Financial Statements of

GREENLIGHT REINSURANCE, LTD.

December 31, 2021 and 2020

GREENLIGHT REINSURANCE, LTD.

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Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Greenlight Reinsurance, Ltd., a wholly owned subsidiary of Greenlight Capital Re, Ltd., as of December 31, 2021 and 2020, the related statements of operations, shareholder's equity, and cash flows for each of the three years in the period ended December 31, 2021, and the related notes to the financial statements. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2021**,** in conformity with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Solasglas Investments, LP, an equity method investment of the Company, which statements reflect total assets of $234.7 million at December 31, 2021, (2020-$220.1 million) and total income of $26.0 million for the year then ended (2020-$6.9 million). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Solasglas Investments, LP, is based solely on the report of the other auditors.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Incurred But Not Reported (IBNR) Loss Reserves

As described in Note 1 and Note 7 to the Company's financial statements, the Company's loss and loss adjustment expense reserves were $491.0 million for the year ended December 31, 2021. The total reserve was made up of $182.9 million of case reserves and $308.1 million of IBNR reserves. Case reserves have resulted from claims notified to the Company by its clients. IBNR reserves relate to claims that have been incurred by insureds and reinsureds but have not yet been reported to the insurer or reinsurer, including unknown future developments on amounts already known by the insurer or reinsurer. The calculation of the IBNR reserves requires the Company's reserving actuaries to calculate a best, or "point" estimate of reserves for each contract. To calculate this estimate, a number of different actuarial methodologies and key assumptions are weighted and applied to each individual contract.

We identified the IBNR portion of the Company's loss and loss adjustment expense reserves as a critical audit matter. The Company's actuarial methodologies and key assumptions used to calculate IBNR reserves are highly subjective and can have a significant impact on the loss and loss adjustment expense reserve. Auditing these methodologies and key assumptions used involves a high degree of subjective auditor judgment due to the assessment of risk and nature and extent of specialized skill and knowledge needed to address the risk.

The primary procedures we performed to address this critical audit matter included:

- Testing the design and effectiveness of the controls relating to management's loss reserving process, including:
    - Management's review of the completeness and accuracy of source data provided by cedents.
    - Management's review of internally selected actuarial methodologies and key assumptions used,
    - Management's review of the independent external actuarial report, which includes an independent recommended reserve balance. A comparison is performed between the Company's internal reserves balance and the recommended balance per the independent external actuary.

- Reviewing the development of prior year estimates of IBNR reserves.

- Testing the completeness and accuracy of the source information used by the Company and any additional source information used by BDO's actuarial specialists to calculate the IBNR reserves.

- Utilizing personnel with specialized knowledge and skill in actuarial services to evaluate the reasonableness of the Company's loss and loss adjustment expense reserves by developing an independent estimate and reasonable range of actuarial central estimates based on an alternative combination of methods, assumptions and/or segmentation of the data.

We have served as the Company's auditor since 2006.

BDO

Grand Cayman, Cayman Islands
March 8, 2022

GREENLIGHT REINSURANCE, LTD.
BALANCE SHEETS

December 31, 2021 and 2020
(expressed in thousands of U.S. dollars, except per share and share amounts)

	December 31, 2021	December 31, 2020
Assets		
Investments		
Investment in related party investment fund	$ 171,716	$ 150,857
Other investments	45,520	21,373
Total investments	217,236	172,230
Cash and cash equivalents	45,361	4,318
Restricted cash and cash equivalents	620,240	716,672
Reinsurance balances receivable (net of allowance for expected credit losses of $89 and $89)	326,328	268,354
Loss and loss adjustment expenses recoverable (net of allowance for expected credit losses of $1.3 million and $0.9 million)	11,990	19,135
Deferred acquisition costs	60,147	47,408
Unearned premiums ceded	42	—
Due from parent company	2,902	1,852
Due from affiliate	—	2,987
Other assets	3,858	2,302
Total assets	$ 1,288,104	$ 1,235,258
Liabilities and equity		
Liabilities		
Loss and loss adjustment expense reserves	491,030	466,868
Unearned premium reserves	205,696	183,830
Reinsurance balances payable	76,323	80,093
Funds withheld	3,821	6,780
Other liabilities	5,658	4,024
Due to affiliate	1	—
Total liabilities	782,529	741,595
Shareholder's equity		
Ordinary share capital (par value $0.10; authorized, 10,000; issued and outstanding, 1,001 (2020: 1,001)	—	—
Additional paid-in capital	507,696	511,696
Retained earnings (deficit)	(2,121)	(18,033)
Total shareholder's equity	505,575	493,663
Total liabilities and equity	$ 1,288,104	$ 1,235,258

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

GREENLIGHT REINSURANCE, LTD.
STATEMENTS OF OPERATIONS

For the years ended December 31, 2021, 2020, and 2019
(expressed in thousands of U.S. dollars)

	2021	2020	2019
Revenues			
Gross premiums written	$ 505,583	$ 444,882	$ 475,705
Gross premiums ceded	(64)	(2,582)	(51,814)
Net premiums written	505,519	442,300	423,891
Change in net unearned premium reserves	(21,534)	(13,006)	(5,216)
Net premiums earned	483,985	429,294	418,675
Income (loss) from investment in related party investment fund (net of related party expenses of $5,079, $3,033 and $9,353, respectively)	16,789	3,563	43,945
Net investment income (loss)	17,796	19,001	4,179
Other income (expense), net	(1,002)	1,346	616
Total revenues	517,568	453,204	467,415
Expenses			
Net loss and loss adjustment expenses incurred	335,945	316,181	331,691
Acquisition costs	134,263	104,596	106,714
General and administrative expenses	19,793	19,832	19,836
Deposit interest expense	11,655	—	—
Total expenses	501,656	440,609	458,241
Net income (loss)	$ 15,912	$ 12,595	$ 9,174

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

GREENLIGHT REINSURANCE, LTD.
STATEMENTS OF SHAREHOLDER'S EQUITY

For the years ended December 31, 2021, 2020, and 2019
(expressed in thousands of U.S. dollars)

	2021	2020	2019
Ordinary share capital			
Balance - beginning of period	$ —	$ —	$ —
Change in share capital	—	—	—
Balance - end of period	—	—	—
Additional paid-in capital			
Balance - beginning of period	511,696	551,196	555,129
Additional paid in capital returned	(4,000)	(39,500)	(3,933)
Balance - end of period	507,696	511,696	551,196
Retained earnings (deficit)			
Balance - beginning of period	(18,033)	(30,492)	(39,666)
Cumulative effect of adoption of accounting guidance for expected credit losses at January 1, 2020	—	(136)	—
Net income (loss)	15,912	12,595	9,174
Balance - end of period	(2,121)	(18,033)	(30,492)
Non-controlling interest in joint venture			
Balance - beginning of period	—	—	4,026
Change in non-controlling interest in related party joint venture	—	—	(4,026)
Balance - end of period	—	—	—
Total shareholder's equity	$ 505,575	$ 493,663	$ 520,704

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

GREENLIGHT REINSURANCE, LTD.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2021, 2020, and 2019
(expressed in thousands of U.S. dollars)

	2021	2020	2019
Cash provided by (used in) operating activities			
Net income (loss)	$ 15,912	$ 12,595	$ 9,174
Adjustments to reconcile net income or loss to net cash provided by (used in) operating activities			
Loss (income) from investments in related party investment fund	(16,789)	(3,563)	(43,945)
Net change in unrealized gains and losses on investments and notes receivable	(19,559)	(25,158)	(7,644)
Net realized (gains) losses on investments and notes receivable	—	9,234	13,613
Foreign exchange (gains) losses on investments	38	83	270
Net change in			
Reinsurance balances receivable	(57,974)	(74,920)	63,262
Loss and loss adjustment expenses recoverable	7,145	13,850	18,033
Deferred acquisition costs	(12,739)	933	(2,859)
Unearned premiums ceded	(42)	—	31,591
Due from parent company	(1,050)	(1,852)	7,619
Due from affiliate	2,987	2,689	361
Other assets, excluding depreciation	(1,556)	(1,462)	107
Loss and loss adjustment expense reserves	24,162	21,426	(5,092)
Unearned premium reserves	21,866	13,402	(26,360)
Reinsurance balances payable	(3,770)	(27,598)	(19,554)
Funds withheld	(2,959)	(5,692)	(21,112)
Other liabilities	1,634	34	(177)
Due to parent company	—	(8,200)	8,200
Due to affiliate	1	—	—
Net cash provided by (used in) operating activities	(42,693)	(74,199)	25,487
Investing activities			
Proceeds from redemptions from related party investment fund	110,535	142,747	100,060
Contributions to related party investment fund	(114,605)	(60,094)	(34,321)
Purchases of investments	(4,626)	(2,994)	(4,702)
Change in due to related party investment fund	—	—	(9,263)
Change in notes receivable	—	20,211	(10,602)
Non-controlling interest withdrawal from related party joint venture, net	—	—	(3,127)
Net cash provided by (used in) investing activities	(8,696)	99,870	38,045
Financing activities			
Additional paid-in capital (returned) received	(4,000)	(39,500)	(3,933)
Net cash provided by (used in) financing activities	(4,000)	(39,500)	(3,933)
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	—	(122)	(290)
Net increase (decrease) in cash, cash equivalents and restricted cash	(55,389)	(13,951)	59,309
Cash, cash equivalents and restricted cash at beginning of the period	720,990	734,941	675,632
Cash, cash equivalents and restricted cash at end of the period	$ 665,601	$ 720,990	$ 734,941
Supplementary information			
Non-cash transfer of investments	$ —	$ —	$ 36,673

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

1. ORGANIZATION AND BASIS OF PRESENTATION

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

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

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Significant estimates used in the preparation of the Company’s financial statements including those associated with premiums and the estimations of loss and loss adjustment expense reserves, including losses arising from the novel coronavirus (the “COVID-19 pandemic”), may be subject to significant adjustments in future periods. (See Note 7 for the significant assumptions that served as the basis for the Company's reserve estimates for the COVID-19 pandemic).

Management has evaluated subsequent events through March 8, 2022, the date these financial statements were available to be issued.

2. SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. The significant estimates reflected in the Company’s financial statements include, but are not limited to, loss and loss adjustment expense reserves, premiums written, earned and receivable, variability underlying risk transfer assessments, allowances for credit losses, share-based compensation, valuation allowances associated with deferred tax assets and investment impairments.

Cash and Cash Equivalents

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

Restricted Cash and Restricted Cash Equivalents

The Company maintains cash and cash equivalent balances to collateralize regulatory trusts and letters of credit issued to cedents (see Notes 6 and 13).

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

	December 31, 2021	December 31, 2020
	($ in thousands)	
Cash and cash equivalents	$ 45,361	$ 4,318
Restricted cash and cash equivalents	620,240	716,672
Total cash, cash equivalents, and restricted cash presented in the statements of cash flows	$ 665,601	$ 720,990

Premium Revenue Recognition

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

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

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

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

Funds Held by Cedents

The caption "Reinsurance balances receivable" in the Company's balance sheets includes amounts held by cedents. Such amounts include premiums and funds held at Lloyd's, which is held in trust at Lloyd's as security for members' underwriting activities. At December 31, 2021, funds held by cedents were $156.1 million (December 31, 2020: $56.4 million).

Reinsurance Premiums Ceded

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

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

Acquisition Costs

Policy acquisition costs vary with, and are directly related to, the successful production of new and renewal business, and consist principally of commissions, taxes and brokerage expenses. The Company presents acquisition costs incurred on reinsurance assumed net of commissions earned on reinsurance ceded. However, if the sum of a contract's expected losses and loss expenses and deferred acquisition costs exceeds associated unearned premiums and expected investment income, a premium deficiency is determined to exist. In this event, the Company writes off deferred acquisition costs to the extent necessary to eliminate the premium deficiency. If the premium deficiency exceeds deferred acquisition costs the Company accrues a liability for the excess deficiency. The Company did not recognize any premium deficiency adjustments during the periods presented.

Policy acquisition costs also include profit commissions, which the Company recognized on a basis consistent with its estimate of losses and loss expenses. At December 31, 2021, $3.1 million of profit commission reserves were recoverable, net of profit commissions payable (December 31, 2020: $10.7 million). For the year ended December 31, 2021, net profit commission expense (income) of $8.5 million (2020: $(7.8) million, 2019: $6.7 million) was included in the caption "Acquisition costs" in the Company's statements of operations.

Funds Withheld

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

Loss and Loss Adjustment Expense Reserves and Recoverable

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

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

The Company estimates these reserves based on reports from ceding companies, industry data and historical experience analyzed using standard actuarial and statistical techniques.

The analysis performed includes an assessment of currently available data, predictions of future developments, estimates of future trends and other factors. These estimates are reviewed by the Company's reserving committee at least quarterly and adjusted as necessary.

The final settlement of losses may vary, perhaps materially, from the reserves recorded. The Company recognizes all adjustments to the estimates in the period they are determined. U.S. GAAP does not permit establishing loss reserves, which include case reserves and IBNR loss reserves, until the occurrence of an event that may give rise to a claim. As a result, only loss reserves applicable to losses incurred up to the reporting date are established, with no allowance for the establishment of loss reserves to account for expected future loss events.

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

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

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

Generally, the Company obtains regular updates of premium and loss related information for the current and historical periods, and utilizes them to update the initially expected loss ratio. There may be a lag between (i) claims being reported by the underlying insured to the Company's cedent and (ii) claims being reported by the Company's cedent to the Company. This lag may impact the Company's loss reserve estimates. Client reports have pre-determined due dates (for example, fifteen days after each month end). The timing of the reporting requirements is designed so that the Company receives premium and loss information as soon as practicable once the client has closed its books. Accordingly, there should be a short lag in such reporting. Additionally, most of the contracts that have the potential for large single event losses have provisions that such loss notifications are provided to the Company immediately upon the occurrence of an event.

Once the updated information is received, the Company uses various standard actuarial methods for its analysis each quarter. Such methods typically include the following:

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

In addition, the Company may supplement its analysis with other reserving methodologies that it deems relevant to specific contracts.

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

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

Additionally, an independent third-party actuarial firm performs a quarterly reserve review and annually opines on the reasonableness and adequacy of the aggregate loss reserves. The Company provides the third-party actuarial firm with its pricing models, reserving analysis and other data. Additionally, the actuarial firm may inquire as to the various assumptions and estimates used in the reserving analysis. The actuarial firm independently creates its own reserving models based on industry loss information, augmented by client-specific loss information and independent assumptions and estimates. Based on various reserving methodologies that the actuarial firm considers appropriate, it creates a loss reserve estimate for each segment in the portfolio. It recommends an aggregate loss reserve, including IBNR. In the event of material differences between the

Company's aggregated booked reserves and the actuarial firm's recommended reserves, the reserving committee and Audit Committee would be notified, with the reserves adjusted as deemed appropriate. To date, there have been no material differences resulting from the external actuary's reviews requiring adjustments to the Company's booked reserves.

The Company does not typically experience significant claims processing backlogs, although such backlogs may occur following a major catastrophic event. At December 31, 2021 and 2020, the Company did not have a significant backlog in our claims processing.

There were no significant changes in the actuarial methodology or assumptions relating to the Company's loss and loss adjustment expense reserves during the years ended December 31, 2021 and 2020.

Reinsurance Assets

The Company calculates an allowance for expected credit losses for its reinsurance balances receivable and loss and loss adjustment expenses recoverable by applying a Probability of Default ("PD") / Loss Given Default ("LGD") model. The PD / LGD approach considers the Company's collectibility history on its reinsurance assets and representative external loss history. In calculating the probability of default, the Company also considers the estimated duration of its reinsurance assets.

The Company evaluates each counterparty's creditworthiness based on credit ratings that independent agencies assign to the counterparty. The Company manages its credit risk in its reinsurance assets by transacting only with insurers and reinsurers that it considers financially sound. Credit ratings of the counterparties are forward-looking and consider a variety of economic scenarios. The Company's evaluation of the required allowance for reinsurance balances receivable and loss and loss adjustment expenses recoverable considers the current economic environment as well as macroeconomic outcomes.

For its retrocessional counterparties that are unrated, the Company may hold collateral in the form of funds withheld, trust accounts, or irrevocable letters of credit. In evaluating credit risk associated with reinsurance balances receivable, the Company considers its right to offset loss obligations against premiums receivable. The Company regularly evaluates its net credit exposure to assess the ability of cedents and retrocessionaires to honor their respective obligations.

At December 31, 2021, the Company has recorded an allowance for expected credit loss on its Reinsurance Assets of $1.4 million (December 31, 2020: $1.0 million).

Deposit Assets and Liabilities

The Company applies deposit accounting to reinsurance contracts that do not transfer sufficient insurance risk to merit reinsurance accounting. Under deposit accounting, the Company recognizes an asset or liability based on its paid or received consideration. The deposit asset or liability balance is subsequently adjusted using the interest method with the corresponding income and expense recorded in the Company's statements of operations under the captions "Other income (expense)" and "Deposit interest expense", respectively. The Company records deposit assets and liabilities in its balance sheets in the caption "Reinsurance balances receivable" and "Reinsurance balances payable," respectively. At December 31, 2021, deposit assets and deposit liabilities were nil and $18.7 million, respectively (December 31, 2020: nil and $30.8 million, respectively).

For the years ended December 31, 2021, 2020, and 2019, the interest income and (expense) on deposit accounted contracts were as follows:

	2021	2020	2019
		($ in thousands)	
Deposit interest income	$ —	$ 1,434	$ 1,583
Deposit interest expense	(11,655)	—	—
Deposit interest income (expense), net	$ (11,655)	$ 1,434	$ 1,583

Equity Method Accounted Investments

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

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

Variable Interest Entities

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

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

Financial Instruments

The Company purchases "other investments", which may include investments in private and unlisted equity securities, limited partnerships and commodities. Private investments and unlisted equities include securities that do not have readily determinable fair values. The carrying values of these holdings are determined based on their original cost minus impairment, if any, plus or minus changes resulting from observable price changes.

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

The Company records interest income and interest expense on an accrual basis.

Foreign Exchange

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

Derivative instruments

The Company recognizes derivative financial instruments in the balance sheets at their fair values. It includes any realized gains and losses and changes in unrealized gains and losses in the caption "Net investment income (loss)" in the statements of operations.

The Company's derivatives do not qualify as hedges for financial reporting purposes. The Company records the associated assets and liabilities in its balance sheets on a gross basis. The Company does not offset these balances against collateral pledged or received.

Other Assets

The caption "Other assets" in the Company's balance sheets consists primarily of prepaid expenses, fixed assets, right-of-use lease assets and other receivables.

Other Liabilities

The caption "Other liabilities" in the Company's balance sheets consists primarily of accruals for legal and other professional fees, employee bonuses and lease liabilities.

Comprehensive Income (Loss)

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

Taxation

Under current Cayman Islands law, no corporate entity, including the Company, is obligated to pay taxes in the Cayman Islands on either income or capital gains. The Company has an undertaking from the Governor-in-Cabinet of the Cayman Islands, pursuant to the provisions of the Tax Concessions Act, as amended, that, in the event that the Cayman Islands enacts any legislation that imposes tax on profits, income, gains or appreciations, or any tax in the nature of estate duty or inheritance tax, such tax will not be applicable to the Company before February 1, 2025.

Segment Information

The Company has one operating segment, Property and Casualty Reinsurance.

Recent Accounting Pronouncements

Recently Issued Accounting Standards Adopted

In January 2020, the FASB issued ASU No. 2020-01, Investments - Equity Securities (Topic 321), Investments - Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) - Clarifying the Interactions between Topic 321, Topic 323, and Topic 815 (a consensus of the Emerging Issues Task Force) ("ASU 2020-01"). ASU 2020-01 clarifies interactions between the accounting guidance for (i) certain equity securities under Topic 321, (ii) investments under the equity method of accounting in Topic 323, and (iii) certain derivative instruments in Topic 815. ASU 2020-01 is effective for public business entities for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The adoption of ASU 2020-01 during the first quarter of 2021 had no material impact on the Company's financial statements.

Recently Issued Accounting Standards Not Yet Adopted

A number of new standards and amendments to existing standards have been published by the FASB that are not yet effective and have not been early adopted by the Company. The Company does not consider these new standards and amendments to have a material impact on the Company's financial statements.

3. INVESTMENT IN RELATED PARTY INVESTMENT FUND

On September 1, 2018, the Company entered into an amended and restated exempted limited partnership agreement (as amended by the letter agreement dated as of August 5, 2020, the "Previous SILP LPA") of Solasglas Investments, LP ("SILP"), with DME Advisors II, LLC ("DME II"), as General Partner, and GRIL, (together the "GLRE Limited Partners"), and the initial limited partner (each, a "Partner"). On September 1, 2018, SILP also entered into a SILP investment advisory agreement ("IAA") with DME Advisors, LP ("DME Advisors") pursuant to which DME Advisors is the investment manager for SILP. DME II and DME Advisors are related to the Company, and each is an affiliate of David Einhorn, Chairman of the Company's Board of Directors.

On January 7, 2021, the Company and DME II entered into the Second Amended and Restated Exempted Limited Partnership Agreement, effective as of January 1, 2021 (the "SILP LPA"). The SILP LPA amends, restates, supersedes, and incorporates all material terms of the Previous SILP LPA, as amended as of February 26, 2019, and the letter agreements dated June 18, 2019, December 27, 2019, and August 5, 2020 (collectively, the "Amendments"). The SILP LPA also amended the definition of "Additional Investment Ratio" and each of the defined terms "Greenlight Re Surplus" and "GRIL Surplus" to clarify that each of the respectively referenced "financial statements" are "U.S. GAAP financial statements." In addition, the SILP LPA included the following provision: "The Investment Portfolio of each Partner will not exceed the product of (a) such Partner's surplus (Greenlight Re Surplus or GRIL Surplus, as the case may be) multiplied by (b) the Investment Cap (50%), and the General Partner will designate any portion of a Partner's Investment Portfolio as Designated Securities to effectuate such limit". The SILP LPA also amended the investment guidelines to reflect the amended investment guidelines adopted by the Company's Board of Directors effective as of January 1, 2021.

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

- DME II serves as SILP's general partner and has the power of appointing the investment manager. The Company does not have the power to appoint, change or replace the investment manager or the general partner except "for cause." Neither of the GLRE Limited Partners can participate in the investment decisions of SILP as long as SILP adheres to the investment guidelines provided within the SILP LPA. For these reasons, the GLRE Limited Partners are not considered to have substantive participating rights or kick-out rights.

- DME II holds an interest in excess of 10% of SILP's net assets, which the Company considers to represent an obligation to absorb losses and a right to receive benefits of SILP that are significant to SILP.

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

The Company's maximum exposure to loss relating to SILP is limited to the net asset value of the Company's investment in SILP. At December 31, 2021, the net asset value of the Company's investment in SILP was $171.7 million (December 31, 2020: $150.9 million), representing 73.2% (December 31, 2020: 68.5%) of SILP's total net assets. DME II and GRIL held the remaining 26.8% (December 31, 2020: 31.5%) of SILP's total net assets. The investment in SILP is recorded at the Company's share of the net asset value of SILP as reported by SILP's third-party administrator. The Company can redeem its assets from SILP for operational purposes by providing three business days' notice to DME II. At December 31, 2021, the majority of SILP's long investments were composed of cash and publicly-traded equity securities, which could be readily liquidated to meet the Company's redemption requests.

The Company's share of the change in the net asset value of SILP for the years ended December 31, 2021, 2020, and 2019 was $16.8 million, $3.6 million, and $43.9 million, respectively, and shown in the caption "Income (loss) from investment in related party investment fund" in the Company's statements of operations. The change in the net asset value of SILP for the year ended December 31, 2021, was primarily driven by withdrawals made by the Company for paying claims and posting collateral to reinsurance clients.

At December 31, 2021, the Company's investments in SILP was in excess of 10% of the Company's total shareholder's equity, with a fair value of $171.7 million (December 31, 2020: $150.9 million) representing 34.0% (December 31, 2020: 30.6%) of total shareholder's equity.

The summarized financial statements of SILP are presented below.

Summarized Statement of Assets and Liabilities of Solasglas Investments, LP

	December 31, 2021	December 31, 2020
	($ in thousands)	
Assets		
Investments, at fair value	$ 297,937	$ 272,398
Derivative contracts, at fair value	2,542	1,450
Due from brokers	84,775	92,053
Interest and dividends receivable	28	59
Total assets	385,282	365,960
Liabilities and partners' capital		
Liabilities		
Investments sold short, at fair value	(132,360)	(131,902)
Derivative contracts, at fair value	(7,253)	(4,156)
Capital withdrawals payable	(10,000)	—
Due to brokers	—	(9,179)
Interest and dividends payable	(580)	(429)
Other liabilities	(358)	(175)
Total liabilities	(150,551)	(145,841)
Net Assets	**$ 234,731**	**$ 220,119**
The Company's share of Net Assets	**$ 171,716**	**$ 150,857**

Summarized Statement of Operations of Solasglas Investments, LP

	Year ended December 31		
	2021	2020	2019
		($ in thousands)	
Investment income			
Dividend income (net of withholding taxes)	$ 641	$ 1,365	$ 3,179
Interest income	228	654	3,884
Total Investment income	869	2,019	7,063
Expenses			
Management fee	(3,492)	(2,808)	(4,893)
Interest	(1,055)	(798)	(2,408)
Dividends	(1,147)	(861)	(1,670)
Professional fees and other	(1,221)	(949)	(1,141)
Total expenses	(6,915)	(5,416)	(10,112)
Net investment income (loss)	(6,046)	(3,397)	(3,049)
Realized and change in unrealized gains (losses)			
Net realized gain (loss)	(3,420)	(61,616)	34,539
Net change in unrealized appreciation (depreciation)	35,482	71,948	28,515
Net gain (loss) on investment transactions	32,062	10,332	63,054
Net income (loss)	$ 26,016	$ 6,935	$ 60,005
The Company's share of net income (loss) [(1)]	**$ 16,789**	**$ 3,563**	**$ 43,945**

[1] Net income (loss) is net of management fees and performance allocation presented below:

	Year ended December 31		
	2021	2020	2019
		($ in thousands)	
Management fees	$ 3,214	$ 2,684	$ 4,601
Performance allocation	1,865	349	4,752
Total	$ 5,079	$ 3,033	$ 9,353

See Note 12 for further details on management fees and performance allocation.

4. FINANCIAL INSTRUMENTS

Purchases and sales of financial instruments are disclosed in the Company's statements of cash flows. The following table summarizes the change in unrealized gains and losses and the realized gains and losses on financial instruments included in the caption "Net investment income (loss)" in the Company's statements of operations for the years ended December 31, 2021, 2020, and 2019:

	2021	2020	2019
		($ in thousands)	
Gross realized gains	$ —	$ 5,766	$ —
Gross realized losses	—	(15,000)	(13,613)
Net realized gains (losses)	$ —	$ (9,234)	$ (13,613)
Change in unrealized gains and losses	$ 19,559	$ 25,158	$ 7,644

Investments

Other Investments

The Company's "Other investments" are composed of the following:

- Private investments and unlisted equities, which consist primarily of Innovations-related investments supporting technology innovators in the (re)insurance market; and
- Derivative financial instruments associated with the Company's Innovations investments.

At December 31, 2021, the Company included the following securities in the caption "Other investments":

	Cost	Unrealized gains	Unrealized losses	Fair value / carrying value
		($ in thousands)		
Private investments and unlisted equities	$ 15,541	$ 31,444	$ (1,800)	$ 45,185
Derivative financial instruments (not designated as hedging instruments)	—	335	—	335
Total other investments	$ 15,541	$ 31,779	$ (1,800)	$ 45,520

At December 31, 2020, the Company included the following securities in the caption "Other investments":

	Cost	Unrealized gains	Unrealized losses	Fair value / carrying value
		($ in thousands)		
Private investments and unlisted equities	$ 10,914	$ 10,679	$ (1,300)	$ 20,293
Derivative financial instruments (not designated as hedging instruments)	—	1,080	—	1,080
Total other investments	$ 10,914	$ 11,759	$ (1,300)	$ 21,373

The Company's derivative financial instruments are composed of warrants granting the Company the right, but not the obligation, to purchase shares at a specified price on or before the maturity date. The Company has not designated any of its derivative financial instruments as hedging instruments. The Company's maximum exposure to loss relating to these warrants is limited to the warrants' carrying amount.

Private investments and unlisted equity securities without readily determinable fair values

The Company measures its private investments and unlisted equity securities without readily determinable fair values at cost less impairment (if any), plus or minus observable price changes from identical or similar investments of the same issuers (the "measurement alternative"), with such changes recognized in the caption "Net investment income (loss)" in the statements of operations. The Company considers the need for impairment on a by-investment basis, based on certain indicators. Under the measurement alternative, the Company makes two types of valuation adjustments:

- When the Company observes an orderly transaction of an investee's identical or similar equity securities, the Company adjusts the carrying value based on the observable price as of the transaction date. Once the Company records such an adjustment, the investment is considered an "asset measured at fair value on a nonrecurring basis."
- If the Company determines that the investment is impaired, and the fair value is less than its carrying value, it writes down the investment to its fair value.

The following table presents the carrying values of the private investments and unlisted equity securities carried under the measurement alternative at December 31, 2021, 2020, and 2019, and the related adjustments recorded during the years then ended.

	Year ended December 31		
	2021	2020	2019
		($ in thousands)	
Carrying value [1]	$ 45,185	$ 20,293	$ 8,182
Upward carrying value changes [2]	$ 20,814	$ 10,576	$ —
Downward carrying value changes and impairment [3]	$ (500)	$ (1,300)	$ —

[1] The period-end carrying values reflect cumulative purchases and sales in addition to upward and downward carrying value changes.
[2] The cumulative upward carrying value changes from inception to December 31, 2021, were $31.4 million.
[3] The cumulative downward carrying value changes and impairments from inception to December 31, 2021, were $1.8 million.

Fair Value Hierarchy

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

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

Assets measured at fair value on a nonrecurring basis

At December 31, 2021, and 2020, the Company held $40.5 million and $16.5 million, respectively, of private investments and unlisted equities measured at fair value on a nonrecurring basis. The Company classifies these assets as Level 3 within the fair value hierarchy due to their illiquidity.

<u>Derivative instruments</u>

The Company values its derivative instruments using the Black-Scholes option pricing model based on Level 3 inputs. The Company uses the carrying value of the underlying stock as an input in the option pricing model. The underlying stock does not have a readily determinable fair value. Its carrying value is determined based on its original cost minus impairment, if any, plus or minus changes resulting from observable price changes. The other assumptions applied to the option pricing model include a risk-free rate of 0.50% and estimated volatility of 50%. The carrying value of the derivative instruments represents the fair value.

For the derivative instruments valued on the basis of Level 3 inputs, the Company includes any change in unrealized gains or losses in the caption "Net investment income (loss)" in the statements of operations.

At December 31, 2021 and 2020, the Company did not carry any other investments at fair value with an assigned Level within the fair value hierarchy. The Company's investment in the related party investment fund is measured at fair value using the net asset value practical expedient. It is therefore not classified within the fair value hierarchy. (See Note 3 for further details on the related party investment fund.)

5. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents at December 31, 2021, and 2020 were composed of cash at banks.

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

6. RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS

Restricted cash and restricted cash equivalents include amounts held by the Company but pledged as security to provide collateral required by the cedents in the form of trust accounts and letters of credit (see Note 13). At December 31, 2021, and 2020, the restricted cash and cash equivalents were composed of the following:

	December 31, 2021	December 31, 2020
	($ in thousands)	
Cash held as collateral in trust accounts	$ 482,595	$ 579,052
Cash collateral relating to letters of credit issued	137,645	137,620
Total restricted cash and restricted cash equivalents	$ 620,240	$ 716,672

7. LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES

At December 31, 2021, the Company's loss and loss adjustment expense reserves included estimated amounts for several catastrophe events. For significant catastrophe events including, but not limited to, hurricanes, tornados, typhoons, floods, earthquakes, wildfires, and pandemics, loss reserves are generally established based on loss payments and case reserves reported by clients when, and if, received. To establish IBNR loss estimates, the Company makes use of, among other things, the following:

- estimates communicated by ceding companies;
- information received from clients, brokers and loss adjusters;
- an understanding of the underlying business written and its exposures to catastrophe event-related losses;
- industry data;
- catastrophe scenario modeling software; and
- management's judgment.

The COVID-19 pandemic is unprecedented, and the Company does not have previous loss experience on which to base the associated estimate for loss and loss adjustment expenses. The Company based its estimate on the following:

- 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 judgment.

Significant assumptions which served as the basis for the Company's estimates of reserves for the COVID-19 pandemic losses and loss adjustment expenses include:

- the scope of coverage provided by the underlying policies, particularly those that provide for business interruption coverage;
- the regulatory, legislative, and judicial actions that could influence contract interpretations across the insurance industry;

- the extent of economic contraction caused by the COVID-19 pandemic and associated measures, particularly in the United States; and
- the ability of the cedents and insured 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, 2021, 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.

The Company made no significant changes in the actuarial methodology or reserving process related to its loss and loss adjustment expense reserves for the years ended December 31, 2021 and 2020.

At December 31, 2021 and 2020, loss and loss adjustment expense reserves were composed of the following:

	December 31, 2021	December 31, 2020
	($ in thousands)	
Case reserves	$ 182,886	$ 166,934
IBNR	308,144	299,934
Total	$ 491,030	$ 466,868

A summary of changes in outstanding loss and loss adjustment expense reserves for all lines of business for the years ended December 31, 2021, 2020, and 2019 is as follows:

	2021	2020	2019
		($ in thousands)	
Gross balance at January 1	$ 466,868	$ 445,442	$ 450,534
Less: Losses recoverable	(19,135)	(33,032)	(51,065)
Net balance at January 1	447,733	412,410	399,469
Incurred losses related to:			
Current year	343,418	313,694	303,494
Prior years	(7,473)	2,487	28,197
Total incurred	335,945	316,181	331,691
Paid losses related to:			
Current year	(127,155)	(97,796)	(114,096)
Prior years	(176,475)	(185,384)	(205,914)
Total paid	(303,630)	(283,180)	(320,010)
Foreign currency revaluation	(1,008)	2,322	1,260
Net balance at December 31	479,040	447,733	412,410
Add: Losses recoverable	11,990	19,135	33,032
Gross balance at December 31	$ 491,030	$ 466,868	$ 445,442

Loss development

Year ended December 31, 2021

During the year ended December 31, 2021, the Company experienced $7.5 million in net favorable development on prior year loss and LAE reserves. This net favorable development resulted primarily from the following:

Favorable developments:

- $11.7 million of favorable loss development on motor contracts, primarily relating to contracts that incepted in 2015 and 2016 resulting from better than expected reported claims.
- $3.8 million favorable loss development on various specialty lines of business as actual losses reported were better than expected.
- $5.0 million of favorable loss development on mortgage contracts resulting from lower delinquencies and fewer reported claims than initially anticipated. On a financial-impact basis, the favorable loss development on these contracts was offset by increased profit commissions, which are included in the caption "Acquisition costs" in the Company's statements of operations.
- $3.5 million favorable loss development on a multi-line contract that incepted in 2019.

Adverse developments:

- $14.4 million of adverse development on multi-line casualty contracts primarily relating to contracts that incepted in 2014 to 2015 resulting from unfavorable development in reported claims.
- $2.9 million of adverse development on a general liability contract resulting from unfavorable development in reported claims.
- $1.2 million of adverse development on workers' compensation contracts resulting from higher than anticipated losses.

The remaining development on prior year loss and LAE reserves recognized in 2021 related to several smaller adjustments made across various lines of business.

Year ended December 31, 2020

During the year ended December 31, 2020, the Company experienced $2.5 million in net adverse development on prior year loss and LAE reserves. This net adverse development resulted primarily from the following:

Adverse developments:

- $6.5 million of adverse loss development on multi-line contracts that incepted from 2015 to 2018, resulting from unfavorable development in reported claims.
- $1.9 million of adverse loss development on general liability contracts, primarily relating to a contract that incepted in 2017 resulting from unfavorable development in reported claims.
- $9.9 million of adverse loss development on motor contracts relating to the 2018 and 2019 treaty years, partially offset by favorable loss development on contracts that incepted from 2015 to 2017.

Favorable developments:

- $8.4 million of favorable development on prior year property contracts primarily resulting from lower than anticipated losses relating to the 2017 and 2018 catastrophe events, partially offset by $4.3 million of adverse loss development on 2019 contracts.
- $1.9 million of favorable loss development on a professional liability contract relating to a contract that incepted in 2008 where the reported claims have been lower than those previously anticipated.
- $2.2 million of favorable loss development on solicitors' professional indemnity contracts resulting primarily from lower than expected claims on prior accident years.

The remaining development on prior year loss and LAE reserves recognized in 2020 related to several smaller adjustments made across various lines of business.

Year ended December 31, 2019

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

Adverse developments:

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

Favorable developments:

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

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

The changes in the outstanding loss and loss adjustment expense reserves for health claims for the years ended December 31, 2021, 2020, and 2019 are as follows:

Health	2021	2020	2019
		($ in thousands)	
Gross balance at January 1	$ 14,905	$ 16,555	$ 24,341
Less: Losses recoverable	—	—	—
Net balance at January 1	14,905	16,555	24,341
Incurred losses related to:			
Current year	19,790	27,019	31,680
Prior years	(1,517)	308	3,694
Total incurred	18,273	27,327	35,374
Paid losses related to:			
Current year	(13,186)	(14,536)	(16,800)
Prior years	(12,214)	(14,441)	(26,360)
Total paid	(25,400)	(28,977)	(43,160)
Foreign currency revaluation	—	—	—
Net balance at December 31	7,778	14,905	16,555
Add: Losses recoverable	—	—	—
Gross balance at December 31	$ 7,778	$ 14,905	$ 16,555

Disclosures about Short-Duration Contracts

The Company has one operating segment, Property & Casualty Reinsurance and categorizes its business as Property, Casualty and Other. The Company’s loss development tables presented below have been disaggregated by lines of business for the years ended from December 31, 2012 through 2021.

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

For each category, the following tables present the incurred and paid claims development at December 31, 2021, net of retrocession, and the total of incurred but not reported liabilities plus expected development on reported claims included within the net incurred claims amount. Health claims have been disaggregated and presented separately.

The tables below present incurred and paid claims development for the years ended December 31, 2012 to 2020. They are presented as unaudited supplementary information. Totals may not sum due to rounding.

Health

Accident year	Incurred claims and allocated claim adjustment expenses, net of reinsurance										December 31, 2021
	For the years ended December 31,										Total IBNR plus expected development on reported claims
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
	(Unaudited - Supplementary Information)										
	($ in thousands)										
2012	$ 2,400	$ 2,352	$ 2,340	$ 2,294	$ 2,285	$ 2,285	$ 2,285	$ 2,285	$ 2,285	$ 2,285	$ —
2013		—	—	—	—	—	—	—	—	—	—
2014			(8)	(9)	—	33	—	42	42	42	65
2015				6,937	6,937	7,931	7,793	7,832	7,829	7,829	36
2016					30,546	33,566	34,360	34,260	34,210	34,180	38
2017						45,007	46,255	46,687	46,535	46,208	13
2018							56,804	60,084	59,644	58,853	86
2019								31,680	32,634	32,065	302
2020									27,019	27,220	635
2021										19,790	6,603
									Total	$ 228,471	$ 7,778

Health

Accident year	Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance									
	For the years ended December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	(Unaudited - Supplementary Information)									
	($ in thousands)									
2012	$ 2,244	$ 2,352	$ 2,340	$ 2,294	$ 2,286	$ 2,286	$ 2,286	$ 2,286	$ 2,286	$ 2,285
2013		—	—	—	—	—	—	—	—	—
2014			16	(26)	(60)	(60)	—	(23)	(23)	(23)
2015				1,276	5,857	7,931	7,793	7,794	7,793	7,793
2016					15,339	32,979	34,256	34,162	34,142	34,142
2017						23,834	44,125	46,615	46,520	46,194
2018							34,696	58,681	59,503	58,767
2019								16,800	30,535	31,763
2020									14,536	26,585
2021										13,186
									Total	220,694
							All outstanding liabilities before 2012, net of reinsurance			—
							Liabilities for claims and claims adjustment expenses, net of reinsurance (Health)			$ 7,778

Multiline

Accident year	Incurred claims and allocated claim adjustment expenses, net of reinsurance										December 31, 2021
	For the years ended December 31,										Total IBNR plus expected development on reported claims
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
	(Unaudited - Supplementary Information) ($ in thousands)										
2012	$ 318	$ 1	$ —	$ —	$ —	$ —	$ —	$ —	$ 4	$ 4	$ —
2013		2,465	2,478	2,535	2,396	2,396	2,396	2,120	2,122	2,122	—
2014			5,658	4,930	4,527	5,660	5,824	5,141	6,132	8,084	3,246
2015				28,495	29,026	32,687	32,109	30,348	31,455	37,044	10,350
2016					55,947	61,886	59,896	60,403	62,375	67,695	18,587
2017						75,815	75,534	81,166	81,888	83,586	21,933
2018							56,705	51,245	54,822	55,034	14,573
2019								50,345	48,831	48,468	14,714
2020									68,287	65,966	34,567
2021										80,728	66,864
									Total	$ 448,731	$ 184,835

Multiline

Accident year	Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance									
	For the years ended December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	(Unaudited - Supplementary Information) ($ in thousands)									
2012	$ —	$ 1	$ —	$ —	$ —	$ —	$ —	$ —	$ 4	$ 4
2013		70	1,055	1,856	2,215	2,341	2,364	2,119	2,122	2,122
2014			82	687	1,069	2,812	3,436	3,700	4,615	4,838
2015				53	2,992	9,607	15,257	18,237	23,976	26,693
2016					5,758	14,722	25,887	32,265	42,527	49,108
2017						9,606	26,815	38,455	51,939	61,653
2018							7,503	23,573	33,778	40,461
2019								11,615	26,966	33,753
2020									17,791	31,399
2021										13,865
									Total	263,896
All outstanding liabilities before 2012, net of reinsurance										—
Liabilities for claims and claims adjustment expenses, net of reinsurance (Multiline)										$184,835

General Liability

Accident year	Incurred claims and allocated claim adjustment expenses, net of reinsurance										December 31, 2021
	For the years ended December 31,										Total IBNR plus expected development on reported claims
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
	(Unaudited - Supplementary Information)										
	($ in thousands)										
2012	$12,626	$18,133	$16,921	$29,554	$31,145	$31,161	$31,274	$30,902	$30,924	$ 30,833	$ —
2013		3,018	2,689	4,666	4,511	4,510	4,916	4,770	4,648	4,465	—
2014			1,238	1,229	1,174	1,033	1,355	1,000	1,043	1,130	116
2015				1,699	1,690	1,756	1,979	2,152	2,190	2,608	1,174
2016					6,203	6,514	7,124	7,867	8,095	8,923	1,730
2017						5,313	6,403	7,257	8,327	9,510	3,867
2018							2,322	2,859	3,366	4,029	1,554
2019								957	1,110	1,178	892
2020									1,629	1,629	1,561
2021										6,427	6,411
									Total	$ 70,732	$ 17,306

General Liability

Accident year	Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance									
	For the years ended December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	(Unaudited - Supplementary Information)									
	($ in thousands)									
2012	$ 1,750	$ 9,926	$ 13,142	$ 15,836	$ 30,667	$ 30,687	$ 30,891	$ 30,902	$ 30,924	$ 30,833
2013		1,371	1,917	2,298	4,191	4,274	4,652	4,770	4,648	4,465
2014			18	146	413	548	492	762	473	1,014
2015				69	293	532	551	929	949	1,434
2016					122	1,589	3,273	4,673	6,111	7,193
2017						136	1,412	2,817	4,321	5,643
2018							165	1,286	1,960	2,475
2019								26	206	286
2020									67	67
2021										16
									Total	53,426
			All outstanding liabilities before 2012, net of reinsurance							—
			Liabilities for claims and claims adjustment expenses, net of reinsurance (General Liability)							$ 17,306

Motor Casualty

Accident year	Incurred claims and allocated claim adjustment expenses, net of reinsurance										December 31, 2021
	For the years ended December 31,										Total IBNR plus expected development on reported claims
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
	(Unaudited - Supplementary Information)										
	($ in thousands)										
2012	$131,071	$129,686	$130,434	$129,821	$129,923	$129,922	$129,922	$129,922	$129,922	$ 129,922	$ —
2013		161,076	158,852	154,840	154,811	154,900	154,977	154,983	154,983	154,983	—
2014			77,813	77,175	78,578	78,407	78,169	78,278	78,272	78,272	—
2015				99,681	101,424	101,135	103,404	104,914	103,920	103,356	335
2016					127,326	129,619	132,997	137,186	133,456	130,562	113
2017						144,946	146,562	151,883	150,318	146,049	50
2018							108,274	125,827	128,409	126,173	1,642
2019								125,240	129,699	129,171	4,949
2020									89,470	89,078	8,352
2021										96,339	46,482
									Total	$1,183,905	$ 61,924

Motor Casualty

Accident year	Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance									
	For the years ended December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	(Unaudited - Supplementary Information)									
	($ in thousands)									
2012	$ 58,411	$117,143	$125,242	$127,533	$129,922	$129,922	$129,922	$129,922	$129,922	$129,922
2013		75,168	140,816	152,408	154,794	154,900	154,977	154,983	154,983	154,983
2014			42,042	71,668	74,785	78,407	78,169	78,272	78,272	78,272
2015				63,113	97,136	99,866	100,231	104,315	103,293	103,021
2016					74,973	121,205	131,049	136,348	133,456	130,449
2017						91,036	137,506	151,883	150,318	145,998
2018							56,189	109,860	108,687	124,531
2019								57,300	122,382	124,222
2020									34,508	80,726
2021										49,857
									Total	1,121,981
All outstanding liabilities before 2012, net of reinsurance										—
Liabilities for claims and claims adjustment expenses, net of reinsurance (Motor Casualty)										$ 61,924

Motor Property

Accident year	Incurred claims and allocated claim adjustment expenses, net of reinsurance										December 31, 2021
	For the years ended December 31,										Total IBNR plus expected development on reported claims
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
	(Unaudited - Supplementary Information)										
	($ in thousands)										
2012	$36,985	$36,129	$36,008	$35,998	$35,922	$35,922	$35,922	$35,922	$35,922	$ 35,922	$ —
2013		43,603	43,117	42,356	42,276	42,318	42,342	42,101	42,101	42,101	—
2014			16,203	16,145	16,343	16,302	16,308	16,350	16,348	16,348	—
2015				17,448	17,840	17,821	18,460	19,070	18,881	18,819	—
2016					21,081	21,397	22,036	21,909	21,236	21,082	—
2017						32,113	31,792	32,480	31,271	31,077	—
2018							31,620	36,048	35,906	35,718	526
2019								32,310	35,213	35,079	1,262
2020									21,564	21,493	2,527
2021										23,526	10,336
									Total	$ 281,163	$ 14,651

Motor Property

Accident year	Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance									
	For the years ended December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	(Unaudited - Supplementary Information)									
	($ in thousands)									
2012	$ 16,883	$ 34,569	$ 35,835	$ 35,884	$ 35,903	$ 35,922	$ 35,922	$ 35,922	$ 35,922	$ 35,922
2013		19,755	38,887	42,065	42,087	42,099	42,099	42,101	42,101	42,101
2014			8,931	15,068	15,836	16,302	16,308	16,348	16,348	16,348
2015				11,019	17,376	17,762	17,838	18,975	18,881	18,819
2016					12,761	20,485	21,731	21,529	21,236	21,082
2017						18,933	31,243	31,888	31,271	31,077
2018							16,617	33,315	33,394	35,191
2019								14,656	31,633	33,817
2020									8,733	18,966
2021										13,190
									Total	266,512
All outstanding liabilities before 2012, net of reinsurance										—
Liabilities for claims and claims adjustment expenses, net of reinsurance (Motor Property)										$ 14,651

Other

Accident year	Incurred claims and allocated claim adjustment expenses, net of reinsurance										December 31, 2021
	For the years ended December 31,										Total IBNR plus expected development on reported claims
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
	(Unaudited - Supplementary Information)										
	($ in thousands)										
2012	$ 4,000	$ 3,639	$ 3,756	$ 3,773	$ 3,759	$ 3,755	$ 3,782	$ 3,777	$ 3,736	$ 3,803	$ —
2013		1,034	1,414	1,309	1,310	1,287	1,241	1,075	1,040	1,174	—
2014			1,380	1,156	1,230	1,156	565	1,634	1,838	1,804	—
2015				3,077	3,334	4,155	3,817	3,941	4,143	3,805	—
2016					6,653	7,900	8,978	8,743	8,099	6,798	374
2017						9,886	6,015	6,451	7,576	5,244	1,500
2018							5,850	6,969	6,567	4,850	1,467
2019								14,955	15,830	15,026	6,978
2020									39,989	37,451	18,139
2021										35,106	26,660
									Total	$ 115,061	$ 55,118

Other

Accident year	Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance									
	For the years ended December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	(Unaudited - Supplementary Information)									
	($ in thousands)									
2012	$ 3,092	$ 3,298	$ 3,676	$ 3,683	$ 3,684	$ 3,688	$ 3,735	$ 3,735	$ 3,736	$ 3,803
2013		215	949	914	828	812	1,066	1,029	1,040	1,174
2014			96	485	579	736	565	1,634	1,838	1,804
2015				472	1,387	2,010	3,410	3,941	4,143	3,805
2016					1,473	3,108	5,637	7,398	7,512	6,424
2017						484	3,084	4,509	5,490	3,744
2018							962	5,275	5,097	3,383
2019								4,055	6,727	8,048
2020									3,700	19,312
2021										8,446
									Total	59,943
	All outstanding liabilities before 2012, net of reinsurance									—
	Liabilities for claims and claims adjustment expenses, net of reinsurance (Other)									$ 55,118

Property

Accident year	Incurred claims and allocated claim adjustment expenses, net of reinsurance										December 31, 2021
	For the years ended December 31,										Total IBNR plus expected development on reported claims
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
	(Unaudited - Supplementary Information)										
	($ in thousands)										
2012	$63,961	$50,183	$50,874	$52,812	$53,218	$53,473	$53,737	$53,823	$53,862	$ 53,830	$ —
2013		60,912	58,962	61,743	62,459	62,449	62,389	62,729	62,267	62,208	—
2014			41,694	45,138	46,833	47,073	46,862	47,020	46,987	46,932	308
2015				27,707	30,186	31,549	30,751	30,412	30,350	30,300	288
2016					25,283	25,429	23,251	22,722	22,511	22,501	251
2017						81,696	76,393	67,016	64,066	64,125	144
2018							27,211	29,289	23,860	23,515	5,255
2019								22,619	27,094	26,473	16,634
2020									21,768	21,006	9,010
2021										19,899	14,879
									Total	$ 370,788	$ 46,769

Property

Accident year	Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance									
	For the years ended December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	(Unaudited - Supplementary Information)									
	($ in thousands)									
2012	$ 32,085	$ 45,887	$ 50,242	$ 52,657	$ 53,211	$ 53,259	$ 53,737	$ 53,823	$ 53,862	$ 53,830
2013		34,807	55,648	58,487	60,306	61,037	61,950	62,191	62,267	62,208
2014			20,228	40,171	43,628	45,199	46,290	46,510	46,608	46,625
2015				12,933	25,382	28,731	29,691	29,892	29,990	30,012
2016					9,899	17,913	20,621	21,594	21,921	22,250
2017						43,083	55,147	62,743	63,929	63,981
2018							4,731	14,946	17,573	18,261
2019								4,057	7,046	9,839
2020									6,447	11,995
2021										5,020
									Total	324,019
All outstanding liabilities before 2012, net of reinsurance										—
Liabilities for claims and claims adjustment expenses, net of reinsurance (Property)										$ 46,769

Professional Liability

Accident year	Incurred claims and allocated claim adjustment expenses, net of reinsurance										December 31, 2021
	For the years ended December 31,										Total IBNR plus expected development on reported claims
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
	(Unaudited - Supplementary Information)										
	($ in thousands)										
2012	$ 8,927	$ 8,564	$ 9,315	$ 9,603	$ 9,928	$10,663	$10,663	$10,663	$10,094	$ 9,998	$ 61
2013		11,523	12,427	13,984	15,786	16,624	16,802	16,856	16,468	16,228	598
2014			19,629	19,017	18,981	21,591	22,616	22,950	22,682	22,225	1,766
2015				18,793	18,794	21,375	22,842	23,075	22,332	22,110	2,677
2016					13,869	17,040	17,451	17,048	16,840	17,151	5,327
2017						10,310	9,963	9,785	10,009	10,569	4,712
2018							4,485	4,472	4,593	5,059	1,833
2019								586	611	783	239
2020									66	66	66
2021										2,340	2,315
									Total	$ 106,529	$ 19,592

Professional Liability

Accident year	Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance									
	For the years ended December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	(Unaudited - Supplementary Information)									
	($ in thousands)									
2012	$ 460	$ 2,719	$ 5,171	$ 7,050	$ 8,138	$ 9,512	$ 9,660	$ 9,666	$ 9,950	$ 9,937
2013		659	3,251	7,375	10,521	13,383	14,149	14,185	15,738	15,630
2014			1,396	5,551	9,914	14,467	16,790	16,804	20,500	20,459
2015				1,212	3,420	9,179	12,165	13,013	17,898	19,433
2016					346	2,215	4,971	7,989	10,697	11,824
2017						229	1,442	3,089	4,878	5,857
2018							242	1,141	1,974	3,226
2019								145	266	544
2020									—	—
2021										25
									Total	86,936
	All outstanding liabilities before 2012, net of reinsurance									698
	Liabilities for claims and claims adjustment expenses, net of reinsurance (Professional Liability)									$ 20,291

Workers' Compensation

Accident year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	December 31, 2021 Total IBNR plus expected development on reported claims
	Incurred claims and allocated claim adjustment expenses, net of reinsurance — For the years ended December 31, (Unaudited - Supplementary Information) ($ in thousands)										
2012	$11,763	$12,213	$12,213	$12,213	$12,213	$12,213	$12,213	$12,213	$12,213	$ 12,213	$ —
2013		4,751	4,751	4,751	4,751	4,751	4,751	4,751	4,751	4,751	—
2014			—	—	—	3	—	—	—	—	—
2015				1,014	1,010	948	950	951	919	919	67
2016					4,342	4,274	4,266	3,975	3,778	3,729	208
2017						10,817	10,281	9,538	8,997	8,732	388
2018							13,298	13,187	12,740	12,355	713
2019								22,903	23,455	23,661	6,019
2020									44,677	46,297	22,833
2021										58,536	35,261
									Total	$ 171,192	$ 65,490

Workers' Compensation

Accident year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	Cumulative paid claims and allocated claim adjustment expenses, net of reinsurance — For the years ended December 31, (Unaudited - Supplementary Information) ($ in thousands)									
2012	$ 2,359	$ 12,213	$ 12,213	$ 12,213	$ 12,213	$ 12,213	$ 12,213	$ 12,213	$ 12,213	$ 12,213
2013		4,751	4,751	4,751	4,751	4,751	4,751	4,751	4,751	4,751
2014			—	—	—	—	—	—	—	—
2015				28	251	564	688	777	832	851
2016					613	1,920	2,782	3,274	3,459	3,521
2017						2,028	5,356	7,399	7,969	8,344
2018							4,213	8,321	10,609	11,642
2019								5,473	13,587	17,642
2020									11,288	23,463
2021										23,275
									Total	105,702
									All outstanding liabilities before 2012, net of reinsurance	—
									Liabilities for claims and claims adjustment expenses, net of reinsurance (Workers' Compensation)	$ 65,490

For any incurred and paid claims denominated in a currency other than U.S. dollars, the above tables are presented using the foreign exchange rate in effect at the current year-end date. As a result, all prior year information has been restated to reflect the exchange rates at December 31, 2021. This treatment prevents changes in foreign currency exchange rates from distorting the claims development between the years presented.

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

For example, a one-year treaty incepting on October 1, 2018 (with underlying policies each having a one-year duration), would have a 24-month period over which the premiums would be earned. Therefore, claims would be allocated to accident years 2018, 2019 and 2020 based on the proportion of the premiums earned during each accident year. For illustration of this contract, any claims reported during 2018 would be allocated to the 2018 accident year. For losses reported during 2019, the claims would be allocated between 2018 and 2019 based on the percentage of premiums earned during 2018 and 2019. Similarly, for losses reported during 2020 and thereafter, the losses would be allocated to the 2020, 2021 and 2022 accident years based on the proportion of premiums earned during each of those years. However, natural catastrophes and certain other large losses are addressed separately and are assigned to the accident year in which they occurred.

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

		December 31, 2021
		($ in thousands)
Net outstanding liabilities		
Health	$	7,778
Multiline		184,835
General Liability		17,306
Motor Casualty		61,924
Motor Property		14,651
Other		55,118
Property		46,769
Professional Liability		20,290
Workers' Compensation		65,490
Liabilities for claims and claims adjustment expenses, net of reinsurance		474,161
Add: Reinsurance recoverable on unpaid claims		11,990
Add: Unallocated claims adjustment expenses		3,578
Add: Allowance for credit losses		1,301
Total gross liabilities for unpaid claims and claim adjustment expense	$	491,030

The average historical annual percentage payout of net incurred claims (excluding health) at December 31, 2021, is as follows:

Years	1	2	3	4	5	6	7	8	9	10
	(Unaudited - Supplementary Information)									
Multiline	10.2 %	19.0 %	18.8 %	16.0 %	13.3 %	22.7 %	— %	— %	— %	— %
General Liability	4.5 %	12.0 %	11.1 %	10.8 %	17.3 %	27.8 %	6.9 %	8.0 %	1.6 %	— %
Motor Casualty	40.3 %	32.6 %	9.5 %	6.2 %	4.2 %	3.0 %	2.8 %	1.2 %	— %	0.2 %
Motor Property	51.4 %	42.2 %	5.1 %	0.5 %	0.4 %	0.2 %	0.2 %	— %	— %	— %
Other	36.3 %	44.3 %	12.6 %	3.0 %	2.2 %	1.0 %	0.6 %	— %	— %	— %
Property	49.7 %	34.8 %	5.9 %	3.0 %	2.8 %	2.5 %	1.0 %	0.3 %	— %	— %
Professional Liability	3.5 %	11.9 %	18.4 %	16.1 %	13.5 %	9.5 %	5.7 %	4.2 %	3.0 %	14.2 %
Workers' Compensation	27.2 %	43.4 %	22.6 %	5.5 %	0.8 %	0.5 %	— %	— %	— %	— %

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

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

8. RETROCESSION

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

For the year ended December 31, 2021, the Company's earned ceded premiums were insignificant (2020: $2.6 million and 2019: $82.4 million).

For the year ended December 31, 2021, loss and loss adjustment expenses recovered and change in losses recoverable were insignificant (2020: $6.0 million and 2019: $73.7 million).

Retrocession contracts do not relieve the Company from its obligations to its cedents. Failure of retrocessionaires to honor their obligations could result in losses to the Company. At December 31, 2021, the Company's loss reserves recoverable of $12.0 million (December 31, 2020: $19.1 million) consisted of (i) $12.0 million (December 31, 2020: $18.8 million) recoverable from unrated retrocessionaires, of which $11.8 million (December 31, 2020: $18.1 million) were secured by cash, letters of credit and collateral held in trust accounts for the benefit of the Company and (ii) $ nil (December 31, 2020: $ nil) recoverable from retrocessionaires rated A- or above by A.M. Best.

The Company regularly evaluates its net credit exposure to assess the ability of the retrocessionaires to honor their respective obligations. At December 31, 2021, the Company had recorded an allowance for expected credit losses of $1.3 million (December 31, 2020: $0.9 million).

9. SHARE CAPITAL

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

The Amended and Restated Memorandum and Articles of Association (the "Articles") provides that the holders of ordinary shares generally are entitled to one vote per share. The Company is subject to the Cayman Islands' Insurance (Capital and Solvency) (Classes B, C, and D Insurers) Regulations, (2018 revision) (the "Insurance Regulations"). The Insurance Regulations impose a Minimum Capital Requirement ("MCR") of $50 million and a Prescribed Capital Requirement ("PCR") on the Company of $222.6 million at December 31, 2021. At December 31, 2021, the Company's statutory capital and surplus of $503.9 million exceeded the MCR as well as the PCR.

Any dividends declared and paid from the Company to its shareholder would require approval of CIMA. At December 31, 2021 and 2020, $281.3 million and $286.6 million, respectively, of the Company's capital and surplus was available for distribution as dividends. During the year ended December 31, 2021, $4.0 million return of additional paid in share capital was paid by the Company to its parent (2020: $39.5 million, 2019: $3.9 million).

Additional paid-in capital includes the premium per share paid by the subscribing shareholder for ordinary shares which have a par value of $0.10 each.

10. NET INVESTMENT INCOME (LOSS)

A summary of net investment income (loss) for the years ended December 31, 2021, 2020, and 2019 is as follows:

	2021	2020	2019
	($ in thousands)		
Realized gains (losses)	—	(9,234)	(13,613)
Change in unrealized gains and losses	19,559	25,158	7,644
Investment-related foreign exchange gains (losses)	(38)	39	20
Interest and dividend income, net of withholding taxes	120	4,903	14,915
Interest, dividend, and other expenses	(1,845)	(1,865)	(4,787)
Net investment-related income (loss)	$ 17,796	$ 19,001	$ 4,179
Income (loss) from investments in related party investment fund	16,789	3,563	43,945
Total investment income (loss)	$ 34,585	$ 22,564	$ 48,124

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

"Change in unrealized gains and losses" for the year ended December 31, 2021, includes net unrealized gains of $18.8 million (2020: $9.1 million, 2019: $0.2 million) on Innovations-related investments. For the year ended December 31, 2020, the change in unrealized gains and losses also included a net decrease in the valuation allowance of $15.0 million (2019: net increase of $6.0 million) relating to notes receivable.

11. TAXATION

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

Federal Excise Taxes

The United States imposes an excise tax on reinsurance premiums paid to non-U.S. insurers or reinsurers with respect to risks located in the United States. Unless exempted or reduced by an applicable U.S. tax treaty, the tax rate is 1.0% for all reinsurance premiums. The Company incurs federal excise taxes on certain reinsurance transactions, including amounts ceded through intercompany transactions. For the years ended December 31, 2021, 2020, and 2019, the Company incurred approximately $3.3 million, $3.6 million, and $3.6 million, respectively, of federal excise taxes, net of any refunds received. These amounts are included in the caption "Acquisition costs" in the Company's statements of operations.

12. RELATED PARTY TRANSACTIONS

Investment Advisory Agreement

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

The Company has entered into the SILP LPA (as described in Note 3 of the financial statements). DME II receives a performance allocation equal to (with capitalized terms having the meaning provided under the SILP LPA) (a) 10% of the portion of the Positive Performance Change for each limited partner's capital account that is less than or equal to the positive balance in such limited partner's Carryforward Account, plus (b) 20% of the portion of the Positive Performance Change for each limited partner's capital account that exceeds the positive balance in such limited partner's Carryforward Account. The Carryforward Account for the Company includes the amount of investment losses to be recouped including any loss generated on the assets invested in SILP, subject to adjustments for redemptions. The loss carry forward provision in the SILP LPA allows DME II to earn a reduced performance allocation of 10% of profits in years subsequent to any year in which SILP has incurred a loss, until all losses are recouped and an additional amount equal to 150% of the loss is earned.

In accordance with the SILP LPA, DME Advisors constructs a levered investment portfolio as agreed by the Company (the "Investment Portfolio" as defined in the SILP LPA). On September 1, 2018, SILP entered into the IAA with DME Advisors, which entitles DME Advisors to a monthly management fee equal to 0.125% (1.5% on an annual basis) of each limited partner's Investment Portfolio. The IAA has an initial term ending on August 31, 2023, subject to an automatic extension for successive three-year terms.

For a detailed breakdown of management fees and performance compensation for the years ended December 31, 2021, 2020, and 2019, refer to Note 3 of the financial statements.

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

Green Brick Partners, Inc.

David Einhorn also serves as the Chairman of the Board of Directors of Green Brick Partners, Inc. ("GRBK"), a publicly-traded company. At December 31, 2021, SILP, along with certain affiliates of DME Advisors, collectively owned 34.3% of the issued and outstanding common shares of GRBK. Under applicable securities laws, DME Advisors may sometimes be limited in its ability to trade GRBK shares held in SILP. At December 31, 2021, SILP held 2.7 million shares of GRBK.

Collateral Assets Investment Management Agreement

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

Due to / from Parent

At December 31, 2021 and 2020, the amount due from / due to parent is non-interest bearing, unsecured and is repayable on demand.

Due to / from Affiliates

At December 31, 2021, the Company had an insignificant amount due to affiliates. At December 31, 2020, the Company had $3.0 million due from affiliates which was non-interest bearing, unsecured and repayable on demand.

The Company has entered into a quota share retrocession agreement with GRIL whereby the Company assumes from GRIL a quota share portion of certain specified reinsurance contracts written by GRIL. For the year ended December 31, 2021, the Company assumed $144.6 million (2020: $41.9 million, 2019: $22.9 million) of written premiums from GRIL.

The Company has entered into a retrocession agreement with GRIL whereby the Company provides an aggregate stop loss protection to GRIL in return for premiums ceded by GRIL to the company. For the year ended December 31, 2021, GRIL ceded $1.2 million (2020: $0.6 million, 2019:$0.7 million) of written premiums relating to the aggregate stop loss contract to the Company. During the year ended December 31, 2021, there were no losses incurred on the aggregate stop loss contract (2020: $5.7 million, 2019: $4.1 million).

At December 31, 2021, included in the caption “Reinsurance Balances Receivable” on the Company’s balance sheet was $98.1 million (December 31, 2020: $24.6 million) net receivable from GRIL on the above mentioned retrocession agreements and $36.4 million of funds provided by the Company to GRIL to support certain reinsurance contracts with Lloyd’s syndicates.

13. COMMITMENTS AND CONTINGENCIES

Letters of Credit and Trusts

At December 31, 2021, the Company had one letter of credit facility, which automatically renews each year unless terminated by either party in accordance with the applicable required notice period:

	Maximum Facility Limit	Termination Date	Notice period required for termination
	($ in thousands)		
Citibank Europe plc	275,000	August 20, 2022	120 days before the termination date

At December 31, 2021, an aggregate amount of $136.8 million (December 31, 2020: $135.3 million) in letters of credit was issued under the credit facility. At December 31, 2021, the Company had pledged total cash and cash equivalents with a fair value in the aggregate of $137.6 million (December 31, 2020: $137.6 million) as collateral against the letters of credit issued and included in the caption “Restricted cash and cash equivalents” in the Company’s balance sheets . The credit facility contains customary events of default and restrictive covenants, including but not limited to, limitations on liens on collateral, transactions with affiliates, mergers and sales of assets, as well as solvency and maintenance of certain minimum pledged equity requirements, and restricts issuance of any debt without the consent of the letter of credit provider. Additionally, if an event of default exists, as defined in the letter of credit facility, the Company will be prohibited from paying dividends to its parent company. The Company was in compliance with all the credit facility covenants at December 31, 2021 and 2020.

The Company has also established regulatory trust arrangements for certain cedents. At December 31, 2021, collateral of $482.6 million (December 31, 2020: $579.1 million) was provided to cedents in the form of regulatory trust accounts and included in the caption “Restricted cash and cash equivalents” in the Company’s balance sheets.

Lease Obligations

The Company has determined that its lease agreement for office space qualifies as an operating lease arrangement. At the commencement date, the Company determines the lease term by assuming the exercise of the renewal option deemed to be reasonably certain. The exercise of the lease renewal option is at the Company’s sole discretion, and these options do not contain any material residual value guarantees or material restrictive covenants. The Company’s weighted-average remaining operating lease term is approximately 4.5 years at December 31, 2021.

As the lease contract generally does not provide an implicit discount rate, the Company used the weighted-average discount rate of 6.0%, representing its incremental borrowing rate based on information available at the commencement date, to determine the present value of lease payments. The incremental borrowing rate is based on a borrowing with a term similar to that of the associated lease. The Company has made an accounting policy election not to include renewal, termination, or purchase options that are not reasonably certain of exercise when determining the term of the borrowing.

At December 31, 2021, the right-of-use asset and lease liability relating to the operating lease was $2.1 million. The operating and the short-term lease expenses for the year ended December 31, 2021, were $0.3 million (2020: $0.5 million).

At December 31, 2021, the commitment for operating lease liabilities for future annual periods was as follows:

Year ending December 31,	($ in thousands)
2022	$ 522
2023	537
2024	553
2025	570
2026	289
Thereafter	—
Total lease payments	2,471
Less Imputed Interest	(326)
Present value of lease liabilities	$ 2,145

Schedule of Commitments and Contingencies

At December 31, 2021, other than the above mentioned lease obligation, the Company had no commitments and contingencies.

Litigation

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

14. SEGMENT REPORTING

The Company has one operating segment, Property & Casualty Reinsurance.

Substantially all of the Company's business is sourced through reinsurance brokers. The following table sets forth the premiums generated through our largest brokers and their subsidiaries and affiliates (totals may not sum due to rounding):

	Year ended December 31					
	2021		2020		2019	
	($ in thousands)					
Guy Carpenter (Marsh)	$ 140,984	27.9 %	$ 177,945	40.0 %	$ 257,660	54.2 %
Aon Benfield	71,399	14.1	23,720	5.3	35,581	7.5
BMS Group	49,172	9.7	108,325	24.4	85,323	17.9
Total of largest brokers	$ 261,555	51.7 %	$ 309,990	69.7 %	$ 378,564	79.6 %
All other brokers and direct placements	244,028	48.3	134,892	30.3	97,141	20.4
Total	$ 505,583	100.0 %	$ 444,882	100.0 %	$ 475,705	100.0 %

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

Gross Premiums Written by Line of Business

	Year ended December 31					
	2021		2020		2019	
	($ in thousands)					
Property						
Commercial	$ 69,936	13.8 %	$ 14,874	3.3 %	$ 16,906	3.6 %
Motor	27,869	5.5	31,063	7.0	51,956	10.9
Personal	11,876	2.4	18,359	4.1	12,427	2.6
Total Property	109,681	21.7	64,296	14.4	81,289	17.1
Casualty						
General Liability	44,917	8.9	8,696	2.0	6,044	1.3
Motor Liability	121,101	24.0	120,698	27.1	206,005	43.3
Professional Liability	3,927	0.8	2,552	0.5	265	0.1
Workers' Compensation	62,188	12.3	82,191	18.5	50,366	10.6
Multi-line	31,051	6.1	53,240	12.0	55,370	11.6
Total Casualty	263,184	52.1	267,377	60.1	318,050	66.9
Other						
Accident & Health	16,838	3.3	42,026	9.4	34,540	7.3
Financial	68,814	13.6	24,740	5.6	23,057	4.9
Marine	21,389	4.2	5,208	1.2	2,608	0.6
Other Specialty	25,677	5.1	41,235	9.3	16,161	3.4
Total Other	132,718	26.3	113,209	25.5	76,366	16.1
	$ 505,583	100.0 %	$ 444,882	100.0 %	$ 475,705	100.0 %

Gross Premiums Written by Geographic Area of Risks Insured

	Year ended December 31					
	2021		2020		2019	
	($ in thousands)					
U.S. and Caribbean	$ 290,219	57.4 %	$ 364,896	82.0 %	$ 394,052	82.9 %
Worldwide [(1)]	212,058	42.0	78,379	17.6	80,563	16.9
Asia	2,719	0.5	1,607	0.4	1,090	0.2
Europe	587	0.1	—	—	—	—
	$ 505,583	100.0 %	$ 444,882	100.0 %	$ 475,705	100.0 %

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

15. SUBSEQUENT EVENT

The Company performed a review of events subsequent to the balance sheet date through the date the financial statements were issued and determined that there were no such events requiring recognition or disclosure in the financial statements.