on the plan assets of the qualified pension plan. These assumptions are based on available market data and are updated annually. The actuarial assumptions may differ from the actual results due to

changes in market conditions, economic trends and mortality experience. Any changes in these assumptions could have a significant impact on the defined benefit plan liability and future plan costs.

M. Leases

The Company has operating leases for office space used by its branch offices and subsidiary locations. A right of use asset, representing the Company's right to use the underlying asset, and a lease liability, representing the Company's obligation to make lease payments, are recorded upon commencement of the lease. These leases do not provide an implicit rate, therefore the incremental borrowing rate of Munich Re is used in determining the present value of lease payments. The lease term begins on the commencement date, which is the date the Company takes possession of the property, and may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. These leases generally do not contain any material residual value guarantees or material restrictive covenants.

Operating leases for office space are expensed on a straight-line basis over the term of the lease. Variable lease payments, such as those for taxes and utilities, are recorded in the period in which the obligation for the payment is incurred.

The Company also has operating leases for certain office equipment. The financial statement impact of these leases is de minimis, therefore the lease payments are expensed as paid, with no right of use asset or liability reflected on the Consolidated Balance Sheet.

N. Property, Equipment and Software

Property, equipment and software are carried at cost less accumulated depreciation and are included in other assets in the consolidated balance sheets. Property in own use is evaluated for impairment based on periodic third-party appraisals. The Company uses straight-line depreciation for all of its depreciable assets, with the useful lives ranging from three to forty years depending on the type of asset. The cost of depreciable assets was $212.7 and $214.2 at December 31, 2023 and 2022, respectively. Accumulated depreciation was $155.0 and $151.5 at December 31, 2023 and 2022, respectively.

O. Goodwill

Goodwill represents the cost in excess of net assets acquired in the acquisitions of MRAm in 1992 and the minority interests in Munich American Reinsurance Company in 1997. The Company evaluates the recoverability of goodwill annually. The carrying value of goodwill would be reduced to its implied fair value, through a direct write-off, if it were determined through evaluation that the goodwill was impaired.

P. Income Taxes

Pursuant to a tax sharing agreement between MAHC and its subsidiaries, which includes the Company and its subsidiaries, a consolidated U.S. Federal income tax return is filed. Each company's annual federal income tax liability is calculated on a standalone basis. The Company also files separate foreign income tax returns as required. The Company uses the liability method of accounting for income taxes, whereby deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws. The Company establishes a "valuation allowance" for any portion of the deferred tax asset that management does not believe is more likely than not realizable. Interest and penalties, if and when applicable, are included as a component of other expense in the Consolidated Statement of Comprehensive Income.

Q. Foreign Currency Translation

Foreign currency revenue and expenses are translated at exchange rates in effect when the transactions are recorded. Assets and liabilities are re-measured at the rate of exchange in effect at the close of each reporting

period. Re-measurement gains and losses of foreign currency denominated investment holdings available for sale are recorded in accumulated other comprehensive income, net of tax. Transaction gains and losses on sales of investments are included in net realized capital gains. Transaction and re-measurement gains and losses related to investments designated as "trading" are included in net investment income. All other transactions and re-measurement gains and losses are included in other income or other expense.

R. Fair Values of Financial Instruments

Fair value is defined as the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between willing, able, and knowledgeable market participants at the measurement date. Fair value measurements are not adjusted for transaction costs. In addition, a three-tiered hierarchy for inputs is used in management's determination of fair value of financial instruments that emphasizes the use of observable inputs over the unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are market participant assumptions based on market data obtained from sources independent of the reporting entity. Unobservable inputs are the reporting entity's own assumptions about market participant assumptions based on the best information available under the circumstances. In assessing the appropriateness of using observable inputs in making its fair value determinations, the Company considers whether the market for a particular security is "active" or "inactive" based on all the relevant facts and circumstances. A market may be considered to be inactive if there are relatively few recent transactions or if there is a significant decrease in market volume.

The Company is responsible for the determination of the fair value of its financial assets and the supporting methodologies and assumptions, however, it relies on its third-party investment accounting service provider to analyze prices received from pricing services to ensure they represent a reasonable estimate of fair value. The majority of the Company's selected sources for its fixed income securities are pricing vendors. The Company performs additional analyses to gain assurance on the overall reasonableness of inputs and valuation methodologies used by those sources. These analyses include an annual review of respective price services methodologies and processes, as well as a quarterly comparison of market prices to prices obtained from different independent pricing vendors.

The fair value hierarchy prioritizes pricing sources based on the source's expertise, reliability and availability. Priority is given to established pricing services ahead of broker-dealer price sources. The highest level price source available in the hierarchy is used to measure fair value. Vendors typically obtain data about market transactions and other key valuation model inputs from multiple sources and, through the use of widely accepted valuation models, provide a single fair value measurement for individual securities for which a fair value has been requested under the terms of service agreements. The inputs used by the valuation service providers include, but are not limited to, market prices from recently completed transactions and transactions of comparable securities, interest rate yield curves, credit spreads, currency rates and other market observable information, as applicable. The valuation models take into account, among other things, market observable information as of the measurement date as well as the specific attributes of the security being valued including its term, interest rate, credit rating, industry sector and, when applicable, collateral quality and other issue or issuer specific information. When market transactions or other market observable data is limited, the extent to which judgment is applied in determining the fair value is greatly increased.

Based on the reliability and observability of the inputs, the Company categorizes the fair value of its financial instruments as follows:

Level 1 – Unadjusted quoted prices accessible in active markets for identical assets or liabilities at the measurement date. A market is considered active if: (i) pricing information is obtained from the exchange-traded securities, (ii) the securities are actively traded, and (iii) current pricing is available. The types of assets and liabilities utilizing Level 1 valuations include equity securities listed in active markets and investments in publicly traded mutual funds with quoted market prices. The Company receives the quoted market prices from nationally recognized, independent pricing services. Foreign exchange forward contracts are also categorized as Level 1 holdings, as they are valued on actively traded markets.

Level 2 – Unadjusted quoted prices for similar assets or liabilities in active markets or inputs, other than quoted prices, that are observable or that are derived principally from, or corroborated by, observable market data through correlation or other means. The Company uses quoted values and other data provided by nationally recognized, independent pricing sources for determining fair values of its fixed income investments. When quoted market prices are unavailable, the pricing services provide an estimated fair value. The pricing services will only produce an estimate of fair value if there is objectively verifiable information to produce a valuation. The services use pricing applications that vary by asset class and incorporate available market information through processes such as matrix pricing. Fixed income securities are generally categorized as Level 2 since a particular security may not have traded, but the pricing services are able to use valuation models with observable market inputs, such as interest yield curves and prices for similar fixed maturity securities in terms of issuer, maturity and seniority. The types of assets and liabilities utilizing Level 2 valuations generally include U.S. Government securities, municipal bonds, structured notes, mortgage-backed and asset-backed securities, and corporate debt.

Level 3 – Prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. The types of assets and liabilities utilizing Level 3 valuations generally include collateralized or senior secured loans; fixed income securities, and certain equity securities which do not have a readily determinable fair value. These instruments are measured via broker-dealer pricing, cash flow modeling, or net asset value per share, as applicable. Credit default swaps and credit default swap indices are also categorized as Level 3 holdings, as they are priced using spreads from a pricing vendor input to an internal model and system.

Asset-backed securities are initially valued at the transaction price. Subsequently, the Company uses widely accepted valuation practices that produce a fair value measurement. The vast majority of fair values are determined using an income approach. The income approach primarily involves developing a discounted cash flow model using the future projected cash flows of the underlying collateral, as well as other inputs described below. A few Level 3 valuations are based entirely on non-binding broker quotes. These securities consist primarily of asset-backed securities where reliable pool and loan level collateral information cannot be reasonably obtained, and as such, an income approach is not feasible.

Unobservable inputs, significant to the measurement and valuation of asset-backed securities, mainly collateralized loan obligations, are generally used in the income approach, and include assumptions about prepayment speed and collateral performance, including default, delinquency and loss severity rates. Significant changes to any one of these inputs, or combination of inputs, could significantly change the fair value measurement for these securities. The fair value is based on pricing received from valuation groups at various brokers trading these securities in the marketplace. Prices are determined using a combination of matrix pricing of similar securities and observed transactions. By nature, a valuation group cannot give a binding quote considering they are an independent valuation group and not a trading desk. These prices are received by the Company's investment advisor and validated as part of their internal pricing process. In cases where a price is obtained from multiple brokers, the most conservative price is used. The investment advisor assesses market movements and volatility month-over-month by reviewing the spread movements across the sector based on published index data. This analysis provides indications of how securities performed based on market conditions over the pricing period and is used to validate the prices received from third parties. Spread movements that are not consistent with pricing movements are further reviewed, analyzed, and challenged with the broker if necessary.

The impact of prepayment speeds on fair value is dependent on a number of variables including whether the securities were purchased at a premium or discount. A decrease in interest rates generally increases the assumed rate of prepayments, and an increase in interest rates generally decreases the assumed speed of prepayments. Increased prepayments increase the yield on securities purchased at a discount and reduce the yield on securities purchased at a premium. In a decreasing prepayment environment, yields on securities purchased at a discount are reduced but are increased for securities purchased at a premium. Changes in default assumptions on underlying collateral are generally accompanied by directionally similar changes in other collateral performance factors, but generally result in a directionally opposite change in prepayment assumptions.

Privately placed fixed income securities and loans which are not actively traded and do not have readily observable prices are valued using discounted cash flow modeling. The cash flow model uses significant observable and unobservable inputs, including: a risk free rate curve, rating and currency spread curve, a credit spread curve, and an illiquidity spread. Changes to assumptions around rate curves or spreads may increase or decrease the fair value. In general, increases in risk free rates or credit and illiquidity spreads would decrease the fair value of the investment.

The fair value of the Company's equity investments in privately placed real estate limited partnerships are based on net asset values ("NAV") provided by the fund sponsors. These partnerships acquire investments in real estate within the United States for the purposes of generating capital appreciation and current income. The NAV determinations often include appraisals of operational properties, as well as those in various stages of development. The Company may redeem its interests with 90 days' notice, subject to liquidity at the fund, as determined by the general partner. To the extent liquidity is not available, distributions are made on a pro-rata basis, based on availability of funds as determined by the general partner. As of December 31, 2023, the Company no longer holds any privately placed real estate limited partnerships.

Other assets represents a surplus note received from an affiliated Company in exchange for a senior unsecured note and an accompanying forward purchase agreement issued to the same affiliate. As these instruments are not actively traded and do not have readily observable prices, a third party vendor was utilized to determine the fair value of the investment. The third party vendor utilized the income approach which values a security by estimating the present value of the future economic benefits it is expected to produce.

The carrying amount of cash and cash equivalents approximate the fair value because of their short-term nature. The fair value of the senior notes obligation was determined based on a price provided by an independent pricing service.

The fair value of financial instruments has been determined by the Company using available market information at December 31, 2023 and 2022. Although the Company is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date; therefore, current estimates of fair value may differ significantly from the amounts disclosed in the financial statements.

4. INVESTMENTS

A. Fixed Income Securities Designated as Available for Sale

Investments available for sale at December 31, were as follows:

	2023				
	Amortized cost	Credit loss allowance	Gross unrealized gains	Gross unrealized losses	Fair value
Fixed income securities:					
U.S. Treasury securities and obligations of U.S. government agencies and corporations	$ 7,835.8	$ -	$ 7.9	$ 893.4	$ 6,950.3
Obligation of states and political subdivisions	-	-	-	-	-
Foreign government securities	948.5	13.6	6.7	72.0	869.6
Corporate securities	4,842.6	45.5	26.4	305.3	4,518.2
Asset-backed securities	1,088.8	-	1.0	27.7	1,062.1
Residential mortgage-backed securities	722.4	-	0.6	88.4	634.6
Commercial mortgage-backed securities	572.9	-	-	53.6	519.3
Total fixed income securities	16,011.0	59.1	42.6	1,440.4	14,554.1
Short term investments	297.0	-	-	0.1	296.9
Total investments available for sale	$ 16,308.0	$ 59.1	$ 42.6	$ 1,440.5	$ 14,851.0

	2022			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Fixed income securities:				
U.S. Treasury securities and obligations of U.S. government agencies and corporations	$ 7,351.9	$ 1.2	$ 986.2	$ 6,366.9
Obligation of states and political subdivisions	0.2	-	-	0.2
Foreign government securities	944.3	1.8	119.6	826.5
Corporate securities	4,868.6	1.2	547.0	4,322.8
Asset-backed securities	1,280.2	0.2	59.5	1,220.9
Residential mortgage-backed securities	761.5	0.3	99.2	662.6
Commercial mortgage-backed securities	590.8	-	57.2	533.6
Total fixed income securities	15,797.5	4.7	1,868.7	13,933.5
Short term investments	188.8	-	-	188.8
Total investments available for sale	$ 15,986.3	$ 4.7	$ 1,868.7	$14,122.3

Evaluation and Measurement Methodologies of Fixed Income Securities AFS for Credit Loss

Management considers a wide range of factors about the security issuer and uses its best judgment in evaluating the cause of the decline in the estimated fair value of the security and in assessing the prospects for near-term recovery. Inherent in management's evaluation of the security are assumptions and estimates about the operations of the issuer and its future earnings potential. Considerations used in the credit loss evaluation process include, but are not limited to: (i) the extent to which the estimated fair value has been below amortized cost, (ii) adverse conditions specifically related to the security, industry sector, geographic area, and changes in the quality of credit enhancement, (iii) payment structure of the security and likelihood of the issuer being able to make payments, (iv) failure of the issuer to make scheduled interest and principal payments, (v) whether the Company has the intent to

sell or will more likely than not be required to sell a particular security before the decline in estimated fair value below amortized cost recovers, (vi) with respect to structured products, changes in forecasted cash flows after considering the changes in the financial condition of the underlying loan obligors and quality of underlying collateral, expected prepayment speeds, current and forecasted loss severity, consideration of the payment terms of the underlying assets backing a particular security, and the payment priority within the tranche structure of the security, (vii) changes in the rating of the security by a rating agency, and (viii) other subjective factors, including concentrations and information obtained from regulators.

In periods subsequent to the recognition of an initial ACL on a security, quarterly credit loss assessments are performed. Subsequent increases or decreases in the expected cash flow from the security result in corresponding decreases or increases in the ACL and are reported within net investment gains (losses); however, the previously recorded ACL is not reduced to an amount below zero. Full or partial write-offs are deducted from the ACL in the period the security, or a portion thereof, is considered uncollectible. Recoveries of amounts previously written off are recorded to the ACL in the period received. When the Company has the intent-to-sell the security or it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost, any ACL is written off and the amortized cost is written down to estimated fair value through a charge within net investment gains (losses), which becomes the new amortized cost of the security.

A fixed income security is deemed to be uncollectible if it is delinquent for 90 days. Once the security is considered delinquent, the security is subsequently written off.

Maturities of Fixed Maturity Securities AFS

The amortized cost and fair value of fixed income securities available for sale at December 31, 2023, are shown below by contractual maturity. Actual maturities may differ from contractual maturities because securities may be called or prepaid with or without call or prepayment penalties.

	Amortized cost	Fair value
Due to mature:		
One year or less	$ 1,123.0	$ 1,099.7
After one year through five years	6,925.6	6,533.8
After five years through ten years	3,832.1	3,559.6
After ten years	2,835.0	2,207.1
Residential mortgage-backed securities	722.4	634.6
Commercial mortgage-backed securities	572.9	519.3
Total fixed income securities	$ 16,011.0	$ 14,554.1

At December 31, 2023, and 2022, the Company's investments in fixed income securities investments available for sale were $14,554.1 or 81.3% and $13,933.5 or 85.7%, respectively, of total investments and cash. Fixed income security investments available for sale by market sector at December 31, were as follows:

	2023		2022	
	Amortized cost	Fair value	Amortized cost	Fair value
U.S. government	$ 7,835.8	$ 6,950.3	$ 7,351.9	$ 6,366.9
Foreign government	948.5	869.6	944.3	826.5
State and municipal	-	-	0.2	0.2
Asset-backed securities	1,088.8	1,062.1	1,280.2	1,220.9
Residential mortgage-backed securities	722.4	634.6	761.5	662.6
Commercial mortgage-backed securities	572.9	519.3	590.8	533.6
Financial	1,129.5	1,069.2	1,264.9	1,156.9
Utilities	413.3	376.3	390.8	334.2
Transportation	109.9	90.3	119.4	94.2
Health care	197.7	194.2	65.6	57.5
Natural Resources	279.6	255.0	376.6	323.8
Other corporate securities	2,712.6	2,533.2	2,651.3	2,356.2
Total	$ 16,011.0	$ 14,554.1	$ 15,797.5	$ 13,933.5

Net unrealized appreciation (depreciation) on investments included within accumulated other comprehensive income was as follows:

	Year Ended December 31,		
	2023	2022	2021
Change in unrealized appreciation (depreciation)			
Fixed income securities	$ 466.3	$ (2,028.5)	$ (580.9)
Other investments	(0.1)	-	(0.2)
Other assets	7.4	-	-
Subtotal	473.6	(2,028.5)	(581.1)
Income tax effect	105.6	(437.6)	(125.5)
Net change in unrealized appreciation (depreciation)	368.0	(1,590.9)	(455.6)
Balance, beginning of year	(1,461.9)	129.0	584.6
Balance, end of year	$ (1,093.9)	$ (1,461.9)	$ 129.0

Unrealized Losses on Fixed Maturity Securities AFS

The following table presents the estimated fair value and gross unrealized losses only for those AFS fixed income securities in an unrealized loss position without an ACL. The results are shown by sector and aggregated by length of time that the securities have been in a continuous unrealized loss position.

	December 31, 2023					
	Less than 12 months		12 months or longer		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Fixed income securities:						
U.S Treasury securities and obligations of U.S government agencies and corporations	$ 679.6	$ 16.7	$ 5,880.2	$ 876.7	$ 6,559.8	$ 893.4
Foreign government securities	18.1	0.2	504.5	34.4	522.6	34.6
Corporate securities	68.2	4.8	3,309.9	215.5	3,378.1	220.3
Asset-backed securities	15.5	-	953.5	27.7	969.0	27.7
Residential mortgage-backed securities	24.0	0.2	582.2	88.2	606.2	88.4
Commercial mortgage-backed securities	-	-	517.4	53.6	517.4	53.6
Total fixed income securities	$ 805.4	$ 21.9	$ 11,747.7	$1,296.1	$ 12,553.1	$1,318.0
Short term investments	12.9	0.1	-	-	12.9	0.1
Total temporarily impaired investments	$ 818.3	$ 22.0	$ 11,747.7	$1,296.1	$ 12,566.0	$1,318.1

The following table presents the estimated fair value and gross unrealized losses of all AFS fixed income securities in an unrealized loss position. The results are shown by sector and aggregated by length of time that the securities have been in a continuous unrealized loss position.

	December 31, 2022					
	Less than 12 months		12 months or longer		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Fixed income securities:						
U.S Treasury securities and obligations of U.S government agencies and corporations	$ 3,753.4	$ 391.3	$ 2,545.7	$ 594.9	$ 6,299.1	$ 986.2
Foreign government securities	201.3	15.9	592.2	103.7	793.5	119.6
Corporate securities	1,316.2	104.3	2,938.0	442.7	4,254.2	547.0
Asset-backed securities	614.7	18.0	590.5	41.5	1,205.2	59.5
Residential mortgage-backed securities	322.1	31.0	321.4	68.2	643.5	99.2
Commercial mortgage-backed securities	294.2	21.0	239.4	36.2	533.6	57.2
Total temporarily impaired investments	$ 6,501.9	$ 581.5	$ 7,227.2	$1,287.2	$ 13,729.1	$1,868.7

Management performs additional analysis to assess whether it intends to sell or if it is more likely than not that the Company will be required to sell the investment before its anticipated recovery in value. This analysis is performed on an individual security basis. Management does not intend to sell its fixed income securities that are in loss positions, and believes it is not more likely than not that it will be required to sell the securities that are in an unrealized loss position until such time as they recover in value to the Company's amortized cost or they mature. Based on the Company's current evaluation of its securities in an unrealized loss position without an ACL, the Company concluded that these securities had not incurred a credit loss and should not have an ACL at December 31, 2023.

Future provisions for credit loss will depend primarily on economic fundamentals, issuer performance (including changes in the present value of future cash flows expected to be collected), changes in credit ratings and collateral valuation.

The following table shows the rollforward of ACL for fixed income securities AFS by sector for the twelve-month period ended December 31, 2023:

	Balance 1/1/2023	Additions New Securities	Additions PCD Assets	Reduction Sales	Reduction Intent to Sell	Change in Securities with Previous Allowance	Balance 12/31/2023
Fixed income securities:							
Foreign government securities	$ 18.3	$ -	$ -	$ (0.2)	$ -	$ (4.5)	$ 13.6
Corporate securities	83.2	0.2	-	(4.7)	-	(33.2)	45.5
Total fixed income securities allowance	101.5	0.2	-	(4.9)	-	(37.7)	59.1

Accrued Investment Income

The Company has made the accounting policy election to present accrued interest receivable separately from its fixed income securities. The related accrued interest receivable is recorded in Accrued Investment Income on the accompanying Balance Sheets. Furthermore, the Company has also elected to exclude the applicable accrued interest that is included in the amortized cost basis for its fixed income securities. The amount of excluded accrued interest was $90.9 at December 31, 2023.

The Company has implemented an accounting policy election to not measure an allowance for credit losses for accrued interest receivable. For its fixed income securities, the Company will write off accrued interest receivable by reversing interest income when it becomes 90 days delinquent. The Company did not write off any amounts related to accrued interest receivable for the period ended December 31, 2023.

Proceeds from sales of investments AFS and the related gains and losses realized on those sales were as follows:

	Year Ended December 31,		
	2023	2022	2021
Proceeds from sales	$ 811.6	$ 9,086.2	$ 20,862.0
Gross gains realized	2.3	61.2	326.9
Gross losses realized	(27.6)	177.7	134.3

The Company holds certain foreign currency denominated securities in portfolios classified as “trading”, and as a result, proceeds from any sales of these securities are not included in cash flows from investing activities.

B. Held to Maturity Investments

The Company classifies the held-to-maturity portfolio as Other Loans which are primarily comprised of infrastructure debt loans that the Company has the intent and ability to hold for the foreseeable future or until maturity. Other Loans are reported at amortized cost, net of the allowance for credit losses. The Company monitors the credit rating of Other Loans on an annual basis using an internal risk model. The credit ratings were updated between December 2022 and November 2023.

The Company utilizes the PD and LGD methods to determine the credit loss for Other Loans. In the periods presented, there were no significant changes due to write-offs, significant purchases of financial assets, or significant sales or reclassification of loans.

The following table shows the amortized cost of Other Loans by credit rating at December 31, 2023

	Other Loans
Rating:	
BBB	$ 136.4
BB and below	83.5
Total	$ 219.9

Below is a rollforward of the Company's allowance for credit losses for its Other Loans at December 31, 2023:

	Other Loans
Balance as of 1/1/2023	$ 2.5
Current period change in ACL	0.4
Balance as of 12/31/2023	$ 2.9

Accrued Investment Income

The Company has made the accounting policy election to present accrued interest receivable separately from its held-to-maturity investments. The related accrued interest receivable is recorded in Accrued Investment Income on the accompanying Balance Sheets. Furthermore, the Company has also elected to exclude the applicable accrued interest that is included in the amortized cost basis for its held-to-maturity. The amount of excluded accrued interest was $0.8 at December 31, 2023.

The Company has implemented an accounting policy election to not measure an allowance for credit losses for accrued interest receivable. For its other infrastructure loans, the Company will write off accrued interest receivable by reversing interest income when it becomes 90 days delinquent. The Company did not write off any amounts related to accrued interest receivable for the period ended December 31, 2023.

The Company considers its Other Loans to be past due after 30 days. If a loan is past due for more than 90 days, the investment is written off. At December 31, 2023, there were no delinquent Other Loan balances. Held-to-maturity investments are placed on non-accrual status when they are 90 days in arrears, if the Company has concerns regarding the collectability of future payments, or if a loan has matured without being paid or extended. As of December 31, 2023, the Company had no held-to-maturity investments in non-accrual status. There was no interest income recognized on loans in non-accrual status for the period ended December 31, 2023.

C. Other-than-Temporary Impairment Evaluation

For other invested assets that are deemed to be impaired, management performs additional analysis to assess whether it intends to sell, or if it is more likely than not that the Company will be required to sell, the investment before its anticipated recovery in value. This analysis is performed on an individual security basis. Additionally, for investments in limited partnerships or limited liability companies, the Company regularly monitors the holding for potential impairment indicators. The Company may consider third-party valuations of the investment or its underlying holdings, sales of underlying holdings, lower than expected cash flows, or any other adverse event that may affect the fair value of the investee's stockholders' equity.

Financial period 2022 – Other-than-Temporary Impairment Evaluation

Investments classified as available for sale are subject to regular reviews to determine if a decline in value is other-than-temporary. For fixed income securities, the Company individually analyzes all positions with greater emphasis on those that have, in management's opinion, declined significantly below cost. The Company considers

market conditions, industry characteristics and the fundamental operating results of the issuer to determine if declines in value are due to changes in interest rates, changes relating to a decline in credit quality, or other issues affecting the investment.

For debt securities that are not deemed to be credit impaired, management performs additional analysis to assess whether it intends to sell or if it is more likely than not that the Company will be required to sell the investment before its anticipated recovery in value. This analysis is performed on an individual security basis.

The Company's analysis regarding credit impairment is based on the characteristics of the security:

Corporate securities. In assessing whether a corporate debt security is other-than-temporarily impaired the Company considers the issuer's financial condition. An analysis of the issuer's financial condition includes whether there has been a decline in the overall value of the issuer or its ability to service the specific security. Factors which may be used include, but are not limited to, credit quality ratings, cash flow sustainability, liquidity, the company's financial strength, industry, and market position.

Structured securities. When evaluating whether a residential mortgage-backed security, commercial mortgage-backed security, collateralized debt obligation and other asset-backed securities are other than temporarily impaired due to credit, the Company examines characteristics of the underlying collateral, such as delinquency and default rates, the quality of the underlying borrower, the type of collateral in the pool, the vintage year of the collateral, subordination levels within the structure of the collateral pool and the quality of any credit guarantors.

For mortgage-backed securities, other than those issued by the Government National Mortgage Association ("GNMA"), which are backed by the full faith and credit of the U.S. Government, or Federal National Mortgage Association ("FNMA") and Federal Home Loan Mortgage Corporation ("FHLMC") which are government sponsored enterprises, non-interest related impairment is assessed using a cash flow model that estimates the cash flows on the underlying mortgages. The cash flow model incorporates actual cash flows on the mortgage-backed securities and projects the remaining cash flows using a number of assumptions, including default rates, prepayment rates, and recovery rates.

Management obtains assessments from its investment advisor, which develops specific assumptions using as much market data as possible and includes internal estimates as well as estimates published by rating agencies and other third-party sources. Default rates are projected by considering current underlying mortgage loan performance. Other assumptions used contemplate the actual collateral attributes, including geographic concentrations, rating agency loss projections, rating actions and current market prices.

The analysis management utilizes to assess home equity asset-backed securities includes expected cash flow projections provided by the Company's investment advisor which consider expected default expectations and loss severities and prepayment assumptions. The significant inputs in the models include the expected default rates, delinquency rates and foreclosure costs. For non-home equity asset-backed securities, reports and analysis are used to determine expected recovery value for such securities.

At December 31, 2022, fixed income securities that have been in an unrealized loss position for twelve months or longer are comprised of 901 securities with an amortized cost of $8,514.4 and a gross unrealized loss of $1,287.2 These securities mature as follows: 3.2% due in less than one year, 42.1% due in one to five years; 27.5% due in five to ten years; and 27.2% due in greater than ten years (calculated as a percentage of amortized cost). Management believes these unrealized losses are temporary and the result of changes in market conditions, including interest rates and sector spreads. Management does not intend to sell its fixed income securities that are in loss positions, and believes it is not more likely than not that it will be required to sell the securities that are in an unrealized loss position until such time as they recover in value to the Company's amortized cost or they mature.

For other invested assets that are deemed to be impaired, management performs additional analysis to assess whether it intends to sell, or if it is more likely than not that the Company will be required to sell, the investment

before its anticipated recovery in value. This analysis is performed on an individual security basis. Additionally, for investments in limited partnerships or limited liability companies, the Company regularly monitors the holding for potential impairment indicators. The Company may consider third-party valuations of the investment or its underlying holdings, sales of underlying holdings, lower than expected cash flows, or any other adverse event that may affect the fair value of the investee's stockholders' equity.

D. Fixed Income Securities Designated as Trading

Fixed income securities designated as "trading" include certain foreign currency denominated securities related to an international branch in run-off operations. It is the Company's intent to actively trade these securities. Net gains and losses on trading securities, both realized and unrealized, were included in net investment income as follows:

	Year ended December 31,		
	2023	2022	2021
Net gains (losses) recognized on trading securities	$ 1.2	$ (1.4)	$ (1.2)
Less: Net gains (losses) recognized on securities sold	-	(0.4)	0.9
Unrealized gains (losses) recognized on securities still held at the reporting date	$ 1.2	$ (1.0)	$ (2.1)

E. Equity Securities

Net gains and losses on equity securities, both realized and unrealized, were included in net investment income as follows:

	Year ended December 31,		
	2023	2022	2021
Net gains (losses) recognized on equity securities	$ 7.1	$ (13.5)	$ 7.4
Less: Net gains (losses) recognized on securities sold	0.9	(0.9)	20.3
Unrealized gains (losses) recognized on securities still held at the reporting date	$ 6.2	$ (12.6)	$ (12.9)

F. Derivative Financial Instruments

Derivatives are financial instruments whose market values are (i) derived from changes in interest rates, foreign exchange rates, credit exposures, or the value of related securities, and (ii) a function of the type of derivative product, the volume of transactions, the terms of the given agreement and market volatility. The Company's derivative portfolio may at times consist of credit default swaps ("CDS"), credit default swap indices ("CDX"), foreign currency forward contracts, and fixed income futures. Derivatives may be exchange-traded or contracted in the over-the-counter market. The Company does not apply hedge accounting in its reporting of derivative instruments. The Company does not use derivatives for speculative purposes.

Derivative transactions are customarily entered into under industry standard master netting agreements. These are agreements between two counterparties who have multiple derivative contracts with each other that provide for the net settlement of all contracts. Cash collateral and security collateral are used to secure the net open exposure of the other party. The risk that counterparties might be unable to fulfill their contractual obligations is mitigated by (i) entering into derivative transactions with highly-rated and creditworthy counterparties, (ii) monitoring counterparty credit exposure to ensure that exposures are within defined limits, and (iii) monitoring collateral values.

A CDS is an over-the-counter derivative instrument representing an agreement between two parties, a seller and a buyer. The seller of the CDS compensates the buyer in the event of a loan default or other credit event pertaining to a reference entity. The reference entity may be a specified entity, a group of single name entities, or an index. In return, the buyer makes a series of premium payments to the seller. If a credit event does not occur, the seller makes no payments to the buyer and receives only the contractually specified premiums. A CDX is an exchange-traded portfolio of single-entity credit default swaps used to hedge credit risk in the form of an index. Unlike a CDS, a CDX is standardized, making it highly liquid, mitigating counterparty credit risk and a primary market vehicle for gaining diversified credit exposure.

The Company, at times, sells CDS contracts referencing single-name exposures written on corporate credit instruments with the intention of earning spread income on credit exposure through asset replication. Asset replication refers to the development of a synthetic financial instrument with similar risk and return characteristics of an actual security, such as a bond issued by a corporation, that is either unavailable in the cash markets or more economical to acquire in the form of a CDS. The Company replicates the investment characteristics of the reference bond using a combination of a credit default swap and one or more highly-rated fixed income securities held in its investment portfolio. The Company's CDS derivative agreements contain credit-rating triggers. If the credit rating of either counterparty to the contract were to fall below a given rating level, as specified in each agreement, the transaction is terminated at the then fair value of the derivative.

The notional amounts specified in a CDS or CDX contract are (i) used to calculate the exchange of contractual payments under the agreements, (ii) generally not representative of the potential for gain or loss on these agreements, and (iii) the maximum amount of potential future payments assuming no recoveries in a credit event with respect to a referenced entity. The Company typically enters into CDS or CDX contracts with a maturity of five years. At December 31, 2023 and 2022, the Company had no open CDS nor CDX contracts.

Foreign currency forwards are commitments to purchase and sell designated currency amounts at an agreed upon price at a specified future date. The Company invests in foreign exchange forward contracts to economically hedge the foreign currency exchange risk associated with certain non-U.S. dollar denominated exposures. These contracts can be with various counterparties. Cash collateral is required to be maintained within a counterparty's unsecured account to cover any loss position in excess of $0.3 on open contracts. A similar requirement exists for the counterparty, should the open contract reflect a gain position. Foreign currency forward contracts are generally settled by the Company every ninety days. At December 31, 2023, the Company had three open foreign currency forward contracts, with an aggregate notional value of $159.6, reflected a net unrealized loss of $4.3, with $4.0 cash collateral paid by the Company.

Futures are standardized contracts between two parties, traded on an exchange, to buy or sell an asset for an agreed upon price as of a given date with delivery and payment occurring at a specified future date. The Company has entered into fixed income futures contracts in order to economically hedge the duration of certain fixed income assets in its portfolio due to anticipated changes in the interest rate environment. The daily fair value of the futures contract is determined by the value of an underlying referenced investment. Futures contracts are settled with cash on a daily basis. At December 31, 2023, the Company had no open futures positions.

The fair value of derivatives by contract type are as follows:

	Balance Sheet location	December 31, 2023	December 31, 2022
Derivatives not designated as hedging instruments under ASC 815			
Derivative assets			
Foreign exchange forward contracts	Other invested assets	$ 0.1	$ -
Total		$ 0.1	$ -
Derivative liabilities			
Foreign exchange forward contracts	Other liabilities	$ 4.4	$ 0.8
Total		$ 4.4	$ 0.8

The following table provides information about the earnings (loss) effects of the Company's derivative investments.

	Location in Statement of Operations	Year ended December 31, 2023	2022	2021
Derivatives not designated as hedging instruments under ASC 815				
Credit default swaps and indices	Net investment income	$ -	$ 0.9	$ (3.3)
Foreign exchange forward contracts	Net investment income	(3.3)	11.3	0.2
Fixed income futures	Net investment income	4.9	30.6	(3.3)
Total		$ 1.6	$ 42.8	$ (6.4)

The following table provides the derivative asset and liability balances, including cash collateral paid or received, that are offset together in the Consolidated Balance Sheet.

	December 31, 2023				
	Gross amounts of recognized assets (liabilities)	Gross amounts offset in Balance Sheet	Net amounts presented in Balance Sheet	Cash collateral paid (received) not offset in Balance Sheet	Net Amount
Derivative assets					
Foreign exchange forward contracts	$ 0.1	$ (0.1)	$ -	$ -	$ -
Total	$ 0.1	$ (0.1)	$ -	$ -	$ -
Derivative liabilities					
Foreign exchange forward contracts	$ (4.4)	$ 4.1	$ (0.3)	$ -	$ (0.3)
Total	$ (4.4)	$ 4.1	$ (0.3)	$ -	$ (0.3)

	December 31, 2022				
	Gross amounts of recognized assets (liabilities)	Gross amounts offset in Balance Sheet	Net amounts presented in Balance Sheet	Cash collateral paid (received) not offset in Balance Sheet	Net Amount
Derivative assets					
Fixed income futures	$ -	$ -	$ -	$ 2.0	$ 2.0
Total	$ -	$ -	$ -	$ 2.0	$ 2.0
Derivative liabilities					
Foreign exchange forward contracts	$ (0.8)	$ 0.6	$ (0.2)	$ -	$ (0.2)
Total	$ (0.8)	$ 0.6	$ (0.2)	$ -	$ (0.2)

G. Net Investment Income and Realized Capital Gains and Losses

Sources of net investment income (loss) were as follows:

	Year ended December 31,		
	2023	2022	2021
Fixed income securities	$ 445.3	$ 422.4	$ 384.5
Equity securities	10.1	(10.5)	8.0
Other invested assets	26.8	7.7	(55.2)
Derivatives	1.6	42.8	(6.4)
Short-term investments	69.3	9.9	0.4
Other	5.9	0.9	0.3
Gross investment income	559.0	473.2	331.6
Investment expenses	(18.4)	(19.1)	(17.8)
Net investment income	$ 540.6	$ 454.1	$ 313.8

Net realized capital investment gains (losses) were as follows:

	Year ended December 31,		
	2023	2022	2021
Capital gains (losses) on sales			
Fixed income securities	$ (25.3)	$ (118.5)	$ 192.6
Other-than-temporary impairments	(5.1)	(30.5)	(3.2)
Change in ACL	42.0	-	-
Net realized capital gains (losses)	$ 11.6	$ (149.0)	$ 189.4

Impairments arise from either the Company's intent to sell the securities as part of the active management of the portfolio or the evaluation of certain securities' credit quality and expected cash flows.

H. Assets on Deposit and Held in Trust

At December 31, 2023 and 2022, securities with a fair value of $695.0 and $672.7, respectively, were on deposit with governmental authorities as required by law. At December 31, 2023 and 2022, securities with a fair

value of $109.9 and $121.5, respectively, were held in trust under reinsurance agreements for the benefit of the ceding companies.

I. Loans

Company holds investments in five senior secured fixed term loans with U.S. infrastructure entities. The loans receivable of $216.9 and $119.9 at December 31, 2023, and December 31, 2022, respectively, are included in other invested assets in the Consolidated Balance Sheet. The following table presents a summary of loans terms:

	Contractual Maturity	Coupon Frequency	Coupon	Principal Redemptions
Venture Global Calcasieu Pass (“Venture Global”)	August 2026	Monthly	Floating SOFR	Yes
Bayonne Energy Center	September 2026	Monthly	Floating SOFR	Yes
Abacus PF Borrower A LLC (“Abacus”)	August 2027	Quarterly	Floating SOFR	Yes
GR Palmas De Cocalan Spa (“Grenergy”)	December 2027	Quarterly	Floating SOFR	Yes
NYC Transportation Development Corp	November 2029	Quarterly	Floating SOFR	Yes

5. FAIR-VALUE MEASUREMENT

The following table presents the carrying value and fair value of the Company’s financial instruments as of December 31, 2023 and 2022:

	2023		2022	
	Carrying value	Fair value	Carrying value	Fair value
Assets:				
Fixed income securities				
Available for sale	$ 14,554.1	$ 14,554.1	$ 13,933.5	$ 13,933.5
Trading	7.3	7.3	12.8	12.8
Equity securities	91.9	91.9	84.1	84.1
Other invested assets				
Derivative assets	-	-	2.0	2.0
Other	217.0	227.2	119.9	123.9
Short term investments	296.9	296.9	188.8	188.8
Other assets	550.4	550.4	-	-
Total	$ 15,717.6	$ 15,727.8	$ 14,341.1	$ 14,345.1
Liabilities:				
Senior notes	$ 293.4	$ 317.0	$ 319.6	$ 346.7
Derivative liabilities	0.3	0.3	0.2	0.2
Other liabilities	543.0	543.0	-	-
Total	$ 836.7	$ 860.3	$ 319.8	$ 346.9

Other invested assets includes senior secured loans, which are carried at amortized cost. Other assets include a surplus note received from an affiliated Company carried at fair value as Level 3. Derivative liabilities carried at fair value are categorized as Level 1 in the fair value hierarchy. Other liabilities include a debt issuance note carried at amortized cost. Other invested assets carried under the equity method of accounting are not included in the presentation above.

The following tables present the Company's financial instruments measured at fair value and the level of the fair value hierarchy of inputs used as of December 31, 2023 and 2022:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Fixed income securities				
Available for sale investments				
U.S Treasury securities and obligations of U.S government agencies and corporations	$ -	$ 6,950.3	$ -	$ 6,950.3
Obligations of states and political subdivisions	-	-	-	-
Foreign government securities	-	869.6	-	869.6
Corporate securities	-	4,298.2	220.0	4,518.2
Asset-backed securities	-	894.3	167.8	1,062.1
Residential mortgage-backed securities	-	634.6	-	634.6
Commercial mortgage-backed securities	-	519.3	-	519.3
Total available for sale investment	-	14,166.3	387.8	14,554.1
Trading investments				
Foreign government securities	-	6.0	-	6.0
Corporate securities and foreign bonds	-	1.3	-	1.3
Equity securities	91.9	-	-	91.9
Short term investments	284.0	12.9	-	296.9
Total investments carried at fair value	375.9	14,186.50	387.80	14,950.2
Other assets	-	-	550.4	550.4
Total assets carried at fair value	$ 375.9	$ 14,186.5	$ 938.2	$ 15,500.6

Total investments carried at fair value	14,950.2
Investments carried at cost	217.0
Investments carried at equity	878.4
Cash and cash equivalents	1,856.7
Total investments not carried at fair value	2,952.1
Total investments and cash	$ 17,902.3

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Fixed income securities				
Available for sale investments				
U.S Treasury securities and obligations of U.S government agencies and corporations	$ -	$ 6,366.9	$ -	$ 6,366.9
Obligations of states and political subdivisions	-	0.2	-	0.2
Foreign government securities	-	826.5	-	826.5
Corporate securities	-	4,101.5	221.3	4,322.8
Asset-backed securities	-	995.4	225.5	1,220.9
Residential mortgage-backed securities	-	662.6	-	662.6
Commercial mortgage-backed securities	-	533.6	-	533.6
Total available for sale investment	-	13,486.7	446.8	13,933.5
Trading investments				
Foreign government securities	-	10.2	-	10.2
Corporate securities and foreign bonds	-	2.6	-	2.6
Equity securities	84.0	-	0.1	84.1
Other invested assets				
Derivative assets	2.0	-	-	2.0
Short term investments	188.6	0.2	-	188.8
Total investments carried at fair value	$ 274.6	$ 13,499.7	$ 446.9	$ 14,221.2
Investments carried at cost				119.9
Investments carried at equity				871.0
Cash and cash equivalents				1,055.7
Total investments not carried at fair value				2,046.6
Total investments and cash				$ 16,267.8

The following table summarizes financial instruments for which the Company used significant Level 3 inputs to determine fair value measurements for the years ended December 31, 2023 and 2022.

	Balance at Jan. 1, 2023	Net investment gains (losses)		Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Balance at Dec. 31, 2023	Change in earnings due to assets still held [3]
		In earnings [1]	In OCI [2]							
Available for sale investments										
Corporate securities	$ 221.3	$ 7.7	$ 5.8	$ -	$ (14.8)	$ -	$ -	$ -	$ 220.0	$ 21.2
Asset-backed securities	225.5	-	3.8	-	-	(2.5)	-	(59.0)	167.8	3.8
Equity securities	0.1	-	-	-	(0.1)	-	-	-	-	-
Other assets	-	-	7.4	543.0	-	-	-	-	550.4	7.4
Total	$ 446.9	$ 7.7	$ 17.0	$ 543.0	$ (14.9)	$ (2.5)	$ -	$ (59.0)	$ 938.2	

	Balance at Jan. 1, 2022	Net investment gains (losses)		Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Balance at Dec. 31, 2022	Change in earnings due to assets still held [3]
		In earnings [1]	In OCI [2]							
Available for sale investments										
Corporate securities	$ 284.9	$ -	$ (50.8)	$ -	$ (12.8)	$ -	$ -	$ -	$ 221.3	$ (20.9)
Asset-backed securities	548.9	0.1	(6.4)	42.9	-	(38.1)	-	(321.9)	225.5	(7.5)
Equity securities	1.4	0.3	-	-	(1.6)	-	-	-	0.1	(0.2)
Total	$ 835.2	$ 0.4	$ (57.2)	$ 42.9	$ (14.4)	$ (38.1)	$ -	$ (321.9)	$ 446.9	

(1) Includes gains and losses on sales of financial instruments. Impairments and changes in ACL charged to net income (loss) on certain securities are included in net investment gains (losses).
(2) "OCI" means other comprehensive income. Includes changes in market value of investments designated as AFS.
(3) Includes unrealized gains (losses) recognized in comprehensive income for assets still held at the end of the period.

The fair value of the Company's investment in collateralized loan obligations was $167.8 and $224.6, at December 31, 2023 and December 31, 2022, respectively. Collateralized loan obligations of $58.1 were transferred from Level 3 to Level 2 during 2023, as the fair value was determined based on a price provided by an independent pricing service.

6. LOAN TO AFFILIATE COMPANY

The Company has a revolving credit agreement with Munich Re America Services, Inc. ("MRAS"), which allows MRAS to borrow up to $150.0 from the Company. Outstanding amounts under this agreement bear interest annually at a rate equal to the SOFR, for a period equal in duration to the interest period, plus 25 basis points. There are no amounts outstanding under this agreement at December 31, 2023. The termination date of this agreement is October 1, 2029.

7. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of accumulated other comprehensive income (loss) are as follows:

	Net unrealized appreciation (depreciation) of investments	Defined benefit plan adjustment	Total
Balance at January 1, 2021	$ 584.6	$ (146.5)	$ 438.1
Period change	(230.2)	35.7	(194.5)
Tax effect	49.7	(7.8)	41.9
Reclassification adjustment for losses (gains) included in operations	(350.9)	3.7	(347.2)
Tax effect	75.8	(0.8)	75.0
Balance at December 31, 2021	$ 129.0	$ (115.7)	$ 13.3
Period change	(1,903.3)	4.3	(1,899.0)
Tax effect	410.6	(0.9)	409.7
Reclassification adjustment for losses (gains) included in operations	(125.2)	2.6	(122.6)
Tax effect	27.0	(0.6)	26.4
Balance at December 31, 2022	$ (1,461.9)	$ (110.3)	$ (1,572.2)
Period change	468.8	6.5	475.2
Tax effect	(104.5)	(1.6)	(106.1)
ACL	(59.1)	-	(59.1)
Tax effect	13.2	-	13.2
Reclassification adjustment for gains included in operations	63.9	2.9	66.8
Tax effect	(14.3)	(0.7)	(15.0)
Balance at December 31, 2023	$ (1,093.9)	$ (103.3)	$ (1,197.2)

Amounts reclassified out of accumulated other comprehensive income from net unrealized appreciation (depreciation) of investments are included in net realized capital gains in the Consolidated Statement of Comprehensive Income (Loss). Amounts reclassified from the defined benefit plan adjustment are included in other expense.

8. LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES

A. Reserves and Uncertainties

The reserve for losses and LAE is based upon reports received from reinsureds supplemented with the Company's own case reserve estimates, upon which additional reserves are established for claims that are incurred but not reported ("IBNR"). These reserves are estimates, reflecting actuarial and statistical projections at a given time, of what management expects the ultimate settlement and administration of claims to cost based on facts and circumstances then known, as well as predictions of future events, estimates of future trends in claims severity and other variable factors such as inflation and new concepts of liability.

When a claim is reported to a ceding company, its claims personnel establish a "case reserve" for the estimated amount of the ultimate payment. The estimate reflects the informed judgment of such personnel based on general insurance reserving practices and on the experience and knowledge of such personnel regarding the nature and value of the specific type of claim. The Company, in turn, establishes a case reserve when it receives notice of a claim from the ceding company. Such reserves are based on an independent evaluation by the Company's claims personnel, and may take into consideration coverage, liability, severity of injury or damage, jurisdiction, the Company's assessment of the ceding company's ability to evaluate and handle the claim and the amount of reserves recommended by the ceding company. Case reserves are adjusted periodically based on subsequent developments and audits of ceding companies.

In calculating its IBNR reserves, which include future development on reported claims, the Company uses generally accepted actuarial reserving techniques that take into account quantitative loss experience data, together, where appropriate, with qualitative factors. IBNR reserves are based on loss experience of the Company and are grouped both by class of business and by contract year or accident year. IBNR reserves are also adjusted to take into account certain factors such as changes in the volume of business written, reinsurance contract terms and conditions, the mix of business, claims processing and inflation that can be expected to affect the Company's liability for losses over time.

For certain types of claims, most significantly for asbestos and environmental-related ("A&E") and other latent coverage exposures, the effects of evolving scientific, legal and social issues are potentially so significant that the Company's reserve estimate is subject to significant revision as these issues are resolved over time. For A&E and other latent liabilities, considerable judgment has been exercised by the Company in formulating its estimates, which have reflected the uncertainty inherent in estimating the ultimate future claim amounts arising from these types of exposures. Given the latent nature of these exposures, evolving court decisions, wide variations in coverage terms offered over multiple policy periods, and the indefinite nature of any future tort reform, these liabilities are subject to significant variation. These factors are particularly challenging for casualty excess-of-loss reinsurers since primary exposure information is not consistently available. Management counterbalances these risks by monitoring claims activity on a quarterly basis and diligently following judicial and legislative decisions which may impact the Company's ultimate liabilities for these unique claims.

The inherent uncertainties of estimating loss reserves are exacerbated for reinsurers by the significant periods of time that often elapse between the occurrence of an insured loss, the reporting of the loss to the primary insurer and, ultimately, to the reinsurer, and the primary insurer's payment of that loss and subsequent indemnification by the reinsurer (the "tail"). As a consequence, actual losses and LAE paid may deviate, perhaps substantially, from estimates reflected in the Company's reserves in its financial statements. Any adjustments of these estimates or differences between estimates and amounts subsequently paid or collected are reflected in income as they occur. Management believes that the reserves for losses and LAE as of December 31, 2023, are adequate to cover the ultimate gross cost of losses and LAE incurred through December 31, 2023.

B. Reserve Methodologies

Traditional liabilities are reviewed using standard actuarial methodologies. Through the application of the chain ladder, Bornhuetter-Ferguson, and expected loss ratio methodologies, pure mathematical indications of ultimate loss and allocated loss adjustment expenses ("ALAE") are established. The best fitting method or a blending of different

methods is typically selected for each contract or accident year. In cases where the resulting estimate using these methodologies does not appear to be reasonable based on known information about the portfolio's historical performance or known market trends, the final estimate of ultimate loss and ALAE is determined using actuarial expertise and management's judgement. While these methods represent the most common approach to establishing ultimate loss and loss expense indications, the Company may utilize numerous other actuarial methods as developed by the global casualty actuarial profession, as may be warranted given the circumstances of a given reserving segment or year.

For events classified as "outliers", large losses exceeding certain dollar thresholds defined by Munich Re, the Company generally establishes the ultimate loss and expense based on a comprehensive evaluation of the specific characteristics associated with a particular event in conjunction with experts from claims and underwriting.

For finite risk, A&E, and other latent exposures, special models and approaches are used, and may include epidemiological studies, statistical based models or cash flow models. Additionally, industry statistics may be used; for example, survival ratios for asbestos and environmental.

C. Catastrophe Exposure

The Company has geographic exposure to catastrophe losses, which can be caused by a variety of events, including, among others, hurricanes, tornadoes and other windstorms, earthquakes, hail, wildfires, severe winter weather, floods, tsunamis, volcanic eruptions and other naturally-occurring events, such as solar flares. Catastrophes can also result from terrorist attacks and other intentionally destructive acts including those involving civil unrest, riots, nuclear, biological, chemical, radiological, cyber-attacks, explosions and infrastructure failures. The incidence and severity of catastrophes are inherently unpredictable. The extent of losses from a catastrophe is a function of both the total amount of insured exposure in the area affected by the event and the severity of the event. Most catastrophes are restricted to small geographic areas; however, hurricanes and earthquakes may produce significant damage in larger areas, especially those that are heavily populated. The Company generally seeks to mitigate its exposure to catastrophes through individual risk selection and the purchase of catastrophe reinsurance.

D. Reserve Development

The reconciliation of loss and loss adjustment expense reserves for the years ended December 31, 2023, 2022, and 2021 is shown below:

	Year ended December 31,		
	2023	2022	2021
Loss and LAE reserves at beginning of period	$ 15,717.0	$ 15,415.4	$ 13,264.3
Reinsurance recoverables on unpaid losses	(3,629.1)	(3,414.1)	(2,941.2)
Net reserves at beginning of period	12,087.9	12,001.3	10,323.1
Net incurred related to:			
Current period	3,759.8	5,304.4	4,953.2
Prior periods	(115.2)	108.7	74.7
Total net incurred	3,644.6	5,413.1	5,027.9
Net paid related to:			
Current period	(776.3)	(2,000.3)	(1,084.2)
Prior periods	(2,881.3)	(3,344.5)	(2,304.4)
Total net paid	(3,657.6)	(5,344.8)	(3,388.6)
Deferred underwriting revenue	(16.9)	22.3	40.5
Foreign exchange increase (decrease) in reserves	1.5	(4.0)	(1.6)
Net reserves at end of period	12,059.5	12,087.9	12,001.3
Reinsurance recoverables on unpaid losses	3,596.0	3,629.1	3,414.1
Loss and LAE reserves at end of period	$ 15,655.5	$ 15,717.0	$ 15,415.4

As a result of total changes in estimates of insured events in prior years, losses and LAE were reduced by $115.2 in 2023, and increased by $108.7 and $74.7 in 2022 and 2021, respectively. This prior accident year loss development includes accretion of workers' compensation discount of $16.0, $16.7, and $17.4 for 2023, 2022, and 2021, respectively.

Overall losses decreased by $1,768.5 including the impact of certain corporate retrocessional programs with Munich Re. This decrease is predominantly attributable to decreases of property lines which showed favorable loss emergence in prior years, partially offset by increases of liability lines and asbestos and environmental-related losses.

In 2022 the Company increased loss and LAE reserves for prior accident years by $171.0, excluding the impact of certain corporate retrocessional programs with Munich Re. This increase is predominantly attributable to adjustments for economic inflation for outstanding losses in prior years and loss reserve strengthening for environmental-related losses and prior year property catastrophe losses.

The increased losses resulted in increased cessions to various corporate retrocessional programs with Munich Re. The reserve increase of $171.0 was offset by the increased cessions and the recognition of previously deferred loss benefits totaling $79.0, and resulted in an overall increase to prior accident year losses of $92.0, for the year ended December 31, 2022, excluding the $16.7 accretion of workers' compensation discount.

The increased losses resulted in increased cessions to various corporate retrocessional programs with Munich Re. The reserve increase of $171.0 was offset by the increased cessions and the recognition of previously deferred loss benefits totaling $79.0, and resulted in an overall increase to prior accident year losses of $92.0, for the year ended December 31, 2022, excluding the $16.7 accretion of workers' compensation discount.

In 2021 the Company increased loss and LAE reserves for prior accident years by $148.0, excluding the impact of certain corporate retrocessional programs with Munich Re. This increase is predominantly attributable to loss

emergence on prior accident year property catastrophe events, most notably Hurricanes Laura and Sally in 2020.

The increased losses resulted in increased cessions to various corporate retrocessional programs with Munich Re. The reserve increase of $148.0 was partially offset by the increased cessions and the recognition of previously deferred loss benefits totaling $90.7, and resulted in an overall increase to prior accident year losses of $57.3, for the year ended December 31, 2021, excluding the $17.4 accretion of workers' compensation discount.

Munich Re provides retrocessional support to accident years 2001 and prior by means of a loss portfolio transfer agreement ("LPT"). The aggregate limit on the LPT cover of $10.1 billion was reached, on an undiscounted loss basis, in 2012. The LPT is a retroactive reinsurance contract and, as such, loss recoveries in excess of premiums ceded are generally deferred and will be recognized in income over the settlement period of the underlying claims. This transaction does not relieve the Company of its obligation to its reinsureds for the periods covered.

In 2010 the Company purchased additional retrocessional support for accident years 2001 and prior from Munich Re, in the form of an adverse development cover ("2010 ADC"). This contract provides protection for adverse development in excess of the LPT limit. Similar to the LPT, the ADC is a retroactive reinsurance contract. The aggregate limit on the ADC of $500.0 was reached, on an undiscounted loss basis, in 2013.

In 2013 the Company purchased a second adverse development cover from Munich Re ("2013 ADC"). The 2013 ADC provides an additional $500.0 of limit, of which $152.4 remains available, on an undiscounted loss basis at December 31, 2023.

The following tables present incurred and cumulative paid losses and ALAE by segment and aggregated lines of business on a historical basis by accident year. This claim development information is undiscounted and presented net of reinsurance. The information for the years ended December 31, 2014 to 2022 is presented as supplementary information and is not audited.

IBNR amounts include expected development on reported claims. Negative IBNR may occur for a given aggregate line of business within a reporting segment in some circumstances when estimated case reserves plus cumulative paid losses exceed the ultimate expected losses. This generally occurs when initial paid loss and case reserve estimates established for individual treaties exceed the current best estimate of ultimate losses determined at a segment level.

The Company analyzes the majority of its reserves using underwriting year based data. Where specific accident year data is not available, the Company allocates incurred and paid data to an accident year basis. These allocations may, at times, result in an immaterial level of negative IBNR at the accident year level.

Assumed adverse development covers are reflected in the current accident year as negative paid losses.

Reinsurance Division
Casualty

Accident Year	Incurred Losses and ALAE Year Ended December 31, 2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	IBNR at December 31, 2023
	Unaudited										
2014	$ 639	$ 637	$ 641	$ 612	$ 608	$ 651	$ 638	$ 630	$ 661	$ 670	88
2015		650	637	631	679	701	718	721	744	743	128
2016			661	676	681	700	730	747	770	817	182
2017				793	819	889	949	996	1,061	1,135	304
2018					1,237	1,291	1,470	1,532	1,573	1,634	527
2019						1,287	1,539	1,575	1,533	1,540	544
2020							1,204	1,137	1,133	1,085	531
2021								1,327	1,254	1,307	578
2022									1,396	1,339	604
2023										708	696
									Total	$ 10,978	

Accident Year	Cumulative Paid Losses and ALAE Year Ended December 31, 2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Unaudited									
2014	$ 18	$ 71	$ 174	$ 275	$ 346	$ 416	$ 459	$ 484	$ 527	$ 551
2015		14	18	125	222	321	401	511	556	579
2016			12	67	165	295	397	447	503	584
2017				(7)	56	178	356	483	601	742
2018					63	250	484	672	822	979
2019						75	267	479	649	848
2020							34	179	326	452
2021								89	509	630
2022									600	672
2023										5
									Total	$ 6,042
									Cumulative incurred less paid	4,936
									Outstanding reserves before 2013	736
									Discount of workers' compensation reserves	(200)
									Loss and LAE reserves	$ 5,472

Reinsurance Division

Property

Accident Year	Incurred Losses and ALAE Year Ended December 31, 2014 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2023	IBNR at December 31, 2023
2014	$ 300	$ 288	$ 259	$ 255	$ 252	$ 252	$ 249	$ 249	$ 249	$ 249	(1)
2015		230	222	225	227	223	222	219	218	218	(4)
2016			256	253	246	230	230	233	236	234	(6)
2017				968	1,038	993	938	935	941	934	26
2018					1,476	1,441	1,360	1,325	1,304	1,298	7
2019						1,156	1,168	1,189	1,191	1,195	16
2020							1,221	1,403	1,481	1,476	77
2021								2,464	2,375	2,367	481
2022									2,346	2,304	656
2023										703	571
									Total	$ 10,978	

Accident Year	Cumulative Paid Losses and ALAE Year Ended December 31, 2014 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2023
2014	$ 98	$ 214	$ 236	$ 245	$ 249	$ 250	$ 250	$ 256	$ 250	$ 250
2015		61	180	202	213	218	222	226	222	221
2016			50	166	208	223	230	235	239	238
2017				333	670	833	886	888	893	898
2018					475	1,106	1,256	1,275	1,271	1,274
2019						302	1,034	1,084	1,143	1,162
2020							309	977	1,254	1,347
2021								581	1,514	1,758
2022									973	1,448
2023										63
									Total	$ 8,659
									Cumulative incurred less paid	2,319
									Outstanding reserves before 2013	9
									Loss and LAE reserves	$ 2,328

Reinsurance Division

Credit

Accident Year	Incurred Losses and ALAE Year Ended December 31, 2014 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2023	IBNR at December 31, 2023
2014	$ 48	$ 52	$ 50	$ 39	$ 34	$ 33	$ 32	$ 33	$ 32	$ 32	-
2015		38	38	30	27	22	22	21	22	22	(1)
2016			32	42	44	33	33	34	31	30	(1)
2017				35	38	39	33	30	28	29	(2)
2018					52	46	34	31	27	26	(3)
2019						46	37	39	37	35	(1)
2020							36	47	56	50	10
2021								41	37	43	4
2022									40	50	40
2023										48	31
									Total	$ 365	

Accident Year	Cumulative Paid Losses and ALAE Year Ended December 31, 2014 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2023
2014	$ 3	$ 16	$ 34	$ 27	$ 30	$ 34	$ 33	$ 32	$ 32	$ 32
2015		4	21	26	23	25	24	23	23	23
2016			3	22	32	38	32	33	32	31
2017				2	18	28	32	31	29	30
2018					7	22	28	28	27	28
2019						4	15	26	29	33
2020							3	11	29	20
2021								2	13	24
2022									-	12
2023										2
									Total	$ 235
									Cumulative incurred less paid	130
									Outstanding reserves before 2013	5
									Loss and LAE reserves	$ 135

Reinsurance Division

Ocean Marine

Accident	Incurred Losses and ALAE Year Ended December 31,										IBNR at December 31,
Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023
	Unaudited										
2014	$ 50	$ 45	$ 45	$ 42	$ 39	$ 39	$ 38	$ 38	$ 38	$ 41	2
2015		12	11	17	15	16	16	15	15	15	-
2016			12	10	7	11	9	9	9	9	(1)
2017				42	18	18	19	17	16	16	-
2018					30	34	33	35	33	33	(1)
2019						32	37	38	40	40	3
2020							30	35	37	35	5
2021								37	31	35	12
2022									42	45	22
2023										33	30
									Total	$ 302	

Accident	Cumulative Paid Losses and ALAE Year Ended December 31,									
Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Unaudited									
2014	$ 13	$ 21	$ 30	$ 34	$ 35	$ 34	$ 35	$ 36	$ 35	$ 38
2015		1	2	9	11	13	13	15	15	15
2016			1	-	2	6	7	8	8	9
2017				1	4	9	12	14	15	17
2018					6	11	17	22	29	32
2019						5	12	19	27	32
2020							1	8	20	26
2021								-	9	17
2022									4	15
2023										1
									Total	$ 202
									Cumulative incurred less paid	100
									Outstanding reserves before 2013	3
									Loss and LAE reserves	$ 103

Specialty Insurance

Casualty

Accident Year	Incurred Losses and ALAE Year Ended December 31,										IBNR at December 31,
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023
	Unaudited										
2014	$ 362	$ 364	$ 365	$ 400	$ 400	$ 389	$ 385	$ 372	$ 370	$ 366	23
2015		377	398	452	453	455	464	463	459	440	27
2016			382	449	475	476	481	470	468	462	50
2017				483	496	520	524	540	541	542	76
2018					473	530	548	540	534	534	121
2019						426	434	428	418	422	137
2020							384	368	425	419	203
2021								424	566	595	334
2022									715	724	533
2023										822	712
									Total	$ 5,326	

Accident Year	Cumulative Paid Losses and ALAE Year Ended December 31,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Unaudited									
2014	$ 19	$ 71	$ 135	$ 196	$ 254	$ 285	$ 296	$ 318	$ 327	$ 332
2015		26	89	183	246	311	338	379	387	402
2016			20	83	170	268	318	351	372	391
2017				21	79	160	248	315	365	414
2018					20	79	162	228	293	354
2019						15	55	102	167	234
2020							8	31	75	160
2021								7	76	174
2022									25	106
2023										31
									Total	$ 2,596
									Cumulative incurred less paid	2,729
									Outstanding reserves before 2013	173
									Discount of workers' compensation reserves	(41)
									Loss and LAE reserves	$ 2,862

Specialty Insurance

Property

Accident Year	Incurred Losses and ALAE Year Ended December 31, 2014 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2023	IBNR at December 31, 2023
2014	$ 241	$ 227	$ 225	$ 224	$ 223	$ 224	$ 224	$ 224	$ 225	$ 225	-
2015		270	250	246	243	241	241	240	240	240	-
2016			371	338	327	318	319	319	319	319	(2)
2017				417	407	397	401	400	400	399	4
2018					488	440	427	418	415	416	4
2019						387	362	356	355	353	2
2020							594	613	615	600	22
2021								749	719	682	45
2022									859	815	127
2023										1,056	297
									Total	$ 5,103	

Accident Year	Cumulative Paid Losses and ALAE Year Ended December 31, 2014 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2023
2014	$ 167	$ 213	$ 218	$ 222	$ 222	$ 224	$ 224	$ 224	$ 224	$ 224
2015		177	230	236	238	240	239	240	240	240
2016			259	312	318	320	320	320	321	321
2017				273	364	378	384	387	393	394
2018					298	383	406	407	408	409
2019						271	337	345	348	349
2020							380	514	548	560
2021								341	554	600
2022									347	590
2023										590
									Total	$ 4,277
									Cumulative incurred less paid	826
									Outstanding reserves before 2013	2
									Loss and LAE reserves	$ 828

As a reinsurer, the Company generally writes excess of loss and pro rata reinsurance contracts. Claims information is reported to the Company via an "account rendering" or a bordereau, for those contracts respectively. A bordereau does not generally include individual claim data, unless significant individual losses are included. An account rendering would include individual claim data, but is not maintained by the Company at that level of detail. The Company's direct, or primary, insurance claims information includes claim count information, however this business represents less than one quarter of the Company's gross incurred losses. For these reasons, the Company considers meaningful claim frequency information to be impracticable to obtain.

The following table summarizes and reconciles the cumulative paid losses and ALAE previously presented with the Company's gross liability for loss and LAE reserves.

	December 31, 2023
Net loss and LAE reserves	
Reinsurance division	
Casualty	$ 5,472.1
Property	2,328.0
Credit	137.2
Ocean Marine	103.3
Specialty Insurance	
Casualty	2,861.6
Property	828.1
Other	(33.0)
Net loss and LAE reserves	11,697.3
Reinsurance recoverables on unpaid losses	
Reinsurance division	
Casualty	1.1
Property	0.1
Specialty Insurance	
Casualty	102.5
Property	80.8
Other	3,411.5
Reinsurance recoverables on unpaid losses	3,596.0
Unallocated loss adjustment expenses	362.2
Gross loss and LAE reserves	$ 15,655.5

(1) Other reinsurance recoverables includes loss and LAE reserves ceded to Munich Re under the LPT and ADC agreements and retrocessions of losses incurred under reinsurance agreements with Munich Re branches or affiliates.

The following table presents average annual payout of incurred losses by age.

	Development Years (Unaudited)									
	1	2	3	4	5	6	7	8	9	10
Reinsurance Division										
Casualty	7.0 %	10.6 %	12.9 %	13.4 %	11.7 %	9.5 %	10.1 %	6.6 %	4.8 %	10.0 %
Property	28.3 %	44.6 %	12.4 %	4.8 %	1.3 %	1.1 %	1.9 %	1.9 %	1.9 %	1.9 %
Credit	9.3 %	42.0 %	32.3 %	5.4 %	4.4 %	3.4 %	0.7 %	0.3 %	0.9 %	1.3 %
Ocean Marine	9.6 %	15.3 %	24.4 %	15.5 %	14.4 %	3.4 %	6.9 %	3.2 %	0.9 %	4.7 %
Specialty Insurance										
Casualty	3.7 %	11.3 %	15.8 %	16.7 %	13.6 %	8.4 %	6.6 %	3.9 %	2.8 %	3.7 %
Property	65.8 %	22.7 %	3.8 %	1.1 %	0.4 %	0.5 %	0.1 %	0.1 %	0.0 %	0.0 %

9. REINSURANCE

The Company purchases reinsurance (retrocessional agreements) for certain risks. Reinsurance companies enter into retrocessional agreements for reasons similar to those that cause primary insurers to purchase reinsurance, namely to reduce net liability on individual risks, to protect against catastrophic losses, to stabilize their financial ratios and to obtain additional underwriting capacity. Changing domestic and international reinsurance markets impact the retrocessional capacity available to all companies. Core retrocessional programs are placed with Munich Re (see Note 15 – Related Party Transactions).

Historically, the retrocessional coverages purchased by the Company included (i) routine coverage for its property and casualty business, (ii) catastrophe retrocessions for its property business, (iii) quota share treaties that enhance underwriting capacity, and (iv) stop loss protection (excess of loss reinsurance that indemnifies the Company against losses that exceed a specific retention). In addition, the loss portfolio transfers ("LPT") and the adverse development cover ("ADC") agreements protect the Company from additional losses related to accident years 2001 and prior. The Company continues to purchase catastrophe retrocessional coverage for its property business and specific retrocessions on certain contracts.

Munich Re, which had an A.M. Best rating of "A+" at December 31, 2023, accounted for approximately 82.5% and 82.9%, of the reinsurance recoverables on paid and unpaid losses at December 31, 2023 and 2022, respectively. National Union Fire Insurance Company ("NUFIC"), which had an A.M. Best rating of "A" at December 31, 2023, represented approximately 0% and 3.1% of the reinsurance recoverables on paid and unpaid losses at December 31, 2023 and 2022, respectively. The reinsurance balance recoverable from NUFIC has been fully collateralized with assets held in trust and funds withheld. These are the only reinsurers for which the recorded recoveries were in excess of 3% of the reinsurance recoverable balance of $3,644.3 and $3,695.8 at December 31, 2023 and 2022, respectively.

Effective December 31, 2022, MRAm novated their assumed participation in a large quota share program resulting in the following balances being novated: Funds held by ceding companies of $1,640.5, Deferred acquisition costs of $266.5, Unearned premium reserves $998.2, and Loss and loss adjustment expense reserves of $908.8. There was no gain or loss and an affiliate assumed MRAm's novated participation.

The Company believes that it has minimized the credit risk with respect to its retrocessions to companies other than Munich Re by monitoring its retrocessionnaires and collateralizing obligations from foreign retrocessionnaires. Potential deterioration of the financial condition of retrocessional markets is carefully monitored and appropriate actions are taken to eliminate or minimize exposures. As a general rule, the Company requires that unpaid losses and LAE (including IBNR) for certain admitted and non-admitted reinsurers (unregulated by United States insurance regulatory authorities) be collateralized by letters of credit, funds withheld or pledged trust agreements. Actions such as drawdowns of letters of credit provided as collateral, cessation of relationships and commutations may be taken to reduce or eliminate exposure when necessary.

Although reinsurance agreements contractually obligate the Company's reinsurers to reimburse it for the agreed-upon portion of its gross paid losses, they do not discharge the primary liability of the Company. The income

statement amounts for premiums written, premiums earned, and losses and loss adjustment expenses are net of reinsurance. Direct, assumed, ceded and net amounts for these items are as follows:

	Year ended December 31,		
	2023	2022	2021
Premiums written			
Direct	$ 2,153.5	$ 1,668.1	$ 1,325.2
Assumed	4,557.9	5,531.8	6,588.3
Ceded	(587.1)	(526.8)	(431.9)
Net	6,124.3	6,673.1	7,481.6
Premiums earned			
Direct	1,931.8	1,519.3	1,160.1
Assumed	4,375.8	6,397.1	5,701.5
Ceded	(563.5)	(518.6)	(372.7)
Net	5,744.1	7,397.8	6,488.9
Losses and LAE incurred			
Direct	968.6	1,026.9	832.6
Assumed	3,001.1	4,955.7	4,997.1
Ceded	(325.1)	(569.5)	(801.8)
Net	$ 3,644.6	$ 5,413.1	$ 5,027.9

10. DEPOSIT ACCOUNTING

Insurance and reinsurance contracts that do not transfer insurance risk are subject to deposit accounting. Deposit accounting is applied to contracts that, 1) transfer only significant timing risk, 2) transfer only significant underwriting risk, 3) transfer neither significant timing nor underwriting risk, or 4) those contracts with indeterminate risk. Deposit accounting assets and liabilities are included in other assets and other liabilities, respectively, on the Consolidated Balance Sheet.

The deposit asset of $37.3 and $36.3 at December 31, 2023 and 2022, respectively, was primarily comprised of adverse loss development covers and certain retroactive reinsurance agreements, which do not meet risk transfer guidelines. Interest accretion on the deposit asset balance was zero for the year ended December 31, 2023, and income of $1.5 for the years ended December 31, 2022 and 2021.

The deposit liability of $38.0 and $37.0 at December 31, 2023 and 2022, respectively, was primarily comprised of adverse loss development covers and certain retroactive reinsurance agreements, which do not meet risk transfer guidelines. Interest accretion on the deposit liability balance was zero for the year ended December 31, 2023, and expense of $1.5 for the years ended December 31, 2022 and 2021.

11. INCOME TAXES

A consolidated U.S. Federal income tax return is filed pursuant to a tax sharing agreement between MAHC and its subsidiaries. The MAHC tax sharing agreement was amended in 2022. Each company's annual federal income tax liability is calculated on a standalone basis. Under the provisions of the amended tax sharing agreement, the company is entitled to receive reimbursement for its tax attributes at the time and to the extent that the company is able to utilize such tax attributes in the US consolidated tax return. Tax attributes not utilized carryover similar to the US consolidated tax return.

The Tax Cuts and Jobs Act of 2017 (the "Act" or "tax reform") imposed an alternative tax, the Base Erosion Anti-Abuse Tax ("BEAT"). The BEAT is a minimum tax amount imposed on applicable taxpayers that make "base erosion payments" to foreign related parties that result in tax deductions and other specified tax benefits. An applicable taxpayer is defined as having average annual gross receipts of at least $500.0 and a base erosion percentage of 3% or higher, determined by dividing the base erosion payments by total U.S. tax deductions. The Company meets the definition of an applicable taxpayer.

In September 2020, the final BEAT regulations were amended to allow for a waiver election to apply to reinsurance premiums ceded to foreign affiliates. The intent was to allow companies that were narrowly in excess of the 3% base erosion percentage, and therefore subject to BEAT, to disallow all or a portion of their BEAT payments as regular tax deductions to get below the 3% threshold. The disallowed BEAT payments are treated as a permanent difference add back in the determination of taxable income subject to the statutory tax rate of 21%. The Company elected to utilize the waiver election in the amount of $120.0 and $143.0 in the determination of its taxable income for the 2023 and 2022 tax years, respectively.

In August 2022, the Inflation Reduction Act ("IRA") was enacted. The IRA included a new provision applying a 15% corporate alternative minimum tax ("CAMT") effective in 2023. The Company was not subject to CAMT in 2023 but is expected to be subject to CAMT in 2024.

Current federal income taxes payable was $37.6 at December 31, 2023 and $0.2.at December 31, 2022. These amounts are included in other liabilities, on the Consolidated Balance Sheets. The net deferred income taxes at December 31, 2023 and 2022, represent the net temporary differences between the tax bases of assets and liabilities and their amounts for financial reporting. The components of deferred federal income taxes, based on a tax rate of 21% at December 31, were as follows:

	2023	2022
Federal net operating loss carry-forwards	$ -	$ 64.5
Loss reserves	143.8	140.6
Deferred compensation	53.5	53.3
Investment impairment and capital loss carry-forwards	36.1	18.0
Foreign tax credit carry-forwards	24.5	36.2
Unearned premiums	117.0	101.1
State tax net operating loss carry-forwards	28.9	29.8
Unrealized investment losses	292.0	392.4
Other deferred tax assets	16.3	28.3
Gross deferred tax assets	712.1	864.2
Valuation allowance	(14.5)	(29.6)
Total deferred tax assets	697.6	834.6
Deferred policy acquisition costs	171.0	148.4
Other deferred liabilities	53.6	49.3
Total deferred tax liabilities	224.6	197.7
Net deferred income taxes	$ 473.0	$ 636.9

At December 31, 2023, the Company does not have a net operating loss carry-forward for federal income tax purposes. The Company utilized $307.1 and $1,939.0 of net operating losses in 2023 and 2022 respectively. The Company generated $347.6 additional net operating loss carry-forwards in 2021.

The Company has a $20.9 capital loss carryforwards at December 31,2023 and no capital loss carry forwards at December 31, 2022.

At December 31, 2023, the Company had foreign tax credit carry-forwards of $24.5 which expire over the period 2024 through 2033, and are available to offset future taxable income for federal income tax purposes.

The Company has several reinsurance contracts with Munich Re. Munich Re treats the net transaction amounts as non-deductible capital contributions for tax purposes. In order to avoid double taxation on a world-wide basis, the Company excludes the gain or loss recognized on these contracts from taxable income. The Company does not deem the exclusion of the gain or loss recognized on these contracts to be an uncertain tax position. No penalties or interest have been accrued related to uncertain tax positions. The Company has no uncertain tax positions at December 31, 2023.

The Company establishes a "valuation allowance" for any portion of the deferred tax asset that management does not believe is more likely than not realizable at December 31, 2023, the valuation allowance of $14.5 was comprised of $14.5 of State tax net operating losses. At December 31, 2022, the valuation allowance of $29.6 was comprised of $15.6 of State tax net operating losses and $14.0 of foreign tax credits. In 2023, the valuation allowance for foreign tax credits was reduced $14.0 for foreign tax credits that expired. The state tax net operating loss valuation allowance decreased $1.1.

	2023	2022	2021
Foreign tax credits	$ (14.0)	$ 12.2	$ 1.7
State tax net operating losses	(1.1)	2.9	2.3
Contributed capital stock book and tax basis loss	-	(48.1)	-
Total change in valuation allowance	$ (15.1)	$ (33.0)	$ 4.0

In 2002, Munich Re contributed a common stock holding to the Company. On the date of transfer, there was a net difference between the aggregate book and tax bases of the contributions which created a potential future tax benefit of $48.1. A valuation allowance was recorded until such time the Company would generate a tax benefit for future tax deduction of the $48.1 basis difference. In 2022, the Company received a cash benefit for the loss and the valuation allowance was released.

Management believes that the net deferred tax asset at December 31, 2023, is more likely than not to be realized after consideration of the valuation allowance recorded and the application of tax planning strategies that include reinsurance transactions and the sale of certain investments. The Company also has the intention to hold unrealized loss securities to recovery. The Company has the intent and ability to implement these strategies, if needed, in order to generate taxable income against which deferred tax attributes would be fully realized.

Taxes on foreign income have been provided at the U.S. statutory federal income tax rate of 21% for 2023, 2022 and 2021. The difference between the U.S. and foreign tax rates is provided to account for U.S. taxation (net of applicable foreign tax credits) on the future repatriation of these foreign earnings.

Income tax expense (benefit) was as follows:

	Year ended December 31, 2023		
	Current	Deferred	Total
Federal income tax	$ 65.9	$ 71.1	$ 137.0
Foreign tax	(3.7)	11.7	8.0
Federal tax expense on net realized capital gains	-	(4.4)	(4.4)
Total federal and foreign income tax expense	$ 62.2	$ 78.4	$ 140.6

	Year ended December 31, 2022		
	Current	Deferred	Total
Federal income tax	$ (44.3)	$ (5.5)	$ (49.8)
Foreign tax	1.8	-	1.8
Federal tax expense on net realized capital gains	(15.0)	(8.8)	(23.8)
Total federal and foreign income tax benefit	$ (57.5)	$ (14.3)	$ (71.8)

	Year ended December 31, 2021		
	Current	Deferred	Total
Federal income tax	$ (49.4)	$ (68.5)	$ (117.9)
Foreign tax	2.6	-	2.6
Federal tax expense on net realized capital gains	50.0	-	50.0
Total federal and foreign income tax expense (benefit)	$ 3.2	$ (68.5)	$ (65.3)

Reconciliations of the differences between income taxes computed at the federal statutory tax rate and consolidated provisions for income taxes were as follows:

	Year ended December 31,		
	2023	2022	2021
Income (Loss) before tax	$ 766.8	$ (246.7)	$ (376.3)
Income tax rate	21%	21%	21%
Tax expense (benefit) at federal statutory income tax rate	161.0	(51.8)	(79.0)
Tax effect of:			
Valuation allowance on deferred tax asset	(15.1)	(33.0)	4.0
Affiliate reinsurance tax benefit	(26.0)	(17.2)	(22.9)
Non taxable dividend income	0.6	0.3	0.3
Waiver election reinsurance premium	13.0	29.0	35.1
Expiration of foreign tax credits	8.0	1.7	0.4
Other, net	(0.9)	(0.8)	(3.2)
Federal and foreign income tax expense (benefit)	$ 140.6	$ (71.8)	$ (65.3)

12. BENEFIT PLANS

Employees are eligible for plans that provide compensation incentives based upon operating results and that reward individuals for performance and contribution to the success of the Company. Charges to operations for such incentives were $47.4 ,$24.0, and $21.9 for the years ended December 31, 2023, 2022, and 2021, respectively.

The Company has a participant-directed defined contribution retirement savings plan available to substantially all employees. The Plan has two components. Participants may elect to make deferral contributions to a retirement

savings account of up to 50% of eligible compensation, subject to IRS limits. The Company will make matching contributions of up to 5% of the participant's compensation for each pay period. The costs of the Company's matching contributions were $6.5, $5.7, and $4.6, for the years ended December 31, 2023, 2022, and 2021, respectively. Under the second component of the retirement savings plan, the Company makes age-weighted contributions to the employee's retirement savings account, ranging from 2.0% to 5.0% of eligible compensation, subject to IRS limits. No contributions are required by employees under this component of the plan. Contributions of $6.3, $5.5, and $3.9 were made for this component of the plan for the years ended December 31, 2023, 2022, and 2021, respectively.

The Company provides retirement benefits to its employees hired prior to 2006 under a qualified non-contributory defined benefit pension plan. It provides additional benefits to certain employees whose retirement benefits exceed maximum amounts permitted by current tax law under an unfunded, nonqualified pension plan. Benefits under both plans are based on years of service and the average of the employee's highest consecutive five years of compensation. Accrued costs represent estimates based upon current information. Those estimates are subject to change due to changes in the underlying information supporting such estimates in the future. These defined benefit pension plans were frozen in 2011, at which time employees in the plans ceased accruing benefits under the plans and commenced participation in the Company's defined contribution retirement savings plan.

In accordance with IRS funding regulation, no minimum funding contribution was required to be made in 2023; however, the Company made a discretionary contribution of $20.3 in 2023 for the 2022 plan year.

The Company also provides post-retirement health care benefits to individuals having attained the age of 55 by March 31, 2018, who also meet service eligibility requirements. The plan cost to the Company is capped at 150% of the cost as of January 1, 2009. Additional costs above the cap are paid by retiree contributions. The Company funds its obligation currently.

The following table provides a reconciliation of the changes in the plans' benefit obligations and fair value of assets over the years ended December 31, 2023 and 2022, and the funded status at December 31.

	Pension Benefits		Other Post-Retirement Benefits	
	2023	**2022**	**2023**	**2022**
Reconciliation of projected benefit obligation				
Obligation at January 1	$ 598.5	$ 789.0	$ 33.6	$ 43.5
Interest cost	28.8	20.2	1.5	0.9
Plan participants' contributions	-	-	1.4	1.5
Actuarial (gain) loss	15.8	(174.7)	(0.7)	(7.1)
Benefit payments and lump sums	(35.6)	(36.0)	(4.8)	(5.2)
Obligation at December 31	$ 607.5	$ 598.5	$ 31.0	$ 33.6
Reconciliation of fair value of plan assets				
Fair value of plan assets at January 1	$ 483.3	$ 676.8	$ -	$ -
Actual return on plan assets	45.2	(162.6)	-	-
Employer contributions	25.4	5.1	3.4	3.7
Plan participants' contributions	-	-	1.4	1.5
Benefit payments and lump sums	(35.6)	(36.0)	(4.8)	(5.2)
Fair value of plan assets at December 31	$ 518.3	$ 483.3	$ -	$ -
Funded status at December 31	$ (89.2)	$ (115.2)	$ (31.0)	$ (33.6)

In 2023, the pension benefit obligation experienced a $15.8 actuarial loss, resulting from a 20 basis point decrease in the weighted average discount rate assumption. In 2022, the pension benefit obligation experienced a $174.7 actuarial gain, resulting from a 234 basis point increase in the weighted average discount rate assumption.

The amounts recognized in the consolidated balance sheets at December 31, were as follows:

	Pension Benefits		Other Benefits	
	2023	2022	2023	2022
Other liabilities - accrued benefit liability	$ 89.2	$ 115.2	$ 30.9	$ 33.6
Accumulated other comprehensive income (loss), pretax				
Net loss	(145.8)	(156.2)	(2.4)	(3.1)
Prior service credit	-	-	(16.9)	18.7

The following information is provided for the Company's two defined benefit pension plans at December 31.

	Qualified Plan		Nonqualified Plan	
	2023	2022	2023	2022
Projected benefit obligation	$ 526.7	$ 518.3	$ 80.9	$ 80.2
Accumulated benefit obligation	526.7	518.3	80.9	80.2
Fair value of plan assets	518.3	483.3	-	-

The weighted average assumptions used in the measurement of the Company's benefit obligation at December 31, 2023 and 2022, are shown in the following table.

	2023	2022	2023	2022
Discount rate	4.75%	4.95%	4.62%	4.82%

The weighted average asset allocations for the qualified pension plan at December 31, 2023 and 2022 were as follows:

	2023	2022
Fixed income securities	89.6 %	89.7 %
Equity securities	9.9	9.8
Cash and short term money funds	0.5	0.5
Total plan assets	100.0 %	100.0 %

The overall objective of the qualified pension plan is to provide for full and timely payment of retirement benefits utilizing investment policies designed to maintain adequate funding for the plan's liability over time. The plan seeks to produce a return on investments based on levels of liquidity and investment risk that are prudent and reasonable, given prevailing market conditions, and recognizing the importance of the preservation of capital. Investment strategies and asset allocations are based on careful consideration of plan liabilities and expected cash flows, the plan's funded status and the Company's financial condition. Investment performance and asset allocation are measured and monitored on an ongoing basis.

The plan asset portfolio is comprised of fixed income and equity securities. The goal of the fixed income investments is to generate current income and provide stable periodic returns, while the goal of the equity investments is to maintain the long term growth of the plan assets. With the goal of reducing market risk and matching asset duration with expected benefit cash flows, the target allocation of the plan asset portfolio is 90% long-term fixed income securities and 10% equity securities. Below investment-grade fixed income securities are excluded from the asset allocation.

The pension plan assets in trust are categorized in accordance with the fair value hierarchy established by ASC 820, as of December 31, 2023 and 2022, as follows.

	2023			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Fixed income securities	$ 464.3	$ -	$ -	$ 464.3
Equity securities	51.4	-	-	51.4
Total investments	$ 515.7	$ -	$ -	$ 515.7

	2022			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Fixed income securities	$ 433.6	$ -	$ -	$ 433.6
Equity securities	47.3	-	-	47.3
Total investments	$ 480.9	$ -	$ -	$ 480.9

The following table provides the components of net periodic benefit cost for the years ended December 31, 2023, 2022, and 2021.

	Pension Benefits			Other Benefits		
	2023	2022	2021	2023	2022	2021
Interest cost	$ 28.8	$ 20.2	$ 18.2	$ 1.5	$ 0.9	$ 0.8
Expected return on plan assets	(23.6)	(15.0)	(13.6)	-	-	-
Amortization of net loss	4.6	3.9	4.7	-	0.5	0.8
Amortization of prior service credit		-	-	(1.8)	(1.8)	(1.8)
Net periodic benefit cost	$ 9.8	$ 9.1	$ 9.3	$ (0.3)	$ (0.4)	$ (0.2)

The components of net periodic benefit cost are included in other expense in the Consolidated Statement of Comprehensive Income.

The prior service costs are amortized on a straight-line basis over the average remaining service period of active participants. Gains and losses in excess of 10% of the greater of the benefit obligation and the market-related value of assets are amortized over the average remaining life expectancy of active participants.

The following table provides other pre-tax changes in plan assets and liabilities recognized in other comprehensive income (loss) for the years ended December 31, 2023, 2022, and 2021.

	Pension Benefits			Other Benefits		
	2023	2022	2021	2023	2022	2021
Net gain (loss) for period	$ 5.8	$ (2.9)	$ 32.0	$ 0.7	$ 7.1	$ 3.7
Amortization of net loss	4.6	3.9	4.7	-	0.5	0.8
Amortization of prior service credit	-	-	-	(1.8)	(1.7)	(1.8)
Total recognized in other comprehensive income (loss)	$ 10.4	$ 1.0	$ 36.7	$ (1.1)	$ 5.9	$ 2.7

The weighted average assumptions used to determine the net periodic benefit cost for the years ended December 31, are shown in the following table:

	Pension Benefits			Other Benefits		
	2023	2022	2021	2023	2022	2021
Discount rate	4.95%	2.61%	2.20%	4.82%	2.27%	1.77%
Expected return on plan assets	5.10%	2.30%	2.00%	N/A	N/A	N/A
Rate of compensation increase	N/A	N/A	N/A	N/A	N/A	N/A

The Company determines the overall expected long-term rate of return on plan assets based on the assumption that the long-term historical performance of well-recognized indices, which are representative of long-term plan asset allocations, are reasonable indicators of future investment performance. Historical average annual returns for asset classes may be adjusted to reflect the impact of current and forecasted interest rate environments.

For measurement purposes, a 6.50% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2023. The rate was assumed to decrease gradually to a rate of 4.5% for 2034 and remain at that level thereafter.

Expected future benefit payments for each of the plans are as follows:

	2024	2025	2026	2027	2028	2029 - 2033
Pension benefits	$ 39.2	$ 40.2	$ 40.3	$ 41.5	$ 41.9	$ 211.4
Other benefits	$ 3.9	$ 3.8	$ 3.5	$ 3.5	$ 2.8	$ 11.1

13. LONG TERM DEBT

The Company has outstanding $294.2 aggregate principal amount of senior notes due December 15, 2026. The senior notes bear interest at a rate of 7.45% annually, payable on June 15 and December 15 each year. Interest expense of $23.1 was recognized on this obligation for the year ended December 31, 2023. Interest expenses of $24.7 and $25.1 were recognized on this obligation for each of the years ended December 31, 2022 and 2021.

The Company may, from time to time, redeem all or part of the senior notes due 2026 pursuant to the terms of the indenture under which the senior notes were issued (the "Indenture"), or purchase them in privately negotiated transactions, tender offers or otherwise. The indenture contains certain covenants, including, but not limited to, covenants imposing limitations on liens, and restrictions on mergers and sale of assets. The Company repurchased, and subsequently cancelled, $26.5 and $13.0 aggregate principal of senior notes through privately negotiated transactions in 2023 and 2022, respectively. There was no repurchase transactions in 2021.

14. REGULATORY MATTERS

A. Surplus and Stockholder Dividends

Statutory surplus of the Company's insurance subsidiaries increased to $5,479.7 at December 31, 2023, from $4,994.6 at December 31, 2022. This increase was primarily the result of combined statutory net income of $449.2, a change in non-admitted assets of $8.2 and net unrealized capital gains of $92.3, offset by a decrease in deferred income taxes of $23.2 and dividends paid to the Company of $50.9. This statutory net income is different from the net loss reported in these financial statements, primarily due to differing accounting treatment for deferred federal income taxes, retroactive reinsurance contracts, and deferred acquisition costs.

AAIC declared and paid dividends of $21.6 and $21.2 to the Company in the years ended December 31, 2023 and 2022, respectively. Princeton E&S declared and paid dividends of $29.3 and $29.6 to the Company in the years ended December 31, 2023 and 2022, respectively. MRAm and Bridgeway did not pay dividends to the Company in 2023 or 2022.

The Company has been dependent on management service agreements and dividends from the insurance subsidiaries in order to meet its short and long term liquidity requirements, including its debt service obligations. The payment of dividends to the Company by the insurance subsidiaries is subject to limitations imposed by the Insurance Department, including the requirement that dividends be paid from available unassigned funds, as set forth in the most recent annual statement of the insurer. Based on these restrictions, MRAm cannot pay dividends in 2023 without the prior approval of the Insurance Department. At December 31, 2023, AAIC, Princeton E&S and Bridgeway can pay dividends of up to $22.3, $41.0 and $24.1 respectively, in 2024 without the prior approval of the Insurance Department.

B. Risk-Based Capital

The Insurance Department has a risk-based capital (“RBC”) standard for property and casualty insurance (and reinsurance) companies which measures the amount of capital appropriate for a property and casualty insurance company to support its overall business operations in light of its size and risk profile. An RBC ratio in excess of 200% generally requires no regulatory action. The RBC ratios of the insurance subsidiaries were each in excess of 200% at December 31, 2023 and 2022.

C. Statutory Financial Condition Examinations

As part of its general regulatory oversight process, the Insurance Department usually conducts financial condition examinations of domiciled insurers and reinsurers every three to five years, or at such other times as is deemed appropriate by the Commissioner. In 2021, the Insurance Department began the regularly scheduled financial condition examination of the Company’s insurance subsidiaries for the financial period 2017 through 2021. The financial condition examination field work was completed in 2023 with no adverse findings. The Insurance Department’s final examination reports were issued on April 19, 2023.

D. Permitted Statutory Accounting Practices

The financial statements of the insurance companies are prepared in accordance with accounting practices prescribed or permitted by the Insurance Department. Insurance companies domiciled in the State of Delaware are required to prepare their statutory basis financial statements in accordance with the National Association of Insurance Commissioners (“NAIC”) Accounting Practices and Procedures manual, subject to any difference prescribed or permitted by the State of Delaware or its insurance commissioner.

The NAIC does not allow discounting of non-tabular reserves, however MRAm received permission to discount its non-tabular loss reserves for statutory accounting purposes, at a rate consistent with that approved by the Insurance Department for its tabular reserves. The permitted practice of discounting non-tabular reserves resulted in a reduction in statutory net loss reserves and an increase in statutory surplus of $221.5 and $241.4 at December 31, 2023 and 2022, respectively.

15. RELATED PARTY TRANSACTIONS

Although the Company has reduced its reliance on retrocessional coverage in recent years, historically Munich Re participated on the majority of the Company's retrocessional programs as discussed below.

Munich Re provides retrocessional support to accident years 2001 and prior by means of a loss portfolio transfer agreement. The purpose of the LPT is to further support the Company's capital position and effectively mitigate the economic risk associated with potential development that may result from these accident years. This transaction does not relieve the Company of its obligation to its reinsureds for the periods covered. The aggregate limit on the LPT cover of $10.1 billion was reached, on an undiscounted loss basis, in 2012. There was no impact on net income at the inception of this contract. Loss recoveries of $30.2, $19.5, and $22.3 were ceded to this cover for the years ended December 31, 2023, 2022, and 2021, respectively. In 2023, 2022, and 2021 the deferred gain was reduced by $98.5, $80.4, and $66.5, respectively, as the recognition of previously deferred benefits exceeded the deferral of benefits from additional development ceded to the LPT during the year. Reinsurance recoverable of $1,141.1 and $1,264.6 was outstanding on the LPT at December 31, 2023 and 2022, respectively. The unamortized deferred gain related to changes in the amounts recoverable on this program was $882.4 and $980.9 at December 31, 2023 and 2022, respectively.

In 2010 the Company entered into an excess of loss adverse development cover with Munich Re. This reinsurance agreement provided the Company $500.0 of protection for accident years 2001 and prior, for losses in excess of the $10.1 billion limit of the Company's loss portfolio transfer agreement, also with Munich Re. The aggregate limit of this cover was reached, on an undiscounted basis, in 2013. Loss recoveries to this cover were increased by $22.3, $9.9 and $9.0 for the years ended December 31, 2023, 2022, and 2021, respectively. Of the loss recoveries ceded, $22.3, $9.9 and $9.0 were deferred in 2023, 2022, and 2021, respectively, to be recognized in income over the settlement period of the underlying claims. The unamortized deferred gain related to changes in the amounts recoverable on this program was $326.2 and $303.9 at December 31, 2023 and 2022, respectively.

In 2013 the Company entered into a second excess of loss adverse development cover with Munich Re. The terms of this contract are consistent with the 2010 ADC providing the Company with $500.0 of protection for accident years 2001 and prior, for losses in excess of the limits of LPT and the 2010 ADC. Limit of $152.4 remains available, on an undiscounted loss basis, on this cover at December 31, 2023. Loss recoveries to this cover were increased by $100.8, $43.4, and $34.2 for the years ended December 31, 2023, 2022, and 2021, respectively. Of the loss recoveries ceded, $100.8, $43.5 and $13.9 were deferred in 2023, 2022 and 2021, respectively, to be recognized in income over the settlement period of the underlying claims. The unamortized deferred gain related to changes in the amounts recoverable on this program was $158.3 and $57.4 at December 31, 2023 and 2022, respectively.

The Company had accident year stop loss covers with Munich Re for the 2002 through 2008 accident years, with protection varying between $410.0 and $500.0 per annum. The reinsurance agreement attaches below expected loss ratios for the 2003 through 2005 accident years. Loss recoveries for prior accident years were reduced by $13.0 for the year ended December 31, 2023, were increased by $1.0 for the year ended December 31, 2022, and were reduced by $2.4 for the year ended December 31, 2021. The funds held balance for these covers was $392.5 and $373.6 at December 31, 2023 and 2022, respectively. Interest expense on funds held was $17.8, $17.0, and $16.4 for the years ended December 31, 2023, 2022, and 2021, respectively.

The Company has a property catastrophe reinsurance agreement with Munich Re providing one layer of coverage of $4,500.0 in excess of a $35.0 per occurrence retention and an annual aggregate deductible of $300.0 per occurrence. The Company has also had property catastrophe agreements providing coverage in excess of the Company's net retention levels for accident years 2006 through 2022. Premiums of $361.4, $325.1, and $267.3, were ceded to these covers for the years ended December 31, 2023, 2022, and 2021, respectively. Loss recoveries were increased by $24.7, $405.3 and $654.6 for the years ended December 31, 2023, 2022 and 2021, respectively.

MRAm has a quota share program with American Modern Home Company ("American Modern"), a subsidiary of MAHC, to cover the property and casualty personal lines business on site-built and manufactured homes, net of inuring reinsurance. The assuming percentage on this program varies between 50% and 100% depending upon the

contract year. Premiums written of $1,238.8, $779.3, and $534.1 were assumed on this program for the years ended December 31, 2023, 2022, and 2021, respectively. Premiums earned were $973.7, $620.4, and $511.1, for the years ended December 31, 2023, 2022, and 2021, respectively. Losses incurred of $679.8, $393.8, and $318.4 were assumed on this program for the years ended December 31, 2023, 2022, and 2021, respectively. Commission expense of $321.3, $214.5, and $191.1 was recognized on this program for the years ended December 31, 2023, 2022, and 2021, respectively.

MRAm also has a 100% quota share program with American Modern reinsuring property and casualty business underwritten by the Company's Munich Re Specialty division, net of inuring reinsurance. Premiums written of $208.7, $180.8, and $163.3 were assumed on this program for the years ended December 31, 2023, 2022, and 2021, respectively. Premiums earned were $196.0, $172.7, and $121.1 for the years ended December 31, 2023, 2022, and 2021, respectively. Losses incurred of $150.9, $127.8, and $99.1 were assumed on this program for the years ended December 31, 2023, 2022, and 2021, respectively. Commission expense of $68.6, $60.2, and $37.1 was recognized on this program for the years ended December 31, 2023, 2022, and 2021, respectively.

Effective January 1, 2022, the 100% quota share program between MRAm and DAIC was ended and DAIC became a participant in the pooling arrangement with MRAm, AAIC, PESLIC and Bridgeway. The pooling arrangement, effective July 1, 2009, covers all direct and assumed current and prior policies and contracts issued by DAIC, AAIC, PESLIC and Bridgeway. Premiums written of $262.8 was assumed on the quota share program for the years ended December 31, 2021. Premiums earned was $189.0 for the years ended December 31, 2021. Losses incurred of $160.3 was assumed on this program for the years ended December 31, 2021. Commission expense of $69.0 was recognized on this program for the years ended December 31, 2021.

Total premiums ceded to Munich Re and its affiliated companies were $390.7, $370.0, and $280.6 for the years ended December 31, 2023, 2022, and 2021, respectively. Total losses and LAE ceded to Munich Re and its affiliated companies were $153.6, $456.8 and $710.7 for the years ending December 31, 2023, 2022, and 2021, respectively. Total ceding commissions of $4.7, $4.2, and $2.8 were earned on programs with Munich Re and its affiliated companies in the years ended December 31, 2023, 2022, and 20201. Total insurance reserves outstanding with Munich Re and its affiliated companies were $2,983.2 and $3,029.7 at December 31, 2023 and 2022, respectively. Gross premiums assumed from Munich Re and its affiliated companies were $1,668.8, $1,212.7, and $979.7 for the years ended December 31, 2023, 2022, and 2021, respectively.

MEAG New York Corporation is an affiliated investment advisor responsible for the management of the majority of the Company's investment portfolio. Beginning in October 2020, MR Group Investment U.S., Inc., also an affiliated entity, provides oversight of the Munich Re investment managers in the U.S. Fees paid to these entities were $11.5, $11.8, and $10.5 for the years ended December 31, 2023, 2022, and 2021, respectively.

MEAG Munich ERGO Asset Management GmbH ("MEAG") and MR Infrastructure, Inc. are affiliated investment advisors responsible for the management of the majority of the Company's investments in infrastructure entities and real estate limited partnerships. Fees paid to these entities were $1.8, $2.4, and $1.9 for the years ended December 31, 2023, 2022, and 2021, respectively.

The Company has an agreement to sublease office space from an affiliated entity. The operating lease liability related to this related party transaction was $6.1 and $7.4 at December 31, 2023 and 2022, respectively. Cash paid for amounts included in the measurement of lease liabilities included in operating cash flow related to this transaction was $1.5 for the year ended December 31, 2023 and $1.4 for the years ended December 31, 2022 and 2021.

MRAm has a revolving credit agreement with MAHC which allows MAHC to borrow up to $225.0 from MRAm. Outstanding amounts under this agreement bear interest at a rate equal to the SOFR, for a period equal in duration to the interest period, plus 25 basis points. There were no amounts outstanding under this agreement at December 31, 2023. The termination date of this agreement is December 28, 2031.

The Company also has a revolving credit agreement with MAHC, which allows MAHC to borrow up to $225.0 from the Company. Outstanding amounts under this agreement bear interest annually at a rate equal to the SOFR, for

a period equal in duration to the interest period, plus 25 basis points. There were no amounts outstanding under this agreement at December 31, 2023. The termination date of this agreement is December 28, 2031.

In February 2023, MRAm entered into a surplus note Agreement with a promise to pay MAHC the principal sum of $305.0 plus simple interest on the unpaid balance of 4.5% annually. Principal and interest is payable upon demand only with prior written approval of the Commissioner of the State of Delaware ("the Commissioner").

On December 21, 2023, the Company issued a senior unsecured note to Munich Life Holding ("MLHC") Company, an affiliate. The principal amount at inception of the senior unsecured note was $543.0 with a stated maturity date of December 31, 2048. The Company will pay interest equal to 3 months SOFR plus a pre-defined margin on pre-defined interest payment dates. The Company paid $1.0 of interest for the year ended December 31, 2023.

On December 21, 2023, the Company received a surplus note with a principal amount of $543.0 with a stated maturity date of December 31, 2043. The surplus note, issued by MLHC, will be amortized based on a pre-defined schedule. The Company will receive interest equal to 3 months SOFR plus a pre-defined margin and an additional 75 basis points, on pre-defined interest payment dates. The Company received interest of $1.1 for the year ended December 31, 2023.

MLHC entered into a primary security purchase agreement with the Company to buy the senior unsecured note. In addition, MLHC entered into a forward purchase agreement with the Company, to sell the senior unsecured note back to the Company based of the amount of surplus note principal amortization. In exchange, the Company will transfer the corresponding portion of the surplus note to MLHC.

16. COMMITMENTS AND CONTINGENT LIABILITIES

A. Commitments

The following table summarizes the Company's unfunded commitments as of December 31, 2023:

Fixed term loans	Total Commitment	Unfunded Commitment	Fulfillment Year
GR Palmas De Cocalan Spa ("Grenergy")	$ 35.5	$ 1.7	2024
NYC Transportation Development Corp	75.0	42.7	2026

B. Surety Bonds

The Company is contingently obligated as co-surety to certain surety bonds issued by its reinsured clients. In all such cases, an indemnification and hold harmless agreement is executed that limits the Company's exposure to the extent provided under the reinsurance contract in the event of a claim. As co-surety, the Company would only incur a loss in excess of the limits of the reinsurance contract if a default by both the bonded principal and the co-surety occurred. Based upon internal risk modeling, which takes into consideration the financial strength and rating of the co-surety, a co-surety loss on any of these agreements is deemed to be remote. At December 31, 2023, the Company's contingent obligation under all co-surety arrangements is $767.7.

C. Financial Guarantees

At December 31, 2023, the Company has provided guarantees in the amount of $127.3 to certain counterparties of the weather and energy trading operations of an affiliate, Munich Re Trading, LLC ("MRTL") pursuant to a credit support facility between the Company and MRTL (the "Guarantees"). Pursuant to the facility, the Company, may, but is not obligated to, issue credit support of up to a maximum of $350.0 for MRTL in furtherance of MRTL's trading business. The credit support will be in the form of guarantees wherein the Company guarantees the payment

obligations of MRTL arising from certain transactions or contracts relating to the supply of energy services or weather related derivatives. The Guarantees remain in effect until the earlier of (i) the underlying transactions expire and all obligations are satisfied or (ii) the Guarantees are terminated pursuant to their terms. Upon payment of any obligations under the Guarantees, the Company has subrogation rights against MRTL. Based upon internal risk modeling, the current status of the payment risk on the Guarantees is deemed to be remote.

D. Litigation

The Company is involved in non-claim litigation incidental to its business principally related to insurance company insolvencies or liquidation proceedings in the ordinary course of business. Also, in the ordinary course of business, the Company is sometimes involved in adversarial proceedings incidental to its insurance and reinsurance business. The amounts at risk in these proceedings are taken into account in setting loss reserves. Based upon its familiarity with or review and analysis of such matters, the Company believes that none of the pending litigation matters will have a material adverse effect on the consolidated financial statements of the Company. However, no assurance can be given as to the ultimate outcome of any such litigation matters.

17. SEGMENT REPORTING

Management reviews the Company’s financial results focusing on its property and casualty (“P&C”) business segments, comprised of Reinsurance and Munich Re Specialty. The underwriting results of the P&C segments are management’s key focus in evaluating the underwriting performance of the Company. These results are reviewed on a “gross less specific retrocessions” basis. Specific retrocessions are those underwritten within the business segment and generally designed to reduce the net liability on individual risks. Other retrocessional programs underwritten on a corporate basis and designed to protect the overall surplus of the insurance subsidiaries are not included in the property and casualty underwriting results. These retrocessions, in addition to the underwriting results of business segments in run-off and certain business written on behalf of Munich Re and its affiliated companies, are aggregated to reconcile the P&C segments underwriting results to the consolidated statements of operations. Elements of underwriting results are **bold**.

The Company does not allocate certain items of revenues and expenses, nor are they included in the assessment of the segment results as reviewed by the Company’s management. The assets and liabilities of the Company are generally not maintained on a segment or geographical basis. An allocation of such assets and liabilities is considered by the Company to be impracticable.

Year ended December 31, 2023

	Reinsurance	Specialty Insurance	Total P&C	Total Corporate & Other	Total
Revenues					
Gross premiums written	$ 2,417.7	$ 2,160.7	$ 4,578.4	$ 2,133.0	$ 6,711.4
Net premiums written	2,412.2	2,053.4	4,465.6	1,658.7	6,124.3
Premiums earned	2,543.1	1,815.7	4,358.8	1,385.3	5,744.1
Net investment income					540.6
Net realized capital losses					11.6
Other income					13.3
Total revenue					6,309.6
Losses and Expenses					
Losses and LAE	1,567.7	1011.8	2,579.5	1,065.1	3,644.6
Underwriting expense	775.3	567.4	1,342.7	482.9	1,825.6
Interest expense					28.9
Interest on ceded funds held					20.2
Other expense					23.5
Total losses and expenses					5,542.8
Income (loss) before income taxes					766.8
Underwriting gain (loss)	$ 200.1	$ 236.5	$ 436.6	$ (162.7)	$ 273.9
Losses and LAE Ratio	61.6	55.7	59.2	N/M	63.4 %
Underwriting Expense Ratio	30.5	31.1	30.8	N/M	31.8
Combined Ratio	92.1 %	86.8 %	90.0 %	N/M %	95.2 %

N/M = not meaningful

Year ended December 31, 2022

	Reinsurance	Specialty Insurance	Total P&C	Total Corporate & Other	Total
Revenues					
Gross premiums written	$ 3,978.7	$ 1,595.6	$ 5,574.3	$ 1,625.6	$ 7,199.9
Net premiums written	3,977.0	1,523.2	5,500.2	1,172.9	6,673.1
Premiums earned	4,976.7	1,391.9	6,368.6	1,029.3	7,397.9
Net investment income					454.1
Net realized capital gains					(149.0)
Other income					68.5
Total revenue					7,771.5
Losses and Expenses					
Losses and LAE	3,946.0	978.0	4,924.0	489.1	5,413.1
Underwriting expense	1,689.2	442.6	2,131.8	404.3	2,536.1
Interest expense					24.7
Interest on ceded funds held					18.9
Other expense					25.4
Total losses and expenses					8,018.2
Loss before income taxes					(246.7)
Underwriting loss	$ (658.5)	$ (28.7)	$ (687.2)	$ 135.9	$ (551.3)
Losses and LAE Ratio	79.3 %	70.3 %	77.3 %	N/M %	73.2 %
Underwriting Expense Ratio	33.9	31.8	33.5	N/M	34.3
Combined Ratio	113.2 %	102.1 %	110.8 %	N/M %	107.5 %

N/M = not meaningful

Year ended December 31, 2021

	Reinsurance	Specialty Insurance	Total P&C	Total Corporate & Other	Total
Revenues					
Gross premiums written	**$ 5,340.6**	**$ 1,279.0**	**$ 6,619.6**	**$ 1,293.9**	**$ 7,913.5**
Net premiums written	**5,339.9**	**1,211.0**	**6,550.9**	**930.7**	**7,481.6**
Premiums earned	**4,612.3**	**1,067.5**	**5,679.8**	**809.1**	**6,488.9**
Net investment income					313.8
Net realized capital losses					189.4
Other income					42.5
Total revenue					7,034.6
Losses and Expenses					
Losses and LAE	**4,192.1**	**859.4**	**5,051.5**	**(23.6)**	**5,027.9**
Underwriting expense	**1,603.2**	**349.8**	**1,953.0**	**346.1**	**2,299.1**
Interest expense					25.1
Interest on ceded funds held					16.6
Other expense					42.2
Total losses and expenses					7,410.9
Loss before income taxes					(376.3)
Underwriting loss	**$ (1,183.0)**	**$ (141.7)**	**$ (1,324.7)**	**$ 486.6**	**$ (838.1)**
Losses and LAE Ratio	**90.9** %	**80.5** %	**88.9** %	**N/M** %	**77.5** %
Underwriting Expense Ratio	**34.7**	**32.8**	**34.4**	**N/M**	**35.4**
Combined Ratio	**125.6** %	**113.3** %	**123.3** %	**N/M** %	**112.9** %

N/M = not meaningful

SCHEDULE I

MUNICH RE AMERICA CORPORATION
SUMMARY OF INVESTMENTS
OTHER THAN INVESTMENTS IN RELATED PARTIES
AND CASH AND CASH EQUIVALENTS
December 31, 2023
(Dollars in millions)

Type of Investment	Amortized cost or cost (1)	Fair value	Amount at which shown in the balance sheet
Fixed income securities:			
Fixed income securities available for sale:			
U.S. Government and government agencies	$ 7,835.8	$ 6,950.3	$ 6,950.3
Asset-backed securities	1,088.8	1,062.1	1,062.1
Residential mortgage-backed securities	722.4	634.6	634.6
Commercial mortgage-backed securities	572.9	519.3	519.3
Foreign governments	948.5	869.6	869.6
Public utilities	413.3	376.3	376.3
Corporate bonds	4,429.3	4,141.9	4,141.9
Total fixed income securities available for sale	16,011.0	14,554.1	14,554.1
Fixed income securities trading	7.8	7.3	7.3
Total fixed income securities	16,018.8	14,561.4	14,561.4
Equity securities:			
Common stock available for sale:			
Industrial and miscellaneous and all other	86.7	91.9	91.9
Total equity securities	86.7	91.9	91.9
Short term investments	297.0	296.9	296.9
Other invested assets	1,095.4	1,261.7	1,095.4
Other assets	543.0	550.4	550.4
Total investments	$ 18,040.9	$ 16,762.3	$ 16,596.0

(1) Amortized cost for fixed income securities available-for-sale and trading and short-term investments represents original cost reduced by repayments and impairments and adjusted for amortization of premiums and accretion of discounts. For equity securities, cost represents original cost. For other invested assets, cost represents original cost reduced for impairments or original cost adjusted for equity in earnings and distributions.

See Independent Auditors' Report on F-2.

SCHEDULE II

MUNICH RE AMERICA CORPORATION
CONDENSED FINANCIAL INFORMATION
CONDENSED BALANCE SHEETS
December 31, 2023 and 2022
(Dollars in millions)

	December 31,	
	2023	**2022**
Assets		
Investments in subsidiaries	$ 3,805.8	$ 2,961.7
Short term investments	96.1	103.9
Cash and cash equivalents	0.4	0.4
Goodwill	12.9	12.9
Current federal income taxes receivable	-	1.5
Receivable for securities sold	1.1	-
Deferred federal income tax	(1.6)	-
Other assets	550.6	-
Total assets	$ 4,465.3	$ 3,080.4
Liabilities		
Interest payable	$ 1.0	$ 1.0
Current federal income taxes	(2.8)	-
Senior notes	293.3	319.5
Other liabilities	545.2	-
Total liabilities	836.7	320.5
Stockholder's Equity		
Common stock	-	-
Additional paid in capital	6,941.3	6,941.3
Accumulated deficit	(2,115.5)	(2,609.2)
Accumulated other comprehensive loss	(1,197.2)	(1,572.2)
Total stockholder's equity	3,628.6	2,759.9
Total liabilities and stockholder's equity	$ 4,465.3	$ 3,080.4

See accompanying note to condensed financial statements.
See Independent Auditors' Report on F-2.

SCHEDULE II

MUNICH RE AMERICA CORPORATION
CONDENSED FINANCIAL INFORMATION
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
Years Ended December 31, 2023, 2022, and 2021
(Dollars in millions)

	Year ended December 31,		
	2023	2022	2021
Revenue			
Net investment income	$ 4.9	$ 2.1	$ 0.1
Net realized capital losses	-	(1.0)	-
Other income	46.3	40.6	39.7
Total	51.2	41.7	39.8
Expenses			
Interest expense	24.1	24.7	25.1
Operating expenses	3.4	2.8	0.9
Total expenses	27.5	27.5	26.0
Operating income before federal income taxes	23.7	14.2	13.8
Federal income taxes	4.9	3.0	2.9
Income before equity in undistributed net income of subsidiaries	18.8	11.2	10.9
Equity in undistributed net income (loss) of subsidiaries	607.4	(186.1)	(321.9)
Net gain (loss) to common stockholder	626.2	(174.9)	(311.0)
Other comprehensive income (loss)	375.0	(1,585.5)	(424.8)
Comprehensive income (loss)	$ 1,001.2	$ (1,760.4)	$ (735.8)

See accompanying note to condensed financial statements.
See Independent Auditors' Report on F-2.

SCHEDULE II

MUNICH RE AMERICA CORPORATION
CONDENSED FINANCIAL INFORMATION
CONDENSED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023, 2022, and 2021
(Dollars in millions)

	Year ended December 31,		
	2023	**2022**	**2021**
Cash Flows From Operating Activities:			
Net income (loss) to common stockholder	$ 626.2	$ (174.9)	$ (311.0)
Adjustments to reconcile net income (loss) to cash provided by operating activities:			
Equity in undistributed net income (loss) of of subsidiaries	(607.4)	186.1	321.9
Current and deferred federal income tax asset	1.5	(109.3)	0.8
Increase in other asset/liabilities	0.4	(0.9)	1.0
Net realized capital gain	-	1.0	-
Other, net	(4.6)	(2.2)	(0.1)
Net cash provided by (used in) operating activities	16.1	(100.2)	12.6
Cash Flows From Investing Activities:			
Fixed income securities available for sale:			
Purchases	(29.6)	(14.5)	-
Sales	27.4	14.5	-
Investment in subsidiary	-	-	(625.0)
Dividends received from subsidiaries	50.9	50.8	42.0
Net purchases and sales in short term investments	12.3	112.6	(13.8)
Net cash provided by (used in) investing activities	61.0	163.4	(596.8)
Cash Flows From Financing Activities:			
Capital contribution from parent company	-	-	625.0
Partial extinguishment of senior notes	(26.2)	(12.7)	-
Dividends paid to parent company	(50.9)	(50.8)	(42.0)
Net cash provided by (used in) financing activities	(77.1)	(63.5)	583.0
Net decrease in cash	0.0	(0.3)	(1.2)
Cash and cash equivalents, beginning of period	0.4	0.7	1.9
Cash and cash equivalents, end of period	$ 0.4	$ 0.4	$ 0.7
Supplemental Cash Flow Information:			
Income taxes received	$ 5.0	$ -	$ 0.1
Interest paid	$ (22.8)	$ (24.1)	$ (24.9)

See accompanying note to condensed financial statements.
See Independent Auditors' Report on F-2.

SCHEDULE II—CONDENSED FINANCIAL INFORMATION
MUNICH RE AMERICA CORPORATION
NOTE TO CONDENSED FINANCIAL INFORMATION

The condensed financial information of Munich Re America Corporation for the years ended December 31, 2023, 2022, and 2021, should be read in conjunction with the consolidated financial statements of Munich Re America Corporation and subsidiaries and the notes thereto. Investment in subsidiaries is recorded using the equity method of accounting.

SCHEDULE III

MUNICH RE AMERICA CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INSURANCE INFORMATION
(Dollars in millions)

Segment	Deferred policy acquisition costs	Net unpaid benefits, losses, claims and loss expenses	Unearned premiums	Earned premiums	Claims and cliam adjustment expense	Amortization of deferred policy acquisition costs	Underwriting expenses	Premiums written
Year ended December 31, 2023								
Reinsurance	$ 243.9	$ 8,218.4	$ 826.8	$ 2,543.1	$ 1,567.7	$ 297.8	$ 775.3	$ 2,412.2
Insurance	201.4	3,238.0	941.6	1,815.7	1,011.8	146.6	567.4	2,053.4
Other	369.1	603.0	1,113.9	1,385.3	1,065.1	262.3	482.9	1,658.7
Total	$ 814.4	$ 12,059.4	$ 2,882.3	$ 5,744.1	$ 3,644.6	$ 706.7	$ 1,825.6	$ 6,124.3
Year ended December 31, 2022								
Reinsurance	$ 297.8	$ 8,768.9	$ 964.6	$ 4,976.7	$ 3,946.0	$ 586.8	$ 1,689.2	$ 3,977.0
Insurance	146.6	2,972.6	691.9	1,391.9	978.0	120.0	442.6	1,523.2
Other	262.3	346.4	821.8	1,029.2	489.1	214.2	404.3	1,172.9
Total	$ 706.7	$ 12,087.9	$ 2,478.3	$ 7,397.8	$ 5,413.1	$ 921.0	$ 2,536.1	$ 6,673.1
Year ended December 31, 2021								
Reinsurance	$ 586.8	$ 8,965.8	$ 1,964.3	$ 4,612.3	$ 4,192.1	$ 383.2	$ 1,603.2	$ 5,339.9
Insurance	120.0	2,582.7	561.3	1,067.5	859.4	83.8	349.8	1,211.0
Other	214.2	452.8	669.3	809.1	(23.6)	167.4	346.1	930.7
Total	$ 921.0	$ 12,001.3	$ 3,194.9	$ 6,488.9	$ 5,027.9	$ 634.4	$ 2,299.1	$ 7,481.6

See Independent Auditors' Report on F-2.

SCHEDULE IV

MUNICH RE AMERICA CORPORATION AND SUBSIDIARIES
REINSURANCE
(Dollars in millions, except percentages)

	Gross amount	Ceded to other companies	Assumed from other companies	Net amount	Percentage of amount assumed to net
Year ended December 31, 2023					
Premiums earned:					
Accident and health insurance	$ 2.5	$ -	$ 146.8	$ 149.3	98.3 %
Property-liability insurance	1,929.3	563.5	4,229.0	5,594.8	75.6
Total premiums	$ 1,931.8	$ 563.5	$ 4,375.8	$ 5,744.1	76.2 %

	Gross amount	Ceded to other companies	Assumed from other companies	Net amount	Percentage of amount assumed to net
Year ended December 31, 2022					
Premiums earned:					
Accident and health insurance	$ 2.5	$ -	$ 163.0	$ 165.5	98.5 %
Property-liability insurance	1,516.8	518.6	6,234.1	7,232.3	86.2
Total premiums	$ 1,519.3	$ 518.6	$ 6,397.1	$ 7,397.8	86.5 %

	Gross amount	Ceded to other companies	Assumed from other companies	Net amount	Percentage of amount assumed to net
Year ended December 31, 2021					
Premiums earned:					
Accident and health insurance	$ 2.8	$ -	$ 146.9	$ 149.7	98.1 %
Property-liability insurance	1,157.3	372.7	5,554.6	6,339.2	87.6
Total premiums	$ 1,160.1	$ 372.7	$ 5,701.5	$ 6,488.9	87.9 %

See Independent Auditors’ Report on F-2.

SCHEDULE VI

MUNICH RE AMERICA CORPORATION AND SUBSIDIARIES
Supplemental Information (For Property-Casualty Insurance Underwriters)
(Dollars in millions)

	Deferred policy acquisition costs	Reserves for unpaid claims and claims adjustment expenses	Discount, if any deducted in previous column	Unearned premiums	Earned premiums	Net investment income	Claims and claim adjustment expenses incurred related to: current year	Claims and claim adjustment expenses incurred related to: prior year	Amortization of deferred policy acquisition costs	Paid claims and claims adjustment expenses	Premiums written
Year ended December 31, 2023											
(a) Consolidated property-casualty insurance entities	$ 814.4	$ 15,655.5	Note (1)	$ 2,882.3	$ 5,744.1	$ 540.6	$ 3,759.8	$ (115.2)	$ 706.7	$ 3,657.6	$ 6,124.3
Year ended December 31, 2022											
(a) Consolidated property-casualty insurance entities	$ 706.7	$ 15,717.0	Note (1)	$ 2,478.3	$ 7,397.8	$ 454.1	$ 5,304.4	$ 108.7	$ 921.0	$ 5,344.8	$ 6,673.1
Year ended December 31, 2021											
(a) Consolidated property-casualty insurance entities	$ 921.0	$ 15,415.4	Note (1)	$ 3,194.9	$ 6,488.9	$ 313.8	$ 4,953.2	$ 74.7	$ 634.4	$ 3,388.6	$ 7,481.6

(1) Workers' compensation reserves are discounted at a rate of 4.5% for accident years prior to 2007, a rate of 3.0% for accident years 2007 through 2010, and a rate of 0.0% for accident years 2011 through 2023. The discount is $583.4, $641.4 and $$664.1, as of December 31, 2023, 2022, and 2021, respectively.

See Independent Auditors' Report on F-2.