Consolidated Financial Statements of

GREENLIGHT REINSURANCE, LTD.

December 31, 2019 and 2018

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholder
Greenlight Reinsurance, Ltd.
Grand Cayman, Cayman Islands

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Greenlight Reinsurance, Ltd., a wholly owned subsidiary of Greenlight Capital Re, Ltd., as of December 31, 2019 and 2018, the related consolidated statements of operations, shareholder's equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes to the consolidated financial statements. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and subsidiaries at December 31, 2019, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Solasglas Investments, LP, an equity method investment of the Company, which statements reflect total assets of $296.4 million at December 31, 2019, (2018-$277.4 million) and total income (loss) of $60 million for the year then ended (2018-($70 million)). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Solasglas Investments, LP, is based solely on the report of the other auditors.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2009.

BDO

Grand Cayman, Cayman Islands
March 9, 2020

GREENLIGHT REINSURANCE, LTD.
CONSOLIDATED BALANCE SHEETS

December 31, 2019 and 2018
(expressed in thousands of U.S. dollars, except per share and share amounts)

	2019	2018
Assets		
Investments		
Investment in related party investment fund	$ 229,947	$ 215,068
Equity securities, trading, at fair value	—	36,908
Other investments	8,182	4,105
Total investments	238,129	256,081
Cash and cash equivalents	20,454	17,470
Restricted cash and cash equivalents	714,487	658,162
Reinsurance balances receivable	193,523	256,785
Loss and loss adjustment expenses recoverable	33,032	51,065
Deferred acquisition costs	48,341	45,482
Unearned premiums ceded	—	31,591
Notes receivable (net of valuation allowance)	14,445	9,831
Due from parent company	—	7,619
Due from affiliate	5,676	6,037
Other assets	840	947
Total assets	$ 1,268,927	$ 1,341,070
Liabilities and equity		
Liabilities		
Due to related party investment fund	$ —	$ 9,263
Loss and loss adjustment expense reserves	445,442	450,534
Unearned premium reserves	170,428	196,788
Reinsurance balances payable	107,691	127,245
Funds withheld	12,472	33,584
Other liabilities	3,990	4,167
Due to parent company	8,200	—
Total liabilities	748,223	821,581
Equity		
Ordinary share capital (par value $0.10; authorized, 10,000; issued and outstanding, 1,001 (2018: 1,001)	—	—
Additional paid-in capital	551,196	555,129
Retained earnings (deficit)	(30,492)	(39,666)
Shareholder's equity attributable to Greenlight Reinsurance, Ltd.	520,704	515,463
Non-controlling interest in related party joint venture	—	4,026
Total equity	520,704	519,489
Total liabilities and equity	$ 1,268,927	$ 1,341,070

The accompanying Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

GREENLIGHT REINSURANCE, LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended December 31, 2019, 2018 and 2017
(expressed in thousands of U.S. dollars)

	2019	2018	2017
Revenues			
Gross premiums written	$ 475,705	$ 510,681	$ 636,071
Gross premiums ceded	(51,814)	(126,076)	(71,798)
Net premiums written	423,891	384,605	564,273
Change in net unearned premium reserves	(5,216)	43,439	(7,118)
Net premiums earned	418,675	428,044	557,155
Income (loss) from investment in related party investment fund [net of related party expenses of $9,353, $2,952 and $0, respectively]	43,945	(58,581)	—
Net investment income (loss) [net of related party expenses of $0, $11,221 and $19,863, respectively]	4,179	(263,961)	18,751
Other income (expense), net	616	(858)	(50)
Total revenues	467,415	104,644	575,856
Expenses			
Net loss and loss adjustment expenses incurred	331,691	306,176	447,491
Acquisition costs	106,714	126,648	149,641
General and administrative expenses	19,836	17,668	16,272
Total expenses	458,241	450,492	613,404
Net income (loss)	9,174	(345,848)	(37,548)
Loss (income) attributable to non-controlling interest in related party joint venture	—	15,521	(692)
Net income (loss) attributable to Greenlight Reinsurance, Ltd.	$ 9,174	$ (330,327)	$ (38,240)

The accompanying Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

GREENLIGHT REINSURANCE, LTD.
CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY

Years ended December 31, 2019, 2018 and 2017
(expressed in thousands of U.S. dollars)

	Ordinary share capital	Additional paid-in capital	Retained earnings (deficit)	Shareholder's equity attributable to Greenlight Reinsurance, Ltd.	Non-controlling interest in joint venture	Total equity
Balance at December 31, 2016	$ —	$ 472,379	$ 361,901	$ 834,280	$ 88,863	$ 923,143
Change in non-controlling interest in related party joint venture	—	—	—	—	(6,921)	(6,921)
Income (loss) attributable to non-controlling interest in joint venture	—	—	—	—	692	692
Dividend paid	—	—	(33,000)	(33,000)	—	(33,000)
Net income (loss) attributable to Greenlight Reinsurance, Ltd.	—	—	(38,240)	(38,240)	—	(38,240)
Balance at December 31, 2017	$ —	$ 472,379	$ 290,661	$ 763,040	$ 82,634	$ 845,674
Additional paid in capital received	—	82,750	—	82,750	—	82,750
Change in non-controlling interest in related party joint venture	—	—	—	—	(63,087)	(63,087)
Income (loss) attributable to non-controlling interest in joint venture	—	—	—	—	(15,521)	(15,521)
Net income (loss) attributable to Greenlight Reinsurance, Ltd.	—	—	(330,327)	(330,327)	—	(330,327)
Balance at December 31, 2018	$ —	$ 555,129	$ (39,666)	$ 515,463	$ 4,026	$ 519,489
Additional paid in capital returned	—	(3,933)	—	(3,933)	—	(3,933)
Change in non-controlling interest in related party joint venture	—	—	—	—	(4,026)	(4,026)
Net income (loss) attributable to Greenlight Reinsurance, Ltd.	—	—	9,174	9,174	—	9,174
Balance at December 31, 2019	$ —	$ 551,196	$ (30,492)	$ 520,704	$ —	$ 520,704

The accompanying Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

GREENLIGHT REINSURANCE, LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2019, 2018 and 2017
(expressed in thousands of U.S. dollars)

	2019	2018	2017
Cash provided by (used in) operating activities			
Net income (loss)	$ 9,174	$ (345,848)	$ (37,548)
Adjustments to reconcile net income or loss to net cash provided by (used in) operating activities			
Loss (income) from investments in related party investment fund	(43,945)	58,581	—
Net change in unrealized gains and losses on investments, financial contracts and notes	(7,644)	32,597	41,444
Net realized (gains) losses on investments and financial contracts	13,613	236,887	(87,618)
Foreign exchange (gains) losses on investments	270	186	5,292
Depreciation expense	—	233	341
Net change in			
Reinsurance balances receivable	63,262	3,050	(61,453)
Loss and loss adjustment expenses recoverable	18,033	(17,104)	(31,291)
Deferred acquisition costs	(2,859)	12,850	(788)
Unearned premiums ceded	31,591	1,644	(31,370)
Due from parent company	7,619	(7,619)	29,023
Due from affiliate	361	(4,974)	(138)
Other assets	107	92	953
Loss and loss adjustment expense reserves	(5,092)	14,206	156,718
Unearned premium reserves	(26,360)	(45,307)	38,892
Reinsurance balances payable	(19,554)	(10,777)	97,804
Funds withheld	(21,112)	10,489	17,886
Other liabilities	(177)	(4,661)	(4,437)
Due to parent company	8,200	(875)	875
Net cash provided by (used in) operating activities	25,487	(66,350)	134,585
Investing activities			
Proceeds from redemptions from related party investment fund	100,060	94,606	—
Contributions to related party investment fund	(34,321)	(251,631)	—
Purchases of investments	(4,702)	(390,444)	(1,118,79)
Sales of investments	—	1,002,374	1,038,165
Payments for financial contracts	—	(129,907)	(24,714)
Proceeds from financial contracts	—	44,596	82,789
Securities sold, not yet purchased	—	340,693	1,120,506
Dispositions of securities sold, not yet purchased	—	(844,379)	(1,253,17)
Change in due to related party investment fund	(9,263)	—	—
Change in due to prime brokers and other financial institutions	—	(652,374)	339,938
Net change in notes receivable	(10,602)	4,559	4,181
Non-controlling interest contribution into (withdrawal from) related party joint venture, net	(3,127)	(63,087)	(6,921)
Net cash provided by (used in) investing activities	38,045	(844,994)	181,969
Financing activities			
Additional paid-in capital (returned) received	(3,933)	82,750	—
Dividend paid	—	—	(33,000)
Net cash provided by (used in) financing activities	(3,933)	82,750	(33,000)
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(290)	(3,369)	(4,718)
Net increase (decrease) in cash, cash equivalents and restricted cash	59,309	(831,963)	278,836
Cash, cash equivalents and restricted cash at beginning of the period (see Note 2)	675,632	1,507,595	1,228,759
Cash, cash equivalents and restricted cash at end of the period (see Note 2)	$ 734,941	$ 675,632	$1,507,595
Supplementary information			
Interest paid in cash	$ —	$ 11,088	$ 10,062
Non-cash transfer of investments (Note 3)	36,673	125,008	—

The accompanying Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

1. ORGANIZATION AND BASIS OF PRESENTATION

Greenlight Reinsurance, Ltd. (the "Company") was incorporated as an exempted company under the Companies Law of the Cayman Islands on July 13, 2004 and has a Class "D" insurer license issued in accordance with the terms of The Insurance Law, 2010 and underlying regulations thereto (the "Law"), and is subject to regulation by the Cayman Islands Monetary Authority ("CIMA") in terms of the Law. The Company provides global specialty property and casualty reinsurance.

The Company is a wholly-owned subsidiary of Greenlight Capital Re, Ltd. (the "Parent"). The Parent's Class A ordinary shares are listed on the Nasdaq Global Select Market under the symbol "GLRE".

Prior to January 2, 2019, the Company along with its affiliate, Greenlight Reinsurance Ireland, dac ("GRIL"), was party to a joint venture agreement (the "venture agreement") with DME Advisors, LP ("DME Advisors") and DME Advisors LLC ("DME") under which the Company, GRIL and DME were participants in a joint venture (the "Joint Venture") for the purpose of managing certain jointly held assets. The Joint Venture was consolidated in accordance with ASC 810, Consolidation (ASC 810). DME and DME Advisors are related to the Company and each is an affiliate of David Einhorn, Chairman of the Company's Board of Directors.

On September 1, 2018, the Company entered into an amended and restated exempted limited partnership agreement (the "SILP LPA") of Solasglas Investments, LP ("SILP"), with DME Advisors II, LLC ("DME II"), as General Partner, Greenlight Capital Re, GRIL and the initial limited partner (each, a "Partner"). The SILP LPA, in conjunction with a participation agreement, replaced the venture agreement and assigned and/or transfered the Company's invested assets in the Joint Venture to SILP. The Joint Venture was terminated on January 2, 2019 by which date all assets were transferred to SILP (see Note 3 for details).

These consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The consolidated financial statements include the accounts of the Company and for periods prior to January 2, 2019 the Joint Venture. All significant intercompany transactions and balances have been eliminated on consolidation.

Management has evaluated subsequent events through March 9, 2020, the date these consolidated financial statements were available to be issued.

2. SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. 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 consolidated financial statements and the reported amounts of income and expenses during the period. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and certain short-term, highly liquid investments with original maturity dates of three months or less.

Restricted Cash and Cash Equivalents

The Company maintains cash and cash equivalent balances to collateralize regulatory trusts and letters of credit issued to cedents (see Notes 6 and 13). The amount of cash encumbered varies depending on the collateral required by those cedents. Prior to the termination of the Joint Venture on January 2, 2019, the Company maintained cash in segregated accounts with prime brokers and derivative counterparties.

The following table reconciles the cash, cash equivalents, and restricted cash reported within the consolidated balance sheets to the total presented in the consolidated statements of cash flows:

	December 31, 2019	December 31, 2018
	($ in thousands)	
Cash and cash equivalents	$ 20,454	$ 17,470
Restricted cash and cash equivalents	714,487	658,162
Total cash, cash equivalents and restricted cash presented in the consolidated statements of cash flows	$ 734,941	$ 675,632

Premium Revenue Recognition

The Company writes excess of loss contracts and quota share contracts, and estimates the ultimate premiums for the contract period. These estimates are based on information received from the ceding companies and actuarial pricing models used by the Company. For excess of loss contracts, the total ultimate estimated premiums are recorded as premiums written at the inception of the contract. For quota share contracts, the premiums are recorded as written in the same periods in which the underlying insurance contracts are written, and are based on cession statements from cedents. These statements are typically received monthly or quarterly depending on the terms specified in each contract. For any reporting lag, premiums written are estimated based on the portion of the ultimate estimated premiums relating to the risks underwritten during the lag period.

Premium estimates are reviewed by management at least quarterly. Such review includes a comparison of actual reported premiums to expected ultimate premiums along with a review of the aging and collection of premiums. Based on management's review, the appropriateness of the premium estimates is evaluated, and any adjustments to these estimates are recorded in the period in which they are determined. Changes in premium estimates, including premium receivable on both excess of loss and quota share contracts, are not unusual and may result in significant adjustments in any period. A significant portion of amounts included in the caption "Reinsurance balances receivable" in the Company's consolidated balance sheets represent estimated premiums written, net of commissions and brokerage, and are not currently due based on the terms of the underlying contracts. Additional premiums due on a contract that has no remaining coverage period are earned in full when written.

Certain contracts allow for reinstatement premiums in the event of a loss. Reinstatement premiums are written and earned when a triggering loss event occurs.

Premiums written are generally recognized as earned over the contract period in proportion to the risk covered. Unearned premiums represent the unexpired portion of reinsurance provided.

Reinsurance Premiums Ceded

The Company reduces the risk of future losses on business assumed by reinsuring certain risks and exposures with other reinsurers (retrocessionaires). The Company remains liable to the extent that any retrocessionaire fails to meet its obligations and to the extent the Company does not hold sufficient security for their unpaid obligations.

Ceded premiums are written during the period in which the risks incept and the associated expense is recognized over the contract period in proportion to the protection provided. Unearned premiums ceded represent the unexpired portion of reinsurance obtained.

Acquisition Costs

Policy acquisition costs are costs that vary with, and are directly related to, the successful production of new and renewal business, and consist principally of commissions, taxes and brokerage expenses. Acquisition costs incurred on reinsurance assumed are shown net of commissions earned on reinsurance ceded. However, if the sum of a contract's expected losses and loss expenses and deferred acquisition costs exceeds associated unearned premiums and expected investment income, a premium deficiency is determined to exist. In this event, deferred acquisition costs are written off to the extent necessary to eliminate the premium deficiency. If the premium deficiency exceeds deferred acquisition costs then a liability is accrued for the excess deficiency. There were no significant premium deficiency adjustments recognized during the periods presented herein.

Policy acquisition costs also include profit commissions, which are recognized on a basis consistent with our estimate of losses and loss expenses. As of December 31, 2019, $1.0 million (2018: $8.1 million) of profit commission reserves were included in the caption “Reinsurance balances payable” in the Company’s consolidated balance sheets. For the year ended December 31, 2019, $6.7 million (2018: $18.0 million, 2017: $2.9 million) of net profit commission expense was included in the caption “Acquisition costs” in the Company’s consolidated statements of operations.

Funds Withheld

Funds withheld represent reinsurance balances retained as collateral by the Company on retroceded contracts. Any interest expense that the Company incurs while these funds are withheld are included under the caption “Net investment income (loss)” in the consolidated statements of operations.

Loss and Loss Adjustment Expense Reserves and Recoverable

The Company’s loss and loss adjustment expense reserves are composed of:

- case reserves resulting from claims notified to the Company by its clients; and
- reserves for estimated loss and loss adjustment expenses that have been incurred by insureds and reinsureds but not yet reported to the insurer or reinsurer (“IBNR”), including unknown future developments on loss and loss adjustment expenses which are known to the insurer or reinsurer.

These reserve estimates are based on the Company’s own actuarial estimates derived from reports received from ceding companies, industry data and historical experience. These estimates are reviewed by the Company’s reserving committee at least quarterly and adjusted as necessary. Since reserves are estimates, the final settlement of losses may vary from the reserves established and any adjustments to the estimates, which may be material, are recorded in the period they are determined.

Loss estimates are based upon actuarial and statistical projections, an assessment of currently available data, predictions of future developments, estimates of future trends and other factors. The final settlement of losses may vary, perhaps materially, from the reserves recorded. All adjustments to the estimates are recorded in the period in which they are determined. U.S. GAAP does not permit establishing loss reserves, which include case reserves and IBNR loss reserves, until the occurrence of an event which may give rise to a claim. As a result, only loss reserves applicable to losses incurred up to the reporting date are established, with no allowance for the establishment of loss reserves to account for expected future loss events.

Loss and loss adjustment expenses recoverable represent the amounts due from retrocessionaires for unpaid loss and loss adjustment expenses on retrocession agreements. Ceded IBNR recoverable is estimated based on the Company’s actuarial estimates. These estimates are reviewed periodically and adjusted when deemed necessary. The Company may ultimately be unable to recover the loss and loss adjustment expense recoverable amounts due to the retrocessionaires’ inability to pay. The Company regularly evaluates the financial condition of its retrocessionaires and records provisions for uncollectible reinsurance expenses recoverable when recovery is no longer probable.

For natural peril exposed business, loss reserves are generally established based on loss payments and case reserves reported by clients when, and if, received. Estimates for IBNR losses are added to the case reserves as the Company deems appropriate. To establish IBNR loss estimates, the Company uses estimates communicated by ceding companies, industry data and information, knowledge of the business written and management’s judgment.

For all non-natural peril business, initial reserves for each individual contract are determined on the basis of a combination of: (i) the pricing analysis of the expected loss ratio performed prior to the contract being bound; (ii) the underwriter’s detailed knowledge of the cedent, its operations and future business plans; and (iii) the professional judgment and recommendation of the Chief Actuary. In the pricing analysis, the Company utilizes information both from the individual client and from industry data. This information typically includes, but is not limited to, data related to premiums, losses, exposure, business mix, industry performance and associated trends covering as much history as deemed appropriate. The level of detail within the data obtained varies greatly depending on the underlying contract, line of business, client and/or coverage provided. In all cases, the Company requests each client to provide data for each reporting period, which, depending on the contract, could be on a monthly or quarterly basis. The exact data reporting requirements are specified in the terms and conditions of each contract. Where practical, historical reserving data that is received from a client is compared to publicly available financial statements of the client to identify, confirm and monitor the accuracy and completeness of the data.

Generally, the Company obtains regular updates of premium and loss related information for the current and historical periods, which are utilized to update the initial expected loss ratio. There may be a lag between (i) claims being reported by the underlying insured to the Company’s cedent and (ii) claims being reported by the Company’s cedent to the Company. This lag may impact the Company's loss reserve estimates. Client reports have pre-determined due dates (for example, fifteen days after each month end). As a result, the lag depends in part upon the terms of the specific contract. The timing of the reporting requirements is designed so that the Company receives premium and loss information as soon as practicable once the client has closed its books. Accordingly, there should be a short lag in such reporting. Additionally, most of the contracts that have the potential for large single event losses have provisions that such loss notifications are provided to the Company immediately upon the occurrence of an event. Once the updated information is received, the Company uses a variety of standard actuarial methods for its analysis each quarter. Such methods may include the following:

- ***Paid Loss Development Method.*** Ultimate losses are estimated by calculating past paid loss development factors and applying them to exposure periods with further expected paid loss development. The paid loss development method assumes that losses are paid in a consistent pattern. It provides an objective test of reported loss projections because paid losses contain no reserve estimates.
- ***Reported Loss Development Method.*** Ultimate losses are estimated by calculating past reported loss development factors and applying them to exposure periods with further expected reported loss development. Since reported losses include payments and case reserves, changes in both of these amounts are incorporated in this method.
- ***Expected Loss Ratio Method.*** Ultimate losses are estimated by multiplying earned premiums by an expected loss ratio. The expected loss ratio is selected using industry data, historical company data and actuarial professional judgment. This method is typically used for lines of business and contracts where there are no historical losses or where past loss experience is not considered applicable to the current period.
- ***Bornhuetter-Ferguson Paid Loss Method.*** Ultimate losses are estimated by modifying expected loss ratios to the extent that paid losses experienced to date differ from what would have been expected to have been paid based upon the selected paid loss development pattern. This method avoids some of the distortions that could result from a large development factor being applied to a small base of paid losses to calculate ultimate losses.
- ***Bornhuetter-Ferguson Reported Loss Method.*** Ultimate losses are estimated by modifying expected loss ratios to the extent reported losses experienced to date differ from what would have been expected to have been reported based upon the selected reported loss development pattern. This method avoids some of the distortions that could result from a large development factor being applied to a small base of reported losses to calculate ultimate losses.
- ***Frequency / Severity Method.*** Ultimate losses are estimated under this method by multiplying the ultimate number of claims (i.e. the frequency multiplied by the exposure base on which the frequency has been determined), by the estimated ultimate average cost per claim (i.e. the severity). This approach enables trends and patterns in the rates of claims emergence (i.e. reporting) and settlement (i.e. closure), as well as in the average cost of claims, to be analyzed separately.

In addition, the Company may supplement its analysis with other reserving methodologies that are deemed to be relevant to specific contracts.

For each contract, the Company utilizes reserving methodologies that are deemed appropriate to calculate a best, or "point," estimate of reserves. The decision as to whether to use a single methodology or a combination of multiple methodologies depends upon the segment of the portfolio being analyzed and the judgment of the actuaries. The Company's reserving methodology does not require a fixed weighting of the various methods used. Certain methods are considered more appropriate than others depending on the type, structure, age, maturity and duration of the expected losses on the contract. For example, the ultimate incurred loss for contracts that are relatively new (and therefore have experienced little paid loss development) may be more appropriately estimated using a Bornhuetter-Ferguson reported loss method than a paid loss development method.

The Company's gross aggregate reserves are the sum of the point estimate reserves of all portfolio exposures. Generally, IBNR loss reserves are calculated by estimating the ultimate incurred losses at any point in time and subtracting cumulative paid claims and case reserves. Each quarter, the Company's reserving committee, which is led by the Chief Actuary, meets to assess the adequacy of our loss reserves based on the reserve analysis and recommendations prepared by the Company's reserving department. The reserving committee reviews, discusses and puts forward a loss reserve recommendation for the Audit Committee's approval.

Additionally, an independent third-party actuarial firm performs a quarterly reserve review and annually opines on the reasonableness and adequacy of the aggregate loss reserves. The Company provides the third-party actuarial firm with its pricing models, reserving analysis and any other data. Additionally, the actuarial firm may inquire as to the various assumptions and estimates used in the reserving analysis. The actuarial firm independently creates its own reserving models based on industry loss information, augmented by specific client loss information as well as its own independent assumptions and estimates. Based on various reserving methodologies that the actuarial firm considers appropriate, it creates a loss reserve estimate for each segment in the portfolio and recommends an aggregate loss reserve, including IBNR. In the event of material differences between the Company's aggregated booked reserves and the actuarial firm's recommended reserves, the reserving committee and Audit Committee would be notified, with the reserves adjusted as deemed appropriate. To date there have been no material differences resulting from the external actuary's reviews requiring adjustments to the Company's booked reserves.

We do not typically experience significant claims processing backlogs, although such backlogs may occur following a major catastrophic event. At December 31, 2019 and 2018, we did not have a significant backlog in our claims processing.

There were no significant changes in the actuarial methodology or assumptions relating to the Company's loss and loss adjustment expense reserves during the year ended December 31, 2019.

Notes Receivable

Notes receivable represent promissory notes receivable from third parties. These notes are recorded at cost plus accrued interest, if any, net of any valuation allowance. Interest income, change in valuation allowance and realized gains or losses on the sale of notes receivable are included in the caption "Net investment income (loss)" in the Company's consolidated statements of operations.

The Company regularly reviews all notes receivable individually for impairment and records valuation allowance provisions for uncollectible and non-performing notes. When there is uncertainty as to the collection of interest contractually due, the Company places the note on non-accrual status. For notes receivable placed on non-accrual status, the notes are presented excluding any accrued interest amount. The Company resumes the accrual of interest on a note when none of the principal or interest remains past due, and the Company expects to collect the remaining contractual principal and interest. Interest collected on notes that are placed on non-accrual status is recorded as interest income when collected, provided that the recorded value of the note is deemed to be fully collectible. Where doubt exists as to the collectability of the remaining recorded value of the notes placed on non-accrual status, any payments received are applied to reduce the recorded value of the notes.

The following table provides a roll-forward of the Company's provision for valuation allowance:

	Year ended December 31		
	2019	**2018**	**2017**
	($ in thousands)		
Balance at beginning of period	$ 9,012	$ 9,012	$ 9,012
Net increase (decrease) in provision	5,988	—	—
Balance at end of period	$ 15,000	$ 9,012	$ 9,012

During the year ended December 31, 2019, the Company increased the valuation allowance for notes receivable by $6.0 million based on management's assessment of the counterparties' credit risk, historical experience, the estimated value of any underlying collateral and other relevant factors.

At December 31, 2019, certain notes receivable that were on non-accrual status, had a carrying value (net of valuation allowance) of $0.0 million (2018: $9.8 million).

At December 31, 2019 and 2018, respectively, no accrued interest was included in the caption "Notes receivable" in the Company's consolidated balance sheets. Management has assessed the carrying values of the notes receivable, net of valuation allowance, at December 31, 2019 and 2018, to be fully collectible.

Deposit Assets and Liabilities

The Company applies deposit accounting to reinsurance contracts that do not transfer sufficient insurance risk to merit reinsurance accounting. Under deposit accounting, an asset or liability is recognized based on the consideration paid or received. The deposit asset or liability balance is subsequently adjusted using the interest method with a corresponding income or expense recorded in the Company's consolidated statements of operations under the caption "Other income (expense)." The Company's deposit assets and liabilities are recorded in the Company's consolidated balance sheets in the caption "Reinsurance balances receivable" and "Reinsurance balances payable," respectively. At December 31, 2019, deposit assets and deposit liabilities were $0.0 million and $56.2 million, respectively (2018: $0.7 million and $51.5 million, respectively). For the year ended December 31, 2019, interest income and expense on deposit accounted contracts was $0.2 million and $1.4 million, respectively (2018: interest income and expense of nil and $1.1 million, respectively).

Equity Method Accounted Investments

Investee companies that are not consolidated, but over which the Company exercises significant influence, are accounted for under the equity method of accounting. Whether the Company exercises significant influence with respect to an investee depends on an evaluation of several factors including, among others, representation on the investee company's board of directors and ownership level, which is generally a 20% to 50% interest in the voting securities of the investee company. Under the equity method of accounting, an investee company's accounts are not reflected within the Company's consolidated balance sheets and statements of operations; however, the Company's share of the earnings or losses of the investee company is reflected in the caption ''Net investment income (loss)'' in the consolidated statements of operations.

When the Company's carrying value in an equity method investee company is reduced to zero, no further losses are recorded in the Company's consolidated financial statements unless the Company guaranteed the obligations of the investee company or has committed additional funding (see Notes 3 and 4).

Variable Interest Entities

The Company accounts for the investments it makes in certain legal entities in which equity investors do not have (1) sufficient equity at risk for the legal entity to finance its activities without additional subordinated financial support, or (2) as a group, the holders of the equity investment at risk do not have either the power, through voting or similar rights, to direct the activities of the legal entity that most significantly impact the entity's economic performance, or (3) the obligation to absorb the expected losses of the legal entity or the right to receive expected residual returns of the legal entity. These legal entities are referred to as "variable interest entities" or "VIEs."

The Company would consolidate the results of any such entity in which it determined that it had a controlling financial interest. The Company would have a "controlling financial interest" in such an entity if the Company had both the power to direct the activities that most significantly affect the VIE's economic performance and the obligation to absorb the losses of, or right to receive benefits from, the VIE that could be potentially significant to the VIE. On a quarterly basis, the Company reassesses whether it has a controlling financial interest in any such entities.

Financial Instruments

The Company invests in debt instruments and equity securities that are classified as "trading securities" and are carried at fair value.

The Company purchases "other investments" which may include investments in private and unlisted equity securities, limited partnerships and commodities, all of which are carried at fair value.

For securities classified as "trading securities" and "other investments", any realized and unrealized gains or losses are determined on the basis of the specific identification method (by reference to cost or amortized cost, as appropriate) and included in the caption "Net investment income (loss)" in the Company's consolidated statements of operations.

Interest income and interest expense are recorded on an accrual basis. Prior to the liquidation of the Joint Venture, dividend income and expense were recorded on the ex-dividend date. "Ex-dividend" indicates that the quoted price of a share of stock excludes the value of a declared dividend. Investors purchasing shares between the declaration and ex-dividend dates are entitled to receive the dividend, whereas investors purchasing shares on or after the ex-dividend date are not entitled to the dividend.

Transfer of Financial Assets

The Company accounts for transfers of financial assets as sales when it has surrendered control over the related assets. Whether control has been relinquished requires, among other things, an evaluation of relevant legal considerations and an assessment of the nature and extent of the Company's continuing involvement with the assets transferred. Gains and losses stemming from transfers reported as sales, if any, are included as realized gains (losses) within the caption "Net investment income (loss)" in the accompanying consolidated statements of operations.

In instances where a transfer of financial assets does not qualify for sale accounting, the transaction is accounted for as a collateralized borrowing. Accordingly, the related assets remain on the Company's consolidated balance sheets and continue to be reported and accounted for as if the transfer had not occurred (see Notes 3 and 4).

Foreign Exchange

The reporting and functional currency of the Company and all its subsidiaries is the U.S. dollar. Transactions in foreign currencies are recorded in U.S. dollars at the exchange rates in effect on the transaction date. Monetary assets and liabilities in foreign currencies at the balance sheet date are converted at the exchange rate in effect at the balance sheet date and exchange gains and losses, if any, are included in the caption "Other income (expense), net" in the Company's consolidated statements of operations.

Other Assets

Other assets consist primarily of prepaid expenses, other receivables and deferred tax assets.

Other Liabilities

Other liabilities consist primarily of accruals for legal and other professional fees and employee bonuses.

Comprehensive Income (Loss)

The Company has no comprehensive income or loss, other than the net income or loss disclosed in the consolidated statements of operations.

Segment Information

The Company manages its business on the basis of one operating segment, Property and Casualty Reinsurance.

Recent Accounting Pronouncements

Recently Issued Accounting Standards Adopted

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)". Under the new guidance, lessees are required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The Company adopted Leases (Topic 842) during 2019 using the cumulative-effect adjustment transition method, which applies the provisions of the standard at the effective date without adjusting the comparative periods presented. The Company has adopted the following practical expedients:

• Carry forward of historical lease classifications and current accounting treatment for existing land easements;

• Short-term lease accounting policy election allowing lessees to not recognize right-of-use assets and liabilities for leases with a term of 12 months or less; and

• Hindsight practical expedient for remeasuring the lease terms on the basis of information obtained between entering into the lease and adopting Leases (Topic 842).

Adoption of Leases (Topic 842) resulted in no material imact on the Company's condensed consolidated financial statements as of December 31, 2019.

Recently Issued Accounting Standards Not Yet Adopted

In June 2016, the FASB issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"). As compared to current GAAP, which delays the recognition of credit losses until it is probable a loss has been incurred, ASU 2016-13 broadens the information that must be considered in the development of an expected credit loss estimate. Under ASU 2016-13, past events, current conditions, and reasonable and supportable forecasts are all considered in the development of this estimate. ASU 2016-13 is effective for public business entities that are SEC filers for annual and interim periods beginning after December 15, 2019.

The financial assets included in the captions "Reinsurance balances receivable," "Notes Receivable," and "Loss and loss adjustment expenses recoverable" in the Company's consolidated balance sheets are carried at amortized cost and are therefore affected by ASU 2016-13. The Company is currently finalizing its assessment of the impact of this guidance as it relates to these balances; however, any consequent adjustments to these balances are not expected to have a material impact on the Company's consolidated statements of operations and financial position.

3. INVESTMENT IN RELATED PARTY INVESTMENT FUND

Effective September 1, 2018, the Company and GRIL entered into the SILP LPA with DME II. In accordance with the SILP LPA, DME II serves as the general partner of SILP. On September 1, 2018, SILP entered into a SILP investment advisory agreement ("IAA") with DME Advisors pursuant to which DME Advisors is the investment manager for SILP. In addition, on September 1, 2018, the Company and GRIL, together the "GLRE Limited Partners," and SILP executed a Participation Agreement pursuant to which the GLRE Limited Partners transferred a participation interest in the assets that were subject to the Joint Venture (except for certain assets that were mutually agreed and excluded from participating) to SILP (collectively referred to as the "LP Transaction.") SILP issued limited partner interests to the GLRE Limited Partners proportionate to and based on the net asset value transferred by each such entity effective September 1, 2018. The Joint Venture was terminated on January 2, 2019, the date by which all assets were transferred to SILP in accordance with the SILP LPA.

The Company has concluded that SILP qualifies as a variable interest entity ("VIE") under U.S. GAAP. In assessing its interest in SILP, the Company noted the following:

- DME II serves as SILP's general partner and has the power of appointing the investment manager. The Company does not have the power to appoint, change or replace the investment manager or the general partner except "for cause." Neither of the GLRE Limited Partners can participate in the investment decisions of SILP as long as SILP adheres to the investment guidelines provided within the SILP LPA. For these reasons, the GLRE Limited Partners are not considered to have substantive participating rights or kick-out rights
- DME II holds an interest in excess of 10% of SILP's net assets which the Company considers to represent an obligation to absorb losses and a right to receive benefits of SILP that are significant to SILP.

Consequently, the Company has concluded that DME II's interests, and not the Company's, meet both the "power" and "benefits" criteria associated with VIE accounting guidance, and therefore DME II is SILP's primary beneficiary. The Company's investment in SILP is presented in the Company's consolidated balance sheets in the caption "Investment in related party investment fund."

The Company accounted for the transfer of the investment assets to SILP as a sale. The underlying investment liabilities were extinguished from the Company's consolidated balance sheet as they were either settled, novated or legally transferred to SILP as part of the LP Transaction. There were no net gains or losses resulting from the transfer of net assets, and there was no cash paid or received by the Company as part of the LP Transaction.

At December 31, 2018, certain assets that were subject to the Participation Agreement for which the GLRE Limited Partners received an interest in SILP had not transferred legal title to SILP. The Company accounted for those assets as collateralized borrowing and recorded a liability in the caption "Due to related party investment fund." These assets were transferred to SILP during the first quarter of 2019.

During the year ended December 31, 2019, SILP's investment portfolio was de-risked in order to reduce the Company's investment volatility in the near-term. As a result, a large proportion of the Company's investment assets in SILP was held in cash and short-term treasuries as of December 31, 2019.

The Company's maximum exposure to loss relating to SILP is limited to the net asset value of its' investment in SILP. As of December 31, 2019, the net asset value of the Company's investment in SILP was $229.9 million (2018: $215.1 million), representing 77.6% (2018: 77.5%) of SILP's total net assets. The remaining 22.4% (2018: 22.5%) of SILP's total net assets was held by GRIL and DME II. The investment in SILP is recorded at the Company's share of the net asset value of SILP as reported by SILP's third-party administrator. The GLRE Limited Partners can redeem their assets from SILP for operational purposes by providing three business days' notice to DME II. As of December 31, 2019, the majority of SILP's long investments are composed of cash, short-term U.S. treasuries and publicly-traded equity securities which can be readily liquidated to meet any GLRE Limited Partner's redemption requests. The Company's share of the change in the net asset value of SILP for the year ended December 31, 2019 and the period from September 1, 2018 (commencement of operations) to December 31, 2018 was $43.9 million and $(58.6) million, respectively, and shown in the caption "Income (loss) from investment in related party investment fund" in the Company's consolidated statements of operations.

During the first quarter of 2019, the Company transferred the rights to $36.9 million of remaining net investments from the Company's Joint Venture investment account to SILP in exchange for limited partnership interests of the same amount, resulting in no net gain or loss.

As of December 31, 2019, the Company's investments in SILP was in excess of 10% of the Company's total shareholder's equity, with fair value of $229.9 million (2018: $215.1 million) representing 44.2% (2018: 41.4%) total shareholder's equity.

The summarized financial statements of SILP are presented below.

Summarized Statement of Assets and Liabilities of Solasglas Investments, LP

	December 31, 2019	December 31, 2018
	($ in thousands)	
Assets		
Investments, at fair value	$ 162,928	$ 401,318
Derivative contracts, at fair value	6,324	63,143
Due from brokers	68,060	77,821
Cash and cash equivalents	111,046	13,200
Interest and dividends receivable	47	2,358
Total assets	348,405	557,840
Liabilities and partners' capital		
Liabilities		
Investments sold, not yet purchased, at fair value	(47,834)	(198,728)
Notes Payable	—	(30,000)
Derivative contracts, at fair value	(2,054)	(26,344)
Due to brokers	(1,180)	(23,951)
Interest and dividends payable	(828)	(1,238)
Other liabilities	(101)	(169)
Total liabilities	(51,997)	(280,430)
Net Assets	**$ 296,408**	**$ 277,410**
Greenlight Reinsurance Ltd.'s share of Net Assets	**$ 229,947**	**$ 215,068**

Summarized Statement of Operations of Solasglas Investments, LP

	Year ended December 31, 2019	From September 1, 2018 (commencement of operations) to December 31, 2018
	($ in thousands)	
Investment income		
Dividend income (net of withholding taxes)	$ 3,179	$ 2,160
Interest income	3,884	1,868
Total Investment income	7,063	4,028
Expenses		
Management fee	(4,893)	(3,100)
Interest	(2,408)	(2,627)
Dividends	(1,670)	(1,608)
Professional fees and other	(1,141)	(483)
Total expenses	(10,112)	(7,818)
Net investment income (loss)	(3,049)	(3,790)
Realized and change in unrealized gains (losses)		
Net realized gain (loss)	34,539	(80,996)
Net change in unrealized appreciation (depreciation)	28,515	14,789
Net gain (loss) on investment transactions	63,054	(66,207)
Net income (loss)	$ 60,005	$ (69,997)
Greenlight Reinsurance Ltd.'s share of net income (loss) (1)	$ 43,945	$ (58,581)

[1] Net of management fees of $4.6 million and $3.0 million for year ended December 31, 2019 and the period from September 1, 2018 (inception) to December 31, 2018 respectively, and net of accrued performance allocation of $4.8 million and nil for the year ended December 31, 2019 and the period from inception to December 31, 2018, respectively. See Note 12 for further details.

4. FINANCIAL INSTRUMENTS

Prior to the termination of the Joint Venture, the Company, via the Joint Venture, purchased and sold various financial instruments, including listed and unlisted equities, corporate and sovereign debt, commodities, futures, put and call options, currency forwards, other derivatives and similar instruments sold, not yet purchased. These instruments were transferred to SILP as part of the LP Transaction. See Note 3 for further details.

Purchases and sales of investments are disclosed in the Company's consolidated statements of cash flows. The following table summarizes the change in unrealized gains and losses and the realized gains and losses on financial instruments included in the caption "Net investment income (loss)" in the Company's consolidated statements of operations for the years ended December 31, 2019, 2018 and 2017:

	Year ended December 31		
	2019	2018	2017
	($ in thousands)		
Gross realized gains	$ —	$ 303,674	$ 267,904
Gross realized losses	(13,613)	(540,561)	(180,286)
Net realized gains (losses)	$ (13,613)	$ (236,887)	$ 87,618
Change in unrealized gains and losses	$ 7,644	$ (32,597)	$ (41,444)

Investments

Equity securities, trading

At December 31, 2019, the Company held no equity securities.

At December 31, 2018, the following long positions were included in the caption "Equity securities, trading":

	Cost	Unrealized gains	Unrealized losses	Fair value
	($ in thousands)			
Equities – listed	$ 50,521	$ 1,015	$ (14,628)	$ 36,908
Total equity securities	$ 50,521	$ 1,015	$ (14,628)	$ 36,908

Other Investments

"Other investments" include private securities and investments accounted for under the equity method which are not significant to present separately on the balance sheet.

At December 31, 2019, the following securities were included in the caption "Other investments":

	Cost	Unrealized gains	Unrealized losses	Fair value / carrying value
	($ in thousands)			
Private investments and unlisted equities	$ 8,120	$ 66	$ (4)	$ 8,182
Total other investments	$ 8,120	$ 66	$ (4)	$ 8,182

At December 31, 2018, the following securities were included in the caption "Other investments":

	Cost	Unrealized gains	Unrealized losses	Fair value / carrying value
	($ in thousands)			
Private investments and unlisted equity funds	$ 4,125	$ —	$ (20)	$ 4,105
Total other investments	$ 4,125	$ —	$ (20)	$ 4,105

Private and unlisted equity funds include private equity securities that did not have readily determinable fair values and the Company applied the measurement alternative under ASU 2016-01 and ASU 2018-03. The carrying values of the private equity securities are determined based on the original cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. At December 31, 2019 the carrying value of the private equity securities without readily determinable fair value was $8.2 million (December 31, 2018: $4.1 million). There were no meaningful adjustments to the carrying values of the private equity securities for the year ended December 31, 2019.

Fair Value Hierarchy

The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants. Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable. The categorization of financial instruments within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The hierarchy is prioritized into three levels (with Level 3 being the lowest) defined as follows:

- *Level 1:* Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.
- *Level 2:* Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.
- *Level 3:* Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

As of December 31, 2019, the Company did not carry any investments at fair value that were assigned a Level within the fair value hierarchy.

The following table presents the Company's investments, categorized by the level of the fair value hierarchy as of December 31, 2018:

	Fair value measurements as of December 31, 2018			
Description	**Quoted prices in active markets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets:	**($ in thousands)**			
Listed equity securities	$ 36,908	$ —	$ —	$ 36,908
Private and unlisted equity securities	—	—	664	664
	$ 36,908	$ —	$ 664	$ 37,572
Investment in related party investment fund measured at net asset value (1) (2)				215,068
Equities without readily determinable fair values for which measurement alternative is applied				3,441
Total investments				$ 256,081

[1] Investments measured at fair value using the net asset value practical expedient have not been classified in the fair value hierarchy. The fair value amounts are presented in the above table to facilitate reconciliation to the consolidated balance sheets.
[2] See Note 3 "Investment in related party investment fund".

The Company's "Investment in related party investment fund" is measured at fair value using the net asset value practical expedient, and is therefore not classified within the fair value hierarchy (See Note 3 for further details).

The following table presents the reconciliation of the balances for all investments measured at fair value using significant unobservable inputs (Level 3) for the year ended December 31, 2019:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Year ended December 31, 2019		
	Assets		
	Debt instruments	Private and unlisted equity securities	Total
	($ in thousands)		
Beginning balance	$ —	$ 664	$ 664
Sales	—	(664)	(664)
Total realized and unrealized gains (losses) and amortization included in earnings, net	—	—	—
Transfers out of Level 3	—	—	—
Ending balance	$ —	$ —	$ —

During the year ended December 31, 2019, the sales of private and unlisted equities measured at fair value using Level 3 inputs were the result of the LP Transaction. There were no other transfers between Level 1, Level 2 or Level 3 during the year ended December 31, 2019.

The following table presents the reconciliation of the balances for all investments measured at fair value using significant unobservable inputs (Level 3) for the year ended December 31, 2018:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Year ended December 31, 2018		
	Assets		
	Debt instruments	Private and unlisted equity securities	Total
	($ in thousands)		
Beginning balance	$ 880	$ 6,108	$ 6,988
Sales	$ (916)	$ (1,890)	$ (2,806)
Total realized and unrealized gains (losses) and amortization included in earnings, net	$ 36	$ (304)	$ (268)
Transfers out of Level 3	$ —	$ (3,250)	$ (3,250)
Ending balance	$ —	$ 664	$ 664

During the year ended December 31, 2018, the sales of debt instruments and private and unlisted equities measured at fair value using Level 3 inputs were the result of the LP Transaction. For the year ended December 31, 2018 the private and unlisted equity securities without readily determinable fair values, for which measurement alternative is applied, were transferred out of Level 3 fair value hierarchy. There were no other transfers between Level 1, Level 2 or Level 3 during the year ended December 31, 2018.

Financial Instruments Disclosed, But Not Carried, at Fair Value

The captions “Notes receivable (net of valuation allowance)” and “Convertible senior notes payable” are composed of financial instruments that are carried at amortized cost. The carry values of these financial instruments approximate their fair values, which the Company has determined on the basis of Level 2 inputs for its convertible senior notes payable, and Level 3 inputs for its notes receivable.

5. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents as of December 31, 2019 and 2018 were composed of the following:

	December 31, 2019	December 31, 2018
	($ in thousands)	
Cash at banks	$ 20,454	$ 6,550
Cash held with brokers	—	10,920
Total cash and cash equivalents	$ 20,454	$ 17,470

Due to the short term nature of cash and cash equivalents, the above noted carrying values approximate their fair value. Cash at banks include cash held at non-U.S. financial institutions which are not insured by the FDIC or any other deposit insurance programs.

6. RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents include amounts held by the Company but pledged as security to provide collateral required by the cedents in the form of trust accounts and letters of credit (see Note 13). As of December 31, 2019 and 2018, the restricted cash and cash equivalents were composed of the following:

	December 31, 2019	December 31, 2018
	($ in thousands)	
Cash held as collateral in trust accounts	$ 501,081	$ 436,507
Cash collateral relating to letters of credit issued	213,406	221,655
Total restricted cash and cash equivalents	$ 714,487	$ 658,162

7. LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES

There were no significant changes in the actuarial methodology or assumptions relating to the Company's loss and loss adjustment expense reserves for the year ended December 31, 2019.

At December 31, 2019 and 2018, loss and loss adjustment expense reserves were composed of the following:

	2019	2018
	($ in thousands)	
Case reserves	$ 207,614	$ 202,700
IBNR	237,828	247,834
Total	$ 445,442	$ 450,534

A summary of changes in outstanding loss and loss adjustment expense reserves for all lines of business consolidated for the years ended December 31, 2019, 2018 and 2017 is as follows:

Consolidated	2019	2018	2017
		($ in thousands)	
Gross balance at January 1	$ 450,534	$ 436,328	$ 279,610
Less: Losses recoverable	(51,065)	(33,961)	(2,670)
Net balance at January 1	399,469	402,367	276,940
Incurred losses related to:			
Current year	303,494	306,006	414,556
Prior years	28,197	170	32,935
Total incurred	331,691	306,176	447,491
Paid losses related to:			
Current year	(114,096)	(125,281)	(190,761)
Prior years	(205,914)	(181,701)	(134,273)
Total paid	(320,010)	(306,982)	(325,034)
Foreign currency revaluation	1,260	(2,092)	2,970
Net balance at December 31	412,410	399,469	402,367
Add: Losses recoverable	33,032	51,065	33,961
Gross balance at December 31	$ 445,442	$ 450,534	$ 436,328

The changes in the outstanding loss and loss adjustment expense reserves for health claims for the years ended December 31, 2019, 2018 and 2017 are as follows:

Health	2019	2018	2017
		($ in thousands)	
Gross balance at January 1	$ 24,341	$ 21,891	$ 17,386
Less: Losses recoverable	—	—	—
Net balance at January 1	24,341	21,891	17,386
Incurred losses related to:			
Current year	31,680	56,804	44,539
Prior years	3,694	1,871	4,515
Total incurred	35,374	58,675	49,054
Paid losses related to:			
Current year	(16,800)	(34,696)	(23,814)
Prior years	(26,360)	(21,529)	(20,735)
Total paid	(43,160)	(56,225)	(44,549)
Foreign currency revaluation	—	—	—
Net balance at December 31	16,555	24,341	21,891
Add: Losses recoverable	—	—	—
Gross balance at December 31	$ 16,555	$ 24,341	$ 21,891

Loss development

Year ended December 31, 2019

During the year ended December 31, 2019, the Company experienced $28.2 million in net adverse development on prior year loss and LAE reserves. This net adverse development resulted primarily from the following:

Adverse developments:

- $33.4 million of adverse loss development on non-standard automobile contracts. These unanticipated automobile losses were the result of adverse rulings that affected a significant number of loss events that occurred in Florida between 2015 and early 2018, including many claims that had previously been considered closed; and
- $3.7 million of adverse loss development on specialty health contracts arising from an unexpectedly high frequency of medical claims reported.

Favorable developments:

- $7.3 million of favorable development on prior year property contracts primarily resulting from lower than anticipated losses relating to California wildfires.

The remaining net favorable development on prior year loss and LAE reserves recognized in 2019 related to several smaller adjustments made across various lines of business.

Year ended December 31, 2018

During the year ended December 31, 2018, the Company experienced a modest $0.2 million in net adverse development on prior year loss and LAE reserves. This net adverse development resulted primarily from the following:

Adverse developments:

- $9.7 million of adverse loss development on non-standard automobile contracts stemming from industry-wide issues affecting motor liability claims in Florida over accident years 2015 to 2017;
- $3.8 million of adverse loss development on solicitors professional indemnity contracts resulting primarily from several large claims being reported on prior accident years;
- $2.0 million of adverse loss development on general liability contracts, spread over treaty years 2012-2017, resulting from deteriorations in claims experience; and
- $1.8 million of adverse loss development on surety business, net of retrocession recoveries, due to deterioration on several previously reported claims for one contract.

Favorable developments:

- $3.8 million of favorable prior period experience on property contracts stemming primarily from accident years 2015 and 2016 where claims experience has been better than expected;
- $6.0 million of favorable loss development, net of retrocession recoveries, relating to 2017 hurricanes as a result of claims experience being better than initially estimated.The net financial impact of the favorable loss development was partially offset by $1.6 million of return premiums relating to reinstatement premiums previously recorded; and
- $4.1 million of favorable loss development on prior period mortgage insurance contracts resulting from ongoing favorable claims experience across all prior accident years.

The remaining net favorable development on prior year loss and LAE reserves recognized in 2018 related to several smaller adjustments made across various lines of business.

Year ended December 31, 2017

During the year ended December 31, 2017, the Company experienced $32.9 million in net adverse development on prior year loss and LAE reserves. This net adverse development resulted primarily from the following:

- $10.7 million of adverse loss development associated with various classes of professional liability exposure, driven by additional reporting on individual claims, as well as the Company’s assessment of industry-wide loss ratio performance;
- $3.3 million of adverse loss development associated with motor contracts based on re-projection of ultimate losses using client reporting patterns;

- $4.1 million of adverse loss development relating to Florida homeowners' insurance contracts, largely driven by "assignment of benefits" issues whereby homeowners assign their rights for filing and settling claims to attorneys and public adjusters;

- $4.6 million of adverse loss development associated with specialty health contracts arising from frequency of medical claims reported; and

- $2.2 million of adverse loss development due to large claims reported on a surety contract.

The remaining net adverse development on prior year loss and LAE reserves recognized in 2017 related to several smaller adjustments made across various lines of business.

Disclosures about Short Duration Contracts

The Company manages its business on the basis of one operating segment, Property & Casualty Reinsurance and categorizes its business as Property, Casualty and Other. The Company's loss development tables presented below have been disaggregated by lines of business for the years ended from December 31, 2010 to 2019.

For purposes of the loss development tables, the property business has been further disaggregated into "Property" and "Motor - Physical Damage". The casualty category has been disaggregated into "General Liability", "Motor Liability", "Professional Liability" and "Workers' Compensation". In addition, the incurred and paid claims relating to accident and health business have been presented separately as "Health". Other specialty business including financial, aviation, energy and marine, which are individually insignificant to our overall business, have been grouped together as "Other". Contracts that cover more than one line of business are grouped as "Multi-line".

For each of the categories, the following tables present the incurred and paid claims development as of December 31, 2019, net of retrocession, as well as the total of incurred but not reported liabilities plus expected development on reported claims included within the net incurred claims amount. Health claims have been disaggregated and presented separately.

The information in the tables below about incurred and paid claims development for the years ended December 31, 2010 to 2018, is presented as unaudited supplementary information.

Health

Accident year	Incurred claims and allocated claim adjustment expenses, net of reinsurance — For the years ended December 31, 2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	December 31, 2019 — Total IBNR plus expected development on reported claims
	(Unaudited - Supplementary Information) ($ in thousands)										
2010	$ 36,017	$ 35,861	$ 36,164	$ 36,100	$ 36,100	$ 36,087	$ 36,087	$ 36,087	$ 36,087	$ 36,087	$ —
2011		21,962	22,788	22,697	22,697	22,507	22,507	22,507	22,507	22,507	—
2012			2,400	2,331	2,331	2,285	2,285	2,285	2,285	2,285	—
2013				—	93	—	—	—	—	—	—
2014					454	547	547	579	547	589	—
2015						6,937	6,937	7,792	7,793	7,832	—
2016							30,546	33,705	34,160	34,260	—
2017								45,007	46,455	46,687	272
2018									56,804	60,084	1,403
2019										31,680	14,880
									Total	$ 242,012	$ 16,555

Health

Accident year	Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance — For the years ended December 31, 2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	(Unaudited - Supplementary Information) ($ in thousands)									
2010	$ 17,826	$ 35,755	$ 35,931	$ 36,100	$ 36,100	$ 36,087	$ 36,087	$ 36,087	$ 36,087	$ 36,087
2011		18,223	22,769	22,697	22,697	22,507	22,507	22,507	22,507	22,507
2012			2,226	2,331	2,331	2,285	2,277	2,285	2,285	2,285
2013				—	(69)	(56)	(56)	—	—	—
2014					55	547	513	579	547	589
2015						1,277	5,857	7,792	7,793	7,832
2016							15,339	33,012	34,160	34,260
2017								23,809	44,222	46,415
2018									34,696	58,681
2019										16,800
									Total	225,456
	All outstanding liabilities before 2010, net of reinsurance									—
	Liabilities for claims and claims adjustment expenses, net of reinsurance (Health)									$ 16,555

Multiline

Accident year	Incurred claims and allocated claim adjustment expenses, net of reinsurance — For the years ended December 31, 2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	December 31, 2019 — Total IBNR plus expected development on reported claims
	(Unaudited - Supplementary Information)										
	($ in thousands)										
2010	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
2011		—	—	—	—	—	—	—	—	—	—
2012			—	—	—	—	—	—	—	—	—
2013				—	—	—	—	—	—	—	—
2014					2,251	2,251	2,251	2,369	2,369	2,386	1,132
2015						23,268	23,224	24,269	24,003	24,336	10,934
2016							48,135	49,680	48,351	51,153	25,660
2017								62,270	62,595	67,775	38,444
2018									45,228	37,933	22,660
2019										32,878	23,458
									Total	$ 216,460	$ 122,289

Multiline

Accident year	Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance — For the years ended December 31, 2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	(Unaudited - Supplementary Information)									
	($ in thousands)									
2010	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
2011		—	—	—	—	—	—	—	—	—
2012			—	—	—	—	—	—	—	—
2013				—	—	—	—	—	—	—
2014					—	—	138	480	928	1,254
2015						(6)	2,262	6,065	10,339	13,401
2016							5,205	12,808	20,158	25,492
2017								8,893	21,041	29,331
2018									6,394	15,272
2019										9,420
									Total	94,171
	All outstanding liabilities before 2010, net of reinsurance									—
	Liabilities for claims and claims adjustment expenses, net of reinsurance (Multiline)									$ 122,289

General Liability

Accident year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	December 31, 2019 Total IBNR plus expected development on reported claims
	Incurred claims and allocated claim adjustment expenses, net of reinsurance — For the years ended December 31, (Unaudited - Supplementary Information) ($ in thousands)										
2010	$ 12,111	$ 14,327	$ 17,484	$ 19,649	$ 21,664	$ 25,946	$ 28,251	$ 28,251	$ 28,251	$ 28,251	$ —
2011		20,925	30,693	40,756	44,897	61,446	77,105	77,105	77,105	77,105	—
2012			12,626	18,133	16,921	29,554	31,145	31,161	31,274	30,902	—
2013				3,018	2,689	4,666	4,511	4,510	4,916	4,770	—
2014					1,241	1,233	1,179	1,042	1,364	1,011	243
2015						1,988	2,037	2,236	2,493	2,612	1,259
2016							6,667	7,203	7,845	8,480	3,226
2017								6,341	7,454	8,346	4,773
2018									4,359	4,755	2,884
2019										3,313	3,055
									Total	$ 169,545	$ 15,439

General Liability

Accident year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance — For the years ended December 31, (Unaudited - Supplementary Information) ($ in thousands)									
2010	$ 2,107	$ 5,096	$ 9,356	$ 14,051	$ 17,471	$ 19,228	$ 28,251	$ 28,251	$ 28,251	$ 28,251
2011		2,873	11,751	20,030	25,018	32,954	77,105	77,105	77,105	77,105
2012			1,750	9,926	13,142	15,836	30,667	30,687	30,891	30,902
2013				1,371	1,917	2,298	4,191	4,274	4,652	4,770
2014					18	146	413	572	498	768
2015						77	361	810	979	1,353
2016							178	1,803	3,797	5,255
2017								213	1,846	3,573
2018									254	1,871
2019										258
									Total	154,106
	All outstanding liabilities before 2010, net of reinsurance									—
	Liabilities for claims and claims adjustment expenses, net of reinsurance (General Liability)									$ 15,439

Motor Casualty

Accident year	Incurred claims and allocated claim adjustment expenses, net of reinsurance										December 31, 2019
	For the years ended December 31,										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total IBNR plus expected development on reported claims
	(Unaudited - Supplementary Information)										
	($ in thousands)										
2010	$ 64,264	$ 74,260	$ 86,881	$ 83,496	$ 84,742	$ 88,377	$ 88,022	$ 88,008	$ 88,012	$ 88,034	$ —
2011		53,035	57,498	57,342	62,921	70,880	70,435	70,495	70,495	70,478	—
2012			131,071	129,686	130,434	129,821	129,923	129,922	129,922	129,922	—
2013				161,076	158,852	154,840	154,811	154,900	154,977	154,983	—
2014					77,813	77,175	78,578	78,407	78,169	78,214	—
2015						99,681	101,424	101,135	103,404	104,631	316
2016							127,326	129,619	132,997	137,080	680
2017								144,946	146,562	152,524	398
2018									108,274	124,810	12,874
2019										129,712	72,407
									Total	$ 1,170,387	$ 86,676

Motor Casualty

Accident year	Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance									
	For the years ended December 31,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	(Unaudited - Supplementary Information)									
	($ in thousands)									
2010	$ 23,413	$ 44,889	$ 60,630	$ 70,356	$ 79,089	$ 82,266	$ 88,008	$ 88,008	$ 88,012	$ 88,034
2011		19,082	36,462	49,569	58,244	65,018	70,433	70,433	70,433	70,478
2012			58,411	117,143	125,242	127,533	129,922	129,922	129,922	129,922
2013				75,168	140,816	152,408	154,794	154,900	154,977	154,983
2014					42,042	71,668	74,785	78,407	78,169	78,214
2015						63,113	97,136	99,866	100,231	104,315
2016							74,973	121,205	131,049	136,400
2017								91,036	137,506	152,125
2018									56,189	111,936
2019										57,305
									Total	1,083,711
	All outstanding liabilities before 2010, net of reinsurance									—
	Liabilities for claims and claims adjustment expenses, net of reinsurance (Motor Casualty)									$ 86,676

Motor Property

Accident year	Incurred claims and allocated claim adjustment expenses, net of reinsurance										December 31, 2019
	For the years ended December 31,										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total IBNR plus expected development on reported claims
	(Unaudited - Supplementary Information)										
	($ in thousands)										
2010	$ 560	$ 656	$ 671	$ 684	$ 662	$ 662	$ 667	$ 667	$ 667	$ 667	$ —
2011		3,276	3,271	3,343	3,285	3,285	3,306	3,306	3,306	3,303	—
2012			36,985	36,129	36,008	35,998	35,922	35,922	35,922	35,922	—
2013				43,603	43,117	42,356	42,276	42,318	42,342	42,101	—
2014					16,203	16,145	16,343	16,302	16,308	16,323	—
2015						17,448	17,840	17,821	18,460	18,953	—
2016							21,081	21,397	22,036	22,017	249
2017								32,113	31,792	33,516	100
2018									31,620	35,225	3,128
2019										32,745	18,090
									Total	$ 240,773	$ 21,566

Motor Property

Accident year	Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance									
	For the years ended December 31,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	(Unaudited - Supplementary Information)									
	($ in thousands)									
2010	$ 560	$ 620	$ 620	$ 620	$ 620	$ 644	$ 667	$ 667	$ 667	$ 667
2011		1,418	2,944	3,305	3,285	3,285	3,303	3,303	3,303	3,303
2012			16,883	34,569	35,835	35,884	35,903	35,922	35,922	35,922
2013				19,755	38,887	42,065	42,087	42,099	42,099	42,101
2014					8,931	15,068	15,836	16,302	16,308	16,323
2015						11,019	17,376	17,762	17,838	18,953
2016							12,761	20,485	21,731	21,768
2017								18,933	31,243	33,416
2018									16,617	32,097
2019										14,656
									Total	219,206
									All outstanding liabilities before 2010, net of reinsurance	—
									Liabilities for claims and claims adjustment expenses, net of reinsurance (Motor Property)	$ 21,566

Other

Accident year	Incurred claims and allocated claim adjustment expenses, net of reinsurance — For the years ended December 31, 2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	December 31, 2019 — Total IBNR plus expected development on reported claims
	(Unaudited - Supplementary Information)										
	($ in thousands)										
2010	$ 4,008	$ 3,858	$ 4,291	$ 4,130	$ 4,130	$ 4,130	$ 3,955	$ 4,130	$ 3,955	$ 3,955	$ —
2011		7,360	8,099	7,525	7,473	7,470	7,468	7,468	7,468	7,468	—
2012			6,311	3,640	3,756	3,773	3,759	3,755	3,782	3,777	42
2013				2,202	2,583	2,534	2,518	2,498	2,452	2,284	46
2014					4,168	3,233	2,887	3,778	3,318	3,843	392
2015						6,735	7,208	9,669	8,859	6,978	417
2016							12,111	16,005	16,229	15,090	3,603
2017								16,345	12,319	12,982	4,081
2018									11,517	13,098	4,849
2019										24,171	18,534
									Total	$ 93,645	$ 31,963

Other

Accident year	Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance — For the years ended December 31, 2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	(Unaudited - Supplementary Information)									
	($ in thousands)									
2010	$ 864	$ 1,593	$ 3,123	$ 3,130	$ 3,406	$ 3,477	$ 3,955	$ 3,955	$ 3,955	$ 3,955
2011		1,162	7,547	7,513	7,468	7,468	7,468	7,468	7,468	7,468
2012			3,092	3,299	3,676	3,683	3,684	3,688	3,735	3,735
2013				215	1,652	2,123	2,036	2,020	2,275	2,237
2014					177	624	956	2,282	2,440	3,451
2015						499	1,804	3,999	6,081	6,562
2016							1,765	4,011	8,948	11,487
2017								758	5,729	8,902
2018									1,278	8,249
2019										5,637
									Total	61,683
									All outstanding liabilities before 2010, net of reinsurance	—
									Liabilities for claims and claims adjustment expenses, net of reinsurance (Other)	$ 31,963

Property

Accident year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	December 31, 2019 Total IBNR plus expected development on reported claims
	Incurred claims and allocated claim adjustment expenses, net of reinsurance — For the years ended December 31, (Unaudited - Supplementary Information) ($ in thousands)										
2010	$ 39,106	$ 41,983	$ 51,698	$ 51,483	$ 52,263	$ 52,507	$ 53,723	$ 53,574	$ 53,495	$ 53,506	$ —
2011		73,309	83,261	79,794	80,402	81,894	83,012	83,067	83,006	83,305	9
2012			63,961	50,183	50,874	52,812	53,218	53,473	53,737	53,823	—
2013				60,945	58,993	61,776	62,495	62,482	62,421	62,755	528
2014					41,732	45,159	46,860	47,118	46,910	47,057	517
2015						28,119	30,657	32,166	31,399	31,006	599
2016							26,090	27,147	24,692	24,149	1,469
2017								84,598	78,830	69,465	4,836
2018									28,772	30,910	14,797
2019										24,548	20,372
									Total	$ 480,525	$ 43,127

Property

Accident year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance — For the years ended December 31, (Unaudited - Supplementary Information) ($ in thousands)									
2010	$ 20,611	$ 40,858	$ 42,697	$ 43,406	$ 47,914	$ 48,438	$ 53,408	$ 53,542	$ 53,495	$ 53,506
2011		49,441	74,383	77,182	79,022	81,214	82,370	82,655	83,006	83,296
2012			32,085	45,887	50,242	52,657	53,211	53,259	53,737	53,823
2013				34,807	55,669	58,524	60,343	61,073	61,986	62,228
2014					20,229	40,171	43,632	45,228	46,321	46,540
2015						12,948	25,521	29,084	30,204	30,407
2016							9,999	18,376	21,596	22,680
2017								43,319	56,556	64,629
2018									5,320	16,113
2019										4,177
									Total	437,398
									All outstanding liabilities before 2010, net of reinsurance	—
									Liabilities for claims and claims adjustment expenses, net of reinsurance (Property)	$ 43,127

Professional Liability

Accident year	Incurred claims and allocated claim adjustment expenses, net of reinsurance — For the years ended December 31, 2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	December 31, 2019 — Total IBNR plus expected development on reported claims
	(Unaudited - Supplementary Information) ($ in thousands)										
2010	$ 3,875	$ 3,331	$ 3,571	$ 3,713	$ 3,907	$ 3,936	$ 3,922	$ 3,921	$ 3,921	$ 3,921	$ 425
2011		5,395	6,151	9,167	9,724	9,894	9,657	9,904	9,904	9,379	195
2012			8,738	8,383	9,118	9,400	9,718	10,438	10,438	10,438	976
2013				12,513	13,410	14,934	16,575	17,396	17,570	17,351	2,614
2014					19,243	18,643	18,618	21,200	22,208	22,519	6,027
2015						19,368	19,599	22,829	24,372	24,204	10,203
2016							14,777	18,848	19,312	18,052	9,249
2017								12,840	12,846	12,832	7,841
2018									6,280	6,134	4,291
2019										1,923	1,552
									Total	$ 126,754	$ 43,373

Professional Liability

Accident year	Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance — For the years ended December 31, 2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	(Unaudited - Supplementary Information) ($ in thousands)									
2010	$ —	$ 35	$ 402	$ 834	$ 1,112	$ 1,478	$ 1,620	$ 1,740	$ 3,497	$ 3,497
2011		110	1,301	4,397	6,140	7,855	8,747	9,337	9,397	9,184
2012			450	2,662	5,062	6,901	7,966	9,311	9,455	9,462
2013				714	3,504	7,813	11,243	14,169	14,942	14,737
2014					1,366	5,434	9,707	14,332	16,480	16,492
2015						1,194	3,446	9,863	13,187	14,001
2016							437	2,474	5,730	8,803
2017								293	2,595	4,991
2018									343	1,843
2019										371
									Total	83,381
									All outstanding liabilities before 2010, net of reinsurance	2,121
									Liabilities for claims and claims adjustment expenses, net of reinsurance (Professional Liability)	$ 45,494

Workers' Compensation

Accident year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	December 31, 2019 — Total IBNR plus expected development on reported claims
	Incurred claims and allocated claim adjustment expenses, net of reinsurance — For the years ended December 31, (Unaudited - Supplementary Information) ($ in thousands)										
2010	$ 11,181	$ 11,736	$ 12,426	$ 13,108	$ 13,108	$ 13,108	$ 13,108	$ 13,108	$ 13,108	$ 13,108	$ —
2011		14,915	15,233	16,861	16,861	16,861	16,861	16,861	16,861	16,861	—
2012			11,763	12,213	12,213	12,213	12,213	12,213	12,213	12,213	—
2013				4,751	4,751	4,751	4,751	4,751	4,751	4,751	—
2014					1	1	1	4	2	1	—
2015						1,031	1,032	988	992	983	181
2016							4,358	4,311	4,304	3,991	707
2017								10,916	10,389	9,654	2,222
2018									13,547	13,458	5,132
2019										22,903	17,430
									Total	$ 97,923	$ 25,673

Workers' Compensation

Accident year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance — For the years ended December 31, (Unaudited - Supplementary Information) ($ in thousands)									
2010	$ 3,184	$ 8,170	$ 12,270	$ 13,108	$ 13,108	$ 13,108	$ 13,108	$ 13,108	$ 13,108	$ 13,108
2011		5,004	11,175	16,861	16,861	16,861	16,861	16,861	16,861	16,861
2012			2,359	12,213	12,213	12,213	12,213	12,213	12,213	12,213
2013				4,751	4,751	4,751	4,751	4,751	4,751	4,751
2014					—	—	—	4	1	1
2015						28	252	582	714	802
2016							615	1,922	2,792	3,284
2017								2,027	5,376	7,431
2018									4,213	8,326
2019										5,473
									Total	72,249
									All outstanding liabilities before 2010, net of reinsurance	—
									Liabilities for claims and claims adjustment expenses, net of reinsurance (Workers' Compensation)	$ 25,673

For any incurred and paid claims denominated in a currency other than U.S. dollars, the above tables are presented using the foreign exchange rate in effect as of the current year end date. As a result, all prior year information has been restated to reflect the exchange rates as of December 31, 2019. This treatment removes any changes in foreign currency exchange rates from distorting the claims development between the years presented.

For assumed contracts the Company does not generally receive claims information by accident year from the ceding insurers, but instead receives claims information by the treaty year of the contract. Claims reported by the ceding insurer to the Company may have the covered losses occurring in an accident year other than the treaty year. For the purpose of the loss development tables, some incurred and paid claims have been allocated to the accident years based on the proportion of premiums earned for each contract during such accident year.

For example, a one-year treaty incepting on October 1, 2010 (with underlying policies each having a one-year duration), would have a 24-month period over which the premiums would be earned. Therefore, claims would be allocated to accident years 2010, 2011 and 2012 based on the proportion of the premiums earned during each accident year. For illustration of this contract, any claims reported during 2010 would be allocated to the 2010 accident year. For losses reported during 2011, the claims would be allocated between 2010 and 2011 based on the percentage of premiums earned during 2010 and 2011. Similarly, for losses reported during 2012 and thereafter, the losses would be allocated to the 2010, 2011 and 2012 accident years based on the proportion of premiums earned during each of those years. However, natural catastrophe and certain other large losses are addressed separately and assigned to the accident year in which they occurred.

The reconciliation of the net incurred and paid claims development tables to the liability for claims and claim adjustment expenses in the consolidated balance sheet is as follows:

	December 31, 2019
	($ in thousands)
Net outstanding liabilities	
Health	$ 16,555
Multiline	122,289
General Liability	15,439
Motor Casualty	86,676
Motor Property	21,566
Other	31,963
Property	43,127
Professional Liability	45,494
Workers' Compensation	25,673
Liabilities for claims and claims adjustment expenses, net of reinsurance	408,782
Add: Reinsurance recoverable on unpaid claims	33,032
Add: Unallocated claims adjustment expenses	3,628
Total gross liabilities for unpaid claims and claim adjustment expense	$ 445,442

The average historical annual percentage payout of net incurred claims (excluding health) as of December 31, 2019 is as follows*:

Years	1	2	3	4	5	6	7	8	9	10
	(Unaudited - Supplementary Information)									
Multiline	10.2%	19.0%	18.8%	16.0%	13.3%	22.7%	—%	—%	—%	—%
General Liability	4.7%	13.5%	12.9%	11.4%	18.8%	29.5%	6.1%	2.7%	0.4%	—%
Motor Casualty	45.7%	33.1%	8.8%	5.1%	3.5%	1.8%	1.3%	0.7%	—%	—%
Motor Property	53.1%	39.8%	5.3%	0.6%	1.0%	0.2%	—%	—%	—%	—%
Other	21.1%	39.8%	19.1%	9.0%	2.8%	5.9%	2.3%	—%	—%	—%
Property	51.0%	32.9%	7.0%	2.9%	2.7%	0.9%	2.2%	0.3%	0.1%	—%
Professional Liability	5.3%	19.4%	28.7%	24.0%	14.0%	6.2%	2.3%	0.1%	—%	—%
Workers' Compensation	27.9%	41.6%	23.0%	6.1%	0.9%	0.5%	—%	—%	—%	—%

* Table is from the Company’s parent consolidated disclosure.

The historical annual percentage payout pattern for health claims is excluded from the table above because health claims have short settlement periods and including it would skew the results presented.

As a reinsurance entity, the Company generally does not receive detailed claims frequency information or claims counts from ceding insurers and third party claim handlers. Due to the nature of the reinsurance contracts, the underlying insured reports claims to the insurer who cedes losses to the Company. The Company is contractually obligated to reimburse the ceding insurer for its share of the losses. While the Company has the right to conduct audits of the ceding insurer’s claims files, the insurer is generally not obligated to provide detailed listing of claims counts or other claims frequency information to the Company. Therefore it is impracticable for the Company to present the cumulative number of reported claims by accident year.

8. RETROCESSION

The Company, from time to time, purchases retrocessional coverage for one or more of the following reasons: to manage its overall exposure, to reduce its net liability on individual risks, to obtain additional underwriting capacity and to balance its underwriting portfolio. Loss and loss adjustment expenses recoverable from retrocessionaires are recorded as assets.

For the year ended December 31, 2019, the Company’s earned ceded premiums were $82.4 million (2018: $127.8 million and 2017: $40.4 million).

For the year ended December 31, 2019, loss and loss adjustment expenses incurred of $331.7 million (2018: $306.2 million and 2017: $447.5 million) reported on the Company’s consolidated statements of operations are net of loss and loss expenses recovered and recoverable of $73.7 million (2018: $88.9 million and 2017: $(37.9) million).

Retrocession contracts do not relieve the Company from its obligations to the insureds. Failure of retrocessionaires to honor their obligations could result in losses to the Company. At December 31, 2019, the Company’s loss reserves recoverable consisted of (i) $32.7 million (2018: $50.6 million) from unrated retrocessionaires which were secured by cash, letters of credit and collateral held in trust accounts for the benefit of the Company and (ii) $0.4 million (2018: $0.4 million) from retrocessionaires rated A- or above by A.M. Best.

The Company regularly evaluates the financial condition of its retrocessionaires to assess the ability of the retrocessionaires to honor their respective obligations. At December 31, 2019 and 2018, no provision for uncollectible losses recoverable was considered appropriate.

9. SHARE CAPITAL

The holders of all ordinary shares are entitled to share equally in dividends declared by the Board of Directors. In the event of a winding-up or dissolution of the Company, the ordinary shareholders share equally and ratably in the assets of the Company, after payment of all debts and liabilities of the Company and after the liquidation of any issued and outstanding preferred shares. The Board of Directors is authorized to establish the rights and restrictions for preferred shares as they deem appropriate.

The Amended and Restated Memorandum and Articles of Association (the "Articles") provides that the holders of ordinary shares generally are entitled to one vote per share. The Company is subject to the Cayman Islands' Insurance (Capital and Solvency) (Classes B, C, and D Insurers) Regulations, 2012 (the "Insurance Regulations"). The Insurance Regulations impose a Minimum Capital Requirement ("MCR") of US$50 million and a Prescribed Capital Requirement ("PCR") on the Company of $200.9 million as of December 31, 2019. The Company's statutory capital and surplus of $519.9 million exceeded the MCR as well as the PCR.

Any dividends declared and paid from the Company to its shareholder would require approval of CIMA. As of December 31, 2019 and 2018, $319.0 million and $322.8 million, respectively, of the Company's capital and surplus was available for distribution as dividends. During the year ended December 31, 2019, no dividends were declared or paid by the Company to its parent (2018: nil, 2017: $33.0 million). During the year ended December 31, 2019 the Company returned $3.9 million in additional paid-in capital to its parent. Subsequent to the year ended December 31, 2019 the Company returned $2.0 million in additional paid-in capital to Greenlight Capital Re, Ltd. to allow it to settle it's interest obligation on the convertible debt.

Additional paid-in capital includes the premium per share paid by the subscribing shareholder for ordinary shares which have a par value of $0.10 each. During the year ended December 31, 2018, the Company received an additional $82.75 million in additional paid-in capital from it's parent upon issuance of one additional share.

10. NET INVESTMENT INCOME (LOSS)

A summary of net investment income (loss) for the years ended December 31, 2019, 2018 and 2017 is as follows:

	2019	2018	2017
		($ in thousands)	
Realized gains (losses)	(13,613)	(236,887)	87,618
Change in unrealized gains and losses	7,644	(32,597)	(41,444)
Investment related foreign exchange gains (losses)	20	938	(7,653)
Interest and dividend income, net of withholding taxes	14,915	33,783	24,022
Interest, dividend and other expenses	(4,787)	(17,977)	(23,929)
Investment advisor compensation on joint venture	—	(11,221)	(19,863)
Net investment related income (loss)	$ 4,179	$ (263,961)	$ 18,751
Income (loss) from investments in related party investment fund	43,945	(58,581)	—
Total net investment related income (loss)	$ 48,124	$ (322,542)	$ 18,751

Income (loss) from investments in related party investment fund reflects the equity in earnings (loss) of SILP (see Note 3) .

Investment returns are calculated monthly based on cash flows into or out of the investment accounts and compounded to calculate the annual returns generated by the Company's investments managed by DME Advisors. Effective from September 1, 2018, the investment return is calculated by dividing the investment income or loss (net of fees and expenses) by the Investment Portfolio. For the year ended December 31, 2019, the total investment related income includes a gain of 9.5% on the investments managed by DME Advisors. This return compares to a loss of 30.5% and a gain of 1.5% reported for the years ended December 31, 2018 and 2017, respectively. The change in unrealized gains and losses for year ended December 31, 2019, included a net increase in the valuation allowance provision of $6.0 million (2018: $nil, 2017: $nil) relating to notes receivable.

11. TAXATION

The Company intends to conduct all of its operations in a manner that will not cause it to be treated as engaging in a trade or business within the United States and will not cause it to be subject to current U.S. federal income taxation on its net income. However, because there are no definitive standards provided by the Internal Revenue Code, regulations or court decisions as to the specific activities that constitute being engaged in the conduct of a trade or business within the United States, and as any such determination is essentially factual in nature, there can be no assurance that the IRS will not successfully assert that the Company is engaged in a trade or business within the U.S.

Federal Excise Taxes

The United States imposes an excise tax on reinsurance premiums paid to non-U.S. insurers or reinsurers with respect to risks located in the United States. The rate of tax, unless exempted or reduced by an applicable U.S. tax treaty, is 1.0% for all reinsurance premiums. The Company incurs federal excise taxes on certain of its reinsurance transactions, including amounts ceded through intercompany transactions. For the years ended 2019, 2018 and 2017, the Company incurred approximately $3.6 million,$3.1 million and $4.7 million, respectively, of federal excise taxes, net of any refunds received. These amounts are included in the caption “Acquisition costs” in the Company’s consolidated statements of operations.

12. RELATED PARTY TRANSACTIONS

Investment Advisory Agreement

DME, DME II and DME Advisors are related to the Company and each is an affiliate of David Einhorn, Chairman of the Company’s Board of Directors.

Prior to September 1, 2018, the Company and GRIL were party to the venture agreement with DME Advisors under which the Company, its related entities and DME were participants of the Joint Venture for the purpose of managing certain jointly held assets. In addition, prior to September 1, 2018, the Company, GRIL and DME had entered into a separate investment advisory agreement with DME Advisors (the “advisory agreement”). On September 1, 2018, the Company, DME and DME Advisors entered into a termination Agreement to terminate the Joint Venture and the advisory agreement on January 2, 2019.

On September 1, 2018, the Company entered into the SILP LPA with DME II, as General Partner. DME II receives a performance allocation equal to (with capitalized terms having the meaning provided under the SILP LPA) (a) 10% of the portion of the Positive Performance Change for each limited partner’s capital account that is less than or equal to the positive balance in such limited partner’s Carryforward Account, plus (b) 20% of the portion of the Positive Performance Change for each limited partner’s capital account that exceeds the positive balance in such limited partner’s Carryforward Account. The Carryforward Account for the Company include the amount of losses that were to be recouped under the Joint Venture as well as any loss generated on the assets invested in SILP, subject to adjustments for redemptions. The loss carry forward provision contained in the SILP LPA allows DME II to earn a reduced performance allocation of 10% of profits in any years subsequent to any year in which SILP has incurred a loss, until all losses are recouped and an additional amount equal to 150% of the loss is earned. For the year ended December 31, 2019, performance allocation of $4.8 million, (2018: nil) was deducted from the Company’s investment in SILP and allocated to DME II.

In accordance with the SILP LPA, DME Advisors constructs a levered investment portfolio as agreed by the Company (the “Investment Portfolio” as defined in the SILP LPA). On September 1, 2018, SILP entered into the IAA with DME Advisors which entitles DME Advisors to a monthly management fee equal to 0.125% (1.5% on an annual basis) of each limited partner’s Investment Portfolio. The IAA has an initial term ending on August 31, 2023 subject to an automatic extension for successive three-year terms. For the year ended December 31, 2019, management fees paid by SILP to DME Advisors of $4.6 million (2018: $3.0 million) were included in the caption “Income (loss) from investment in related party investment fund” in the Company’s consolidated statement of operations.

The Company has entered into a letter agreement with DME Advisors and DME II whereby during the period from June 1, 2019 to June 30, 2020, the portion of the Investment Portfolio held in cash or cash equivalents will not be subject to any management fee or performance allocation.

Pursuant to the SILP LPA and the IAA, the Company has agreed to indemnify DME, DME II and DME Advisors for any expense, loss, liability, or damage arising out of any claim asserted or threatened in connection with DME Advisors serving as the Company’s or SILP’s investment advisor. The Company will reimburse DME, DME II and DME Advisors for reasonable costs and expenses of investigating and/or defending such claims, provided such claims were not caused due to gross negligence, breach of contract or misrepresentation by DME, DME II or DME Advisors. There were no indemnification amounts incurred by the Company during any of the periods presented.

Green Brick Partners, Inc.

David Einhorn also serves as the Chairman of the Board of Directors of Green Brick Partners, Inc. (“GRBK”), a publicly traded company. As of December 31, 2019,SILP, along with certain affiliates of DME Advisors, collectively owned 47.8% of the issued and outstanding common shares of GRBK. Under applicable securities laws, DME Advisors may be limited at times in its ability to trade GRBK shares on behalf of SILP.

Collateral Assets Investment Management Agreement

Effective January 1, 2019, the Company (and its affiliates) entered into a collateral assets investment management agreement (the “CMA”) with DME Advisors, pursuant to which DME Advisors manages certain assets of the Company that are not subject to the SILP LPA and are held by the Company to provide collateral required by the cedents in the form of trust accounts and letters of credit. In accordance with the CMA, DME Advisors receives no fees and is required to comply with the collateral investment guidelines. The CMA can be terminated by any of the parties upon 30 days’ prior written notice to the other parties.

Due to / from Parent

At December 31, 2019 and 2018, the amount due from / due to parent is non-interest bearing, unsecured and is repayable on demand.

Due to / from Affiliates

At December 31, 2019, the Company had $5.7 million (2018: $6.0 million) due from affiliates which is non-interest bearing, unsecured and is repayable on demand.

The Company has entered into a quota share retrocession agreement with GRIL whereby the Company assumes from GRIL a quota share portion of certain specified reinsurance contracts written by GRIL. For the year ended December 31, 2019, the Company assumed $22.9 million (2018: $14.8 million) of written premiums from GRIL.

The Company has entered into a retrocession agreement with GRIL whereby the Company provides an aggregate stop loss protection to GRIL in return for premiums ceded by GRIL to the company. For the year ended December 31, 2019, GRIL ceded $0.7 million (2018: $0.7 million) of written premiums to the Company. During the year ended December 31, 2019, the threshold for coverage was breached which resulted in $4.1 million losses incurred by the Company to GRIL (2018: nil).

At December 31, 2019, included in the caption “Reinsurance Balances Receivable” on the Company’s consolidated balance sheet was $12.9 million (2018: $8.0 million) net receivable from GRIL on the above mentioned retrocession agreements.

13. COMMITMENTS AND CONTINGENCIES

Letters of Credit and Trusts

At December 31, 2019, the Company had one letter of credit facility, which automatically renews each year unless terminated by either party in accordance with the applicable required notice period:

	Facility	Termination Date	Notice period required for termination
	($ in thousands)		
Citibank Europe plc	400,000	October 11, 2020	120 days prior to termination date

During 2019, the Butterfield Bank letter of credit facility was terminated. As of December 31, 2019, an aggregate amount of $204.5 million (2018: $208.3 million) in letters of credit were issued under the above facility. As of December 31, 2019, total cash and cash equivalents with a fair value in the aggregate of $213.4 million (2018: $221.7 million) were pledged as collateral against the letters of credit issued and included in the caption “Restricted cash and cash equivalents” in the Company’s consolidated balance sheets . The facility contains customary events of default and restrictive covenants, including but not limited to, limitations on liens on collateral, transactions with affiliates, mergers and sales of assets, as well as solvency and maintenance of certain minimum pledged equity requirements, and restricts issuance of any debt without the consent of the letter of credit provider. Additionally, if an event of default exists, as defined in the letter of credit facility, Greenlight Re will be prohibited from paying dividends to its parent company. The Company was in compliance with all the covenants of the facility as of December 31, 2019 and 2018.

The Company issues letters of credit on behalf of GRIL, from the above facilities, for the benefit of GRIL's insureds. The collateral pledged as security relating to these letters of credit is also provided by the Company. In the event that GRIL's insureds draw upon any letters of credit, GRIL shall be obligated to reimburse the Company the amount of the letters of credit drawn by the insured. As of December 31, 2019, $9.7 million of letters of credit were issued by the Company on behalf of GRIL (2018: $7.0 million) and no letters of credits were drawn by GRIL's insureds for the years ended December 31, 2019 and 2018.

The Company has also established regulatory trust arrangements for certain cedents. As of December 31, 2019, collateral of $501.1 million (2018: $436.5 million) was provided to cedents in the form of regulatory trust accounts and included in the caption "Restricted cash and cash equivalents" in the Company's consolidated balance sheets.

Lease Obligations

Greenlight Re has entered into lease agreements for office space in the Cayman Islands. The leases expired on June 30, 2018. The Company is currently in negotiations with the lessor for renewal of the leases and meanwhile both parties have agreed to extend the leases until December 31, 2020. The Company has determined that the current arrangement qualifies as a short term lease upon adoption of Leases (Topic 842) on January 1, 2019. The short-term lease expense for the year ended December 31, 2019 was $0.5 million (2018: $0.4 million, 2017: $0.4 million).

Schedule of Commitments and Contingencies

As of December 31, 2019, other than the short-term lease obligation of $0.5 million, the Company had no commitments and contingencies.

Litigation

From time to time in the normal course of business, the Company may be involved in formal and informal dispute resolution procedures, which may include arbitration or litigation, the outcomes of which determine the rights and obligations under the Company's reinsurance contracts and other contractual agreements. In some disputes, the Company may seek to enforce its rights under an agreement or to collect funds owing to it. In other matters, the Company may resist attempts by others to collect funds or enforce alleged rights. While the final outcome of legal disputes cannot be predicted with certainty, the Company does not believe that any existing dispute, when finally resolved, will have a material adverse effect on the Company's business, financial condition or operating results.

14. SEGMENT REPORTING

The Company manages its business on the basis of one operating segment, Property & Casualty Reinsurance.

Substantially all of the business is sourced through reinsurance brokers. The following table sets forth the premiums generated through our largest brokers and their subsidiaries and affiliates:

	Year ended December 31					
	2019		2018		2017	
	($ in thousands)					
Guy Carpenter (Marsh)	$ 257,660	54.2%	$ 322,975	63.2%	$ 308,891	48.6%
Trean Re	85,323	17.9	45,446	8.9	54,799	8.6
Aon Benfield	35,581	7.5	36,863	7.2	118,492	18.6
	$ 378,564	79.6%	$ 405,284	79.3%	$ 482,182	75.8%
All others	97,141	20.4	105,397	20.7	153,889	24.2
Total	$ 475,705	100.0%	$ 510,681	100.0%	$ 636,071	100.0%

The following tables provide a breakdown of the Company's gross premiums written by line and class of business, and by geographic area of risks insured for the periods indicated:

Gross Premiums Written by Line of Business
Year ended December 31

	2019		2018		2017	
			($ in thousands)			
Property						
Commercial	$ 16,906	3.6%	$ 11,240	2.2%	$ 12,400	2.0%
Motor	51,956	10.9	65,934	12.9	62,246	9.8
Personal	12,427	2.6	14,145	2.8	49,524	7.8
Total Property	81,289	17.1	91,319	17.9	124,170	19.5
Casualty						
General Liability	6,044	1.3	3,438	0.7	5,467	0.9
Motor	206,005	43.3	249,358	48.8	236,710	37.2
Professional	265	0.1	5,666	1.1	10,801	1.7
Workers' Compensation	50,366	10.6	24,028	4.7	24,770	3.9
Multiline	55,370	11.6	40,965	8.0	111,428	17.5
Total Casualty	318,050	66.9	323,455	63.3	389,176	61.2
Specialty						
Accident & Health	34,540	7.3	69,071	13.5	66,805	10.5
Financial	23,057	4.9	16,612	3.3	48,380	7.6
Marine	2,608	0.6	3,318	0.7	3,874	0.6
Other	16,161	3.4	6,906	1.4	3,665	0.6
Total Specialty	76,366	16.1	95,907	18.8	122,724	19.3
	$ 475,705	100.0%	$ 510,681	100.0%	$ 636,070	100.0%

Gross Premiums Written by Geographic Area of Risks Insured
Year ended December 31

	2019		2018		2017	
			($ in thousands)			
U.S. and Caribbean	$ 394,052	82.8%	$ 453,839	88.9%	$ 551,817	86.8%
Worldwide (1)	80,563	16.9	56,771	11.1	78,423	12.3
Europe	—	—	117	—	5,792	0.9
Asia (2)	1,090	0.2	(46)	—	39	—
	$ 475,705	100.0%	$ 510,681	100.0%	$ 636,071	100.0%

(1) "Worldwide" is composed of contracts that reinsure risks in more than one geographic area and may include risks in the U.S.

(2) The negative balance represents the reversal of premiums due to premium adjustments, termination of contracts or premium returned upon novation or commutation of contracts.