Greenlight Reinsurance Ireland, Designated Activity Company

Reports and Financial Statements

For the financial year ended 31 December 2020

Greenlight Reinsurance Ireland, dac

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Greenlight Reinsurance Ireland, dac

Directors and Other Information

Directors

Bryan Murphy	(Non-Executive Director)
Patrick O'Brien	(Executive Director)
Daniel Roitman (American)	(Non-Executive Director)
Lesley Caslin	(Independent Non-Executive Director)
Michael Brady	(Independent Non-Executive Director)
Neil Greenspan (American)	(Non-Executive Director - effective 04 March 2021)

Company Secretary & Registered Office

Edward Brady
La Touche House
Ground Floor
IFSC
Dublin 1
D01 R5P3

Company Number: 475022

Independent Auditor

Mazars
Chartered Accountants & Statutory Audit Firm
Block 3
Harcourt Centre
Harcourt Road
Dublin 2
D02 A338

Principal Banker

HSBC
Grand Canal Square
Dublin 2
D02 P820

Solicitor

A&L Goodbody
IFSC
North Wall Quay
Dublin 1
D01 H104

Greenlight Reinsurance Ireland, dac

Directors' report

The directors present their report and the audited financial statements of Greenlight Reinsurance Ireland, dac ("the Company") for the financial year ended 31 December 2020.

Principal activity
The principal activity of the Company is the provision of Property and Casualty reinsurance business.

Business review and future developments
Gross premiums written for the year 2020 were $77.5m (2019: $72.5m). The increase in gross premiums written of $4.9m is primarily driven by growth in premium on non-life health and Specialty contracts offset by reduction in the non-standard auto contracts.

The combined ratio has deteriorated in the year primarily driven by losses on the non-life health business and prior year development on a Specialty whole account contract. The underwriting losses were offset by recovery on the inter-company aggregate stop loss contract.

The net investment return of 0.5% for the year 2020 compared to 6.6% for the prior year is mostly driven by investment losses in Quarter 1, 2020 arising from the negative market response to the COVID-19 pandemic.

The Company's 2021 plan reflects significant growth in gross written premium reflecting a material increase in the Company's Funds at Lloyds business to reflect the improving reinsurance market. The Company is optimistic about market opportunities in 2021.

Results and dividends
The results for the year were as follows:

	2020	2019
	US$	US$
(Loss) / Profit before taxation	(2,205,045)	1,432,395
Corporation tax charge *	(423,818)	(644,402)
(Loss) / Profit brought to reserves	(2,628,863)	787,993

*See Note 8

The directors do not recommend the payment of a dividend (2019: nil).

Key Performance Indicators ("KPIs")
The Company monitors the progress of its business by reference to the following KPIs:

	2020	2019
	US$	US$
Gross premiums written	77,454,761	72,525,570
Net premiums written	34,281,483	31,134,870
Earned premiums, net of reinsurance	25,176,026	32,324,389
Loss ratio	85.4%	75.3%
Combined ratio*	109.7%	99.9%
Investment return	0.5%	6.6%

*Excludes corporate expenses or any foreign exchange gain or loss

The Board uses a variety of internal metrics for monitoring the performance of the Company and to evaluate the results against appropriate market benchmarks.

Directors, secretary and their interests

The names of the persons who were directors and secretary at any time during the financial year ended 31 December 2020 are set out below. Unless otherwise indicated they served for the full year.

Bryan Murphy	(Non-Executive Director)
Patrick O'Brien	(Executive Director)
Daniel Roitman (American)	(Non-Executive Director)
Lesley Caslin	(Independent Non-Executive Director)
Michael Brady	(Independent Non-Executive Director)
Tim Courtis (Canadian)	(Non-Executive Director - resigned September 9, 2020)

Mr Neil Greenspan (American) was appointed as an Non-Executive Director to the Company with effect from March 4, 2021.

The beneficial interests of the directors and secretary in the share capital of the parent company Greenlight Capital Re, Ltd (the "Parent") as at 31 December 2020 were as follows:

	Ordinary shares	**Restricted shares subject to forfeiture**
Bryan Murphy	99,722	14,266
Patrick O'Brien	4,976	81,599
Daniel Roitman	325,000	—
Neil Greenspan	—	36,458

Mr. E. Brady's beneficial interests in the Parent comprised of an insignificant number of common shares of the Parent. Ms. Caslin and Mr. M. Brady do not own common shares in the Parent.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with Irish law and regulations. Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with Companies Act 2014 and Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Financial Reporting Standard 103 "Insurance Contracts". Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the statement of comprehensive income of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and statement of comprehensive income of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and the European Union (Insurance and Reinsurance Undertakings: Financial Statements) Regulations 2016 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern
The directors have assessed the going concern impact of various risks on the Company's operations though conducting a rigorous assessment of the potential risk outcomes. These factors have been considered by the directors as part of the Company's annual Own Risk and Solvency Assessment process, with the likely financial impact on profitability and solvency assessed in terms of the going concern basis of preparation of the financial statements.

As at year end the Company's net asset position is $52.8m and a solvency coverage ratio of 204%. By virtue of the strength of its net asset position, the directors have concluded that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of no less than 12 months from the date of approval of these financial statements. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Political donations
The Company did not make any political donations during the year (2019: nil).

COVID-19
The global pandemic related to the novel coronavirus (the "COVID-19 pandemic") is expected to have a significant adverse impact on the property and casualty insurance and reinsurance industry. There remains considerable uncertainty relating to the ultimate losses, which will depend on the extent and duration of global economic contraction. The Company has included in the loss and loss adjustment reserves its best estimate of losses arising from the COVID-19 pandemic as outlined in note 3.6. The Company has limited direct exposure to some of the classes most impacted by the pandemic including event cancellation, business interruption and directors and officers liability. However, the Company has some exposure to these classes via its Funds at Lloyds book, which is reduced by the inuring reinsurance the Syndicates purchase. Accordingly, estimates used in the preparation of the Company's financial statements, primarily those associated with the estimations of loss and loss adjustment expense reserves may be subject to adjustments in future periods

Events since the year end
There are no events since the statement of financial position date to report.

Corporate Governance
The Company is subject to "Corporate Governance Requirements for Insurance Undertakings 2015" (the "Code") but is not deemed to be a "major institution" under the terms of the Code.

Accounting records
The measures taken by the directors to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records are the design and implementation of necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise and the provision of adequate resources to the financial function. The accounting records of the Company are located at La Touche House, Ground Floor, IFSC, Dublin 1, D01 R5P3.

Directors' compliance statement
As required by section 225(2) of the Companies Act 2014, the directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in that legislation). The directors confirm that they have drawn up a compliance policy statement setting out the Company's policies in relation to complying with relevant obligations and have put in place appropriate arrangements and structures that are, in the directors' opinion, designed to secure material compliance with the relevant obligations. These arrangements and structures were reviewed by the directors during the financial year.

Principal risks and uncertainties
The directors consider that the principal risks and uncertainties facing the Company are:

- market risk on financial instruments, including equity price risk, foreign currency risk, interest rate risk and credit risk;
- uncollectibility of loss reserves recoverable;
- risk of a downgrade or withdrawal of the Company's A- (Negative Outlook) rating by A.M. Best rating agency;
- risk of final settlement of losses varying significantly from the reserves estimated by the Company; and
- risk of adverse loss development on the insurance risks assumed.

As outlined in note 20 to the financial statements, various polices, procedure and controls are utilised by the directors and management to manage and mitigate these risks as necessary.

Statement of disclosure of information to auditors

As far as each person who is a director of the Company at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with this report, of which the auditor is unaware. Each director has taken all steps that they are obliged to take as a director in order to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Audit Committee

An Audit Committee has been established by the Company. The purpose of the Audit Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to the external reporting of financial information, the internal control framework and the independence and effectiveness of internal and external audit.

Statutory auditors

The Board appointed Mazars as statutory auditor to the Company on 7 August 2020, for the 2020 financial year end in accordance with the provisions of Section 383 (2) of the Companies Act, 2014.

Michael Brady

Director - Michael Brady

Patrick O' Brien

Director - Patrick O'Brien

31 March 2021

Date

mazars

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREENLIGHT REINSURANCE IRELAND, DAC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Greenlight Reinsurance Ireland, dac ('the Company'), for the year ended 31 December 2020, which comprise the statement of comprehensive income (technical and non-technical account), the statement of financial position, the statement of changes in equity, and the related notes to the financial statements, including the summary of significant accounting policies set out in note 3. The financial reporting framework that has been applied in their preparation is the Companies Act, 2014, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts" issued by the Financial Reporting Council.

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020, and of its loss for the year then ended;
- have been properly prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts"; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority ("IAASA"), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included but were not limited to the following:

- assessed the design and implementation of key controls surrounding the management going concern assessment process;
- reviewed reasonableness of the financial information contained within this assessment;
- evaluated management's future business plans and challenged growth rate assumptions used in forecasting income;
- challenged the underlying key expense assumptions as part of the process, as compared to best practice and industry experience;
- considered other corroborative supporting evidence / analysis to substantiate the conclusions presented in this assessment;
- reviewed the stress scenarios relating to the underlying key assumptions and evaluated the outcome under this exercise;
- determined whether current key events (COVID 19) has been appropriately considered and reflected in the assessment performed by management; and

- ensured that there is sufficiency of disclosures in the financial statements pertaining to the going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest impact on: our audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and, where relevant, key observations arising from those procedures.

Valuation of Loss Reserves	How our audit addressed this key audit matter
The true and fair presentation of the Company's financial position and operating results depends, to a significant degree, on the reasonableness and adequacy of the loss reserves. Due to the complexity of the loss reserve calculations, there is an element of risk arising from the use of incorrect or inappropriate model, data, assumptions and/or judgements by the actuaries. Loss reserves amounted to €72.39m as at 31 December 2020. Refer to the accounting policy in note 3.6 and notes 17 and 20 of the financial statements.	With the assistance of the group auditors and our actuarial specialists, we addressed this risk, through the following procedures: • assessed the design and implementation of the key controls over the reserving process and where applicable tested controls over premiums, claims data and reserving case estimates; • tested a sample of outstanding/known large claims to supporting documentation; • tested the completeness, accuracy and appropriateness of the data used in the calculation of loss reserves; • challenged key actuarial assumptions and evaluated the methodologies used by management; • reviewed the best estimate reserves, both known reserves and incurred but not reported (IBNR), as calculated by the Chief Actuary and management external consultant; • evaluated the adjustments reflected to transition reserves from US GAAP to the local statutory basis; • reviewed the impact of retrocession arrangements on the level of provisions; and • assessed the adequacy and completeness of the relevant disclosures in the financial statements including adherence to the relevant accounting standards. Based on the procedures performed, review of supporting documentation and discussions with management, we conclude that the valuation of technical provisions is reasonable.

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Our application of materiality

We apply the concept of materiality in planning and performing the audit and in evaluating the impact of misstatements, if any. Materiality is an expression of the relative significance or importance of a matter in the context of the financial statements. Misstatements in the financial statements are material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken based on the financial statements.

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	$1,055,682
How we determined it	2% of total equity
Rationale for benchmark applied	In determining our materiality, we have applied professional judgement and considered those financial metrics, which we believed to be relevant, and concluded that total Equity was the most relevant benchmark. In our view, this is a metric against which the Company is commonly measured by its stakeholders
Reporting threshold	We agreed with the Audit Committee that we would report to them misstatements identified during our audit in excess of $31,670 as well as misstatements below that amount that, in our opinion, warranted reporting for qualitative reasons. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the Company, its current economic environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

As an output of this process, we involved our actuarial and IT specialist as part of our engagement team and therefore determined the scope and nature of audit procedures to be performed by us (“engagement team”) and group auditors (“other auditors”). Where the audit procedures were performed by specialists or other auditors, we issued and agreed audit instructions to ensure that appropriate audit evidence was obtained as a basis for our opinion on the financial statements as a whole.

We identified and tested the key controls over the core financial systems identified as part of our risk assessment exercise, including a review of general IT controls with the assistance of other auditors, the accounts production process, and controls addressing critical accounting matters. Based on the audit procedures performed, such as our overall assessment of the control environment, the effectiveness of controls over individual systems, and the management of specific risks, we sought to place reliance on the Company’s internal controls wherever possible.

We undertook substantive testing, on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall effectiveness of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which, to the best of our knowledge and belief are necessary for the purposes of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the requirements of any of Sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company.

We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the statement of directors' responsibilities out on page 3, the directors responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Company on 7 August 2020 to audit the financial statements for the period ending 31 December 2020 and subsequent financial periods.

The non-audit services prohibited by IAASA's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISA (Ireland) 260.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Martina Mahon

Martina Mahon
For and on behalf of Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre, Block 3
Harcourt Road
Dublin 2

Date: 7 April 2021

Greenlight Reinsurance Ireland, dac

Statement of Comprehensive Income: Technical Account - general business for the year ended 31 December 2020

CONTINUING OPERATIONS:	**Notes**	**2020**	**2019**
		US$	
Gross premiums written	**4**	77,454,761	72,525,570
Outward reinsurance premium		(43,173,278)	(41,390,700)
Net premiums written		34,281,483	31,134,870
Change in provision for unearned premium, gross		(16,256,270)	172,209
Change in provision for unearned premium, reinsurers' share		7,150,813	1,017,310
Earned premiums, net of reinsurance		25,176,026	32,324,389
Allocated investment income transferred from the non-technical account		469,823	25,402
Total technical income		25,645,849	32,349,791
Claims paid			
Gross amount		(44,798,766)	(63,779,926)
Reinsurers' share		29,175,916	33,316,796
Change in the provision for claims			
Gross amount		(14,338,020)	10,713,534
Reinsurers' share		8,465,204	(4,578,522)
Claims incurred net of reinsurance		(21,495,666)	(24,328,118)
Net operating expenses	**5**	(6,935,193)	(9,251,188)
Total technical expenses		(28,430,859)	(33,579,306)
BALANCE ON THE TECHNICAL ACCOUNT FOR GENERAL BUSINESS		(2,785,010)	(1,229,515)

Greenlight Reinsurance Ireland, dac

Statement of Comprehensive Income: Non-technical Account for the year ended 31 December 2020

<u>**CONTINUING OPERATIONS:**</u>	**Notes**	**2020**	**2019**
		<u>**US$**</u>	
BALANCE ON THE TECHNICAL ACCOUNT FOR GENERAL BUSINESS		(2,785,010)	(1,229,515)
Net investment income	**16**	1,049,788	2,687,312
Allocated investment income transferred to the technical account		(469,823)	(25,402)
(Loss)/profit on ordinary activities before taxation		(2,205,045)	1,432,395
Income tax charge	**8**	(423,818)	(644,402)
Retained (loss)/profit for the financial year		(2,628,863)	787,993

The Company had no recognised gains or losses other than the (loss)/profit for the above financial year.

The notes on pages 15 to 39 form part of these financial statements.

On behalf of the board

Michael Brady

Director - Michael Brady

Patrick O' Brien

Director - Patrick O'Brien

31 March 2021

Date

Greenlight Reinsurance Ireland, dac

Statement of financial position at 31 December 2020

	Notes	2020	2019
Assets:		**US$**	**US$**
Fixed assets	**15**	15,729	42,694
Financial assets			
Investment in related party investment fund	**11**	15,877,651	10,109,671
Deposits with ceding undertakings		65,122,530	15,690,918
Reinsurers' share of technical provisions			
Unearned premiums ceded	**17**	20,790,602	13,241,695
Loss reserves recoverable	**17**	47,177,402	37,849,014
Debtors			
Debtors arising out of reinsurance operations		51,141,727	26,880,200
Amounts owed by group undertakings		266,546	335,440
Cash at bank and in hand	**13**	4,404,454	5,343,324
Other assets			
Restricted cash and cash equivalents	**14**	28,699,257	27,605,326
Prepayments, general receivables and accrued income		107,570	139,556
Deferred acquisition cost		3,605,973	1,324,712
Deferred tax asset	**8**	500,000	923,819
Total Assets		**237,709,441**	**139,486,369**
Equity and liabilities:			
Capital and reserves			
Called up share capital	**9**	10,000,000	10,000,000
Capital contribution reserve		70,500,000	50,000,000
Share-based payment reserves		1,335,550	984,422
Retained earnings		(29,051,460)	(26,422,597)
Total equity	**10**	52,784,090	34,561,825
Technical Provisions			
Known claims reserves	**17**	21,469,915	23,435,459
IBNR reserves	**17**	50,920,146	33,537,418
Unearned premium reserve	**17**	38,049,223	21,373,034
Total technical provisions		110,439,284	78,345,911
Liabilities			
Accruals and other payables		842,264	955,348
Creditors arising out of reinsurance operations		11,329,820	13,317,474
Amounts due to group undertakings	**19**	2,987,085	507,860
Funds withheld		59,326,898	11,797,951
Total liabilities		184,925,351	104,924,544
Total equity and liabilities		**237,709,441**	**139,486,369**

The notes on pages 15 to 39 form part of these financial statements.

The financial statements were approved and issued for signing on behalf of the board on 31 March 2021.

Michael Brady

Patrick O'Brien

Director - Michael Brady

Director - Patrick O'Brien

Greenlight Reinsurance Ireland, dac

Statement of changes in equity for the year ended 31 December 2020

	Share capital	Capital contribution reserve	Share-based payment reserves	Retained earnings	Total
			US$		
Balance at January 01, 2019	10,000,000	50,000,000	788,763	(27,210,590)	33,578,173
Contributed capital adjustment for share based payments	—	—	195,659	—	195,659
Profit for the financial year	—	—	—	787,993	787,993
Balance at December 31, 2019	10,000,000	50,000,000	984,422	(26,422,597)	34,561,825
Capital contribution	—	20,500,000		—	20,500,000
Contributed capital adjustment for share based payments	—	—	351,128	—	351,128
Loss for the financial year	—	—		(2,628,863)	(2,628,863)
Balance at December 31, 2020	10,000,000	70,500,000	1,335,550	(29,051,460)	52,784,090

The notes on pages 15 to 39 form part of these financial statements.

1. REPORTING ENTITY

Greenlight Reinsurance Ireland, dac., (the "Company") was incorporated as a private limited company (registration number 475022) under the Irish Companies Acts on 7 September 2009 and is a licensed reinsurance entity domiciled in Dublin, Ireland. The registered office of the Company is Ground Floor, La Touche House, IFSC, Dublin 1, D01 R5P3. The Company provides multi-line property and casualty reinsurance.

The Company is a wholly owned subsidiary of Greenlight Capital Re, Ltd., a company resident in the Cayman Islands. The largest and smallest group in which the financial statements of Greenlight Reinsurance Ireland, dac are consolidated is that headed by Greenlight Capital Re, Ltd. The consolidated financial statements of Greenlight Capital Re, Ltd. are publicly available on the website www.greenlightre.com.

2. STATEMENT OF COMPLIANCE

These financial statements for the year ended 31 December 2020 are prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and Financial Reporting Standard 103 "Insurance Contracts" ("FRS 103"). The Company's financial statements have been prepared on a going concern basis.

3. ACCOUNTING POLICIES

The significant accounting policies used in the preparation of the Company's financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

3.1. Basis of preparation

The financial statements are expressed in United States Dollars (US$) to the nearest dollar, which is the Company's functional currency, and have been prepared on a going concern basis under the historical cost convention except for investment in related party investment fund which is measured at fair value and in accordance with FRS 102 and FRS 103 accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland. The Company is also subject to the requirements of the Companies Acts 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulations 2016.

3.2. Significant judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 102 & 103 requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. The estimated and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

Actual results could differ from these estimates.

Certain critical accounting judgements in applying the Company's policies are detailed below.

(a) Loss reserves

The Company establishes reserves for contracts based on estimates of the ultimate cost of all losses including losses incurred but not reported ("IBNR") that are dependent on actuarial judgement and assumptions. These are discussed in more detail in note 3.6.

(b) Estimation of employee bonus

Under the Company's bonus program, an employee’s target bonus generally consists of two components: a discretionary component based on a qualitative assessment of each employee’s performance and a quantitative component based on the Return on Deployed Equity (‘‘RODE”) for each underwriting year relating to reinsurance operations. The qualitative portion of an employee’s annual bonus is accrued at each employee's target amount, which may differ significantly from the actual amount approved and awarded annually. The quantitative portion of each employee’s annual bonus is accrued based on the expected RODE for each underwriting year and adjusted for changes in the expected RODE and actual investment return each quarter until all losses are settled and the underwriting year is declared closed. The quantitative bonus is calculated and paid in annual instalments between three to five years from the end of the fiscal year in which the business was underwritten. Any further changes are incorporated into the following open underwriting year. The expected RODE calculation utilises proprietary models which require significant estimation and judgment. Actual RODE may vary significantly from the expected RODE and any adjustments to the quantitative bonus estimates, which may be material, are recorded in the year in which they are determined.

(c) Premium estimation

The Company estimates the ultimate premiums for the entire contract year. These estimates are based on information received from ceding companies and estimates from actuarial pricing models used by the Company. This is discussed in more detail in note 3.3.

(d) Deferred tax valuation allowance

The Company records a valuation allowance to the extent that the Company considers it more likely than not that all or a portion of the deferred tax asset will not be realised in the future. Other than this valuation allowance, the Company has not taken any income tax positions that are subject to significant uncertainty that is reasonably likely to have a material impact on the Company.

3.3. Revenue recognition

The Company estimates the ultimate premiums for the entire contract year. These estimates are based on information received from ceding companies and estimates from 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 based on cession statements from cedents which typically are received monthly or quarterly depending on 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.

Changes in premium estimates, including premium receivable on both excess of loss and quota share contracts are expected and may result in significant adjustments in any period. These estimates change over time as additional information regarding the underlying business volume is obtained. Any subsequent adjustments arising on such estimates are recorded in the period in which they are determined. A significant portion of amounts included in the caption “Reinsurance balances receivable/payable” in the Company’s statement of financial position 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. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Premiums written are generally recognised as earned over the contract period in proportion to the period of risk covered. Unearned premiums consist of the unexpired portion of reinsurance provided. The unearned premium reserve is treated as a monetary liability under FRS 103 and revalued at the date of the statement of financial position.

Interest income is included in the statements of comprehensive income on an accrual basis.

3.4 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 are expensed over the contract period in proportion to the period of protection. Unearned premiums ceded consist of the unexpired portion of reinsurance obtained.

3.5 Deferred acquisition costs

Policy acquisition costs, such as commission and brokerage costs, relate directly to and vary with the writing of reinsurance contracts. Acquisition costs relating solely to bound contracts are deferred subject to ultimate recoverability and are amortised over the related contract term. The Company evaluates the recoverability of deferred acquisition costs by determining if the sum of future earned premiums and anticipated investment income is greater than the expected future claims and expenses. If a loss is probable on the unexpired portion of policies in force, a premium deficiency loss is recognised. At 31 December 2020 and 2019, the deferred acquisition costs were considered fully recoverable and no premium deficiency loss was recorded. Deferred acquisition costs are treated as a monetary liability under FRS 103 and revalued at the date of the statement of financial position.

3.6. Insurance losses and reserves and recoverables - technical provisions

The Company establishes reserves for contracts based on estimates of the ultimate cost of all losses including losses incurred but not reported (“IBNR”). These estimated ultimate reserves 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 periodically 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. Changes in estimates are reflected in the results of operations in the period in which the estimates are changed. The Company does not discount its loss reserves.

Loss reserves recoverable include the amounts due from retrocessionaires for unpaid loss and loss adjustment expenses on retrocession agreements. Ceded losses incurred but not reported are estimated based on the Company’s actuarial estimates. These estimates are reviewed periodically and adjusted when deemed necessary. The Company may not be able to ultimately recover the losses 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.

Effective December 31, 2020, the Company revised its allocation of loss and loss adjustment expense reserves between case reserves and IBNR on certain contracts. For comparative purposes, amounts in the prior years have been reclassified to conform to the current presentation. These reclassifications, which are incorporated in "Note 17. Technical Provisions", had no impact on the Statement of Comprehensive Income or on the amounts reported in the Company’s consolidated financial statements.

The COVID-19 pandemic is unprecedented. Therefore, the Company does not have previous loss experience on which to base its estimates for loss and loss adjustment expenses related to the COVID-19 pandemic. The determination of the Company's estimate was based on:

- a review of in-force treaties that may provide coverage and incur losses;
- catastrophe and scenario modeling analyses and results shared by cedents;
- preliminary loss estimates received from clients and their analysts and loss adjusters;
- reviews of industry insured loss estimates and market share analyses; and
- management’s judgement.

Significant assumptions on which the Company's estimates of reserves for the COVID-19 pandemic losses and loss adjustment expenses are based include:

- the scope of coverage provided by the underlying policies, particularly those that provide for business interruption coverage;
- the regulatory, legislative or judicial actions and social impact that could influence contract interpretations across the insurance industry;
- the extent of economic contraction caused by the COVID-19 pandemic; and
- the ability of the cedents and insureds to mitigate some or all of their losses.

While the Company believes its estimate of loss and loss adjustment expense reserves for the COVID-19 pandemic is adequate as of December 31, 2020 based on available information, actual losses may ultimately differ materially from the Company's current estimates. The Company will continue to monitor the appropriateness of its assumptions as new information becomes available and will adjust its estimates accordingly. Such adjustments may be material to the Company's results of operations and financial condition.

3.7. Financial instruments

As permitted by FRS 102, the Company has elected to apply the recognition and measurement provisions of International Accounting Standard 39, Financial Instruments: Recognition and Measurement, ("IAS 39") to account for all of its financial instruments. Financial instruments include 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. The Company's financial instruments are recognised on the statement of financial position and measured at fair value through the profit or loss account, and all unrealised gains or losses are included in "Income from investment in related party investment fund" in the statements of comprehensive income in accordance with IAS 39.

Financial assets and liabilities
Financial instruments are recognised initially at fair value of the consideration given (in case of an asset) or received (in the case of a liability). Except for financial instruments at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs.

Financial assets are derecognised when and only when:
a) the contractual rights to the cash flows from the financial asset expire or are settled;
b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Fair value measurement
The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Impairment of financial assets
Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statement of comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counter parties.

3.8. Employee Benefits

(a) Defined contribution pension plans

The Company operates a defined contribution plan for its staff. Under this plan, the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to the employee service in the current or prior periods. The assets of the scheme are held separately from those of the Company in independently administered funds managed by Irish Life. Pension costs are recognised in the statement of comprehensive income in the period in which they are incurred and are disclosed in note 7. Amounts not paid are shown as accruals in the statement of financial position.

(b) Short term employee benefits

Short term employee benefits including annual leave entitlements, annual bonus arrangements, termination payments, health benefits and group stock compensation are recognised as an expense in the statement of comprehensive income in the financial year in which the employees render the related service.

3.9. Fixed Assets

Fixed assets are included in the statement of financial position and are recorded at cost when acquired, less accumulated depreciation. Fixed assets are comprised of furniture and fixtures and leasehold improvements and are depreciated, using the straight-line method, over their estimated useful lives, which is five years for furniture and fixtures. Leasehold improvements are amortised over the lesser of the estimated useful lives of the assets or remaining lease term.

3.10. Taxation and deferred taxation

The income tax benefit represents the sum of the tax currently receivable and deferred tax. Any tax currently payable is provided on taxable profits at current attributable rates.

Deferred tax is calculated on all timing differences that have originated but not reversed as of the date of the statement of financial position where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the statements of financial position date.

Timing differences are temporary differences between profits as computed for tax purposes, and profits as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different years for tax purposes.

Deferred tax liabilities are recognised in full in respect of net unfavourable timing differences. Deferred tax assets in respect of net favourable timing differences, including taxation losses available for carry forward, are recognised only when it is considered more probable than not that there will be suitable taxable profits from which the future reversal of timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the statements of financial position date. Deferred tax is not discounted.

3.11. Foreign exchange

The reporting and functional currency of the Company is the U.S. dollar (US$). 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 statements of financial position date are translated at the exchange rate in effect at the statements of financial position date and translation exchange gains and losses, if any, are included in the statements of comprehensive income. For this purpose, all assets and liabilities arising from insurance contracts (including unearned premium and deferred acquisition costs) are monetary items. Non-monetary assets and liabilities in foreign currencies are measured at historical cost and are not retranslated.

3.12. Provisions and Contingencies

The Company does not hold any general provisions in the statement of financial position. Provisions are recognised when the Company has a legal or constructive obligation as a result of past events, and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

3.13. Operating lease

The Company has leased office space which has been classified as an operating lease. Operating leases are not recognised in the Company's statements of financial position. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives are recognised as an integral part of the total lease expense, over the term of the lease.

3.14. Funds held by cedents

The Company writes certain business on a funds held basis. Under such contractual arrangements, the cedant retains the premiums that would have otherwise been paid to the Company and the Company is credited with investment income on these funds. Additionally, the Company provides collateral in the form of cash and letters of credit to support these transactions. The Company generally earns investment income on the funds held balances based upon prevailing interest rates. However, in certain circumstances, the Company may receive an investment return based upon either the result of a pool of assets held by the cedant, generally used to collateralise the funds held balance, or the investment return earned by the cedant on its entire investment portfolio. In these arrangements, investment returns are included in net investment income in the statement of comprehensive income.

3.15 Cash at bank and in hand

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

3.16 Funds withheld

Funds withheld represents cash collateral and reinsurance balances retained as collateral by the Company on retroceded contracts along with net reinsurance payable in respect of those contracts.

3.17. Disclosure exemptions for qualifying entities under FRS 102

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to:

- (i) disclosing share based payments (FRS 102 sections 26.18(b), 26.19 to 26.21 and 26.23);
- (ii) key management personnel compensation in total (FRS 102 section 33.7A);
- (iii) presentation of a cash flow statement (FRS 102 section 3.17); and
- (iv) disclosing intra group transactions and related party disclosures (FRS 102 section 33.1A).

The consolidated financial statements of the Company's immediate and ultimate parent company Greenlight Capital Re, Ltd

("GLRE") for the year ended 31 December 2020 are available to the public on the Group's website, greenlightre.com, and from its registered office as disclosed in note 24.

4. SEGMENTAL INFORMATION

Analysis of gross premium written by geographic location of cedent

	2020	2019
	US$	US$
(a) in the EEA state where its head office is situated	—	—
(b) in the other EEA states	321,163	1,833,155
(c) in other countries	77,133,598	70,692,415
	77,454,761	72,525,570

Analysis of gross premium written, gross premium earned, gross claims incurred, gross operating expenses and reinsurance balances by class of business.

	Gross premiums written	Gross premium earned	Gross claims incurred	Gross operating expenses	Reinsurance	Net result
Class of Business			**2020 US$**			
Third-party liability,	20,620,403	13,646,636	(13,629,501)	(4,214,101)	3,998,935	(198,031)
Fire and other damage to property,	17,426,862	16,592,635	(12,463,880)	(5,419,792)	2,493,336	1,202,299
Accident and health,	15,529,931	9,355,247	(10,127,942)	(2,817,593)	108,430	(3,481,858)
Marine, aviation and transport,	13,172,628	10,443,742	(12,014,097)	(2,633,223)	4,876,332	672,754
Other	10,704,937	11,160,230	(10,901,366)	(3,218,784)	1,509,923	(1,449,997)
	77,454,761	**61,198,490**	**(59,136,786)**	**(18,303,493)**	**12,986,956**	**(3,254,833)**

	Gross premiums written	Gross premium earned	Gross claims incurred	Gross operating expenses	Reinsurance	Net result
Class of Business			**2019 US$**			
Third-party liability,	5,460,686	5,815,974	(867,432)	(1,300,475)	(2,416,330)	1,231,737
Fire and other damage to property,	13,070,574	7,967,296	(3,407,983)	(3,217,429)	(943,289)	398,595
Accident and health,	5,274,978	2,812,919	(2,187,822)	(935,632)	244,196	(66,339)
Marine, aviation and transport,	7,397,290	5,121,168	(3,100,524)	(1,392,822)	(97,730)	530,092
Other	41,322,042	50,980,422	(43,502,631)	(13,741,200)	2,914,407	(3,349,002)
	72,525,570	**72,697,779**	**(53,066,392)**	**(20,587,558)**	**(298,746)**	**(1,254,917)**

5. NET OPERATING EXPENSES

	2020	2019
	US$	US$
Net acquisition costs	6,643,709	6,044,228
Change in net deferred acquisition costs	(2,293,766)	(399,758)
Administration expenses	2,585,250	3,606,718
	6,935,193	9,251,188

Commission paid amounted to $6,327,443 (2019: $6,018,154).

6. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2020	2019
This is stated after (crediting)/charging:	US$	US$
(Gain) / Loss on foreign currencies	(441,090)	87,644
Operating lease expense	168,020	166,026
Depreciation expense	26,965	26,965
Audit of individual financial statements	46,759	15,175
Audit of Solvency II return	22,844	35,422
Tax consultancy	3,228	1,080
Market value adjustment in value of investments	—	537,107
Directors' remuneration	724,896	786,141

The directors' remuneration disclosed represents the total compensation paid to directors. In accordance with note 3.17, the Company meets the definition of a qualifying entity under FRS 102, and has taken an exemption in relation to disclosing key management personnel compensation in total. The statutory auditor remuneration payable by the Company, excluding VAT, to its auditors, Mazars, (2019: BDO) in respect of the audit of these financial statements and Solvency II return is included above.

7. EMPLOYEE COSTS AND NUMBERS

	2020	2019
	US$	US$
Wages and salaries	1,517,246	1,748,300
Social insurance costs	163,114	183,214
Health benefits	21,116	25,994
Pension benefits	146,533	168,242
Group stock incentive*	351,128	195,659
Life and disability benefit	15,754	17,745
	2,214,891	2,339,154

*Group stock compensation is in the form of restricted share units of the parent.

In accordance with note 3.17, the Company meets the definition of a qualifying entity under FRS 102, and has taken an exemption in relation to disclosing share-based compensation.

The average number of employees for the financial year 2020 was seven (2019: eight).

	2020	2019
Executive	1	1
Underwriting	2	3
Finance and Operations	3	3
Risk and Compliance	1	1
	7	**8**

8. INCOME TAX EXPENSE

(a) Analysis of tax charge

	2020	2019
	US$	US$
Current tax (benefit)/expense	(228,800)	205,929
Deferred tax expense	652,618	438,473
Income tax expense	423,818	644,402

(b) Reconciliation of effective tax rate

	2020	2019
	US$	US$
(Loss)/profit for financial year after tax	(2,628,863)	787,993
Tax expense for the year	423,818	644,402
(Loss)/profit excluding tax	(2,205,045)	1,432,395
Tax using the standard rate of corporation tax in Ireland of 12.5%	(275,631)	179,049
Tax effect on deductible temporary differences	2,628	(2,051)
Tax effect on non-deductible expenses	46,831	26,880
Valuation allowance on deferred tax asset	657,296	435,000
Change in deferred taxes	(7,306)	5,524
Tax charge for the year	423,818	644,402

(c) Deferred tax balances

	2020	2019
	US$	US$
Deferred tax balance, opening	923,819	1,568,236
Accelerated capital allowances and other fixed asset differences	2,628	(2,051)
Tax losses carried forward in current year	(423,818)	(644,402)
Other temporary differences	(2,628)	2,036
Deferred tax balance, closing	500,000	923,819

The deferred tax asset of US$500,000 (2019: US$923,819) relates to timing differences arising on retained losses carried forward to be recoverable against future taxable profits. There were no unrecognised deferred tax liabilities at year end 31 December 2020 and 2019.

At 31 December 2020, the Company had an unrecognised deferred tax asset of $3,257,296 (2019: $2,600,000) in respect of a net operating loss carryforward which can only be offset against future taxable profits. This tax loss has no expiry date.

Deferred tax asset (net)

	2020	2019
	US$	US$
Deferred tax asset (gross)	3,757,296	3,523,818
Accumulated Valuation allowance	(3,257,296)	(2,600,000)
Deferred tax asset (net)	500,000	923,818

9. CALLED UP SHARE CAPITAL

	2020	2019
Authorised	US$	US$
1,000,000,000 Ordinary shares of US$ 0.10 each	100,000,000	100,000,000
Allotted, called up and fully paid		
100,000,000 Ordinary shares of US$ 0.10 each	10,000,000	10,000,000

One ordinary share was issued at US$0.10 on 7 September 2009 (the date of incorporation) and an additional 99,999,999 ordinary shares were subsequently issued on 31 August 2010, also at US$0.10.

10. CAPITAL AND RESERVES

Capital management

The Company's policy is to maximise value for its shareholder by ensuring that the Company's financial resources are allocated efficiently. The Company's capital management tools may include, but are not limited to, capital contribution from parent, retrocession transactions, aggregate stop loss contracts, adverse loss development covers, quota share contracts, and re-allocation of invested assets between cash, fixed income and equity securities. The Company also manages its capital and surplus to satisfy statutory, regulatory and rating agency requirements.

The Company is required to report its capital position under Solvency II, an EU-wide insurance regulatory regime. Solvency II is the capital adequacy regime for the European insurance industry. It has established a revised set of EU-wide capital requirements and risk management standards that came into force on 1 January 2016.

At 31 December 2020, the Company reported Solvency II capital of US$56,724,413 (2019: US$35,622,240) which gives coverage of 204% (2019: 162%) over the solvency capital requirement (SCR). The Company uses the standard formula model to calculate the SCR.

The SCR represents the Value-at-Risk of basic own funds subject to a confidence level of 99.5 % over a one-year period and covers existing business and all new business expected to be written over the next 24 months.

As of 31 December 2020, the Company has been in compliance with the capital requirements required under the Irish Insurance Acts and Regulations throughout the financial year 2020 and 2019.

The Company's capital comprises total equity of US$52,784,090 (2019: US$34,561,825) analysis of which is detailed in the Statement of Changes in Equity.

Capital contribution

During the year ended 31 December 2020, US$351,128 (2019: US$195,659) of the group share based benefit expense was recognised in the Company's equity as capital contribution from the parent.

On November 2, 2020 the Company's parent, Greenlight Capital Re, Ltd., contributed additional capital in the sum of US$20,500,000 into the Company. This was recorded as capital contribution reserve. The capital contributions are irrevocable, non-repayable, unconditional contributions for the Company. The contributions do not represent a loan or otherwise constitute a debt owed by the Company. The Central Bank of Ireland have approved this capital contribution as Tier 1 equity capital under Solvency II.

Reserves

The following table describes the nature and purpose of each reserve within equity:

Reserve	Description and Purpose
Called up share capital	Amount subscribed for share capital at nominal value which remain fully paid up.
Capital contribution reserve	Non-refundable capital introduced by the shareholder of the Company, contributed with no beneficial interest in the debt or equity of the Company.
Retained earnings	All other net gains and losses and transactions attributable to the shareholder of the Company.

11. INVESTMENT IN RELATED PARTY INVESTMENT FUND

At 31 December 2020 the Company has an investment in Solasglas Investments, LP ("SILP"). The net asset value of the investment was US$15,877,651 (2019: US$10,109,671), which represents 7.21% (2019: 3.41%) of the fund's net assets. The Company can redeem its assets for operational purposes by providing three business days' notice. This investment is measured at fair value through the profit and loss.

12. FINANCIAL INSTRUMENTS

	2020	2019
Financial Assets		
Measured at fair value through profit and loss		
Investment in related party investment fund	15,877,651	10,109,671
	15,877,651	**10,109,671**
Measured at undiscounted amount receivable		
Reinsurance balances receivable	51,141,727	26,880,200
Reinsurance balances receivable from related party	266,546	335,440
Funds held by cedants	65,122,530	15,690,918
	116,530,803	**42,906,558**
Measured at cost		
Cash and cash equivalents	4,404,454	5,343,324
	4,404,454	**5,343,324**
Financial Liabilities		
Measured at undiscounted amount payable		
Accruals and other payables	842,264	955,348
Reinsurance balances payable	11,329,820	13,317,474
Due to related party	2,987,085	507,860
Funds withheld	59,326,898	11,797,951
	74,486,067	**26,578,633**

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 categorised based on whether the inputs are observable in the market and the degree that the inputs are observable. The categorisation 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 prioritised 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.

The following table presents the Company's investments, categorised by the level of the fair value hierarchy

	Fair Value Measurements as of 31 December 2020			
Description	**Quoted Prices in Active Markets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
		US$		
Assets:				
Investment in related party investment fund	—	15,877,651	—	15,877,651
Total investments	—	15,877,651	—	15,877,651

	Fair Value Measurements as of 31 December 2019			
Description	**Quoted Prices in Active Markets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
		US$		
Assets:				
Investment in related party investment fund	—	10,109,671	—	10,109,671
Total investments	—	10,109,671	—	10,109,671

13. CASH AT BANK AND IN HAND

	2020	2019
	US$	US$
Cash at bank and in hand	4,404,454	5,343,324

14. RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalent balances are held to collateralise regulatory trusts.

	2020	2019
	US$	US$
Cash held as collateral in trust accounts	28,699,257	27,605,326

15. FIXED ASSETS

The following table provides a reconciliation of the carrying amount of fixed assets for the financial year ended 31 December 2020

	Leasehold improvements	Total
	US$	US$
Cost		
Opening balance at 1 January 2019	269,645	269,645
Additions	—	—
Disposals	—	—
Ending balance at 31 December 2019	269,645	269,645
Opening balance at 1 January 2020	269,645	269,645
Additions	—	—
Disposals	—	—
Ending balance at 31 December 2020	269,645	269,645
Accumulated depreciation		
Opening balance at 1 January 2019	199,986	199,986
Depreciation for the year	26,964	26,964
Ending balance at 31 December 2019	226,950	226,950
Opening balance at 1 January 2020	226,950	226,950
Depreciation for the year	26,966	26,966
Ending balance at 31 December 2020	253,916	253,916
Carrying amounts		
At 31 December 2019	42,695	42,695
At 31 December 2020	15,729	15,729

The Company periodically reviews fixed assets that have finite lives, and that are not held for sale, for impairment by comparing the carrying value of the assets to their estimated future undiscounted cash flows. For the financial year ended 31 December 2020, there were no impairments in fixed assets.

16. INVESTMENT INCOME

A summary of net investment income for the financial years ended 31 December 2020 and 2019 is as follows:

	2020 US$	2019 US$
Income (loss) from investment in related party investment fund	1,087,272	2,630,647
Net interest, dividend and other (expenses)/income	(37,484)	56,665
Market value adjustment	—	537,107
(Loss) on sale of investments	—	(537,107)
Investment income	1,049,788	2,687,312

Investment returns are calculated monthly and compounded to calculate the annual returns. The resulting actual investment income may vary depending on cash flows into or out of the investment account. For the year ended 31 December 2020, investment income, net of all fees and expenses, resulted in a gain of 0.5% on the investment portfolio. This compares to a gain of 6.6% for the year ended 31 December 2019.

17. TECHNICAL PROVISIONS

	Loss reserves	Unearned premiums
	2020 US$	
At start of period	56,972,877	21,373,034
Gross change during the period	14,338,019	16,676,189
Foreign exchange movement	1,079,165	—
At end of period	72,390,061	38,049,223
Reinsurance recoverable	(47,177,402)	(20,790,602)
Net	25,212,659	17,258,621
	2019 US$	
At start of period	67,281,025	21,511,096
Gross change during the period	(10,713,535)	(138,062)
Foreign exchange movement	405,387	—
At end of period	56,972,877	21,373,034
Reinsurance recoverable	(37,849,014)	(13,241,691)
Net	19,123,863	8,131,343

	2020 US$	2019 US$
Known claims reserves	21,469,915	23,435,459
IBNR reserves	50,920,146	33,537,418
Total loss reserves	72,390,061	56,972,877

Uncertainties and contingencies.
The uncertainties arising under insurance contracts are characterised under note 3.3 Revenue recognition and note 3.6 Insurance losses and reserve and recoverables - technical provisions.

Claims development
For the year ended 31 December 2020, net unfavourable loss development on prior year contracts amounted to US$1,970,809 (2019: US$1,250,091 unfavourable) based on updated data received from the cedents and a reassessment in connection with the quarterly reserve analysis conducted by the Company.

18. RETROCESSION

Loss reserves recoverable from the retrocessionaires are recorded as assets. Retrocession contracts do not relieve the Company from its obligations to insureds. Failure of retrocessionaires to honour their obligations could result in losses to the Company. At 31 December 2020, the Company had loss reserves recoverable of US$41,557,067 (2019: US$30,326,395) with an affiliated retrocessionaire rated “A- (Excellent)” by A.M. Best. The Company also had loss reserves recoverable of US$5,615,376 (2019: US$7,522,618) with a non-affiliated retrocessionaire rated “A (Excellent)” by A.M. Best. The Company regularly evaluates the financial condition of its retrocessionaires to assess the ability of the retrocessionaires to honour their obligations. At 31 December 2020 and 2019, no provision for uncollectible losses recoverable was considered necessary.

Aggregate stop loss retrocession agreement

The Company has entered into a retrocession agreement with Greenlight Reinsurance, Ltd, whereby Greenlight Reinsurance, Ltd provides an aggregate stop loss protection to the Company in return for premiums ceded by the Company to Greenlight Reinsurance, Ltd. For the year ended 31 December 2020, the Company ceded US$566,332 (2019: US$713,586) of written premiums to Greenlight Reinsurance, Ltd. During the year ended 31 December 2020, the threshold for coverage was breached which resulted in US$4,943,626 (2019: US$4,307,760) of losses recoverable to the Company from Greenlight Reinsurance, Ltd. The 2020 recovery of US$4,943,626 was offset by a true-up on the 2019 aggregate stop loss contract of US$1,281,548.

19. OTHER RELATED PARTY TRANSACTIONS

The Company undertakes transactions with other group undertakings. Transactions between the Company and other wholly owned subsidiaries Greenlight Capital Re, Ltd are not disclosed as the Company has taken advantage of the exemption under FRS 102 (section 33) not to disclose transactions between two or more members of a group provided that any subsidiary which is a party to the transaction is wholly owned by the ultimate parent undertaking.

20. MANAGEMENT OF INSURANCE AND FINANCIAL RISK MANAGEMENT

INSURANCE RISK

The primary underwriting goal is to build a reinsurance portfolio that maximises profitability, subject to risk and volatility constraints.

The approach to underwriting begins at the class-of-business level. This analysis includes identifying and assessing the structural drivers of risk and emerging loss trends, and understanding the market participants and results, capacity conditions for supply and demand, and other factors. Our underwriting professionals specialise in business lines and our quantitative professionals assist in evaluating all risks we underwrite. Combined with cross-line management, we believe this approach enables us to build and deploy expertise and insight into the business line's risk dynamics and external risk factors that will affect each transaction.

Underwriting risk

The principal risk to which the Company is exposed is underwriting risk, which is the risk that the total cost of claims, claims adjustment expenses and premium acquisition expenses will exceed premiums received and can arise as a result of numerous factors, including reserving risk, catastrophe risk and pricing risk. Failure to accurately assess underwriting risk and establish adequate premium rates and terms and conditions as a result of market cycle fluctuations, competition, macroeconomic trends, and regulatory/legal issues can result in reduced earnings and capital.

The Board sets parameters for aggregate property catastrophic caps and limits for maximum loss potential under any individual contract. The Board must approve any exceptions to the established limits. The Board may amend the maximum underwriting authorities periodically and to align with our capital base. The Board designs our underwriting authorities to ensure the underwriting portfolio is appropriate on a risk-adjusted basis.

Reserving risk

Reserve risk is the risk that claims and claim expense reserves subsequently prove to be insufficient to cover eventual claims. Deterioration in reserves can originate from frequency of claims being more than expected, severity of claims being higher than expected and difference between timing of claims payments versus expected. Reserving risk relates to all business earned at the valuation date. Risk relating to claims on unearned and future business is considered as part of underwriting risk. The reserve adequacy of the Company is monitored through quarterly review of reserves by the Actuarial Function as well as through an annual assessment performed by our Independent Actuary.

Reserves represent an estimate rather than an exact quantification. Although the methods for establishing reserves are well established, many assumptions about anticipated loss emergence patterns are subject to unanticipated fluctuation. We base our estimates on our assessment of facts and circumstances known at the time of the estimate, as well as estimates of future trends in claim severity and frequency, judicial theories of liability, and other factors, including the actions of third parties, which are beyond our control.

Pricing Risk

We write reinsurance in the property and casualty markets, which are subject to pricing cycles. Primary insurers' underwriting results, prevailing general economic and market conditions, liability retention decisions of companies and primary insurers and reinsurance premium rates influence the demand for property and casualty reinsurance. Prevailing prices and available surplus to support assumed business influence reinsurance supply. Supply may fluctuate in response to changes in return on capital realised in the reinsurance industry, the frequency and severity of losses and prevailing general economic and market conditions.

We utilise modelling tools to facilitate our pricing and manage risks in our reinsurance portfolio.

Greenlight Reinsurance Ireland, dac

Notes to the financial statements for the year ended 31 December 2020 - continued
Claims Development Information

Claims developments on all of the coverages are shown below as at 31 December 2020:

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
	US$ Thousands											
Estimate of cumulative gross claims												
At December 2010	58	—	—	—	—	—	—	—	—	—	—	58
At December 2011	14,055	1,057	—	—	—	—	—	—	—	—	—	15,112
At December 2012	20,185	19,196	1,899	—	—	—	—	—	—	—	—	41,281
At December 2013	19,835	26,529	48,981	2,796	—	—	—	—	—	—	—	98,142
At December 2014	19,814	25,995	64,444	30,048	14,592	—	—	—	—	—	—	154,892
At December 2015	19,799	26,112	63,684	33,800	57,206	16,604	—	—	—	—	—	217,205
At December 2016	19,799	25,800	63,136	33,640	63,288	48,697	24,423	—	—	—	—	278,783
At December 2017	19,799	25,831	63,089	32,928	65,909	53,461	70,043	18,598	—	—	—	349,659
At December 2018	19,757	25,817	63,089	32,935	65,854	54,986	74,622	56,390	13,168	—	—	406,617
At December 2019	19,757	25,183	62,762	32,784	63,837	51,847	74,634	43,891	70,462	16,085	—	461,242
At December 2020	19,757	25,272	62,787	32,781	65,445	52,016	76,488	42,207	82,411	39,004	24,068	522,236
Cumulative payments	(19,757)	(25,307)	(62,736)	(32,780)	(63,404)	(48,780)	(70,169)	(39,772)	(64,706)	(17,911)	(4,524)	(449,846)
Reserve at 31 December 2020	—	(34)	51	1	2,041	3,236	6,319	2,434	17,705	21,093	19,544	72,390
Estimate of cumulative reinsurance recoveries												
At December 2010	—	—	—	—	—	—	—	—	—	—	—	—
At December 2011	—	(616)	—	—	—	—	—	—	—	—	—	(616)
At December 2012	—	(2,817)	(381)	—	—	—	—	—	—	—	—	(3,198)
At December 2013	—	(3,349)	(1,542)	(1,205)	—	—	—	—	—	—	—	(6,096)
At December 2014	—	(2,920)	(1,465)	(1,341)	(3,272)	—	—	—	—	—	—	(8,998)
At December 2015	—	(3,072)	(1,423)	(1,405)	(4,886)	(3,056)	—	—	—	—	—	(13,841)
At December 2016	—	(2,877)	(1,199)	(1,390)	(4,406)	(7,870)	(3,338)	—	—	—	—	(21,080)
At December 2017	—	(2,904)	(1,200)	(1,390)	(7,024)	(11,196)	(14,046)	(8,896)	—	—	—	(46,655)
At December 2018	—	(2,892)	(1,199)	(1,390)	(7,348)	(9,769)	(14,634)	(28,335)	(11,495)	—	—	(77,062)
At December 2019	—	(2,386)	(938)	(1,390)	(5,873)	(6,009)	(15,339)	(21,951)	(39,341)	(13,820)	—	(107,047)
At December 2020	—	(2,457)	(968)	(1,390)	(7,152)	(7,193)	(16,764)	(21,108)	(45,357)	(23,695)	(20,089)	(146,173)
Cumulative payments received	—	2,486	941	1,390	5,635	5,386	13,869	19,860	35,164	8,938	5,327	98,995
Reserve at 31 December 2020	—	29	(27)	—	(1,517)	(1,807)	(2,895)	(1,248)	(10,194)	(14,756)	(14,762)	(47,177)
Estimate of cumulative net claims												
At December 2010	58	—	—	—	—	—	—	—	—	—	—	58
At December 2011	14,055	441	—	—	—	—	—	—	—	—	—	14,496
At December 2012	20,185	16,379	1,518	—	—	—	—	—	—	—	—	38,082
At December 2013	19,835	23,181	47,439	1,591	—	—	—	—	—	—	—	92,046
At December 2014	19,814	23,075	62,979	28,707	11,320	—	—	—	—	—	—	145,895
At December 2015	19,799	23,040	62,262	32,395	52,320	13,548	—	—	—	—	—	203,364
At December 2016	19,799	22,923	61,937	32,250	58,882	40,827	21,085	—	—	—	—	257,704
At December 2017	19,799	22,928	61,888	31,538	58,886	42,265	55,997	9,702	—	—	—	303,004
At December 2018	19,757	22,925	61,889	31,545	58,506	45,217	59,988	28,055	1,673	—	—	329,555
At December 2019	19,757	22,798	61,824	31,394	57,964	45,839	59,295	21,940	31,121	2,265	—	354,196
At December 2020	19,757	22,816	61,819	31,391	58,293	44,822	59,724	21,099	37,054	15,310	3,979	376,063
Cumulative net payments	(19,757)	(22,821)	(61,795)	(31,390)	(57,769)	(43,394)	(56,300)	(19,912)	(29,542)	(8,973)	803	(350,850)
Total per statement of financial position	—	(5)	24	1	524	1,429	3,424	1,186	7,511	6,337	4,781	25,213

Regulatory Risk

Regulatory risk is the risk of loss and/ or damage to reputation owing to a breach of regulatory requirements or failure to respond to regulatory change. Solvency II was introduced with effect from January 1, 2016 and governs the prudential regulation of insurers and reinsurers, and requires insurers and reinsurers in Europe to meet risk-based solvency requirements. It also imposes group solvency and governance requirements on groups with insurers and/or reinsurers operating in the European Economic Area. A number of European Commission delegated acts and technical standards have been adopted, which set out more detailed requirements based on the overarching provisions of the Solvency II Directive. However, further delegated acts, technical standards and guidance are likely to be published on an ongoing basis.

The Company complies, in all material respects, with all regulatory requirements at all times and endeavours to build and maintain a positive relationship with the Central Bank of Ireland ("CBI"). The Company is in full compliance with all regulatory requirements and there were no instances of non-compliance in 2020 and 2019.

Current and non-current assets and liabilities

The following table provides an analysis of non-technical assets that include amounts expected to be settled no more than twelve months after the statement of financial position date (current) and more than twelve months after the statement of financial position date (non-current).

		2020	
Assets	**Current**	**Non-current**	**Total**
	US $	**US $**	**US $**
Fixed assets	15,729	—	15,729
Financial assets		—	—
Investment in related party investment fund	15,877,651	—	15,877,651
Deposits with ceding undertakings	65,122,530	—	65,122,530
Debtors		—	—
Debtor arising out reinsurance operations	51,141,727	—	51,141,727
Amounts owned by group undertakings	266,546	—	266,546
Cash at bank and in hand	4,404,454	—	4,404,454
Other assets		—	—
Restricted cash and cash equivalents	28,699,257	—	28,699,257
Prepayments, general receivables and accrued income	107,570	—	107,570
Deferred tax asset	—	500,000	500,000
Total	**165,635,464**	**500,000**	**166,135,464**
Liabilities			
Accruals and other payables	842,264	—	842,264
Creditors arising out of reinsurance operations	11,329,820	—	11,329,820
Amounts due to group undertakings	2,987,085	—	2,987,085
Funds withheld	59,326,898	—	59,326,898
Total	**74,486,067**	**—**	**74,486,067**

		2019	
Assets	**Current**	**Non-current**	**Total**
	US $	**US $**	**US $**
Fixed assets	42,694	—	42,694
Financial assets		—	—
Investment in related party investment fund	10,109,671	—	10,109,671
Deposits with ceding undertakings	15,690,918	—	15,690,918
Debtors		—	—
Debtor arising out reinsurance operations	26,880,200	—	26,880,200
Amounts owned by group undertakings	335,440	—	335,440
Cash at bank and in hand	5,343,324	—	5,343,324
Other assets		—	—
Restricted cash and cash equivalents	27,605,326	—	27,605,326
Prepayments, general receivables and accrued income	139,556	—	139,556
Deferred tax asset	—	923,819	923,819
Total	**86,147,129**	**923,819**	**87,070,948**
Liabilities			
Accruals and other payables	955,348	—	955,348
Creditors arising out of reinsurance operations	13,317,474	—	13,317,474
Amounts due to group undertakings	507,860	—	507,860
Funds withheld	11,797,951	—	11,797,951
Total	**26,578,633**	**—**	**26,578,633**

MARKET RISK

Equity Price Risk

As of 31 December 2020, the Company’s investment portfolio consisted primarily of an investment in SILP, which holds underlying equity securities and equity-based derivative instruments, the carrying values of which are primarily based on quoted market prices. Generally, market prices of common equity securities are subject to fluctuation, which could cause the amount to be realised upon the closing of the position to differ significantly from the current reported value. This risk is partly mitigated by the presence of both long and short equity securities. As of 31 December 2020, a 10% decline in the price of each of these listed equity securities and equity-based derivative instruments would result in a US$873,788 or 1.9% of the Company's investment portfolio.

Computations of the prospective effects of hypothetical equity price changes are based on numerous assumptions, including the maintenance of the existing level and composition of investment securities and should not be relied on as indicative of future results.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in exchange rates and produce an adverse effect of net income and capital when measured in the Company's functional currency. The Company's cash flows and earnings are subject to fluctuations due to exchange rate variations. Foreign currency risk exists by nature of the Company's underwriting and investment strategy. The Company's principal transactions are carried out in US dollars though it has exposure to foreign exchange risk principally with respect to Sterling and Euro.

The Company does not seek to specifically match the liabilities under reinsurance policies that are payable in foreign currencies with investments denominated in such currencies; the Company continually monitors the exposure to potential foreign currency losses and may consider the use of forward foreign currency exchange contracts in an effort to mitigate against adverse foreign currency movements.

The schedule below shows the surplus or deficiency held in each of the main currencies by the Company at the year ended 31 December 2020:

Foreign Currency	**Assets**	**Liabilities and Equity**	**Surplus / (Deficiency)**
	US$	**US$**	**US$**
British Pound	61,947,235	64,772,635	(2,825,400)
Euro	1,702,386	3,189,540	(1,487,154)
United States Dollar	166,853,254	168,637,975	(1,784,721)
Other	7,206,566	1,109,291	6,097,275
Total	237,709,441	237,709,441	—

The schedule below shows the surplus or deficiency held in each of the main currencies by the Company at the year ended 31 December 2019:

Foreign Currency	**Assets**	**Liabilities**	**Surplus / (Deficiency)**
	US$	**US$**	**US$**
British Pound	48,519,314	33,867,551	14,651,763
Euro	5,362,004	4,862,480	499,524
United States Dollar	81,399,621	96,598,124	(15,198,503)
Other	4,205,430	4,158,214	47,216
Total	139,486,369	139,486,369	—

The following table summarises the net impact that a 10% increase and decrease in the value of the United States dollar against foreign currencies would have on the Company as of 31 December 2020:

	10% increase in U.S. dollar	**10% decrease in U.S. dollar**
Foreign Currency	**Impact on SOCI/ Equity**	**Impact on SOCI/ Equity**
	US$	**US$**
British Pound	(282,540)	282,540
Euro	(148,715)	148,715
Other	609,728	(609,728)
Total	178,473	(178,473)

Computations of the prospective effects of hypothetical currency price changes are based on numerous assumptions, including the maintenance of the existing level and composition of investment in securities denominated in foreign currencies and related hedges, and should not be relied on as indicative of future results.

Interest Rate Risk

The investment in SILP includes interest rate sensitive securities, such as corporate and sovereign debt instruments and interest rate swaps. The primary market risk exposure for any debt instrument is interest rate risk. As interest rates rise, the fair value of a long fixed-income portfolio generally falls. Similarly, falling interest rates generally lead to increases in the fair value of fixed-income securities. Additionally, some of the derivative investments may also be sensitive to interest rates and their value may indirectly fluctuate with changes in interest rates.

As of December 31, 2020, a 100 basis points increase or decrease in interest rates would have no meaningful impact on the value of our investment portfolio.

We, along with DME Advisors, monitor the net exposure to interest rate risk and generally do not expect changes in interest rates to have a materially adverse impact on our operations.

Credit Risk

The Company is exposed to credit risk primarily from the possibility that counterparties may default on their obligations to it. The amount of the maximum exposure to credit risk is indicated by the carrying value of the Company's financial assets. The Company is exposed to credit risk from its business partners and clients relating to balances receivable under the reinsurance contracts, including premiums receivable, losses recoverable and commission adjustments recoverable. The Company monitors the financial strength of its counterparties and assesses the collectability of these balances on a regular basis and obtains collateral in the form of funds withheld, trusts and letters of credit from its counterparties to mitigate their credit risk.

In addition, the securities, commodities, and cash in SILP's investment portfolio are held with several prime brokers and derivative counterparties, subjecting SILP, and indirectly us, to the related credit risk from the possibility that one or more of them may default on their obligations. While the Company has no direct control over SILP, DME Advisors closely and regularly monitors the concentration of credit risk with each counterparty and, if necessary, transfers cash or securities between counterparties or requests collateral to diversify and mitigate credit risk. Other than the Company's investment in SILP and the fact that SILP's investments and the majority of cash balances are held by prime brokers, the Company has no other significant concentrations of investment credit risk.

The Company retrocedes a significant portion of its reinsurance liabilities via internal reinsurance to its sister Company, Greenlight Reinsurance Ltd., ("GRL") a wholly owned subsidiary of GLRE, which is rated A- by A.M. Best. The Company closely monitors the financial strength of GRL and while the amount recoverable is material (see Note 18) the Company does not regard the recoverability of reinsurance assets as a material credit risk given the financial strength of the group.

The Company holds cash deposits with HSBC Continental Europe which has a A+ credit rating from Standard and Poor's.

Liquidity Risk

As of 31 December 2020, the majority of the Company's investments in SILP were valued based on quoted prices in active markets for identical assets. Given the Company's value-oriented long and short investment strategy, if equity markets decline, the obligations for covering short positions would also decline. Any reduction in the short portfolio would reduce the need for restricted cash and thereby cash would be freed up to be used for any purpose. Additionally, since the majority of the Company's investments in SILP are liquid, even in distressed markets, the invested assets can be liquidated to generate cash to pay claims, hence mitigating any liquidity risk.

Effects of Inflation

The Company does not believe that inflation has had, or will have, a material effect on its combined results of operations, except insofar as inflation may affect interest rates and the asset values in the Company's investment portfolio.

21. LETTERS OF CREDIT AND TRUSTS

The Company's related company, GRL, issues letters of credit on behalf of the Company under various facilities, for the benefit of the Company's insureds. The collateral pledged as security relating to these letters of credit is also provided by GRL. In the event that the Company's insureds draw upon any letters of credit, the Company shall be obligated to reimburse GRL the amount of the letters of credit drawn by the insured. As of 31 December 2020, US$10,665,499 (2019: US$9,726,587) of letters of credit were issued by GRL on behalf of the Company and no letters of credits were drawn by the Company's insureds for the year ended 31 December 2020.

In addition to the letters of credit, the Company has established regulatory trust arrangements for certain cedents. As of 31 December 2020, collateral of US$28,699,257 (2019: US$27,605,326) was provided to cedents in the form of regulatory trust accounts (see Note 14).

22. COMMITMENTS - OPERATING LEASE

The Company has entered into a lease agreement for office space in Dublin, Ireland. Under the terms of this lease agreement, the Company is committed to minimum annual rent payments denominated in Euros approximating €147,110 per annum until May 2021 and adjusted to the prevailing market rates for each of two subsequent five-year terms. The Company has the option to terminate the lease agreement in 2021. Included in the schedule below are the net minimum lease payment obligations for the next five years relating to this lease as of 31 December 2020.

	2021	**2022**	**2023**	**2024**	**2025**	**Total**
Operating lease obligations	67,481	—	—	—	—	67,481

23. EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no events since the statement of financial position date to report.

24. ULTIMATE PARENT UNDERTAKING

The immediate parent and ultimate parent undertaking is GLRE, a company incorporated in the Cayman Islands. The Group financial statements, for which the Company is a member, are available to the public from the registered office at 65 Market Street, Suite 1207 Jasmine Court, Camana Bay, Grand Cayman KY1-1205, Cayman Islands.

25. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the directors on 31 March 2021.