Exhibit G-4

Audited Financial Statements for the year-ending December 31, 2025, and Annual Reports on Form 10-K for the years-ending December 31, 2024, December 31, 2023, December 31, 2022 and December 31, 2021 for Enstar



ENSTAR GROUP LIMITED

Consolidated Financial Statements and

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

As of December 31, 2025 and for the Period from July 3 to December 31, 2025 (Successor)

For the Period from January 1 to July 2, 2025 and as of and for the Years Ended December 31, 2024 and 2023 (Predecessor)

Enstar Group Limited

2025 Annual Report and Consolidated Financial Statements

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains statements that constitute "forward-looking statements" with respect to our financial condition, results of operations, business strategies, operating efficiencies, competitive positions, growth opportunities, plans and objectives of our management, as well as the markets for our securities and the insurance and reinsurance sectors in general.

Statements that include words such as "estimate," "project," "plan," "intend," "expect," "anticipate," "believe," "would," "should," "could," "seek," "may" and similar statements of a future or forward-looking nature identify forward-looking statements for purposes of the federal securities laws or otherwise.

All forward-looking statements are necessarily estimates or expectations, and not statements of historical fact, reflecting the best judgment of our management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements.

These forward-looking statements should, therefore, be considered in light of various important factors, which could cause actual results to differ materially from those suggested by the forward-looking statements. These risk factors include:

- potential adverse reactions or changes to our business relationships following the July 2025 completion of our merger with Elk Bidco Limited, which was backed by investment vehicles managed or advised by affiliates of Sixth Street (the “Merger”);
- our reduced liquidity due to the significant distributions that we made to our former ordinary shareholders in connection with the Merger and the additional distributions that we have made and expect to make to fund obligations under the debt and preferred equity financing incurred in connection with the completion of the Merger;
- risks relating to our acquisitions, including our pending acquisition of Accident Fund Holdings, Inc., such as our ability to evaluate opportunities, successfully price acquisitions, address operational challenges, support our planned growth and assimilate acquired portfolios and companies into our internal control system in order to maintain effective internal controls, provide reliable financial reports and prevent fraud;
- risks relating to our ability to obtain regulatory approvals, including the timing, terms and conditions of any such approvals, and to satisfy other closing conditions in connection with our acquisition agreements, which could affect our ability to complete acquisitions;
- the adequacy of our loss reserves and the need to adjust such reserves as claims develop over time, including due to the impact of emerging claim and coverage issues and disputes that could impact reserve adequacy;
- unpredictability and severity of catastrophic events, including but not limited to acts of terrorism, outbreaks of war or hostilities or global pandemics, as well as management’s response to any of the aforementioned factors;
- changes in tax laws or regulations applicable to us or our subsidiaries, including the Bermuda Corporate Income Tax and the Organization for Economic Cooperation and Development Pillar Two, or the risk that we or one of our non-U.S. subsidiaries become subject to significant, or significantly increased, income taxes in the U.S. or elsewhere;
- risks relating to the variability of statutory capital requirements and the risk that we may require additional capital in the future, which may not be available or may be available only on unfavorable terms;
- the risk that our reinsurance subsidiaries may not be able to provide the required collateral to ceding companies pursuant to their reinsurance contracts, including through the use of letters of credit;
- risks relating to the availability and collectability of our ceded reinsurance, including the collectability of reinsurance associated with insurance fronting arrangements we have entered into and may enter into in the future;
- the ability of our subsidiaries to distribute funds to us and the resulting impact on our liquidity;
- losses due to foreign currency exchange rate fluctuations;
- the risk that the value of our investment portfolios and the investment income that we receive from these portfolios may decline materially as a result of market fluctuations and economic conditions, including those related to interest rates, credit spreads and equity prices (including the risk that we may realize losses related to

declines in the value of our investment portfolios if we elect to, or are required to, sell investments with unrealized losses);

- risks relating to our ability to structure our investments in a manner that recognizes our liquidity needs;
- risks relating to our strategic investments in alternative asset classes and joint ventures, which are illiquid and may be volatile;
- risks relating to our ability to accurately value our investments, which require methodologies, estimates and assumptions that can be highly subjective, and the inaccuracy of which could adversely affect our financial condition;
- risks relating to our liquidity demands and the structure of our investment portfolios, which may adversely affect the performance of our investment portfolio and financial results;
- risks relating to climate change and its potential impact on the returns from our run-off business and our investments;
- risks relating to the complex regulatory environment in which we operate, including that ongoing or future industry regulatory developments will disrupt our business, affect the ability of our subsidiaries to operate in the ordinary course or to make distributions to us, or mandate changes in industry practices in ways that increase our costs, decrease our revenues or require us to alter aspects of the way we do business;
- risks relating to laws and regulations regarding sanctions and foreign corrupt practices, the violation of which could adversely affect our financial condition and results of operations;
- loss of key personnel;
- the risk that some of our directors and other affiliates have interests that can create conflicts of interest through related party transactions;
- the risk that outsourced providers could breach their obligations to us, which could adversely affect our business and results of operations; and
- operational risks, including cybersecurity events, external hazards, human failures or other difficulties with our information technology systems that could disrupt our business or result in the loss of critical and confidential information, increasing costs.

The factors listed above should not be construed as exhaustive. We undertake no obligation to update or review any forward-looking statement, whether to reflect any change in our expectations with regard thereto, or as a result of new information, future developments or otherwise, except as required by law.

BUSINESS

Our Business

Enstar is a leading global (re)insurance group that offers innovative capital release solutions through our network of group companies operating in six countries. We seek to create value by managing (re)insurance companies and portfolios of (re)insurance and other liability business in run-off and striving to generate an attractive risk-adjusted return from our investment portfolio. In this report, the terms "Enstar," the “Company," "us," and "we" are used interchangeably to describe Enstar and our subsidiary companies.

We acquire run-off and other (re)insurance reserves using retroactive reinsurance and other bespoke contracts where we are paid consideration to reinsure, up to a specified limit, underlying policies issued by other insurers who have written these risks in prior accident years. We strive to set an appropriate price and manage the liabilities professionally and efficiently to achieve the best outcomes for our policyholders and shareholders.

On closing a retroactive reinsurance transaction, the consideration we receive is not recognized as income, nor are the liabilities we acquire recognized as net incurred losses. These items are recorded to the balance sheet with any subsequent changes to the value of ultimate losses and liabilities recorded in the consolidated statements of operations.

As a result, the traditional (re)insurance underwriting ratios (loss ratios and combined ratios) are not relevant to us. Net earned premiums are not a significant source of revenue and current period net incurred losses and LAE from those premiums are not significant.

In addition, any difference between consideration received and loss reserves recorded to the balance sheet upon initial recognition of a transaction, is recorded as a deferred charge asset (“DCA”) or deferred gain liability (“DGL”) which is subsequently amortized.[1]

A run-off portfolio is a group of insurance policies grouped by accident year, line of business and jurisdiction that an insurer that initially underwrote the risks seeks to exit or put into run-off. The facts and circumstances underlying an insurer’s or company's (seller's) decision to exit or put a portfolio into run-off or seek adverse development cover (“ADC”) contracts varies. Usually, the portfolios of risks have become inconsistent with the seller’s core competencies, provide unwanted exposure to a particular risk or segment of the market and/or absorb capital that the seller may wish to deploy elsewhere. These portfolios of risks are often associated with potentially large exposures and lengthy time periods before resolution of the last remaining insured claims, resulting in uncertainty to the (re)insurer covering those risks. In other circumstances, a cedant may be pursuing a solution in advance of a merger and acquisition (“M&A”) transaction or an initial public offering, or may be seeking to exit less mature business, sometimes including the current accident year. We have also acquired legacy manufacturing companies with direct exposure to asbestos and environmental liabilities (“defendant A&E liabilities”).

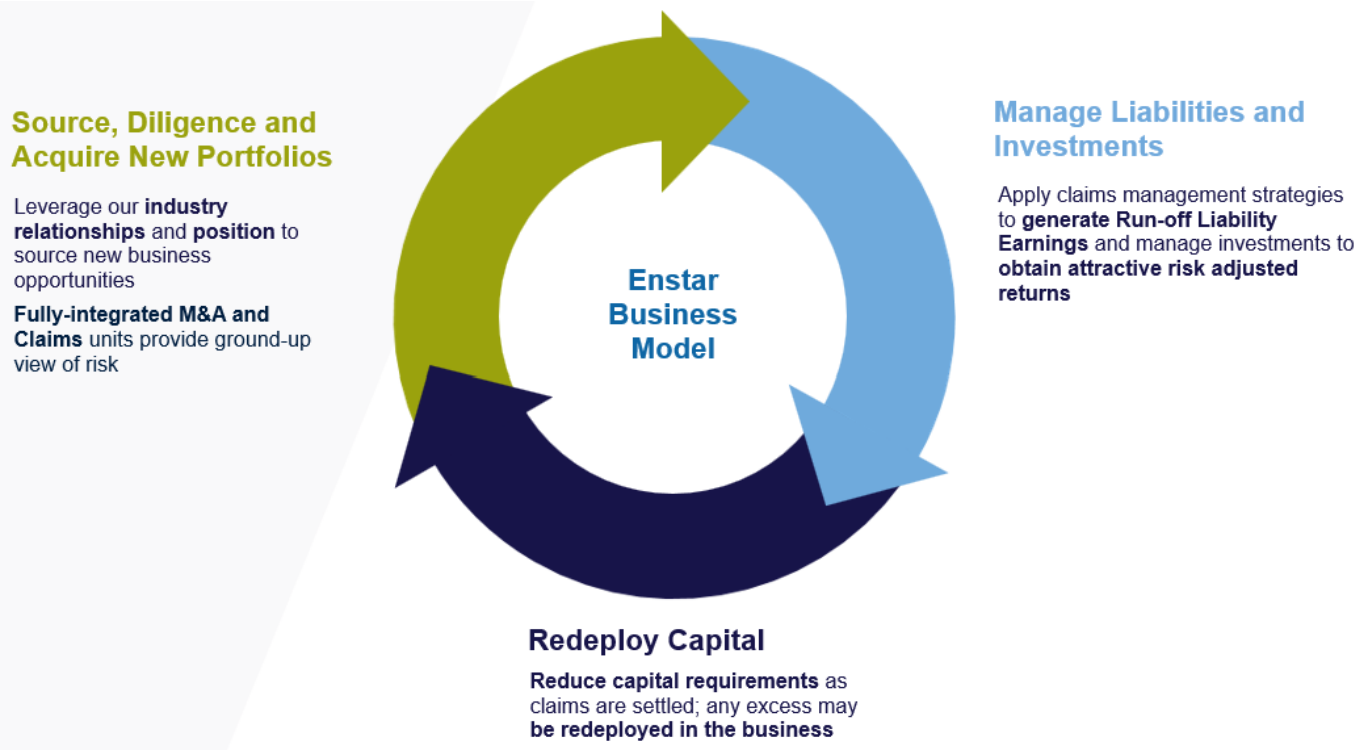
We establish our best estimate of the liabilities we assume based upon actuarial analyses of the claims data provided to us by the counterparties, our review of claims files and reinsurance assets, our analysis of claim trends and other data supplied as part of our due diligence. Accordingly, at the time we enter the arrangements, we do not reflect the potential impact of our claims management strategies as we have no assurance that our efforts will be successful nor how any development may emerge. Similarly, we do not recognize reductions for any potential settlements or commutations that we have not executed as we do not solely control any such outcome. The settlement of the liabilities may take many years to complete depending on the underlying risk profile of the business.

By investing the consideration received from our (re)insurance solutions, we generate investment returns that we use to settle the liabilities acquired, fund future transactions, meet our financing and operating obligations and return value to shareholders.

During 2024 and 2025, we expanded our run-off portfolio in two ways. The first way related to our reinsurance of certain property catastrophe risks written by third-party capital platforms which are funded by Insurance Linked

[1] This is further described in Note 9 to our consolidated financial statements.

Securities ("ILS"). Second, in situations where our clients are third-party capital providers and desire finality on a collateralized reinsurance contract written via a sidecar or other fully collateralized vehicle, we offer a Forward Exit Option ("FEO") solution whereby investors in such vehicles have the option to transfer the reserve risk associated with their investment to us.



Competition

We compete in the global insurance market with domestic and international reinsurance companies to acquire and manage (re)insurance companies and portfolios of (re)insurance business in run-off. We compete with different companies depending upon the size of the loss portfolios being contemplated and the location of the insurer or insurance risks.

The legacy market has seen several new entrants in the last decade, largely driven by the investment of significant alternative capital. This has led to increased competition in the overall market and increased pressure on deal pricing. The acquisition and management of companies and portfolios in run-off continues to be competitive and is driven by several factors, including proposed acquisition prices, operational reputation and financial resources, including new capital and alternative forms of capital entering the markets. According to global run-off deal data published by PwC, 17 different acquirers announced run-off transactions in 2025 versus 13 in 2024.

We have a positive outlook on the future as we continue to see high levels of legacy market activity, with opportunities being brought to us either directly by counterparties or brokers. We have established long-term and continuing business relationships throughout the (re)insurance industry, which can be a significant competitive advantage for us. Additionally, we believe that we are price competitive and have a well-established reputation with respect to our distinctive ability to complete and manage transactions.

Our Organization

Major Operating Subsidiaries

Our (re)insurance business is regulated and requires licenses to operate in each relevant jurisdiction. Our major operating insurance subsidiaries and their regulatory domiciles are listed below:

Regulated Company	Jurisdiction	% of Net Liability for Losses and LAE as of December 31, 2025
Clarendon National Insurance Company Yosemite Insurance Company	United States	6%
Cavello Bay Reinsurance Limited	Bermuda	76%
SGL No.1 Limited Mercantile Indemnity Company Limited River Thames Insurance Company Limited	United Kingdom	12%
Gordian Runoff Limited StarStone Insurance SE	Other	6%
Total		100%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless the context indicates otherwise, the terms "Enstar," "we," "us" or "our" mean Enstar Group Limited and its consolidated subsidiaries.

The following discussion and analysis of our financial condition as of December 31, 2025 and our results of operations for the period from July 3 to December 31, 2025 (Successor), for the period from January 1 to July 2, 2025 (Predecessor) and the year ended December 31, 2024 (Predecessor) should be read in conjunction with our consolidated financial statements and notes included elsewhere in this annual report and the audited annual consolidated financial statements and notes included in our 2024 Form 10-K.

Some of the information contained in this discussion and analysis or included elsewhere in this annual report, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks, uncertainties and assumptions. Our actual results and the timing of events could differ materially from those anticipated by these forward-looking statements as a result of many factors, including those discussed under "Cautionary Statement Regarding Forward-Looking Statements" and elsewhere in this annual report.

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Operational Highlights

Our consolidated results for the predecessor and successor periods in 2025 reflect our continued progress on providing capital release solutions to our clients by acquiring and managing their run-off portfolios.

Merger Agreement

On July 29, 2024, we entered into the agreement and plan of merger (“Merger Agreement”) with Elk Bidco Limited (the “Parent”), under which all of Enstar’s issued and outstanding ordinary shares, par value $1.00 per share, were converted into the right to receive $338 in cash per ordinary share upon closing. Pursuant to the Merger Agreement, there were a series of mergers consummated on July 2, 2025 (collectively, the "Merger"), which resulted in the Company surviving the Merger as a wholly-owned subsidiary of the Parent. As a result of the completion of the Merger, shareholders holding ordinary shares of the Company received a total of $338 in cash per ordinary share. In connection with the Merger, certain shareholders of the Company elected to participate in an equity rollover to become shareholders of Elk Topco, LLC (“Elk Topco”), the holding company for the Parent, in exchange for their shares in the Company. Also, as contemplated in the Merger Agreement, the Company’s restricted stock awards, restricted stock unit awards, deferred stock awards, and performance shares that were outstanding immediately prior to completion of the Merger became vested, as described in Note 19. Total consideration for the Merger was $5.1 billion, which included a $496 million return of capital from Enstar to the Company’s shareholders that was included as part of the cash received by such shareholders at the close of the Merger based on final share count.

Refer to Note 1 and Note 2 of the consolidated financial statements included herein for further details.

Transactions During 2025

- In January 2025, we completed a novation agreement to assume the role of reinsurer in an existing reinsurance agreement covering a number of direct U.S. casualty insurance portfolios for underwriting years 2010 to 2020. We assumed net loss reserves of $177 million in exchange for consideration of $175 million.
- In March 2025, we completed a loss portfolio transfer (“LPT”) agreement with Atrium Syndicate 609, managed by Atrium Underwriters Limited, to reinsure a portfolio of marine, property, and general liability business underwritten in 2023 and prior. We assumed net loss reserves of $182 million in exchange for consideration of $180 million.
- In April 2025, we completed an LPT agreement with AXIS Capital Holdings Limited (“AXIS”) to cover 75% of AXIS’s assumed reinsurance portfolio relating to underwriting years 2021 and prior. We assumed net loss reserves of $2.2 billion in exchange for consideration of $2.1 billion. In August 2025, we entered into a quota share reinsurance agreement with a collateralized insurer vehicle, Scaur Hill, which is registered with the Bermuda Monetary Authority (“BMA”) as a segregated accounts company. Under the quota share reinsurance agreement, we ceded 13.3% of net reserves and consideration received on our LPT agreement with AXIS to Scaur Hill in exchange for ceding commission and ongoing management fees.
- In August 2025, we completed a series of reinsurance transactions related to predominately property catastrophe business. We assumed net loss reserves of $924 million in exchange for consideration of $906 million.

Capital and Other Activity

In March 2025, we issued $350 million in aggregate principal amount of 7.50% Fixed-Rate Reset Junior Subordinated Notes due 2045. In conjunction with the issuance, we a completed tender offer for and subsequent redemption of $350 million of our 5.75% Fixed Rate Reset Junior Subordinated Notes due 2040.

In March 2025, Cavello Bay Reinsurance Limited (“Cavello”), a wholly-owned subsidiary of Enstar, was assigned an AM Best Financial Strength Rating of ‘A’ and Long-Term Issuer Credit Rating of “a+”, each with stable outlook. Cavello is Enstar’s primary non-life run-off consolidator, and a Bermuda Class 3B reinsurer.

In February 2026, S&P and Fitch affirmed our BBB+ long-term issuer ratings. Fitch maintained our stable outlook, however, S&P revised our outlook to negative (from stable) based on the expected impact on our financial leverage

and fixed-charge coverage ratios following the recent announcement of the acquisition of Accident Fund Holding, which is expected to close in Q4 of 2026.

Consolidated Results of Operations

The following table sets forth certain consolidated financial information:

	Successor	Predecessor	Predecessor
	Period from July 3, to December 31, 2025	Period from January 1, to July 2, 2025	Year Ended December 31, 2024
	(expressed in millions of U.S. dollars)		
REVENUES			
REVENUES			
Net premiums earned	$ 24	$ 23	$ 40
Net investment income[1]	597	343	651
Net realized losses	(1)	(7)	(9)
Fair value changes in equity and trading securities, funds held and other investments	98	127	456
Other income	11	14	67
Total revenues	729	500	1,205
EXPENSES			
Net incurred losses and loss adjustment expenses			
Current period	6	7	23
Prior period	(29)	(29)	(149)
Total net incurred losses and loss adjustment expenses	(23)	(22)	(126)
Defendant asbestos and environmental expenses	66	15	40
Amortization of net deferred charge assets	2	59	117
Acquisition costs	—	2	9
General and administrative expenses	151	263	391
Goodwill impairment	—	—	63
Interest expense	52	48	89
Amortization of fair value adjustments and intangible assets	76	—	—
Net foreign exchange (gain) loss	(26)	68	(39)
Total expenses	298	433	544
INCOME BEFORE INCOME TAXES	431	67	661
Income tax benefit (expense)	71	1	(62)
Income (loss) from equity method investments	10	1	(18)
NET INCOME	512	69	581
Net income attributable to noncontrolling interest	(1)	—	(5)
NET INCOME ATTRIBUTABLE TO ENSTAR GROUP LIMITED	511	69	576
Dividends on preferred shares	(18)	(18)	(36)
NET INCOME ATTRIBUTABLE TO ENSTAR GROUP LIMITED ORDINARY SHAREHOLDERS	$ 493	$ 51	$ 540
COMPREHENSIVE INCOME ATTRIBUTABLE TO ENSTAR GROUP LIMITED	$ 532	$ 209	$ 571

[1] As discussed in Note 3 to the consolidated financial statements, the successor period includes a change in classification policy to include fair value changes in our fund investments as a component of net investment income (as the funds are managed on a total return basis), which were included as a component of fair value changes in equity and trading securities, funds held and other investments in the predecessor period.

Overall Results

The period from July 3 to December 31, 2025 (Successor)

Net income attributable to Enstar ordinary shareholders for the period from July 3 to December 31, 2025 was $493 million, which was comprised of:

- Total investment returns of $704 million consisting of the aggregate of net investment income, net realized losses, fair value changes in equity and trading securities, funds held and other investments, and income from equity method investments. The total investment returns were driven by:
  - Net investment income of $597 million, which was comprised of $372 million from interest income on fixed income securities and $225 million from returns on our private equity and hedge fund instruments;
  - Fair value changes of $80 million on our privately held equities and our publicly traded equities; and
  - Fair value changes of $18 million related to our Funds Held - Directly Managed portfolio.
- Tax benefit of $71 million, which was primarily driven by the $87 million reduction of deferred tax liabilities related to the Economic Transition Adjustment ("ETA") following the enactment of Bermuda's Corporate Income Tax Act Amendment (No. 2) in December 2025, which provided changes to the calculation guidance of the ETA (as described in Note 20 to our consolidated financial statements). This benefit was partially offset by $16 million of tax expense, primarily driven by U.K. tax expense and minor increases in valuation allowances across U.K. and U.S. jurisdictions;
- Net favorable prior period development of net incurred losses and loss adjustment expenses ("LAE") of $29 million, due to a net decrease in the unallocated loss adjustment expenses ("ULAE") provision of $43 million due to favorable projections of cost reductions in managing claims liabilities, offset by adverse development in estimates of ultimate losses for our general casualty, professional indemnity/directors and officers, and asbestos lines of business; and
- Net foreign exchange gains of $26 million, which was primarily comprised of remeasurement gains from foreign currency denominated assets and liabilities due to Euro ("EUR"), and Great British Pound ("GBP") weakening against the United States Dollar ("USD").

This was partially offset by:

- General and administrative expenses of $151 million, comprised of salaries and benefits of $70 million, professional fees of $27 million, merger related costs of $19 million and IT costs of $11 million and other expenses of $24 million primarily consisting of various banking, insurance, and government fees;
- Amortization of fair value adjustments and intangible assets of $76 million;
- Defendant asbestos and environmental expenses of $66 million driven by increased average settlements and higher claim filings; and
- Interest expense, primarily on debt outstanding of $52 million.

The above factors contributed to net income attributable to Enstar for the period from July 3 to December 31, 2025 of $511 million. Comprehensive income attributable to Enstar for the same period was $532 million primarily due to net income as discussed above, and unrealized gains on fixed maturity available for sale investments.

The period from January 1 to July 2, 2025 (Predecessor)

Net income attributable to Enstar ordinary shareholders for the period from January 1 to July 2, 2025 was $51 million, which was comprised of:

- Total investment returns of $464 million consisting of the aggregate of net investment income, net realized losses, fair value changes in equity and trading securities, funds held and other investments, and income from equity method investments. The total investment returns were driven by:
  - Net investment income of $343 million, primarily generated from interest income on fixed income securities;
  - Fair value changes of $95 million on our other investments, including equities, primarily earned through net gains on our private equity and private debt instruments; and
  - Fair value changes in our trading securities and funds held resulting in a $32 million gain primarily earned through net gains on our funds held - directly managed portfolio.

- Favorable development in prior period of net incurred losses and LAE of $29 million primarily due to a reduction in our estimates of net ultimate losses and provisions for ULAE of $56 million, partially offset by a $20 million change in the fair value of our 2017 and 2018 ("LPT") liabilities, where we previously elected the fair value option and $7 million in amortization of fair value adjustments.

This was partially offset by:

- General and administrative expenses of $263 million, comprised of salaries and benefits of $120 million, Merger related costs of $72 million, other expenses of $30 million, professional fees of $26 million, and IT costs of $15 million;
- Net foreign exchange losses of $68 million mostly comprised of $66 million of remeasurement losses from foreign currency denominated assets and liabilities due to Australian Dollar ("AUD"), EUR, and GBP strengthening against the USD;
- Amortization of net deferred charge assets of $59 million; and
- Interest expense, primarily on debt outstanding of $48 million.

The above factors contributed to net income for the period of $69 million. Comprehensive income attributable to Enstar was $209 million primarily due to net income as discussed above, unrealized gains on fixed maturities, and AFS net of reclassification adjustments of $140 million (which includes the effects of the aforementioned $68 million loss from foreign exchange).

Year Ended December 31, 2024 (Predecessor)

Net income attributable to Enstar ordinary shareholders for the year ended December 31, 2024 was $540 million, which was comprised of:

- Total investment returns of $1.1 billion consisting of the aggregate of net investment income, net realized losses, fair value changes in equity and trading securities, funds held and other investments, and losses from equity method investments. The total investment returns were driven by:
    - Net investment income of $651 million, primarily generated from interest income on fixed income securities; and
    - Fair value changes of $501 million in our other investments, including equities primarily earned through net gains on our publicly traded equity securities, privately held equities, private equity fund and hedge fund investments; partially offset by
    - Fair value changes in our funds held resulting in a $39 million loss primarily incurred through net losses on our Funds Held - Directly Managed portfolio and our fixed income securities; and
    - Losses from equity method investments of $18 million primarily driven by a $73 million loss from Monument Re, partially offset by Core Specialty income of $56 million.
- Favorable development in prior period of net incurred losses and LAE of $149 million, primarily due to a reduction in our estimates of net ultimate losses and provisions for ULAE of $182 million, partially offset by a $20 million change in the fair value of our 2017 and 2018 LPT liabilities, where we previously elected the fair value option and $13 million in amortization of fair value adjustments; and
- Net foreign exchange gains of $39 million, which were mostly comprised of $24 million of remeasurement gains from foreign currency denominated assets and liabilities due to GBP and Canadian Dollar ("CAD") weakening against the USD.

This was partially offset by:

- General and administrative expenses of $391 million, comprised of salaries and benefits of $249 million, other expenses of $61 million, professional fees of $53 million, and IT costs of $28 million;
- Amortization of net deferred charge assets of $117 million;
- Interest expense of $89 million;
- Goodwill impairment of $63 million related to the Merger Agreement. which indicated that the consideration for all ordinary shareholders' interest was less than our book value. As a result, a full impairment charge related to goodwill was recognized;

- Tax expense of $62 million primarily due to $77 million of net deferred tax expenses resulting from the reduction of the previously recognized ETA following our qualification for the five-year limited international footprint exemption, which deferred applicability of the Bermuda Corporate Income Tax (“CIT”) to Enstar until 2030; and
- Defendant asbestos and environmental expenses of $40 million.

The above factors contributed to net income for the period of $581 million. Comprehensive income attributable to Enstar was $571 million, primarily due to net income as discussed above. This amount was reduced by a $10 million adjustment related to the change in net liability for losses and LAE at fair value instrument-specific credit risk, as well as $5 million attributable to non-controlling interests. These reductions were partially offset by the unrealized gains on our fixed maturities, AFS net of reclassification adjustments of $7 million.

Total Investments

Fixed maturities

Refer to the below table for the fair value, duration, and credit rating of our fixed maturities:

	Successor				Predecessor			
	December 31, 2025				December 31, 2024			
	Fair Value	%	Duration (years) [1]	Credit Rating [1]	Fair Value	%	Duration (years) [1]	Credit Rating [1]
	(in millions of U.S. dollars, except percentages)							
Fixed maturities and short-term investments, trading and AFS								
U.S. government & agency	$ 545	5.9 %	2.4	AAA	$ 420	5.1 %	3.3	AA+
U.K. government	148	1.6 %	6.6	AA-	44	0.5 %	9.3	A+
Other government	464	5.0 %	5.2	AA+	359	4.3 %	5.7	AA
Corporate	3,803	41.2 %	5.3	A-	3,261	39.3 %	5.3	A-
Municipal	99	1.1 %	6.8	AA-	109	1.3 %	6.9	AA-
Residential mortgage-backed	529	5.7 %	5.3	AA-	421	5.1 %	4.9	AA
Commercial mortgage-backed	607	6.6 %	1.4	A+	784	9.5 %	1.3	A+
Asset-backed	1,153	12.5 %	1.3	A	772	9.3 %	1.2	A-
Total - Fixed maturities and short-term investments, trading and AFS	$ 7,348	79.5 %	4.2	A+	$ 6,170	74.4 %	4.2	A
Fixed maturities included in funds held - directly managed	1,893	20.5 %	4.0	A	2,120	25.6 %	4.2	A
	$ 9,241	100.0 %	4.1	A+	$ 8,290	100.0 %	4.2	A

[1] The average duration and average credit rating calculations include short-term investments, fixed maturities and the fixed maturities within our funds held-directly managed portfolios.

Prior Period Development ("PPD")

The following table summarizes the net increases (reductions) in estimates of net ultimate losses related to prior years by acquisition year:

	Successor	Predecessor	
	Period from July 3 to December 31, 2025	Period from January 1 to July 2, 2025	Year Ended December 31, 2024
	(in millions of U.S. dollars)		
2015 and Prior	$ 15	$ 1	$ 10
2016	25	2	5
2017	66	1	26
2018	1	(5)	(10)
2019	17	11	55
2020	47	17	34
2021	(115)	(26)	(253)
2022	40	51	(29)
2023	214	35	79
2024	(248)	(106)	(22)
2025	(48)	—	—
Total	$ 14	$ (19)	$ (105)

Period from July 3 to December 31, 2025 (Successor):

The net increase in estimates of net ultimate losses of $14 million was driven by adverse development across multiple acquisition years. We recognized $214 million, $66 million, $47 million, and $40 million of adverse claims experience on our 2023, 2017, 2020, and 2022 acquisition years, respectively, as a result of adverse development primarily on the general casualty, professional indemnity/directors' and officers' and asbestos lines of business. The results were partially offset by $248 million and $115 million of favorable development on our 2024 and 2021 acquisition years, respectively, as a result of favorable claims experience in the workers' compensation / personal accident, general casualty and motor lines of business.

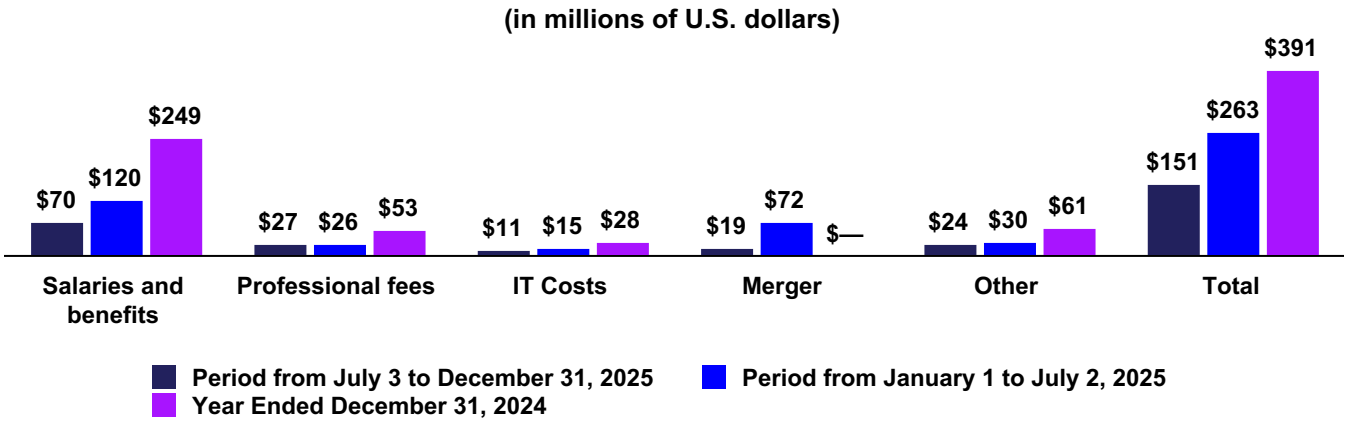
Period from January 1 to July 2, 2025 (Predecessor):

The net reduction in estimates of ultimate losses of $19 million was driven by net favorable development across multiple acquisition years. We recognized $106 million and $26 million of favorable development on our 2024 and 2021 acquisition years, respectively, as a result of favorable claims experience in the property and workers' compensation lines of business, and favorable claims experience. The results were partially offset by $51 million, $35 million, and $17 million of adverse development on our 2022, 2023, and 2020 acquisition years, respectively, as a result of adverse claims experience on the general casualty and professional indemnity/directors' and officers' lines of business.

Year Ended December 31, 2024 (Predecessor):

The net reduction in estimates of ultimate losses of $105 million was driven by net favorable development across multiple acquisition years. We recognized $253 million, $29 million, and $22 million of favorable development on our 2021, 2022, and 2024 acquisition years, respectively, as a result of favorable claims experience in the general casualty, professional indemnity/directors' and officers' and workers' compensation/personal accident lines of business, and favorable claims experience. The results were partially offset by $79 million, $55 million, $34 million, and $26 million of adverse development on our 2023, 2019, 2020, and 2017 acquisition years, respectively, as a result of adverse claims experience on our general casualty, asbestos and other lines of business.

General and Administrative Expenses



Period from July 3 to December 31, 2025 (Successor): General and administrative expenses were $151 million, comprised of salaries and benefits of $70 million, professional fees of $27 million, merger related costs of $19 million, IT costs of $11 million, and other expenses of $24 million primarily consisting of various banking, insurance, and government fees.

Period from January 1 to July 2, 2025 (Predecessor): General and administrative expenses were $263 million, comprised of salaries and benefits of $120 million, merger related costs of $72 million, IT costs of $15 million, other expenses of $30 million, and professional fees of $26 million.

Year Ended December 31, 2024 (Predecessor): General and administrative expenses were $391 million, comprised of salaries and benefits of $249 million, other expenses of $61 million, professional fees of $53 million, and IT costs of $28 million.

Current Outlook

Business Outlook

Transactions

Refer to Note 4. Significant New Business of our consolidated financial statements included within this annual report for a summary of significant new business transactions that were signed and closed for the successor and predecessor periods in 2025.

We continue to evaluate transactions in our active pipeline including LPTs, ADCs, and other transaction types including acquisitions. We seek opportunities to execute creative and accretive transactions by offering innovative capital release solutions that enable our clients to meet their capital and risk management objectives.

Should we execute additional transactions, our mix of loss reserves by line of business, asset mix and both rate and timing of earnings may be impacted in the medium to long term.

Live Underwriting

On February 12, 2026, we entered into an agreement to purchase the property and casualty insurance company, Accident Fund Holdings, Inc. (“AF Group”) from a subsidiary of Blue Cross Blue Shield of Michigan Mutual Insurance Company. AF Group operates as a specialty insurance carrier specializing in workers’ compensation, commercial multiline, specialty lines, and risk & claims management services. This acquisition will add live property and casualty underwriting capabilities that complement our established retroactive business, creating a more differentiated model that allows us to serve clients across both prospective and retroactive solutions.

Fronting and Fee-based income

On July 2, 2025, we entered into a fronting agreement with an excess casualty managing general agent (“MGA”) registered with the Bermuda Monetary Authority as an insurance agent under the Insurance Act. On October 1, 2025, the MGA began underwriting risk on our behalf and in exchange, we began receiving a fronting fee of 5% based on gross written premium. The annual gross written premium is expected to be between $150 million and $200 million. We except to cede 100% of the business written via quota share agreements with a panel of reinsurers that are rated A- or above. This transaction is part of our continued efforts to deliver solutions tailored to the needs of our client as we diversify our sources of revenue by entering fee income-based business.

Ceded Reinsurance

On August 19, 2025, we entered into a quota share reinsurance agreement with a collateralized insurer vehicle, Scaur Hill, which is registered with the BMA as a segregated accounts company. Under the quota share reinsurance agreement, we ceded 13.3% of net reserves and consideration received on our LPT agreement with AXIS to Scaur Hill on a funds withheld basis in exchange for ceding commission and ongoing management fees. This transaction is complementary to our fee income-based business and supports the execution of our risk management strategy.

Frequency of Reserve Analysis

We complete most of our annual loss reserve studies in the fourth quarter of each year and, as a result, tend to record the largest movements, both favorable and adverse, to net incurred losses and LAE in this period.

In the interim periods where a reserve study has not been completed, we perform quarterly reviews to ascertain whether changes to claims paid or case reserves have varied from our expectations developed during the last annual reserve review. In this event, we consider the timing and magnitude of the actual versus expected development, and we may record an interim adjustment to our recorded reserves if, and when, warranted.

Investment Outlook

We expect global financial markets to remain uncertain in 2026 given geopolitical tensions, interest rate volatility, uncertainty around the trend of inflation and impact of fiscal policies of the current administration in the United States.

Market expectations around the future path of interest rates are likely to represent a continued source of volatility, as global central banks balance supporting the labor market and economic growth while closely monitoring inflation. If interest rates rise and/or credit spreads widen, we may recognize unrealized losses and fair value changes on our

fixed maturities and incur a higher rate of borrowing and interest costs if we renew or borrow under credit facilities in the current environment.

Despite this, elevated interest rates can represent an opportunity for us in the medium to long term, notably;

- As of December 31, 2025, we held 15.2% of our portfolio, or $3.0 billion, in fixed maturities with floating interest rates which, should interest rates remain elevated, would be accretive to future investment book yields. We have earned $86 million and $95 million of net investment income from our floating rate investments for the periods from July 3 to December 31, 2025 and January 1 to July 2, 2025, respectively. Net investment income from floating rate investments for the year ended December 31, 2024 was $226 million. The floating interest rates were generally indexed to the Secured Overnight Financing Rate (the “SOFR”).
- Higher interest rates have provided us with the opportunity to reinvest at higher yields as our securities mature or as we invest a significant portion of consideration received from new business into fixed maturities

We may also undertake tactical repositioning of our portfolio as opportunities arise to achieve better alignment with our investment strategy, rather than waiting for certain fixed maturities to mature, which may result in the recognition of previously unrealized losses within our income statement with a corresponding reclassification adjustment in other comprehensive income. Such adjustments would be neutral to equity since the unrealized losses are recorded as a component of accumulated other comprehensive income. Any investment repositioning may also have a corresponding impact to our investment book yield.

We invest in public and private assets, which may vary in the magnitude of their exposure to any potential economic downturn and other macroeconomic factors.

Despite these challenges, we remain committed to our strategic asset allocation and expect our investments to provide attractive risk adjusted returns and diversification benefits over the medium to long term.

Inflation

We continue to monitor the inflationary impacts resulting from recent policy changes, imposition of tariffs by the U.S. government and reciprocal tariffs by other nations and labor force supply pressures on our loss cost trends.

Social inflation has been a persistent headwind for the industry for some time. We continue to monitor and seek to actively resolve claims in difficult judicial districts. We closely follow these trends and proactively set appropriate reserves.

There remains uncertainty around the future of inflation. We continue to monitor liquidity, capital and the potential earnings impact of these changes but remain focused on medium to long term asset allocation decisions.

We expect to continue to benefit from our allocation to investments with inflationary pass-through components, including investments in private equity, private credit, real estate, and infrastructure asset classes.

Inflation and higher service costs continue to put pressure on wages and prices, which could impact our general and administrative expenses as we remain focused on being a competitive employer in our market.

Geopolitical Conflicts

Heightened geopolitical conflicts, including the continued Russian invasion of Ukraine, the standoff between the U.S. and Venezuela, and the significant military action in the Middle East, are directly and indirectly (through comprehensive sanctions regimes) contributing to volatile commodity prices, disrupted supply chains, global financial market volatility and significant industry losses.

We continue to monitor our direct investment and underwriting risks and our acquisition pipeline because of these ongoing conflicts. To date, we are not aware of operational disruption to us or our third-party service providers because of these conflicts, and we have not identified any significant direct impacts from these events. We also continue to monitor for, and respond to, all relevant changes in the global sanctions regime, updating our procedures accordingly.

Minimum Corporate Income Tax

In December 2021, the OECD released the final model rules on Pillar II, an initiative proposing a global minimum tax rate of 15% designed to ensure large multinational enterprises pay a minimum level of tax on the income arising

in each jurisdiction where they operate. We have several subsidiaries in jurisdictions that have enacted Pillar II legislation, namely the U.K., Australia, and Belgium.

In response to Pillar II initiatives, the government of Bermuda enacted a 15% corporate income tax in December 2023 that became effective January 1, 2025. The Bermuda CIT regime provides a five-year deferral for companies meeting certain requirements (for which we qualified). Based on our substantial operations in Bermuda, we expect a meaningful portion of our income will be subject to the Bermuda CIT after the five-year deferral.

We established a net deferred tax asset of $205 million related to the enactment of the Bermuda CIT in December 2023 pertaining to the ETA provision of the Act which provides a benefit using fair values of the Bermuda-based entities around the time of enactment.

Note, the application of the five-year deferral is tested on an annual basis, and failure to comply in any given year until 2030 will result in the loss of this deferral. The application of this deferral requires, amongst other items, that we operate in six or fewer jurisdictions (in corporate or branch form). We operate in six jurisdictions and regularly monitor our activities to ensure we are not operating in more than six jurisdictions.

As a result of our initial qualification for the Bermuda CIT deferral in 2024, we remeasured the previously recognized $205 million net deferred tax asset. Accordingly, we recorded a $77 million net reduction in December 2024 for the portion that is not expected to be utilized within the five-year period ending in 2030, during which we do not anticipate being subject to Bermuda CIT. There were additional changes to the calculation guidance enacted in 2025 pertaining to the remeasurement of the original ETA, which resulted in an $87 million tax benefit pertaining to the exclusion of originally contemplated deferred tax liabilities. This benefit is reflected in our results for the period from July 2, 2025 to December 31, 2025.

Liquidity and Capital Resources

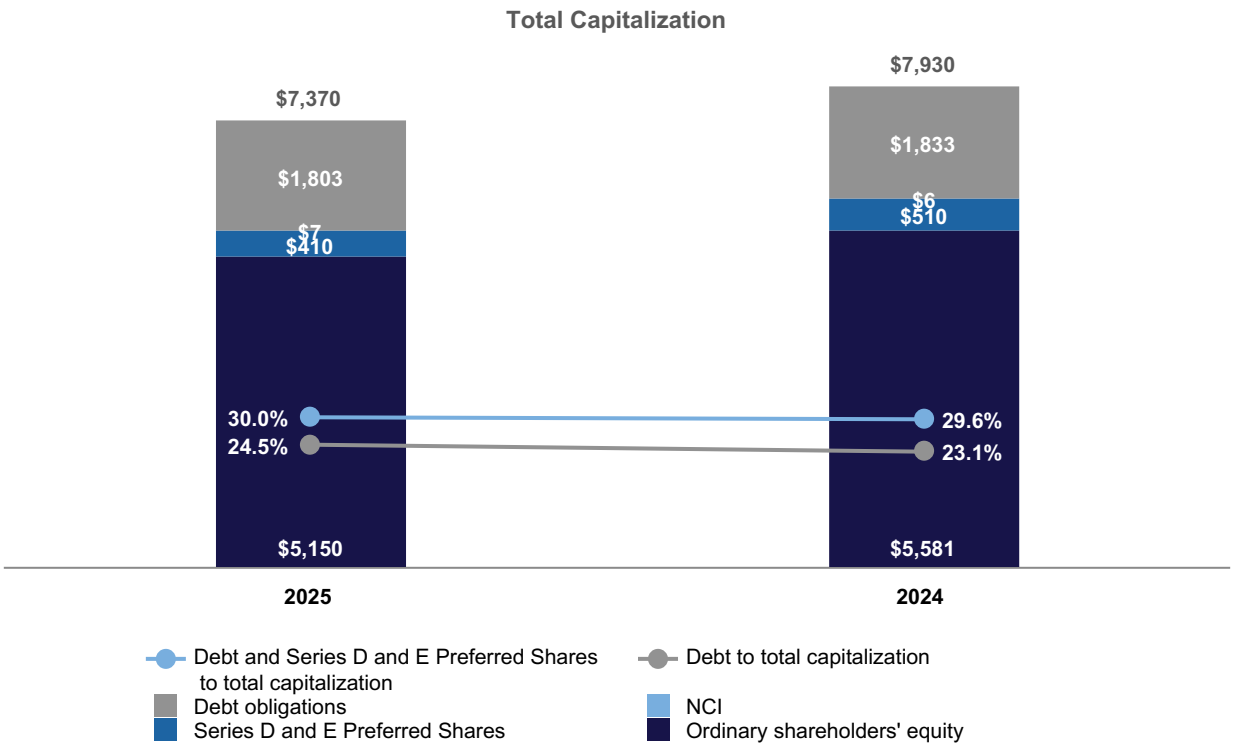
Overview

We aim to generate cash flows from our (re)insurance operations and investments, preserve sufficient capital for future acquisitions and new business, and develop relationships with lenders who provide borrowing capacity at competitive rates.

As of December 31, 2025, we had $626 million of cash and cash equivalents, excluding restricted cash, that supports (re)insurance operations. On July 2, 2025, we returned capital of approximately $496 million to fund a portion of the Merger consideration upon closing based on final share count, and on July 24, 2025, we made a subsequent distribution of $450 million to fund the repayment of a portion of the $950 million term loan facility that our Parent had entered at the closing of the Merger. Included in cash and cash equivalents as of December 31, 2025 was $410 million held by our foreign subsidiaries outside of Bermuda.

We closed 2024 with a group solvency capital ratio of 222% (and expect a lower ratio when the 2025 group solvency amount is updated in the first quarter of 2026). Based upon our strong financial fundamentals and available funding sources, we continue to believe we have access to adequate liquidity and capital resources to meet business requirements under current market conditions and reasonably possible stress scenarios for the foreseeable future. We continuously monitor our liquidity and capital positions and adjust as required by market conditions.

The following represents our total capitalization as of December 31, 2025 and 2024.



Total capitalization attributable to Enstar was $7.4 billion and $7.9 billion as of December 31, 2025 and 2024, respectively. Debt and Series D and E Preferred Shares to total capitalization attributable to Enstar was 30.1% and 29.6% as of December 31, 2025 and 2024, respectively. Debt to total capitalization attributable to Enstar was 24.5% and 23.1% as of December 31, 2025 and 2024, respectively.

Under the eligible capital rules of the BMA, our Preferred Shares qualify as Tier 2 capital when considering the Bermuda Solvency Capital Requirements (“BSCR”).

For purposes of the financial covenants in our credit facilities, total debt excludes hybrid capital (defined as our Junior Subordinated Notes) not exceeding 15% of total capital attributable to Enstar. As of December 31, 2025, we were in compliance with the financial covenants in our credit facilities.

Liquidity and Capital Resources of Holding Company and Subsidiaries

Holding Company Liquidity

As referenced above, in July 2025, we returned capital of $496 million to our shareholders as part of the Merger consideration based on final share count and made $450 million in distributions to our Parent, primarily for the purposes of repaying a portion of its $950 million term loan facility. The remaining balance of the term loan facility of $450 million as of December 31, 2025 is required to be paid by July 2028 and is expected to be funded primarily by distributions to our Parent.

As of December 31, 2025, holding company cash and cash equivalents amounted to $20 million consistent with our targeted levels. This compared to $534 million of holding company cash and cash equivalents as of December 31, 2024, which was elevated as it included $500 million required to be held pursuant to contractual requirements for the funding of a return of capital related to the Merger.

We conduct substantially all our operations through our subsidiaries. As such, the potential sources of liquidity to Enstar as a holding company consist of cashflows from our subsidiaries, including dividends, advances and loans, and interest income on loans to our subsidiaries. We have available borrowing capacity under our revolving credit facility, and we have obtained funding through the issuance of senior notes and preferred shares. The holding company also guarantees the Junior Subordinated Notes issued by one of our subsidiaries in prior years.

As of December 31, 2025, we had $800 million of available unutilized capacity under our unsecured revolving credit facility, which expires in May 2028. We may request additional commitments under the facility up to an aggregate amount of $200 million, which the existing lenders, in their discretion, or new lenders, may provide.

We use cash to fund new acquisitions of companies. We also utilize cash for our operating expenses and to pay dividends on our preferred shares and interest and principal on loans from subsidiaries and debt obligations, including loans under our credit facilities, our Senior Notes and our Junior Subordinated Notes.

We may, from time to time, raise capital from the issuance of equity, debt or other securities as we continuously evaluate our strategic opportunities.

As we are a holding company and have no substantial operations of our own, our assets consist primarily of investments in subsidiaries and our loans and advances to subsidiaries. Dividends from our (re)insurance subsidiaries are restricted by (re)insurance laws and regulations, as described below. The ability of all of our subsidiaries to make distributions and transfers to us may also be restricted by, among other things, other applicable laws and regulations and the terms of our credit facilities and our subsidiaries' bank loans and other issued debt instruments. During the predecessor periods from January 1 to July 2, 2025, we received $670 million in dividends and return of capital from our subsidiaries, comprised of $525 million of cash distributions and $145 million in equity securities and settlement of loan receivables (there were no such dividends or return of capital in the successor period of July 3 to December 31, 2025). During the year ended December 31, 2024, we received $704 million in dividends and return of capital from our subsidiaries, comprising $500 million of cash distributions and $204 million in equity securities and settlement of loan receivables. We did not make capital contributions to our subsidiaries during the successor or predecessor periods in 2025 or the year ended December 31, 2024.

Based on our group's current corporate structure with a Bermuda domiciled parent company and the jurisdictions in which we operate, if the cash and cash equivalents held by our foreign subsidiaries were to be distributed to us, as dividends or otherwise, such amount would not be subject to incremental income taxes; however, in certain circumstances withholding taxes may be imposed by some jurisdictions, including by the United States.

Based on existing tax laws, regulations and our current intentions, there were no accruals as of December 31, 2025 for any material withholding taxes on dividends or other distributions.

Junior Subordinated Debt

During March 2025, we completed the issuance and sale of $350 million in aggregate principal amount of our 7.50% Fixed-Rate Reset Junior Subordinated Notes due 2045, resulting in $345 million of proceeds, net of $5 million of debt issuance costs. In conjunction with the issuance, we completed a tender offer for $350 million of our 5.75% Fixed-Rate Reset Junior Subordinated Notes due 2040.

Sources and Uses of Cash

Cash and cash equivalents decreased by $1.7 billion for the period from July 3 to December 31, 2025 (Successor), which was largely due to cash used in financing and investing activities of $1.1 billion and $643 million, respectively, slightly offset by cash provided by operating activities of $70 million.

Cash and cash equivalents increased by $915 million for the period from January 1 to July 2, 2025 (Predecessor), which was largely due to cash provided by operating and financing activities of $2.2 billion and $58 million, respectively, partially offset by cash used in investing activities of $1.4 billion.

Cash and cash equivalents increased by $724 million for the year ended December 31, 2024 (Predecessor), which was largely due to cash provided by operating and investing activities of $483 million and $286 million, respectively, partially offset by cash used in financing activities of $42 million.

Analysis of Sources and Uses of Cash

Operating Cash Flow Activities

Period from July 3 to December 31, 2025 (Successor): Cash provided by operating activities of $70 million was primarily due to income in the period, excluding non-cash fair value changes in investments, and cash consideration received from new reinsurance transactions, which were almost fully offset by cash payments for claims.

Period from January 1 to July 2, 2025 (Predecessor): Cash provided by operating activities of $2.2 billion was primarily due to cash consideration of $2.4 billion received on the completion of new reinsurance transactions, net sales and maturities of trading securities of $282 million, and other sources provided by operating activities of $770 million, which was largely generated by the use of funds held balances to cover net paid claims on certain portfolios, partially offset by net paid losses of $1.2 billion.

Year ended December 31, 2024 (Predecessor): Cash provided by operating activities of $483 million was primarily due to cash consideration of $781 million received on the completion of new reinsurance transactions, net sales and maturities of trading securities of $859 million, and other sources provided by operating activities of $1.1 billion which was largely generated by the use of funds held balances to cover net paid claims on certain portfolios, partially offset by net paid losses of $2.3 billion.

Investing Cash Flow Activities

Period from July 3 to December 31, 2025 (Successor): The $643 million of cash used in investing activities was primarily due to net purchases of available for sale securities of $496 million and $170 million net purchases of other investments.

Period from January 1 to July 2, 2025 (Predecessor): Cash used in investing activities of $1.4 billion was primarily due to net purchases of fixed maturities of $1.1 billion and net purchases of other investments of $263 million.

Year ended December 31, 2024 (Predecessor): Cash provided by investing activities of $286 million was primarily due to net sales of AFS securities of $328 million and other sources of $101 million, partially offset by the net purchases of other investments of $143 million.

Financing Cash Flow Activities

Period from July 3 to December 31, 2025 (Successor): Cash used in financing activities of $1.1 billion primarily consisted of $1.0 billion of distributions to our Parent as described in Note 2 to the consolidated annual financial statements, $82 million relating to the redemption of the 5.75% Fixed-Rate Reset Junior Subordinated Notes, and preferred dividend payments of $18 million.

Period from January 1 to July 2, 2025 (Predecessor): Cash provided by financing activities of $58 million was primarily driven by the issuance of the 7.50% Junior Subordinated Notes, which generated net proceeds of $345 million, offset by the cash offer tender for the 5.75% Junior Subordinated Notes resulting in the repayment of $269 million and the payment of deferred share dividends of $18 million.

Year ended December 31, 2024 (Predecessor): Cash used in financing activities of $42 million was primarily driven by the payment of deferred share dividends of $36 million and the acquisition of noncontrolling and redeemable noncontrolling shareholders' interest in subsidiaries of $6 million.

U.S. Finance Company Liquidity

Enstar Finance is a wholly-owned finance subsidiary under which we have issued our Junior Subordinated Notes due in 2042. Like our holding company, Enstar Finance is dependent upon funds from other subsidiaries to pay any amounts due under such Junior Subordinated Notes in the form of distributions or loans, which may be restricted by, among other things, other applicable laws and regulations and the terms of our credit facilities and our subsidiaries' bank loans and other issued debt instruments.

Liquidity in Operating Companies

We expect that our operating companies will generate sufficient liquidity, together with our existing capital base and cash and investments acquired and from new business transactions, to meet cash requirements and to operate our business.

Sources of funds to our operating companies primarily consist of cash and investment portfolios acquired on the completion of acquisitions and new business, investment income earned, proceeds from sales and maturities of investments and collection of reinsurance recoverables. We also collect small amounts of premiums and fee and commission income.

Cash balances acquired upon the purchase of (re)insurance companies are classified as cash provided by investing activities, whereas cash from new business is classified as cash provided by operating activities.

The primary uses of funds by our operating companies are claims payments, investment purchases, operating expenses and collateral requirements.

The ability of our (re)insurance subsidiaries to pay dividends and make other distributions is limited by the applicable laws and regulations of the jurisdictions in which our (re)insurance subsidiaries operate, including Bermuda, the United Kingdom, the United States, Australia, Liechtenstein and Belgium, which subject these subsidiaries to significant regulatory restrictions.

These laws and regulations require, among other things, certain of our (re)insurance subsidiaries to maintain minimum capital requirements and limit the amount of dividends and other payments that these subsidiaries can pay to us, which in turn may limit our ability to pay dividends and make other payments.

As of December 31, 2025, our (re)insurance subsidiaries' capital requirement levels were more than the applicable minimum levels required for their respective regulatory jurisdictions.

Our subsidiaries' ability to pay dividends and make other forms of distributions may also be limited by our repayment obligations under certain of our outstanding credit facility agreements and other debt instruments. Variability in ultimate loss payments and collateral amounts required may also result in increased liquidity requirements for our subsidiaries.

Off-Balance Sheet Arrangements

As of December 31, 2025, we are subject to certain investment commitments and parental guarantees. Additionally, we have entered into various off-balance sheet commitments related to our investment and reinsurance portfolios, unsecured letters of credit, and a deposit facility, which are not recorded on the balance sheet but may have a material impact on future cash flows and financial position. See Note 23 to the consolidated financial statements for additional information. These commitments are considered in normal course of business and on-going stress testing, and we do not believe it is reasonably likely that these arrangements will have a material unplanned effect on our current or future financial position, revenue and expenses, results of operations, liquidity, capital expenditures or capital resources. As of December 31, 2025 the total amount of such commitment[2] outstanding was approximately $3.5 billion.

[2] Included in unfunded investment commitments, is a commitment we entered into, to invest $8.6 million in an insurance-linked securities ("ILS") arrangement through a Bermuda-based collateralized reinsurer, determined to be a related party, that will provide reinsurance capacity across a diversified portfolio of casualty programs.

Return of Capital and Dividends

We believe that the best investment is in our business, by funding future transactions and meeting our financing obligations. We have 16,000 Series D Preferred Shares with an aggregate liquidation value of $400 million and 4,400 Series E Preferred Shares with an aggregate liquidation value of $110 million. The dividends on both Series of Preferred Shares are non-cumulative and may be paid quarterly in arrears, only when, as and if declared. The carrying value in the predecessor periods aggregating to $510 million of these Preferred Shares were subject to fair value adjustments at the closing date of the Merger and are reflected as $410 million based on the fair market value as of July 2, 2025. These Preferred Shares are perpetual and will not have any future accretion, unless we elect to redeem such shares. If we were to redeem the shares in a future period, the difference between the redemption / liquidation value would be reflected as a deemed dividend and a reduction to retained earnings (or paid-in capital if retained earnings were insufficient).

Any payment of ordinary or preferred dividends must be approved by our Board. Our ability to pay ordinary and preferred dividends is subject to certain restrictions.

Contractual Obligations

The following table summarizes, as of December 31, 2025, our future payments under material contractual obligations and estimated payments for losses and LAE by expected payment date. The table includes only obligations that are expected to be settled in cash.

		Short-term	Long Term			
	Total	Less than 1 Year	1 - 3 years	3 - 5 years	6 - 10 years	More than 10 Years
			(in millions of U.S. dollars)			
Operating Activities						
Estimated gross reserves for losses and LAE [1]						
Asbestos	$ 1,406	$ 142	$ 251	$ 208	$ 312	$ 493
Environmental	271	34	54	47	58	78
General Casualty	3,949	667	904	641	932	805
Workers' compensation/personal accident	1,644	204	298	221	314	607
Marine, aviation and transit	323	86	89	48	50	50
Construction defect	157	27	62	29	22	17
Professional indemnity/Directors and Officers	1,873	492	618	331	314	118
Motor	1,005	167	221	133	165	319
Property	1,305	520	528	152	81	24
Other	499	109	130	80	86	94
Total outstanding losses and IBNR	12,432	2,448	3,155	1,890	2,334	2,605
ULAE	333	61	81	49	61	81
Total estimated gross reserves for losses and LAE [1]	12,765	2,509	3,236	1,939	2,395	2,686
Financing Activities						
Loan repayments (including estimated interest payments)	3,000	96	191	651	784	1,278
Total	$ 15,765	$ 2,605	$ 3,427	$ 2,590	$ 3,179	$ 3,964

[1] The reserves for losses and LAE represent management's estimate of the ultimate cost of settling losses. The estimation of losses is based on various complex and subjective judgments. Actual losses paid may differ, perhaps significantly, from the reserve estimates reflected in our consolidated financial statements. Similarly, the timing of payment of our estimated losses is not fixed and there may be significant changes in actual payment activity. The assumptions used in estimating the likely payments due by period are based on our historical claims payment experience and industry payment patterns, but due to the inherent uncertainty in the process of estimating the timing of such payments, there is a risk that the amounts paid in any such period can be significantly different from the amounts disclosed above. The amounts in the above table represent our estimates of known liabilities as of December 31, 2025 and do not take into account corresponding reinsurance recoverable amounts that would be due to us.

Reserves for Losses and LAE

We generally attempt to match the duration of our investment portfolio to the duration of our liability profile. We generally seek to maintain investment portfolios that are shorter or of equivalent duration to the liabilities in order to provide liquidity for the settlement of losses and, where possible, to avoid having to liquidate longer-dated investments. The settlement of liabilities also has the potential to accelerate the natural payout of losses, which may require additional liquidity. As of December 31, 2025 and 2024, the estimated weighted average durations of our gross reserves for losses and LAE were 4.31 years and 4.57 years, respectively. The decrease in duration from 2024 to 2025 was driven by new acquisitions with shorter payout periods, partially offset by longer average payout projections for reserves from prior years

Debt Obligations

We utilize debt financing and loan facilities primarily for funding acquisitions and significant new business, investment activities and, from time to time, for general corporate purposes.

Our debt obligations as of December 31, 2025 and 2024 were as follows:

		Successor	Predecessor
	Due Date	December 31, 2025	December 31, 2024
		(in millions of U.S. dollars)	
4.95% Senior Notes due 2029	May 2029	$ 503	$ 497
3.10% Senior Notes due 2031	September 2031	449	496
Total Senior Notes		952	993
5.75% Junior Subordinated Notes due 2040	August 2040	—	346
5.50% Junior Subordinated Notes due 2042	January 2042	492	494
7.50% Junior Subordinated Notes due 2045	March 2025	359	—
Total Junior Subordinated Notes		851	840
Total debt obligations		$ 1,803	$ 1,833

Under the eligible capital rules of the BMA, the Senior Notes qualify as Tier 3 capital and the Junior Subordinated Notes qualify as Tier 2 capital when considering the BSCR.

We may from time to time seek to retire or purchase our outstanding debt through cash purchases, redemptions and/or exchanges for other securities, in open market purchases, privately negotiated transactions or otherwise. Any such repurchases, redemptions or exchanges will be dependent upon several factors, including our liquidity requirements, contractual restrictions, general market conditions and applicable regulatory, legal and accounting factors.

Credit Ratings

The following table presents our credit ratings as of February 13, 2026:

Credit ratings [1]	Standard and Poor's	Fitch Ratings
Long-term issuer	BBB+ (Outlook:Negative)	BBB+ (Outlook: Stable)
2029 Senior Notes	BBB+	BBB
2031 Senior Notes	BBB	BBB
2042 and 2045 Junior Subordinated Notes	BBB-	BBB-
Series D and E Preferred Shares	BBB-	BBB-

[1] Credit ratings are provided by third parties, Standard and Poor's and Fitch Ratings, and are subject to certain limitations and disclaimers. For information on these ratings, refer to the rating agencies' websites and other publications.

Agency ratings are not a recommendation to buy, sell or hold any of our securities and may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating.

Critical Accounting Estimates

We believe the following accounting policies are most dependent on significant judgments and estimates used in the preparation of our financial statements.

Losses and LAE

Losses and LAE liabilities represent our best estimate of the ultimate remaining liability for unpaid losses and LAE for incurred claims as of the balance sheet date. This includes provisions for claims that have been reported but are unpaid at the balance sheet date (Outstanding Loss Reserves, or "OLR") and for obligations on claims that have been incurred but not reported ("IBNR") at the balance sheet date. IBNR may also include provisions to account for the possibility that reported claims may settle for amounts that differ from the established case reserves as well as the potential for closed claims to re-open.

Establishing loss reserves can be complex and is subject to considerable uncertainty. Because a significant amount of time can lapse between our assumption of the risk, the occurrence of a loss event, the reporting of the event to us and the ultimate payment of the claim on the loss event, the liability for unpaid losses and LAE is based largely upon estimates. Certain types of exposure, typically latent health exposures such as asbestos-related claims, have inherently long reporting delays, in some cases many years, from the date a loss occurred to the manifestation and reporting of a claim and ultimately until the final settlement of the claim, and that could impact the amount of reliance we place on our actual historical data.

We use considerable judgment in the process of developing these estimates of loss reserves, which involves uncertainty in several areas, including use of actual or industry data for model inputs, and various projection assumptions and judgments depending on product lines, coverage type, or policy year. We may record additional estimates based upon our judgment as to the applicability of the facts, circumstances and external environment to each portfolio.

As of December 31, 2025 and 2024, IBNR reserves (net of reinsurance balances recoverable) accounted for $5.4 billion, or 47.2%, and $5.0 billion, or 46.5%, respectively, of our total net losses and LAE reserves, excluding ULAE[3].

Our estimate of loss reserves for each portfolio generally relies on the following key judgments:

- The degree of reliance upon historic actual claims trends or industry data for claims trends.
- Separation of each portfolio into homogenous data sets, generally by line of business, or reserving class.
- Methods used in analyzing and projecting potential reserve positions and the mix of methods selected to form an aggregate reserve position for each portfolio[4].
- Our degree of reliance or adjustment because of external factors such as economic conditions (inflation and unemployment statistics), legal conditions (judicial rulings in each relevant jurisdiction) and social and environmental factors (medical cost trends, changes in regulations or public health).
- Consideration of additional information such as changes in claims handling activities, third party claims operating reviews, third party actuarial reviews or changes in our reinsurance programs.

Judgments are based on numerous factors and may be revised as additional data becomes available, as new or improved methods are developed, or as laws change. This means that ultimate loss payments may differ from the losses and LAE estimate made at the balance sheet date.

In addition, key assumptions are made within each method, although the sensitivity to each assumption may vary within each method and even within each reserving class and accident year of each method. Such assumptions would include:

- Loss development factors are used to extrapolate current losses on an accident year to our full expected losses based upon judgments of historical trends on earlier accident years.

[3] For the components of gross and net losses and LAE reserves by line of business, and ULAE, as of December 31, 2025 and 2024, refer to Note 10 to our consolidated annual financial statements.

[4] Refer to Note 10 to our consolidated financial statements for further description of the methodologies used for establishing reserves.

- Tail factors further extrapolate our longer tailed lines where payments expected in later years or decades can be more uncertain than settlements that preceded them both in the timing and amount of cash flows. As such, lines with more expected payments in the tail are more sensitive to tail assumptions.
- Expected loss ratios are used for years where we do not yet have credible experience.
- Loss cost trend factors are used to extrapolate future loss expectations based upon observed trends.

We perform, at least annually, a formal review process of each portfolio of reserves in accordance with Actuarial Standards of Practice. These reviews may be performed using internal or independent credentialed actuaries.

In addition, we project expected paid and incurred loss development for each class of business, which is monitored on a quarterly basis. Should actual paid and incurred development differ significantly from the expected paid and incurred development, we will investigate the cause and, in conjunction with our actuaries, consider whether any adjustment to total loss reserves is required.

Adjustments resulting from changes in our estimates are recorded in the period when such adjustments are determined. The ultimate liability for losses and LAE is likely to differ from the original estimate due to several factors, primarily consisting of the overall claims activity occurring during any period, including the completion of commutations of assumed liabilities and ceded reinsurance receivables, policy buy-backs and general incurred claims activity.

Loss Reserving (Latent Claims)

Sensitivity to Underlying Assumptions of our Actuarial Methods

While we believe our reserve for losses and LAE at December 31, 2025 is reasonable, the estimation of these reserves is a complex process that depends on a number of factors and assumptions. As noted previously, our best estimate of our loss reserves involves considerable judgment, considering the results from several reserving methodologies. Therefore, these estimates are susceptible to changes in assumptions. We consider each of the following sensitivities a reasonable deviation for the key assumptions for each of our significant lines of business.

Line of Business	Net Reserves	Sensitivity	Estimated range in variation
	(in millions of U.S. Dollars)		
Asbestos	$ 1,350	+/- 10% in expected number of claims +/- 10% in average indemnity	$+/- 110 +/- 135
General Casualty	3,789	+/- 10% in tail costs (5+ years) +/- 1% in loss cost trend	+/- 165 +/- 235
Workers' Compensation	1,484	+/- 2.5% increase in medical inflation	+/- 270
Professional Indemnity/Directors and Officers	1,736	+/- 2.5% in loss cost trend	+/- 160
Property	1,218	+/- 2.5% in loss cost trend	+/- 65

Asbestos – Reserve estimates for this line are subject to greater variability than reserves for more traditional exposures. Claims are spread across multiple policy years based on the still evolving case law in various jurisdictions and inconsistent court decisions and judicial interpretations, making historical development patterns unreliable to forecast the future claim payments. A key consideration in setting our asbestos reserves is the volume of future claim filings, and the average indemnity of those claims.

General Casualty – This is a long tail class of business with long reporting and paid developing factors, and we generally use a combination of reserving methodologies on this line. Because of the long tail nature, the reserves are susceptible to variation in loss development factors and loss cost trends that may develop over an extended period over multiple accident years. A key assumption in setting our general casualty reserves is the provision for claim payments in the tail.

Workers' Compensation – We generally use a combination of loss development and expected loss ratio methods due to the long tail nature of this line. A portion of our workers' compensation reserves cover medical expense for future treatments of injured workers. Given the long development patterns associated with workers' compensation business, these claims are exposed to medical inflation.

Professional Indemnity/Directors and Officers – Due to the nature of this line, there is increased uncertainty in the number and severity of claims, which results in an expectation of high volatility and uncertainty in loss trends.

Motor - This business is generally shorter tail in nature, and the majority of the claims are resolved within a few years of occurrence. A key component in estimating motor reserves is the severity of claims.

Asbestos Claims

Several of our subsidiaries, and counterparties who underwrote the insurance policy portfolios we assumed, have exposure to bodily injury claims from alleged exposure to asbestos.

- The United States asbestos exposure arises mainly from general liability insurance policies underwritten prior to 1986, which our subsidiaries or counterparties either wrote directly, on a primary or excess basis, or as reinsurance.
- Our United Kingdom asbestos exposures emanate from Employers' Liability insurance policies written in 2005 and prior.

Asbestos bodily injury claims differ from other bodily injury claims due to the long latency period for asbestos, which often triggers a policyholder's coverage over multiple policy periods. The long latency period, combined with the lack of clear judicial precedent with respect to coverage interpretations and expanded theories of liability, increases the uncertainty of the asbestos claim reserve estimates.

As of December 31, 2025 and 2024, the net loss reserves for asbestos-related claims comprised 11.7% and 13.2%, respectively, of total net reserves for losses and LAE liabilities excluding ULAE. In addition, as of December 31, 2025 and 2024, we had $711 million and $706 million of gross defendant asbestos liabilities, respectively[5].

Environmental Claims

Our subsidiaries and counterparties who underwrote the insurance policy portfolios we assumed have exposure to environmental claims from general liability insurance policies written prior to the mid-1980s, that were not specifically written to cover damage to the environment from gradual releases of pollutants. Like asbestos, there is additional uncertainty with respect to environmental reserves as compared to other general liability exposures. This added uncertainty is due to the multiple policy periods and allocation of claims to policy years, number of solvent potentially responsible parties at any site, ultimate cost of the remediation, the number of ultimate sites and changes to judicial precedence.

As of December 31, 2025 and 2024, the net loss reserves for environmental pollution-related claims comprised 2.3% and 2.8%, respectively, of total net reserves for losses and LAE excluding ULAE. In addition, as of December 31, 2025 and 2024 we had $8 million and $9 million of gross accrued direct environmental liabilities[6], respectively.

Asbestos and Environmental Reserving

The ultimate losses from asbestos and environmental ("A&E") claims cannot be estimated using traditional actuarial reserving methods that extrapolate losses to an ultimate basis using loss development, and therefore we use alternative actuarial projection methods. Claims are spread across multiple policy years based on the still evolving case law in each jurisdiction, making historical development patterns unreliable to forecast the future claim payments. Our estimate of loss reserves for A&E claims relies on the following key factors and judgments:

- The degree of reliance or adjustment based on the legal and social environment, to which these liabilities are particularly sensitive. The current legal environment and the impact of specific settlements that may be used as precedents to settle future claims are key with these types of claims;
- The degree of reliance upon actual claims data and trends or industry data for claims trends; and
- Methods used in analyzing and projecting potential reserve positions and the mix of methods selected to form an aggregate reserve position for each portfolio[7].

Judgments are based on numerous factors and may be revised as additional data becomes available, as new or improved methods are developed, or as laws change. This means that ultimate loss payments may differ from the losses and LAE estimate made at the balance sheet date.

[5] As described in Note 12 in our consolidated financial statements.

[6] As described in Note 12 in our consolidated financial statements.

[7] Refer to Note 10 in our consolidated financial statements for further description of the methodologies used for establishing reserves.

Key assumptions are made within each method, although the sensitivity to each assumption may vary within each method and even within each reserving class and accident year of each method. When the asbestos exposure analysis (frequency and severity) method is applied, such assumptions would include:

- Trends with respect to average claim indemnity and estimated legal costs, which are used to extrapolate future claim costs; and
- Trends in claim filing patterns, which will be used to estimate the number of future claims that will ultimately be settled with payment.

We also use a combination of additional actuarial methods, including the paid survival ratio, paid market share, decay factor, and other methods to periodically reevaluate the continued reasonableness of recorded loss reserves.

Change in Reserve Assumptions

Changes in reserve estimates can be driven by updated experience and by changes in assumptions. These are linked as updated information leads to changes in assumptions. We have estimated what portion of changes in ultimate losses from acquisition years 2016 to 2025 are attributable to experience and what portion are attributable to assumptions.

Line of Business	Change in Ultimate Losses	Change due to Experience	Change due to Assumptions
Asbestos	2.8 %	1.3 %	1.5 %
General Casualty	1.7 %	0.6 %	1.1 %
Workers' Compensation	(5.9)%	(4.8)%	(1.1)%
Professional Indemnity/ Directors and Officers	3.6 %	1.3 %	2.3 %
Property	(6.4)%	(5.9)%	(0.5)%

Defendant asbestos and environmental liabilities

Defendant A&E liabilities on our consolidated balance sheets include amounts for indemnity and defense costs for pending and future claims, determined using standard actuarial techniques for asbestos-related exposures. Defendant A&E liabilities also include amounts for environmental liabilities associated with our properties. These are non-insurance liabilities since they are held by non-insurance subsidiaries and are presented separately on our consolidated balance sheets. These reserves will be sensitive to similar industry trends and assumptions as observed in our A&E reserves as described under the Loss and LAE section above, specifically claim trends and indemnity. However, we utilize different methodologies to estimate the defendant A&E liabilities as compared to our loss reserves[8].

Key drivers for this estimate are the amount of future claims and average claim resolution amounts, in addition to an estimate for defense costs, which are key indicators of the amount of liabilities. The table below provides sensitivities of these drivers for defendant A&E.

Net Liability	Sensitivity	Estimated Range in Variation
	(in millions of U.S. Dollars)	
$562	+/- 10% in expected number of future claims +/- 10% in average claim resolution amounts	+/- $45 +/- $55

Change in Liability Assumptions

Like reserves, changes in defendant A&E liabilities can be driven by updated experience and by changes in assumptions. These are linked as updated information leads to changes in assumptions. We have estimated what portion of changes in the liabilities are attributable to experience and what portion are attributable to assumptions[9].

Change in Total Liability	Change due to Experience	Change due to Assumptions
	(in millions of U.S. Dollars)	
$76	$21	$55

Level 3 Fair Value Measurements

Level 3 Investments

We measure fair value using a standard hierarchy based on the observability of inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 3 fair value measurements are based on unobservable inputs where there is little or no market activity. We utilize unadjusted third party pricing sources and internal valuation models to determine these fair values. Our assessment of the significance of these unobservable inputs to the fair value measurement requires judgment.

Our Level 3 investments consist primarily of privately held equity securities, and we value these securities using observable and unobservable inputs. While the observable inputs are based on readily available market data, the unobservable inputs involve increased uncertainty and judgment in their selection and application, and are considered a significant input into the valuation. The key driver of the valuation is the peer multiple. The peer multiple is calculated from a group of peer companies and that multiple is then applied to the invested company as a key input to calculate the value. We consider the following sensitivity a reasonable deviation for this key input:

Sensitivity	Investments	Estimated Range in Variation
	(in millions of U.S. dollars)	
+/- 10% peer multiple	$ 331	+/- $28

[8] As described in Note 12 in our consolidated financial statements.

[9] For information on our defendant A&E liabilities, refer to Note 3 and Note 12 in our consolidated financial statements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following risk management discussion and the estimated amounts generated from the sensitivity analysis presented are forward-looking statements of market risk assuming certain market conditions occur. Future results may differ materially from these estimated results due to, among other things, actual developments in the global financial markets, changes in the composition of our investment portfolio or changes in our business strategies. The results of the analysis we use to assess and mitigate risk are not projections of future events or losses. Disclosures are only provided for the successor company basis as the predecessor basis is no longer relevant. See "Cautionary Statement Regarding Forward-Looking Statements" for additional information regarding our forward-looking statements.

We are principally exposed to four types of market risk: interest rate risk; credit risk; equity price risk and foreign currency risk. We have maintained consistent policies to address these risks, and based on our current knowledge and expectations, we do not currently anticipate significant changes in our market risk exposures or in how we will manage those exposures in future reporting periods. However, due to the ongoing uncertainty and volatility in financial markets because of continued inflationary pressure, ongoing disruptions and decoupling of supply chains, geopolitical conflicts and tensions and various governmental responses thereto, we expect interest rates, credit spreads and global equity markets to remain volatile in the near-term. Furthermore, inflation and tightening of financial conditions by global central banks have increased the risk of defaults across many industries. As a result, we continue to closely monitor market risk during this time.

Interest Rate and Credit Spread Risk

Interest rate risk is the price sensitivity of an investment to changes in interest rates. Credit spread risk is the price sensitivity of a security to changes in credit spreads. Our investment portfolio and funds held - directly managed includes fixed maturity and short-term investments, whose fair values will fluctuate with changes in interest rates and credit spreads. We attempt to maintain adequate liquidity in our fixed income securities portfolio with a strategy designed to emphasize the preservation of our invested assets and provide sufficient liquidity for the prompt payment of claims, contract liabilities and future policyholder benefits, as well as for settlement of commutation payments. We also monitor the duration and structure of our investment portfolio.

The following table, presented on a consolidated basis, summarizes the aggregate hypothetical change in fair value from an immediate parallel shift in the treasury yield curve, assuming credit spreads remain constant in our fixed maturity and short-term investments portfolio, our funds held - directly managed portfolio, our fixed income funds and our fixed income exchange-traded funds, and excludes investments classified as held-for-sale:

	Consolidated				
Successor	**Interest Rate Shift in Basis Points**				
As of December 31, 2025	**-100**	**-50**	**—**	**+50**	**+100**
	(in millions of U.S. dollars)				
Total Market Value [1]	$ 10,311	$ 10,093	$ 9,878	$ 9,672	$ 9,479
Market Value Change from Base	4.4 %	2.2 %	—	(2.1)%	(4.0)%
Change in Unrealized Value	$ 433	$ 215	$ —	$ (206)	$ (399)

[1] Excludes equity exchange-traded funds of $39 million as of December 31, 2025, which is included in the Equity Price Risk section below.

Actual shifts in interest rates may not change by the same magnitude across the maturity spectrum or on an individual security and, as a result, the impact on the fair value of our fixed maturities, short-term investments, funds held - directly managed, fixed income funds and fixed income exchange-traded funds may be materially different from the resulting change in value indicated in the tables above.

The following table, presented on a consolidated basis, summarize the aggregate hypothetical change in fair value from an immediate parallel shift in credit spreads assuming interest rates remain fixed, in our fixed maturity and short-term investments portfolio, our funds held directly managed portfolio, our fixed income funds and our fixed income exchange-traded funds, and excludes investments classified as held-for-sale:

Successor	Consolidated				
	Credit Spread Shift in Basis Points				
As of December 31, 2025	-100	-50	—	+50	+100
	(in millions of U.S. dollars)				
Total Market Value [1]	$ 10,307	$ 10,088	$ 9,878	$ 9,675	$ 9,479
Market Value Change from Base	4.2 %	2.1 %	—	(2.1)%	(4.0)%
Change in Unrealized Value	$ 429	$ 210	$ —	$ (203)	$ (399)

[1] Excludes equity exchange-traded funds of $39 million as of December 31, 2025, which are included in the Equity Price Risk section below.

Credit Risk

Credit risk relates to the uncertainty of a counterparty's ability to make timely payments in accordance with contractual terms of the instrument or contract. We are exposed to direct credit risk primarily within our portfolios of fixed maturity and short-term investments, through customers, brokers and reinsurers in the form of premiums receivable and reinsurance balances recoverable on paid and unpaid losses, respectively, and through ceding companies who retain premium owed to us as collateral for the payment of claims, each as discussed below.

Fixed Maturities and Short-Term Investments

As a holder of $9.2 billion of fixed maturity and short-term investments, including fixed maturities within our funds held, we also have exposure to credit risk because of investment ratings downgrades or issuer defaults. To mitigate this risk, our investment portfolio consists primarily of investment grade-rated, liquid, fixed maturities of short-to-medium duration. As of December 31, 2025, 38.6% of our fixed maturity and short-term investment portfolio, including fixed maturities within our funds held, was rated AA or higher by a major rating agency while 24.8% was rated BBB- or lower or non-rated. The portfolio as a whole, including fixed maturity and short term investments and funds held - directly managed, had an average credit quality rating of A+ as of December 31, 2025 In addition, we manage our portfolio pursuant to guidelines that follow what we believe are prudent standards of diversification. The guidelines limit the allowable holdings of a single issue and issuers and, as a result, we believe we do not have significant concentrations of credit risk.

A summary of our fixed maturity and short-term investments by credit rating is as follows:

Successor	
Credit rating	2025
AAA	17.2 %
AA	21.3 %
A	36.7 %
BBB	21.2 %
Non-investment grade	3.0 %
Not rated	0.6 %
Total	100.0 %
Average credit rating	A+

Reinsurance Balances Recoverable on Paid and Unpaid Losses

We have exposure to credit risk as it relates to our reinsurance balances recoverable on paid and unpaid losses. Our (re)insurance subsidiaries remain liable to the extent that retrocessionaires do not meet their contractual obligations and, therefore, we evaluate and monitor concentration of credit risk among our reinsurers[10].

[10] A discussion of our reinsurance balances recoverable on paid and unpaid losses is in Note 8 in our consolidated financial statements.

Funds Held

Under funds held arrangements, the reinsured company has retained funds that would otherwise have been remitted to our reinsurance subsidiaries. The funds held balance is credited with investment income and losses payable are deducted. We are subject to credit risk if the reinsured company is unable to honor the value of the funds held balances, such as in the event of insolvency. Our funds held are presented as a single category within our consolidated balance sheets. Funds held upon which we receive the underlying portfolio investment returns and the contractual right to direct the asset allocation strategies are known as "Funds held - directly managed", and funds held where we receive a fixed crediting rate or other contractually agreed return are known as "Funds held by reinsured companies". Both types of funds held are subject to credit risk. We routinely monitor the creditworthiness of reinsured companies with whom we have funds held arrangements. As of December 31, 2025, we had funds held concentrations to reinsured companies exceeding 10% of shareholders' equity of $3.5 billion in aggregate. However, we generally have the contractual ability to offset any shortfall in the payment of the funds held balances with amounts owed by us to the reinsured for losses payable and other amounts contractually due.

Equity Price Risk

Our portfolio of equity investments, excluding our fixed income exchange-traded funds but including the equity funds, has exposure to equity price risk, which is the risk of potential loss in fair value resulting from adverse changes in stock prices. Our fixed income exchange-traded funds are excluded from the following analysis and have been included within the interest rate and credit spread risk analysis above, as these exchange-traded funds are part of our fixed income investment strategy and are backed by fixed income instruments. The following table summarizes the aggregate hypothetical change in fair value from a 10% decline in the overall market prices of our equities at risk:

Successor		2025
		(in millions of U.S. dollars)
Private equity funds	$	2,041
Privately held equity investments in common and preferred stocks		587
Publicly traded equity investments in common and preferred stocks		153
Equity exchange-traded funds		39
Warrants and other		16
Equity funds		5
Fair value of equities at risk	$	2,841
Impact of 10% decline in fair value	$	(284)

Hedge Funds

As of December 31, 2025, we had investments of $402 million in hedge funds, included within our other investments, at fair value, that have exposure to interest rate, credit spread, and equity price risk given the underlying assets in those funds.

As of December 31, 2025, the impact of a 10% decline in the fair value of these investments would have been $40 million.

Foreign Currency Risk

The table below summarizes our net exposures as of December 31, 2025 to foreign currencies:

Successor	AUD	CAD	EUR	GBP	Other	Total
As of December 31, 2025			(in millions of U.S. dollars)			
Total net foreign currency exposure	$ 144	$ (1)	$ 53	$ (75)	$ (75)	$ 46
Pre-tax impact of a 10% movement in USD [1]	$ 14.4	$ (0.1)	$ 5.3	$ (7.5)	$ (7.5)	$ 4.6

[1] Assumes 10% change in U.S. dollar relative to other currencies.

Through our subsidiaries located in various jurisdictions, we conduct our (re)insurance operations in a variety of non-U.S. currencies. We have the following exposures to foreign currency risk:

- Transaction Risk: The functional currency for most of our subsidiaries is the U.S. dollar. Within these entities, any fluctuations in foreign currency exchange rates relative to the U.S. dollar has a direct impact on the valuation of our assets and liabilities denominated in other currencies. All changes in foreign exchange rates, except for non-U.S. dollar fixed maturities, AFS, are recognized in our consolidated statements of operations. Changes in foreign exchange rates relating to non-U.S. dollar fixed maturities, AFS are recorded in AOCI in shareholders' equity. Our subsidiaries with non-U.S. dollar functional currencies are also exposed to fluctuations in foreign currency exchange rates relative to their own functional currency.
- Translation Risk: We have net investments in certain European, British, and Australian subsidiaries whose functional currencies are the Euro, British pound and Australian dollar, respectively. The foreign exchange gain or loss resulting from the translation of their financial statements from their respective functional currency into United States dollars is recorded in the cumulative translation adjustment account, which is a component of AOCI in shareholders' equity.

Our foreign currency policy is to broadly manage, where possible, our foreign currency risk by:

- Seeking to match our liabilities under (re)insurance policies that are payable in foreign currencies with assets that are denominated in such currencies, subject to regulatory constraints, and
- Selectively utilizing foreign currency forward contracts to mitigate foreign currency risk.

We use foreign currency forward exchange rate contracts to manage foreign currency risk. To the extent our foreign currency exposure is not matched or hedged, we may experience foreign exchange losses or gains, which would be reflected in our consolidated results of operations and financial condition.

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Schedules other than those listed above are omitted as they are not applicable or the information has been included in the consolidated financial statements, notes thereto, or elsewhere herein.

Report of Independent Auditors

To the Management and Board of Directors of Enstar Group Limited

Opinion

We have audited the accompanying consolidated financial statements of Enstar Group Limited and its subsidiaries (Successor) (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025, and the related consolidated statements of operations, of comprehensive income, of changes in shareholders' equity and of cash flows for the period from July 3, 2025 to December 31, 2025, including the related notes and financial statement schedules as of December 31, 2025 and for the period from July 3, 2025 to December 31, 2025 listed in the accompanying index (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and the results of its operations and its cash flows for the period from July 3, 2025 to December 31, 2025 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the short-duration insurance contracts information presented on pages 90 to 109, consisting of i) net cumulative incurred losses and allocated loss adjustment expenses for all years preceding the year ended December 31, 2025, ii) net cumulative paid losses and allocated loss adjustment expenses for all years preceding the year ended December 31, 2025 and iii) annual percentage payout of incurred losses since year of acquisition, net of reinsurance as of December 31, 2025 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with US GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



New York, New York
March 18, 2026

Report of Independent Auditors

To the Management and Board of Directors of Enstar Group Limited

Opinion

We have audited the accompanying consolidated financial statements of Enstar Group Limited and its subsidiaries (Predecessor) (the "Company"), which comprise the consolidated balance sheet as of December 31, 2024, and the related consolidated statements of operations, of comprehensive income, of changes in shareholders' equity and of cash flows for the period from January 1, 2025 to July 2, 2025 and for the years ended December 31, 2024 and 2023, including the related notes and financial statement schedules as of December 31, 2024 and for the period from January 1, 2025 to July 2, 2025 and for the years ended December 31, 2024 and 2023 listed in the accompanying index (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the period from January 1, 2025 to July 2, 2025 and for the years ended December 31, 2024 and 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

PricewaterhouseCoopers LLP

New York, New York
March 18, 2026

ENSTAR GROUP LIMITED
CONSOLIDATED BALANCE SHEETS

	Successor	Predecessor
	December 31, 2025	December 31, 2024
	(in millions of U.S. dollars, except share data)	
ASSETS		
Fixed maturities, trading, at fair value [1]	$ —	$ 1,263
Fixed maturities, available-for-sale, at fair value (amortized cost: 2025 — $6,677; 2024 — $5,065; net of allowance: 2025 — $3) [1]	6,698	4,691
Short-term investments, trading, at fair value	—	1
Short-term investments, available-for-sale, at fair value (amortized cost: 2025 — $649; 2024 — $215)	650	215
Funds held [1]	4,393	4,979
Equity securities, at fair value (cost: 2025 — $721; 2024 — $680) [1]	808	803
Other investments, at fair value (includes consolidated variable interest entity: 2025 — $126; 2024 — $112) [1]	4,974	4,188
Equity method investments [1]	324	313
Total investments *(Note 6) and (Note 13)*	17,847	16,453
Cash and cash equivalents (includes consolidated variable interest entity: 2024 — $5) [1]	626	1,098
Restricted cash and cash equivalents	486	456
Accrued interest receivable	70	58
Reinsurance balances recoverable on paid and unpaid losses (net of allowance: 2025 — $4; 2024 — $116) *(Note 8)*	1,007	533
Reinsurance balances recoverable on paid and unpaid losses, at fair value *(Note 8)* and *(Note 13)*	—	179
Insurance balances recoverable on defendant asbestos and environmental liabilities (net of allowance: 2024 — $4) *(Note 12)*	157	172
Fair value adjustment - Losses and loss adjustment expenses and defendant asbestos and environmental liabilities, net	720	—
Intangible assets *(Note 16)*	45	—
Net deferred charge assets *(Note 9)*	7	745
Other assets [1]	697	713
TOTAL ASSETS	$ 21,662	$ 20,407
LIABILITIES		
Losses and loss adjustment expenses *(Note 10)* [1]	$ 12,700	$ 10,407
Losses and loss adjustment expenses, at fair value *(Note 10) and (Note 13)*	—	997
Defendant asbestos and environmental liabilities *(Note 12)*	745	545
Debt obligations *(Note 17)*	1,803	1,833
Other liabilities (includes consolidated variable interest entity: 2025 — $4; 2024 — $2) [1]	847	528
TOTAL LIABILITIES	16,095	14,310
COMMITMENTS AND CONTINGENCIES *(Note 23)*		
SHAREHOLDERS' EQUITY *(Note 18)*		
Voting Ordinary Shares (issued and outstanding 2025: 100; 2024: 15,241,316)	—	15
Preferred Shares:		
Series D Preferred Shares (issued and outstanding 2025 and 2024: 16,000; liquidation preference $400) [2]	324	400
Series E Preferred Shares (issued and outstanding 2025 and 2024: 4,400; liquidation preference $110) [2]	86	110
Treasury shares, at cost:		
Series C Preferred Shares (all issued shares held in treasury in 2025 and 2024: 388,571)	(422)	(422)
Joint Share Ownership Plan (voting ordinary shares, held in trust in 2024 - 565,630)	—	(1)
Additional paid-in capital	5,058	600
Accumulated other comprehensive income (loss)	21	(341)

Retained earnings	493	5,730
Total Enstar shareholders' equity	5,560	6,091
Noncontrolling interests	7	6
TOTAL SHAREHOLDERS' EQUITY	5,567	6,097
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 21,662	$ 20,407

(1) See Note 21 for additional information regarding related party transactions.

(2) See Note 2 for additional information regarding the revaluation following application of pushdown accounting.

See accompanying notes to the consolidated financial statements.

ENSTAR GROUP LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS

	Successor	Predecessor		
	Period from July 3 to December 31, 2025	Period from January 1 to July 2, 2025	Year Ended December 31, 2024	Year Ended December 31, 2023
	(in millions of U.S. dollars)			
REVENUES				
Net premiums earned [1]	$ 24	$ 23	$ 40	$ 43
Net investment income [1]	597	343	651	647
Net realized losses	(1)	(7)	(9)	(65)
Fair value changes in equity and trading securities, funds held and other investments [1]	98	127	456	528
Other income	11	14	67	288
Total revenues	729	500	1,205	1,441
EXPENSES				
Net incurred losses and loss adjustment expenses				
Current period	6	7	23	30
Prior period	(29)	(29)	(149)	(131)
Total net incurred losses and loss adjustment expenses [1]	(23)	(22)	(126)	(101)
Defendant asbestos and environmental expenses	66	15	40	12
Amortization of deferred charge assets	2	59	117	106
Acquisition costs	—	2	9	10
General and administrative expenses	151	263	391	369
Goodwill impairment	—	—	63	—
Interest expense	52	48	89	90
Amortization of fair value adjustments and intangible assets	76	—	—	—
Net foreign exchange (gains) losses	(26)	68	(39)	—
Total expenses	298	433	544	486
INCOME BEFORE INCOME TAXES	431	67	661	955
Income tax benefit (expense)	71	1	(62)	250
Income (losses) from equity method investments [1]	10	1	(18)	13
NET INCOME	512	69	581	1,218
Adjustment for net income attributable to noncontrolling interest	(1)	—	(5)	(100)
NET INCOME ATTRIBUTABLE TO ENSTAR GROUP LIMITED	511	69	576	1,118
Dividends on preferred shares	(18)	(18)	(36)	(36)
NET INCOME ATTRIBUTABLE TO ENSTAR GROUP LIMITED ORDINARY SHAREHOLDERS	$ 493	$ 51	$ 540	$ 1,082

[1] See Note 21 for additional information regarding related party transactions.

See accompanying notes to the consolidated financial statements.

ENSTAR GROUP LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Successor	Predecessor		
	Period from July 3 to December 31, 2025	Period from January 1 to July 2, 2025	Year Ended December 31, 2024	Year Ended December 31, 2023
	(expressed in millions of U.S. dollars)			
NET INCOME	$ 512	$ 69	$ 581	$ 1,218
Other comprehensive income, net of income taxes:				
Unrealized gains (losses) on fixed maturity available-for-sale investments arising during the year	20	133	(2)	154
Reclassification adjustment for change in allowance for credit losses recognized in net income	4	1	(15)	(11)
Reclassification adjustment for net realized (gains) losses recognized in net income	(3)	6	24	75
Unrealized gains arising during the year, net of reclassification adjustments	21	140	7	218
Reclassification adjustment for remeasurement of future policyholder benefits included in net income	—	—	—	(363)
Change in currency translation adjustment	—	—	(2)	3
Change in net liability for losses and LAE at fair value - Instrument-specific credit risk	—	—	(10)	20
Total other comprehensive income (loss)	21	140	(5)	(122)
Comprehensive income	533	209	576	1,096
Less: Comprehensive income attributable to noncontrolling interest	(1)	—	(5)	(12)
COMPREHENSIVE INCOME ATTRIBUTABLE TO ENSTAR GROUP LIMITED	$ 532	$ 209	$ 571	$ 1,084

See accompanying notes to the consolidated financial statements.

ENSTAR GROUP LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY

	Successor										
	Share Capital										
		Preferred Shares		Treasury Shares							
	Voting Ordinary Shares[2]	Series D	Series E	Series C Preferred Shares	APIC	AOCI	Retained Earnings	Total Enstar Shareholders' Equity	NCI	Total Shareholders' Equity
	(in millions of U.S. dollars)									
For the period from July 3 to December 31, 2025										
Balance as of July 3, 2025 [1]	$ —	$ 324	$ 86	$ (422)	$ 6,093	$ —	$ —	$ 6,081	$ 5	$ 6,086
Net income	—	—	—	—	—	—	511	511	1	512
Dividends on preferred shares	—	—	—	—	—	—	(18)	(18)	—	(18)
Distributions [3]	—	—	—	—	(1,035)	—	—	(1,035)	—	(1,035)
Other comprehensive income, net of tax	—	—	—	—	—	21	—	21	—	21
Other	—	—	—	—	—	—	—	—	1	1
Balance as of December 31, 2025	$ —	$ 324	$ 86	$ (422)	$ 5,058	$ 21	$ 493	$ 5,560	$ 7	$ 5,567

	Predecessor										
	Share Capital										
		Preferred Shares		Treasury Shares							
	Voting Ordinary Shares	Series D	Series E	Series C Preferred Shares	JSOP [4]	APIC	AOCI	Retained Earnings	Total Enstar Shareholders' Equity	NCI	Total Shareholders' Equity
	(in millions of U.S. dollars)										
For the period from January 1 to July 2, 2025											
Balance as of December 31, 2024	$ 15	$ 400	$ 110	$ (422)	$ (1)	$ 600	$ (341)	$ 5,730	$ 6,091	$ 6	$ 6,097
Net income	—	—	—	—	—	—	—	69	69	—	69
Dividends on preferred shares	—	—	—	—	—	—	—	(18)	(18)	—	(18)
Amortization of share-based compensation	—	—	—	—	—	9	—	—	9	—	9
Other comprehensive income, net of tax	—	—	—	—	—	—	140	—	140	—	140
Other	—	—	—	—	1	(6)	—	—	(5)	(1)	(6)
Balance as of July 2, 2025	$ 15	$ 400	$ 110	$ (422)	$ —	$ 603	$ (201)	$ 5,781	$ 6,286	$ 5	$ 6,291

[1] Refer to Note 2 for changes in shareholders' equity as a result of applying pushdown accounting.

[2] After the Merger, 100 voting shares with a par value of $1 per share are outstanding and owned by the Parent. See Note 18 for additional information.

[3] Distributions consisted of a return of capital of $496 million paid at the close of the Merger to our former shareholders described in Note 2, $450 million to the Parent to pay a portion of the outstanding Parent loan facility described in Note 2, $55 million deemed distribution to the Parent for our payment on behalf of the Parent to acquire shares related to existing share-based compensation due at the close of the Merger and a $34 million deemed distribution to the Parent.

[4] Refer to Note 18 for additional information regarding the retirement of treasury stock

	Predecessor										
	Share Capital										
		Preferred Shares		Treasury Shares							
	Voting Ordinary Shares	Series D	Series E	Series C Preferred Shares	JSOP	APIC	AOCI	Retained Earnings	Total Enstar Shareholders' Equity	NCI	Total Shareholders' Equity
	(in millions of U.S. dollars)										
Year Ended December 31, 2024											
Balance as of December 31, 2023	$ 15	$ 400	$ 110	$ (422)	$ (1)	$ 579	$ (336)	$ 5,190	$ 5,535	$ 113	$ 5,648
Net income	—	—	—	—	—	—	—	576	576	5	581
Dividends on preferred shares	—	—	—	—	—	—	—	(36)	(36)	—	(36)
Amortization of share-based compensation	—	—	—	—	—	34	—	—	34	—	34
Acquisition of noncontrolling shareholders' interest in subsidiary	—	—	—	—	—	—	—	—	—	(6)	(6)
Other comprehensive loss, net of tax	—	—	—	—	—	—	(5)	—	(5)	—	(5)
Redemptions of NCI	—	—	—	—	—	—	—	—	—	(106)	(106)
Other	—	—	—	—	—	(13)	—	—	(13)	—	(13)
Balance as of December 31, 2024	$ 15	$ 400	$ 110	$ (422)	$ (1)	$ 600	$ (341)	$ 5,730	$ 6,091	$ 6	$ 6,097

	Predecessor											
	Share Capital											
	Voting Ordinary Shares	Non-voting Convertible Ordinary Shares	Preferred Shares		Treasury Shares		APIC	AOCI	Retained Earnings	Total Enstar Shareholders' Equity	NCI	Total Shareholders' Equity
		Series C	Series D	Series E	Series C Preferred Shares	JSOP						
	(in millions of U.S. dollars)											
Year Ended December 31, 2023												
Balance as of December 31, 2022	$ 16	$ 1	$ 400	$ 110	$ (422)	$ (1)	$ 766	$ (302)	$ 4,406	$ 4,974	$ 186	$ 5,160
Net income attributable to Enstar or noncontrolling interests (excludes redeemable noncontrolling interests)	—	—	—	—	—	—	—	—	1,118	1,118	85	1,203
Dividends on preferred shares	—	—	—	—	—	—	—	—	(36)	(36)	—	(36)
Repurchase of voting ordinary shares	—	—	—	—	—	—	(3)	—	—	(3)	—	(3)
Ordinary shares repurchased	(1)	(1)	—	—	—	—	(230)	—	—	(232)	—	(232)
Amortization of share-based compensation	—	—	—	—	—	—	28	—	—	28	—	28
Acquisition of noncontrolling shareholders' interest in subsidiary	—	—	—	—	—	—	18	—	—	18	(175)	(157)
Other comprehensive income, net of tax	—	—	—	—	—	—	—	(34)	—	(34)	(90)	(124)
Redemptions of noncontrolling interests	—	—	—	—	—	—	—	—	—	—	107	107
Other	—	—	—	—	—	—	—	—	(298)	(298)	—	(298)
Balance as of December 31, 2023	$ 15	$ —	$ 400	$ 110	$ (422)	$ (1)	$ 579	$ (336)	$ 5,190	$ 5,535	$ 113	$ 5,648

ENSTAR GROUP LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Successor	Predecessor		
	Period from July 3 to December 31, 2025	Period from January 1 to July 2, 2025	Year Ended December 31, 2024	Year Ended December 31, 2023
	(in millions of U.S. dollars)			
OPERATING ACTIVITIES:				
Net income	$ 512	$ 69	$ 581	$ 1,218
Adjustments to reconcile net income to cash flows provided by operating activities:				
Net realized losses	1	7	9	65
Fair value changes in equity and trading securities, funds held and other investments	(98)	(127)	(456)	(528)
Fair value changes included in net investment income	(225)	—	—	—
Goodwill impairment	—	—	63	—
Amortization of net deferred charge assets	2	59	117	106
Depreciation, accretion and other amortization	75	(6)	(11)	7
Net gain on Enhanzed Re novation	—	—	—	(275)
(Income) losses from equity method investments	(10)	(1)	18	(13)
Other adjustments	(34)	(8)	2	5
Changes in:				
Reinsurance balances recoverable on paid and unpaid losses	40	16	248	142
Losses and loss adjustment expenses	(886)	1,466	(1,041)	(624)
Defendant asbestos and environmental liabilities	28	(22)	(22)	(40)
Other operating assets and liabilities	13	102	(138)	(376)
Funds held	652	401	254	(296)
Cash from (used in) operating activities:				
Cash consideration for the Enhanzed Re novation	—	—	—	94
Sales and maturities of trading securities	—	293	1,198	1,530
Purchases of trading securities	—	(11)	(339)	(492)
Net cash flows provided by operating activities	70	$ 2,238	483	523
INVESTING ACTIVITIES:				
Sales and maturities of available-for-sale securities	1,899	1,691	2,102	2,132
Purchase of available-for-sale securities	(2,395)	(2,811)	(1,774)	(1,959)
Sale of subsidiary	—	—	4	—
Sales of equity securities	29	—	—	—
Purchase of equity securities	(6)	—	—	—
Purchase of other investments	(511)	(711)	(991)	(911)
Proceeds from other investments	341	448	848	530
Proceeds from the sale of equity method investments	—	—	20	48
Acquisition, net of cash acquired [1]	—	—	76	—
Other	—	—	1	12
Net cash flows (used in) provided by investing activities	(643)	(1,383)	286	(148)
FINANCING ACTIVITIES:				
Dividends on preferred shares	(18)	(18)	(36)	(36)
Distributions [2]	(1,001)	—	—	—
Acquisition of noncontrolling shareholders' interests in subsidiary	—	—	(6)	(294)
Purchase of noncontrolling interest in subsidiaries	—	—	—	—

Repurchase of shares	—	—	—	(531)
Receipt of loans [3]	—	345	—	—
Repayment of debt [3]	(82)	(269)	—	—
Net cash flows (used in) provided by financing activities	(1,101)	58	(42)	(861)
Effect of exchange rate changes on foreign currency cash, cash equivalents and restricted cash	11	2	(3)	(14)
Net (decrease) increase in cash, cash equivalents and restricted cash	(1,663)	915	724	(500)
Cash, cash equivalents and restricted cash, beginning of period[4]	2,775	1,554	830	1,330
Cash, cash equivalents and restricted cash, end of period[4]	$ 1,112	$ 2,469	$ 1,554	$ 830
Supplemental Cash Flow Information:				
Income taxes paid (received), net of refunds	$ 5	$ (4)	$ (13)	$ 16
Interest paid	50	45	88	88
Reconciliation to Consolidated Balance Sheets:				
Cash and cash equivalents	$ 626	$ 1,672	$ 1,098	$ 564
Restricted cash and cash equivalents	486	797	456	266
Cash, cash equivalents and restricted cash	$ 1,112	$ 2,469	$ 1,554	$ 830
Non-cash investing activities:				
Unsettled purchases - AFS and other	$ (35)	$ (40)	$ (1)	$ (5)
Unsettled sales - AFS and other	42	41	19	1
Receipt of warrants as consideration in exchange for assumption of reinsurance contract liabilities	—	—	16	—
Receipt of available-for-sale securities as consideration in exchange for assumption of reinsurance contract liabilities	—	—	—	113
AFS securities received as consideration for assumption of liabilities	—	—	22	—
Redemption of noncontrolling interest in investment fund	—	—	(106)	—
Non-cash financing activities:				
Deemed distribution to Parent	34	—	—	—
Redemption of NCI	—	—	106	$ —
Settlement of loan receivable as partial consideration for redeemable non-controlling interested (RNCI) redemption	—	—	—	15
Transfer of equity interest as partial consideration for RNCI redemption	—	—	—	48

[1] Gross cash within the business acquired was $121 million and cash paid as consideration for the business was $45 million resulting in net cash acquired of $76 million.

[2] Distributions consisted of a return of capital of approximately $496 million paid at the close of the Merger to our former shareholders described in Note 2, $450 million to the Parent to pay a portion of the outstanding Parent loan facility described in Note 2, and a $55 million deemed distribution to the Parent for our payment on behalf of the Parent to acquire shares related to existing share-based compensation due at the close of the Merger. This amount differs from the $1.035 billion referenced in the consolidated statement of changes in shareholders' equity as distributions (and a reduction of APIC) as the $34 million deemed distribution was a non-cash financing activity.

[3] See Note 17 for additional information regarding the issuance and repayment of debt.

[4] As described in Note 2, the ending balance of cash as of July 2, 2025 differed from the opening balance as of July 3, 2025 due to the application of pushdown accounting which resulted in the reclassification of $306 million of previously classified short-term investments to cash and cash equivalents based on their maturity dates being less than 90 days at the reassessment date

See accompanying notes to the consolidated financial statements.

ENSTAR GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025, 2024 and 2023
1. BUSINESS OVERVIEW AND BASIS OF PRESENTATION

Merger

In July 2024, Enstar Group Limited (the “Company,” “Enstar,” “we,” “us,” or “our”) entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Elk Bidco Limited (the “Parent”), an exempted company limited by shares existing under the laws of Bermuda. The Parent is owned by Elk Topco, LLC (“Elk Topco”), which is the ultimate holding company, and was backed by equity commitments from investment vehicles managed or advised by affiliates of Sixth Street Partners, LLC (“Sixth Street”). Pursuant to the Merger Agreement, there were a series of mergers consummated on July 2, 2025 (collectively, the "Merger") that resulted in the Company surviving the Merger as a wholly-owned subsidiary of the Parent. Refer to Note 2 for additional details on the Merger.

Business

Enstar Group Limited is a leading global (re)insurance group that offers innovative capital release solutions through its network of group companies operating in Bermuda, the United States, the United Kingdom, Liechtenstein, Belgium and Australia. Our core focus is acquiring and managing (re)insurance companies and portfolios of (re)insurance business in run-off.

Pushdown Accounting

Business combinations are required to be recorded using the acquisition method of accounting. The parent acquirer, Elk Bidco Limited (the “Parent”) in the case of our Merger, must recognize the assets acquired and liabilities assumed at fair value in their financial statements. The acquired business (Enstar Group Limited) has the option to prepare its separate financial statements using the basis of the acquirer under the acquisition method of accounting. Such presentational basis is referred to as “pushdown accounting,” whereby the new basis for the assets and liabilities are reflected based on a “push down” of the acquirer’s stepped-up basis as of the date of the completion of the business combination or merger. As the accounting basis will be different from that period, the financial statements must be presented on a “predecessor” and “successor” basis.

We elected the pushdown option and therefore the accompanying financial statements are presented for the successor and predecessor periods, which relate to the accounting periods starting after, and ending on, July 2, 2025, respectively, the date of the closing of the Merger (“Merger date” or “closing date”). The Company established a new accounting basis, applying pushdown accounting to reflect the Company’s assets and liabilities at fair value as of the closing date. The purchase price allocation related to the Merger is provisional and could change in subsequent periods to reflect new information obtained about the facts and circumstances that existed as of the Merger date, which if known, would have affected the measurement of the amounts recognized as of the Merger date. We may recognize adjustments to the provisional amounts in future periods, but no later than one year from the Merger date (referred to as the "measurement period"). The measurement period adjustments, if any, will be recorded similarly to the initial pushdown bases and therefore will be reflected with offsetting equity adjustments, rather than income statement adjustments.

In addition, the Company changed certain of its accounting policies and elections following the acquisition to those that were established for its Parent, which resulted in a prospective change from the closing date. Aside from those that changed, all other accounting policies and elections remain unchanged from the predecessor accounting periods. Refer to Note 3 for our significant accounting policies and related elections that have been adopted upon application of pushdown accounting (referred to as successor accounting policies and elections) in contrast to those of the predecessor periods.

Basis of Presentation

The accompanying consolidated financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The basis of presentation of these consolidated financial statements is consistent with annual financial information that would be included in an Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (SEC), as required by the indenture agreements between Enstar and the trustee pertaining to our junior subordinated and senior notes that were issued

and outstanding prior to, and continue to remain outstanding subsequent to, the Merger. If we were an SEC filer, we would be required to file annual financial statements that include two years of balance sheets and three years of statements of operations, comprehensive income, changes in shareholders' equity and cash flows and the related notes. The indenture requirements also result in the need for inclusion of the supplemental financial statement schedules that an SEC filer would be required to present (as referenced in the accompanying index to these financial statements). However, as we are not a public entity or public business entity, as defined under US GAAP, we have not included financial information and disclosures that are required for such entities, including earnings per share and segment reporting disclosures.

All intercompany accounts and transactions have been eliminated.

The consolidated financial statements include the accounts of Enstar Group Limited, our controlled subsidiaries (generally through a greater than 50 percent ownership of voting rights and voting interests), and variable interest entities ("VIEs") of which we are the primary beneficiary. Equity investments in entities that we do not consolidate, including corporate entities in which we have significant influence and partnership and partnership-like entities in which we have more than minor influence over the operating and financial policies, are accounted for under the equity method unless we have elected the fair value option.

Use of Estimates, Risks and Uncertainties

The preparation of financial statements in accordance with U.S. GAAP requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The estimation of unpaid claim liabilities at any given point in time is subject to a high degree of uncertainty for several reasons. A significant amount of time can lapse between the assumption of risk, the occurrence of a loss event, the reporting of the event to an (re)insurance company and the ultimate payment of the claim on the loss event. Certain estimates for unpaid claim liabilities involve considerable uncertainty due to significant coverage litigation and it can be unclear whether past claim experience will be representative of future claim experience. In addition, the pushdown accounting involved use of significant estimates related to the fair value of other assets acquired and liabilities assumed in acquisitions.

We are subject to economic factors such as interest rates, inflation, foreign exchange rates, adverse reserve developments, regulation, tax policy changes, political risks and other market risks that can impact our strategy, operations, and results.

2. MERGER

Merger agreement and execution: On July 2, 2025, the Merger was completed which resulted in the Company surviving the Merger as a wholly-owned subsidiary of the Parent. As a result of the completion of the Merger, shareholders holding ordinary shares of the Company received a total of $338 in cash per ordinary share. In connection with the Merger, certain shareholders of the Company elected to participate in an equity rollover to become shareholders of Elk Topco in exchange for their shares in the Company. Also, as contemplated in the Merger Agreement, the Company's restricted stock awards, restricted stock unit awards, deferred stock awards, and performance shares that were outstanding immediately prior to completion of the Merger became vested, as described in Note 19. Total consideration for the Merger was $5.1 billion, which included a $496 million return of capital from Enstar to the Company's shareholders that was included as part of the cash received by such shareholders at the close of the Merger based on final share count. We did not receive any proceeds from the Parent for the total consideration for the Merger.

The application of pushdown accounting (as described above) resulted in reflecting our assets, liabilities, and certain components of equity at fair value as of the closing date, inclusive of the activity from June 30, 2025. Our Parent recorded a bargain purchase gain of $503 million relative to the acquisition based on the total consideration paid compared to net assets acquired, which was attributable to both the value of the considerations being below that of net assets acquired at the July 2024 merger agreement date, as well as the timing of the agreed fixed consideration in July 2024 compared to the July 2025 closing date that occurred approximately one year later during which the income and net assets of the Company continued to rise in value. No gains are recorded to our financial statements in accordance with the pushdown method. The following table shows the purchase price allocation:

	June 30, 2025	Activity for Period from July 1 to July 2, 2025	Pushdown Accounting Adjustments	July 2, 2025 Pushdown Basis
		(in millions of U.S. dollars)		
ASSETS				
Fixed maturities, trading, at fair value	$ 1,134	$ (37)	$ (1,097) (1)	$ —
Fixed maturities, available for sale at fair value	5,477	(91)	1,046 (1) (2)	6,432
Short-term investments, trading, at fair value	4	—	(4) (1)	—
Short-term investments, available for sale at fair value	754	(4)	(251) (1) (2)	499
Funds held	4,599	4	29 (3)	4,632
Equity securities, at fair value	706	1	22 (1)	729
Other investments, at fair value	4,446	113	—	4,559
Equity method investments	324	(8)	(2) (4)	314
Total investments	17,444	(22)	(257)	17,165
Cash and cash equivalents	1,669	3	53 (2)	1,725
Restricted cash and cash equivalents	631	166	253 (2)	1,050
Accrued interest receivable	72	6	—	78
Reinsurance balances recoverable on paid and unpaid losses	504	—	256 (1) (5)	760
Reinsurance balances recoverable on paid and unpaid losses at fair value	199	—	(199) (1) (5)	—
Insurance balances recoverable	167	—	89 (5)	256
Fair value adjustment related to losses and loss adjustment expenses and defendant asbestos and environmental liabilities	—	—	795 (6)	795
Intangible assets	—	—	46 (7)	46
Net deferred charge assets	788	—	(788) (8)	—
Other assets	801	(100)	(58) (8) (9)	643
TOTAL ASSETS	$ 22,275	$ 53	$ 190	$ 22,518
LIABILITIES				
Losses and loss adjustment expenses	$ 11,893	$ —	$ 1,318 (1) (5)	$ 13,211
Losses and loss adjustment expenses, at fair value	1,031	—	(1,031) (1) (5)	—
Defendant asbestos and environmental liabilities	523	—	195 (5)	718
Debt obligations	1,914	—	(32) (10)	1,882
Other liabilities	521	155	(55) (8) (9)	621
TOTAL LIABILITIES	$ 15,882	$ 155	$ 395	$ 16,432
SHAREHOLDERS' EQUITY				
Voting ordinary shares	$ 15	$ —	$ (15) (11)	$ —
Preferred Shares:				
Series D Preferred Shares	400	—	(76) (12)	324

Series E Preferred Shares	110	—	(24) [12]	86
Treasury Shares:				
Series C Preferred Shares	(422)	—	—	(422)
Additional paid-in capital	607	(4)	5,490 [11]	6,093
Accumulated other comprehensive loss	(183)	(18)	201 [11]	—
Retained earnings	5,861	(80)	(5,781) [11]	—
Total Enstar shareholder's equity	6,388	(102)	(205)	6,081
Noncontrolling interests	5	—	—	5
TOTAL SHAREHOLDER'S EQUITY	6,393	(102)	(205)	6,086
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY	$ 22,275	$ 53	$ 190	$ 22,518

[1] Includes an adjustment related to the adoption of successor basis accounting policies as described in Note 1, which includes the change in all fixed maturities and short-term investments previously classified as trading, the election of fair value option accounting for the equity method investment in Monument, as well as the elimination of fair value option accounting for certain reinsurance contracts including LPT and Reinsurance to close ("RITC") transactions acquired in 2017 and 2018.

[2] As the purchase dates of the investments were reset to the acquisition date as part of applying pushdown accounting, the difference between the purchase dates and the maturity dates of the investments were reset which impacted the classification of certain investments from short-term investments (maturity greater than three months but less than one year) and fixed maturities (maturity of one year or greater) to cash equivalents (maturity of less than three months).

[3] The funds held by reinsured companies component of the funds held that were previously carried at cost, were adjusted to fair value at the closing date.

[4] Equity method investments were adjusted to fair value at the closing date.

[5] Fair value adjustments from previous acquisitions were eliminated at the closing date and replaced by new fair value adjustments described in (6), as well as a $65 million measurement period adjustment to reduce losses and loss adjustment expenses related to updates to estimates made based on facts and circumstances that existed as of the acquisition date.

[6] This balance represents the difference between the nominal carrying values of the acquired insurance and reinsurance liabilities and assets as of the acquisition date and their fair value.

[7] Trade name, licenses, and value of business acquired were identified as intangible assets in the application of pushdown accounting.

[8] Deferred charge assets and deferred gains were eliminated at the closing date as they do not represent future cash flows.

[9] The adjustment relates to changes in deferred taxes based on changes to temporary book- and tax- basis differences including a $10 million deferred tax impact related to the measurement period adjustment described in (5).

[10] The adjustment relates to the fair value of debt at the closing date.

[11] The net impact of applying pushdown accounting reflected the elimination of equity components of the predecessor and adjustments for changes to the acquired assets and liabilities at the closing date.

[12] The Series D Preferred Shares and Series E Preferred Shares were adjusted to their fair value at the closing date.

Securities and Exchange ("SEC") delisting and suspension of financial reporting obligations: In connection with the completion of the Merger, the Company suspended trading of its ordinary shares on the NASDAQ Stock Market LLC ("NASDAQ") and voluntarily withdrew its depository shares from listing on NASDAQ. Forms 25 were filed with the SEC to effect the delisting of the ordinary shares and depository shares and the deregistration of such shares on July 2, 2025 and July 14, 2025, respectively.

On July 24, 2025, the Company filed a Form 15 for the termination of registration of Enstar ordinary and depositary shares and the suspension of SEC Exchange Act reporting obligations. The Company's reporting obligations were immediately suspended upon the filing of Form 15. The Company became a privately-held company as of such date and is no longer considered a public business entity.

Merger related expenses: Total fees and expenses considered directly related to Merger acquisition costs were $77 million of which $72 million were contingent on the closing of the Merger for consulting and advisory and legal services and were paid using our financial resources, not from any of the Merger consideration. Such expenses are included in general and administrative expenses in the January 1 to July 2, 2025 period.

Parent loan facility: In connection with the Merger, our Parent entered into its contemplated $950 million term loan facility to finance a portion of the purchase consideration. While the Company is not a guarantor or otherwise obligated for any amounts due under such term loan facility, the facility is expected to be repaid from contemplated distributions made by the Company over the term of the facility. On July 24, 2025, the Company made a distribution of $450 million to the Parent, which was primarily used to repay a portion of the term loan facility. The remaining facility balance of $450 million as of December 31, 2025 is required to be repaid by July 2028.

3. SIGNIFICANT ACCOUNTING POLICIES

The following table identifies our significant accounting policies and related elections that have been adopted upon application of pushdown accounting[11] (referred to as successor accounting policies and elections) in contrast to those of the predecessor periods:

Significant Accounting Policies	Successor Accounting Policy/Election	Predecessor Accounting Policy/Election
Fair value adjustments and intangible assets	In purchase accounting, the difference between the nominal carrying values of the acquired insurance and reinsurance liabilities and assets related to losses and loss adjustment expenses and defendant asbestos and environmental liabilities as of the closing date and their fair value is recorded as a fair value adjustment intangible asset within the consolidated balance sheet. These fair value adjustments ("FVA") and intangible assets are amortized over their economic useful lives, which consist of the expected payout period of the underlying loss reserves. To the extent the actual or expected payout experience changes as a result of, (i) our active claims management strategies, which include commutations and policy buybacks, (ii) an adjustment to the estimated ultimate loss reserves, or (iii) changes in estimates, then the remaining amortization period will be adjusted to reflect such changes.	In purchase accounting, the difference between the nominal carrying values of acquired reinsurance liabilities and assets and their fair value is recorded as a fair value adjustment to the losses and loss adjustment expenses, defendant asbestos and environmental liabilities and reinsurance balances recoverable on paid and unpaid losses. The amortization method was the same as described in the successor period.
Short-term investments, fixed maturities, and equity securities	Our short-term and fixed maturities that were classified as trading in the predecessor period were classified to offset fair value changes in liabilities where we elected the fair value option, and also may have had the intent to frequently trade. Following the Merger, we no longer have any liabilities that are classified using the fair value option, nor do we have an intent to frequently trade such investments and accordingly, all short-term investments and fixed maturities are classified as AFS. All short-term and fixed maturities classified as AFS are carried at fair value, with unrealized gains and losses excluded from net income and reported as a separate component of accumulated other comprehensive income (loss) ("AOCI"). Realized gains and losses on sales of investments classified as AFS are recognized in the consolidated statement of operations. Equity securities are no longer held in trading accounts but changes in fair value will continue to be reported as fair value changes in equity and trading securities, funds held and other investments. Purchases and sales of short-term investments, fixed maturities, and equity securities are classified as investing activities.	Certain of our short-term and fixed maturities were classified as trading and were carried at fair value, with realized gains and losses and fair value changes included in net income and reported as fair value changes in equity and trading securities, funds held and other investments. Equity securities were held in trading accounts and accounted for at fair value. Short-term and fixed maturities classified as AFS were accounted for in the same manner as described in the successor period. Purchases and sales of short-term investments, fixed maturities, and equity securities classified as trading were classified as operating activities.
Equity method investments	We have elected the fair value option for our equity method investment in Monument Re. The primary reasons for electing the fair value option is because Monument Re's business, which is primarily in life insurance, and basis of accounting differ from that of the Company.	Equity method investment in Monument Re is accounted for using the equity method basis of accounting.

[11] Refer to Note 1 for details on pushdown accounting.

Losses and loss adjustment expenses (“LAE”)	All reinsurance contracts are reflected on the historical basis of accounting, as adjusted for fair value adjustments at the closing date.	We elected to apply the fair value option for certain reinsurance contracts including loss portfolio transfers ("LPTs") and reinsurance to close ("RITC") transactions acquired in 2017 and 2018.
Paid unallocated loss adjustment expenses (“ULAE”)	Paid ULAE is adjusted against the ULAE reserves, which are included in losses and loss adjustment expense on the balance sheet and results in no impact to net income.	Paid ULAE was included as a charge to general and administrative expenses with a corresponding release from ULAE reserves, which resulted in no impact to net income.
Statement of cash flows	Non-cash changes in assets and liabilities from acquired LPT and ADC contracts will be excluded when applying the indirect method of cash flows in determining cash flows from operations. Similarly, acquired investments will not be considered as cash flows from investing activities.	All impacts of changes in assets and liabilities were included in the determination of cash flows from operations and investing activities and was consistently applied.
Net investment income	Net investment income includes interest and dividend income on fixed maturities, short-term investments, cash and cash equivalents, funds held, equity investments, and other investments; amortization of premiums and accretion of discounts for short-term and fixed maturities, recognized using the effective yield method; fair value changes in our fund investments (as the funds are managed on a total return basis) and investment expenses.	Net investment income includes: interest and dividend income on fixed maturities, short-term investments, cash and cash equivalents, funds held, equity investments, and other investments; amortization of premiums and accretion of discounts for short-term and fixed maturities, recognized using the effective yield method; and investment expenses. Fair value changes in our fund investments (classified as other investments) were presented within fair value changes in equity and trading securities, funds held and other investment.

The following table identifies our successor significant accounting policies and elections presented in other notes to our consolidated financial statements:

Significant Accounting Policies	Note Reference(s)
• Acquisitions	Note 5 - Business Acquisitions
• Short-term investments and fixed maturities • Allowance for credit losses • Equity securities • Other investments, at fair value • Equity method investments • Funds held	Note 6 - Investments
• Derivative instruments	Note 7 - Derivatives and Hedging Instruments
• Reinsurance Balances Recoverable on Paid and Unpaid Losses	Note 8 - Reinsurance Balances Recoverable on Paid and Unpaid Losses
• Deferred Charge Assets and Deferred Gain Liabilities	Note 9 - Deferred Charge Assets and Deferred Gain Liabilities
• Losses and LAE • Paid ULAE	Note 10 - Losses and Loss Adjustment Expenses
• Defendant Asbestos and Environmental Liabilities • Insurance Balances Recoverable	Note 12 - Defendant Asbestos and Environmental Liabilities
• Variable Interest Entities	Note 14 - Variable Interest Entities
• Fair value adjustments and intangible assets	Note 16 - Goodwill
• Share-Based Compensation	Note 19 - Share-Based Compensation
• Income Taxes	Note 20 - Income Taxation

Other Significant Accounting Policies

Retroactive Reinsurance Contracts

For each of our reinsurance agreements, we determine whether the agreement provides indemnification against loss or liability relating to insurance risk in accordance with applicable accounting standards. We review all

contractual features, including those that may limit the amount of insurance risk to which the reinsurer is subject or features that delay the timely reimbursement of claims.

Cessions under reinsurance agreements do not discharge our obligations under the assumed reinsurance contracts.

If we determine that a reinsurance agreement does not expose us or the reinsurer to a reasonable possibility of a significant loss from insurance risk, we record the agreement using the deposit method of accounting. Deposits received are included in other liabilities and deposits made are included within other assets. As amounts are paid or received, consistent with the underlying contracts, the deposit assets or liabilities are adjusted. Interest on such deposits is recorded as other revenues or other expenses, as appropriate. Periodically, we evaluate the adequacy of the expected payments or recoveries and adjust the deposit asset or liability through other revenues or other expenses, as appropriate.

Retroactive reinsurance contracts provide indemnification for losses and loss adjustment expenses ("LAE") with respect to past loss events. We do not record any income or expense on recognition of the contracts assets and liabilities. Any subsequent remeasurement of the value of liabilities is recorded to net incurred losses and LAE within the consolidated statements of operations.

Non-cash changes in assets and liabilities from acquired LPT and ADC contracts will be excluded when applying the indirect method of cash flows in determining cash flows from operations. Similarly, acquired investments will not be considered as cash flows from investing activities.

Prospective reinsurance and insurance contracts

For prospective reinsurance of short-duration contracts that meet the criteria for reinsurance accounting, amounts received (paid) are recorded as assumed (ceded) premiums and assumed (ceded) unearned premiums. Assumed (ceded) unearned premiums are reflected as premiums within the consolidated statement of operations and, losses and loss adjustment expenses (reinsurance balances recoverable on paid and unpaid losses) within the consolidated balance sheet. Such amounts are amortized through net earned premiums over the remaining contract period in proportion to the amount of insurance protection provided.

Premiums on property and casualty insurance contracts are recognized as revenue on a pro rata basis over the applicable contract term.

Unearned Premium Reserves and Premiums Receivable

Unearned premium reserves, included within other liabilities on the consolidated balance sheets, represent the unexpired portion of policy premiums. For retrospectively rated contracts as well as those contracts whose written premium amounts are recorded based on premium estimates at inception, changes to accrued premiums arising from changes to these estimates are reflected as changes in premium balances receivable where appropriate.

Premiums receivable are reported net of an allowance for expected credit losses as appropriate. The allowance is based upon our ongoing review of amounts outstanding, historical loss data, including delinquencies and write-offs, current and forecasted economic conditions and other relevant factors. The credit risk on our premiums receivable balances is substantially reduced where we can cancel the underlying policy if the policyholder does not pay the related premium.

Acquisition Costs

Acquisition costs, consisting principally of incremental costs including, commissions and brokerage expenses and certain premium taxes and fees incurred at the time a contract or policy is issued and which are directly related to the successful efforts of acquiring new insurance contracts or renewing existing insurance contracts, are deferred and amortized over the period in which the related premiums are earned.

Deferred acquisition costs (“DAC”), recorded within other assets on the consolidated balance sheets, are limited to their estimated realizable value by line of business based on the related unearned premiums, anticipated claims and claim expenses and anticipated investment income.

Cash and cash equivalents

Cash equivalents include money market funds, fixed interest deposits and all highly liquid debt instruments purchased with an original maturity of three months or less. Securities included within cash equivalents are stated at

estimated fair value, while other investments included within cash equivalents are stated at amortized cost which approximates estimated fair value.

Foreign Exchange

Assets, liabilities and operations of foreign affiliates and subsidiaries, as well as investments accounted for under the equity method, are recorded based on the functional currency of each entity. The determination of the functional currency is made based on the appropriate economic and management indicators. For most of our foreign operations, the local currency is the functional currency.

Assets and liabilities of foreign affiliates and subsidiaries are translated from the functional currency to our reporting currency U.S. dollars, at the exchange rates in effect at each year-end and revenues and expenses are translated at the average exchange rates during the year. The resulting translation adjustments are charged or credited directly to other comprehensive income (“OCI”), net of applicable taxes. Gains and losses from foreign currency transactions, including the effect of re-measurement of monetary assets and liabilities to the appropriate functional currency, are reported separately in the consolidated statements of operations in the period in which they occur.

Recently Issued Accounting Pronouncements Not Yet Adopted

ASU 2023-09 - Improvements to Income Tax Disclosures

In December 2023, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2023-09, which includes the following amendments to Topic 740 Income Taxes:

- Disclose, on an annual basis, specific categories in the rate reconciliation;
- Disclose, on an annual basis, additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5% of the amount computed by multiplying pretax income (or loss) by the applicable statutory income tax rate);
- Disclose, on an annual basis, the amount of income taxes paid (net of refunds received) disaggregated by federal (national), state, and foreign taxes;
- Disclose, on an annual basis, the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions in which income taxes paid (net of refunds received) is equal to or greater than 5% of total income taxes paid (net of refunds received);
- Disclose income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign;
- Disclose income tax expense (or benefit) from continuing operations disaggregated by federal (national), state, and foreign;
- Eliminates the requirement to disclose the nature and estimate of the range of the reasonably possible change in the unrecognized tax benefits balance in the next 12 months or make a statement that an estimate of the range cannot be made; and
- Eliminates the requirement to disclose the cumulative amount of each type of temporary difference when a deferred tax liability is not recognized because of the exceptions to comprehensive recognition of deferred taxes related to subsidiaries and corporate joint ventures.

These amendments are effective for private companies for annual reporting periods beginning after December 15, 2025, and should be applied prospectively, however retrospective application is permitted. Early adoption is permitted.

Adopting ASU 2023-09 will require us to expand our income tax disclosures. We will prospectively adopt this ASU within our 2026 annual financial statements.

4. SIGNIFICANT NEW BUSINESS

We define new business as material transactions, which generally take the form of reinsurance or direct business transfers.

Signed and closed reinsurance agreements

During the period from January 1 to July 2, 2025, we closed reinsurance deals with Atrium Syndicate 609 and AXIS Capital Holdings Limited ("AXIS"), along with a novation of reinsurance.

During the period from July 3 to December 31, 2025, we completed a reinsurance agreement for a series of reinsurance transactions predominately related to property catastrophe business.

The table below sets forth a summary of new reinsurance business that we closed:

Line of Business	Consideration Received	Net Loss Reserves Assumed	DCA [1]	Type of Transaction	Remaining Limit upon Acquisition	Jurisdiction
	(in millions of U.S. dollars)					
Predecessor						
Marine, property and general liability	$ 180	$ 182	$ 2	LPT	$ 128	U.S., U.K., and Europe
Casualty	175	177	2	Novation	N/A [2]	U.S.
Diversified mix including liability, professional risk, and motor[3]	2,074	2,172	98	LPT	1,148	Global
Total	$ 2,429	$ 2,531	$ 102		$ 1,276	
Successor						
Property catastrophe	$ 906	$ 924	$ 18	LPTs and Novation	$ 374	Global

[1] DCAs are recorded when the estimated ultimate losses payable exceed the consideration received at the inception of the agreement. Refer to Note 9 for additional information. All pre-closing date DCAs were eliminated as a result of applying pushdown accounting. The successor period only includes unamortized DCAs resulting from new retroactive reinsurance contracts entered after July 2, 2025. Refer to Note 1 and Note 2 for details on pushdown accounting and the Merger.

[2] There are no limits under the terms of the agreement.

[3] In August 2025, we entered into a quota share reinsurance agreement with a collateralized insurer vehicle, Scaur Hill Re Ltd. (“Scaur Hill”), which is registered with the Bermuda Monetary Authority (“BMA”) as a segregated accounts company. Under the quota share reinsurance agreement, we ceded 13.3% of net reserves and consideration received on our LPT agreement with AXIS to Scaur Hill in exchange for ceding commission and ongoing management fee.

5. BUSINESS ACQUISITIONS

We record business acquisition assets and liabilities at their estimated fair value. The fair values of each of the acquired (re)insurance assets and liabilities are derived from probability-weighted ranges of the associated projected cash flows, based on actuarially prepared information and our run-off strategy.

Our run-off strategy is expected to be different from the seller's, who generally do not specialize in running off (re)insurance liabilities.

The key assumptions used by us in the valuation of acquired companies are (i) the projected payout, timing and amount of claims liabilities; (ii) the related projected timing and amount of reinsurance collections; (iii) an appropriate discount rate, which is applied to determine the present value of the future cash flows; (iv) the estimated unallocated LAE to be incurred over the life of the run-off; (v) the impact of any accelerated run-off strategy; and (vi) an appropriate risk margin.

In purchase accounting, the difference between the nominal carrying values of the acquired insurance and reinsurance liabilities and assets related to losses and loss adjustment expenses and defendant asbestos and environmental liabilities as of the closing date and their fair value is recorded as a fair value adjustment intangible asset within the consolidated balance sheet.

These fair value adjustment and intangible assets are amortized over their economic useful lives, which consist of the expected payout period of the underlying loss reserves. To the extent the actual or expected payout experience changes as a result of, (i) our active claims management strategies, which include commutations and policy buybacks, (ii) an adjustment to the estimated ultimate loss reserves, or (iii) changes in estimates, then the remaining amortization period will be adjusted to reflect such changes.

To the extent the actual payout experience after the acquisition is materially faster or slower than anticipated at the time of the acquisition as a result of, (i) our active claims management strategies, which include commutations and policy buybacks, (ii) an adjustment to the estimated ultimate loss reserves, (iii) changes in bad debt provisions, or (iv) changes in estimates of future run-off costs following accelerated payouts, then the amortization of the FVA is adjusted to reflect such changes.

The difference between the fair value of net assets acquired and the purchase price is recorded as goodwill and included as an asset on the consolidated balance sheet or as a gain from bargain purchase in the consolidated statements of operations.

Business acquisitions completed in 2024

On November 5, 2024, we closed an agreement to purchase all of the voting and non-voting shares in a Class 3B Bermuda-based reinsurer and segregated accounts company within the property catastrophe ILS market for a purchase price of $45 million. As part of the acquisition, we acquired $129 million of assets and $69 million of liabilities.

6. INVESTMENTS

We hold:

i. AFS portfolios of short-term and fixed maturities, carried at fair value;
ii. equity investments, carried at fair value;
iii. other investments carried at fair value;
iv. equity method investments; and
v. funds held

Short-term and Fixed Maturities

Short-term investments comprise investments with a maturity greater than three months up to one year from the date of purchase. Fixed maturities comprise investments with a maturity of greater than one year from the date of purchase.

As we do not have an intent to frequently trade our short-term and fixed maturities, all short-term and fixed maturities are classified as AFS and are carried at fair value, with unrealized gains and losses excluded from net income and reported as a separate component of accumulated other comprehensive income (loss) ("AOCI"). Realized gains and losses on sales of investments classified as AFS are recognized in the consolidated statements of operations.

The costs of short-term and fixed maturities are adjusted for amortization of premiums and accretion of discounts, recognized using the effective yield method and included in net investment income. For mortgage-backed and asset-backed investments, and any other holdings for which there is a prepayment risk, prepayment assumptions are evaluated and reviewed on a regular basis.

Asset Types

The fair values of the underlying asset categories are set out below:

	Successor		
	As of December 31, 2025		
	Fixed maturities, AFS	Short-term investments, AFS	Total
	(in millions of U.S. dollars)		
U.S. government and agency	$ 185	$ 360	$ 545
U.K. government	123	25	148
Other government	346	118	464
Corporate	3,662	141	3,803
Municipal	95	4	99
Residential mortgage-backed	529	—	529
Commercial mortgage-backed	605	2	607
Asset-backed	1,153	—	1,153
Total fixed maturity and short-term investments	$ 6,698	$ 650	$ 7,348

	Predecessor				
	As of December 31, 2024				
	Fixed maturities, trading	Fixed maturities, AFS	Short-term investments, trading	Short-term investments, AFS	Total
	(in millions of U.S. dollars)				
U.S. government and agency	$ 13	$ 213	$ —	$ 194	$ 420
U.K. government	15	29	—	—	44
Other government	91	266	—	2	359
Corporate	917	2,324	1	19	3,261
Municipal	30	79	—	—	109
Residential mortgage-backed	48	373	—	—	421
Commercial mortgage-backed	102	682	—	—	784
Asset-backed	47	725	—	—	772
Total fixed maturity and short-term investments	$ 1,263	$ 4,691	$ 1	$ 215	$ 6,170

Included within residential mortgage-backed securities as of December 31, 2025 were securities issued by U.S. governmental agencies with a fair value of $230 million (December 31, 2024: $234 million).

Included within commercial mortgage-backed securities as of December 31, 2025 were securities issued by U.S. governmental agencies with a fair value of $42 million (December 31, 2024: $57 million).

Contractual Maturities

The contractual maturities of our short-term and fixed maturity investments are shown below. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Successor		
As of December 31, 2025	Amortized Cost	Fair Value	% of Total Fair Value
	(in millions of U.S. dollars)		
One year or less	$ 813	$ 813	11.1 %
More than one year through five years	1,893	1,897	25.8 %
More than five years through ten years	1,276	1,287	17.5 %
More than ten years	1,057	1,062	14.5 %
Residential mortgage-backed	522	529	7.2 %
Commercial mortgage-backed	609	607	8.3 %
Asset-backed	1,156	1,153	15.7 %
	$ 7,326	$ 7,348	100.0 %

Unrealized Gains and Losses on AFS Short-Term and Fixed Maturities

The amortized cost, unrealized gains and losses, allowance for credit losses and fair values of our short-term and fixed maturities classified as AFS as of December 31, 2025 and 2024 were as follows:

	Successor				
			Gross Unrealized Losses		
As of December 31, 2025	Amortized Cost	Gross Unrealized Gains	Non-Credit Related Losses	Allowance for Credit Losses	Fair Value
	(in millions of U.S. dollars)				
U.S. government and agency	$ 543	$ 2	$ —	$ —	$ 545
U.K. government	148	1	(1)	—	148
Other government	467	2	(5)	—	464
Corporate	3,784	32	(13)	—	3,803
Municipal	97	2	—	—	99
Residential mortgage-backed	522	8	(1)	—	529
Commercial mortgage-backed	609	5	(4)	(3)	607
Asset-backed	1,156	4	(7)	—	1,153
Total short-term and fixed maturity investments	$ 7,326	$ 56	$ (31)	$ (3)	$ 7,348

	Predecessor			
			Gross Unrealized Losses	
As of December 31, 2024	Amortized Cost	Gross Unrealized Gains	Non-Credit Related Losses	Fair Value
	(in millions of U.S. dollars)			
U.S. government and agency	$ 426	$ 1	$ (20)	$ 407
U.K. government	32	—	(3)	29
Other government	292	—	(24)	268
Corporate	2,602	7	(266)	2,343
Municipal	94	—	(15)	79
Residential mortgage-backed	409	2	(38)	373
Commercial mortgage-backed	711	4	(33)	682
Asset-backed	714	13	(2)	725
Total short-term and fixed maturity investments	$ 5,280	$ 27	$ (401)	$ 4,906

Gross Unrealized Losses on AFS Short-term and Fixed Maturities

The following tables summarize our short-term and fixed maturities classified as AFS that were in a gross unrealized loss position, for which an allowance for credit losses has not been recorded, as of December 31, 2025 and 2024:

	Successor	
	Less Than 12 Months	
As of December 31, 2025	Fair Value	Gross Unrealized Losses
	(in millions of U.S. dollars)	
U.K. government	64	(1)
Other government	323	(5)
Corporate	1,111	(13)
Residential mortgage-backed	107	(1)
Commercial mortgage-backed	192	(4)
Asset-backed	562	(7)
Total short-term and fixed maturity investments	$ 2,359	$ (31)

	Predecessor					
	12 Months or Greater		Less Than 12 Months		Total	
As of December 31, 2024	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(in millions of U.S. dollars)					
U.S. government and agency	$ 77	$ (16)	$ 116	$ (4)	$ 193	$ (20)
U.K. government	8	(2)	15	(1)	23	(3)
Other government	45	(8)	203	(16)	248	(24)
Corporate	1,327	(235)	620	(31)	1,947	(266)
Municipal	69	(14)	6	(1)	75	(15)
Residential mortgage-backed	198	(37)	66	(1)	264	(38)
Commercial mortgage-backed	351	(29)	117	(4)	468	(33)
Asset-backed	21	(1)	124	(1)	145	(2)
Total short-term and fixed maturity investments	$ 2,096	$ (342)	$ 1,267	$ (59)	$ 3,363	$ (401)

As of December 31, 2025 and 2024, the number of securities classified as AFS in an unrealized loss position for which an allowance for credit loss is not recorded was 1,779 and 3,688, respectively. Of these securities, none were in an unrealized loss position for twelve months or longer as of December 31, 2025 (given the adjustment to a new fair value basis as of July 3, 2025) and there were 2,267 securities in an unrealized loss position as of December 31, 2024.

The gross unrealized losses as of December 31, 2025 and 2024 were related to non-credit factors and therefore, we did not recognize credit-related losses. Additionally, we currently do not intend to and are not required to sell these investments prior to an anticipated recovery in value.

Allowance for Credit Losses on AFS Fixed Maturities

For AFS debt securities in an unrealized loss position for which we do not intend to sell or for which it is more likely than not that we would not be required to sell before an anticipated recovery in value, we evaluate whether the decline in fair value has resulted from credit losses or other factors. For debt securities classified as AFS for which a decline in the fair value between the amortized cost is due to credit-related factors, an allowance is established for the difference between the estimated recoverable value and amortized cost with a corresponding impact to the consolidated statements of income (loss). The allowance is limited to the difference between amortized cost and fair value. A credit loss impairment assessment is performed on securities using both quantitative and qualitative factors. Quantitative factors include significant declines in fair value below amortized cost. Examples of qualitative

indicators include issuer credit downgrades as well as discussion with our asset managers of overall economic and issuer specific events and conditions.

Other Investments, at fair value

Other investments include investments in limited partnerships and limited liability companies (collectively "private equity funds") and hedge funds, fixed income funds, equity funds, private credit funds, real estate funds, collateralized loan obligation ("CLO") equities and CLO equity funds that carry their investments at fair value.

We have elected the fair value option for certain of our other investments that would otherwise be accounted for as an equity method investment. The primary reason for electing the fair value option is because we believe this measurement basis is consistent with the applicable accounting guidance used by the investment funds themselves.

Our other investments are stated at fair value, which represents the most recently reported net asset value ("NAV") as advised by the fund manager or administrator. The NAV is based on the fund manager's or administrator's valuation of the underlying holdings in accordance with the fund's governing documents. Our fund investments primarily transact at NAV which is reported to the company on a monthly or quarterly basis.

The following table summarizes our other investments carried at fair value:

	Successor	Predecessor
	December 31, 2025	December 31, 2024
	(in millions of U.S. dollars)	
Private equity funds	$ 2,041	$ 1,926
Private credit funds	1,285	864
Hedge funds	402	410
Real estate funds	523	401
Fixed income funds	625	369
CLO equity funds	48	162
CLO equities	18	52
Equity funds	5	4
Others	27	—
Total	$ 4,974	$ 4,188

The following is a description of the nature of each of these investment categories:

- Private equity funds include primary, secondaries diversified by asset classes, regional vintage and sectors and direct co-investment opportunities.
- Private credit funds invest in direct senior or collateralized loans.
- Hedge funds invest in fixed income, equity and other investments.
- Real estate funds comprise of real estate funds that invest primarily in commercial real estate equity.
- Fixed income funds comprise several positions in diversified fixed income funds that are managed by third-party managers. Underlying investments vary from high-grade corporate bonds to non-investment grade senior secured loans and bonds, in both liquid and illiquid markets. The liquid fixed income funds have regularly published prices.
- CLO equity funds invest primarily in the equity tranches of term-financed securitizations of diversified pools of corporate bank loans.
- CLO equities comprise investments in the equity tranches of term-financed securitizations of diversified pools of corporate bank loans.
- Equity funds invest primarily in public equities.

Other investments, including equities measured at fair value using NAV as a practical expedient

We use NAV as a practical expedient to fair value certain of our other investments, including equities. Due to a lag in the valuations of certain funds reported by the managers, we may record changes in valuation with up to a three-month lag[12]. We regularly review and discuss fund performance with the fund managers to corroborate the reasonableness of the reported net asset values and to assess whether any events have occurred within the lag period that would affect the valuation of the investments.

Certain of our other investments are subject to restrictions on redemptions and sales that are determined by the governing documents, which limits our ability to liquidate those investments. These restrictions may include lock-ups, redemption gates, restricted share classes or side pockets, restrictions on the frequency of redemption and notice periods.

Certain of our other investments may not have any restrictions governing their sale, but there is no active market and no guarantee that we will be able to execute a sale in a timely manner. In addition, even if these investments are not eligible for redemption or sales are restricted, we may still receive income distributions from those other investments.

The table below details the estimated period by which proceeds would be received if we had provided notice of our intent to redeem or initiated a sales process as of December 31, 2025 for our investments measured at fair value using NAV as a practical expedient:

	Successor						
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Not Eligible/ Restricted	Total	Redemption Frequency [1]
	(in millions of U.S. dollars)						
Equities							
Privately held equity investments	$ —	$ —	$ —	$ —	$ 75	$ 75	Not eligible / restricted
Other investments							
Hedge funds	377	—	—	—	25	402	Monthly to bi-annually
Fixed income funds	575	—	—	—	45	620	Monthly to quarterly
Private equity funds	64	—	—	—	1,977	2,041	Quarterly for unrestricted amount
Private credit funds	206	—	—	—	715	921	Quarterly for unrestricted amount
CLO equity funds	47	—	—	—	1	48	Quarterly to bi-annually
Real estate funds	—	—	—	—	523	523	Not eligible / restricted
Total	$ 1,269	$ —	$ —	$ —	$ 3,361	$ 4,630	

[1] Redemption frequency relates to unrestricted amounts.

[12] The valuation of our other investments is described in Note 13.

Equity Investments

We hold investments in publicly traded equities, exchange-traded funds, privately held equities and warrants. Our equity investments are carried at fair value with realized and unrealized gains and losses included in our consolidated statement of operations and recorded as fair value changes in equity securities, funds held and other investments.

For privately held equity without a readily determinable fair value that do not qualify for the NAV practical expedient, we may measure those investments at cost, less impairment, if any.

The following table summarizes our equity investments:

	Successor	Predecessor
	December 31, 2025	December 31, 2024
	(in millions of U.S. dollars)	
Privately held equity investments in common and preferred stocks	$ 587	$ 460
Publicly traded equity investments in common and preferred stocks	153	176
Exchange-traded funds	52	151
Warrants and other	16	16
Total	$ 808	$ 803

Our publicly traded equity investments in common and preferred stocks predominantly trade on major exchanges and are managed by our external advisors. Our investments in exchange-traded funds also trade on major exchanges.

Our privately held equity investments in common and preferred stocks are direct investments in companies that we believe offer attractive risk adjusted returns and/or offer other strategic advantages. Each investment may have its own unique terms and conditions and there may be restrictions on disposals. There is no active market for these investments[13].

Equity Method Investments

Investments that we do not consolidate but in which we have significant influence over the operating and financial policies of the investee are classified as equity method investments and are accounted for using the equity method of accounting unless we have elected the fair value option.

In applying the equity method of accounting, investments are initially recorded at cost and are subsequently adjusted based on our proportionate share of net income or loss of the investee, net of any distributions received from the investee.

We typically record our proportionate share of an investee's net income or loss on a quarter lag in line with the timing of when they report their financial information to us. Any adjustments made to the carrying value of our equity method investees are based on the most recently available financial information from the investees.

Changes in the carrying value of such investments are recorded in our consolidated statements of operations as income (losses) from equity method investments. Any decline in the value of our equity method investments considered by management to be other-than-temporary is reflected in our consolidated statements of operations in the period in which it is determined.

We have elected the fair value option for our equity method investment in Monument Re Limited (“Monument Re”). The primary reasons for electing the fair value option is because Monument Re’s business, which is primarily in life insurance, and its basis of accounting differs from that of the Company.

[13] Refer to Note 21 for further information on certain privately held equity investments.

The table below shows our equity method investments as of:

	Successor		Predecessor	
	December 31, 2025		December 31, 2024	
	Ownership %	Carrying Value	Ownership %	Carrying Value
	(in millions of U.S. dollars)			
Monument Re [1]	24.6 %	N/A	24.6 %	$ 19
Core Specialty	19.6 %	$ 319	19.9 %	281
Positive Physicians Holdings, Inc.	27.0 %	5	27.0%	13
		$ 324		$ 313

[1] As a result of applying pushdown accounting, which included changes to certain accounting policies and elections, we have elected the fair value option for the equity method investment in Monument, valued at $22 million, that is now included in equity investments.

Summarized Financial Information

The following is the aggregated summarized financial information of all our equity method investees, including those for which the fair value option was elected and would otherwise be accounted for as an equity method investment. As pushdown accounting is not applied to our equity method investees, the summarized financial information is not presented on a predecessor and successor basis.

	As of December 31,	
	2025	2024
	(in millions of U.S. dollars)	
Balance Sheet		
Total assets	$ 63,283	$ 69,237
Total liabilities	45,764	49,137

	For the year ended December 31,		
	2025	2024	2023
	(in millions of U.S. dollars)		
Operating Results			
Total income	$ 12,437	$ 12,854	$ 14,610
Total expenses	11,326	12,101	12,989
Net income	$ 1,111	$ 753	$ 1,621

The following table presents the carrying value by ownership percentage of our equity method investees, including those for which the fair value option was elected:

	Successor		Predecessor	
	December 31, 2025		December 31, 2024	
	Equity Method Investments	Fair Value Option	Equity Method Investments	Fair Value Option
	(in millions of U.S. dollars)			
Ownership percentage				
20% to 99%	$ 5	$ 1,737	$ 32	$ 1,439
3% to 19%	319	1,016	281	780
Total	$ 324	$ 2,753	$ 313	$ 2,219

Funds Held

Under funds held arrangements, the reinsured company has retained funds that would otherwise have been remitted to us. The funds held balance is credited with investment income and losses paid are deducted.

We present funds held as a single category within the consolidated balance sheets. The following table summarizes the components of funds held as of:

	Successor	Predecessor
	December 31, 2025	December 31, 2024
	(in millions of U.S. dollars)	
Funds held - directly managed	$ 2,139	$ 2,446
Funds held by reinsured companies	2,254	2,533
Total funds held	$ 4,393	$ 4,979

Funds held arrangements where we receive the underlying portfolio economics and the contractual right to direct the asset allocation strategies are known as "Funds held - directly managed." Funds held arrangements where we receive a fixed crediting rate or other contractually agreed return are known as "Funds held by reinsured companies." Where we receive a contractually agreed return, we evaluate whether we are required to recognize an embedded derivative.

Funds held by reinsured companies are carried at cost and any embedded derivative is carried at fair value.

Funds held - directly managed are carried at fair value because it represents the aggregate of funds held at cost and the value of an embedded derivative. The embedded derivative relates to our contractual right to receive the return on the underlying investment portfolio and the performance risk of the individual assets supporting the reinsurance contract.

We include the estimated fair value of these embedded derivatives in the consolidated balance sheets with the host contract to reflect the expected settlement of these features with the host contract.

The investment returns on both categories of funds held are recognized in net investment income and fair value changes in equity and trading securities, funds held and other investments. The change in the fair value of the embedded derivative is included in fair value changes in equity and trading securities, funds held and other investments.

Funds Held - Directly Managed

The following table summarizes the components of the investments collateralizing the funds held - directly managed:

	Successor	Predecessor
	December 31, 2025	December 31, 2024
	(in millions of U.S. dollars)	
Funds held - directly managed, at cost	$ 2,126	$ 2,587
Fair value changes in:		
Accumulated change in fair value - embedded derivative	13	(141)
Funds held - directly managed, at fair value	$ 2,139	$ 2,446

Most of our funds held - directly managed is comprised of short-term and fixed maturities.

Funds Held by Reinsured Companies

The following table summarizes the components of our funds held by reinsured companies:

	Successor	Predecessor
	December 31, 2025	December 31, 2024
	(in millions of U.S. dollars)	
Fund held by reinsured companies, at amortized cost	$ 2,254	$ 2,528
Fair value of embedded derivative	—	5
Funds held by reinsured companies	$ 2,254	$ 2,533

The changes in in funds held are generally driven by net paid losses.

Net Investment Income

Major categories of net investment income are summarized as follows:

	Successor	Predecessor		
	Period from July 3 to December 31, 2025	Period from January 1 to July 2, 2025	Year Ended December 31, 2024	Year Ended December 31, 2023
	(in millions of U.S. dollars)			
Fixed maturities	$ 172	$ 147	$ 319	$ 326
Short-term investments and cash and cash equivalents	41	45	43	38
Funds held	109	110	224	211
Investment income from fixed maturities, cash and cash equivalents, and funds held	322	302	586	575
Equity investments	10	18	39	41
Other investments	267	42	67	51
Investment income from equities and other investments	277	60	106	92
Gross investment income	599	362	692	667
Investment expenses	(2)	(19)	(41)	(20)
Net investment income	$ 597	$ 343	$ 651	$ 647

Net Realized Gains (Losses) and Fair Value Changes

Investment purchases and sales are recorded on a trade-date basis. Realized gains and losses on the sale of investments are based upon specific identification of the cost of investments. Components of net realized and fair value changes for the periods referenced below were as follows:

	Successor	Predecessor		
	Period from July 3 to December 31, 2025	Period from January 1 to July 2, 2025	Year Ended December 31, 2024	Year Ended December 31, 2023
	(in millions of U.S. dollars)			
Net realized (losses) gains on sale:				
Gross realized gains on fixed maturities, AFS	$ 6	$ 12	$ 11	$ 5
Gross realized losses on fixed maturities, AFS	(4)	(19)	(35)	(81)
Decrease (increase) in allowance for expected credit losses on fixed maturities, AFS	(3)	—	15	11
Total net realized losses on sale	$ (1)	$ (7)	$ (9)	$ (65)
Fair value changes in equity and trading securities, funds held and other investments:				
Fixed maturities, trading	$ —	$ 8	$ (25)	$ 84
Funds held - directly managed	18	24	(14)	47
Equity securities	80	1	176	167
Other investments	—	70	325	225
Investment derivatives	—	24	(6)	5
Total fair value changes in equity and trading securities, funds held and other investments	$ 98	$ 127	$ 456	$ 528
Net realized losses and fair value changes in equity and trading securities, funds held and other investments	$ 97	$ 120	$ 447	$ 463

The gross realized gains and losses on sales of AFS investments for the periods from July 3 to December 31, 2025, and January 1 to July 2, 2025 included in the table above resulted from sales of $1.5 billion and $1.2 billion, respectively. The gross realized gains and losses on sales of AFS investments for the years ended December 31, 2024 and 2023 were $1.4 billion and $1.8 billion, respectively.

For the periods from July 3 to December 31, 2025 and January 1 to July 2, 2025, fair value changes in equity and trading securities, funds held and other investments recorded within the statement of operations relating to equity securities still held on the balance sheet date were $80 million and $(1) million, respectively.

For the years ended December 31, 2024 and 2023, fair value changes in equity and trading securities, funds held and other investments recorded within the statement of operations relating to equity securities still held on the balance sheet date were $105 million and $109 million, respectively.

Restricted Assets

We utilize trust accounts to collateralize business with our (re)insurance counterparties. We are also required to maintain investments and cash and cash equivalents on deposit with regulatory authorities and Corporation of Lloyd's ("Lloyd's") to support our (re)insurance operations. The investments and cash and cash equivalents on deposit are available to settle (re)insurance liabilities. Collateral generally takes the form of assets held in trust, letters of credit or funds held. The assets used as collateral are primarily highly rated fixed maturities. The carrying value of our restricted assets, including restricted cash of $486 million and $456 million as of December 31, 2025 and 2024, respectively, was as follows:

	Successor	Predecessor	
	December 31, 2025	December 31, 2024	Financial Statement Line Items where presented
	(in millions of U.S. dollars)		
Collateral in trust for third party agreements	$ 6,371	$ 4,832	Fixed maturities Equity investments Other investments Restricted cash
Assets on deposit with regulatory authorities	60	63	Fixed maturities Other investments Restricted cash
Collateral for secured letter of credit facilities	48	45	Fixed maturities Restricted cash
Funds at Lloyd's ("FAL") [1]	181	229	Equity investments Other investments Restricted cash
	$ 6,660	$ 5,169	

[1] We managed and provided capacity for one Lloyd's syndicate as of December 31, 2025 and 2024. Lloyd's determines the required capital principally through the use of an internal model that calculates a solvency capital requirement for each syndicate. This capital is referred to as FAL and will be drawn upon if a syndicate has a loss that cannot be funded from other sources. We also utilize unsecured letters of credit for a significant portion of our FAL, as described in Note 17.

7. DERIVATIVES AND HEDGING INSTRUMENTS

Accounting for Derivatives

Freestanding Derivatives

Freestanding derivatives are recorded on trade-dates and carried on the consolidated balance sheet either as assets within other assets or as liabilities within other liabilities at estimated fair value. We do not offset the estimated fair value amounts recognized for derivatives executed with the same counterparty under the same master netting agreement.

If a derivative is not designated as an accounting hedge or its use in managing risk does not qualify for hedge accounting, changes in the estimated fair value of the derivative are reported in fair value changes in equity and trading securities, funds held and other investments included in our consolidated statements of operations.

Hedge Accounting

To qualify for hedge accounting, at the inception of the hedging relationship, we formally document the risk management objective and strategy for undertaking the hedging transaction, as well as the designation of the hedge.

We have qualifying net investment in foreign operation (“NIFO”) hedges. We recognize changes in the estimated fair value of the hedging derivatives within OCI, consistent with the translation adjustment for the hedged net investment in the foreign operation.

Our documentation sets forth how the hedging instrument is expected to hedge the designated risks related to the hedged item and also sets forth the method that will be used to retrospectively and prospectively assess the hedging instrument’s effectiveness. A derivative designated as a hedging instrument must be assessed as being highly effective in offsetting the designated risk of the hedged item. Hedge effectiveness is formally assessed at inception and at least quarterly throughout the life of the designated hedging relationship. Assessments of hedge effectiveness are also subject to interpretation and estimation and different interpretations or estimates may have a material effect on the amount reported in net income.

When hedge accounting is discontinued pursuant to a NIFO hedge (due to a revaluation, payment of a dividend or the disposal of our investment in a foreign operation), the derivative continues to be carried on the balance sheet at its estimated fair value. Deferred gains and losses recorded in OCI pursuant to a discontinued NIFO hedge are recognized immediately in net foreign exchange losses (gains) in our consolidated statements of operations.

Embedded Derivatives

We are party to certain reinsurance agreements that have embedded derivatives. We assess each identified embedded derivative to determine whether it is required to be bifurcated. The embedded derivative is bifurcated from the host contract and accounted for as a freestanding derivative if:

- the combined instrument is not accounted for in its entirety at estimated fair value with changes in estimated fair value recorded in net income;
- the terms of the embedded derivative are not clearly and closely related to the economic characteristics of the host contract; and
- a separate instrument with the same terms as the embedded derivative would qualify as a derivative instrument.

Such embedded derivatives are carried on the consolidated balance sheet at estimated fair value with the host contract and changes in their estimated fair value are generally reported within fair value changes in equity and trading securities, funds held and other investments.

Derivative Strategies

We are exposed to various risks relating to our ongoing business operations, including interest rate, foreign currency exchange rate, credit and equity price risks. We use a variety of strategies to manage these risks, including the use of derivatives.

Derivatives are financial instruments with values derived from interest rates, foreign currency exchange rates, credit spreads and/or other financial indices. The types of derivatives we use include swaps and forwards.

Foreign Currency Derivatives

We use foreign currency exchange rate derivatives, including foreign currency forwards, to reduce the risk from fluctuations in foreign currency exchange rates associated with our assets and liabilities denominated in foreign currencies. We also use foreign currency derivatives to hedge the foreign currency exchange rate risk associated with certain of our net investments in foreign operations.

In a foreign currency forward transaction, we agree with another party to deliver a specified amount of an identified currency at a specified future date. The price is agreed upon at the time of the contract and payment for such a contract is made at the specified future date. We utilize foreign currency forwards in fair value, NIFO hedges and non-qualifying hedging relationships.

Interest Rate Derivatives

We use interest rate derivatives, specifically interest rate swaps, to reduce our exposure to changes in interest rates.

Interest rate swaps are used by us primarily to reduce market risks from changes in interest rates and to alter interest rate exposure arising from mismatches between assets and liabilities (duration mismatches). In an interest rate swap, we agree with another party to exchange, at specified intervals, the difference between fixed rate and floating rate interest amounts as calculated by reference to an agreed notional amount. We utilize interest rate swaps in non-qualifying hedging relationships.

In June 2024, we entered into four one-month forward interest rate swaps each with a different underlying swap term of 2 to 5 years, receiving a fixed rate and paying a floating rate with a notional value of $125 million to (i) partially mitigate the risk that interest rates could decrease prior to our receipt of the premium consideration and (ii) reduce asset and liability mismatch risk driven by investment restrictions for the LPT transaction related to property catastrophe and COVID-19 exposures that was signed and closed in June 2024. Fair value changes of the derivatives for the successor and predecessor periods in 2025 and the year ended December 31, 2024 are presented within the table below as part of interest rate swaps.

Additionally, in June 2024, we entered into two two-month forward interest rate swaps, receiving a fixed rate and paying a floating rate with a notional value of AUD $195 million (USD $130 million) to partially mitigate the risk that interest rates could decrease prior to our receipt of the consideration for the ADC transaction related to product and public liability, compulsory third-party motor, professional risks, and workers' compensation business signed in June 2024. Fair value changes of the derivatives for the year ended December 31, 2024 are presented within the table below as part of interest rate swaps.

In August 2024, we entered into a one-month forward interest rate swap, receiving a fixed rate and paying a floating rate with a notional value of $308 million to partially mitigate the risk that interest rates could decrease prior to our receipt of the consideration for the LPT transaction related to general aviation and workers' compensation signed in August 2024, which closed in the fourth quarter of 2024. The swap was terminated in December 2024. For the year ended December 31, 2024, we recognized a loss from fair value changes of the derivatives of $5 million.

In December 2024, we entered into three three-month forward interest rate swaps, receiving a fixed rate and paying a floating rate with a notional value of $823 million, £252 million, and €383 million to partially mitigate the risk that interest rates could decrease prior to our receipt of the consideration for the LPT transaction related to a diversified mix of business including liability, professional risk, and motor signed in December 2024. As the transaction had not yet closed prior to the expiration of the forward starting period, the three forward interest rate swaps were terminated in March 2025 and three new three-month forward interest rate swaps were entered into, receiving a fixed rate and paying a floating rate with the same notional values and for the same purpose as the terminated forward interest rate swaps. The new swaps were terminated in June 2025. For the periods from January 1 to July 2, 2025 and July 3 to December 31, 2025, we recognized net gains from fair value changes of the interest rate

swaps, which are presented within the table below as part of interest rate swaps.

The following table presents the gross notional amounts and estimated fair values of our derivatives recorded within other assets and other liabilities on the consolidated balance sheets as of December 31, 2025 and 2024:

	Successor			Predecessor		
	As of December 31, 2025			As of December 31, 2024		
		Fair Value [1]			Fair Value [1]	
	Gross Notional Amount	Assets	Liabilities	Gross Notional Amount	Assets	Liabilities
	(in millions of U.S. dollars)					
Derivatives designated as hedging instruments						
Foreign currency forward contracts	$ 294	$ —	$ 8	$ 227	$ 2	$ —
Derivatives not designated as hedging instruments						
Foreign currency forward contracts	753	21	2	282	3	1
Interest rate swaps	125	1	—	1,660	—	6
Total	$ 1,172	$ 22	$ 10	$ 2,169	$ 5	$ 7

[1] Refer to Note 13 for additional information regarding the fair value of our derivatives.

The following table presents the net gains and losses relating to our derivative instruments.

		Successor	Predecessor		
	Financial statement line item where gain (loss) is recognized on derivatives	Period from July 3 to December 31, 2025	Period from January 1 to July 2, 2025	Year Ended December 31, 2024	Year Ended December 31, 2023
		Amount of Net Gains (Losses)			
		(in millions of U.S. dollars)			
Derivatives designated as hedging instruments					
Foreign currency forward contracts	Accumulated other comprehensive income (loss)	$ (22)	$ (24)	$ 13	$ (15)
Derivatives not designated as hedging instruments					
Foreign currency forward contracts	Net foreign exchange gains	6	1	10	9
Interest rate swap	Fair value changes in equity and trading securities, funds held and other investments	—	24	(7)	7
Others	Fair value changes in trading securities, funds held and other investments	—	—	—	(2)

8. REINSURANCE BALANCES RECOVERABLE ON PAID AND UNPAID LOSSES

Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying liability for losses and LAE. We report our reinsurance balances recoverable on paid and unpaid losses net of an allowance for estimated uncollectible amounts.

Our allowance for estimated uncollectible reinsurance is derived based on various data sources, multiple key inputs and forecast scenarios. These include the duration of the collection period, credit quality, changes in reinsurer credit standing, default rates specific to the individual reinsurer, the geographical location of the reinsurer, contractual disputes with reinsurers over individual contentious claims, contract language or coverage issues, industry analyst reports and consensus economic forecasts.

To determine the allowance for estimated uncollectible reinsurance, we use the probability of default ("PD") and loss given default ("LGD") methodology whereby each reinsurer is allocated an appropriate PD percentage based on the expected payout duration by portfolio. This PD percentage is then multiplied by an appropriate LGD percentage to arrive at an overall credit allowance percentage which is then applied to the reinsurance balance recoverable for each reinsurer, net of any specific bad debt provisions, collateral or other contract related offsets, to arrive at the overall allowance for estimated uncollectible reinsurance by reinsurer.

Amounts deemed to be uncollectible, including amounts due from known insolvent reinsurers, are written off against the allowance.

Changes in the allowance, as well as any subsequent collections of amounts previously written off, are reported as part of the net incurred losses and LAE in our consolidated statements of operations.

On an ongoing basis, we also evaluate and monitor the credit risk of our reinsurers, including those under voluntary schemes of arrangement, to minimize our exposure to significant losses from potential insolvencies.

The following table provides the total reinsurance balances recoverable on paid and unpaid losses.

	Successor	Predecessor
	As of December 31, 2025	As of December 31, 2024
	(in millions of U.S. dollars)	
Recoverable from reinsurers on unpaid:		
Outstanding losses and IBNR	$ 922	$ 683
ULAE	4	4
Fair value adjustments - acquired companies	—	(5)
Fair value adjustments - fair value option	—	(54)
Total reinsurance reserves recoverable	926	628
Paid losses recoverable	81	84
Total	$ 1,007	$ 712
Reconciliation to Consolidated Balance Sheet:		
Reinsurance balances recoverable on paid and unpaid losses	$ 1,007	$ 533
Reinsurance balances recoverable on paid and unpaid losses - fair value option	—	179
Total	$ 1,007	$ 712

Certain of our subsidiaries and assumed portfolios, prior to acquisition, used retrocessional agreements to reduce their exposure to the risk of (re)insurance assumed.

The fair value adjustments, determined on acquisition of (re)insurance subsidiaries, are based on the estimated timing of loss and LAE recoveries and an assumed interest rate equivalent to a risk free rate for securities with similar duration to the acquired reinsurance balances recoverable on paid and unpaid losses plus a spread for credit

risk, and are amortized over the estimated recovery period, as adjusted for accelerations in timing of payments as a result of commutation settlements[14].

Top Ten Reinsurers

	Successor			Predecessor		
	December 31, 2025			December 31, 2024		
	Number	Total ($)	%	Number	Total ($)	%
	(in millions of U.S. dollars, except for number of top 10 reinsurers)					
Information regarding top ten reinsurers:						
Top 10 reinsurers rated A- or better	8	$ 306		8	$ 328	
Top 10 non-rated reinsurers:						
Due from a U.S. state backed reinsurer that is supported by assessments on active auto writers operating within the state		130			136	
Due from a U.S. Workers' Compensation Reinsurance Pool that is secured through an allocation to insurers actively writing workers' compensation in the covered state		38			42	
Due from a Bermuda registered collateralized reinsurer		260			—	
Total top 10 non-rated reinsurers	2	428		2	178	
Total top 10 reinsurers		734	72.9 %		506	71.1 %
Other reinsurers > $1 million		259	25.7 %		186	26.1 %
Other reinsurers < $1 million		14	1.4 %		20	2.8 %
Total		$ 1,007	100.0 %		$ 712	100.0 %
Single reinsurers that represent 10% or more of total reinsurance balance recoverable as of December 31, 2025 and 2024:						
Lloyd's Syndicates [(1)]		$ 108			$ 96	
Michigan Catastrophic Claims Association[(2)]		$ 130			$ 136	
Scaur-Hill [(3)]		$ 260			$ —	

[(1)] Lloyd's Syndicates are rated AA- by Standard & Poor's and A+ by A.M. Best.

[(2)] U.S. state backed reinsurer that is supported by assessments on active auto writers operating within the state.

[(3)] U.S. Due from a Bermuda registered collateralized reinsurer

[14]The determination of the fair value adjustments on the retroactive reinsurance contracts for which we have elected the fair value option is described in Note 13.

The table below provides a reconciliation of the beginning and ending allowance for estimated uncollectible reinsurance balances for the periods referenced below:

	Successor	Predecessor	
	Period from July 3 to December 31, 2025	Period from January 1 to July 2, 2025	Year Ended December 31, 2024
	(in millions of U.S. dollars)		
Allowance for estimated uncollectible reinsurance, beginning of period[1]	$ —	$ 116	$ 131
Effect of exchange rate movement	—	2	(1)
Current period change in the allowance	4	(3)	(5)
Write-offs charged against the allowance	—	(1)	(2)
Recoveries collected	—	—	(7)
Allowance for estimated uncollectible reinsurance, end of year	$ 4	$ 114	$ 116

[1] The allowance for reinsurance recoverables was eliminated in purchase accounting as the reinsurance recoverables were remeasured at fair value within the basis of such reinsurance recoverables.

9. DEFERRED CHARGE ASSETS AND DEFERRED GAIN LIABILITIES

If, at the inception of an assumed retroactive reinsurance contract, the estimated liabilities for losses and LAE exceed the premiums received, a DCA is recorded for this difference. In contrast, if the premiums received are more than the estimated undiscounted ultimate losses payable, a DGL is recorded.

The consideration that we charge the ceding companies under retroactive reinsurance contracts may be lower than our estimate of losses and LAE liabilities as these liabilities may not be settled for many years. Our contractual counterparties (cedants) settle the consideration upon inception of the contract and we invest the consideration received over an extended period of time, thereby generating investment income. As a result, we expect to generate profits from these retroactive reinsurance contracts when taking into account the consideration received and expected investment income, less contractual obligations and expenses.

We amortize the DCA and DGL balances over the estimated claim payment period of the related contracts with the amortization subject to prospective adjustment at each reporting period to reflect new estimates of the pattern and timing of remaining losses and LAE payments. We present the amortization of our net DCAs and DGLs as a separate line item in our consolidated statements of operations.

In addition, for retrocessions of losses and LAE reserves that we may cede through retroactive reinsurance contracts where the retroceded liabilities exceed the retrocession consideration paid, we would record a DGL. We amortize the DGL balances over the estimated claim payment period of the related contracts. The DGL balances are adjusted for any favorable or adverse loss developments and such loss developments are not recognized on the consolidated statement of operations until the related DGL balance has been eliminated. Amortization of the adjusted DGL balances are subject to prospective adjustment at each reporting period to reflect new estimates of the pattern and timing of remaining losses and LAE payments.

DCAs are assessed at each reporting period for impairment based on the expected yields from the investment income of the underlying assets supporting the specific acquired insurance contract liabilities. There were no impairments identified in any of the periods reported.

Deferred Charge Assets and Deferred Gain Liabilities

The following table presents a reconciliation of the beginning and ending DCA and DGL balances:

	Successor			Predecessor		
	Period from July 3 to December 31, 2025			Period from January 1 to July 2, 2025	Year ended December 31, 2024	Year Ended December 31, 2023
	DCA	DGL	Net	DCA	DCA	DCA
	(in millions of U.S. dollars)					
Beginning carrying value[1]	$ —	$ —	$ —	$ 745	$ 731	$ 658
Additions during the period	18	(9)	9	102	131	179
Amortization	(3)	1	(2)	(59)	(117)	(106)
Ending carrying value	$ 15	$ (8)	$ 7	$ 788	$ 745	$ 731

[1] All pre-closing date DCAs were eliminated as a result of applying pushdown accounting. The successor period only includes unamortized DCAs resulting from new retroactive reinsurance contracts entered after July 2, 2025.

10. LOSSES AND LOSS ADJUSTMENT EXPENSES

The liability for losses and LAE, also referred to as loss reserves, represents both gross estimates before reinsurance for unpaid reported losses (“OLR”) and losses that have been IBNR, estimated using actuarial methods. We recognize an asset for the portion of the liability that we expect to recover from reinsurers. LAE reserves include allocated LAE ("ALAE") and ULAE. ALAE are linked to the settlement of an individual claim or loss, whereas ULAE are based on our estimates of future costs to administer the claims. IBNR includes amounts for unreported claims, development on known claims and reopened claims.

Our loss reserves cover multiple lines of business, including asbestos, environmental, general casualty, workers' compensation, marine, aviation and transit, construction defect, professional indemnity/directors and officers, motor, property and other lines of business.

We establish reserves for unpaid reported losses and LAE based on reports from brokers, ceding companies and insureds and these represent the estimated ultimate cost of events or conditions that have been reported to or specifically identified by us.

The reserves for IBNR losses are established by us based on actuarially determined estimates of ultimate losses and LAE. Inherent in the estimate of ultimate losses and LAE are expected trends in claim severity and frequency, historical loss experience, industry statistics and other factors which may vary significantly as claims are settled.

These estimates are reviewed regularly and are subject to the impact of future changes in the factors noted above as well as economic conditions including the impact of inflation, legal and judicial developments, and medical cost trends.

Any subsequent remeasurement of our reserves will be recorded in net income in the period in which they become known and reflected as part of the net increase or reduction in the estimates of ultimate losses included within net incurred losses and LAE in the consolidated statements of operations.

PPD arises from changes to loss estimates recognized in the current calendar year that relate to loss reserves established in previous calendar years.

Our estimates, at inception and on an ongoing basis, do not include an estimate for potential future commutations and policy buybacks. Commutations and policy buybacks are often unique and circumstance-based, and each commutation or policy buyback is separately negotiated. Therefore, the successful execution of one commutation or policy buyback does not necessarily impact the likelihood of other commutations or policy buybacks occurring in the future.

Commutations and policy buybacks provide an opportunity for us to exit exposures to certain policies and insureds generally at a discount to our estimate of the ultimate liability and provide us with the ability to eliminate exposure to further losses which can be beneficial to us as they legally extinguish liabilities in full, reducing the potential for future adverse loss development and future claims handling costs.

Commutations of acquired companies’ exposures have the effect of accelerating the payout of claims compared to the probability-weighted ranges of actuarially projected cash flows that we applied when estimating the fair values of assets and liabilities at the time of acquisition.

Commutations are only executed directly with (re)insureds and any changes in ultimate losses are recognized upon the execution of a commutation or policy buyback with the (re)insured.

Any material acceleration of payout together with the impact of any material loss reserve savings in any period will also accelerate the amortization of any associated fair value adjustments in that period.

Our (re)insurance subsidiaries also establish provisions for ULAE for LAE relating to run-off costs for the estimated duration of the run-off, such as internal claim management or associated operational support costs, which are included in the liability for losses and LAE. These provisions are assessed at each reporting date, and provisions relating to future periods are adjusted to reflect any changes in estimates of the periodic run-off costs or the duration of the run-off, including the impact of any acceleration of the run-off period that may be caused by commutations. Provisions relating to the current period together with any adjustment to future run-off provisions are included in net incurred losses and LAE in the consolidated statements of operations. Paid ULAE is adjusted against the ULAE

reserves, which are included in losses and loss adjustment expense on the balance sheet and results in no impact to net income.

The tables below provide a consolidated reconciliation of the beginning and ending liability for losses and LAE for the respective periods:

	Successor	Predecessor		
	Period from July 3 to December 31, 2025	Period from January 1 to July 2, 2025	Year Ended December 31, 2024	Year Ended December 31, 2023
	(in millions of U.S. dollars)			
Balance as of beginning of period [1]	**$ 13,212**	**$ 11,404**	**$ 12,359**	**$ 13,007**
Reinsurance reserves recoverable on unpaid losses	(674)	(628)	(774)	(996)
Net balance as of beginning of period	**12,538**	**10,776**	**11,585**	**12,011**
Net incurred losses and LAE:				
Current period:				
Increase in estimates of net ultimate losses	6	9	22	28
Net (decrease) increase in provisions for ULAE	—	(2)	1	2
Total current period	6	7	23	30
Prior periods:				
Net increase (decrease) in estimates of ultimate losses	14	(19)	(105)	(157)
Net decrease in provisions for ULAE	(43)	(37)	(77)	(69)
Amortization of fair value adjustments [1]	—	7	13	17
Changes in fair value - fair value option [2]	—	20	20	78
Total prior periods	(29)	(29)	(149)	(131)
Total net incurred losses and LAE	**(23)**	**(22)**	**(126)**	**(101)**
Net paid losses:				
Current period	—	(1)	(2)	—
Prior periods	(1,301)	(1,225)	(2,265)	(2,467)
Total net paid losses	**(1,301)**	**(1,226)**	**(2,267)**	**(2,467)**
Other changes:				
Changes in deferred gain on ceded business	(1)	—	—	—
Effect of exchange rate movement	(57)	248	(149)	87
Commutation	(18)	—	10	(21)
Acquired business	—	—	66	—
Ceded business [3]	(288)	—	—	(139)
Assumed business [4]	924	2,531	1,657	2,215
Total other changes	**560**	**2,779**	**1,584**	**2,142**
Net balance as of end of period	**11,774**	**12,307**	**10,776**	**11,585**
Reinsurance reserves recoverable on unpaid losses	926	617	628	774
Net balance as of end of period	**$ 12,700**	**$ 12,924**	**$ 11,404**	**$ 12,359**

	As of	
	Successor	Predecessor
	December 31, 2025	December 31, 2024
	(in millions of U.S. dollars)	
Reconciliation to Consolidated Balance Sheets:		
Losses and loss adjustment expenses	$ 12,700	$ 10,407
Losses and loss adjustment expenses, at fair value	—	997
Total losses and loss adjustment expenses	**$ 12,700**	**$ 11,404**
Reinsurance balances recoverable on paid and unpaid losses	$ 1,007	$ 533
Reinsurance balances recoverable on paid and unpaid losses - fair value option	—	179
Total reinsurance balances recoverable on paid and unpaid losses	1,007	712
Less: Paid losses recoverable	(81)	(84)
Reinsurance reserves recoverable on unpaid losses	**$ 926**	**$ 628**

(1) As a result of applying pushdown accounting, fair value adjustments and adjustments relating to electing fair value option from the predecessor period have been eliminated and replaced by the new fair value adjustment as of July 2, 2025. The elimination of the fair value adjustments from the predecessor period were embedded in the reserve balances (which caused the ending balance of July 2, 2025 and the opening balances as of July 3, 2025 to differ). In contrast, the fair value adjustment in the successor period is recognized in fair value adjustment related to losses and LAE and defendant asbestos and environmental liabilities on the consolidated balance sheet. Refer to Note 1,Note 16, and the disclosures above for additional details on pushdown accounting and the Merger.

(2) Comprises discount rate and risk margin components.

(3) Amounts for 2025 correspond to the net loss reserves ceded from the agreement with Scaur Hill Re Ltd. as described in Note 4.

(4) Amounts from 2025 correspond to the net loss reserves assumed from signed and closed reinsurance agreements described in Note 4.

Prior Period Development (“PPD”)

Net Reduction in Estimates of Net Ultimate Losses

The following table summarizes the increases (reductions) in estimates of net ultimate losses related to prior years by line of business:

	Successor	Predecessor		
	Period from July 3 to December 31, 2025	Period from January 1 to July 2, 2025	Year Ended December 31, 2024	Year Ended December 31, 2023
	(in millions of U.S. dollars)			
Asbestos	$ 69	$ 2	$ 33	$ 23
Environmental	(7)	(5)	35	(1)
General casualty	120	38	21	127
Workers' compensation	(123)	(20)	(91)	(200)
Marine, aviation and transit	7	(2)	(19)	(2)
Construction defect	7	3	(15)	17
Professional Indemnity/Directors and Officers	113	30	(55)	(11)
Motor	(102)	(16)	(29)	(28)
Property	(62)	(48)	7	(68)
All Other	(8)	(1)	8	(14)
Total	$ 14	$ (19)	$ (105)	$ (157)

Period from July 3 to December 31, 2025 (Successor):

The net increase in estimates of ultimate losses of $14 million was driven by adverse development on our general casualty, professional indemnity/directors and officers, and asbestos lines of business of $120 million, $113 million, and $69 million, respectively. This is a result of adverse claims experience, most notably in the 2023 and 2025 acquisition years.

The results were offset by favorable development on our workers' compensation and motor lines of business of $123 million and $102 million, respectively. This is a result of favorable claims experience, most notably in the 2024 and 2025 acquisition years.

Period from January 1 to July 2, 2025 (Predecessor):

The net reduction in estimates of ultimate losses of $19 million was driven by favorable developments on our property, workers' compensation, and motor lines of business of $48 million, $20 million, and $16 million, respectively. This is a result of favorable claims experience, most notably in the 2024 acquisition year.

The results were offset by adverse development on our general casualty and professional indemnity/directors and officers lines of business of $38 million and $30 million, respectively, as a result of adverse claims experience.

Year ended December 31, 2024 (Predecessor):

The reduction in estimates of net ultimate losses of $105 million was driven by favorable developments on our workers' compensation, professional indemnity/directors and officers, motor, and marine, aviation and transit lines of business of $91 million, $55 million, $29 million, and $19 million, respectively. This is a result of favorable claims experience in those lines of business, most notably in the 2019, 2021, 2022 and 2023 acquisition years.

This result were partially offset by adverse development on our environmental, asbestos and general casualty lines of business of $35 million, $33 million, and $21 million, respectively, as a result of adverse claims experience in those lines of business, most notably in our 2019, 2021, and 2023 acquisition years.

Year ended December 31, 2023 (Predecessor):

The net reduction in estimates of net ultimate losses of $157 million was driven by favorable developments on our workers' compensation, and property lines of business of $200 million, and $68 million, respectively. This is a result of favorable claims experience in those lines of business, most notably in the 2018, 2019, 2021, and 2022 acquisition years.

The results were partially offset by adverse development on our general casualty line of business of $127 million as a result of adverse claims experience in that line of business, most notably in our 2019, and 2020 acquisition years.

Reduction in Provisions for ULAE

Period from July 3 to December 31, 2025 (Successor):

The decrease in provisions for ULAE of $43 million was driven by favorable changes in ULAE reserve estimates due to updates to cost projections to service claim liabilities.

Period from January 1 to July 2, 2025 and for the Years Ended December 31, 2024 and 2023 (Predecessor):

The reduction in provisions for ULAE for all periods was driven by corresponding reductions in loss reserves and the associated estimated cost of managing such liabilities, which also offset paid ULAE which was previously included as components of general and administrative expenses in accordance with the predecessor accounting presentation.

Reconciliation of the Net Liability for Losses and LAE to the Gross Liability for Losses and LAE included in the Consolidated Balance Sheet

The table below presents the reconciliation of the loss development tables disclosed further below to the liability for losses and LAE in the consolidated balance sheet as of December 31, 2025 (successor period). Loss development tables that we present below are those that are most significant to our financial statements. The amounts of incurred losses and paid losses prior to the July 3, 2025 start of the successor period are those from the predecessor. Such information was not modified as a result of the application of pushdown accounting. All adjustments to fair value of the loss reserves resulting from the application of pushdown accounting only impacted the fair value of the initial

reserves, which was recorded within fair value adjustment – losses and loss adjustment expenses and defendant asbestos and environmental liabilities. Refer to Note 2 for additional information.

	Successor		
	As of December 31, 2025		
	Net Liability for Losses and LAE	Reinsurance Recoverable on Liabilities for Losses and LAE	Gross Liabilities for Losses and LAE
	(in millions of U.S. dollars)		
Presented in the loss development tables:			
Asbestos	$ 1,350	$ 56	$ 1,406
General casualty	3,789	160	3,949
Workers' compensation	1,484	160	1,644
Professional Indemnity/Directors and Officers	1,736	137	1,873
Property	1,218	87	1,305
Excluded from the loss development tables:			
Environmental	262	9	271
Marine, aviation and transit	290	33	323
Construction defect	156	1	157
Motor	767	238	1,005
Other	393	41	434
Total OLR and IBNR	11,445	922	12,367
ULAE	329	4	333
Total	**$ 11,774**	**$ 926**	**$ 12,700**

Loss Development Information

Methodology for Establishing Reserves (Excluding Asbestos and Environmental Claims)

We perform our analysis of loss reserves and IBNR by each portfolio that we have acquired. Exposures for each portfolio are separated into homogenous reserving classes, generally lines of business, within each portfolio. Each reserving class contains either direct insurance or assumed reinsurance reserves and groups of relatively similar types of risks and exposures and lines of business written.

Based upon the exposure characteristics and the nature of available data for each individual reserving class, we select loss development extrapolation methods to calculate an estimate of ultimate losses.

We establish our recorded reserves as an estimate of unpaid losses for each class primarily by utilizing actuarial expertise and projection methods. The actuarial methodologies are selected after consideration of exposure characteristics, data limitations, and strengths and weaknesses of each method applied.

We use generally accepted actuarial methodologies to estimate ultimate losses and LAE, including:

- **Cumulative Reported and Paid Loss Development Methods:** The Cumulative Reported (Case Incurred) Loss Development method estimates ultimate losses by multiplying cumulative reported losses (paid losses plus case reserves) by a cumulative development factor.

  Historical "age-to-age" loss development factors (“LDFs”) are calculated to measure the relative development of an accident year from one maturity point to the next. Age-to-age LDFs are then selected based on these historical factors. The selected age-to-age LDFs are used to project the ultimate losses.

  The Cumulative Paid Loss Development Method is mechanically identical to the Cumulative Reported Loss Development Method described above, but the paid method does not rely on case reserves or claim reporting patterns in making projections.

- **Incremental Reported and Paid Loss Development Methods:** Incremental incurred and paid analyses are performed in cases where cumulative data is not available. The concept of the incremental loss development methods is like the cumulative loss development methods described above, in that the pattern of historical paid or incurred losses is used to project the remaining future development.

- **IBNR-to-Case Outstanding Method:** This method requires the estimation of consistent cumulative paid and reported (case) incurred loss development patterns and age-to-ultimate LDFs, either from data that is specific to the segment being analyzed or from applicable benchmark or industry data. These patterns imply a specific expected relationship between IBNR, including both development on known claims (bulk reserve) and losses on true late reported claims, and reported case incurred losses.
- **Bornhuetter-Ferguson Expected Loss Projection Reported and Paid Methods:** The Bornhuetter-Ferguson Expected Loss Projection method produces expected unreported losses by multiplying the expected losses, which are based on initial selected ultimate loss ratios by year, by the unreported percentage. The unreported percentage is calculated as one minus the reciprocal of the selected cumulative incurred LDFs. Finally, the expected unreported losses are added to the current reported losses to produce ultimate losses.

  The calculations underlying the Bornhuetter-Ferguson Expected Loss Projection method based on paid loss data are similar to the Bornhuetter-Ferguson calculations based on reported losses, with the exception that paid losses and unpaid percentages replace reported losses and unreported percentages.
- **Reserve Run-off Method:** This method first projects the future values of case reserves for all underwriting years to future ages of development by selecting a run-off pattern of case reserves based on the observed run-off ratios at each age of development. Once the ratios have been selected, they are used to project the future values of case reserves.

  A paid on reserve factor is selected in a similar way. The ratios of the observed amounts paid during each development period to the respective case reserves at the beginning of the periods are used to estimate how much will be paid on the case reserves during each development period. These paid on reserve factors are then applied to the case reserve amounts that were projected during the first phase of this method. A summation of the resulting paid amounts yields an estimate of the liability.

We also consider additional information, such as, but not limited to, changes in the legal, regulatory and judicial environment; medical cost trends and general inflation; and adjust the estimate of ultimate losses as deemed necessary.

Paid-to-date losses are then deducted from the estimate of ultimate losses and LAE to arrive at an estimated total loss reserve, and reported outstanding case reserves are then deducted from estimated total loss reserves to calculate the estimated IBNR reserve.

These estimates are reviewed regularly and, as experience develops and new information becomes known, the reserves are adjusted as necessary. We generally perform a full review of each portfolio annually and additionally we perform interim reviews quarterly to ascertain whether changes to claims paid or case reserve amounts have varied from our expectations developed during the last annual reserve review. In this event, we consider the timing and magnitude of the actual versus expected development and may record an interim adjustment to our recorded reserves.

Asbestos and Environmental Reserving Methodologies

The ultimate losses from A&E claims cannot be estimated using traditional actuarial reserving methods that extrapolate losses to an ultimate basis using loss development, and therefore use alternative actuarial projection methods. Claims are spread across multiple policy years, generally from 1985 and prior, based on the still evolving case law in each jurisdiction, making historical development patterns unreliable to forecast the future claim payments.

As such, we estimate IBNR reserves for each of our portfolios with A&E exposures separately using the following methodologies:

- **Paid Survival Ratio Method:** In this method, our historical calendar year payments are examined to determine an expected future annual average payment amount. This amount is multiplied by an expected number of future payment years to estimate a reserve.

  Trends in calendar year payment activity are considered when selecting an expected future annual average payment amount (which is derived from an expected paid survival ratio) and accepted industry benchmarks are used in determining an expected number of future payment years.

- **Paid Market Share Method:** In this method, our estimated market share is applied to the industry estimated unpaid losses or estimate of industry ultimate losses. The ratio of our historical calendar year payments to industry historical calendar year payments is examined to estimate our market share. This ratio is then applied to the estimate of industry unpaid losses or estimate of industry ultimate losses.
- **Reserve-to-Paid Method:** In this method, the ratio of estimated industry reserves to industry paid-to-date losses is multiplied by our paid-to-date losses to estimate our reserves.
- **IBNR - Case Ratio Method:** In this method, the ratio of estimated industry IBNR reserves to industry case reserves is multiplied by our case reserves to estimate our IBNR reserves.
- **Ultimate-to-Incurred Method:** In this method, the ratio of estimated industry ultimate losses to industry incurred-to-date losses is applied to our incurred-to-date losses to estimate our IBNR reserves.
- **Decay Factor Method:** In this method, a decay factor is directly applied to our payment data to estimate future payments. The decay factors were selected based on a review of our own decays and industry decays.
- **Asbestos Ground-up Exposure Analysis Using Frequency-Severity Method:** This method is used when we have policy and claim data at the defendant or claimant level. In a frequency-severity method there are two components that need to be estimated, namely, (1) the number of claims that will ultimately be settled with payment and (2) the average claim indemnity and related estimated legal costs. Legal costs are derived based on assumptions relating to legal cost to indemnity cost ratios.

  The estimate of the number of claims that will ultimately be settled with payment is based on assumptions relating to expected future claim filings (derived from epidemiological forecasts of asbestos disease incident) and claim dismissal rates.

The net liability for unpaid losses and LAE as of December 31, 2025 and 2024 included $1.6 billion and $1.7 billion, respectively, which represented an estimate of the net ultimate liability for A&E claims. The gross liability for such claims as of December 31, 2025 and 2024 was $1.7 billion and $1.8 billion, respectively.

The decreases on a net and gross basis, respectively, in 2025 were primarily due to net paid losses during the year.

Disclosures of Incurred and Paid Loss Development, IBNR, Claims Counts and Payout Percentages

The loss development tables set forth our historic incurred and paid loss development through December 31, 2025, net of reinsurance, as well as the cumulative number of reported claims, IBNR balances, and other supplementary information for our lines of business with material net losses and LAE balances as of December 31, 2025 (as described above, all such information is relevant to the successor period and remained unchanged from the information originating in the predecessor periods).

The following factors are relevant to the loss development information presented in the tables below:

- **Level of Disaggregation:** In addition to accident year, we have disaggregated the information in the loss development tables, by line of business and acquisition year. We have presented only the last 10 years of portfolio acquisitions as we believe that the current activity on the preceding acquisition years is not meaningful. We have not presented empty rows where we did not acquire any business for that combination of line of business, acquisition and accident year.

  We present acquisition year information so that the impact of take-on positions from acquired and assumed business (as described below) is additionally separated and provides a consistent trend of the development of our ultimate loss reserves.
- **Acquired and Assumed Business:** Acquired and assumed net reserves arising from business acquisitions and retroactive reinsurance agreements are included in the loss development tables on a prospective basis as the loss reserves are effectively re-underwritten at the date that they are acquired or assumed.

  We believe that the historical loss development prior to our acquisition is not relevant with respect to our own experience managing these acquired loss reserves. Furthermore, the information required to prepare the loss development disclosures on a retrospective basis is not always available to us or reliable.
- **Commutations and Policy Buybacks:** The loss development tables include the net incurred effect of agreeing a commutation or policy buyback in the year in which the commutation or policy buyback is contractually agreed and the related settlement in the year in which it is paid or received.

We do not recast prior years to remove commuted or bought back claims, since this practice would eliminate any historical favorable or adverse development we may have experienced on the commuted loss and LAE reserves.

- **Net Liabilities for Losses and LAE and Net Paid Losses and LAE:** The loss development tables include reported case reserves and IBNR liabilities as well as cumulative paid losses, both of which include ALAE and are net of reinsurance recoveries.

  The loss development tables exclude ULAE and fair value adjustments related to both business acquisitions and retroactive reinsurance agreements.

- **Foreign Exchange:** The loss development tables exclude the impact of foreign exchange rates. Historical amounts are disclosed on a constant-currency basis, which is achieved by using constant foreign exchange rates between years in the loss development tables, and translating prior year amounts denominated in currencies other than the U.S. dollar, which is our reporting currency, using the closing exchange rates as of December 31, 2025.

- **Reported Claim Counts:** Reported claim counts are included in the loss development tables on a cumulative basis. We measure claim frequency information on an individual claim count basis as follows:

  - The claim frequency information includes direct and assumed open and closed claims at the claimant level. Reported claims that are closed without a payment are included within our cumulative number of reported claims because we typically incur claim adjustment expenses on them prior to their closure.

  - The claim count numbers exclude counts related to claims within policy deductibles where the insured is responsible for the payment of losses within the deductible layer.

  - Individual claim counts related to certain assumed reinsurance contracts such as excess-of-loss and quota share treaties are not available to us, and the losses arising from these treaties have been treated as single claims for the purposes of determining claim counts. Therefore, each treaty year within the reinsurance contract is deemed a single claim because the detailed underlying individual claim information is generally not reported to us by our cedants.

  - For certain insurance facilities and business produced or managed by managing general agents, cover holders and third party administrators where the underlying claims data is reported to us in an aggregated format, the information necessary to provide cumulative claims frequency is not available. In such cases, we typically record a “block” claim in our system.

  Our reported claim frequency information is subject to the following inherent limitations when analyzing our loss experience and severity:

  - Claim counts are presented only on a reported and not on an ultimate basis. Reported claim counts include open claims which have outstanding reserves but excludes claim counts that may relate to IBNR. As such the reported claims are consistent with reported losses, which can be calculated by subtracting IBNR losses from incurred losses. However, the reported claim counts are inconsistent with the losses in the incurred loss development tables, which include IBNR losses, and to losses in the paid loss development tables, which exclude outstanding reserves.

  - Reported claim counts have not been adjusted for ceded reinsurance, which may distort any measures of frequency or severity.

  - For lines of business that have a mix of primary and excess layer exposures, such as our general casualty and workers’ compensation lines of business, the reported claim counts may fluctuate from period to period between exposure layers, thereby distorting any measure of frequency and severity.

  - The use of our reported claim frequency information to project ultimate loss payouts by disaggregated disclosure category or line of business may not be as meaningful as claim count information related to individual contracts at a more granular level.

- **Annual Percentage Payout:** Annual percentage payout disclosures are based on the payout of claims by age, net of reinsurance. Claim age reflects the number of years that have lapsed since the original acquisition to the date the claim is paid.

There may be occasions where, due to our claims management strategies (including commutations and policy buybacks) or due to the timing of claims payments relative to the associated recovery, the cash received from reinsurance recoveries is greater than the cash paid out to our claimants, (i.e. a net recovery rather than a net payout for a particular calendar year), thereby resulting in a negative annual percentage payout for that calendar year.

- **Supplemental Information**: The information related to net incurred and paid loss development for all years preceding the year end December 31, 2025, as well as 2015 and prior accident year and all acquisition year information (including net acquired reserves), and the related historical average claims payout percentage disclosure is unaudited and is presented as supplementary information.

Asbestos

Acquisition Year	Accident Year	Net Acquired Reserves	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31, 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	As of December 31, 2025 IBNR	Cumulative number of claims
			(in millions of U.S. dollars, except cumulative number of claims)											
			Unaudited											
2016	**2015 and Prior**	$ 507	$ 506	$ 565	$ 563	$ 582	$ 632	$ 635	$ 635	$ 636	$ 626	$ 659	$ 95	2,118
2017	**2015 and Prior**	932		7	35	841	851	833	818	840	853	890	412	7,285
2018	**2015 and Prior**	4			(1)	(1)	(1)	—	(1)	(2)	(3)	(1)	—	31
2019	**2015 and Prior**	366				367	354	356	355	356	401	408	68	1,241
2021	**2015 and Prior**	386						386	385	385	371	371	54	2,059
2024	**2015 and Prior**	61									82	69	50	8,970
	Grand Total	$ 2,256										$ 2,396	$ 679	21,704

Net cumulative paid losses and ALAE (from table below)	(1,202)
Net cumulative paid losses and LAE (from below)	1,202
2016 to 2025 acquisition years - net liabilities for losses and ALAE	1,194
2015 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	156
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	$ 1,350

Notes to Consolidated Financial Statements | Note 10 - Losses and Loss Adjustment Expenses

Asbestos

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31, 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
		(in millions of U.S. dollars)									
		Unaudited									
2016	2015 and Prior	$ 20	$ 71	$ 124	$ 183	$ 228	$ 268	$ 299	$ 332	$ 378	$ 413
2017	2015 and Prior		—	2	89	130	173	213	263	318	371
2018	2015 and Prior			(1)	(3)	(2)	(2)	(2)	(2)	(2)	(2)
2019	2015 and Prior				4	51	105	139	175	215	249
2021	2015 and Prior						(1)	52	85	132	167
2024	2015 and Prior									1	4
	Grand Total										$ 1,202

Asbestos

	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Acquisition Year	Unaudited									
2016	3.0 %	7.7 %	8.0 %	9.0 %	6.8 %	6.1 %	4.7 %	5.0 %	7.0 %	5.3 %
2017	— %	0.2 %	9.8 %	4.6 %	4.9 %	4.5 %	5.6 %	6.2 %	6.0 %	
2018	100.0 %	200.0 %	(100.0)%	— %	— %	— %	— %	— %		
2019	1.0 %	11.5 %	13.2 %	8.3 %	8.8 %	9.8 %	8.3 %			
2021	(0.3)%	14.3 %	8.9 %	12.7 %	9.4 %					
2024	1.3 %	4.3 %								

General Casualty

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31, 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	As of December 31, 2025 IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)												
		Unaudited												
2016	2015 and Prior	$ (3)	$ (3)	$ 9	$ 8	$ 8	$ 6	$ 5	$ 4	$ 4	$ 4	$ 4	$ —	1,789
	Total	(3)	(3)	9	8	8	6	5	4	4	4	4	—	1,789
2017	2015 and Prior	203		131	120	147	143	141	139	139	139	139	4	356
	Total	203		131	120	147	143	141	139	139	139	139	4	356
2018	2015 and Prior	320			292	284	271	275	285	291	316	320	14	57,431
2018	2016	65			65	83	85	84	92	97	87	84	2	3,382
2018	2017	38			41	43	50	52	51	49	50	52	2	1,041
2018	2018	40			40	41	39	36	33	41	45	43	2	651
2018	2019	—				7	6	7	7	7	7	7	—	11
2018	2020	—					—	—	—	—	—	—	—	2
2018	2021	—						—	—	—	—	—	—	1
	Total	463			438	458	451	454	468	485	505	506	20	62,519
2019	2015 and Prior	131				112	108	134	109	135	124	123	16	5,372
2019	2016	33				35	31	38	40	53	45	48	14	2,759
2019	2017	39				48	48	60	74	88	89	102	15	1,989
2019	2018	50				49	50	54	52	67	86	93	20	416
2019	2019	—				1	2	2	2	2	2	2	—	252
2019	2020	—					—	—	—	—	—	—	—	149
2019	2021	—						—	—	—	—	1	—	84
2019	2022	—							—	—	—	—	—	56
2019	2023	—								—	—	1	—	12
2019	2024	—									—	(3)	—	3
2019	2025	—										—	—	3
	Total	253				245	239	288	277	345	346	367	65	11,095
2020	2015 and Prior	96					143	126	167	178	195	199	3	927
2020	2016	47					70	69	93	110	111	118	3	453
2020	2017	33					46	55	71	83	94	100	4	583
2020	2018	57					56	47	62	71	79	83	4	474
2020	2019	109					108	99	88	104	112	131	34	569
2020	2020	84					83	94	83	57	54	76	29	567
	Total	426					506	490	564	603	645	707	77	3,573
2021	2015 and Prior	400						415	392	479	431	421	336	35,427
2021	2016	189						204	199	198	190	169	106	9,258
2021	2017	294						307	326	337	321	310	165	7,915
2021	2018	371						372	414	354	321	303	190	5,968
2021	2019	420						428	480	452	444	413	248	4,442
2021	2020	59						75	42	46	46	46	5	1,415
2021	2021	—						1	—	1	1	—	—	182
2021	2022	—							—	—	—	—	—	133
2021	2023	—								—	—	—	—	23
2021	2024	—									(1)	—	1	1
2021	2025	—										—	—	1
	Total	1,733						1,802	1,853	1,867	1,753	1,662	1,051	64,765

General Casualty

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31, 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	As of December 31, 2025 IBNR	Cumulative number of claims
			(in millions of U.S. dollars, except cumulative number of claims)											
			Unaudited											
2022	2015 and Prior	1,041					272	223	763	652	735	840	71	271,303
2022	2016	296					75	102	71	219	187	173	28	27,866
2022	2017	318					91	98	218	234	227	229	28	33,153
2022	2018	343					84	97	403	286	248	248	45	33,856
2022	2019	366					94	136	463	499	465	437	47	33,146
2022	2020	—						—	—	(2)	(2)	5	—	20
2022	2021	—						—	—	—	—	—	—	18
2022	2022	—							—	—	—	(5)	—	24
2022	2023	—								1	1	—	—	23
2022	2024	—									—	(1)	—	10
2022	2025	—										(3)	—	2
	Total	2,364					616	656	1,918	1,889	1,861	1,923	219	399,421
2023	2015 and Prior	112								117	150	154	3	187,394
2023	2016	21								23	28	48	13	36,346
2023	2017	41								39	48	52	9	34,482
2023	2018	55								56	64	69	7	31,525
2023	2019	94								111	114	129	47	14,566
2023	2020	122								125	126	135	52	3,742
2023	2021	71								66	80	89	56	4
2023	2022	16								12	14	20	14	—
	Total	532								549	624	696	201	308,059
2024	2015 and Prior	44									44	49	16	22,930
2024	2016	6									6	3	1	1,205
2024	2017	9									9	3	1	1,031
2024	2018	17									17	5	3	805
2024	2019	16									16	7	6	480
2024	2020	12									12	11	9	316
2024	2021	78									78	62	29	301
2024	2022	104									104	90	51	193
2024	2023	87									87	68	51	97
	Total	373									373	298	167	27,358
2025	2015 and Prior	$ 87										96	$ 43	2,930
2025	2016	75										75	36	623
2025	2017	84										84	52	786
2025	2018	141										140	82	954
2025	2019	162										173	94	1,192
2025	2020	179										195	96	1,275
2025	2021	241										267	127	1,721
2025	2022	—										—	—	532
2025	2023	—										—	—	84
2025	2024	—										—	—	6
	Total	969										1,030	530	10,103
	Grand Total	$ 7,313										$ 7,332	$ 2,334	889,038

Notes to Consolidated Financial Statements | Note 10 - Losses and Loss Adjustment Expenses

General Casualty

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31, 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	As of December 31, 2025 IBNR	Cumulative number of claims
			(in millions of U.S. dollars, except cumulative number of claims)											
			Unaudited											
Net cumulative paid losses and ALAE (from table below)												(3,637)		
2016 to 2025 acquisition years - net liabilities for losses and ALAE												3,695		
2015 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years												94		
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years												$ 3,789		

General Casualty

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31, 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
		(in millions of U.S. dollars)									
		Unaudited									
2016	2015 and Prior	$ 1	$ 2	$ 2	$ 3	$ 4	$ 3	$ 3	$ 3	$ 4	$ 3
	Total	1	2	2	3	4	3	3	3	4	3
2017	2015 and Prior		27	55	88	101	107	114	117	120	122
	Total		27	55	88	101	107	114	117	120	122
2018	2015 and Prior			38	91	133	167	193	227	260	266
2018	2016			11	33	47	57	68	79	79	83
2018	2017			—	12	25	33	37	44	45	48
2018	2018			—	9	17	26	30	38	39	45
2018	2019				2	3	6	6	7	7	7
	Total			49	147	225	289	334	395	430	449
2019	2015 and Prior				14	24	31	40	48	58	77
2019	2016				(2)	—	(1)	3	5	6	17
2019	2017				7	10	14	16	16	16	40
2019	2018				1	3	4	5	4	4	32
2019	2019				—	1	1	1	2	2	3
2019	2023								—	—	1
2019	2024									—	(2)
	Total				20	38	49	65	75	86	168
2020	2015 and Prior					19	47	102	135	166	205
2020	2016					10	35	52	74	90	115
2020	2017					4	24	39	50	66	91
2020	2018					—	17	33	56	59	79
2020	2019					—	19	33	62	76	88
2020	2020					2	7	20	23	35	43
	Total					35	149	279	400	492	621
2021	2015 and Prior						14	34	57	70	79
2021	2016						16	24	38	64	70
2021	2017						24	51	78	109	126
2021	2018						6	44	65	110	125

Notes to Consolidated Financial Statements | Note 10 - Losses and Loss Adjustment Expenses

General Casualty

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31,									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
		(in millions of U.S. dollars)									
		Unaudited									
2021	2019						3	27	42	97	126
2021	2020						9	17	21	25	28
	Total						72	197	301	475	554
2022	2015 and Prior							35	142	371	533
2022	2016							9	47	74	89
2022	2017							11	51	91	123
2022	2018							10	48	90	116
2022	2019							12	241	289	329
2022	2020							—	6	12	17
2022	2021							—	—	—	1
2022	2022							—	—	1	(1)
2022	2023								2	2	1
2022	2024									—	(1)
2022	2025										(2)
	Total							77	537	930	1,205
2023	2015 and Prior								12	41	71
2023	2016								7	17	29
2023	2017								4	13	24
2023	2018								17	30	46
2023	2019								23	46	58
2023	2020								13	36	63
2023	2021								1	11	23
2023	2022								—	2	6
	Total								77	196	320
2024	2015 and Prior									4	15
2024	2016									1	1
2024	2017									1	2
2024	2018									—	1
2024	2019									—	1
2024	2020									—	1
2024	2021									—	16
2024	2022									—	14
2024	2023									—	9
	Total									6	60
2025	2015 and Prior										(2)
2025	2017										11
2025	2018										42
2025	2019										34
2025	2020										24
2025	2021										26
	Total										135
	Grand Total										$ 3,637

	General Casualty									
	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Year of Acquisition	Unaudited									
2016	23.2 %	30.4 %	— %	26.8 %	26.8 %	(28.4)%	(5.1)%	(0.1)%	26.9 %	(13.8)%
2017	19.5 %	20.2 %	23.7 %	9.2 %	4.6 %	4.7 %	2.7 %	1.6 %	1.5 %	
2018	9.8 %	19.1 %	15.6 %	12.6 %	8.8 %	12.1 %	7.0 %	3.6 %		
2019	5.6 %	4.5 %	3.3 %	4.5 %	3.0 %	3.1 %	21.9 %			
2020	5.2 %	15.9 %	18.5 %	17.0 %	13.1 %	18.3 %				
2021	4.2 %	7.6 %	6.2 %	10.4 %	4.8 %					
2022	4.0 %	23.9 %	20.5 %	14.2 %						
2023	11.1 %	17.1 %	17.8 %							
2024	2.5 %	17.7 %								
2025	13.1 %									

Workers' Compensation

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31, 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	As of December 31, 2025 IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)												
		Unaudited												
2016	2015 and Prior	$ 466	$ 466	$ 434	$ 421	$ 410	$ 395	$ 391	$ 387	$ 386	$ 385	$ 387	$ 6	10,546
	Total	466	466	434	421	410	395	391	387	386	385	387	6	10,546
2017	2015 and Prior	145		104	112	117	110	104	84	79	80	76	4	21
	Total	145		104	112	117	110	104	84	79	80	76	4	21
2018	2015 and Prior	343			333	316	305	306	290	274	272	269	40	9,969
2018	2016	45			46	40	39	40	37	35	37	35	6	1,361
2018	2017	53			55	49	47	47	46	43	43	43	6	1,227
2018	2018	65			65	60	60	55	56	48	48	47	4	984
2018	2019	—				21	21	21	21	20	20	19	—	123
2018	2020	—					—	—	—	—	—	—	—	1
2018	2021	—						—	—	—	—	—	—	1
	Total	506			499	486	472	469	450	420	420	413	56	13,666
2019	2015 and Prior	121				118	118	117	113	105	98	90	41	21,427
2019	2016	83				82	83	61	57	53	54	49	17	5,068
2019	2017	87				88	90	66	63	58	54	47	19	2,440
2019	2018	119				119	119	82	71	63	58	52	26	374
2019	2019	—				—	—	—	—	—	—	—	—	14
2019	2020	—					—	—	—	—	—	—	—	3
2019	2021	—						—	—	—	—	—	—	1
	Total	410				407	410	326	304	279	264	238	103	29,327
2020	2015 and Prior	211					123	107	92	91	90	94	20	80
2020	2016	3					3	3	3	2	2	2	—	132
2020	2017	2					2	2	1	1	1	1	—	133
2020	2018	10					10	8	8	7	8	8	1	336
2020	2019	32					32	26	26	26	24	23	1	671
2020	2020	32					33	27	28	29	29	30	1	1,226
	Total	290					203	173	158	156	154	158	23	2,578
2021	2015 and Prior	369						1017	828	724	658	643	118	30,882
2021	2016	56						56	51	47	46	41	12	6,490
2021	2017	43						42	42	36	39	40	9	8,101
2021	2018	63						63	53	51	56	54	17	8,168
2021	2019	36						40	38	36	31	30	5	9,759
2021	2020	14						42	43	41	39	41	(1)	9,990
2021	2021	8						8	14	16	14	16	1	4,145
2021	2022	—							18	19	24	22	—	26
2021	2023	—								—	—	—	—	4
2021	2024	—									2	2	—	4
2021	2025	—										—	—	2
	Total	589						1,268	1,087	970	909	889	161	77,571
2022	2015 and Prior	4							12	5	7	4	—	805
2022	2016	1							1	3	2	3	—	398
2022	2017	3							5	3	6	3	—	742
2022	2018	9							9	9	8	7	2	3,270

Notes to Consolidated Financial Statements | Note 10 - Losses and Loss Adjustment Expenses

Workers' Compensation

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31, 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	As of December 31, 2025 IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)												
		Unaudited												
2022	2019	17							11	6	4	4	2	22,218
	Total	34							38	26	27	21	4	27,433
2024	2015 and Prior	26									26	28	14	37,111
2024	2016	3									3	4	1	957
2024	2017	3									3	3	1	965
2024	2018	2									3	4	1	830
2024	2019	16									16	10	3	1,008
2024	2020	25									24	15	5	1,308
2024	2021	81									82	57	16	2,746
2024	2022	102									102	87	31	4,422
2024	2023	114									114	83	32	5,218
2024	2024	49									51	34	13	1,851
	Total	421									424	325	117	56,416
	Grand Total	$ 2,861										$ 2,507	$ 474	$ 217,558

Net cumulative paid losses and ALAE (from table below)	(1,280)
2016 to 2025 acquisition years - net liabilities for losses and ALAE	1,227
2015 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	257
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	$ 1,484

Workers' Compensation

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31, 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
		(in millions of U.S. dollars)									
		Unaudited									
2016	2015 and Prior	$ 41	$ 76	$ 104	$ 143	$ 175	$ 198	$ 215	$ 236	$ 256	$ 276
	Total		76	104	143	175	198	215	236	256	276
2017	2015 and Prior		26	33	46	57	61	53	58	63	66
	Total		26	33	46	57	61	53	58	63	66
2018	2015 and Prior			10	47	81	100	120	148	164	180
2018	2016			1	5	8	13	15	20	22	24
2018	2017			—	7	10	13	16	24	27	31
2018	2018			—	29	34	36	37	39	40	42
2018	2019				13	16	16	16	19	19	19
	Total			11	101	149	178	204	250	272	296
2019	2015 and Prior				6	8	10	10	11	11	17
2019	2016				5	9	10	11	11	15	18
2019	2017				2	4	5	7	8	8	13
2019	2018				1	1	1	1	1	—	7
	Total				14	22	26	29	31	34	55
2020	2015 and Prior					2	10	15	23	28	35
2020	2016					—	1	1	2	2	2
2020	2017					—	—	1	1	1	1
2020	2018					—	1	3	4	5	5
2020	2019					1	10	15	19	20	21
2020	2020					1	10	18	23	26	28
	Total					4	32	53	72	82	92
2021	2015 and Prior						23	66	124	166	209
2021	2016						7	16	20	22	25
2021	2017						6	12	16	23	26
2021	2018						5	12	15	22	28
2021	2019						4	13	19	23	23
2021	2020						16	28	33	35	36
2021	2021						—	6	9	12	12
2021	2022							9	11	11	14
2021	2023								—	—	1
2021	2024									(1)	1
	Total						61	162	247	313	375
2022	2015 and Prior							—	2	4	4
2022	2016							—	1	3	3
2022	2017							—	2	3	2
2022	2018							—	3	4	4
2022	2019							—	—	1	1
	Total							—	8	15	14
2024	2015 and Prior									1	4
2024	2018									—	3
2024	2019									—	1

Workers' Compensation

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31, 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
		(in millions of U.S. dollars)									
		Unaudited									
2024	2020									1	5
2024	2021									2	21
2024	2022									3	31
2024	2023									1	28
2024	2024									—	13
	Total									8	106
	Grand Total										$ 1,280

Workers' Compensation

Year of Acquisition	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Unaudited									
2016	10.6 %	9.0 %	7.2 %	10.1 %	8.3 %	5.9 %	4.4 %	5.4 %	5.2 %	5.2 %
2017	34.2 %	9.2 %	17.1 %	14.5 %	5.3 %	(10.5)%	6.6 %	6.6 %	3.9 %	
2018	2.7 %	21.8 %	11.7 %	7.1 %	6.3 %	11.0 %	5.4 %	5.8 %		
2019	6.1 %	3.2 %	1.6 %	1.5 %	0.9 %	0.7 %	8.9 %			
2020	2.4 %	18.1 %	13.1 %	11.6 %	7.3 %	5.9 %				
2021	6.9 %	11.4 %	9.6 %	7.4 %	6.9 %					
2022	— %	38.1 %	33.3 %	(4.7)%						
2024	2.6 %	30.3 %								

Professional Indemnity/Directors and Officers

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31, 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	As of December 31, 2025 IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)												
		Unaudited												
2016	2015 and Prior	$ 125	$ 121	$ 125	$ 124	$ 111	$ 109	$ 104	$ 100	$ 90	$ 92	$ 80	$ (1)	3,018
	Total	125	121	125	124	111	109	104	100	90	92	80	(1)	3,018
2018	2015 and Prior	481			495	457	450	425	426	397	406	404	(1)	73,675
2018	2016	19			36	43	57	77	76	88	87	83	—	2,207
2018	2017	1			2	7	9	12	13	30	29	29	—	207
2018	2018	—			—	1	1	1	1	1	1	1	—	16
2018	2019	—				—	—	—	—	—	—	—	—	8
2018	2020	—					—	—	1	—	—	—	—	23
2018	2021	—						—	—	—	—	—	—	3
2018	2022	—							—	—	—	—	—	1
	Total	501			533	508	517	515	517	516	523	517	(1)	76,140
2019	2015 and Prior	189				152	114	110	103	112	115	117	5	23,001
2019	2016	15				34	44	53	47	40	47	46	3	5,461
2019	2017	5				19	35	39	43	43	47	46	—	3,193
2019	2018	1				3	3	3	4	(2)	—	2	—	392
2019	2019	—				1	1	2	2	2	2	1	—	64
2019	2020	—					—	—	—	—	—	—	—	41
2019	2021	—						—	—	—	—	—	—	7
2019	2022	—							—	—	—	—	—	12
2019	2023	—								—	—	1	—	9
	Total	210				209	197	207	199	195	211	213	8	32,180
2020	2015 and Prior	2					2	2	1	1	2	2	—	55
2020	2016	—					—	—	—	—	—	—	—	7
2020	2017	1					1	1	(1)	(1)	(1)	(1)	—	47
2020	2018	13					13	14	12	12	10	11	1	116
2020	2019	32					32	21	31	32	34	36	3	159
2020	2020	35					35	36	32	32	30	30	—	154
	Total	83					83	74	75	76	75	78	4	538
2021	2015 and Prior	149						162	126	77	77	72	18	17,690
2021	2016	47						45	38	33	24	24	5	3,205
2021	2017	74						67	68	66	67	61	4	4,482
2021	2018	143						134	121	113	89	75	8	4,782
2021	2019	174						164	187	177	137	123	11	4,983
2021	2020	42						41	28	19	22	12	1	1,438
2021	2021	—						10	9	15	10	7	—	261
2021	2022	—							2	11	1	2	—	67
2021	2023	—								—	—	—	—	2
2021	2024	—									—	—	—	2
	Total	629						623	579	511	427	376	47	36,912
2022	2015 and Prior	114					41	55	152	126	132	145	17	27,218
2022	2016	40					16	26	22	47	41	46	6	5,337
2022	2017	74					16	25	55	56	81	85	20	7,328
2022	2018	47					13	24	110	112	106	93	(14)	9,213

Professional Indemnity/Directors and Officers

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31, 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	As of December 31, 2025 IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)												
			Unaudited											
2022	2019	133					68	35	110	133	144	154	24	10,231
2022	2020	—					—	—	—	—	1	1	—	49
2022	2021	—						—	—	—	1	—	—	16
2022	2022	—							—	—	1	1	—	19
2022	2023	—								—	1	—	—	23
2022	2024	—									—	—	—	6
2022	2025	—										—	—	11
	Total	408					154	165	449	474	508	525	53	59,451
2023	2015 and Prior	220								301	279	331	19	709
2023	2016	132								133	139	157	30	2,220
2023	2017	267								295	265	317	54	3,077
2023	2018	223								166	227	233	38	3,063
2023	2019	171								174	189	213	31	2,562
2023	2020	229								217	236	251	48	1,907
2023	2021	27								25	23	51	43	159
2023	2022	4								3	2	1	—	—
	Total	1,273								1,314	1,360	1,554	263	13,697
2024	2015 and Prior	5									5	5	1	9,892
2024	2016	1									1	1	—	668
2024	2017	2									2	—	—	708
2024	2018	1									1	3	—	162
2024	2019	1									1	2	1	40
2024	2020	2									2	1	—	42
2024	2021	49									49	39	14	136
2024	2022	57									57	54	22	220
2024	2023	28									28	29	14	326
2024	2024	13									13	—	—	230
2024	2025	—										—	—	139
	Total	159									159	134	52	12,563
2025	2015 and Prior	60										62	23	994
2025	2016	37										38	14	242
2025	2017	50										52	19	346
2025	2018	50										51	19	456
2025	2019	55										57	22	480
2025	2020	73										75	27	426
2025	2021	127										132	49	484
2025	2022	—										—	—	170
2025	2023	—										—	—	20
	Total	452										467	173	3,618
	Grand Total	$ 3,840										$ 3,944	$ 598	238,117
Net cumulative paid losses and ALAE (from table below)												(2,219)		
2016 to 2025 acquisition years - net liabilities for losses and ALAE												1,725		

Professional Indemnity/Directors and Officers

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31, 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	As of December 31, 2025 IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)												
		Unaudited												
2015 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years												11		
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years												$ 1,736		

Professional Indemnity/Directors and Officers

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31, 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
		(in millions of U.S. dollars)									
		Unaudited									
2016	2015 and Prior	$ 10	$ 21	$ 33	$ 31	$ 35	$ 44	$ 48	$ 56	$ 66	$ 65
	Total	10	21	33	31	35	44	48	56	66	65
2018	2015 and Prior			90	148	157	182	226	246	287	302
2018	2016			9	25	40	48	61	72	71	77
2018	2017			1	2	5	9	10	26	29	29
2018	2018			—	1	1	1	1	1	1	1
	Total			100	176	203	240	298	345	388	409
2019	2015 and Prior				21	23	40	46	67	73	74
2019	2016				9	22	25	35	31	35	38
2019	2017				3	15	17	26	36	42	44
2019	2018				1	2	3	4	(2)	(2)	3
2019	2019				—	—	1	2	2	2	2
	Total				34	62	86	113	134	150	161
2020	2015 and Prior					1	1	1	1	2	2
2020	2017					—	(1)	(1)	(1)	(1)	(1)
2020	2018					—	4	9	10	9	9
2020	2019					—	9	21	27	31	32
2020	2020					1	8	17	29	26	30
	Total					2	21	47	66	67	72
2021	2015 and Prior						6	10	34	43	45
2021	2016						2	7	14	16	21
2021	2017						3	16	28	37	42
2021	2018						7	38	51	64	71
2021	2019						3	44	54	75	87
2021	2020						2	3	4	6	7
2021	2021						1	2	4	4	4
	Total						24	120	189	245	277
2022	2015 and Prior							46	50	69	108
2022	2016							1	13	21	32
2022	2017							2	16	37	49
2022	2018							2	42	47	69
2022	2019							3	57	99	119
	Total							54	178	273	377
2023	2015 and Prior								55	81	168
2023	2016								16	60	67
2023	2017								58	124	177
2023	2018								49	102	115
2023	2019								13	63	118
2023	2020								40	77	131
2023	2021								(4)	(5)	3
2023	2022								—	1	1
	Total								227	503	780
2024	2015 and Prior									—	1

Notes to Consolidated Financial Statements | Note 10 - Losses and Loss Adjustment Expenses

Professional Indemnity/Directors and Officers

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31, 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
		(in millions of U.S. dollars)									
		Unaudited									
2024	2019									1	1
2024	2020									1	1
2024	2021									—	12
2024	2022									—	11
2024	2023									—	2
	Total									2	28
2025	2015 and Prior										7
2025	2012										4
2025	2013										6
2025	2014										5
2025	2015										6
2025	2016										8
2025	2017										14
	Total										50
	Grand Total										$ 2,219

Professional Indemnity/Directors & Officers

Year of Acquisition	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Unaudited									
2016	12.5 %	13.8 %	15.0 %	(2.5)%	5.0 %	11.3 %	5.0 %	10.0 %	12.5 %	(1.3)%
2018	19.2 %	14.6 %	5.2 %	7.4 %	11.1 %	9.1 %	8.6 %	4.1 %		
2019	16.2 %	12.9 %	11.2 %	12.6 %	10.1 %	7.4 %	5.2 %			
2020	3.9 %	23.2 %	33.2 %	24.3 %	2.6 %	5.8 %				
2021	6.5 %	25.6 %	18.2 %	14.8 %	8.6 %					
2022	10.3 %	23.6 %	18.3 %	19.6 %						
2023	14.6 %	17.8 %	17.8 %							
2024	2.1 %	19.5 %								
2025	10.6 %									

Property

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31, 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	As of December 31, 2025 IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)												
		Unaudited												
2017	2015 and Prior	4	—	—	—	—	—	—	—	—	1	—	20	
	Total	4	—	—	—	—	—	—	—	—	1	—	20	
2018	2015 and Prior	42	62	50	46	47	45	45	44	43	(1)	96,251		
2018	2016	27	34	35	34	34	33	33	36	36	—	5,966		
2018	2017	6	28	26	25	24	25	25	24	24	—	1,637		
2018	2018	—	29	26	23	24	24	23	23	22	—	567		
2018	2019	—		1	2	1	1	1	1	1	—	14		
	Total	75	153	138	130	130	128	127	128	126	(1)	104,435		
2019	2015 and Prior	41		44	42	38	32	34	33	33	4	63,406		
2019	2016	22		32	41	42	45	48	47	49	4	8,703		
2019	2017	27		43	53	57	62	60	61	61	—	4,967		
2019	2018	4		8	6	6	5	5	5	5	—	793		
2019	2019	—		6	8	8	8	8	8	9	—	202		
2019	2020	—			1	2	1	1	1	1	—	87		
2019	2021	—				6	7	7	7	7	—	60		
2019	2022	—					3	4	4	4	—	48		
2019	2023	—						3	3	3	—	36		
2019	2024	—							(1)	1	—	34		
2019	2025	—								(3)	—	31		
	Total	94	133	151	159	163	170	168	170	8	78,367			
2020	2015 and Prior	—				—	—	—	—	—	—	—	42	
2020	2016	—				—	—	—	—	—	—	—	74	
2020	2017	—				—	—	—	1	1	1	—	109	
2020	2018	2				2	2	(1)	—	(1)	—	—	184	
2020	2019	2				2	—	—	—	—	—	—	167	
2020	2020	7				7	7	7	6	6	6	1	54	
	Total	11				11	9	6	7	6	7	1	630	
2021	2015 and Prior	31					27	23	16	23	30	3	62,884	
2021	2016	20					16	21	20	12	11	1	31,823	
2021	2017	6					21	25	21	24	23	—	30,315	
2021	2018	30					24	29	29	26	25	7	22,672	
2021	2019	33					36	40	38	34	39	4	12,026	
2021	2020	32					42	36	35	48	44	5	3,324	
2021	2021	—					23	17	13	12	13	2	1,291	
2021	2022	—						11	14	16	14	1	620	
2021	2023	—							6	3	7	1	175	
2021	2024	—								6	7	1	128	
2021	2025	—									2	1	28	
	Total	152	189	202	192	204	215	26	165,286					
2022	2015 and Prior	29						84	50	63	64	(2)	70,648	
2022	2016	7						7	6	7	18	8	10,314	
2022	2017	43						5	9	22	21	1	14,073	
2022	2018	51						13	62	53	50	(2)	12,609	
2022	2019	72						113	51	40	38	(18)	10,562	

Property

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31, 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	As of December 31, 2025 IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)												
		Unaudited												
2022	2020	—							—	—	—	—	—	77
2022	2023	—								—	—	1	—	2
	Total	202							222	178	185	192	(13)	118,285
2024	2015 and Prior	6									6	7	1	3,340
2024	2016	—									—	—	—	1,001
2024	2017	—									—	—	—	1,065
2024	2018	—									—	—	—	948
2024	2019	57									41	24	5	905
2024	2020	245									238	178	35	1,550
2024	2021	13									13	8	2	92
2024	2022	18									18	8	2	82
2024	2023	20									20	27	9	41
	Total	359									336	252	54	9,024
2025	2015 and Prior	$ 5										$ 5	$ 1	18,352
2025	2016	8										10	5	4,630
2025	2017	126										130	72	10,870
2025	2018	54										61	31	9,173
2025	2019	61										59	25	14,108
2025	2020	401										298	128	22,329
2025	2021	196										205	105	19,187
2025	2022	157										168	103	12,422
2025	2023	68										72	47	4,688
2025	2024	14										10	8	2,539
2025	2025	1										1	1	1,588
	Total	1,091										1,019	526	119,886
	Grand Total	$ 1,988										$ 1,982	$ 601	595,933

Net cumulative paid losses and ALAE (from table below)	(773)
2016 to 2025 acquisition years - net liabilities for losses and ALAE	1,209
2015 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	9
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	$ 1,218

Property

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31, 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
		(in millions of U.S. dollars)									
		Unaudited									
2017	2015 and Prior		—	—	—	—	—	—	—	—	1
	Total		—	—	—	—	—	—	—	—	1
2018	2015 and Prior			7	17	23	26	28	33	34	35
2018	2016			11	20	26	28	30	30	32	33
2018	2017			7	16	21	23	23	23	23	23

Notes to Consolidated Financial Statements | Note 10 - Losses and Loss Adjustment Expenses

Property

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31,									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
		(in millions of U.S. dollars)									
		Unaudited									
2018	2018			—	15	21	21	22	22	22	22
2018	2019				2	1	1	1	1	1	1
	Total			25	70	92	99	104	109	112	114
2019	2015 and Prior				13	19	22	18	19	21	22
2019	2016				12	33	38	40	45	45	46
2019	2017				25	49	55	63	61	63	64
2019	2018				5	5	5	5	5	5	5
2019	2019				3	7	8	7	8	8	7
2019	2020					2	2	2	2	2	2
2019	2021						4	4	4	4	4
2019	2022							2	3	3	3
2019	2023								3	5	5
2019	2024									(1)	—
	Total				58	115	134	141	150	155	158
2020	2017					—	—	—	1	1	1
2020	2018					—	(5)	(2)	(1)	(1)	—
2020	2019					—	(1)	—	—	—	—
2020	2020					—	1	6	6	6	6
	Total					—	(5)	4	6	6	7
2021	2015 and Prior						3	8	11	19	19
2021	2016						3	7	6	6	3
2021	2017						6	8	10	19	21
2021	2018						2	5	10	12	16
2021	2019						3	13	20	29	32
2021	2020						8	14	17	23	31
2021	2021						—	3	5	7	10
2021	2022							—	3	7	8
2021	2023								—	1	1
2021	2024									—	1
	Total						25	58	82	123	142
2022	2015 and Prior							(1)	35	47	55
2022	2016							—	2	(3)	7
2022	2017							—	(4)	2	6
2022	2018							—	32	35	38
2022	2019							—	26	39	48
	Total							(1)	91	120	154
2024	2015 and Prior									—	1
2024	2019									3	7
2024	2020									15	50
2024	2021									1	3
2024	2022									—	3
2024	2023									—	11
	Total									19	75
2025	2017										2
2025	2018										2
2025	2019										2

Notes to Consolidated Financial Statements | Note 10 - Losses and Loss Adjustment Expenses

Property

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31, 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
		(in millions of U.S. dollars)									
		Unaudited									
2025	2020										91
2025	2021										6
2025	2022										9
2025	2023										9
2025	2024										1
	Total										122
	Grand Total										$ 773

Property

Year of Acquisition	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Unaudited									
2017	— %	— %	— %	— %	— %	— %	— %	— %	100.0 %	
2018	19.8 %	35.9 %	16.4 %	5.9 %	3.7 %	4.2 %	2.6 %	1.9 %		
2019	33.7 %	33.5 %	11.3 %	4.7 %	4.8 %	2.8 %	1.5 %			
2020	7.2 %	(75.2)%	137.1 %	13.9 %	(1.0)%	5.7 %				
2021	11.9 %	15.3 %	10.6 %	18.7 %	9.5 %					
2022	(0.4)%	48.3 %	14.8 %	17.8 %						
2024	7.1 %	23.0 %								
2025	11.8 %									

11. FUTURE POLICYHOLDER BENEFITS

The following disclosure pertains to our future policyholder benefits related to our former business within Enhanzed Re, prior to our exit of that business through a series of commutation, novation and termination actions in 2022 that were recognized in our financial statements in 2023 due to a one-quarter lag in reporting. The former provision for future policyholder benefits included provisions for life contingent liabilities assumed as well as other policy benefits for insureds. The future policyholder benefits were equal to the present value of the future benefits payments and related expenses less the present value of future net premiums.

The assumed liabilities for future policyholder benefits were comprised primarily of in-payment annuity contract liabilities, which were classified as limited-payment contracts. The balances of and changes in liability for future policyholder benefits were as follows:

	December 31, 2023
	(in millions of U.S. dollars)
Beginning Balance as of January 1, 2023	$ 821
Benefits paid	(6)
Effect of exchange rate movement	13
Derecognition [1]	(828)
Balance as of December 31, 2023	$ —

[1] In November 2022, we completed a novation of the reinsurance of a closed block of life annuity policies, which was recorded in our first quarter 2023 results due to a one-quarter reporting lag. See below for additional information.

There were no gross premiums recognized for the year ended December 31, 2023.

Discount rate assumptions associated with liability remeasurement were previously updated at each reporting period to reflect the current upper-medium grade fixed-income instrument yield, with changes in the interest rate from inception to current period reported through accumulated other comprehensive loss.

We previously applied a discount rate methodology to incorporate the currency and duration characteristics of the liabilities. For interest accretion, interest rates were fixed at inception. Significant assumptions to the calculation of future policyholder benefits also included mortality, mortality improvement, and timing of cash flow payments. The assumptions were reviewed at least annually.

Enhanzed Re Master Agreement and Novation of Future Policyholder Benefits

In August 2022, Enhanzed Re entered into a Master Agreement with Cavello, a wholly-owned subsidiary of Enstar, and Allianz. Pursuant to the Master Agreement, Enhanzed Re, Cavello and Allianz agreed to a series of transactions that allowed us to unwind Enhanzed Re's operations in an orderly manner. The transactions included (i) commuting or novating all of the reinsurance contracts written by Enhanzed Re, (ii) repaying the $70 million of subordinated notes issued by Enhanzed Re to an affiliate of Allianz, and (iii) distributing Enhanzed Re's excess capital to Cavello and Allianz in accordance with their respective equity ownership.

In November 2022, Enhanzed Re completed a novation of the reinsurance of a closed block of life annuity policies to Monument Re Limited, a subsidiary of Monument Insurance Group Limited ("Monument Re"). We settled the life liabilities and the related assets at carrying value in return for cash consideration of $94 million as of the closing date and recorded other income of $275 million. This amount consisted of a reclassification adjustment of the component of AOCI related to the unlocking of the discount rate assumption into net income. Our net income attributable to Enstar was reduced by the amount attributable to Allianz's 24.9% noncontrolling interest in Enhanzed Re at the time of the transaction and our other income recorded was subject to deferral as profits emerge from the underlying novated business, which is generally over the expected settlement period of the life annuity policies, to account for our preexisting 20% ownership interest in Monument Re at the time of the transaction.

The following table illustrates the calculation of the gain as of the closing date of the novation:

	(in millions of U.S. dollars)
Calculation of carrying value as of transaction closing:	
Funds held - directly managed and other assumed reinsurance recoverables	$ 973
Future policyholder benefits (corresponds to derecognition referenced above)	(828)
Other assumed reinsurance liabilities	(12)
Carrying value of net assets	$ 133
Calculation of gain on novation (recorded in first quarter 2023):	
Cash consideration received	$ 94
Less: carrying value of net assets	(133)
Add: reclassification of remeasurement of future policyholder benefits from AOCI and NCI [1]	363
Amount deferred relating to 20% ownership interest in Monument Re [2]	(49)
Gain on novation [3]	275
Net income attributable to noncontrolling interest	(81)
Gain on novation attributable to Enstar [4]	$ 194

[1] Comprised of $273 million from AOCI and $90 million from NCI.

[2] Calculated as 20% of the net Enstar transaction gain of $243 million (representing $324 million, consisting of the $39 million loss when comparing cash consideration to carrying value plus the $363 million reclassification benefit, less Allianz's 24.9% share equal to $81 million).

[3] Recognized in other income in our consolidated statements of operations.

[4] Recognized in net income in our consolidated statements of operations.

During the period from January 1 to July 2, 2025 and years ended December 31, 2024 and 2023, we amortized $1 million, $2 million, and $2 million, respectively, of the deferred gain into other income. The deferred gain was eliminated at the closing date of the Merger as part of the application of pushdown accounting as they do not represent future cash flows.

12. DEFENDANT ASBESTOS AND ENVIRONMENTAL LIABILITIES

Defendant asbestos and environmental liabilities ("defendant A&E liabilities") on our consolidated balance sheets include amounts for indemnity and defense costs for pending and future asbestos-related claims, determined using standard actuarial techniques for asbestos-related exposures.

We acquired DCo LLC (“DCo”) and Morse TEC LLC (“Morse TEC”) in 2016 and 2019, respectively. These companies hold liabilities associated with personal injury asbestos claims and environmental claims arising from their legacy manufacturing operations. DCo and Morse TEC continue to process asbestos personal injury claims.

Defendant A&E liabilities also include amounts for environmental liabilities, associated with the acquired companies' properties, relating to estimated clean-up costs associated with DCo’s and Morse TEC’s former operations based on engineering reports.

Changes to our estimate of these liabilities are recorded to changes in defendant asbestos and environmental expenses within the consolidated statements of operations in the period that our estimate is adjusted.

Amounts billed to and due from insurers providing coverage for our defendant A&E liabilities are calculated in accordance with the terms of the individual insurance contracts.

Insurance balances recoverable on our consolidated balance sheets include estimated insurance recoveries relating to our defendant asbestos liabilities. The recorded asset represents our assessment of the capacity of the insurance agreements to indemnify our subsidiaries for the anticipated defense and loss payments for pending claims and projected future claims.

The recognition of these recoveries is based on an assessment of the right to recover under the respective contracts and on the financial strength of the insurers. The recorded asset does not represent the limits of our insurance coverage, but rather the amount we would expect to recover if the accrued and projected loss and defense costs were paid in full.

On an ongoing basis, we evaluate and monitor the credit risk related to our insurers and an allowance for estimated uncollectible insurance balances recoverable on our defendant A&E liabilities ("allowance for estimated uncollectible insurance") is established for amounts considered potentially uncollectible. To determine the allowance for estimated uncollectible reinsurance, we use the PD and LGD methodology whereby each reinsurer is allocated an appropriate PD percentage based on the expected payout duration by portfolio. This PD percentage is then multiplied by an appropriate LGD percentage to arrive at an overall credit allowance percentage which is then applied to the reinsurance balance recoverable for each reinsurer, net of any specific bad debt provisions, collateral or other contract related offsets, to arrive at the overall allowance for estimated uncollectible reinsurance by reinsurer.

Amounts deemed to be uncollectible, including amounts due from known insolvent insurers, are written off against the allowance.

Changes in the allowance, as well as any subsequent collections of amounts previously written off, are reported as part of defendant asbestos and environmental expenses in our consolidated statements of operations.

The carrying value of the defendant A&E liabilities, insurance recoveries, future estimated expenses and the fair value adjustments related to DCo and Morse TEC as of December 31, 2025 and 2024 was as follows:

	Successor	Predecessor
	December 31, 2025	December 31, 2024
	(in millions of U.S. dollars)	
Defendant A&E liabilities:		
Defendant asbestos liabilities	$ 711	$ 706
Defendant environmental liabilities	8	9
Estimated future expenses	26	32
Fair value adjustments [1]	—	(202)
Defendant A&E liabilities	745	545
Insurance balances recoverable:		
Insurance recoveries related to defendant asbestos liabilities (net of allowance: 2024 - $4) [2]	157	216
Fair value adjustments[1]	—	(44)
Insurance balances recoverable	157	172
Net liabilities relating to defendant A&E exposures	$ 588	$ 373

[1] As a result of applying pushdown accounting, fair value adjustments and adjustments relating to the predecessor period have been eliminated and new fair value adjustments were established. The elimination of the fair value adjustments from the predecessor period were embedded in the reserve balances (which caused the ending balance of July 2, 2025 and the opening balances as of July 3, 2025 to differ). In contrast, the fair value adjustment in the successor period are recognized in fair value adjustment related to losses and loss adjustment expenses and defendant asbestos and environmental liabilities on the consolidated balance sheet. Refer to Note 1 and Note 2 for additional details on pushdown accounting and the Merger and Note 16 for fair value adjustments.

[2] A significant portion of the insurance recoverable of $55 million adjusted for fair value as a result of applying pushdown accounting (from the predecessor basis of $98 million) has been subject to a prolonged contractual coverage dispute. In 2025, we received a favorable judgment on coverage, which resulted in a payment of $106 million from the insurance company. While the matter is unsettled and is subject to further legal proceedings and appeal by the insurance company, it could result in a favorable outcome to us in future periods relative to the recorded recoverable amount.

Methodologies for determining liabilities

Defendant Asbestos Liabilities

We review, on an ongoing basis, our own experience in handling asbestos-related claims and trends affecting asbestos-related claims in the U.S. tort system generally, for the purposes of assessing the value of pending asbestos-related claims and the number and value of those that may be asserted in the future, as well as potential recoveries from our insurance carriers with respect to such claims and defense costs.

The actuarial analysis for these asbestos-related exposures utilizes data resulting from claim experience, including input from national coordinating counsel and local counsel, and includes the development of an estimate of the potential value of asbestos-related claims asserted but not yet resolved as well as the number and potential value of asbestos-related claims not yet asserted.

In developing the estimate of liability for potential future claims, the actuarial methods project the potential number of future claims based on our historical claim filings and health studies. The actuarial methods also utilize assumptions based on our historical proportion of claims resolved without payment, historical claim resolution costs for those claims that result in a payment, and historical defense costs. The liabilities are estimated by using pending and projected future claim filings, projected payments rates, average claim resolution amounts and an estimate for defense costs, which is derived based on assumptions relating to defense cost to indemnity cost ratios. We utilize judgment when determining the assumptions related to the expected number of future claims (which includes projected future claims filings and projected payment rates), average claim resolution amounts, and estimated defense costs.

We determine, based on the factors described above, including the actuarial analysis, that their best estimate of the aggregate liability both for asbestos-related claims asserted but not yet resolved and potential asbestos-related claims not yet asserted, including estimated defense costs, was $711 million and $706 million as of December 31, 2025 and 2024, respectively.

The table below provides a consolidated reconciliation of the beginning and ending liability for defendant A&E liabilities:

	Successor	Predecessor		
	Period from July 3 to December 31, 2025	Period from January 1 to July 2, 2025	Year Ended December 31, 2024	Year Ended December 31, 2023
	(in millions of U.S. dollars)			
Balance as of beginning of period [1]	**$ 718**	**$ 545**	**$ 567**	**$ 607**
Insurance balances recoverable [1]	(256)	(172)	(172)	(177)
Net balance as of beginning of period [1]	**462**	**373**	**395**	**430**
Amounts recorded in defendant asbestos and environmental expenses:				
Increase (reduction) in estimate of net ultimate liabilities	66	10	33	1
Reduction in estimated future expenses	—	(1)	(1)	(2)
Amortization of fair value adjustments	—	6	8	13
Total defendant asbestos and environmental expenses	**66**	**15**	**40**	**12**
Total net (paid claims) recoveries	**60**	**(32)**	**(62)**	**(47)**
Net balance as end of period	**588**	**356**	**373**	**395**
Insurance balances recoverable	157	167	172	172
Balance as of end of period	**$ 745**	**$ 523**	**$ 545**	**$ 567**

[1] As a result of applying pushdown accounting, fair value adjustments and adjustments relating to the predecessor period have been eliminated and new fair value adjustments were established. The elimination of the fair value adjustments from the predecessor period were embedded in the reserve balances (which caused the ending balance of July 2, 2025 and the opening balances as of July 3, 2025 to differ). In contrast, the fair value adjustment in the successor period are recognized in fair value adjustment related to losses and loss adjustment expenses and defendant asbestos and environmental liabilities on the consolidated balance sheet. Refer to Note 1 and Note 2 for additional details on pushdown accounting and the Merger and Note 16 for fair value adjustments.

Total other expense from our defendant A&E liabilities was $66 million and $15 million for the periods from July 3 to December 31, 2025 and January 1 to July 2, 2025, respectively, primarily due to an increase in the estimate of net ultimate liabilities driven by higher than expected claim costs and filings.

Total other expense was $40 million and $12 million for the years ended December 31, 2024 and 2023, respectively, primarily due to an increase in the estimate of net ultimate liabilities driven by higher than expected claim costs and filings.

Defendant Environmental Liabilities

As a result of our acquisition of DCo and Morse TEC, we have been identified by the United States Environmental Protection Agency and certain U.S. state environmental agencies and private parties as potentially responsible parties ("PRP") at various hazardous waste disposal sites under the Comprehensive Environmental Response, Compensation and Liability Act ("Superfund") and equivalent U.S. state laws.

The PRPs may currently be liable for the cost of clean-up and other remedial activities at 26 such sites. Responsibility for clean-up and other remedial activities at a Superfund site is typically shared among PRPs based on an allocation formula.

We have a liability for defendant environmental liabilities of $8 million and $9 million as of December 31, 2025 and 2024, respectively. The estimate for defendant environmental liabilities is based on information available to us, including an estimate of the allocation of liability among PRPs, the probability that other PRPs will pay the cost apportioned to them, currently available information from PRPs and/or federal or state environmental agencies concerning the scope of contamination and estimated remediation and consulting costs, and remediation alternatives.

Allowance for Estimated Uncollectible Insurance Balances Recoverable on Defendant Asbestos Liabilities

We did not have an allowance for estimated uncollectible insurance balances related to our defendant asbestos liabilities as of December 31, 2025, as such insurance balances were recorded at fair value in purchase accounting which included the allowance as a component of the basis adjustment. We maintained an allowance for estimated uncollectible insurance balances related to our defendant asbestos liabilities of $4 million as of December 31, 2024.

We did not have any new provisions, write-offs charged against the allowance for estimated uncollectible insurance or any recoveries of amounts previously written off for all periods.

We did not have significant non-disputed past due balances receivable from our insurers related to our defendant asbestos liabilities, that were older than one year for any of the periods presented. Any balances that are part of ongoing legal activity are estimated to be recovered at the level of our recorded asset which is consistent with our legal advice and past collection experience.

13. FAIR VALUE MEASUREMENTS

Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants. We use a fair value hierarchy that gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. The hierarchy is broken down into three levels as follows:

- Level 1 - Valuations based on unadjusted quoted prices in active markets that we can access for identical assets or liabilities. Valuation adjustments and block discounts are not applied to Level 1 instruments.
- Level 2 - Valuations based on quoted prices in active markets for similar assets or liabilities, quoted prices for identical assets or liabilities in inactive markets, or significant inputs that are observable (e.g. interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.
- Level 3 - Valuations based on unobservable inputs where there is little or no market activity. Unadjusted third party pricing sources or management's assumptions and internal valuation models may be used to determine the fair values.

In addition, certain of our other investments are measured at fair value using net asset value ("NAV") per share (or its equivalent) as a practical expedient and have not been classified within the fair value hierarchy above.

We have categorized our assets and liabilities that are recorded at fair value on a recurring and non-recurring basis among levels based on the observability of inputs, or at fair value using NAV per share (or its equivalent) as follows:

	Successor				
	December 31, 2025				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Based on NAV as Practical Expedient	Total Fair Value
	(in millions of U.S. dollars)				
Investments:					
Short-term and Fixed maturities:					
U.S. government and agency	$ —	$ 545	$ —	$ —	$ 545
U.K. government	—	148	—	—	148
Other government	—	464	—	—	464
Corporate	—	3,792	11	—	3,803
Municipal	—	99	—	—	99
Residential mortgage-backed	—	529	—	—	529
Commercial mortgage-backed	—	607	—	—	607
Asset-backed	—	1,134	19	—	1,153
	—	7,318	30	—	7,348
Funds held [1]	64	1,997	—	78	2,139
Equities:					
Privately held equity investments	—	83	429	75	587
Publicly traded equity investments	143	9	1	—	153
Exchange-traded funds	52	—	—	—	52
Warrant and others	—	—	16	—	16
	195	92	446	75	808
Other investments:					
Private equity funds	—	—	—	2,041	2,041
Private credit funds	—	364	—	921	1,285
Hedge funds	—	—	—	402	402
Fixed income funds	—	5	—	620	625
Real estate fund	—	—	—	523	523
CLO equity funds	—	—	—	48	48
CLO equities	—	18	—	—	18
Equity funds	—	5	—	—	5
Other	—	27	—	—	27
	—	419	—	4,555	4,974
Total Investments excluding funds held by reinsured companies and equity method investments	$ 259	$ 9,826	$ 476	$ 4,708	$ 15,269
Other Assets:					
Derivatives not qualifying as hedging	—	22	—	—	22
Derivative instruments	$ —	$ 22	$ —	$ —	$ 22
Losses and LAE:	$ —	$ —	$ —	$ —	$ —
Other Liabilities:					
Derivatives qualifying as hedging	$ —	$ 8	$ —	$ —	$ 8
Derivatives not qualifying as hedging	—	2	—	—	2
Derivative instruments	$ —	$ 10	$ —	$ —	$ 10
Funds held liability	$ —	$ 194	$ —	$ 62	$ 256

[1] The difference in the amount of funds held shown at fair value and the funds held shown in our consolidated balance sheet relates to the $2.3 billion of funds held by reinsured companies carried at amortized cost.

	Predecessor				
	December 31, 2024				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Based on NAV as Practical Expedient	Total Fair Value
	(in millions of U.S. dollars)				
Investments:					
Short-term and Fixed maturities:					
U.S. government and agency	$ —	$ 420	$ —	$ —	$ 420
U.K government	—	44	—	—	44
Other government	—	359	—	—	359
Corporate	—	3,244	17	—	3,261
Municipal	—	109	—	—	109
Residential mortgage-backed	—	421	—	—	421
Commercial mortgage-backed	—	784	—	—	784
Asset-backed	—	742	30	—	772
	—	6,123	47	—	6,170
Funds held [1]	70	2,305	5	71	2,451
Equities:					
Privately held equity investments	—	—	389	71	460
Publicly traded equity investments	166	9	1	—	176
Exchange-traded funds	151	—	—	—	151
Warrants and others	—	—	16	—	16
	317	9	406	71	803
Other investments:					
Private equity funds	—	—	—	1,926	1,926
Private credit funds	—	363	—	501	864
Fixed income funds	—	5	—	364	369
Hedge funds	—	—	—	410	410
Real estate fund	—	—	—	401	401
CLO equity funds	—	—	—	162	162
CLO equities	—	52	—	—	52
Equity funds	—	4	—	—	4
	—	424	—	3,764	4,188
Total Investments excluding funds held by reinsured companies and equity method investments	$ 387	$ 8,861	$ 458	$ 3,906	$ 13,612
Reinsurance balances recoverable on paid and unpaid losses:	$ —	$ —	$ 179	$ —	$ 179
Other Assets:					
Derivatives qualifying as hedging	$ —	$ 2	$ —	$ —	$ 2
Derivatives not qualifying as hedging	—	3	—	—	3
Derivative instruments	$ —	$ 5	$ —	$ —	$ 5
Losses and LAE:	$ —	$ —	$ 997	$ —	$ 997
Other Liabilities:					
Derivatives not qualifying as hedging	—	7	—	—	7

[1] The difference in the amount of funds held shown at fair value and the funds held shown in our consolidated balance sheet relates to the $2.5 billion of funds held by reinsured companies carried at amortized cost.

Valuation Methodologies of Financial Instruments Measured at Fair Value

Short-term and Fixed Maturities

The fair values for all securities in the short-term and fixed maturities and funds held - directly managed portfolios are obtained or validated from independent pricing services either directly or through our accounting service provider or investment managers.

We record the unadjusted price and validate this price through a process that includes, but is not limited to:

i. comparison of prices against alternative pricing sources;

ii. quantitative analysis (e.g. comparing the quarterly return for each managed portfolio to its target benchmark);

iii. evaluation of methodologies used by external parties to estimate fair value, including a review of the inputs used for pricing; and

iv. comparing the price to our knowledge of the current investment market.

Our internal price validation procedures and review of fair value methodology documentation provided by independent pricing services have not historically resulted in adjustment in the prices obtained from the pricing service.

The independent pricing services used by our service providers obtain actual transaction prices for securities that have quoted prices in active markets. Where we utilize single unadjusted broker-dealer quotes, they are generally provided by market makers or broker-dealers who are recognized as market participants in the markets for which they are providing the quotes.

For determining the fair value of securities that are not actively traded, in general, pricing services use "matrix pricing" in which the independent pricing service uses observable market inputs including, but not limited to, reported trades, benchmark yields, broker-dealer quotes, interest rates, prepayment speeds, default rates and other such inputs as are available from market sources to determine a reasonable fair value.

The following describes the techniques generally used to determine the fair value of our short-term and fixed maturities by asset class, including the investments underlying the funds held - directly managed.

- **U.S. and non-U.S. government and agency securities** consist of securities issued by the U.S. Treasury and mortgage pass-through agencies such as the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and other agencies, or consist of bonds issued by non-U.S. governments and agencies along with supranational organizations. The significant inputs used to determine the fair value of these securities include the spread above the risk-free yield curve, reported trades and broker-dealer quotes. These are observable market inputs and, therefore, the fair values of these securities are classified as Level 2.
- **Corporate securities** consist primarily of investment-grade debt of a wide variety of corporate issuers and industries. The fair values of these securities are determined using the spread above the risk-free yield curve, reported trades, broker-dealer quotes, benchmark yields, and industry and market indicators. These are considered observable market inputs and, therefore, the fair values of these securities are classified as Level 2. Certain private placement investments classified within Corporate are valued using prices obtained from external managers using independent valuation agents and the valuation inputs used are considered unobservable with no active market at the measurement date. As a result, these private placement investments are classified as Level 3.
- **Municipal securities** consist primarily of bonds issued by U.S.-domiciled state and municipal entities. The fair values of these securities are determined using the spread above the risk-free yield curve, reported trades, broker-dealer quotes and benchmark yields. These are considered observable market inputs and therefore the fair values of these securities are classified as Level 2.
- **Asset-backed and commercial and residential mortgage-backed securities** consist primarily of investment-grade bonds backed by pools of loans with a variety of underlying collateral. Residential and commercial mortgage-backed securities include both agency and non-agency originated securities. The significant inputs used to determine the fair value of these securities include the spread above the risk-free yield curve, reported trades, benchmark yields, prepayment speeds and default rates. These are considered observable market inputs and therefore the fair value of these securities are classified as Level 2. Certain private placement

investments classified within Asset-backed are valued using prices obtained from external managers using independent valuation agents and the valuation inputs used are considered unobservable with no active market at the measurement date. As a result, these private placement investments are classified as Level 3.

Equities

Our investments in equities consist of a combination of publicly traded investments, privately held investments, and warrants. Our publicly traded equity investments in common and preferred stocks predominantly trade on major exchanges and are managed by our external advisors. Our exchange-traded funds also trade on major exchanges.

Our publicly traded equities are widely diversified and there is no significant concentration in any specific industry. We use an internationally recognized pricing service to estimate the fair value of our publicly traded equities and exchange-traded funds. We have categorized most of our publicly traded equity investments, other than preferred stock, and our exchange-traded funds as Level 1 investments because the fair values of these investments are based on unadjusted quoted prices in active markets for identical assets. One equity security trades in an inactive market and, as a result has been classified as Level 2. The fair value estimates of our investments in publicly traded preferred stock are based on observable market data and, as a result, have been categorized as Level 2. Certain private placement investments classified within Equities are valued using prices obtained from external managers using independent valuation agents and the valuation inputs used are considered unobservable with no active market at the measurement date. As a result, these private placement investments are classified as Level 3.

Our privately held equity investments in common and preferred stocks are direct investments in companies that we believe offer attractive risk adjusted returns and/or offer other strategic advantages. We also hold a warrant to purchase common stock in a company that is exercisable upon the occurrence of certain events. Each investment may have its own unique terms and conditions and there may be restrictions on disposals. The market for these investments is illiquid and there is no active market. For the majority of these we use a combination of cost, internal models and reported values from co-investors/managers to calculate the fair value of the privately held equity investments. The fair value estimates of these are based on unobservable market data so have been categorized as Level 3. We also have one direct investment in the equity of a privately held business development company which values its underlying investments using NAV as a practical expedient; therefore, the investment has not been categorized within the fair value hierarchy.

Other investments, at fair value

We have ongoing due diligence processes with respect to the other investments carried at fair value in which we invest, including active discussions with managers of the investments. These processes are designed to assist us in assessing the quality of information provided by, or on behalf of, each fund and in determining whether such information continues to be reliable or whether further review is warranted.

Certain funds do not provide full transparency of their underlying holdings; however, we obtain the audited financial statements for funds annually and review the audited results relative to the net asset values provided by the managers, and regularly review and discuss the fund performance with the fund managers to corroborate the reasonableness of the reported NAV.

The use of NAV as an estimate of the fair value for investments in certain entities that calculate NAV is a permitted practical expedient. Due to the time lag in the NAV reported by certain fund managers we adjust the valuation for capital calls and distributions. Other investments measured at fair value using NAV as a practical expedient have not been classified in the fair value hierarchy. Other investments for which we do not use NAV as a practical expedient have been valued using prices from independent pricing services and investment managers.

The following describes the techniques generally used to determine the fair value of our other investments.

- For our investments in hedge funds, private equity funds, CLO equity funds, private credit funds and the real estate fund, we primarily measure fair value by obtaining the most recently available NAV as advised by the external fund manager or third-party administrator. The fair values of these investments are measured using the NAV as a practical expedient and therefore have not been categorized within the fair value hierarchy.
- Our investments in fixed income funds and equity funds are valued based on a combination of prices from independent pricing services, external fund managers or third-party administrators. For the publicly available prices we have classified the investments as Level 2. For the non-publicly available prices we are using NAV as a practical expedient and therefore these have not been categorized within the fair value hierarchy.

- We measure the fair value of our direct investment in CLO equities based on valuations provided by independent pricing services. The fair values measured using prices provided by independent pricing services have been classified as Level 2.

Insurance Contracts - Fair Value Option

As part of the pushdown accounting from the Merger, the fair value option is no longer applicable in the successor period. The fair value option is only appliable to the predecessor period.

For the predecessor period, the Company used an internal model to calculate the fair value of the liability for losses and LAE and reinsurance balances recoverable on paid and unpaid losses for certain retroactive reinsurance contracts where we had elected the fair value option.

The fair value was calculated as the aggregate of discounted cash flows plus a risk margin. The discounted cash flow approach used:

i. estimated nominal cash flows based upon an appropriate payment pattern developed in accordance with actuarial methods; and

ii. a discount rate based upon a high quality rated corporate bond yield plus a credit spread for non-performance risk.

The model used corporate bond rates across the yield curve depending on the estimated timing of the future cash flows and specific to the currency of the risk.

The risk margin was calculated using the present value of the cost of capital. The cost of capital approach used:

i. projected capital requirements;

ii. multiplied by the risk cost of capital representing the return required for non-hedgeable risk based upon the weighted average cost of capital less investment income; and

iii. discounted using the weighted average cost of capital.

Derivative Instruments

The fair values of our derivative instruments are classified as Level 2. The fair values are based upon prices in active markets for identical contracts.

Funds Held by Reinsured Companies

The fair value of the embedded derivative representing the contractually agreed variable return on the funds held by reinsured companies associated with the Aspen LPT transaction is classified as Level 3 and is calculated using an internal model. The funds withheld and embedded derivative were settled with Aspen in the fourth quarter of 2025.

The fair value is calculated as the difference between:

i. the present value of all future expected interest payments based on the full crediting rate, calculated using a Monte Carlo simulation model; and

ii. the present value of all future expected interest payments based on the base crediting rate, calculated using a discounted cash flow model.

The Monte Carlo simulation model uses:

i. a continuous forward risk-free rate commensurate with the crediting interest rate period (observable); and

ii. an estimated historical volatility rate based upon the annualized standard deviation of daily log returns observed on a portfolio replicating the Aspen investment portfolio over a period commensurate with the crediting rate period (unobservable).

The discounted cash flow model uses:

i. estimated expected loss payments based upon an appropriate payment pattern developed in accordance with standard actuarial techniques (unobservable);

ii. a risk-free rate based on U.S. treasury rates as of the valuation date (observable); and

iii. a credit spread based upon the historical option adjusted spread of the Aspen publicly traded corporate debt instrument (observable).

Level 3 Measurements and Changes in Leveling

Transfers into or out of levels are recorded at their fair values as of the end of the reporting period, consistent with the date of determination of fair value.

Investments

The following tables present a reconciliation of the beginning and ending balances for all investments measured at fair value on a recurring basis using Level 3 inputs:

	Successor					
	Period from July 3 to December 31, 2025					
	Fixed maturity investments		Equities			
	Corporate	Asset-backed	Privately-held Equities	Publicly traded equity investments	Warrants and Other	Total
	(in millions of U.S. dollars)					
Beginning fair value	$ 12	$ 30	$ 427	$ 1	$ 15	$ 485
Purchases	—	—	—	—	—	—
Sales and paydowns	(1)	(11)	(6)	—	—	(18)
Total fair value changes in equity and trading securities, funds held and other investments [1]	—	—	91	—	1	92
Transfer out of Level 3 into Level 2 [2]	—	—	(83)	—	—	(83)
Ending fair value	$ 11	$ 19	$ 429	$ 1	$ 16	$ 476

[1] Fair value changes in equity and funds held and other investments included in our consolidated statement of operations is equal to the change in fair value changes in equity, funds held and other investments relating to assets held at the end of the reporting period.

[2] Transfers are primarily attributable to changes in the availability of observable market information and the re-evaluation of the observability of valuation inputs.

	Predecessor					
	Period from January 1 to July 2, 2025					
	Fixed maturity investments		Equities			
	Corporate	Asset-backed	Privately-held Equities	Publicly traded equity investments	Warrants and Other	Total
	(in millions of U.S. dollars)					
Beginning fair value	$ 17	$ 30	$ 389	$ 1	$ 16	$ 453
Purchases	—	—	1	—	—	1
Sales and paydowns	(5)	(1)	—	—	—	(6)
Total fair value changes in equity and trading securities, funds held and other investments [1]	—	1	20	—	(1)	20
Ending fair value	$ 12	$ 30	$ 410	$ 1	$ 15	$ 468

[1] Fair value changes in equity and trading securities, funds held and other investments included in our consolidated statement of operations is equal to the change in fair value changes in equity and trading securities, funds held and other investments relating to assets held at the end of the reporting period.

	Predecessor					
	Year Ended December 31, 2024					
	Fixed maturity investments		Equities			
	Corporate	Asset-backed	Privately-held Equities	Publicly traded equity investments	Warrants and Other	Total
	(in millions of U.S dollars)					
Beginning fair value	$ 12	$ 11	$ 299	$ 1	$ —	$ 323
Purchases	—	—	27	—	16	43
Sales and paydowns	—	(1)	—	—	—	(1)
Total fair value changes in equity and trading securities, funds held and other investments [1]	—	—	63	—	—	63
Transfer into Level 3 from Level 2 [2]	5	20	—	—	—	25
Reclassification from non-recurring to recurring	—	—	—	—	—	—
Ending fair value	$ 17	$ 30	$ 389	$ 1	$ 16	$ 453

[1] Fair value changes in equity and trading securities, funds held and other investments included in our consolidated annual statement of operations is equal to the change in fair value changes in equity and trading securities, funds held and other investments relating to assets held at the end of the reporting period.

[2] Transfers into Level 3 are primarily attributable to the lack of observable market transactions and price information and the use of unobservable inputs within valuation methodologies.

Fair value changes in equity and trading securities, funds held and other investments related to Level 3 assets in the tables above are included in fair value changes in equity and trading securities, funds held and other investments in our consolidated statements of operations.

Valuation Techniques and Inputs

The table below presents the quantitative information related to the fair value measurements for our fixed maturity and equity investments measured at fair value on a recurring and non-recurring basis using Level 3 inputs:

Successor			
Quantitative Information about Level 3 Fair Value Measurements			
Valuation Techniques	**Fair Value as of December 31, 2025**		**Unobservable Input [1]**
	(in millions of U.S. dollars)		
Recurring basis:			
Fixed maturities			
Corporate			
Discounted cash flow	$	11	YTM; implied total yield
Asset-backed			
Discounted cash flow		19	YTM
Total fixed maturities	$	30	
Equity investments			
Privately held equity investments			
Earnings	$	6	Multiple on earnings
Guideline company methodology; Option pricing model	$	290	P/BV multiple P/BV (excluding AOCI) multiple Expected term
Guideline companies method; Earnings		41	LTM Enterprise Value/ EBITDA multiples Multiple on earnings
Discount model		22	LTM Enterprise Value/ EBITDA multiples Multiple on earnings
Dividend discount model		69	Discount rate
		428	
Publicly traded equity investments			
Discounted cash flow		1	Implied total yield
Warrants and Other			
Black-Scholes model		16	Expected term in years
Total recurring equity Investments	$	445	
Non-recurring basis:			
Privately held equity investments			
Cost as approximation of fair value	$	1	Cost as approximation of fair value
Total Recurring and Non-recurring equity investments	$	446	

[1] The average represents the arithmetic average of the inputs and is not weighted by the relative fair value.

Funds Held by Reinsured Companies - Embedded Derivative

As described in Note 6, we had an embedded derivative in relation to the Aspen LPT transaction to account for the fair value of the full crediting rate we expected to earn on the funds withheld received as consideration.

The following table presents a reconciliation of the beginning and ending balances for the embedded derivative measured at fair value on a recurring basis using Level 3 inputs:

	Successor	Predecessor	
	Period from July 3 to December 31, 2025	Period from January 1 to July 2, 2025	Year Ended December 31, 2024
	(in millions of U.S. dollars)		
Beginning fair value	$ 5	$ 5	$ 40
Total fair value changes	1	—	(10)
Settlement	(6)	—	(25)
Ending fair value	$ —	$ 5	$ 5

Fair value changes in equity and trading securities, funds held and other investments in the table above are included in fair value changes in equity and trading securities, funds held and other investments in our consolidated statements of operations.

Valuations Techniques and Inputs

Below is a summary of the quantitative information regarding the significant observable and unobservable inputs used in the internal model to determine fair value on a recurring basis as of:

		Predecessor
		2024
Valuation Technique	Unobservable (U) and Observable (O) Inputs	Weighted Average
Internal model	Corporate bond yield (O)	A rated
Internal model	Credit spread for Instrument-specific credit risk (U)	0.4%
Internal model	Risk cost of capital (U)	6.15%
Internal model	Weighted average cost of capital (U)	9.25%
Internal model	Average payout - liability (U)	8.10 years
Internal model	Average payout - reinsurance balances recoverable on paid and unpaid losses (U)	8.39 years

The fair value of the liability for losses and LAE and reinsurance balances recoverable on paid and unpaid losses may increase or decrease due to changes in the corporate bond rate, the credit spread for non-performance risk, the risk cost of capital, the weighted average cost of capital and the estimated payment pattern.

In addition, the estimate of the capital required to support the liabilities is based upon current industry standards for capital adequacy.

Insurance Contracts - Fair Value Option (Predecessor)

The following table presents a reconciliation of the beginning and ending balances for all insurance contracts measured at fair value on a recurring basis using Level 3 inputs:

	Predecessor			Predecessor		
	January 1 to July 2, 2025			Year Ended December 31, 2024		
	Liability for losses and LAE	Reinsurance balances recoverable on paid and unpaid losses	Net	Liability for losses and LAE	Reinsurance balances recoverable on paid and unpaid losses	Net
	(in millions of U.S. dollars)					
Beginning fair value	$ 997	$ 183	$ 814	$ 1,163	$ 217	$ 946
Incurred losses and LAE:						
(Reduction) increase in estimates of ultimate losses	(5)	1	(6)	(26)	(21)	(5)
Reduction in provisions for ULAE	(2)	—	(2)	(9)	—	(9)
Change in fair value	24	4	20	25	5	20
Total incurred losses and LAE	17	5	12	(10)	(16)	6
Paid losses	(51)	4	(55)	(144)	(18)	(126)
Change in net liability for losses and LAE at fair value - Instrument-specific credit risk	—	—	—	12	2	10
Effect of exchange rate movements	68	7	61	(24)	(6)	(18)
Ending fair value	$ 1,031	$ 199	$ 832	$ 997	$ 179	$ 818

The following table presents the components of the net change in fair value.

	Predecessor		
	Period from January 1 to July 2, 2025	Year Ended December 31, 2024	Year Ended December 31, 2023
	(in millions of U.S. dollars)		
Changes in fair value due to changes in:			
Average payout	$ 14	$ 33	$ 32
Corporate bond yield	6	(19)	18
Credit spread for non-performance risk	—	—	21
Weighted average cost of capital	—	6	7
Change in fair value	$ 20	$ 20	$ 78

Changes in the fair value due to changes in average payout and corporate bond yields are included in net incurred losses and loss adjustment expenses in our consolidated statements of operations. Changes in the fair value due to changes in credit spread for instrument-specific credit risk are classified to other comprehensive income.

14. VARIABLE INTEREST ENTITIES

We have investments in certain limited partnership funds which are deemed to be variable interest entities ("VIEs") and which are included in other investments at the reported NAV. The activities of these VIEs are generally limited to holding investments and our involvement in these entities is passive in nature. We consolidate all VIEs in which we are the primary beneficiary.

Determining whether to consolidate a VIE may require judgment in assessing (i) whether an entity is a VIE, and (ii) if we are the entity's primary beneficiary and thus required to consolidate the entity. To determine if we are the primary beneficiary of a VIE, we evaluate whether we have (i) the power to direct the activities that most significantly impact the VIE's economic performance, and (ii) the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE.

Our evaluation includes identification of the activities that most significantly impact the VIE's economic performance and an assessment of our ability to direct those activities based on governance provisions, contractual arrangements to provide or receive certain services, funding commitments and other applicable agreements and circumstances. Our assessment of whether we are the primary beneficiary of our VIEs requires significant assumptions and judgment.

GCM Fund

In July 2022, we entered into an agreement to become a limited partner of GCM Blue Sails Infrastructure Offshore Opportunities Fund, L.P. ("GCM Fund"), with an initial commitment of $150 million. At that time, we performed an assessment and concluded that because of being a limited partner and having no substantive kick-out or participating rights, the GCM Fund is a VIE. We also concluded that we are the primary beneficiary, as our 99.5% economic interest in the GCM Fund is disproportionately greater than our lack of stated power to direct the activities of the GCM Fund that will most significantly impact the GCM Fund's economic performance. As a result, we have consolidated the results of the GCM Fund. There was no gain or loss recognized on consolidation.

We have elected to recognize the results of the GCM Fund on a one quarter lag due to anticipated delays in obtaining timely financial information. As of December 31, 2025, $114 million of the initial commitment has been called. The carrying amounts of the assets and liabilities of the GCM Fund are presented within existing captions on our consolidated balance sheets as of December 31, 2025 and 2024. Net investment income, changes in the fair value of assets and liabilities of the GCM Fund and management fees will be presented within existing captions in the consolidated statements of operations.

We recognized fair value changes in equity and trading securities, funds held and other investments of $9 million and $7 million for the periods from July 3 to December 31, 2025 and January 1 to July 2, 2025, respectively.

For the years ended December 31, 2024 and 2023, we recognized fair value changes in equity securities and trading securities, funds held and other investments of $9 million and $6 million, respectively.

Our exposure to risk of loss is limited to the amount of our investment, in accordance with the limited partnership agreement. We have not committed to provide any financial support to the general partner of the GCM Fund. In addition, we have not committed to provide any additional financial support to the GCM Fund more than previously funded capital commitments and all undistributed profits and income.

The assets of Enstar are not available to the creditors of the GCM Fund.

Nonconsolidated VIEs

The tables below present the fair value of our investments in nonconsolidated VIEs as well as our maximum exposure to loss associated with these VIEs:

		Successor	
As of December 31, 2025	Fair Value	Unfunded Commitments	Maximum Exposure to Loss
		(in millions of U.S. dollars)	
Equities			
Publicly traded equity investment in common stock	$ 43	$ —	$ 43
Privately held equity	70	9	79
Total	113	9	122
Other investments			
Hedge funds	$ 402	$ —	$ 402
Fixed income funds	619	4	623
Private debt	689	535	1,224
Private equity funds	1,596	469	2,065
CLO equity funds	48	—	48
Real estate funds	186	115	301
Total	$ 3,540	$ 1,123	$ 4,663
Total investments in nonconsolidated VIEs	$ 3,653	$ 1,132	$ 4,785

		Predecessor	
As of December 31, 2024	Fair Value	Unfunded Commitments	Maximum Exposure to Loss
		(in millions of U.S. dollars)	
Equities			
Publicly traded equity investment in common stock	$ 59	$ —	$ 59
Privately held equity	61	—	61
Total	$ 120	$ —	$ 120
Other investments			
Hedge funds	$ 410	$ —	$ 410
Fixed income funds	365	34	399
Private equity funds	1,442	501	1,943
CLO equity funds	162	—	162
Private credit funds	638	231	869
Real estate funds	162	137	299
Total	$ 3,179	$ 903	$ 4,082
Total investments in nonconsolidated VIEs	$ 3,299	$ 903	$ 4,202

15. PREMIUMS WRITTEN AND EARNED

Premiums written related to prospective risk policies are earned on a pro-rata basis over the period of the related coverage. Reinsurance premiums on prospective risks are recorded at the inception of the policy, are based upon contractual terms and, for certain business, are estimated based on underlying contracts or from information provided by insureds and/or brokers.

Changes in reinsurance premium estimates for prospective risks are recorded as premiums written in the period in which they are determined.

Certain contracts are retrospectively rated and provide for a final adjustment to the premium based on the final settlement of all losses. Premiums on such contracts are adjusted based upon contractual terms, and management judgment is involved with respect to the estimate of the amount of losses that we expect to incur. These adjustments to the premium are recognized at the time loss thresholds specified in the contract are exceeded and are earned over the coverage period, or are earned immediately if the period of risk coverage has passed.

The following table provides a summary of net premiums written and earned.

	Successor		Predecessor					
	Period from July 3 to December 31, 2025		Period from January 1 to July 2, 2025		Year Ended December 31, 2024		Year Ended December 31, 2023	
	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
	(in millions of U.S. dollars)							
Total gross	$ 25	$ 29	$ 16	$ 21	$ 11	$ 50	$ 101	$ 49
Total ceded	(19)	(5)	1	2	(6)	(10)	(5)	(6)
Total net	$ 6	$ 24	$ 17	$ 23	$ 5	$ 40	$ 96	$ 43

Gross premiums written for the period from July 3 to December 31, 2025 was $25 million, primarily as a result of the fronting agreement with an excess casualty managing general agent. Gross premiums written for the period from January 1 to July 2, 2025 was $16 million, driven by a new prospective insurance deal.

Gross premiums written for the year ended December 31, 2024 was $11 million, primarily driven by QBE and other smaller portfolios through our Syndicate and other subsidiaries.

Gross premiums written for the year ended December 31, 2023 was $101 million, primarily driven by an indemnity insurance contract with one party for $80 million of expected premium.

16. GOODWILL AND INTANGIBLE ASSETS

Goodwill represents the future economic benefits arising from net assets acquired in a business combination that are not individually identified and recognized.

Goodwill is calculated as the excess of the cost of the acquired entity over the estimated fair value of such assets acquired and liabilities assumed. Goodwill is tested for impairment at least annually or more frequently if events or circumstances, such as adverse changes in the business climate, indicate that there may be justification for conducting an interim test. We perform our annual goodwill impairment testing during the fourth quarter based upon data as of December 31.

If the goodwill asset is determined to be impaired, it is written down in the period in which the determination is made.

The Merger Agreement indicated that the consideration for all ordinary shareholders interests as described in Note 2, which was indicative of fair value, was less than our book value at that time. Hence, a full impairment charge related to goodwill of $63 million was recognized in the consolidated statements of operations.

We also performed impairment tests for all other tangible and intangible assets during 2024 using applicable impairment models, noting no further impairment as of the date we entered into the Merger Agreement in July 2024 through December 31, 2024 (Predecessor).

There were no indicators of impairment of our intangible assets and therefore, we determined these intangible assets were not impaired as of December 31, 2025 (Successor). We also determined there were no changes in the useful life of the intangible assets.

Fair value adjustments related to losses and loss adjustment expenses and defendant asbestos and environmental liabilities and intangible assets established in purchase accounting, as well as amortization for the period from July 3, 2025 through December 31, 2025, consisted of the following:

	Gross Balance	Accumulated Amortization	Net Balance	Economic Useful Life
	(in millions of U.S. dollars)			
Fair value adjustment related to losses and loss adjustment expenses	$ 786	$ (75)	$ 711	7 years[1]
Fair value adjustment related to defendant asbestos and environmental liabilities	9	—	9	10 years[1]
Total fair value adjustment related to losses and loss adjustment expenses and defendant asbestos and environmental liabilities	$ 795	$ (75)	$ 720	
Value of business acquired	$ 6	$ (1)	$ 5	3 years[1]
Trade name	23	—	23	15 years
Licenses	17	N/A	17	Indefinite
Total intangible assets	$ 46	$ (1)	$ 45	

[1] The economic useful lives represent the weighted average amortization periods. These balances will be amortized over the estimated claim payment period of the related contracts.

The estimated aggregate amortization expense for the Company's intangible assets with finite lives and fair value adjustments related to losses and loss adjustment expenses and defendant asbestos and environmental liabilities for the next five years and thereafter is as follows:

	Total amortization
	(in millions of U.S. dollars)
2026	$ 127
2027	94
2028	72
2029	61
2030	58
Thereafter	336
Total	$ 748

17. DEBT OBLIGATIONS AND CREDIT FACILITIES

We utilize debt financing and credit facilities primarily for funding acquisitions and significant new business, investment activities and, from time to time, for general corporate purposes.

Our debt obligations were as follows:

				Successor		Predecessor	
				December 31, 2025		December 31, 2024	
Facility	Origination	Term	Principal	(Unamortized Cost) / Fair Value Adjustments [3]	Carrying Value	(Unamortized Cost) / Fair Value Adjustments	Carrying Value
				(in millions of U.S. dollars)			
4.95% Senior Notes due 2029	May 2019	10 years	$ 500	$ 3	$ 503	$ (3)	$ 497
3.10% Senior Notes due 2031	August 2021	10 years	500	(51)	449	(4)	496
Total Senior Notes					952		993
5.75% Junior Subordinated Notes due 2040 [1]	August 2020	20 years	350	—	—	(4)	346
5.50% Junior Subordinated Notes due 2042	January 2022	20 years	500	(8)	492	(6)	494
7.50% Junior Subordinated Notes due 2045	March 2025	20 years	350	9	359	—	—
Total Junior Subordinated Notes					851		840
EGL Revolving Credit Facility [2]	May 2023	5 years			—		—
Total debt obligations					$ 1,803		$ 1,833

[1] As of December 31, 2024 the principal amount of these notes was $350 million.

[2] Origination date on EGL Revolving Credit Facility represents the date of the most recent amendment and restatement.

[3] Fair value adjustments were established as part of the application of pushdown accounting based on the difference between fair value and carrying value at the closing date. Refer to Note 2 for additional details on the Merger and pushdown accounting, including the fair value adjustments. These amounts are in addition to unamortized debt issuance costs that resulted in the difference between the principal amount and the predecessor carrying value.

The table below provides a summary of the total interest expense for the periods referenced below:

	Successor	Predecessor		
	Period from July 3 to December 31, 2025	Period from January 1 to July 2, 2025	December 31, 2024	December 31, 2023
	(in millions of U.S. dollars)			
Interest expense on debt obligations	$ 48	$ 47	$ 87	$ 88
Amortization of debt issuance costs	4	1	2	2
Total interest expense	$ 52	$ 48	$ 89	$ 90

Senior Notes

The Senior Notes are effectively subordinated to all our secured indebtedness to the extent of the value of the assets securing such indebtedness, and structurally subordinated to all liabilities of our subsidiaries, including claims of policyholders. The Senior Notes are also contractually subordinated to claims of policyholders.

We may repurchase the 2029 Senior Notes and 2031 Senior Notes at any time prior to the date which is three months and six months, respectively, prior to maturity, subject to the payment of a make-whole premium. After such respective date, we may repurchase these Notes at a purchase price equal to 100% of the outstanding principal amount, plus accrued and unpaid interest. In each case, any such repurchases are also subject to satisfying certain regulatory requirements.

Junior Subordinated Notes

Junior Subordinated Notes due in 2042

The Junior Subordinated Notes due in 2042 are unsecured junior subordinated obligations of Enstar Finance LLC ("Enstar Finance") that are fully and unconditionally guaranteed by us on an unsecured and junior subordinated basis. These debt securities of Enstar Finance are effectively subordinated to the obligations of our other subsidiaries. The Junior Subordinated Notes due in 2042 are exclusively the obligations of Enstar Finance and us, to the extent of the guarantee, and are not guaranteed by any of our other subsidiaries, which are separate and distinct legal entities and, except for Enstar Finance, have no obligation, contingent or otherwise, to pay holders any amounts due on the Junior Subordinated Notes due in 2042 or to make any funds available for payment on the Junior Subordinated Notes due in 2042, whether by dividends, loans or other payments.

The Junior Subordinated Notes due in 2042 bear interest (i) during the initial five-year period ending January 14, 2027, at a fixed rate per annum of 5.50% and (ii) during each five-year reset period thereafter beginning January 15, 2027, at a fixed rate per annum equal to the five-year U.S. treasury rate calculated as of two business days prior to the beginning of such five-year period plus 4.006%.

Junior Subordinated Notes due in 2045

In March 2025, we completed the issuance and sale of $350 million in aggregate principal amount of our 7.50% Fixed-Rate Reset Junior Subordinated Notes due 2045, resulting in $345 million of proceeds, net of $5 million of debt issuance costs. In conjunction with the issuance, we completed a tender offer for and subsequent redemption of $350 million of our 5.75% Fixed-Rate Reset Junior Subordinated Notes due 2040.

The 7.50% Fixed-Rate Reset Junior Subordinated Notes bear interest (a) from the date of original issue to, but excluding, April 1, 2035, at the fixed rate of 7.50% per annum and (b) from, and including, April 1, 2035, during each five-year period thereafter, at a rate per annum equal to the five-year Treasury Rate as of two business days prior to the beginning of such five-year period plus 3.186%, as reset at the beginning of each such five-year period. Interest will be paid in arrears on April 1 and October 1 of each year, which commenced on October 1, 2025. If, as of any interest payment date, a Mandatory Deferral Event (as defined below) has occurred and is continuing, we will be required to defer payment of all (and not less than all) of the interest accrued on the 7.50% Fixed-Rate Reset Junior Subordinated Notes as of such interest payment date. A "Mandatory Deferral Event" will be deemed to have occurred if we or all of our subsidiaries that are regulated insurance or reinsurance companies (or part of such regulatory group) are in breach of the enhanced capital requirements under applicable insurance supervisory laws (the "Enhanced Capital Requirements"), or would breach such Enhanced Capital Requirements if payment of accrued and unpaid interest on the 7.50% Fixed-Rate Reset Junior Subordinated Notes, together with any accrued and unpaid interest on any junior subordinated notes outstanding that rank equally in right of payment with the 7.50% Fixed-Rate Reset Junior Subordinated Notes, were made.

Generally, if an event of default occurs, the trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Junior Subordinated Notes may declare the principal and accrued and unpaid interest on all the then outstanding Junior Subordinated Notes to be due and payable immediately.

Subject to certain threshold regulatory requirements and during certain time periods, we or Enstar Finance, as applicable, may repurchase the Junior Subordinated Notes, in whole or in part, at a repurchase price equal to at least 100% of the principal amount, plus accrued and unpaid interest.

Maturities

As of December 31, 2025, there were no outstanding debt obligations that will become due over the next three years. One of our series of Senior Notes with an outstanding principal balance of $500 million becomes due upon maturity in May 2029, and our remaining notes become due upon maturity in periods beyond five years from December 31, 2025.

Revolving Credit Facility

In May 2023, we and certain of our subsidiaries, as borrowers and guarantors, amended and restated our existing revolving credit agreement. The amendment increased the total commitments under the revolving credit facility from $600 million to $800 million and extended the expiry date to May 30, 2028. We may request additional commitments under the facility by up to an aggregate amount of $200 million, which the existing lenders, in their discretion, or new lenders, may provide. Under the amended facility, we may borrow revolving loans or request the issuance of syndicated or fronted letters of credit, in each case on a senior, unsecured basis.

Pricing under the facility will continue to be based on a per annum rate comprising a reference rate determined based on the type and currency of loan we borrow plus a margin that varies based on changes to our long term senior unsecured debt ratings assigned by S&P or Fitch (the “Debt Ratings”). The applicable reference rate is an adjusted forward-looking term rate based on the Secured Overnight Financing Rate (“Adjusted Term SOFR”) for loans denominated in U.S. dollars, a rate based on the Sterling Overnight Index Average for loans denominated in British pounds sterling, an adjusted rate based on the Euro Interbank Offered Rate for loans denominated in euros and a rate equal to the highest of the Prime Rate, an adjusted rate based on the Federal Funds Effective Rate and Adjusted Term SOFR (for a one-month period) for swingline loans. We pay letter of credit fees based on the average daily aggregate stated amount of outstanding letters of credit and the Debt Ratings. In addition, we pay commitment fees based on the average daily unused amount of the commitments and the Debt Ratings. If an event of default occurs, the interest rate will increase and the agent may, and at the request of the required lenders shall, terminate lender commitments and demand early repayment of any outstanding amounts borrowed (or cash collateralization of a percentage excess of the amount of outstanding letters of credit issued) under the facility.

Financial and business covenants imposed on us in relation to the amended facility include certain limitations on indebtedness and guarantees, liens, mergers, consolidations and other fundamental changes, and dispositions. Generally, the financial covenants require us to maintain a gearing ratio of consolidated financial indebtedness to total capitalization of not greater than 0.35 to 1.0 and to maintain a minimum consolidated net worth. In anticipation of the Merger and the resulting application of pushdown accounting which had the effect of reducing our equity, we entered into an amendment with the existing lenders to adjust the minimum measure of consolidated net worth to be not less than the aggregate of (i) $3.9 billion, plus (ii) 50% of net income available for distribution to ordinary shareholders at any time after September 30, 2025 (excluding net unrealized gains or losses on investments), plus (iii) 50% of the proceeds of any issuance of ordinary shares made after September 30, 2025. In addition, we must maintain eligible capital in excess of the enhanced capital requirement imposed by the Bermuda Monetary Authority pursuant to the Insurance (Group Supervision) Rules 2011 of Bermuda. As of December 31, 2025, we were in compliance with the covenants of the EGL Revolving Credit Facility.

As of December 31, 2025, we had no borrowings outstanding and therefore had $800 million of available unutilized capacity under our unsecured revolving credit agreement.

Credit and Deposit Facilities

We utilize unsecured and secured letters of credit ("LOCs") and a deposit facility to support certain of our (re)insurance performance obligations. We also utilize unsecured LOCs to support the regulatory capital requirements of certain of our subsidiaries.

Our credit and deposit facilities were as follows:

			Aggregate Amount Issued / Requested as Deposits / Face Amount	
			Successor	Predecessor
	Commitment	Additional Commitments Available [1]	December 31, 2025	December 31, 2024
	(in millions of U.S. dollars)			
$150 million FAL LOC Facility [2]	$ 150	$ 75	$ 150	$ 106
$90 million FAL Deposit Facility [2]	90	60	90	90
$318 million LOC Facility	318	—	318	346
$221 million LOC Facility	221	—	221	235
$120 million LOC Facility	120	60	87	116
$23 million LOC Facility [3]	23	—	23	23
$800 million Syndicated LOC Facility	800	—	550	675
$1 million LOC Facility	1	—	1	1
$100 million Bermuda LOC Facility [4]	100	—	100	100
$100 million Bermuda LOC Facility [4]	100	—	100	100
$100 million Bermuda LOC Facility [4]	100	—	100	100
$A100 million LOC Facility[5]	—	—	—	A$ 62
£32 million United Kingdom LOC Facility [3][5]	—	—	—	£ 40

[1] We may request additional commitments under the facility in an aggregate amount not to exceed this amount, which the existing lenders, in their discretion, or new lenders may provide.

[2] The FAL LOC Facility will expire on September 30, 2027, subject to our right to request up to three one-year extensions of the commitment period to September 30, 2028, September 30, 2029, and September 30, 2030, respectively. The FAL Deposit Facility will expire on July 21, 2026, subject to our right to request one one-year extension of the commitment period to July 21, 2027. Under the FAL Deposit facility, a third-party lender deposits a requested market valuation amount of eligible securities into Lloyd's on behalf of our Lloyd's corporate member. As of December 31, 2025 and December 31, 2024, our combined FAL comprised cash and investments of $276 million (including $95 million provided under the FAL Deposit Facility) and $314 million (including $85 million provided under the FAL Deposit Facility), respectively, and unsecured LOCs of $150 million and $106 million, respectively.

[3] The LOC issued under this facility qualifies as Ancillary Own Funds capital for one of our U.K. regulated subsidiaries.

[4] The LOC issued under this facility qualifies as Eligible Capital for one of our Bermuda regulated subsidiaries.

[5] The GBP and AUD LOC facilities were terminated in 2025 and are no longer active.

We also utilize secured operating LOCs. As of December 31, 2025 and 2024, the total balance of such secured operating LOCs issued and outstanding was $34 million and $54 million, respectively.

18. SHAREHOLDERS' EQUITY

Ordinary Shares

The following table shows the rollforward of our shares to reflect the impact of the cancellation of our predecessor shares due to the Merger and issuance of new shares in the successor period:

	Total Voting Ordinary Shares
Beginning balance as of January 1, 2025	15,241,316
Shares issued [1]	35,693
Retired treasury stock [2]	(356,140)
Shares as of July 2, 2025 (Pre-Merger)	14,920,869
Cancellation of shares	(14,920,869)
Issuance of shares	100
Shares as of July 3, 2025 (Post-Merger)	100

[1] Ordinary Shares issued in relation to share-based compensation plan awards and the Employee Share Purchase Plan.

[2] Represents shares held in the Enstar Group Limited Benefit Trust that were cancelled on January 21, 2025.

The newly issued shares are held by the Parent and have a par value of $1 per share. Each voting ordinary share entitles the holder thereof to one vote. There was no share activity between July 3 and December 31, 2025.

Dividends on Preferred Shares

Holders of Series D and Series E Preferred Shares are entitled to receive, only when, as and if declared, non-cumulative cash dividends, paid quarterly in arrears on the 1st day of March, June, September and December of each year, of 7.00% per annum.

Commencing on September 1, 2028, the Series D Preferred Shares will convert to a floating rate basis and dividends will be payable on a non-cumulative basis, when, as and if declared, at an alternative reference rate (with spread adjustment) to three-month LIBOR, as determined by the calculation agent consistent with accepted market practice, plus 4.015% per annum. Dividends that are not declared will not accumulate and will not be payable.

Period from July 3 to December 31, 2025

During the period from July 3 to December 31, 2025, we declared and paid dividends on Series D Preferred Shares of $14 million and on Series E Preferred Shares of $4 million.

Period from January 1 to July 2, 2025

During the period from January 1 to July 2, 2025, we declared and paid dividends on Series D Preferred Shares of $14 million and on Series E Preferred Shares of $4 million.

Year ended December 31, 2024

For the year ended December 31, 2024, we declared and paid dividends on Series D Preferred Shares of $28 million and on Series E Preferred Shares of $8 million.

Year ended December 31, 2023

For the year ended December 31, 2023, we declared and paid dividends on Series D Preferred Shares of $28 million and on Series E Preferred Shares of $8 million.

Any payment of dividends must be approved by our Board. Our ability to pay dividends is subject to certain restrictions[15].

[15] As described in Note 22.

Accumulated Other Comprehensive Income (Loss)

The following tables present a roll forward of accumulated other comprehensive income (loss):

	Successor
	Period from July 3 to December 31, 2025
	Unrealized (losses) gains on available-for-sale investments
	(in millions of U.S. dollars)
Balance July 3, 2025 net of tax	$ —
Unrealized gains on fixed maturities, AFS arising during the period	20
Reclassification adjustment for change in allowance for credit losses recognized in net income	4
Reclassification adjustment for net realized losses included in net income	(3)
Other comprehensive income	21
Balance December 31, 2025, net of tax	$ 21

	Predecessor			
	Period from January 1 to July 2, 2025			
	Unrealized (losses) gains on available-for-sale investments	Cumulative currency translation adjustment	FVO - Own credit Adjustment	Total
	(in millions of U.S. dollars)			
Balance December 31, 2024, net of tax	$ (361)	$ 10	$ 10	$ (341)
Unrealized gains on fixed maturities, AFS arising during the period	133	—	—	133
Reclassification adjustment for change in allowance for credit losses recognized in net income	1	—	—	1
Reclassification adjustment for net realized losses included in net income	6	—	—	6
Other comprehensive income	140	—	—	140
Balance July 2, 2025, net of tax	$ (221)	$ 10	$ 10	$ (201)

	Predecessor			
	Year Ended December 31, 2024			
	Unrealized (losses) gains on available-for-sale investments	Cumulative currency translation adjustment	FVO - Own credit Adjustment	Total
	(in millions of U.S. dollars)			
Balance December 31, 2023, net of tax	$ (368)	$ 12	$ 20	$ (336)
Unrealized losses on fixed maturities, AFS arising during the period	(2)	—	—	(2)
Reclassification adjustment for change in allowance for credit losses recognized in net income	(15)	—	—	(15)
Reclassification adjustment for net realized losses included in net income	24	—	—	24
Change in currency translation adjustment	—	(2)	—	(2)
Change in net liability for gains and LAE at fair value - Enstar-specific credit risk	—	—	(10)	(10)
Other comprehensive loss	7	(2)	(10)	(5)
Balance December 31, 2024, net of tax	$ (361)	$ 10	$ 10	$ (341)

	Predecessor				
	Year Ended December 31, 2023				
	Unrealized (losses) gains on available-for-sale investments	Cumulative currency translation adjustment	Remeasurement of future policyholder benefits - change in discount rate	FVO - Own credit Adjustment	Total
	(in millions of U.S. dollars)				
Balance December 31, 2022, net of tax	$ (584)	$ 9	$ 273	$ —	$ (302)
Unrealized losses on fixed maturities, AFS arising during the period	154	—	—	—	154
Reclassification adjustment for change in allowance for credit losses recognized in net income	(11)	—	—	—	(11)
Reclassification adjustment for net realized losses included in net income	75	—	—	—	75
Change in currency translation adjustment	—	3	—	—	3
Reclassification adjustment for remeasurement of future policyholder benefits included in net income	—	—	(363)	—	(363)
Change in net liability for gains and LAE at fair value - Enstar-specific credit risk	—	—	—	20	20
Other comprehensive loss (income)	218	3	(363)	20	(122)
Less: Other comprehensive income attributable to NCI and RNCI	(2)	—	90	—	88
Balance December 31, 2023, net of tax	$ (368)	$ 12	$ —	$ 20	$ (336)

The following tables present details about the tax effects allocated to each component of other comprehensive income (loss):

	Successor			Predecessor					
	Period from July 3 to December 31, 2025			Period from January 1 to July 2, 2025			Year Ended December 31, 2024		
	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
	(in millions of U.S. dollars)								
Unrealized (losses) gains on fixed income securities, AFS arising during the year	$ 23	$ (3)	$ 20	$ 140	$ (7)	$ 133	$ (18)	$ 16	$ (2)
Reclassification adjustment for change in allowance for credit losses recognized in net income	4	—	4	1	—	1	(15)	—	(15)
Reclassification adjustment for net realized (gains) losses included in net income	(3)	—	(3)	6	—	6	24	—	24
Change in currency translation adjustment	—	—	—	—	—	—	(2)	—	(2)
Change in net liability for losses and LAE at fair value - Instrument-specific credit risk	—	—	—	—	—	—	(10)	—	(10)
Other comprehensive income (loss)	$ 24	$ (3)	$ 21	$ 147	$ (7)	$ 140	$ (21)	$ 16	$ (5)

	Predecessor		
	Year Ended December 31, 2023		
	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
	(in millions of U.S. dollars)		
Unrealized (losses) gains on fixed income securities, AFS arising during the year	$ 150	$ 4	$ 154
Reclassification adjustment for change in allowance for credit losses recognized in net income	(11)	—	(11)
Reclassification adjustment for net realized (gains) losses included in net income	76	(1)	75
Change in currency translation adjustment	3	—	3
Reclassification adjustment for remeasurement of future policyholder benefits included in net income	(363)	—	(363)
Change in net liability for losses and LAE at fair value - Instrument-specific credit risk	20	—	20
Other comprehensive income (loss)	$ (125)	$ 3	$ (122)

The following table presents details of amounts reclassified from AOCI:

Details about AOCI components	Successor	Predecessor			Affected Line Item in Statement where Net Income are presented
	Period from July 3 to December 31, 2025	Period from January 1 to July 2, 2025	Year Ended December 31, 2024	Year Ended December 31, 2023	
	(in millions of U.S. dollars)				
Unrealized (losses) gains on fixed maturities, AFS	$ (1)	$ 7	$ (9)	$ (65)	Net realized and unrealized (losses) gains
	$ (1)	$ 7	$ (9)	$ (65)	Total before tax
Income tax benefit	—	—	—	1	Income tax benefit
	(1)	7	(9)	(64)	Net of tax
Other	—		—		General and administrative expenses
Remeasurement of future policyholder benefits	—	—	—	363	Other income
Total reclassifications for the period, net of tax	**$ (1)**	**$ 7**	**$ (9)**	**$ 299**	Net of tax

Changes in Ownership of Consolidated Subsidiaries

The following table summarizes changes in the ownership interest in consolidated subsidiaries:

	Successor	Predecessor		
	Period from July 3 to December 31, 2025	Period from January 1 to July 2, 2025	Year Ended December 31, 2024	Year ended December 31, 2023
	(in millions of U.S. dollars)			
Net income attributable to Enstar ordinary shareholders	$ 493	$ 51	$ 540	$ 1,082
Transfers from noncontrolling and redeemable noncontrolling interests:				
Increase in Enstar's additional paid-in capital for purchase of noncontrolling interest and redeemable noncontrolling interests [1]	—	—	—	18
Change from net income attributable to Enstar ordinary shareholders and net transfers from noncontrolling and redeemable noncontrolling interests	$ 493	$ 51	$ 540	$ 1,100

[1] The transfer from the noncontrolling interests and redeemable noncontrolling interests for the year ended December 31, 2023 relates to the repurchase of the entire 24.9% ownership interest Allianz held in Enhanzed Re recorded in the first quarter of 2023 and the repurchase of the remaining 41.0% ownership interest the RNCI Holders held in SSHL recorded in the fourth quarter of 2023, respectively.

19. SHARE-BASED COMPENSATION

Successor Period

Following the completion of the Merger in July 2025 and the subsequent deregistration with the SEC, the Company does not have any share-based compensation plans for its employees. All awards to employees are now cash-based incentive awards.

Completion of Merger

In connection with the completion of the Merger, the Company's existing equity awards were settled as follows:

- all nonvested restricted share units ("RSUs"), excluding those granted in 2025, became fully vested due to the acceleration of the vesting period, and employees holding the RSUs received $338 per RSU vested in exchange for the cancellation of the awards; and
- all nonvested performance share units ("PSUs") became vested on a prorated basis determined by the number of days lapsed in the performance period and using a multiplier as determined based on actual performance. Employees holding the PSUs received $338 per PSU vested in exchange for the cancellation of the award.

The completion of the Merger resulted in the vesting of 29,895 RSUs and 68,912 PSUs, which were valued at an aggregate $33 million based on the $338 per award received by the holders of such awards. Of the total value, $18 million related to the portion of the vesting period that had lapsed as of the Merger closing date, which was included as part of the Merger consideration. The remaining $15 million related to awards that had not vested as of the Merger closing date, and the increase in the fair value of the awards from the grant date value to $338 per award, was recognized as expense as of the Merger completion during the period from July 3 to December 31, 2025.

Predecessor Period

Under the Enstar 2016 Equity Incentive Plan, the Company previously granted awards to employees in the form of PSUs, RSUs, and Joint Share Ownership Plans ("JSOP"), collectively referred to as our share-based compensation awards. Our share-based compensation awards qualified for equity classification. New shares were issued once the awards vested. We also maintained an employee share purchase plan.

For equity-classified awards, the fair value of the compensation cost was measured at the grant date and expensed over the service period of the award within general and administrative expenses in the consolidated statements of operations. Expenses for the PSU awards were adjusted for changes in the performance multiplier on the award. Forfeitures were recognized as they occurred. The table below provides a summary of the compensation costs for all of our former share-based compensation plans for the predecessor period from January 1, 2025 to July 2, 2025 and the years ended December 31, 2024 and 2023:

	January 1 to July 2, 2025	Year Ended December 31, 2024	Year Ended December 31, 2023
	(in millions of U.S. dollars)		
Share-based compensation:			
Restricted shares and restricted share units	$ 5	$ 14	$ 12
Performance share units	3	10	8
Joint share ownership plan expense	—	6	6
Other share-based compensation	—	15	4
Total share-based compensation	$ 8	$ 45	$ 30

For the year ended December 31, 2024, $14 million of expense included within other share-based compensation relates to cash settlement of RSUs and PSUs of a departing executive.

The associated tax benefit recorded to income tax benefit (expense) in the consolidated statements of operations was $5 million for the year ended December 31, 2024.

The following summarizes the Company's equity-based compensation plans that were in effect during the Predecessor period prior to the Merger date.

Joint Share Ownership Plan (JSOP)

In January 2020, a JSOP award comprising 565,630 underlying voting ordinary shares was made to our Chief Executive Officer (“CEO”) which cliff-vested upon the vesting date. The value of the award at vesting was determined based on the price of our voting ordinary shares appreciating above a certain threshold between the date of grant and the vesting date. If the higher of the closing price per share on the vesting date and the 10-day volume weighted average price per share for the ten consecutive trading days ending on the vesting date (each, the "Market Price") was equal to or greater than the hurdle price, the award would have had a value equal to the Market Price, less $205.89, multiplied by 565,630. If the Market Price was less than the hurdle price on such date, the award would have had no value. In addition, 20.0% of the award was subject to a performance condition based on growth in Fully Diluted Book Value Per Share (“FDBVPS”) over a five year period starting January 1, 2020.

The accounting for stock-settled JSOP awards is similar to options, whereby the grant date fair value of $14 million was expensed over the life of the award. On July 1, 2022, the terms of the JSOP award made to our CEO were amended to extend the vesting date of the award from January 20, 2023 to January 20, 2025. The amendment maintained the compound annual growth used to determine the hurdle price that must be achieved for the JSOP award to vest, which resulted in an increase to the hurdle price from $266.00 to $315.53. A corresponding extension was made to the term of the performance condition based on growth in FDBVPS from December 31, 2022 to December 31, 2024. All other terms of the award remained the same. The incremental fair value of the amended award on July 1, 2022 was $15 million, or $27.25 per share, which was expensed over the remaining life of the award commencing from July 1, 2022.

In January 2025, the JSOP award vested at a market price of $327.00 per share as the Market Price exceeded the hurdle price and the performance condition based on growth in FDBVPS was met. The option was exercised on January 21, 2025 and accordingly 209,490 shares were issued to our CEO (calculated as the market price of $327.00 less $205.89, multiplied by the 565,630 shares comprising the JSOP award, divided by the market price of $327.00).The remaining 356,140 shares held in the Enstar Group Limited Benefit Trust were cancelled on January 21, 2025.

Restricted Shares and Restricted Share Units (RSUs)

The Company previously granted service-based restricted share and restricted share unit awards that typically vested over a three-year period within general administrative expense within the consolidated statement of operations with a corresponding amount recorded in additional paid-in capital on the consolidated balance sheets. The unrecognized compensation cost related to unvested awards was $10 million as of December 31, 2024. All awards became fully vested and were settled in connection with the Merger in 2025.

Performance Share Units (PSUs)

PSUs vested following a three-year performance period, with the number of shares ultimately vesting determined by a performance adjustment factor. The performance metrics were based on either (i) the change in FDBVPS over the three-year period, or (ii) average annual non-GAAP operating income return on equity. Unrecognized compensation cost related to unvested PSU awards was $19 million as of December 31, 2024, which would have been recognized over approximately 1.6 years from that date absent the Merger.

Deferred Compensation and Ordinary Share Plan for Non-Employee Directors

Non-employee directors participated in a deferred compensation plan under which they received Restricted Shares and RSUs, of which 51,740 shares were outstanding as of December 31, 2024. All awards became fully vested and were settled in connection with the Merger in 2025.

Employee Share Purchase Plan (“ESPP”)

Eligible employees were permitted to purchase shares at a 15.0% discount to market price (such discount was expensed as compensation cost). The ESPP was suspended in July 2024 in accordance with terms of the Merger Agreement (with 3,955 shares issued during that year).

20. INCOME TAXATION

Enstar is incorporated under the laws of Bermuda and, prior to the enactment of Bermuda corporate income tax legislation, was not required to pay taxes in Bermuda based upon income or capital gains under the Exempted Undertakings Tax Protection Act of 1966. In December 2023, the Government of Bermuda enacted the Corporate Income Tax Act 2023 (the "CIT Act"), which introduced a 15% corporate income tax applicable to Bermuda businesses that are part of an in-scope multinational enterprise group ("MNE Group"), effective for tax years beginning on or after January 1, 2025. Based on annual revenue reflected in our consolidated financial statements, Enstar is an in-scope MNE Group beginning in 2025. The CIT Act also provides for a five-year limited international footprint exemption for qualifying MNE Groups. Based on Enstar's operating countries and organizational footprint as of December 31, 2024 and 2025, the Company qualifies for the limited international footprint exemption, resulting in a deferral of the application of Bermuda corporate income tax until tax years beginning on or after January 1, 2030.

In December 2025, the Government of Bermuda gave assent to the Tax Credits Act 2025 (the "Credits Act") and the Corporate Income Tax Amendment (No. 2) Act 2025 (the "Amendment Act"). These Acts provide additional clarification, transitional relief, and incentive mechanisms in connection with the implementation of Bermuda's corporate income tax regime, with the Credits Act establishing statutory tax credit frameworks and the Amendment Act introducing technical amendments designed to align the corporate income tax regime with the OECD Pillar Two Global Anti-Base Erosion ("GloBE") rules and related administrative provisions. Pursuant to the Credits Act, the Company recorded a tax benefit of $4 million, with a portion of this amount expected to be refunded in 2026. The Amendment Act includes provisions related to the Economic Transition Adjustment ("ETA"), including a modification to the original determination of the ETA which included elimination of deferred tax liabilities as a component of the calculation which had previously reduced the benefit recorded. As a result, the Company recognized a tax benefit of $87 million in December 2025 related to this modification.

The Company evaluated both the Amendment Act and the Credits Act and determined that, aside from the items described above, there were no other changes that would have a material impact on Enstar's financial position as of December 31, 2025.

We have foreign operating subsidiaries and branch operations located in six countries, consisting of Bermuda, U.S., U.K., Liechtenstein, Belgium and Australia, that are subject to federal, foreign, state and local taxes in those jurisdictions. The undistributed earnings from our foreign (non-Bermuda) subsidiaries will be indefinitely reinvested in those jurisdictions where the undistributed earnings were earned.

Deferred tax liabilities have not been accrued with respect to the undistributed earnings of our foreign subsidiaries. Generally, when earnings are distributed as dividends, withholding taxes may be imposed by the jurisdiction of the paying subsidiary. For our U.S. subsidiaries, we have not currently accrued any withholding taxes with respect to remitted earnings because, solely for U.S. Federal income tax purposes, there are no accumulated positive earnings and profits that could be subject to U.S. dividend withholding tax. For our U.K. subsidiaries, there are no withholding taxes imposed as a matter of U.K. domestic tax law. For our other foreign subsidiaries, an insignificant amount of earnings is indefinitely reinvested; however, it would not be practicable to compute the related amounts of withholding taxes due to a variety of factors, including the amount, timing and manner of any repatriation. Because we operate in many jurisdictions, our net income is subject to risk due to changing tax laws and tax rates around the world. The current, rapidly changing economic environment may increase the likelihood of substantial changes to tax laws in the jurisdictions in which we operate.

Income Tax Expense

The following table presents income (loss) before income taxes by jurisdiction, including income (losses) from equity method investments, for the successor and predecessor periods referenced below:

	Successor	Predecessor		
	Period from July 3 to December 31, 2025	Period from January 1 to July 2, 2025	December 31, 2024	December 31, 2023
	(in millions of U.S. dollars)			
Domestic (Bermuda)	$ 523	$ 100	$ 635	$ 1,046
Foreign	(82)	(32)	8	(78)
Income (loss) before income taxes, including income (losses) from equity method investments	$ 441	$ 68	$ 643	$ 968

The following table presents our current and deferred income tax (benefit) expense attributable to continuing operations by jurisdiction for the successor and predecessor periods referenced below:

	Successor	Predecessor		
	Period from July 3 to December 31, 2025	Period from January 1 to July 2, 2025	December 31, 2024	December 31, 2023
	(in millions of U.S. dollars)			
Current:				
Domestic (Bermuda)	$ —	$ —	$ 1	$ —
Foreign	1	2	6	6
	1	2	7	6
Deferred:				
Domestic (Bermuda)	(82)	(1)	77	(205)
Foreign	10	(2)	(22)	(51)
	(72)	(3)	55	(256)
Total income tax (benefit) expense attributable to continuing operations	$ (71)	$ (1)	$ 62	$ (250)

The actual effective income tax rate differs from the statutory rate of 15 percent (0 percent for the periods ended December 31, 2024 and 2023 (predecessor)) under Bermuda law applied to income (loss) before income taxes,

including income (losses) from equity method investments for the successor and predecessor periods as shown in the following reconciliation:

	Successor	Predecessor		
	Period from July 3 to December 31, 2025	Period from January 1 to July 2, 2025	December 31, 2024	December 31, 2023
	(in millions of U.S. dollars)			
Income before income taxes	$ 441	$ 68	$ 643	$ 968
Bermuda income taxes at statutory rate	15.0 %	15.0 %	0.0 %	0.0 %
Foreign income tax rate differential	(1.5)%	(5.9)%	0.7 %	(2.0)%
Bermuda ETA [1][2]	(19.8)%	— %	13.2 %	(22.8)%
Change in valuation allowance	3.5 %	15.4 %	(5.5)%	(1.6)%
Effect of change in income tax rate	— %	— %	(1.1)%	1.4 %
Bermuda exemption [3]	(17.8)%	(22.1)%	— %	— %
Other	4.5 %	(3.9)%	2.3 %	(0.8)%
Effective income tax rate	(16.1)%	(1.5)%	9.6 %	(25.8)%

[1] For the year ended December 31 2024, we recorded a deferred tax expense of $85 million related to the reduction of the previously established ETA, which is not anticipated to be utilized during the five-year deferral for Bermuda CIT.

[2] For the period July 3 to December 31 2025, we increased our ETA deferred tax benefit by $87 million due to the Bermuda Corporate Income Tax amendments enacted in December 2025. There was no deferred tax recorded in the period January 1 to July 2 2025 related to the Bermuda Corporate Income Tax amendments enacted.

[3] As referenced above, Enstar Group qualified for a five-year exemption from Bermuda corporate income tax beginning January 1, 2025 when the corporate income tax went into effect.

Our effective tax rate is generally driven by the geographical distribution of our income (loss) before income taxes between our taxable and non-taxable jurisdictions.

Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities (included in other assets and other liabilities, respectively, in the consolidated balance sheets) reflect the tax effect of the differences between the financial statement carrying amount and the income tax bases of assets and liabilities.

Significant components of the deferred tax assets and deferred tax liabilities as of December 31, 2025 (Successor) and 2024 (Predecessor) were as follows:

	Successor	Predecessor
	December 31, 2025	December 31, 2024
	(in millions of U.S. dollars)	
Deferred tax assets:		
Net operating loss carryforwards	$ 242	$ 242
Capital loss carryforwards	6	6
Insurance reserves	193	130
Unearned premiums	5	6
Provisions for bad debt	2	2
Defendant asbestos and environmental liabilities	121	80
Fair value of investments	26	27
Fair value of financial instruments	17	18
Other deferred tax assets	27	32
Deferred tax assets	639	543
Valuation allowance	(156)	(124)
Deferred tax assets, net of valuation allowance	483	419
Deferred tax liabilities:		
Lloyd's underwriting result in future periods	(12)	(9)
Fair value and other basis differences	(91)	(50)
Other deferred tax liabilities	(12)	(8)
Deferred tax liabilities	(115)	(67)
Net deferred tax asset	$ 368	$ 352

Net Deferred Tax Asset (Liability) Balance by Major Jurisdiction

	Successor	Predecessor
	December 31, 2025	December 31, 2024
	(in millions of U.S. dollars)	
Australia	$ 3	$ 3
Bermuda	159	144
United States	206	208
United Kingdom	—	(3)
Total	$ 368	$ 352

Net Operating and Capital Loss Carryforwards

As of December 31, 2025 (Successor), we had net operating loss carryforwards that could be available to offset future taxable income, as follows:

Tax Jurisdiction	Loss Carryforwards	Tax effect	Expiration
	(in millions of U.S. dollars)		
Net Operating Loss Carryforwards:			
United States - Net operating loss	$ 483	$ 101	2028-2044
United States - Net operating loss	138	29	Indefinitely
United Kingdom	350	87	Indefinitely
Other	104	25	Various
Capital Loss Carryforwards:			
United States - Capital Loss	30	6	2028

The U.S. and U.K. net operating loss carryforwards are also subject to certain utilization limitations and have been considered in management's assessment of valuation allowance.

Foreign Tax Credit Carryforwards:

As of December 31, 2025 (Successor), we had foreign tax credit carryforwards available for tax purposes, as follows:

Tax Jurisdiction	Tax effect	Expiration
	(in millions of U.S. dollars)	
United Kingdom	$ 8	Indefinitely

Assessment of Valuation Allowance on Deferred Tax Assets

As of December 31, 2025 (successor) and 2024 (predecessor), we had deferred tax asset valuation allowances of $156 million and $124 million, respectively, related to foreign subsidiaries. We recorded a net decrease of $11 million in our deferred tax valuation allowance for the period from January 1 to July 2, 2025 (predecessor) and a net increase of $43 million in our deferred tax valuation allowance for the period from July 3, 2025 to December 31, 2025 (successor).

For the period from January 1 to July 2, 2025 (predecessor), in the U.S. jurisdiction, the valuation allowance decreased by $5 million due to $3 million of utilization of deferred tax assets as a result of earnings reported for the period and $2 million related to a reduction in deferred tax assets associated with decreases in unrealized losses on investment securities reported in AOCI. In the U.K. and E.U. jurisdictions, the valuation allowance decreased by $6 million due to $9 million related to a reduction in deferred tax assets associated with decreases in unrealized losses on investment securities reported in AOCI and partially offset by $3 million related to increase in other deferred tax assets for which a full valuation allowance was recorded.

For the period from July 3, 2025 to December 31, 2025 (successor), the valuation allowance increased by $22 million primarily due to changes in deferred taxes arising from pushdown accounting primarily attributable to the fair value of asbestos reserves. In addition, there was a $21 million increase in the valuation allowance due to certain jurisdictions that have been producing recurring losses.

The realization of deferred tax assets is dependent on generating sufficient taxable income in future periods in which the tax benefits are deductible or creditable. The amount of the deferred tax asset considered realizable, however, could be adjusted in the future if estimates of future taxable income change.

Income taxes are determined and assessed jurisdictionally by legal entity or by filing group. Certain jurisdictions require or allow combined or consolidated tax filings. We have estimated the future taxable income of our foreign subsidiaries and provided a valuation allowance in respect of those assets where we do not expect to realize a benefit. We have considered all available evidence using a “more likely than not” standard in determining the amount of the valuation allowance. We considered the following evidence:

i. net income or losses in recent years;

ii. the future sustainability and likelihood of positive net income of our subsidiaries;

iii. the carryforward periods of tax losses including the effect of reversing temporary differences; and

iv. tax planning strategies.

In making our determination, the assumptions used in determining future taxable income require significant judgment and any changes in these assumptions could have an impact on net income.

Unrecognized Tax Benefits

During the successor or predecessor periods in 2025 and the years ended December 31, 2024 and 2023 there were no unrecognized tax benefits. There were no accruals for the payment of interest and penalties related to income taxes as of December 31, 2025 (Successor) and 2024 (Predecessor).

Open Tax Years

Our operating subsidiaries may be subject to examination by various tax authorities and may have different statutes of limitations expiration dates. Taxing authorities may propose adjustments to our income taxes.

Listed below are the tax years that remain subject to examination by a major tax jurisdiction as of December 31, 2025 (Successor):

Major Tax Jurisdiction	Open Tax Years
United States	2022-2025
United Kingdom	2023-2025

21. RELATED PARTY TRANSACTIONS

The following tables summarize our related party balances and transactions. Additional details about the nature of our relationships and transactions are included further below.

	Successor					
As of December 31, 2025	**Monument**	**AmTrust**	**JC Flowers [1]**	**Sixth Street**	**Core Specialty**	**Other [2]**
	(in millions of U.S. dollars)					
Assets						
Fixed maturities, AFS, at fair value	$ —	$ —	$ —	$ 344	$ —	$ —
Equities, at fair value	22	290	—	—	—	42
Funds held	—	—	—	—	13	—
Other investments, at fair value	—	—	27	8	—	2,523
Equity method investments	—	—	—	—	319	5
Total investments	22	290	27	352	332	2,570
Cash and cash equivalents	—	—	—	26	—	—
Liabilities						
Losses and LAE	—	—	—	—	134	—
Insurance and reinsurance balances payable	—	—			3	—
Net assets	$ 22	$ 290	$ 27	$ 378	$ 195	$ 2,570

[1] Upon completion of the Merger on July 2, 2025, investment vehicles managed or advised by affiliates of J.C. Flowers & Co. LLC ("JC Flowers") hold a minority of the participating units that represent a non-voting economic interest in Elk Topco.

[2] Other related party investments include investments in Positive Physicians Holdings, Inc, an equity method investment, and limited partnerships and partnership-like limited liabilities companies, for which had we not elected the fair value option, would otherwise be accounted for as equity method investments. We have disclosed our investments in these entities on an aggregated basis as they are individually immaterial.

	Predecessor				
As of December 31, 2024	**Stone Point**	**Monument**	**AmTrust**	**Core Specialty**	**Other**
	(in millions of U.S. dollars)				
Assets					
Fixed maturities, trading, at fair value	$ 23	$ —	$ —	$ —	$ —
Fixed maturities, AFS, at fair value	283	—	—	—	—
Equities, at fair value	156	—	222	—	—
Funds held	—	—	—	18	—
Other investments, at fair value	424	—	—	—	1,754
Equity method investments	—	19	—	281	13
Total investments	886	19	222	299	1,767
Cash and cash equivalents	38	—	—	—	—
Other assets	6	—	—	10	—
Liabilities					
Losses and LAE	—	—	—	152	—
Other liabilities	1	—	—	—	—
Net assets	$ 929	$ 19	$ 222	$ 157	$ 1,767

	Successor					
	Period from July 3 to December 31, 2025					
	Monument	AmTrust	JC Flowers	Sixth Street	Core Specialty	Other
REVENUES	(in millions of U.S. dollars)					
Net premiums earned	$ —	$ —	$ —	$ —	$ 1	$ —
Net investment income	4	2		4	1	7
Fair value changes in equity and trading securities, funds held and other investments	—	61	4	—	—	103
Other income	—	—	—	—	(5)	—
Total revenues	4	63	4	4	(3)	110
Net incurred losses and LAE	—	—	—	—	36	—
Investment interest expense	—	—	—	4	—	—
Total expenses	—	—	—	4	36	—
(Losses) income from equity method investments	—	—	—	—	14	—
Total net income (loss)	$ 4	$ 63	$ 4	$ —	$ (25)	$ 110

	Predecessor				
	Period from January 1 to July 2, 2025				
	Stone Point	Monument	AmTrust	Core Specialty	Other
REVENUES	(in millions of U.S. dollars)				
Net investment income	$ 7	$ —	$ 3	$ —	$ 6
Fair value changes in equity and trading securities, funds held and other investments	(10)	—	10	—	28
Other income	—	—	—	5	—
Total revenues	(3)	—	13	5	34
EXPENSES					
Net incurred losses and LAE	—	—	—	10	—
Total expenses	—	—	—	10	—
(Losses) income from equity method investments	—	(3)	—	4	—
Total net income (loss)	$ (3)	$ (3)	$ 13	$ (1)	$ 34

	Predecessor				
	Year Ended December 31, 2024				
	Stone Point	Monument	AmTrust	Core Specialty	Other
REVENUES	(in millions of U.S. dollars)				
Net premiums earned	$ —	$ —	$ —	$ 1	$ —
Net investment income	13	—	7	1	10
Fair value changes in equity and trading securities, funds held and other investments	73	—	42	—	109
Total revenues	86	—	49	2	119
Net incurred losses and LAE	—	—	—	56	—
Total expenses	—	—	—	56	—
(Losses) income from equity method investments	—	(73)	—	56	(1)
Total net income (loss)	$ 86	$ (73)	$ 49	$ 2	$ 118

	Predecessor						
	Year Ended December 31, 2023						
	Stone Point	Northshore [1]	Monument	AmTrust	Citco	Core Specialty	Other
REVENUES	(in millions of U.S. dollars)						
Net premiums earned	$ —	$ —	$ —	$ —	$ —	$ (5)	$ —
Net investment income	13	—	—	6	—	1	6
Fair value changes in equity and trading securities, funds held and other investments	46	(11)	—	(9)	—	—	113
Total revenues	59	(11)	—	(3)	—	(4)	119
Net incurred losses and LAE	—	(2)	—	—	—	(21)	—
Total expenses	—	(2)	—	—	—	(21)	—
(Losses) income from equity method investments	—	—	(10)	—	9	14	—
Total net income (loss)	$ 59	$ (9)	$ (10)	$ (3)	$ 9	$ 31	$ 119

[1] Northshore ceased to be a related party in December 2023, following the completion of a RNCI redemption.

JC Flowers

Upon completion of the Merger on July 2, 2025, investment vehicles managed or advised by affiliates of JC Flowers hold a minority of the participating units that represent a non-voting economic interest in Elk Topco. Pursuant to the Amended and Restated Limited Liability Company Operating Agreement of Elk Topco (the “Operating Agreement”), JC Flowers is entitled to a director representative on Elk Topco’s Board of Directors.

Sixth Street

Upon completion of the Merger on July 2, 2025, the Company became a wholly-owned subsidiary of the Parent. The Parent is owned by Elk Topco, which is the ultimate holding company and is backed by equity commitments from investment vehicles managed or advised by affiliates of Sixth Street Partners, LLC (“Sixth Street”). Refer to Note 2 for additional details on the Merger.

An entity controlled by principals of Sixth Street holds all of the voting units of Elk Topco. Investment vehicles managed or advised by affiliates of Sixth Street hold a majority of the participating units representing a non-voting economic interest in Elk Topco. Pursuant to the Operating Agreement, Sixth Street is entitled to various shareholder rights, including the right to appoint three director representatives to the Elk Topco Board of Directors. In addition, two Managing Directors of Sixth Street are members of Enstar’s Board of Directors.

Monument Re

As of each of December 31, 2025 and 2024, we owned 24.6% of the common shares of Monument Re. As of December 31, 2024, a fund managed by Stone Point owned 15.7% of Monument Re’s preferred shares.

We have accounted for our investment in the shares of Monument Re as an investment in a privately held equity security at fair value.

Previously, we accounted for our investment in the common shares (and the preferred shares prior to their conversion to common shares on January 2, 2024) of Monument Re as an equity method investment.

AmTrust

As of each of December 31, 2025 and 2024, we owned 8.7% of the equity interest in Evergreen Parent L.P. ("Evergreen"). As of December 31, 2024 Trident Pine Acquisition LP ("Trident Pine") owned 22.6%. Evergreen owns all the equity interest in AmTrust Financial Services, Inc. (“AmTrust"). Trident Pine is an entity owned by private equity funds managed by Stone Point. As stated below, Stone Point is no longer a related party as a result of the Merger.

We have accounted for our investment in the shares of AmTrust as an investment in a privately held equity security at fair value.

Citco

During 2023, we divested our equity ownership in the common shares of HH CTCO Holdings Limited and recorded a $5 million gain.

Core Specialty

As of December 31, 2025 and 2024, we owned 19.6% and 19.9% of the common shares of Core Specialty Insurance Holdings, Inc. (“Core Specialty”), respectively.

We account for our investment in the common shares of Core Specialty as an equity method investment on a one quarter lag.

We also have an LPT and ADC reinsurance agreement and an ASA between certain of our subsidiaries and StarStone U.S. and Core Specialty.

Furthermore, there are existing reinsurance agreements whereby (i) certain of our subsidiaries provide reinsurance protection to StarStone U.S. and (ii) StarStone U.S. provides reinsurance protection to certain of our subsidiaries. These arrangements remain in place.

Stone Point

As of July 2, 2025, Stone Point Capital LLC (“Stone Point”) is no longer a related party as a result of the Merger.

As of December 31, 2024, investment funds managed by Stone Point owned 1,451,196 of our voting ordinary shares, which constituted 9.5% of our outstanding voting ordinary shares. James D. Carey, Co-Chief Executive Officer of Stone Point, was a member of Enstar’s Board of Directors.

We have made various investments in funds and separate accounts managed by Stone Point or affiliates of Stone Point, and we have also made direct investments in entities affiliated with Stone Point. Where we have made an investment in a fund, the manager of such fund generally charges certain fees to the fund, which are deducted from the net asset value.

We also have certain co-investments alongside Stone Point and its affiliates, including our investment in AmTrust, described below, Mitchell Topco Holdings, the parent company of Mitchell International ("Mitchell"), and Genex Services in which we have invested $33 million and account for as a privately held equity investment. Mitchell provides third-party outsourcing managed care services to one of our subsidiaries in the ordinary course of its business. During the year ended December 31, 2024 we committed to invest $10 million in an insurance-linked securities (“ILS”) arrangement through a Bermuda-based collateralized reinsurer that will provide reinsurance capacity across a diversified portfolio of casualty programs; Stone Point also invested in this ILS arrangement and is the investment manager.

Other

We also have certain other investments, including investments in limited partnerships and partnership-like limited liability companies, that had we not elected the fair value option would otherwise be accounted for as equity method investments. We have disclosed our investments in these entities on an aggregated basis as they are individually immaterial. Refer to Note 6 for further information regarding our other investments, including those for which the fair value option was elected.

22. DIVIDEND RESTRICTIONS AND STATUTORY FINANCIAL INFORMATION

Company Dividend Restrictions

There were no significant restrictions on the Company's ability to pay dividends from retained earnings as of December 31, 2025. Bermuda law permits the payment of dividends if:

i) we are not, or would not be after payment, unable to pay our liabilities as they become due; and

ii) the realizable value of our assets is more than our liabilities after taking such payment into account.

We have not historically declared a dividend on our ordinary shares. The issuance of our Series D and E Preferred Shares have resulted in the declaration of dividends. Holders of Series D and Series E Preferred Shares are entitled to receive, only when, as and if declared, non-cumulative cash dividends, paid quarterly in arrears on the first day of March, June, September and December of each year of 7.0% per annum[16].

The Bermuda Monetary Authority ("BMA") acts as group supervisor to Enstar. On an annual basis, we are required to file group statutory financial statements, a group statutory financial return, a group capital and solvency return, audited group financial statements and a Group Solvency Self-Assessment ("GSSA") with the BMA. The GSSA is designed to document our perspective on the capital resources necessary to achieve our business strategies and remain solvent, and to provide the BMA with insights on our risk management, governance procedures and documentation related to this process. We are required to maintain available group statutory capital and surplus in an amount that is at least equal to the group enhanced capital requirement (“ECR”). The BMA has established a group target capital level equal to or exceeding 130% of the Group ECR. The Group was in compliance with this requirement throughout the reporting period.

Our ability to pay dividends to our shareholders is dependent upon the ability of our (re)insurance subsidiaries to distribute capital and pay dividends to us. Our (re)insurance subsidiaries are subject to certain regulatory restrictions on the distribution of capital and payment of dividends in the jurisdictions in which they operate, as described below. The restrictions are generally based on net income or levels of capital and surplus as determined in accordance with the relevant statutory accounting practices. Failure of these subsidiaries to meet their applicable regulatory requirements could result in restrictions on any distributions of capital or retained earnings or stricter regulatory oversight of the subsidiaries.

Our ability to pay dividends and make other forms of distributions may also be limited by repayment obligations and financial covenants in our outstanding loan facility agreements.

Subsidiary Statutory Financial Information and Dividend Restrictions

Our (re)insurance subsidiaries prepare their statutory financial statements in accordance with statutory accounting practices prescribed or permitted by local regulators. Statutory and local accounting differs from U.S. GAAP, including in the treatment of investments, acquisition costs and deferred income taxes, amongst other items.

The statutory capital and surplus amounts as of December 31, 2025 and 2024 and statutory net income (loss) amounts for the years ended December 31, 2025, 2024, and 2023 for our (re)insurance subsidiaries based in Bermuda, the United Kingdom, the United States, Australia, and Europe (Liechtenstein and Belgium) are summarized in the table below which includes information relating to acquisitions from the year of acquisition:

	Statutory Capital and Surplus						
	Required		Actual		Statutory Income (Loss)		
	2025	2024	2025[1]	2024[2]	2025[1]	2024[2]	2023
	(in millions of U.S. dollars)						
Bermuda	$ 3,680	$ 3,177	$ 7,183	$ 7,074	$ 878	$ 865	$ 1,395
U.K.	492	442	631	729	—	57	42
U.S.	84	88	388	389	67	(65)	19
Australia	9	7	25	24	(20)	(2)	3
Europe	41	49	162	186	(37)	(10)	(6)

[16] Refer to Note 18 for details regarding dividends on preferred shares.

(1) Statutory amounts as of and for the year ended December 31, 2025 represent our best estimate prior to completion of the applicable statutory audits.

(2) Amounts have been updated to conform to finalized audited statutory financial statements, where applicable.

As of December 31, 2025, the total amount of net assets of our consolidated subsidiaries that were restricted was $4.3 billion.

Certain material aspects of these laws and regulations as they relate to solvency, dividends and capital and surplus are summarized below.

Bermuda

Our Bermuda-based (re)insurance subsidiaries are registered under the Insurance Act 1978 of Bermuda and related regulations, as amended (the "Insurance Act"). The Insurance Act imposes certain solvency and liquidity standards, auditing and reporting requirements and grants the BMA powers to supervise, investigate, require information and the production of documents and intervene in the affairs of insurance companies.

The Insurance Act requires that our Bermuda-based (re)insurance subsidiaries maintain certain solvency and liquidity standards. The minimum liquidity ratio requires that the value of relevant assets not be less than 75% of the amount of relevant liabilities. The minimum solvency margin, which varies depending on the class of the insurer, is determined as a percentage of either net reserves for losses and LAE or premiums. Our Bermuda subsidiaries with commercial insurance licenses are required to maintain a minimum statutory capital and surplus ECR at least equal to the greater of a minimum solvency margin or the Bermuda Solvency Capital Requirement ("BSCR"). The BSCR is calculated based on a standardized risk-based capital model as provided by the BMA.

Each of our regulated Bermuda subsidiaries would be prohibited from declaring or paying any dividends if it were in breach of its minimum solvency margin or liquidity ratio or if the declaration or payment of such dividends would cause it to fail to meet such margin or ratio. In addition, each of our regulated Bermuda subsidiaries is prohibited, without the prior approval of the BMA, from reducing its total statutory capital by 15% or more, or from reducing its total statutory capital and surplus by 25% or more as set out in its previous year’s statutory financial statements. Our Bermuda (re)insurance companies that are in run-off are required to seek BMA approval for any dividends or distributions.

As of December 31, 2025 and 2024, our Bermuda-based (re)insurance subsidiaries exceeded applicable minimum solvency and liquidity requirements. The Bermuda (re)insurance subsidiaries in aggregate exceeded minimum solvency requirements by $3.5 billion as of December 31, 2025 (2024: $3.9 billion) and were in compliance with their liquidity requirements.

United Kingdom

U.K. Insurance Companies (non-Lloyd's)

Our U.K. based insurance subsidiaries are regulated by the U.K. Prudential Regulatory Authority (the "PRA") and the Financial Conduct Authority (the "FCA", together with the PRA, the "U.K. Regulator").

Our U.K.-based insurance subsidiaries are required to maintain adequate financial resources in accordance with the requirements of the U.K. Regulator. Insurers must comply with a Solvency Capital Requirement ("SCR"), which is calculated using either the Solvency II standard formula or a bespoke internal model. Our non-Lloyd's U.K. companies use the standard formula for determining compliance with the SCR.

The calculation of the minimum capital resources requirements in any particular case depends on, among other things, the type and amount of insurance business written and claims paid by the insurance company. As of December 31, 2025 and 2024, all of our U.K. insurance subsidiaries maintained capital in excess of the minimum capital resources requirements and complied with the relevant U.K. Regulator requirements. Our U.K.-based insurance subsidiaries, including our Lloyd's Syndicates described below, in aggregate, maintained capital in excess of the minimum capital resources requirements by $139 million and $287 million as of December 31, 2025 and 2024, respectively.

The U.K. Regulator’s rules require our U.K. insurance subsidiaries to obtain regulatory approval for any proposed or actual payment of a dividend. The U.K. Regulator uses the SCR, among other tests, when assessing requests to make distributions.

Lloyd's

As of December 31, 2025, we participated in the Lloyd's market through our interests in Syndicate 2008, a syndicate that has permission to underwrite RITC business and other run-off or discontinued business type transactions with other Lloyd's syndicates.

We participated on the syndicate through a single, wholly-owned Lloyd's managing agent, Enstar Managing Agency Limited.

The underwriting capacity of a corporate member of Lloyd's must be supported by providing FAL in the form of cash, securities, letters of credit or other approved capital instrument in satisfaction of its capital requirement[17]. The amount of the FAL is assessed quarterly and is determined by Lloyd's in accordance with applicable capital adequacy rules. To release their capital, Lloyd's members are usually required to have transferred their liabilities through an approved RITC, such as those offered by Syndicate 2008.

Business plans, including maximum underwriting capacity, for Lloyd's syndicates require annual approval by the Lloyd's Franchise Board, which may require changes to any business plan or additional capital to support underwriting plans.

The Lloyd's market has applied the Solvency II internal model under Lloyd's supervision, and our Lloyd's operations are required to meet Solvency II standards. The Society of Lloyd's has received approval from the PRA to use its bespoke internal model under the Solvency II regime.

Lloyd's approval is required before any person can acquire control of a Lloyd's managing agent or Lloyd's corporate member.

United States

Our U.S. Run-off (re)insurance subsidiaries are subject to the insurance laws and regulations of the states in which they are domiciled, licensed and/or eligible to conduct business. These laws restrict the amount of dividends the subsidiaries can pay to us. The restrictions are generally based on statutory net income and/or certain levels of statutory surplus as determined in accordance with the relevant statutory accounting requirements of the individual domiciliary states or states in which any of the (re)insurance subsidiaries are commercially domiciled. Generally, prior regulatory approval must be obtained before an insurer may make a distribution above a specified level.

The U.S. (re)insurance subsidiaries are also required to maintain minimum levels of solvency and liquidity as determined by law, and to comply with Risk-Based Capital ("RBC") requirements and licensing rules as specified by the National Association of Insurance Commissioners ("NAIC"). RBC is used to evaluate the adequacy of capital and surplus maintained by our U.S. (re)insurance subsidiaries in relation to three major risk areas associated with: (i) asset risk; (ii) insurance risk and (iii) other risks. For all our U.S. (re)insurance subsidiaries, with the exception of one subsidiary which has a permitted accounting practice to treat an adverse development cover reinsurance agreement as prospective reinsurance, there are no prescribed or permitted statutory accounting practices that differ significantly from the statutory accounting principles established by NAIC.

As of December 31, 2025, all our U.S. (re)insurance subsidiaries exceeded their required levels of RBC. On an aggregate basis, our U.S. (re)insurance subsidiaries exceeded their minimum levels of RBC as of December 31, 2025 by $304 million (2024: $302 million).

Australia

The Company's Australian insurance subsidiary is regulated and subject to prudential supervision by the Australian Prudential Regulation Authority ("APRA"). APRA is the primary regulatory body responsible for regulating compliance with the Insurance Act 1973. APRA's prudential standards require that all insurers maintain and meet prescribed capital adequacy requirements designed to ensure that insurers meet their insurance obligations under a wide range of scenarios.

A run-off insurer must obtain APRA's written consent prior to making any capital releases, including any payment of dividends, not from current year profits. The Company's insurance subsidiary must provide APRA a valuation prepared by its Appointed Actuary that demonstrates that the tangible assets of the insurer, after the proposed capital reduction, are sufficient to cover its insurance liabilities to a 99.5% probability of sufficiency.

[17] As described in Note 6.

Europe

Our Liechtenstein insurance subsidiary (StarStone Insurance SE) is regulated by the Liechtenstein Financial Market Authority ("FMA") pursuant to the Liechtenstein Insurance Supervisory Act. This subsidiary is obligated to maintain a minimum solvency margin based on the Solvency II regulations. As of December 31, 2025, this subsidiary exceeded the Solvency II requirements by $93 million (2024: $109 million). The amount of dividends that this subsidiary is permitted to distribute is restricted to freely distributable reserves, which consist of retained earnings, the current year profit and legal reserves. Any dividend exceeding the current year profit requires the FMA's approval. Solvency and capital requirements for this subsidiary are based on the Solvency II framework and must continue to be met following any distribution.

Our Belgian insurance subsidiary files financial statements and returns with the National Bank of Belgium. This subsidiary was in compliance with its solvency and capital requirements under Solvency II.

23. COMMITMENTS AND CONTINGENCIES

Concentration of Credit Risk

We believe that we are subject to credit risk associated with our cash and cash equivalents, fixed maturities, or other investments. Our cash and investments are managed pursuant to guidelines that follow prudent standards of diversification and liquidity, and limit the allowable holdings of a single issue and issuers. We are also subject to custodial credit risk on our investments, which we manage by diversifying our holdings amongst large financial institutions that are highly regulated.

We have exposure to credit risk on certain of our assets pledged to ceding companies under insurance contracts. In addition, we are potentially exposed should any insurance intermediaries be unable to fulfill their contractual obligations with respect to payments of balances owed to and by us.

Credit risk exists in relation to (re)insurance balances recoverable on paid and unpaid losses. We remain liable to the extent that counterparties do not meet their contractual obligations and, therefore, we evaluate and monitor concentration of credit risk among our (re)insurers.

We are also subject to credit risk in relation to funds held by reinsured companies. Under funds held arrangements, the reinsured company has retained funds that would otherwise have been remitted to our reinsurance subsidiaries. The funds are not typically placed into trust or subject to other security arrangements. However, we generally have the contractual ability to offset any shortfall in the payment of the funds held balances with amounts owed by us.

As of December 31, 2025, concentrations of funds held balances with reinsurance counterparties that individually exceeded 10% of shareholders' equity totaled $3.5 billion (December 31, 2024: $3.8 billion) in aggregate.

We limit the amount of credit exposure to any one counterparty and none of our counterparty credit exposures, excluding U.S. government and agency instruments, two counterparties in which we invest in their private equity and credit funds (presented in other investments), and the reinsurance counterparties noted above, exceeded 10% of shareholders' equity as of December 31, 2025. As of December 31, 2025 our credit exposure to the U.S. government and agency instruments and the two private equity and credit counterparties were $1.1 billion and $1.2 billion, respectively. Only the U.S. government and agency instruments exceeded 10% of shareholders' equity as of December 31, 2024 for which the credit exposure was $917 million.

Legal Proceedings

We are, from time to time, involved in various legal proceedings in the ordinary course of business, including litigation and arbitration regarding claims. Estimated losses relating to claims arising in the ordinary course of business, including the anticipated outcome of any pending arbitration or litigation, are included in the liability for losses and LAE in our consolidated balance sheets. In addition to claims litigation, we may be subject to other lawsuits and regulatory actions in the normal course of business, which may involve, among other things, allegations of underwriting errors or omissions, employment claims or regulatory activity. We do not believe that the resolution of any currently pending legal proceedings, either individually or taken as a whole, will have a material effect on our business, results of operations or financial condition. We anticipate that, similar to the rest of the (re)insurance industry, we will continue to be subject to litigation and arbitration proceedings in the ordinary course of business, including litigation generally related to the scope of coverage with respect to asbestos and environmental ("A&E") and other claims.

Unfunded Investment Commitments

As of December 31, 2025, we had unfunded commitments of $1.7 billion to other investments and $42 million to privately held equity. Included in the privately held equity amount, is a commitment we entered into in 2024 for $8.6 million in an insurance-linked securities ("ILS") arrangement through a Bermuda-based collateralized reinsurer, determined to be a related party, that will provide reinsurance capacity across a diversified portfolio of casualty programs.

Guarantees

As of December 31, 2025 and 2024, parental guarantees supporting reinsurance obligations, defendant A&E liabilities, subsidiary capital support arrangements and credit facilities were $2.2 billion and $2.5 billion respectively.

We also guarantee the 2042 Junior Subordinated Notes, which have an aggregate principal amount of $500 million[18] as of December 31, 2025 and $850 million as of December 31, 2024.

[18] As described in Note 17.

24. SUBSEQUENT EVENTS

We evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that these financial statements were available to be issued, which was March 18, 2026. Based upon this review, other than the matter disclosed below, we did not identify any subsequent events that would have required adjustment or disclosure in the consolidated financial statements.

Accident Fund Holdings, Inc.

On February 12, 2026, we entered into a stock purchase agreement (the “SPA”) to purchase the property and casualty insurance company, Accident Fund Holdings, Inc. (“AF Group”) from a subsidiary of Blue Cross Blue Shield of Michigan Mutual Insurance Company for an estimated purchase price of $1.6 billion in cash (the “acquisition”). AF Group operates as a specialty insurance carrier specializing in worker’s compensation, commercial multi-line, specialty lines, and risk & claims management services. Pursuant to the SPA, we will acquire all of the issued and outstanding shares of AF Group. The transaction is subject to certain customary closing conditions, including regulatory approval, and is expected to close in the second half of 2026.

The acquisition and related costs will be funded by the Company through a combination of cash on hand, equity contributions from the Company's existing equity sponsors, and debt financing pursuant to committed financing arrangements. In addition, a portion of the purchase price will be funded by a pre-closing dividend of up to $150 million by AF Group. The SPA contains termination rights for the Company and AF Group upon the occurrence of certain events. Under certain circumstances specified in the SPA, the Company may be required to pay the seller a termination fee.

SCHEDULE I

ENSTAR GROUP LIMITED

SUMMARY OF INVESTMENTS OTHER THAN INVESTMENTS IN RELATED PARTIES[19]

As of December 31, 2025 (Successor)

(in millions of U.S. Dollars)

Type of investment	Cost [1]	Fair Value	Amount at which shown in the balance sheet
Short-term and fixed maturities — AFS:			
U.S. government and agency	$ 543	545	545
U.K. government	148	148	148
Other government	467	464	464
Corporate	3,784	3,803	3,803
Municipal	97	99	99
Residential mortgage-backed	522	529	529
Commercial mortgage-backed	609	607	607
Asset-backed	811	809	809
Total	6,981	7,004	7,004
Funds held	4,290	4,302	4,302
Equities	441	454	454
Other investments, at fair value	2,443	2,494	2,494
Total	$ 14,155	$ 14,254	$ 14,254

[1] Original cost of fixed maturities is reduced by repayments and adjusted for amortization of premiums or accretion of discounts.

Reconciliation to balance sheet	Short-term and fixed maturities - AFS	Funds held	Equities	Other Investments	Total
	(in millions of U.S. dollars)				
Fair value of investments, other than investments in related parties	$ 7,004	$ 4,302	$ 454	$ 2,494	$ 14,254
Investments in related parties:					
Monument			22		22
AmTrust			290		290
JC Flowers				27	27
Sixth Street	344			8	352
Core Specialty		13			13
Other [1]		78	42	2,445	2,565
Total per balance sheet	$ 7,348	$ 4,393	$ 808	$ 4,974	$ 17,523

[1] Comprised of investments in limited partnerships and partnership-like limited liability companies, that had we not elected the fair value option would otherwise be accounted for as equity method investments.

19 Refer to Note 21 in our consolidated financial statements.

SCHEDULE II

ENSTAR GROUP LIMITED

CONDENSED FINANCIAL INFORMATION

Balance Sheets - Holding Company Only

As of December 31, 2025 (Successor) and 2024 (Predecessor)

	Successor	Predecessor
	December 31, 2025	December 31, 2024
	(in millions of U.S. dollars, except share data)	
ASSETS		
Cash and cash equivalents	$ 20	$ 534
Balances due from subsidiaries	8	22
Investments in subsidiaries	7,509	7,477
Deferred tax	15	18
Other assets	48	9
TOTAL ASSETS	$ 7,600	$ 8,060
LIABILITIES		
Debt obligations	$ 1,311	$ 993
Balances due to subsidiaries	700	948
Other liabilities	29	28
TOTAL LIABILITIES	2,040	1,969
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Ordinary shares (par value $1 each, issued and outstanding 2025: 100; 2024: 15,241,316):		
Voting Ordinary Shares (issued and outstanding 2025: 100; 2024: 15,241,316)	—	15
Preferred Shares:		
Series D Preferred Shares (issued and outstanding 2025 and 2024: 16,000; liquidation preference $400)	324	400
Series E Preferred Shares (issued and outstanding 2025 and 2024: 4,400; liquidation preference $110)	86	110
Treasury shares, at cost:		
Series C Preferred Shares (all issued shares held in treasury in 2025 and 2024: 388,571)	(422)	(422)
Joint Share Ownership Plan (voting ordinary shares, held in trust 2024: 565,630)	—	(1)
Additional paid-in capital	5,058	600
Accumulated other comprehensive loss	21	(341)
Retained earnings	493	5,730
Total Enstar Group Limited Shareholders' Equity	5,560	6,091
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 7,600	$ 8,060

See accompanying notes to the Condensed Financial Information

SCHEDULE II

ENSTAR GROUP LIMITED

CONDENSED FINANCIAL INFORMATION - CONTINUED

Statements of Operations - Holding Company Only

For the periods from July 3 to December 31, 2025 (Successor), January 1 to July 2, 2025 (Predecessor) and Years Ended December 31, 2024 and 2023 (Predecessor)

	Successor	Predecessor		
	Period from July 3 to December 31, 2025	Period from January 1 to July 2, 2025	Year Ended December 31, 2024	Year Ended December 31, 2023
	(in millions of U.S. dollars)			
REVENUES				
Net investment income	$ 4	$ 12	$ 1	$ 12
Fair value changes in equity and trading securities, funds held and other investments	—	1	—	16
Total revenues	4	13	1	28
EXPENSES				
General and administrative expenses	33	89	81	34
Amortization of FVA and Intangibles	1	—	—	—
Interest expense	51	45	96	80
Net foreign exchange losses	5	(10)	—	5
Total expenses	90	124	177	119
NET LOSS BEFORE EQUITY IN UNDISTRIBUTED INCOME OF SUBSIDIARIES	(86)	(111)	(176)	(91)
Income tax (expense) benefit	—	—	(14)	31
Equity in undistributed income (losses) of subsidiaries	597	180	766	1,178
NET INCOME	511	69	576	1,118
Dividends on preferred shares	(18)	(18)	(36)	(36)
NET INCOME ATTRIBUTABLE TO ENSTAR GROUP LIMITED ORDINARY SHAREHOLDERS	$ 493	$ 51	$ 540	$ 1,082

See accompanying notes to the Condensed Financial Information

Statements of Comprehensive Income - Holding Company Only

For the periods from July 3 to December 31, 2025 (Successor), January 1 to July 2, 2025 and Years Ended December 31, 2024 and 2023 (Predecessor)

	Successor	Predecessor		
	Period from July 3 to December 31, 2025	Period from January 1 to July 2, 2025	Year Ended December 31, 2024	Year Ended December 31, 2023
	(in millions of U.S. dollars)			
NET INCOME	$ 511	$ 69	$ 576	$ 1,118
Other comprehensive (loss) income relating to subsidiaries, net of tax	21	140	(5)	(34)
COMPREHENSIVE INCOME	$ 532	$ 209	$ 571	$ 1,084

See accompanying notes to the Condensed Financial Information

SCHEDULE II

ENSTAR GROUP LIMITED

CONDENSED FINANCIAL INFORMATION - CONTINUED

Statements of Cash Flows - Holding Company Only

For the periods from July 3 to December 31, 2025 (Successor), January 1 to July 2, 2025 (Predecessor) and Years Ended December 31, 2024 and 2023 (Predecessor)

	Successor	Predecessor		
	Period from July 3 to December 31, 2025	Period from January 1 to July 2, 2025	Year Ended December 31, 2024	Year Ended December 31, 2023
	(in millions of U.S. dollars)			
OPERATING ACTIVITIES:				
Net cash flows provided by operating activities	$ (123)	$ (235)	$ 64	$ 496
INVESTING ACTIVITIES:				
Dividends and return of capital from subsidiaries	—	525	500	—
Sale of securities	11	—	—	—
Net cash flows provided (used in) by investing activities	11	525	500	—
FINANCING ACTIVITIES:				
Dividends on preferred shares	(18)	(18)	(36)	(36)
Repurchase of shares	—	—	—	(531)
Distribution to Parent	(1,001)	—	—	—
Receipt of loans	—	345	—	62
Net cash flows used in financing activities	(1,019)	327	(36)	(505)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,131)	617	528	(9)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,151	534	6	15
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 20	$ 1,151	$ 534	$ 6

See accompanying notes to the Condensed Financial Information

Notes to the Condensed Financial Information

The Condensed Financial Information should be read in conjunction with our consolidated annual financial statements and the accompanying notes. Our wholly-owned and majority owned subsidiaries are recorded based upon our proportionate share of our subsidiaries' net assets (similar to presenting them on the equity method).

Net investment income relates to interest on loans to subsidiaries. Interest expense includes interest owed on external Senior Notes and owed on loans from subsidiaries. For the period from July 3 to December 31, 2025, period from January 1 to July 2, 2025, and the year ended December 31, 2024 and 2023, interest paid was $33 million, $28 million, $40 million, and $40 million, respectively.

Investing activities in the Condensed Statements of Cash Flows primarily represents the flow of funds to and from subsidiaries to provide cash on hand to fund business acquisitions, significant new business and the distribution of dividends.

For the period from July 3 to December 31, 2025 (Successor) investing activities consisted of the receipt of cash from sales of AFS securities of $11 million. Financing activities consisted of a return of capital of $1.0 billion which comprised of $496 million paid at the close of the Merger to our former shareholders described in Note 2, $450 million to the Parent to pay a portion of the outstanding Parent loan facility described in Note 2, and a $55 million

distribution to the Parent for our payment on behalf of the Parent to acquire shares related to existing share-based compensation due at the close of the Merger. Non-cash financing activities during the period from July 3 to December 31, 2025 (Successor) consisted of a $34 million deemed distribution to Parent.

For the period from January 1 to July 2, 2025 (Predecessor) investing activities consisted of the receipt of $525 million in cash dividends from subsidiaries. Financing activities consisted of $345 million in net proceeds for the Junior Subordinated Notes.

For the year ended December 31, 2024 (Predecessor), investing activities consisted of the receipt of $500 million in cash dividends from subsidiaries and Non-cash investing activities consisted of $204 million in settlements of loan receivables.

As of December 31, 2023 (Predecessor), there was no cash or Non-Cash investing activity.

As of December 31, 2025 (Successor), parental guarantees supporting reinsurance obligations, defendant A&E liabilities, subsidiary capital support arrangements and credit facilities were $2.2 billion. In addition, as of December 31, 2025 (Successor), we also had guarantees of the Junior Subordinated Notes issued in 2022 for a principal amount of $500 million.

As of December 31, 2024 (Predecessor), parental guarantees supporting reinsurance obligations, defendant A&E liabilities, subsidiary capital support arrangements and credit facilities were $2.5 billion. In addition, as of December 31, 2024 (Predecessor), we also had guarantees of the Junior Subordinated Notes issued in 2022 for a principal amount of $850 million

SCHEDULE III

ENSTAR GROUP LIMITED

SUPPLEMENTARY INSURANCE INFORMATION

(in millions of U.S. Dollars)

	Successor				Predecessor			
	As of December 31, 2025				As of December 31, 2024			
	Deferred Acquisition Costs	Reserves for Losses and Loss Adjustment Expenses	Unearned Premiums	Policy Benefits for Life and Annuity Contracts	Deferred Acquisition Costs	Reserves for Losses and Loss Adjustment Expenses	Unearned Premiums	Policy Benefits for Life and Annuity Contracts
	(in millions of U.S. dollars)							
Total	$ —	$ 12,700	$ 127	$ —	$ 2	$ 11,404	$ 133	$ —

	Successor						Predecessor					
	For the period from July 3 to December 31, 2025						For the period from January 1 to July 2, 2025					
	Net Premiums Earned	Net Investment Income	Losses and Loss Expenses and Policy Benefits	Acquisition Costs	Other Operating Expenses	Net Premiums Written	Net Premiums Earned	Net Investment Income	Losses and Loss Expenses and Policy Benefits	Acquisition Costs	Other Operating Expenses	Net Premiums Written
	(in millions of U.S. dollars)											
Total	$ 24	$ 597	$ (23)	$ —	$ 151	$ 6	$ 23	$ 343	$ (22)	$ 2	$ 263	$ 17

	Predecessor											
	Year Ended December 31, 2024						Year Ended December 31, 2023					
	Net Premiums Earned	Net Investment Income	Losses and Loss Expenses and Policy Benefits	Acquisition Costs	Other Operating Expenses	Net Premiums Written	Net Premiums Earned	Net Investment Income	Losses and Loss Expenses and Policy Benefits	Acquisition Costs	Other Operating Expenses	Net Premiums Written
	(in millions of U.S. dollars)											
Total	$ 40	$ 651	$ (126)	$ 9	$ 391	$ 5	$ 43	$ 647	$ (101)	$ 10	$ 369	$ 96

SCHEDULE IV

ENSTAR GROUP LIMITED

REINSURANCE

(in millions of U.S. Dollars)

	Gross	Ceded to Other Companies	Assumed from Other Companies	Net Amount	Percentage of Amount Assumed to Net
Successor					
Period from July 3 to December 31, 2025					
Premiums earned:					
Property and casualty	$ 22	$ (3)	$ 5	$ 24	20.8 %
Total premiums earned	$ 22	$ (3)	$ 5	$ 24	
Predecessor					
Period from January 1 to July 2, 2025					
Premiums earned:					
Property and casualty	$ 13	$ 1	$ 9	$ 23	39.1 %
Total premiums earned	$ 13	$ 1	$ 9	$ 23	
Predecessor					
Year Ended December 31, 2024					
Premiums earned:					
Property and casualty	$ 46	$ (10)	$ 4	$ 40	10.0 %
Total premiums earned	$ 46	$ (10)	$ 4	$ 40	
Predecessor					
Year Ended December 31, 2023					
Premiums earned:					
Property and casualty	$ 47	$ (6)	$ 2	$ 43	4.7 %
Total premiums earned	$ 47	$ (6)	$ 2	$ 43	

SCHEDULE V

ENSTAR GROUP LIMITED

VALUATION AND QUALIFYING ACCOUNTS

(in millions of U.S. Dollars)

	Balance at Beginning of the Period	Charged to costs and expenses	Charged to other accounts	Deductions [1]	Balance at End of the Period
Successor					
Period from July 3 to December 31, 2025					
Reinsurance balances recoverable on paid and unpaid losses:					
Allowance for estimated uncollectible reinsurance [2]	$ —	$ —	$ 4	$ —	$ 4
Insurance balances recoverable:					
Allowance for estimated uncollectible insurance [2]	—	—	—	—	—
Valuation allowance for deferred tax assets	$ 113	$ 44	$ —	$ (1)	$ 156
Predecessor					
Period from January 1 to July 2, 2025					
Reinsurance balances recoverable on paid and unpaid losses:					
Allowance for estimated uncollectible reinsurance	$ 116	$ —	$ (1)	$ (1)	$ 114
Insurance balances recoverable:					
Allowance for estimated uncollectible insurance	4	—	—	—	4
Valuation allowance for deferred tax assets	$ 124	$ 4	$ —	$ (15)	$ 113
Predecessor					
Year Ended December 31, 2024					
Reinsurance balances recoverable on paid and unpaid losses:					
Allowance for estimated uncollectible reinsurance	$ 131	$ —	$ (6)	$ (9)	$ 116
Insurance balances recoverable:					
Allowance for estimated uncollectible insurance	5	—	(1)	—	4
Valuation allowance for deferred tax assets	$ 156	$ 6	$ —	$ (38)	$ 124
Predecessor					
Year Ended December 31, 2023					
Reinsurance balances recoverable on paid and unpaid losses:					
Allowance for estimated uncollectible reinsurance	$ 131	$ —	$ 3	$ (3)	$ 131
Insurance balances recoverable:					
Allowance for estimated uncollectible insurance	$ 5	$ —	$ —	$ —	$ 5
Valuation allowance for deferred tax assets	$ 181	$ 16	$ —	$ (41)	$ 156

[1] Credited to the related asset account.

[2] The allowances were eliminated in purchase accounting as the basis of the underlying assets were re-established at fair value and therefore the opening balances for the successor period differ from the closing balance of the predecessor period.

SCHEDULE VI

ENSTAR GROUP LIMITED

SUPPLEMENTARY INFORMATION CONCERNING PROPERTY/CASUALTY INSURANCE OPERATIONS

(in millions of U.S. Dollars)

	Successor									
	As of December 31			For the period from July 3 to December 31						
Affiliation with Parent	Deferred Acquisition Costs	Reserves for Unpaid Losses and Loss Adjustment Expenses	Unearned Premiums	Net Premiums Earned	Net Investment Income	Net Losses and Loss Expenses Incurred: Current Period	Net Losses and Loss Expenses Incurred: Prior Periods	Net Paid Losses and Loss Expenses	Amortization of Deferred Acquisition Costs	Net Premiums Written
Consolidated Subsidiaries										
2025	$ —	$ 12,700	$ 127	$ 24	$ 597	$ 6	$ (29)	$ (1,301)	$ —	$ 6

	Predecessor						
	Period from January 1 to July 2, 2025						
Affiliation with Parent	Net Premiums Earned	Net Investment Income	Net Losses and Loss Expenses Incurred: Current Period	Net Losses and Loss Expenses Incurred: Prior Periods	Net Paid Losses and Loss Expenses	Amortization of Deferred Acquisition Costs	Net Premiums Written
Consolidated Subsidiaries							
2025	$ 23	$ 343	$ 7	$ (29)	$ (1,226)	$ 2	$ 17

	Predecessor									
	As of December 31,			Year ended December 31,						
Affiliation with Parent	Deferred Acquisition Costs	Reserves for Unpaid Losses and Loss Adjustment Expenses	Unearned Premiums	Net Premiums Earned	Net Investment Income	Net Losses and Loss Expenses Incurred: Current Period	Net Losses and Loss Expenses Incurred: Prior Periods	Net Paid Losses and Loss Expenses	Amortization of Deferred Acquisition Costs	Net Premiums Written
Consolidated Subsidiaries										
2024	$ 2	$ 11,404	$ 133	$ 40	$ 651	$ 23	$ (149)	$ (2,267)	$ 9	$ 5
2023	$ 4	$ 12,359	$ 171	$ 43	$ 647	$ 30	$ (131)	$ (2,467)	$ 10	$ 96

DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Board of Directors

Below is biographical information about our directors, describing each director's qualifications and relevant experience. This information is current as of the date of this annual report and has been confirmed by each of the directors for inclusion in this annual report.

Robert Campbell – Chairman, Independent

Robert J. Campbell was appointed as the independent Chairman of the Board in July 2025 following the completion of the Merger. Mr. Campbell is a member of our Investment Committee, of which he serves as Chair, and our Audit Committee. Mr. Campbell has been a Partner with the investment advisory firm of Beck, Mack & Oliver, LLC since 1990.

From 2014 to 2023, Mr. Campbell served as a director and chairman of the audit committee of AgroFresh Solutions, Inc. (formerly Boulevard Acquisition Corp.), a global agricultural technologies company, which was publicly held until taken private in March 2023. From 2015 through 2017, he served as a director of Boulevard Acquisition Corp. II, a blank check company that completed its initial public offering in September 2015. Mr. Campbell also served as a director of Camden National Corporation, a publicly traded company, from 1999 to 2014.

Mr. Campbell brings to the Board his extensive understanding of finance and accounting, which he obtained through over 40 years of analyzing financial services companies. Prior to the Merger, Mr. Campbell served as a member of Enstar's Board since 2007. Mr. Campbell continues to spend considerable time and energy in his role, which is significant to the leadership and function of our Board.

Age: 77

Andrew Brooks – Independent

Andrew Brooks was appointed as a member of the Board in July 2025 following the completion of the Merger. Mr. Brooks serves as a member of our Risk Committee and Investment Committee. Mr. Brooks has been a Consultant to the Ascot Board Group since September 2023. He was a member of the Board of Ascot Underwriting Ltd from 2004 through 2023 and served as Chief Executive Officer from 2008 to 2023. He joined Ascot at its inception in 2001 and was promoted to Chief Underwriting Officer in 2005.

Mr. Brooks has worked in the Lloyd's Market since 1983 and is currently a member of the London Market Group Board and Chairman of the Lloyd's Market Association. He is ACII qualified. He also served on the Lloyd's Claims Implementation Board. He previously served as a Non-Executive Director of Azur Underwriting Ltd.

Age: 60

David Foley – Independent

David Foley was appointed as a member of the Board in July 2025 following the completion of the Merger. Mr. Foley serves as a member of our Audit Committee and Risk Committee. Mr. Foley is a senior financial services executive and former global leader at Deloitte with over 30 years' experience serving the world's largest and most complex companies in the insurance industry. Mr. Foley is a recognized expert and advisor to boards and senior management on actuarial matters related to loss reserving, capital management, corporate risk management, M&A, and regulatory issues. He brings a strong background in corporate governance and extensive experience working with audit, risk, and underwriting committees of insurance companies.

Mr. Foley was appointed to the Deloitte partnership in 1998 and led Deloitte's Global Actuarial, Rewards and Analytics practice from 2012 to 2016. Other leadership positions within Deloitte included leading the U.S. Property & Casualty Actuarial M&A practice and the US East Region Actuarial, Rewards and Analytics practice. In addition to his Deloitte experience Mr. Foley served as the Global Chief Actuary for Enstar Group Ltd. from 2016 to 2022.

Mr. Foley holds a B.A. in Mathematics from Bates College and is a Fellow of the Casualty Actuarial Society.

Age: 67

Elizabeth A. Ward – Independent

Elizabeth A. Ward was appointed as a member of the Board in July 2025 following the completion of the Merger. Ms. Ward is a member of our Risk Committee, of which she serves as Chair, and our Audit Committee. Ms. Ward served as chief financial officer of Massachusetts Mutual Life Insurance Company ("MassMutual"), a mutual life insurance company from 2016 through 2024. She previously served as executive vice president and chief actuary of MassMutual from 2015 to 2019, and as chief enterprise risk officer from 2007 to 2016.

Prior to joining MassMutual affiliate, Babson Capital Management in 2001, Ms. Ward worked in investment portfolio management and actuarial roles at American Skandia Life Assurance Company, Charter Oak Capital Management and Aeltus Investment Management, a subsidiary of Aetna Life & Casualty Company.

Ms. Ward holds a bachelor's degree in Economics from the University of Rochester where she currently serves as a member of the Board of Trustees.

Age: 61

Andrew Birrell – Independent

Andrew Birrell was appointed as a member of the Board in July 2025 following the completion of the Merger. Mr. Birrell is a member of our Audit Committee, of which he serves as Chair, and our Risk Committee. Mr. Birrell has spent his career in financial services, general, life and health insurance, investment management, and banking, primarily in roles with fast growing, entrepreneurial insurance businesses. He has global experience as an executive or board member of companies based in the U.K., South Africa, Canada, Ireland, Scandinavia, and the Netherlands. Mr. Birrell is an independent non-executive director of Clara Pensions, esure Group, Sanlam Group, and Sanlam Life.

Previously Mr. Birrell was an Executive Director and founder of Universal Partners Limited and held executive roles with Guardian Financial Services Ltd, Old Mutual Plc, Investec Securities Ltd, South Africa, and Capital Alliance Holdings, South Africa. He also held roles as Chairman of Assupol Holdings and Assupol Life Limited and as a non-executive director of Investec Life.

Mr. Birrell is a Chartered Enterprise Risk Actuary and a Fellow of the Institute and Faculty of Actuaries in the UK and the Actuarial Society of South Africa. He holds a Bachelor of Business Science Honours degree from the University of Cape Town.

Age: 56

Stephen Valentino – Independent

Stephen Valentino was appointed as a member of the Board in July 2025 following the completion of the Merger. Mr. Valentino serves as a member of our Investment Committee and Risk Committee. Mr. Valentino is a Managing Director and President of Rockefeller Global Investment Banking. In his role, Mr. Valentino helps lead the Rockefeller Global Investment Banking group and provides strategic advice to Rockefeller Global Family Office clients and outside Boards/Corporate C-Suites. He is Chair of the Executive leadership Committee for Rockefeller Global Investment Banking, a group responsible for the leadership of day-to-day operations and developing longer term direction for the business.

Prior to joining Rockefeller, Mr. Valentino was the Global Co-Head of Financial Institutions at Deutsche Bank, based in New York where he was on numerous leadership committees. Before that, he was with Lehman Brothers where he led a Principal / Advisory Group that supported client transactions in the Global FIG markets. He has over 25 years of experience in investment banking and capital markets.

Mr. Valentino holds a Bachelor's degree from Rockhurst University, where he is currently the Chairman of the Audit Committee and past member of the Board of Trustees.

Age: 59

Brian Rosenblum – Non-Employee Director

Brian Rosenblum was appointed as a member of the Board in July 2025 following the completion of the Merger. Mr. Rosenblum serves as a member of our Audit Committee and our Investment Committee. Mr. Rosenblum is a Managing Director at Sixth Street based in New York. He is focused on Sixth Street's insurance investing, asset management and advisory business. Prior to joining Sixth Street in 2022, Mr. Rosenblum was a managing director at Swiss Re, where he worked since 2007, serving in a number of roles across Group Asset Management and Group Finance.

Mr. Rosenblum holds a Bachelor of Science in Economics from Binghamton University. He is a Fellow of the Society of Actuaries and a CFA charterholder.

Age: 49

Rohan Singhal – Non-Employee Director

Rohan Singhal was appointed as a member of the Board in July 2025 following the completion of the Merger. Mr. Singhal serves as a member of our Investment Committee and our Risk Committee. Mr. Singhal is a Partner of Sixth Street based in London. He is focused on Sixth Street's insurance investing business. Prior to joining Sixth Street in 2011, Mr. Singhal worked at Goldman Sachs as an analyst in the Real Estate Principal Investment Area.

Mr. Singhal graduated from University of Cambridge with a M.A. in Economics.

Age: 38

Jason Kary – Non-Employee Director

Jason Kary was appointed as a member of the Board in July 2025 following the completion of the Merger. Mr. Kary serves as a member of our Audit Committee and our Risk Committee. Mr. Kary is a Managing Director at Sixth Street based in New York and serves as the COO and Head of Insurance Operations. Prior to joining Sixth Street in 2022, Mr. Kary served as Senior Vice President, Head of Service & Operations at New York Life Insurance Company. Previously, he served in a variety of roles at Capital One, Johnson & Johnson, and General Electric.

Mr. Kary holds a Bachelor of Science in Mechanical Engineering from Penn State University, a Master of Science in Engineering Systems from MIT, and an MBA from MIT Sloan School of Management. He is a FINRA Series 7 Registered Representative and a Series 24 Registered Principal.

Age: 47

Executive Officers

Dominic Silvester – Chief Executive Officer

Dominic Silvester has served as a director and the Chief Executive Officer of the Company since its formation in 2001. In 1993, Mr. Silvester began a business venture in Bermuda to provide run-off services to the insurance and reinsurance industry. In 1995, the business was assumed by Enstar Limited, which is now a subsidiary of the Company, and for which Mr. Silvester has since served as Chief Executive Officer. Prior to co-founding the Company, Mr. Silvester served as the Chief Financial Officer of Anchor Underwriting Managers Limited from 1988 until 1993. Mr. Silvester holds a B.S. in Economics with honours from the University of Hull, England.

Age: 65

David Ni – Chief Strategy Officer

David Ni was appointed Chief Strategy Officer of the Company in May 2022. Mr. Ni, who joined the Company in 2019, served as Executive Vice President, Mergers & Acquisitions from 2019 to 2022. Prior to joining the Company, Mr. Ni spent his career as an investment banker working in the U.S. and in Asia, and was a Managing Director at Deutsche Bank with responsibility for leading M&A in financial services. Prior to that, he was with Goldman Sachs for more than 10 years covering the financial services sector. Mr. Ni graduated with a Bachelor's degree from Harvard University.

Age: 42

Nazar Alobaidat – Chief Investment Officer

Nazar Alobaidat joined the Company as Chief Investment Officer in 2016. He formerly served as Managing Director and CIO of AIG Property Casualty's U.S., Canada and Bermuda regions and was with AIG from 2009 to 2016. Prior to that, he served as Vice President within the investment banking division of Lehman Brothers and Barclays Capital, specializing in derivatives and financing transactions for corporate clients of the investment bank. He previously served in the capital markets group of Deloitte from 2001 to 2006. Mr. Alobaidat is a Certified Public Accountant with a master's degree from the University of Florida.

Age: 48

Audrey Taranto – General Counsel

Audrey Taranto has served as General Counsel of the Company since February 2019. From June 2017 to February 2019, she served as the Company's Group Head of Legal and from April 2012 to June 2017 as SVP, Securities Counsel of the Company. She continues to serve as the Company's Corporate Secretary, a position she has held

since 2012. Prior to 2012, she was Senior Counsel and Assistant Corporate Secretary at Cigna Corporation and an Associate in the corporate department of Drinker Biddle & Reath LLP.

Age: 46

Anguel Zaprianov – EVP, Mergers and Acquisitions

Anguel Zaprianov joined Enstar in March 2023 as Executive Vice President, M&A. He is responsible for the Company's global M&A efforts and oversees the M&A Corporate Finance and Transaction Actuarial and the Group Capital Strategy teams. Prior to joining Enstar, Mr. Zaprianov spent over 20 years in investment banking, focusing on debt financing, capital markets, M&A, corporate derivatives marketing, and structured credit products. In his last position in investment banking, Mr. Zaprianov ran Deutsche Bank's financial institutions debt capital markets desk in New York. Mr. Zaprianov holds a Bachelor of Arts degree in Economics from Union College.

Age: 51

Brent Hoffman – Chief Claims Officer

Brent Hoffman joined Enstar in January 2024 as Group Chief Claims Officer, bringing over 25 years' experience in claims management and legal matters. Mr. Hoffman previously served as Reinsurance Head of Claims and Chief Operating Officer at Everest from July 2022, where he was also interim General Counsel. His career began in private practice as an attorney from 1996 to 2002, followed by various senior legal and complex claims roles at The Hartford and AXA XL. Mr. Hoffman holds a Bachelor of Arts degree from Gettysburg College.

Age: 54

Peter Kalaev – Chief Financial Officer

Peter Kalaev was appointed Chief Financial Officer of the Company in January 2026. He joined Enstar in July 2021 as Deputy Treasurer, bringing more than 15 years of experience in finance, treasury and leadership across global organizations. Prior to this, Mr. Kalaev held a variety of Finance leadership roles at MetLife from 2011 to 2021. Earlier in his career, Mr. Kalaev worked in Treasury positions at multinational corporations in the US and internationally, with a strong focus on financing strategies and managing key financial risks. He is a CFA Charter holder and holds a Bachelor of Science degree in Economics from St. Francis College in Brooklyn.

Age: 41

Isla Baillie – Chief Human Resources Officer

Isla Baillie joined Enstar as Chief Human Resources Officer in July 2025, bringing over 20 years of global HR leadership experience. Prior to Enstar, Ms. Baillie served as Global Head of Talent & Inclusion at Sompo International and held progressive international leadership HR roles at global companies, including Endurance, Axis Capital and Expertise Ltd. Isla's experience spans the full spectrum of HR disciplines including Business Partnering, Talent Management, Organisational Design, Operational Effectiveness, Reward and Transformation. She holds a Bachelor of Science (Hons) in Psychology from the University of St Andrews and a Postgraduate Diploma in HR from Edinburgh Napier University.

Age: 47

Chloe Paillot – Chief Risk Officer

Chloe Paillot joined Enstar in December 2021 and currently serves as Chief Risk Officer, having previously held the role of Chief Transaction Actuary. Ms. Paillot is a qualified actuary with over 20 years of experience as a leader and strategic advisor for global companies, including Deloitte and Ernst & Young, covering M&A, reserving, capital, pricing, risk, regulatory matters, and business transformation.

Age: 45

Nicholas Getter – Chief Actuary

Nicholas Getter is Group Chief Actuary at Enstar. He joined the Company in July 2021, bringing more than 15 years of actuarial and leadership experience. Prior to Enstar, he spent over a decade at The Hartford, where he most recently served as Vice President and Actuary. Throughout his career, Mr. Getter has led reserving and pricing strategies across key business lines, including Workers' Compensation, General Casualty, and Property. He holds Bachelor of Science degrees in Forensic Science and Chemistry from the University of New Haven and a Ph.D. in Chemistry from Stony Brook.

Age: 44

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2024

Commission File Number 001-33289

ENSTAR GROUP LIMITED

(Exact name of Registrant as specified in its charter)

BERMUDA	**N/A**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

A.S. Cooper Building, 4th Floor, 26 Reid Street, Hamilton HM 11, Bermuda

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: **(441) 292-3645**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Ordinary shares, par value $1.00 per share	ESGR	The NASDAQ Stock Market LLC
Depositary Shares, Each Representing a 1/1,000th Interest in a 7.00% Fixed-to-Floating Rate Perpetual Non-Cumulative Preferred Share, Series D, Par Value $1.00 Per Share	ESGRP	The NASDAQ Stock Market LLC
Depositary Shares, Each Representing a 1/1,000th Interest in a 7.00% Perpetual Non-Cumulative Preferred Share, Series E, Par Value $1.00 Per Share	ESGRO	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery periods pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates as of June 28, 2024 was $3.4 billion based on the closing price of $305.70 per ordinary share on the NASDAQ Stock Market on that date. Shares held by officers and directors of the registrant and their affiliated entities have been excluded from this computation. Such exclusion is not intended, nor shall it be deemed, to be an admission that such persons are affiliates of the registrant.

As of February 26, 2025, the registrant had outstanding 14,885,357 voting ordinary shares, par value $1.00 per share.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A relating to its 2025 annual general meeting of shareholders are incorporated by reference in Part III of this Form 10-K

Enstar Group Limited
Annual Report on Form 10-K
For the Year Ended December 31, 2024
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GLOSSARY OF KEY TERMS

A&E	Asbestos and environmental
Accident year	The annual calendar accounting period in which loss events occurred, regardless of when the losses are actually reported, recorded or paid.
Acquisition costs	Costs that are directly related to the successful efforts of acquiring new insurance contracts or renewing existing insurance contracts, and which principally consist of incremental costs such as: commissions, brokerage expenses, premium taxes and other fees incurred at the time that a contract or policy is issued.
ALAE	Allocated loss adjustment expense
ADC	Adverse development cover – A retrospective reinsurance arrangement that will insure losses in excess of an established reserve and provide protection up to a contractually agreed amount.
Adjusted RLE	Adjusted run-off liability earnings - Non-GAAP financial measure calculated by dividing adjusted prior period development by average adjusted net loss reserves. See “Non-GAAP Financial Measures” in Item 7 for reconciliation.
Adjusted ROE	Adjusted return on equity - Non-GAAP financial measure calculated by dividing adjusted operating income (loss) attributable to Enstar ordinary shareholders by adjusted opening Enstar ordinary shareholders’ equity. See “Non-GAAP Financial Measures” in Item 7 for reconciliation.
Adjusted TIR	Adjusted total investment return - Non-GAAP financial measure calculated by dividing adjusted total investment return by average adjusted total investable assets. See “Non-GAAP Financial Measures” in Item 7 for reconciliation.
AFS	Available-for-sale
AI	Artificial Intelligence
Allianz	Allianz SE
AmTrust	AmTrust Financial Services, Inc.
Annualized	Calculation of the quarterly result or year-to-date result multiplied by four and then divided by the number of quarters elapsed within the applicable year-to-date period.
AOCI (L)	Accumulated other comprehensive income (loss)
APRA	Australian Prudential Regulation Authority
Arden	Arden Reinsurance Company Ltd.
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Atrium	Atrium Underwriting Group Limited
AUD	Australian Dollar
BMA	Bermuda Monetary Authority
BSCR	Bermuda Solvency Capital Requirement
BVPS	Book value per ordinary share - GAAP financial measure calculated by dividing Enstar ordinary shareholders’ equity by the number of ordinary shares outstanding.
Cavello	Cavello Bay Reinsurance Limited
CISSA	Commercial Insurer's Solvency Self-Assessment
CIT	Corporate Income Tax
Citco	Citco III Limited
CLO	Collateralized loan obligation
Commutation	An agreement that provides for the complete discharge of all obligations between the parties under a particular reinsurance contract for an agreed upon up-front fee.
Core Specialty	Core Specialty Insurance Holdings, Inc.
DAC	Deferred acquisition costs
DCo	DCo, LLC

Defendant A&E liabilities	Defendant asbestos and environmental liabilities - Non-insurance liabilities relating to amounts for indemnity and defense costs for pending and future claims, as well as amounts for environmental liabilities associated with our properties.
DCA	Deferred charge asset - The amount by which estimated ultimate losses payable exceed the consideration received at the inception of a retroactive reinsurance agreement.
DGL	Deferred gain liability - The amount by which consideration received exceeds estimated ultimate losses payable at the inception of a retroactive reinsurance agreement and that are subsequently amortized over the estimated loss settlement period.
Dowling Funds	Dowling Capital Partners I, L.P. and Capital City Partners LLC
EB Trust	The Enstar Group Limited Employee Benefit Trust
ECR	Enhanced capital requirement
EEA	European Economic Area
EGL	Enstar Group Limited
EMAL	Enstar Managing Agency Limited
Enhanzed Re	Enhanzed Reinsurance Ltd.
Enstar	Enstar Group Limited and its consolidated subsidiaries
Enstar Finance	Enstar Finance LLC
ERM	Enterprise Risk Management
ETA	Economic Transition Adjustment
Exchange Transaction	The exchange of a portion of our indirect interest in Northshore for all of the Trident V Funds' indirect interest in StarStone U.S.
FAL	Funds at Lloyd's - A deposit in the form of cash, securities, letters of credit or other approved capital instrument that satisfies the capital requirement to support the Lloyd's syndicate underwriting capacity.
FASB	Financial Accounting Standards Board
FCA	U.K. Financial Conduct Authority
FDBVPS	Fully diluted book value per ordinary share - Non-GAAP financial measure calculated by dividing Enstar ordinary shareholders' equity by the number of ordinary shares outstanding, adjusted for equity awards granted and not yet vested (similar to the calculation of diluted earnings per share). See "Non-GAAP Financial Measures" in Item 7 for reconciliation.
FEO	Forward Exit Option
FVA	Fair value adjustment
Fixed income assets	Short-term investments and fixed maturities classified as trading and AFS, funds held, and cash and cash equivalents, including restricted cash and cash equivalents.
Funds held	The account created with premium due to Enstar pursuant to the reinsurance agreement, the balance of which is credited with investment income and losses paid are deducted. The balance is comprised of funds held - directly managed and funds held by reinsured companies.
Funds held by reinsured companies	Funds held, as described above, where we receive a fixed crediting rate of return or other contractually agreed return on the assets held.
Funds held - directly managed	Funds held, as described above, where we receive the actual underlying investment portfolio return.
Future policyholder benefits	The liability relating to life reinsurance contracts, which are based on the present value of anticipated future cash flows and mortality rates.
Gate or side-pocket	A gate is the ability to deny or delay a redemption request, whereas a side-pocket is a designated account for which the investor loses its redemption rights.
GBP	Great British Pound
GDPR	General Data Protection Regulation
Group	Companies of Enstar Group Limited
GSSA	Group Solvency Self-Assessment
Hillhouse Group	Hillhouse Capital Management, Ltd. and Hillhouse Capital Advisors, Ltd.
IAG	Insurance Australia Group

IBNR	Incurred but not reported - The estimated liability for unreported claims that have been incurred, as well as estimates for the possibility that reported claims may settle for amounts that differ from the established case reserves as well as the potential for closed claims to re-open.
IIR	Income Inclusion Rule
ILS	Insurance Linked Securities
Inigo	Inigo Limited
InRe Fund	InRe Fund, L.P.
Investable assets	The sum of total investments, cash and cash equivalents, restricted cash and cash equivalents and funds held.
JSOP	Joint Share Ownership Program
LAE	Loss adjustment expenses
Lloyd's	This term may refer to either the society of individual and corporate underwriting members that pool and spread risks as members of one or more syndicates, or the Corporation of Lloyd's, which regulates and provides support services to the Lloyd's market.
LOC	Letter of credit
LPT	Loss Portfolio Transfer - Retroactive reinsurance transaction in which loss obligations that are already incurred are ceded to a reinsurer, subject to any stipulated limits.
M&A	Merger and acquisition
Merger	The series of mergers contemplated by the Merger Agreement, resulting in Enstar Group Limited surviving the Merger as a wholly-owned subsidiary of the Parent.
Merger Agreement	The Agreement and Plan of Merger that Enstar Group Limited entered into with Parent on July 29, 2024.
MNE	Multinational Enterprise
Monument Re	Monument Re Limited
Morse TEC	Morse TEC LLC
NAIC	National Association of Insurance Commissioners
NAV	Net asset value
NCI	Noncontrolling interests
New business	Material transactions, which generally take the form of reinsurance or direct business transfers, or business acquisitions.
Northshore	Northshore Holdings Limited
Novation	The substitution of a new contract in place of an old one.
OCI	Other comprehensive income
OECD	Organization for Economic Co-operation and Development
OLR	Outstanding loss reserves - Provisions for claims that have been reported and accrued but are unpaid at the balance sheet date.
Other investments	Equities, other investments and equity method investments
Parent	Elk Bidco Limited, an exempted company limited by shares existing under the laws of Bermuda and backed by equity commitments from investment vehicles managed or advised by Sixth Street.
Parent Company	Enstar Group Limited and not any of its consolidated subsidiaries
Policy buy-back	Similar to a commutation, for direct insurance contracts
pp	Percentage point(s)
PPD	Prior period development - Changes to loss estimates recognized in the current calendar year that relate to loss reserves established in previous calendar years.
PRA	U.K. Prudential Regulation Authority
Private equity funds	Investments in limited partnerships and limited liability companies
PSU	Performance share units
QDMTT	Qualified Domestic Minimum Top Tax
Range of outcomes	The range of gross loss and LAE reserves implied by the various methodologies used by each of our (re)insurance subsidiaries.

RBC	Risk-based capital
Reinsurance to close (RITC)	A business transaction to transfer estimated future liabilities attached to a given year of account of a Lloyd's syndicate into a later year of account of either the same or different Lloyd's syndicate in return for a premium.
Reserves for losses and LAE	Management's best estimate of the ultimate cost of settling losses as of the balance sheet date. This includes OLR and IBNR.
Retroactive reinsurance	Contracts that provide indemnification for losses and LAE with respect to past loss events.
RLE	Run-off liability earnings – GAAP-based financial measure calculated by dividing prior period development by average net loss reserves.
RNCI	Redeemable noncontrolling interests
ROE	Return on equity - GAAP-based financial measure calculated by dividing net income (loss) attributable to Enstar ordinary shareholders by opening Enstar ordinary shareholders' equity.
RPII	Related Person Insurance Income
Run-off	A line of business that has been classified as discontinued by the insurer that initially underwrote the given risk.
Run-off portfolio	A group of insurance policies classified as run-off.
SCR	Solvency Capital Requirement
SEC	U.S. Securities and Exchange Commission
SGL No. 1	SGL No. 1 Limited
SiriusPoint	SiriusPoint Ltd
SISE	StarStone Insurance SE
Sixth Street	Sixth Street Partners, LLC
SSHL	StarStone Specialty Holdings Limited
StarStone International	StarStone's non-U.S. operations
StarStone U.S.	StarStone U.S. Holdings, Inc. and its subsidiaries
Step Acquisition	The purchase of the entire equity interest of an affiliate of Hillhouse Capital Management Ltd and Hillhouse Capital Advisors, Ltd. in Enhanzed Re
Stone Point	Stone Point Capital LLC
TIR	Total investment return - GAAP financial measure calculated by dividing total investment return, including OCI, for the applicable period by average total investable assets.
Trident V Funds	Trident V, L.P., Trident V Parallel Fund, L.P. and Trident V Professionals Fund, L.P.
TSA	Transition services agreement
U.K. Regulator	The FCA together with the PRA
U.S. GAAP	Accounting principles generally accepted in the United States of America
ULAE	Unallocated loss adjustment expenses - Loss adjustment expenses relating to run-off costs for the estimated payout of the run-off, such as internal claim management or associated operational support costs.
Unearned premium	The unexpired portion of policy premiums that will be earned over the remaining term of the insurance contract.
UTPR	Under-Taxed Profit Rule
VIE	Variable interest entities
2021 Repurchase Program	An ordinary share repurchase program adopted by our Board of Directors in November 2021, for the purpose of repurchasing a limited number of our ordinary shares, not to exceed $100 million in aggregate. This plan was fully utilized as of April 2022.
2022 Repurchase Program	An ordinary share repurchase program adopted by our Board of Directors in May 2022, which was originally effective through May 5, 2023, for the purpose of repurchasing a limited number of our ordinary shares, not to exceed $200 million in aggregate. On February 23, 2023, our Board of Directors authorized the repurchase of an additional $105 million of our ordinary shares, and extended the effective date through February 23, 2024. This program was terminated on March 23, 2023.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This annual report and the documents incorporated by reference herein contain statements that constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, with respect to our pending Merger, financial condition, results of operations, business strategies, operating efficiencies, competitive positions, growth opportunities, plans and objectives of our management, as well as the markets for our securities and the reinsurance sectors in general.

Statements that include words such as "estimate," "project," "plan," "intend," "expect," "anticipate," "believe," "would," "should," "could," "seek," "may" and similar statements of a future or forward-looking nature identify forward-looking statements for purposes of the federal securities laws or otherwise.

All forward-looking statements are necessarily estimates or expectations, and not statements of historical fact, reflecting the best judgment of our management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements.

These forward looking statements should, therefore, be considered in light of various important risk factors, including those set forth in this annual report and the documents incorporated by reference herein, which could cause actual results to differ materially from those suggested by the forward-looking statements. These risk factors include:

- the completion of the Merger on the anticipated terms and timing;
- the satisfaction of conditions to the completion of the Merger, including obtaining required regulatory approvals;
- the risk that our stock price may fluctuate during the pendency of the Merger and may decline if the Merger is not completed;
- potential litigation relating to the Merger that has and could be instituted against us or our directors, managers or officers, including the effects of any outcomes related thereto;
- the risk that disruptions from the Merger (including the ability of certain business partners to terminate or amend contracts upon a change of control) will harm our business, including our current plans and operations;
- our ability to retain and hire key personnel during the pendency of the Merger or following its completion;
- the diversion of management’s time and attention from ordinary course business operations to completion of the Merger and integration matters;
- potential adverse reactions or changes to business relationships resulting from the pendency or completion of the Merger;
- our reduced liquidity due to the significant distributions that we will make to our ordinary shareholders in connection with the Merger and the additional distributions that we expect to make to Parent to fund its obligations under the debt and preferred equity financing incurred by Parent in connection with the completion of the Merger;
- potential business uncertainty, including changes to existing business relationships, during the pendency of the Merger that could affect our financial performance;
- certain restrictions during the pendency of the Merger that may impact our ability to pursue certain business opportunities or strategic transactions;
- the possibility that the Merger may be more expensive to complete than anticipated, including as a result of unexpected factors or events;
- unexpected costs, liabilities or delays associated with the Merger;
- the response of competitors to the Merger;
- the occurrence of any event, change or other circumstance that could give rise to the termination of the Merger;
- the risk that an active trading market for the newly issued preferred shares that our holders of the depositary shares representing our preferred shares will receive in the Merger does not exist and may not develop;

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- unpredictability and severity of catastrophic events, including but not limited to acts of terrorism, outbreaks of war or hostilities or global pandemics, as well as management's response to any of the aforementioned factors;
- the adequacy of our loss reserves and the need to adjust such reserves as claims develop over time, including due to the impact of emerging claim and coverage issues and disputes that could impact reserve adequacy;
- risks relating to our acquisitions, including our ability to evaluate opportunities, successfully price acquisitions, address operational challenges, support our planned growth and assimilate acquired portfolios and companies into our internal control system in order to maintain effective internal controls, provide reliable financial reports and prevent fraud;
- risks relating to our ability to obtain regulatory approvals, including the timing, terms and conditions of any such approvals, and to satisfy other closing conditions in connection with our acquisition agreements, which could affect our ability to complete acquisitions;
- risks relating to climate change and its potential impact on the returns from our run-off business and our investments;
- changes in tax laws or regulations applicable to us or our subsidiaries, including the Bermuda Corporate Income Tax and the Organisation for Economic Cooperation and Development Pillar Two, or the risk that we or one of our non-U.S. subsidiaries become subject to significant, or significantly increased, income taxes in the U.S. or elsewhere;
- the risk that U.S. persons who own our ordinary shares might become subject to adverse U.S. tax consequences as a result of related person insurance income;
- risks relating to the variability of statutory capital requirements and the risk that we may require additional capital in the future, which may not be available or may be available only on unfavorable terms;
- the risk that our reinsurance subsidiaries may not be able to provide the required collateral to ceding companies pursuant to their reinsurance contracts, including through the use of letters of credit;
- risks relating to the availability and collectability of our ceded reinsurance;
- the ability of our subsidiaries to distribute funds to us and the resulting impact on our liquidity;
- losses due to foreign currency exchange rate fluctuations;
- the risk that the value of our investment portfolios and the investment income that we receive from these portfolios may decline materially as a result of market fluctuations and economic conditions, including those related to interest rates, credit spreads and equity prices (including the risk that we may realize losses related to declines in the value of our investment portfolios if we elect to, or are required to, sell investments with unrealized losses);
- risks relating to our ability to structure our investments in a manner that recognizes our liquidity needs;
- risks relating to our strategic investments in alternative asset classes and joint ventures, which are illiquid and may be volatile;
- risks relating to our ability to accurately value our investments, which require methodologies, estimates and assumptions that can be highly subjective, and the inaccuracy of which could adversely affect our financial condition;
- risks relating to our liquidity demands and the structure of our investment portfolios, which may adversely affect the performance of our investment portfolio and financial results;
- risks relating to the complex regulatory environment in which we operate, including that ongoing or future industry regulatory developments will disrupt our business, affect the ability of our subsidiaries to operate in the ordinary course or to make distributions to us, or mandate changes in industry practices in ways that increase our costs, decrease our revenues or require us to alter aspects of the way we do business;
- risks relating to laws and regulations regarding sanctions and foreign corrupt practices, the violation of which could adversely affect our financial condition and results of operations;
- loss of key personnel;

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- the risk that some of our directors, large shareholders and their affiliates have interests that can create conflicts of interest through related party transactions;
- the risk that outsourced providers could breach their obligations to us, which could adversely affect our business and results of operations;
- operational risks, including cybersecurity events, external hazards, human failures or other difficulties with our information technology systems that could disrupt our business or result in the loss of critical and confidential information, increased costs; and
- risks relating to the ownership of our shares resulting from certain provisions of our bye-laws and our status as a Bermuda company.

The risk factors listed above should not be construed as exhaustive and should be read in conjunction with the Risk Factors that are included in Item 1A below. We undertake no obligation to publicly update or review any forward-looking statement, whether to reflect any change in our expectations with regard thereto, or as a result of new information, future developments or otherwise, except as required by law.

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PART I

ITEM 1. BUSINESS

Our Business and Strategy

Enstar is a leading global (re)insurance group that offers innovative capital release solutions through our network of group companies. We seek to create value by managing (re)insurance companies and portfolios of (re)insurance and other liability business in run-off and striving to generate an attractive risk-adjusted return from our investment portfolio. In this report, the terms "Enstar," the “Company," "us," and "we" are used interchangeably to describe Enstar and our subsidiary companies.

On July 29, 2024, Enstar Group Limited ("Enstar") entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Elk Bidco Limited (the “Parent”), an exempted company limited by shares existing under the laws of Bermuda. The Parent is backed by equity commitments from investment vehicles managed or advised by affiliates of Sixth Street Partners, LLC (“Sixth Street”). Pursuant to the Merger Agreement, there will be a series of mergers (collectively, the "Merger") resulting in the Company surviving the Merger as a wholly-owned subsidiary of the Parent. The Merger is expected to close in mid-2025.

As part of our ongoing restructuring efforts to reduce legal entity complexity, improve operational efficiencies, and simplify our governance structure, we have restructured operations and subsidiary companies in several jurisdictions, resulting in a more concentrated global footprint, such that as of December 31, 2024, we had a legal entity and operating presence within six countries.

We acquire run-off and other (re)insurance reserves using retroactive reinsurance and other bespoke contracts where we are paid consideration to reinsure, up to a specified limit, underlying policies issued by other insurers who have written these risks in prior accident years. We strive to set an appropriate price and manage the liabilities professionally and efficiently to achieve the best outcomes for our policyholders and shareholders.

On closing a retroactive reinsurance transaction, the consideration we receive is not recognized as income, nor are the liabilities we acquire recognized as net incurred losses. These items are recorded to the balance sheet with any subsequent changes to the value of ultimate losses and liabilities recorded in the consolidated statements of operations.

In addition, any difference between consideration received and loss reserves recorded to the balance sheet upon initial recognition of a transaction, is recorded as a deferred charge asset (“DCA”) or deferred gain liability (“DGL”) which is subsequently amortized.[1]

A run-off portfolio is a group of insurance policies grouped by accident year, line of business and jurisdiction that an insurer that initially underwrote the risks seeks to exit or put into run-off. The facts and circumstances underlying an insurer’s or company's (seller's) decision to exit or put a portfolio into run-off or seek ADC contracts varies. Usually, the portfolios of risks have become inconsistent with the seller’s core competencies, provide unwanted exposure to a particular risk or segment of the market and/or absorb capital that the seller may wish to deploy elsewhere. These portfolios of risks are often associated with potentially large exposures and lengthy time periods before resolution of the last remaining insured claims, resulting in uncertainty to the (re)insurer covering those risks. In other circumstances, a cedant may be pursuing a solution in advance of a merger and acquisition (“M&A”) transaction or an initial public offering, or may be seeking to exit less mature business, sometimes including the current accident year. We have also acquired legacy manufacturing companies with direct exposure to asbestos and environmental liabilities (“defendant A&E liabilities”).

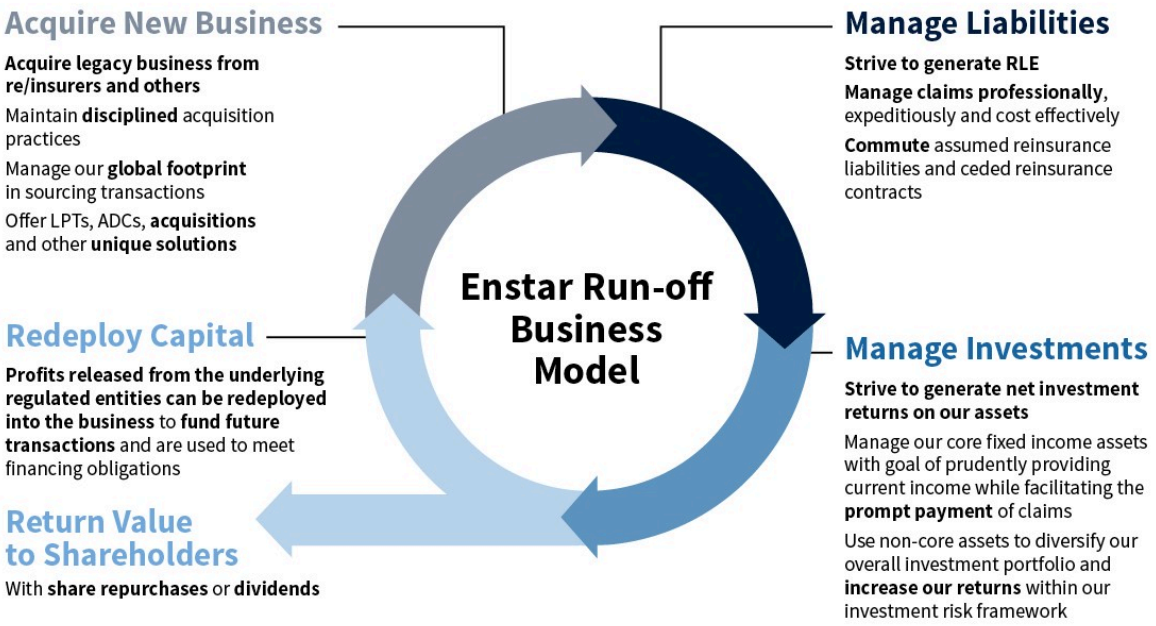
We establish our best estimate of the liabilities we assume based upon actuarial analyses of the claims data provided to us by the counterparties, our review of claims files and reinsurance assets, our analysis of claim trends and other data supplied as part of our due diligence. Accordingly, at the time we enter the arrangements, we do not reflect the potential impact of our claims management strategies as we have no assurance that our efforts will be successful nor how any development may emerge. Similarly, we do not recognize reductions for any potential settlements or commutations that we have not executed as we do not solely control any such outcome. The

[1] This is further described in Note 10 to our consolidated financial statements.

settlement of the liabilities may take many years to complete depending on the underlying risk profile of the business.

By investing the consideration received from our (re)insurance solutions, we generate investment returns that we use to settle the liabilities acquired, fund future transactions, meet our financing and operating obligations and return value to shareholders.

As a result, the traditional (re)insurance underwriting ratios (loss ratios and combined ratios) are not relevant to us. Net earned premiums are not a significant source of revenue and current period net incurred losses and LAE from those premiums are not significant. We use Run-off liability earnings ("RLE") to measure our success at managing our retroactive reinsurance liabilities and total investment return ("TIR") to measure our investment returns. Our ability to generate favorable RLE or avoid unfavorable RLE from our management of acquired portfolios can vary. RLE may be recognized within a year of acquiring the new portfolio, or may not appear for many years, if at all. Similarly, our ability to generate positive TIR can be impacted by market risks, including interest rate, credit spread, credit and foreign exchange risks, in addition to the regulatory constraints associated with being a regulated global (re)insurance group.



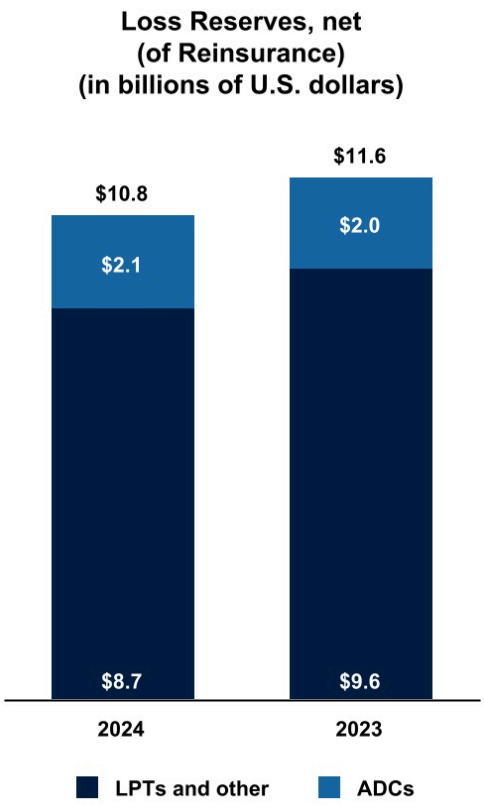
1 Acquire New Business

Sourcing

We leverage our industry relationships and our position as an experienced run-off specialist, together with our footprint in the major (re)insurance hubs, to source new business opportunities. We engage directly with companies and/or their representative brokers to bid for and negotiate new transactions.

Solutions

We develop innovative solutions and products based on the needs of our partners. In addition to providing finality to discontinued lines and earnings volatility protection or acquiring troubled businesses, we help our partners achieve their risk management, capital and strategic objectives. Our Run-off business offers a variety of capital release solutions, including but not limited to:



LPTs: We offer LPTs in situations where our clients wish to divest themselves of a portfolio of insurance business. In such instances, we are able to retroactively reinsure against deterioration of the portfolio of loss reserves, subject to any stipulated limits. In the Lloyd's market, we provide similar solutions through reinsurance to close ("RITC") transactions.

ADCs: In situations where our clients are concerned about loss deterioration on selected books of business, we offer ADCs whereby we reinsure certain losses in excess of our clients' established reserves, up to a pre-determined limit.

FEOs: In situations where our clients are third-party capital providers and desire finality on a collateralized reinsurance contract written via a sidecar or other fully collateralized vehicle, we offer a Forward Exit Option ("FEO") solution whereby investors in such vehicles will have the option to transfer the reserve risk associated with their investment to us. The solution provides finality and liquidity to these investors at a date in the future, thus allowing them to better manage their investment horizons. We wrote our first Forward Exit Option contract in 2024. This is a new venture and not expected to be a material component of new business for some time.

Acquisitions: Where our clients or potential clients want to dispose of a company in run-off, we may purchase the company. Such a transaction is beneficial to the seller because it enables them to monetize their investment in that company.

Pricing

We evaluate each opportunity presented by carefully reviewing and analyzing the portfolio's or company's risk exposures, claim practices, capital and reserve requirements and outstanding claims. This initial analysis allows us to determine whether the opportunity aligns with our strategy and targeted return thresholds.

If we decide to pursue an opportunity, we price it based on certain assumptions, including: our ability to apply our core competencies to negotiate with (re)insureds, resolve valid claims, manage the investments associated with the portfolio and otherwise manage the nature of the risks posed by the business or portfolio.

LPTs and ADCs: Using actuarial analysis and our view of the exposure assumed, we determine the premium consideration that we charge the ceding companies under retroactive reinsurance contracts.

This premium is generally lower than the undiscounted estimated ultimate losses payable at inception due to the time value of money, in recognition that we will earn an investment return on the assets which support the future payment of insurance claims.

Acquisitions: In order to price the acquisition of a company in run-off, we estimate the fair value of assets and liabilities acquired based on actuarial analyses and our views of the exposures assumed.

The fair value of the company may be lower than its book value based upon the risks assumed, the time value of money as applied to its liabilities and the value to the seller of no longer having to manage the company.

2 Manage Liabilities

Non-Life Run-off

There is a period over which the reserve liabilities associated with LPTs, ADCs, acquisitions and other similar transactions are extinguished, as described below:

- At take-on: upon integrating the LPT, ADC or company we record our best estimate of the value of loss reserves. We then implement our plan to manage the book and its exposures that we gathered during the course of the acquisition process.
- Subsequent to take-on: in the proceeding years, we develop a deeper understanding of the claims portfolio from a reserving perspective and, where we have been granted claims control, employ our claims management strategies in order to generate RLE.

After applying our claims management strategies for a period of time, there are generally reduced opportunities remaining to achieve RLE. At that point, our goal is to continue to manage costs and generate investment returns as we run off the remaining reserves in an orderly manner.

Both the A&E losses and LAE and defendant A&E liabilities have much longer expected claims settlement periods than our general casualty books of business, and therefore the period over which their reserve liabilities are extinguished tends to be significantly longer than other lines of business.

The strategies we employ to manage our acquired companies and portfolios of business in run-off include:

Claims Management on Portfolios with Claims Control: Integral to our success is our ability to analyze, administer, and settle claims while managing related expenses. We work with seasoned and well-trained claims professionals, along with claims reporting and control procedures, in all of our claims units. Our claims management processes on portfolios where we have claims control also include leveraging our extensive relationships and developed protocols to manage outside counsel and other third parties more efficiently to reduce expenses.

For certain lines of business, we have entered into agreements with third-party administrators to manage and pay claims on our subsidiaries' behalf and advise with respect to case reserves. These agreements generally set forth the duties of the third-party administrators, limits of authority, indemnification language designed for our protection and various procedures relating to compliance with laws and regulations. The agreements clearly define our claims handling guidelines, and we provide extensive and active oversight by in-house subject matter claims experts in order to ensure the third-party administrators are operating in accordance with our expectations.

Claims Oversight on Portfolios without Claims Control: On some of the more structured reinsurance transactions where claims control has been retained by the original cedants, we have developed bespoke oversight, reporting and monitoring programs. These programs are specific to the individual transactions and involve utilizing our in-house subject matter claims experts to work with the original cedants who can leverage our expertise and experience. As we have seen a shift towards more reinsurance transactions without claims control, our oversight programs have given us greater insights into the development of the risks that we have assumed and have also added benefits to our cedants in giving them more access to our expertise in claims management.

Commutations and Policy Buybacks: Where possible, we negotiate with third-party (re)insureds to commute their (re)insurance agreements (sometimes called policy buybacks for direct insurance) for an agreed upon up-front payment by us.

Commutations and policy buybacks provide us with an opportunity to exit exposures to certain policies and (re)insureds generally at a discount to the ultimate liability. Commutations can reduce the duration, administrative

burden and ultimately the future cost we face as we manage the run-off of the claims and the amount of regulatory capital we are required to maintain.

In certain lines of business and jurisdictions, such as direct workers' compensation insurance, commutations and policy buyback opportunities are not typically available, and our strategy with respect to these businesses is to derive value through efficient and effective claims management.

Reinsurance Recoverables: We manage reinsurance recoverables by working with reinsurers, brokers and professional advisors to achieve fair and prompt payment of reinsured claims, and we take appropriate legal action to secure recoverables when necessary. Where appropriate we negotiate commutations with our reinsurers by securing a lump sum settlement in complete satisfaction of the reinsurer's past, present and future liability in respect of such claims.

Generating RLE: When we have contractual claims management rights, our strategy is to obtain claims resolutions and settlements on the actual and potentially valid claims within each portfolio quickly, where feasible, to avoid lengthy and continuing defense costs. When claims control has been retained by the cedant, we develop oversight programs to monitor the business and provide our partners with the opportunity to leverage our expertise and experience. If we are successful in settling claims or otherwise manage the expected value of the losses for less than our carried reserves, we recognize favorable prior period development within our net incurred loss and loss adjustment expenses. Similarly, we may experience adverse development on the carried reserves if the projected costs of claims exceeds our estimates. We include the net development as a component of our performance, which we refer to as RLE.

We aim to generate positive RLE by drawing on in-house expertise and trusted third-party relationships to close claims efficiently, paying valid claims on a timely basis, and relying on policy terms and exclusions where applicable, and litigation when necessary, to defend against paying invalid claims.

Using detailed claims analysis and actuarial projections, we seek to negotiate with policyholders and reinsurers with a goal of settling existing (re)insurance liabilities and monetizing (re)insurance assets in a cost efficient manner.

Seasonality

We complete most of our loss reserve studies in the fourth quarter of each year and, as a result, we tend to record the largest movements, both favorable or adverse, to net incurred losses and LAE in these periods. However, we also monitor the progression of claims and claims settlements in the earlier interim periods and may adjust our reserves if, and when, we deem it appropriate.

3 Manage Investments

We manage our investments to obtain attractive risk-adjusted returns while maintaining prudent diversification of assets and operating within the constraints of a regulated global (re)insurance group. We also consider the liquidity requirements and duration of our claims and contract liabilities.

We have a group-wide investment policy and group mandate, which applies to our consolidated investment portfolio and all subsidiary cash and investment portfolios.

Our investment policy:

- Outlines our investment objectives and constraints;
- Prescribes permitted asset class limits and strategies;
- Establishes risk tolerance limits; and
- Establishes appropriate governance.

Our investment policy also includes constraints that impact our asset allocation and external asset manager selection.

In pursuing our investment objectives, we typically allocate to asset classes with varying risk-return profiles that fall into two classifications: core assets and non-core assets.

Our core assets, or fixed income assets, include short-term and fixed maturities classified as trading and available-for-sale (“AFS”), funds held and cash and cash equivalents. Under funds held arrangements, the reinsured company has retained consideration that would otherwise have been remitted to us. The funds held balance is credited with investment income and is used to offset settlement of paid losses. Funds held arrangements where we receive the underlying portfolio economics and the contractual right to direct the asset allocation strategies are referred by us as "Funds held - directly managed". Funds held arrangements where we receive a fixed crediting rate or other contractually agreed return are referred by us as "Funds held by reinsured companies".

Our non-core assets, or other investments, include equities, equity method investments, hedge funds, fixed income funds, private equity funds, private credit funds, equity funds, collateralized loan obligation (“CLO”) equity funds, CLO equities, and real estate funds.



Core Asset Strategy: Our core assets investment portfolio is predominantly invested in investment grade fixed income securities that are duration and currency optimized and matched against the expected payment of loss reserves in accordance with our contractual obligations with our counterparty insurers and as prescribed in statutory liquidity and solvency regulations. Our goal with these securities is to meet the expected maturity to support prompt payment of the claims, whilst maximizing investment income.

Our fixed income assets include U.S. government and agency investments, highly rated sovereign and supranational investments, high-grade corporate investments as well as mortgage-backed and asset-backed investments.

Non-Core Asset Strategy: Our goal with our non-core assets investment portfolio is to provide diversification and increased return. Our non-core assets typically include below-investment grade fixed income securities and bank loans, public equity securities, hedge funds, private equity funds, fixed income funds, CLO equities, real estate funds, private credit funds and equity method investments.

The allocation and composition of our non-core assets may vary, depending on risk appetite, current market conditions and the assessment of relative value between asset classes.

We believe our non-core investments provide diversification in our overall investment portfolio, because generally they have low correlation with our fixed income assets, thereby providing an opportunity for improved risk-adjusted rates of return while minimizing downside risk over the long-term. The returns of our non-core investments may be volatile, and we may experience significant fair value changes in a particular quarter or year. Regulatory, rating agency, our internal risk appetite and other factors may limit our capacity to hold non-core assets.

Portfolio Allocation: Our portfolio is diversified across several core and non-core asset classes and targets attractive risk-adjusted returns, while taking into account regulatory, capital, risk, and other relevant considerations. We periodically review the performance of the portfolio and reallocate assets to take advantage of opportunities in the market. This asset rebalancing is periodically reviewed by our Board Investment Committee.

Asset Manager Selection: Our investment portfolio is managed by external managers through the execution of investment management agreements and investment guidelines. We hold regular discussions with our managers to monitor investment performance.

Performance and Compliance Monitoring: Our investment management agreements and guidelines with external asset managers include performance benchmarks. The benchmarks take various factors into consideration, including duration, currency, asset class, geography, sector, credit quality and other relevant metrics that impact performance.

An investment compliance report for the aggregate investment policy is prepared for our Board Investment Committee on a quarterly basis in arrears. The Board Investment Committee and our subsidiary boards are responsible for ensuring that investment compliance guidelines proposed are aligned to our stated risk appetite.

4 Redeploy Capital and Return Value to Shareholders

Our regulated subsidiaries and group are subject to capital requirements, which require us to hold additional assets to mitigate the risk of insufficient funds to fulfill our insurance obligations in adverse economic or operational circumstances. Amounts beyond our internal capital levels are available for us to redeploy.

As we settle our liabilities, we reduce our required capital and any excess capital may be redeployed into the business for further acquisitions. We believe that the best investment is in our business, by funding future transactions and meeting our financing obligations. We have also utilized share repurchases in situations where we have excess capital in order to return value to our shareholders. To date, we have not declared any dividends on our ordinary shares.

Competition

Our Run-off segment competes in the global insurance market with domestic and international reinsurance companies to acquire and manage (re)insurance companies and portfolios of (re)insurance business in run-off. We compete with different companies depending upon the size of the loss portfolios being contemplated and the location of the insurer or insurance risks.

The legacy market has seen several new entrants in the last decade, largely driven by the investment of significant alternative capital. This has led to increased competition in the overall market and increased pressure on deal pricing which has manifested recently as certain of our competitors have signaled a full exit from the overall legacy market. According to global run-off deal data published by PwC, 13 different acquirers completed run-off transactions in 2024 versus 12 in 2023.

Despite the exit of companies from the legacy market, the acquisition and management of companies and portfolios in run-off continues to be competitive and is driven by several factors, including proposed acquisition prices, operational reputation and financial resources including new capital and alternative forms of capital entering the markets.

We have a positive outlook on the future as we continue to see high levels of legacy market activity, with opportunities being brought to us either directly by counterparties or brokers. We have established long-term and continuing business relationships throughout the (re)insurance industry, which can be a significant competitive advantage for us. Additionally, we believe that we are price competitive and have a well-established reputation with respect to our distinctive ability to complete and manage transactions.

Our Organization

Segments[2]

Effective January 1, 2024, our business is organized into two reportable segments: (i) Run-off and (ii) Investments. Our previous Assumed Life and Legacy Underwriting reportable segments were determined to no longer meet the definition of reportable segments as they no longer engage in any active business activities following the series of commutation and novation transactions in Enhanzed Reinsurance, Ltd. ("Enhanzed Re") and the settlement of the arrangements between SGL No 1. and Arden and Atrium.

The Run-off segment consists of our acquired property and casualty and other (re)insurance business, while the Investments segment consists of our investment activities and the performance of our investment portfolio.

The former Assumed Life segment consisted of life and catastrophe business that we assumed via the 2022 acquisition of the controlling interest in Enhanzed Re, while the former Legacy Underwriting segment consisted of businesses that we exited via the sale of the majority of our interest. We present the results of these former segments in the periods that they were relevant in our financial statements.

In addition, our Corporate and Other activities, which do not qualify as an operating segment, include income and expense items that are not directly attributable to our reportable segments.

Major Operating Subsidiaries

Our (re)insurance business is regulated and requires licenses to operate in each relevant jurisdiction. Our major operating insurance subsidiaries and their regulatory domiciles are listed below:

Regulated Company	Jurisdiction	% of Net Liability for Losses and LAE as of December 31, 2024
Clarendon National Insurance Company Fletcher Reinsurance Company Yosemite Insurance Company	United States	8%
Cavello Bay Reinsurance Limited Fitzwilliam Insurance Limited	Bermuda	84%
SGL No.1 Limited Mercantile Indemnity Company Limited River Thames Insurance Company Limited	United Kingdom	8%
Gordian Runoff Limited StarStone Insurance SE	Other	—%
		100%

[2] For further information on our reportable segments, refer to "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations by Segment" and Note 5 to our consolidated financial statements.

Human Capital Resources

As of December 31, 2024, we had 790 employees, as compared to 805 employees as of December 31, 2023.

We seek to attract, retain and develop a diverse and specialized workforce that supports our culture, target operating model and business performance. We do this by applying the following strategies:

- Making use of a range of hiring channels and approaches and incorporating a total reward offering that includes market competitive salaries, an annual bonus plan as well as comprehensive benefits to protect employee health, wellness and financial security.
- Promoting alignment of interests with investors through the use of an employee share purchase plan and long-term equity-based incentives.
- Encouraging our employees to periodically review development areas with their managers to identify appropriate learning opportunities to better equip our work force with the skills necessary for near- and long-term success. We offer an array of professional development programs and initiatives to support our employees' career aspirations and enhance our leadership and management capabilities—creating a pipeline of talent able to deliver on our long-term strategic objectives and developing a skilled workforce with succession capabilities. For example, we provide all of our employees access to a digital platform containing learning resources designed to support their role and career.

In addition, strengthening our succession planning is a key priority for us across all levels. We have made a significant investment in establishing and developing programs for managers, functional heads and group executives designed to enhance leadership and management capabilities across our senior management team. For example, in 2024 we supported a cohort of new managers through a program designed to help participants become skilled performance coaches, driving greater accountability for delivering enhanced individual goals and team outcomes. The program has been highly successful and a new cohort is planned for 2025. We also offer programs to group and regional executives and other potential successors throughout the organization.

Diversity, Equity and Inclusion

We understand the importance of diversity in our work force and our diversity, equity and inclusion (“DE&I”) vision is to create a diverse and inclusive workplace, where everyone feels that they belong and where diversity is celebrated. Over the past year we continued to increase our focus on DE&I, which included:

- Continuing to progress our DE&I strategic framework, which covers the following five pillars: People Practices; Inclusive Procurement and Supplier Diversity; Access and Accessibility; Communication Events and Community Engagement; and Data and Insights. This strategic framework guides our objectives and informs the initiatives we have undertaken.
- Establishing two more Employee Resource Groups (“ERGs”) for our staff which brings our total ERGs to five, focusing on themes that link to the demographic of our workforce: Parents and Carers, Mental Health, Women in the Finance Industry and, new this year, Ethnicity and Cultural Heritage and Inclusivity. The ERGs bring together employees from across the business and create a space where individuals feel comfortable to share their ideas and experiences. We also solicit feedback from these groups when developing future DE&I initiatives.
- Launching our Talent Acquisition Gender Diversity Framework to provide hiring managers with guidance and recommendations on best practice to ensure their recruitment processes and practices are gender inclusive. The guidance focuses on practical advice throughout the recruitment process and as an outcome, the hiring of women has significantly improved, whereby half of all our hires in 2024 were women.
- Hosting our 2024 summer global internship program for the third consecutive year following the success of the inaugural program in 2022, by welcoming a talented and diverse group of individuals across three of our offices in Bermuda, the U.S. and the U.K. to undertake a mix of industry training, departmental expertise and personal development activities.

To measure our progress, we use a variety of human capital measures in managing our business, including workforce demographics and diversity metrics. We continue to build and expand on the range of metrics we produce as we continue to work towards the achievement of our DE&I vision.

As of December 31, 2024, our global gender metrics were as follows:



We are committed to fostering a culture that treats all employees fairly and with respect, promotes inclusivity and diversity, and provides equal opportunities for professional development and merit-based advancement. We adhere to these values by following a Board Diversity Policy and Group Diversity, Equity and Inclusion Policy. We intend to continue conducting human capital management activities, including recruitment, career development and advancement, role design and compensation in a manner reflective of our commitment to diversity and inclusion.

Employee Wellbeing

We recognize the importance of our employees as individuals and the role we can play in promoting their wellbeing. Our wellbeing strategy is now well defined across three pillars of core focus:

- Emotional and social: we offer an Employee Assistance Program, which provides a professional and confidential service that covers a broad range of topics, both personal and work-related. We also held a series of employee webinars during the year, covering a wide range of topics related to health and wellbeing such as burnout, menopause and children's mental health.
- Physical: our benefits coverage includes a range of centrally provided and individually tailored health-related insurance packages, alongside a number of additional benefits and initiatives. For example, we provide access to a wellbeing platform that offers a range of benefits and tools and hosts Enstar's health initiatives and challenges, such as our Global Step Challenge, which was held for the third consecutive year. We also offer an Enstar Wellness allowance, enabling an annual reimbursement of expenses that support mental or physical wellness, and various other provisions including annual health assessments.
- Financial: during 2024 we delivered a range of initiatives to address the challenging economic marketplace, including an Employee Financial Assistance Program, which provided interest-free employee loans, and the provision of a supplemental Economic Hardship Payment to those employees most vulnerable to the impact of inflationary pressures.

Our employee engagement, diversity and inclusion results are a clear indication of our efforts and successes in managing and supporting our employees. For the past four years our rating index has been in the upper quartile of the financial services benchmark, resulting in Enstar being awarded the People Insight 'Outstanding Place to Work 2024' award for the third consecutive year.

Enterprise Risk Management

Effective Enterprise Risk Management (“ERM”) and oversight is a priority for our management and Boards of Directors (both at the parent company and subsidiary levels). We aim to ensure that we have a comprehensive ERM Framework to identify, assess, treat, monitor and report on risks that affect the achievement of our strategic, operational and financial objectives.

We believe that an effective ERM Framework is crucial to maintaining the strength of Enstar and our (re)insurance companies (our "Group") and enhancing our operations. These include our business strategy and objectives, capital management decision making, operations and processes, financial performance and financial reporting, regulatory compliance, reputation with key stakeholders and business continuity planning. Through our ERM Framework, we aim to embed considerations of risk through all aspects of our business.

Risk Management Strategy

The Group’s Risk Management Strategy has been designed to help meet our core objectives, which is to:

- engage in highly disciplined and risk-based, acquisition, management and (re)insurance practices across a diverse portfolio of loss reserves;
- seek investment risk where it is adequately rewarded;
- maintain loss reserving risk in line with risk appetite;
- minimize capital, liquidity, credit, operational and regulatory risks; and
- promote the consideration of Environmental (specifically, climate change effects), Social and Governance (“ESG”) risks in strategies, business planning and other operational processes.

These strategies are pursued through the use of appropriate controls, governance structures and highly skilled teams effectively working together.

Our risk management strategy is embedded across the organization by promoting a strong culture of risk awareness. This is evidenced through our day-to-day approach to managing our business. In particular, risk matters are regularly discussed at management and Board meetings, providing challenge and considering opportunities against risks being assessed and managed.

The goal of our risk management strategy is to enable the proactive, pragmatic management of risks arising in day-to-day operations, primarily through the implementation and maintenance of an effective ERM Framework to ensure a robust control environment.

Risk Appetite

The Risk Appetite Framework in place at both the Group and its regulated subsidiaries monitors risk taking throughout the business by linking business strategy and planning with available capital and risk. It is designed to protect the Group and its subsidiaries from unacceptable levels of loss, compliance failures and/or adverse reputational impacts and support the wider strategic decision-making process.

A qualitative risk appetite statement is set for each material risk to represent the amount of risk the Board is willing to accept, which is supported by quantitative tolerances (such as minimum capital required). The qualitative risk appetite statements and supporting quantitative tolerances are reviewed and approved by the Board annually. Subsidiary companies’ risk appetite and tolerances are reviewed against their specific risk profiles and strategy and approved by the local Board(s), and are reviewed annually to ensure that subsidiary risk appetite does not in the aggregate exceed the aggregate Group Risk Appetite Framework.

Accountability for the implementation, monitoring and oversight of our risk appetite is aligned with individual corporate executives and monitored and maintained by the Risk Management Function. Risk tolerance levels are monitored and deviations from pre-established levels are reported in order to facilitate responsive action. On a quarterly basis, risk tolerances are reported by the assigned first line business owner to Risk Management who collate, review and provide challenge and aggregate tolerances. Individual tolerances are rated ‘Red’, ‘Amber’ or ‘Green’ relative to pre-defined thresholds. Where deviation from ‘Green’ is identified, remediation plans are required

to reduce risk exposure within approved thresholds. As determined by the Board or Risk Committee, the Risk Appetite Framework and tolerance(s) may be reviewed/updated outside of the annual review cycle in the event of a material change in risk profile, system of governance, regulatory or operating environment, market or macroeconomic conditions, and/or any other material change.

Risk Governance and Culture

The Board of Directors actively oversees the management of risks to which the Group is exposed in a variety of ways. To ensure comprehensive oversight, the Company has an EGL Risk Committee, as well as Group and jurisdictional Management Risk Committees comprised of executive and/or senior management responsible for the management of key risks. These committees are supported by representatives from our Risk & Compliance and Internal Audit functions as appropriate.

The Group, supported by the wider ERM Framework, promotes a strong risk culture through a rigorous hiring process for employees, performing an annual Compensation Risk Assessment, ensuring employee understanding and compliance with the Employee Code of Conduct, and by promoting employee risk awareness of compliance and IT security matters through training.

Risk Ownership, Accountability and Assurance

We maintain the Three Lines Model (Management, Risk & Compliance and Internal Audit) to delineate accountabilities and establish a ‘check and balance’ management of risks across the Group. This allows for clear ownership and accountability of risks, and independent assurance that these have been considered appropriately via our Internal Audit Function. This also allows for a clear assignment of risk management responsibilities across all Group activities and helps communicate the approach to risk management throughout the organization.

The Risk Management Function, headed by the Group Chief Risk Officer (“CRO”), is responsible for both designing and operationalizing the various components of the ERM Framework throughout the Group. To ensure independence, the CRO reports to our CEO and has direct access to the Chairperson of the EGL Risk Committee. Our CRO obtains expertise from other functions / subject matter experts, as appropriate, to provide coverage over key risk areas.

The Group and its subsidiaries have internal controls in place, designed to manage risks to acceptable levels and the effectiveness of controls is regularly considered in managing and balancing risk and appetite. These are implemented within each line of defense.

Entity Level Management

At the operating subsidiary level, risks relating to our individual (re)insurance subsidiaries are also overseen by the subsidiary boards of directors, risk committees and other committees, and Regional Executive and management teams, consistent with applicable regulatory requirements and our overall ERM Framework that is embedded at local levels and throughout the business.

Emerging Risks

As part of our ERM Framework, we maintain an Emerging Risk Framework, which sets out the minimum standards by which emerging risks are identified, analyzed, evaluated, treated and reported on. Pursuant to this framework, the Management Risk Committees and our Group Risk Committee continually monitor emerging risks and oversee changes to our ERM Framework to react to these risks, where appropriate. Emerging risks are defined as "risks which may develop or which already exist but are difficult to quantify" and are marked by a high degree of uncertainty. While emerging risks are not fully understood or explicitly considered within the day-to-day operation of our business due to the lack of quantifiable data, we expect that the potential impacts of these risks may crystallize over time and therefore merit additional analysis, monitoring, evaluation and, when appropriate, management. See "Item 1A. Risk Factors" for further detail on these risks.

Regulation

Overview

The business of (re)insurance is regulated in most countries, although the degree and type of regulation varies from one jurisdiction to another. Our operations are located in Bermuda, the United Kingdom, the United States, Australia, Liechtenstein and Belgium. We are subject to extensive regulation under the applicable statutes in these countries. In addition, the Bermuda Monetary Authority ("BMA") acts as group supervisor of our Group.

We may become subject in the future to regulation in new jurisdictions or additional regulations in existing jurisdictions depending on the location and nature of any companies acquired and the volume and location of business being transacted by our existing companies.

Group Supervision

The BMA's group supervision objective is to provide a coordinated approach to the regulation of an insurance group and its supervisory and capital requirements. Bermuda has been recognized by the U.S. National Association of Insurance Commissioners ("NAIC") as a qualified jurisdiction, and the E.U. recognizes Bermuda's full equivalence under Solvency II.

As our Group supervisor, the BMA performs a number of functions including: (i) coordinating the gathering and dissemination of information for other regulatory authorities; (ii) carrying out a supervisory review and assessment of our Group; (iii) carrying out an assessment of our Group's compliance with the rules on solvency, risk concentration, intra-group transactions and appropriate governance procedures; (iv) planning and coordinating, through regular meetings with other authorities, supervisory activities in respect of our Group; (v) coordinating any enforcement action that may need to be taken against our Group or any Group members; and (vi) coordinating meetings of colleges of supervisors in order to facilitate the carrying out of these functions. Cavello Bay Reinsurance Limited ("Cavello") serves as our Group's Designated Insurer. As Designated Insurer, Cavello is required to facilitate compliance by our Group with the insurance solvency and supervision rules.

On an annual basis, the Group is required to file Group statutory financial statements, a Group statutory financial return, a Group capital and solvency return, audited Group financial statements, a Group Solvency Self-Assessment ("GSSA"), and a financial condition report with the BMA. The GSSA is designed to document our perspective on the capital resources necessary to achieve our business strategies and remain solvent, and to provide the BMA with insights on our risk management, governance procedures and documentation. In addition, the Group is required to file a quarterly financial return with the BMA.

We are required to maintain available Group statutory capital and surplus in an amount that is at least equal to the group enhanced capital requirement ("ECR"). The BMA has also established a group target capital level equal to 120% of the Group ECR, which is a standardized requirement based on our insurance class.

The BMA also maintains supervision over the controllers of all Bermuda registered insurers, and accordingly, any person who, directly or indirectly, becomes a holder of at least 10% of our ordinary shares must notify the BMA in writing within 45 days of becoming such a holder (or ceasing to be such a holder). The BMA may object to such a person and require the holder to reduce its holding of ordinary shares and direct, among other things, that voting rights attaching to the ordinary shares shall not be exercisable.

Bermuda Operations

BMA Insurance Regulation

The Insurance Act 1978 of Bermuda and related regulations, as amended (together, the "Insurance Act"), regulate the (re)insurance business of our operating subsidiaries in Bermuda. The Insurance Act imposes certain solvency and liquidity standards, and auditing and reporting requirements. The Insurance Act also grants the BMA powers to supervise, investigate, require information and the production of documents and intervene in the affairs of (re)insurance companies.

Significant requirements pertaining to our regulated Bermuda subsidiaries vary depending on the class in which our company is registered, but generally include the appointment of a principal representative in Bermuda, the

appointment of an independent auditor, the appointment of an approved loss reserve specialist to opine on the statutory technical provisions of our insurance reserves, the filing of annual statutory and either U.S. GAAP based consolidated or condensed financial statements, the filing of annual statutory financial returns, the filing of quarterly financial returns, compliance with group solvency and supervision rules, and compliance with the Insurance Code of Conduct (relating to corporate governance, risk management and internal controls).

Our regulated Bermuda subsidiaries must also comply with a minimum liquidity ratio and minimum solvency margin. The minimum liquidity ratio requires that the value of relevant assets must not be less than 75% of the amount of relevant liabilities. The minimum solvency margin, which varies depending on the class of the insurer, is determined as a percentage of either net reserves for losses and LAE or premiums. Each of our regulated Bermuda-domiciled insurers is also subject to an ECR determined pursuant to a risk-based capital measure and is required to file a Commercial Insurer's Solvency Self-Assessment ("CISSA"), and a financial condition report with the BMA. As of December 31, 2024, each of our Bermuda-based (re)insurance subsidiaries exceeded its respective minimum solvency and liquidity requirements.

Each of our regulated Bermuda subsidiaries would be prohibited from declaring or paying any dividends if it were in breach of its minimum solvency margin or liquidity ratio or if the declaration or payment of such dividends would cause it to fail to meet such margin or ratio. In addition, each of our regulated Bermuda subsidiaries is prohibited, without the prior approval of the BMA, from reducing its total statutory capital by 15% or more or from reducing its total statutory capital and surplus by 25% or more as set out in its previous year's statutory financial statements. Our Bermuda (re)insurance companies that are in run-off are required to seek BMA approval for any dividends or distributions.

Economic Substance Act

Under the provisions of the Economic Substance Act 2018 (the "ESA"), any Bermuda-registered entity engaged in a "relevant activity" (which includes insurance business and holding entity activities) must maintain a substantial economic presence in Bermuda. To the extent that the ESA applies to our entities registered in Bermuda, we are required to demonstrate compliance with economic substance requirements by filing an annual economic substance declaration with the Registrar of Companies in Bermuda.

U.K. Operations

PRA and FCA Regulation

Our U.K.-based insurance subsidiaries consist of wholly-owned run-off companies. These subsidiaries are authorized and regulated by the U.K. Prudential Regulation Authority (the "PRA"), and are also regulated by the Financial Conduct Authority (the "FCA", together with the PRA, the "U.K. Regulator"). Our U.K. run-off subsidiaries may not underwrite new business without the approval of the U.K. Regulator.

Our U.K.-based insurance subsidiaries are required to maintain adequate financial resources in accordance with the requirements of the U.K. Regulator. The calculation of the minimum capital resources requirements in any particular case depends on, among other things, the type and amount of insurance business written and claims paid by the insurance company. As of December 31, 2024, each of our U.K.-based insurance subsidiaries maintained capital in excess of the minimum capital resources requirements.

The Solvency II framework sets out requirements on capital adequacy and risk management for insurers. To the extent that Solvency II was already adopted by U.K. legislation, it remains in force post-Brexit. Insurers must comply with a Solvency Capital Requirement ("SCR"), which is calculated using either the Solvency II standard formula or a bespoke internal model. Our non-Lloyd's U.K. companies use the standard formula. Having consulted on changes to the application of the Solvency II framework in the U.K., the U.K. Regulator's proposed changes have been implemented in line with expectations. In particular: (i) the proposed amendments to the Solvency II risk margin took effect on December 1, 2023; (ii) the amendments to the Solvency II matching adjustment took effect on June 30, 2024; and (iii) the remainder of the U.K. Regulator's proposals took effect on December 31, 2024.

The U.K. Regulator's rules require our U.K. insurance subsidiaries to obtain regulatory approval for any proposed or actual payment of a dividend. The U.K. Regulator uses the SCR, among other tests, when assessing requests to make distributions.

Under the Financial Services and Markets Act of 2000 ("FSMA"), any company or individual (together with its concert parties) proposing to directly or indirectly acquire "control" over a U.K. authorized insurance company

(which is generally defined as acquiring 10% or more of the shares or voting power in a U.K. authorized insurance company or its parent company) must seek prior approval of the U.K. Regulator of its intention to do so. A person who is already deemed to have "control" will require prior regulatory approval if the person increases the level of "control" beyond 20%, 30% and 50%.

Lloyd's Regulation

We participate in the Lloyd's market through our interests in Syndicate 2008, which is managed by Enstar Managing Agency Limited, a syndicate that has permission to underwrite RITC business and other run-off or discontinued business type transactions with other Lloyd's Syndicates.

Our Lloyd's operations are subject to authorization and regulation by the U.K. Regulator and compliance with the Lloyd's Act(s) and Byelaws and regulations, as well as the applicable provisions of the FSMA. The Council of Lloyd's has wide discretionary powers to regulate its members, and its exercise of these powers might affect the return on an investment of the corporate member in a given underwriting year. This discretion includes the ability to assess up to 3% of a member's underwriting capacity in any one year as a Central Fund contribution.

The underwriting capacity of a corporate member of Lloyd's must be supported by providing a deposit (referred to as "Funds at Lloyd's" or "FAL") in the form of cash, securities, letters of credit or other approved capital instrument in satisfaction of its capital requirement. The amount of the FAL is assessed quarterly and is determined by Lloyd's in accordance with applicable capital adequacy rules. To release their capital, Lloyd's members are usually required to have transferred their liabilities through an approved RITC, such as those offered by Syndicate 2008.

Business plans, including maximum underwriting capacity, for Lloyd's syndicates require annual approval by the Lloyd's Franchise Board, which may require changes to any business plan or additional capital to support underwriting plans.

The Lloyd's market has applied the Solvency II internal model under Lloyd's supervision, and our Lloyd's operations are required to meet Solvency II standards. The Society of Lloyd's has received approval from the PRA to use its bespoke internal model under the Solvency II regime.

Lloyd's approval is required before any person can acquire control of a Lloyd's managing agent or Lloyd's corporate member.

U.S.

Our U.S. (re)insurance subsidiaries are subject to extensive governmental regulation and supervision by the states in which they are domiciled, licensed and/or eligible to conduct business. We currently have wholly-owned subsidiary U.S. insurers and reinsurers domiciled in Texas, Missouri and Oklahoma and minority owned affiliates in Pennsylvania, Delaware, New Jersey, Illinois, Indiana, and Texas.

Our U.S. insurers are generally required to maintain minimum levels of solvency and liquidity as determined by law, and to comply with risk-based capital requirements and licensing rules. Insurers having less statutory surplus than required by the risk-based capital calculation will be subject to varying degrees of regulatory action. If any of our U.S. insurers were to have risk-based capital levels that are below required levels, they would be subject to increased regulatory scrutiny and control by their domestic and possibly other insurance regulators. As of December 31, 2024, all of our U.S. insurers exceeded their required levels of risk-based capital.

Applicable insurance laws also limit the amount of dividends or other distributions our U.S. insurers can pay to us. The insurance regulatory limitations on dividends are generally based on statutory net income and/or certain levels of statutory surplus as determined by the insurer's state or states of domicile and approval must be obtained before an insurer may pay a dividend or make a distribution above these thresholds.

All states have enacted legislation regulating insurance holding company systems that requires each insurance company in the system to register with the insurance department of its state of domicile and furnish information concerning the operations of companies within the holding company system that may materially affect the operations, management or financial condition of the insurers within the system. The NAIC's Insurance Holding Company System Regulatory Act and associated regulations provide regulators with tools to evaluate risks to an insurance company within the insurance holding company system. They impose extensive informational requirements on parents and other affiliates of licensed insurers with the purpose of protecting them from enterprise risk, including requiring an annual enterprise risk report by the ultimate controlling person of the insurers identifying

the material risks within the insurance holding company system that could pose enterprise risk to the insurers and requiring a person divesting its controlling interest to make a confidential advance notice filing.

The NAIC's Risk Management and Own Risk and Solvency Assessment Model Act requires insurers to maintain a risk management framework and establishes a legal requirement for insurers or their insurance group to conduct an Own Risk and Solvency Assessment ("ORSA") in accordance with the NAIC's ORSA Guidance Manual. The ORSA Model Act subjects our insurance subsidiaries to ORSA requirements if certain premium thresholds are exceeded. Where applicable, we must regularly conduct an ORSA consistent with the ORSA Model Act, including undertaking an internal risk management review no less often than annually and preparing a summary report assessing the adequacy of risk management and capital in light of our insurers' current and future business plans.

The NAIC's Corporate Governance Annual Disclosure ("CGAD") Model Act and Regulation requires the annual filing of a disclosure describing the insurance group's corporate governance structure, policies, and practices. The Model Act and Regulation have been adopted in most of the states in which we have insurers domiciled. There are no premium thresholds for CGAD.

Before a person can acquire control of a domestic insurer or any person controlling such insurer, prior written approval must be obtained from the insurance commissioner of the state in which the domestic insurer is domiciled and, under certain circumstances, from insurance commissioners in other jurisdictions. Generally, state statutes and regulations provide that "control" over a domestic insurer or person controlling a domestic insurer is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, 10% or more of the voting securities or securities convertible into voting securities of the domestic insurer or of a person who controls the domestic insurer.

Australia

Our Australian regulated insurance entity is subject to prudential supervision by the Australian Prudential Regulation Authority ("APRA"). APRA is the primary regulatory body responsible for regulating compliance with the Insurance Act 1973. APRA has issued prudential standards that apply to general insurers in relation to capital adequacy (under a wide range of scenarios), the holding of assets in Australia, risk management, business continuity management, reinsurance management, outsourcing, audit and actuarial reporting and valuation, the transfer and amalgamation of insurance businesses, governance, and the fit and proper assessment of the insurer's responsible persons.

APRA also prescribes prudential standards on remuneration, governance and recovery and exit planning. Our Australian regulated insurance entity is compliant with these requirements. Additional requirements in 2025 include a new prudential standard effective July 1, 2025 regarding operational risk, aimed at strengthening resilience to operational risks and disruptions. Additionally, the Financial Accountability Regime will come into effect on March 15, 2025. This significant piece of legislation will be jointly administered by APRA and the Australian Securities and Investment Commission. The legislation imposes a strengthened responsibility and accountability framework for entities in the financial services industries and their directors and senior executives. It has been designed to improve the risk and governance cultures of Australia's financial institutions.

An insurer must obtain APRA's written consent prior to making any capital releases, including any payment of dividends in excess of current year earnings. Our insurance subsidiary must provide APRA with a valuation prepared by an appointed actuary that demonstrates that the tangible assets of the insurer, after the proposed capital release, are sufficient to cover its insurance liabilities to a 99.5% level of sufficiency of capital before APRA will consent to a capital release or dividend above the prescribed limit.

Under the Financial Sector (Shareholdings) Act 1998, the interest of an individual shareholder or a group of associated shareholders in an insurer is generally limited to a 15% "stake" of the insurer. A person's stake is the aggregate of the person's voting power and the voting power of the person's associates. A higher percentage limit may be approved by the Treasurer of the Commonwealth of Australia on national interest grounds. Any shareholder of Enstar with a "stake" greater than 15% has received approval to hold that stake from the Treasurer of the Commonwealth of Australia.

Europe

We have subsidiaries in Belgium, as well as StarStone Insurance SE ("SISE"), a Liechtenstein-based company that is regulated by the Financial Markets Authority. Our insurance subsidiaries and branches in European jurisdictions are regulated in their respective home countries. As of January 1, 2023, the U.K. branch of SISE is also regulated by the U.K. Regulator following the expiration of the applicable Brexit transitional provisions. The application of the Solvency II framework across such European jurisdictions generally results in a uniform approach to regulation. Typically, such regulation is for the protection of policyholders and ceding insurance companies rather than shareholders. Regulatory authorities generally have broad supervisory and administrative powers over such matters as licenses, standards of solvency including minimum capital and surplus requirements, investments, reporting requirements relating to capital structure, ownership, financial condition and general business operations, special reporting and prior approval requirements with respect to certain transactions among affiliates, reserves for unpaid losses and LAE, reinsurance, dividends and other distributions to shareholders, periodic examinations and annual and other report filings.

Available Information About Enstar

Our website is https://www.enstargroup.com. We make available free of charge, through our Investor Relations section of our website, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to these reports, as soon as reasonably practicable after the material is electronically filed with or otherwise furnished to the U.S. Securities and Exchange Commission (the "SEC").

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports are also available on the SEC’s website at https://www.sec.gov.

In addition, various policies and guidelines, including our Code of Conduct and the governing charters for the Audit, Compensation, Executive, Investment, Nominating and Governance and Risk Committees of our Board of Directors are available free of charge through our Corporate Governance section of our website.

The information contained on our website is not included as a part of, or incorporated by reference into, this filing.

ITEM 1A. RISK FACTORS

Risks Factors Summary

Any of the following risk factors could cause our actual results to differ materially from historical or anticipated results. These risks and uncertainties are not the only ones we face. There may be additional risks that we currently consider not to be material or of which we are not currently aware, and any of these risks could cause our actual results to differ materially from historical or anticipated results.

You should carefully consider these risks along with the other information included in this document, including the matters addressed above under "Cautionary Note Regarding Forward-Looking Statements" before investing in any of our securities. We may amend, supplement or add to the risk factors described below from time to time in future reports filed with the SEC.

Risks Relating to the Proposed Merger

- While the Merger is pending, we are subject to business uncertainties and contractual restrictions that could harm our business relationships, financial condition, results of operations and business.
- The Merger may not be completed within the intended timeframe, or at all, and the failure to complete the Merger could adversely affect our business, results of operations, financial condition, and the market price of our ordinary shares, depositary shares representing our preferred shares, Senior Notes and Junior Subordinated Notes.
- Our executive officers and directors may have interests in the proposed Merger that are different from, or in addition to, those of our shareholders generally.
- Shareholder litigation could prevent or delay the closing of the Merger or otherwise negatively impact our business, operating results and financial condition.
- The Merger will involve substantial costs and require substantial management resources, which could adversely affect our operating results and financial condition.
- Holders of the depositary shares representing our preferred shares who receive newly issued preferred shares of the surviving company cannot be sure of the value of the new preferred shares that they will receive as a result of the Merger, and an active trading market for the newly issued preferred shares does not exist and may not develop.
- We expect to make significant cash distributions in connection with the closing of the Merger and following the Merger to fund certain obligations of Parent.
- Following the Merger, the interests of our controlling shareholders may conflict with your interests.

Risks Relating to our Run-off Business

- Inadequate loss reserves could reduce our net income and capital surplus, which could have a materially adverse impact on our results of operations and financial condition.
- We may not be able to sustain our growth through acquisitions.
- We may not be able to realize the anticipated benefits of acquisition of new business, which may result in underperformance relative to our expectations and have a material adverse effect on our business, financial condition or results of operations.
- Climate change may have an adverse impact on the returns from our run-off business as well as our investments, which could have an adverse effect on our results of operations or financial condition.

Risks Relating to Taxation

- U.S. tax reform legislation, various international tax transparency and economic substance initiatives, and possible future tax reform legislation and regulations could materially affect us and our shareholders.
- Bermuda Corporate Income Tax and future guidance could materially impact us.

- We might incur unexpected U.S., U.K., Australia, or other tax liabilities if companies in our group that are incorporated outside those jurisdictions are determined to be carrying on a trade or business in such jurisdictions.
- U.S. persons who own our ordinary shares might become subject to adverse U.S. tax consequences as a result of "related person insurance income," if any, of our non-U.S. insurance company subsidiaries.

Risks Relating to Liquidity and Capital Resources

- The amount of statutory capital that we must hold to meet regulatory requirements and maintain our credit ratings can vary significantly and is sensitive to several factors.
- We may require additional capital liquidity in the future that may not be available or may only be available on unfavorable terms.
- Our reinsurance subsidiaries are often required to provide collateral to ceding companies pursuant to their reinsurance contracts. Their ability to conduct business could be significantly and negatively affected if they are unable to do so or if any letters of credit posted as collateral cannot be renewed or are drawn upon by a ceding company.
- Reinsurers may not satisfy their obligations to our reinsurance subsidiaries, which could result in significant losses or liquidity issues for us.
- We are dependent on the ability of our subsidiaries to distribute funds to us.
- Fluctuations in currency exchange rates may cause us to experience losses.

Risks Relating to our Investments

- The value of our investment portfolios and the investment income that we receive from these portfolios may decline materially as a result of market fluctuations and economic conditions.
- Our investments in alternative investments, strategic investments in joint ventures and/or entities accounted for using the equity method may be illiquid and volatile in terms of value and returns.
- The valuation of our investments may include methodologies, estimations and assumptions that are subject to differing interpretations and could result in changes to investment valuations that may materially adversely affect our financial condition or results of operations.
- The nature of our liquidity demands and the structure of our investment portfolios may adversely affect the performance of our investment portfolio and financial results, as well as our investing flexibility.

Risks Relating to Laws and Regulation

- Insurance laws and regulations can restrict our ability to operate, and any failure to comply with these laws and regulations, or any investigations, inquiries or demands by government authorities, may have a material adverse effect on our business.
- Our business is subject to laws and regulations relating to sanctions and foreign corrupt practices, the violation of which could adversely affect our financial condition and results of operations.

Risks Relating to our Operations

- We are dependent on our executive officers, directors and other key personnel and the loss of any of these individuals could adversely affect our business.
- Some of our directors, large shareholders and their affiliates have interests and/or other involvement with entities that can create conflicts of interest through related party transactions.
- Cybersecurity events or other difficulties with our information technology systems could disrupt our business, result in the loss of critical and confidential information, increased costs, and adversely impact our reputation and results of operations.
- If outsourced providers such as third-party administrators, investment managers or other service providers were to breach their obligations to us, our business and results of operations could be adversely affected.

Risks Relating to Ownership of our Shares

- The market price for our securities may experience volatility, which could cause a potential loss of value to our investors, and our ordinary shares are thinly traded, so the market value of our ordinary shares may decline if large numbers of shares are sold.
- A few significant shareholders may influence or control the direction of our business. If the ownership of our ordinary shares continues to be highly concentrated, it may limit the ability of other shareholders to influence significant corporate decisions.
- Some aspects of our corporate structure and certain regulatory limitations may discourage third-party takeovers and other transactions or prevent the removal of our Board and management.
- Bermuda Law differs from the laws in effect in the United States. Shareholders who own our shares may have more difficulty protecting their interests than shareholders of a U.S. corporation.
- Certain regulatory and other constraints may limit our ability to pay dividends on our securities, and dividends on our preferred shares are non-cumulative.
- Our ordinary and preferred shares are subordinate to our existing and future indebtedness and our ordinary shares rank junior to our outstanding preferred shares.
- There is no limitation on our issuance of securities that rank equally with or senior to the preferred shares.
- The voting rights of holders of our preferred shares and, in turn, the depositary shares representing our preferred shares are limited.
- We have no obligation to maintain any listing of the depositary shares representing our outstanding preferred shares.
- We have no obligation to maintain any listing of the depositary shares representing our outstanding preferred shares.
- Our preferred shares are subject to our rights of redemption.

Risks Relating to the Proposed Merger

On July 29, 2024, the Company entered into the Merger Agreement with Elk Bidco Limited (the “Parent”), an exempted company limited by shares existing under the laws of Bermuda. The Parent is backed by equity commitments from investment vehicles managed or advised by affiliates of Sixth Street. Pursuant to the Merger Agreement, there will be a series of mergers resulting in the Company surviving the Merger as a wholly-owned subsidiary of the Parent.

The Merger Agreement was unanimously approved by the Company’s Board of Directors and has also been approved by our shareholders.

While the Merger is pending, we are subject to business uncertainties and contractual restrictions that could harm our business relationships, financial condition, results of operations and business.

During the period prior to the closing of the Merger and pursuant to the terms of the Merger Agreement, our business is exposed to certain incremental risks and contractual restrictions that could harm our business relationships, financial condition, results of operations, and business, including:

- the proposed Merger and its announcement could have an adverse effect on our ability to retain clients and retain and hire key personnel and maintain relationships with our clients and business partners;
- the diversion of management time and attention, as well as distraction of our key personnel, from the Company’s ordinary course of business operations;
- delays or deferments of certain business decisions by our clients and business partners, who may defer decisions about working with us, move to our competitors, or seek to delay or change existing business relationships with us;

- our inability to, among other things, solicit other acquisition proposals, pursue alternative business opportunities, freely issue securities, incur or refinance certain indebtedness, or take certain actions without Parent's prior approval;
- the inability to make strategic changes to our business because the Merger Agreement requires us to use commercially reasonable efforts to conduct our business in the ordinary course of business consistent with past practice in all material respects and not engage in certain kinds of transactions prior to the completion of the proposed Merger without Parent's approval;
- negative publicity as a result of significant delays in completing the Merger or the failure to complete the Merger, which, in turn, could negatively affect our relationships with business partners and could impact investor and consumer confidence in our business;
- any litigation relating to the Merger and the costs related thereto; and
- the incurrence of significant costs, expenses, and fees for professional services and other transaction costs in connection with the Merger.

Even if successfully completed, there are certain risks to our shareholders from the Merger, including:

- we may experience a departure of employees prior to, or shortly after, the closing of the Merger;
- the amount of cash to be paid under the Merger Agreement is fixed and will not be adjusted for any positive changes in our business, assets, liabilities, prospects, outlook, financial condition or operations;
- receipt of the all-cash per share merger consideration under the Merger Agreement is taxable to shareholders that are treated as U.S. holders for U.S. federal income tax purposes; and
- if the Merger is completed, holders of our ordinary shares will forgo the opportunity to realize the potential long-term value of the successful execution of our current strategy as an independent company.

The Merger may not be completed within the intended timeframe, or at all, and the failure to complete the Merger could adversely affect our business, results of operations, financial condition, and the market price of our ordinary shares, depositary shares representing our preferred shares, Senior Notes and Junior Subordinated Notes.

The Merger Agreement contains a number of conditions that still must be satisfied or waived prior to the completion of the Merger, including (a) the approval of the Bermuda Monetary Authority pursuant to the Bermuda Exchange Control Act 1972 and the Insurance Act 1978, other additional approvals of certain other insurance regulatory bodies, without the imposition of a Burdensome Condition (as defined in the Merger Agreement), (b) the absence of any order restraining, enjoining or otherwise preventing the Merger or any law that prohibits or makes illegal the consummation of the Merger that remains in effect, (c) the absence of any Specified Debt Event of Default (as defined in the Merger Agreement) and (d) the absence of any Company Material Adverse Effect.

Any such remaining required consents and approvals may not be received at all, may not be received in a timely fashion, or may impose conditions on the completion of the Merger. We cannot assure that all of the conditions in the Merger Agreement will be satisfied or waived on a timely basis or at all. If the conditions in the Merger Agreement are not satisfied or waived on a timely basis or at all, or if Parent failed to obtain financing necessary to complete the proposed transaction, we may be unable to complete the Merger in the timeframe or manner currently anticipated or at all.

If the Merger is delayed or not completed without realizing any of the benefits, for any of the reasons articulated above or because Sixth Street is unable to meet their equity or debt commitments required to fund the Merger, we may be subject to a number of risks, including the following:

- the market price of our securities, including our ordinary shares, could decline to the extent that the current market price reflects a market assumption that the Merger will be completed;
- we may experience negative reactions from the financial markets or from our clients, business partners or employees;
- commitments of management's time and resources to the Merger that could otherwise have been devoted to pursuing other beneficial opportunities for the Company;

- any disruptions to our business resulting from the announcement and pendency of the Merger, including adverse changes in our relationships with clients, suppliers, partners and employees, may continue or intensify in the event the Merger is not consummated or is significantly delayed;
- the inability to attract and retain key personnel and recruit prospective employees, and the possibility that our current employees could be distracted, and their productivity decline as a result, due to uncertainty regarding the Merger;
- the inability to pursue alternative business opportunities or make changes to our business pending the completion of the Merger, and other restrictions on our ability to conduct our business; and
- we have incurred, and expect to continue incurring, significant costs, expenses, and fees for professional services and other Merger-related costs, for which we may receive little or no benefit if the Merger is not completed, and many of these fees and costs will be payable by us even if the Merger is not completed.

If any of these or other risks materialize, they could adversely impact our ongoing business, financial condition, financial results and the price of our ordinary shares, depositary shares representing our preferred shares, Senior Notes and Junior Subordinated Notes. Similarly, delays in the completion of the Merger could, among other things, result in additional transaction costs, loss of revenue or other negative effects associated with uncertainty about completion of the Merger.

Our executive officers and directors may have interests in the proposed Merger that are different from, or in addition to, those of our shareholders generally.

Our executive officers and directors may have interests in the proposed Merger that are different from the interests of our shareholders generally, including, among others, the acceleration of the vesting of equity awards and receipt of change in control or other severance payments in connection with the proposed Merger, continued indemnification and insurance, potentially continued service to the combined company and potentially the reinvestment of certain individuals in the private company (including our Chief Executive Officer). These interests, among others, may influence, or appear to influence, our executive officers and directors and cause them to view the Merger differently from how our shareholders generally may view it.

Additional information regarding our executive officers and directors and their interests in the proposed Merger is included in the definitive proxy statement on Schedule 14A relating to the proposed Merger filed with the Securities and Exchange Commission on October 11, 2024.

Shareholder litigation could prevent or delay the closing of the Merger or otherwise negatively impact our business, operating results and financial condition.

Litigation relating to the Merger has been and may be filed against the Company and its Board of Directors. Among other remedies, these claimants could seek damages and/or to enjoin the Merger and the other transactions contemplated by the Merger Agreement. The outcome of any litigation is uncertain and any such lawsuits could prevent or delay the completion of the Merger and result in significant costs. The litigation costs, including costs associated with the indemnification of obligations to our directors, and diversion of management's attention and resources to address the claims in any litigation related to the Merger may adversely affect our business, results of operations, prospects, and financial condition. Any litigation related to the Merger may result in negative publicity or an unfavorable impression of us, which could adversely affect the price of our securities, including our ordinary shares, impair our ability to recruit or retain employees, damage our relationships with our clients and business partners, or otherwise harm our operations and financial performance.

The Merger will involve substantial costs and require substantial management resources, which could adversely affect our operating results and financial condition.

Management and financial resources have been diverted and will continue to be diverted towards the completion of the Merger. We have incurred, and expect to continue to incur substantial costs and expenses relating to, as well as the direction of management resources towards, the Merger. Such costs, fees and expenses include fees and expenses payable to financial advisors, other professional fees and expenses, fees and costs relating to regulatory filings and filings with the SEC and notices and other transaction-related costs, fees and expenses. We expect these costs could have an adverse effect on our operating results. If the Merger is not completed, we will have incurred substantial expenses and expended substantial management resources for which we will have received little or no benefit if the closing of the Merger does not occur.

In connection with the Merger, our current and prospective employees could experience uncertainty about their future with us or decide that they do not want to continue their employment. As a result, key employees may depart

because of issues relating to such uncertainty or a desire not to remain with the Company following the completion of the Merger. Loss of employees could adversely affect our business, results of operations, and financial condition. Such adverse effects could also be exacerbated by a delay in the completion of the Merger for any reason, including delays associated with obtaining requisite regulatory approvals.

Holders of the depositary shares representing our preferred shares who receive newly issued preferred shares of the surviving company cannot be sure of the value of the new preferred shares that they will receive as a result of the Merger, and an active trading market for the newly issued preferred shares does not exist and may not develop.

Upon consummation of the Merger, holders of depositary shares representing our preferred shares will receive newly issued preferred shares of the surviving company. The value of the newly issued preferred shares is unknown, and may vary as a result of a variety of factors, including the number of holders of the newly issued preferred shares, prevailing interest rates, the issuer's operating performance and financial condition, the market for similar securities and other risk factors appearing in this quarterly report. The Company cannot provide any assurances regarding the value of the newly issued preferred shares.

After the consummation of the Merger, the newly issued preferred shares will not be listed on any securities exchange. As a result, holders of the newly issued preferred shares may have difficulty selling such shares. If an active, liquid market for the newly issued preferred shares does not develop, the value and liquidity of the newly issued preferred shares may be adversely effected. As a result, the holders of the newly issued preferred shares may not be able to sell their preferred shares at a particular time or at a favorable price. Since the signing of the Merger Agreement Sixth Street has informed the Company that, after the consummation of the Merger, the information made available to the holders of the Senior Notes and Junior Subordinated Notes is also expected to be provided to the holders of the newly issued preferred shares.

We expect to make significant cash distributions in connection with the closing of the Merger and following the Merger to fund certain obligations of Parent.

We expect to make significant cash distributions in connection with the Merger. At the closing of the Merger, we expect to return capital of approximately $500 million in cash to our shareholders as part of the Merger consideration. Also, in connection with the Merger, Parent will enter into a $950 million term loan facility. Although we will not be a guarantor or otherwise obligated for any amounts due under such term loan facility, we expect that Parent will seek to repay a significant portion of the facility at or following the closing of the Merger (and in any event prior to its maturity) with distributions from us.

Following the Merger, the interests of our controlling shareholders may conflict with your interests.

Following the completion of the Merger, Parent will own all of our ordinary shares. The interests of Parent as an equity holder may conflict with the interests of holders of our depositary shares representing our preferred shares and holders of our Senior Notes and Junior Subordinated Notes. Parent may have an incentive to increase the value of its investment or cause us to distribute funds at the expense of our financial condition and liquidity position, subject to regulatory restrictions and the restrictions in our debt agreements. In addition, Parent will have the power to elect a majority of our board of directors and appoint new officers and management and, therefore, effectively could control many other major decisions regarding our operations, including incurring additional debt and increasing our leverage. Furthermore, Parent and its affiliates are in the business of making investments in companies and may, from time to time, acquire and hold interests in businesses that compete directly or indirectly with us. Parent may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us.

Risks Relating to our Run-off Business

Inadequate loss reserves could reduce our net income and capital surplus, which could have a materially adverse impact on our results of operations and financial condition.

We are required to maintain a best estimate of reserves to cover the estimated ultimate liability for losses and LAE for both reported and unreported incurred claims. As of December 31, 2024, gross reserves for losses and LAE reported on our balance sheet were $11.4 billion. The process of establishing these reserves includes a significant level of judgment. As a result, these reserves are only estimates of what we expect the settlement and administration of claims will be based on facts and circumstances known to us, as well as actuarial methodologies, historical industry loss ratio experience, loss development patterns, estimates of future trends and developments

and other variable factors such as inflation. For example, while we monitor and adjust our reserves for the expected impact of inflation, the inherent uncertainties and inherent judgments that surround the estimation process make it so that we cannot be certain that our ultimate losses will not exceed our recorded estimates of losses and LAE.

We cannot be certain that ultimate losses will not exceed our recorded estimates of losses and LAE because of the uncertainties and inherent judgements that surround the estimation process (which are discussed in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates - Losses and Loss Adjustment Expenses"). As a result, actual losses and LAE paid will deviate, perhaps substantially, from the reserve estimates reflected in our financial statements due to legal, judicial, social or other factors. If we determine that our reserves are insufficient to cover our estimate of actual losses and LAE, we would have to increase our reserves and incur a charge to our earnings in the period of such determination. Such a charge could be material and would reduce our net income and capital and surplus. Further, our success is dependent upon our ability to accurately assess the reserves associated with our existing businesses and the business that we will acquire in the future.

In our Run-off business, loss reserves include A&E liabilities of $1.8 billion as of December 31, 2024. We also hold defendant liabilities associated with personal injury A&E claims from acquired companies with legacy manufacturing businesses. As of December 31, 2024, defendant A&E liabilities reported on our balance sheet were $545 million. Ultimate values for A&E claims cannot be estimated using traditional reserving techniques, and there are significant uncertainties in estimating losses for these claims. Factors contributing to the uncertainty include long waiting periods, reporting delays and difficulties identifying contamination sources and allocating damage liability. Developed case law and adequate claim history do not always exist for A&E claims, and changes in the legal and tort environment affect the development of such claims.

In addition, evolving industry practices and legal, judicial, social, and environmental conditions may result in unexpected claims and coverage issues that could adversely affect the adequacy of our loss reserves by extending coverage beyond the envisioned scope of insurance policies and reinsurance contracts, or by increasing the number or size of claims. Our exposure to these uncertainties could be exacerbated by an increase in insurance and reinsurance contract disputes, arbitration and litigation, as well as social and economic inflation trends, including expanded theories of liability and higher jury awards. For example, in areas such as mass tort litigation, we continue to see damages awarded that far exceed the economic damages of the claimant. Increasingly, the handling of insurance claims can also lead to bad faith or other forms of extra-contractual damages. These trends may not become apparent until long after we have acquired or assumed the affected insurance policies.

We may not be able to sustain our growth through acquisitions.

We pursue growth through financially beneficial acquisitions of companies and portfolios of (re)insurance business (which are discussed in more detail in "Item 1. Business - Acquire New Business"). Because the execution of our claims management strategies and associated payments are intended to result in the reduction of our loss reserves and LAE over time, we must continually acquire an adequate amount of run-off business that aligns with our strategic objectives to grow liabilities and assets under management. However, the acquisition of suitable run-off business is highly competitive and driven by many factors, including but not limited to, proposed acquisition price, reputation, collateral arrangements, financial and operational resources to support the integration and remaining in good standing with relevant regulatory bodies. Despite the recent exit of certain of our competitors from the legacy market, the market remains competitive, and as a result there can be no guarantee we will be able to consummate acquisition transactions at acceptable prices and on acceptable terms, or at all, which could hinder our future growth.

The evaluation and negotiation of potential acquisitions of new business can be complex and costly and requires substantial management resources. Once we have signed a definitive agreement to acquire a portfolio or company, conditions to closing, such as obtaining regulatory or shareholder approvals, must be met prior to completing the acquisition. These and other closing conditions may not be satisfied, or may cause a material delay in the anticipated timing of closing. Such a failure or delay could result in significant expense, diversion of time and resources, reputational damage, litigation and a failure to realize the anticipated benefits of an acquisition, all of which could materially adversely impact our business, financial condition and results of operations.

Our acquisitions could involve additional risks that we may not be able to identify during the due diligence process, such as losses from unanticipated litigation, levels of covered claims or other liabilities and exposures, an inability to generate sufficient investment income and other revenue to offset acquisition costs and other financial exposures. Further, our counterparties may breach their representations and warranties and/or be unable or unwilling to meet their contractual obligations to us.

We may not be able to realize the anticipated benefits of acquisition of new business, which may result in underperformance relative to our expectations and have a material adverse effect on our business, financial condition or results of operations.

To achieve positive operating results from an acquisition, we must first price the new business on favorable terms relative to the risks posed, and then we must successfully onboard and manage the acquired reserves and investments. Unlike traditional insurers and reinsurers, our companies and loss portfolios no longer underwrite new policies or collect underwriting premiums, and their stated provisions for losses and LAE may not be sufficient to cover future losses and the cost of run-off. Failure to successfully manage such reserves, including by effectively managing claims, collecting from insurers or reinsurers, controlling expenses and generating positive investment returns in line with our pricing assumptions, could result in us having to cover losses sustained with capital, which could materially and adversely impact our ability to grow our business and may result in material losses.

Further, the acquisitions we have made and expect to make in the future may pose operational challenges that expose us to risks relating to:

- the value of liabilities assumed being greater than expected;
- the value of assets or our anticipated return on assets being lower than expected or diminishing for reasons including credit defaults, changes in interest rates, declines in market value, inflation or delays in implementation of our intended investment strategies;
- funding cash flow shortages that may occur if anticipated revenues are not realized or are delayed, if expenses are greater than anticipated, or if assets are not liquid;
- integrating financial and operational reporting systems and internal controls of acquired businesses, including compliance with Section 404 of the Sarbanes-Oxley Act of 2002 and our reporting requirements under the Exchange Act;
- leveraging our existing capabilities and expertise into the business acquired and establishing synergies within our organization;
- funding increased capital needs and overhead expenses;
- pre-existing third-party relationships that cannot be changed without incurring significant costs;
- integrating technology platforms and managing any increased cybersecurity risk;
- the timely transfer and integrity of data needed to manage acquired business;
- obtaining and retaining management personnel required for expanded operations;
- fluctuating foreign currency exchange rates relating to the assets and liabilities we may acquire;
- goodwill and intangible asset impairment charges; and
- complying with applicable laws and regulations.

If we are unable to address some or all of these challenges, our acquisitions may underperform relative to our expectations and our business may be materially and adversely affected.

Climate change may have an adverse impact on the returns from our run-off business as well as our investments, which could have an adverse effect on our results of operations or financial condition.

Our core focus is on acquiring and managing reinsurance companies and portfolios of reinsurance business in run-off, and as such climate change presents unique risks to our business stemming from insurance liabilities we acquire and the assets that back those liabilities. As we acquire liabilities, there is a risk that our current practices and processes do not successfully identify and/or price the current and future risks arising from climate change, which could result in actual returns deviating adversely from those assumed when the transaction was priced. In addition, the disruption caused by changes in technology, governments and regulation as part of a societal transition to a lower carbon emitting economy could expose our investment portfolio to a loss of value in the near term and long term. For example, a swift, adverse repricing of carbon-intensive financial assets could expose our investments to losses in the near term and in the long term if the transition to a lower carbon-emitting economy is associated with increased production costs.

From an operational perspective, our offices, key supporting infrastructure and outsourced providers may be impacted by physical risks related to climate change globally, such as the increased frequency and severity of

extreme weather events. Additionally, achieving any sustainability goals and commitments that we may set for ourselves, or be required to meet, such as net zero greenhouse gas emissions, will require efforts that could significantly increase our costs of operations.

Risks Relating to Taxation

U.S. tax reform legislation, various international tax transparency and economic substance initiatives, and possible future tax reform legislation and regulations could materially affect us and our shareholders.

The Organization for Economic Co-operation and Development ("OECD") Pillar II initiative proposes a global minimum tax rate of 15% amongst its 142 member nations and other adopting countries. In December 2021, the OECD released the final model rules on Pillar II (the “Model Rules”), which nations can adopt into local legislation to implement Pillar II on a global basis.

Three components of the Model Rules, the Income Inclusion Rule (“IIR”), the Under-Taxed Profit Rule (“UTPR”), and the Qualified Domestic Minimum Top up Tax (“QDMTT”) could potentially be applicable to our operations:

- The IIR establishes a global minimum tax in the jurisdiction of the parent company of a multinational enterprise (“MNE”).
- The UTPR, allows a portion of an MNE’s global profits with an effective tax rate below the 15% minimum rate to be taxed by other jurisdictions through an allocation model based on headcount and fixed tangible assets. The Model Rules give flexibility to allow jurisdictions several mechanisms to collect global profits. This includes directly taxing allocated income, reduction in any allowance for equity or by imputing deemed income.
- The Model Rules also propose that jurisdictions consider implementing a 15% QDMTT, which could qualify in substitution to the IIR, and could preclude other jurisdictions from utilizing the UTPR for taxing local profits.

The U.K. government has released draft legislation to implement the UTPR in 2025 and has implemented an IIR and a QDMTT that was effective for 2024. Additionally, we have subsidiaries in Australia and Belgium, which are both jurisdictions that have enacted Pillar II legislation.

How Pillar II impacts our operations will depend on how these rules are ultimately transposed into the local legislation of countries we operate in. An exception to the UTPR rules provides that a group is exempt from the UTPR for a period of five years where a group operates in six or fewer jurisdictions in addition to having tangible assets below a certain threshold. Due to ongoing legal entity and governance rationalization projects that have been underway over several years, we operate in six jurisdictions as of December 31, 2024.

We qualify for the UTPR exceptions enacted or to be enacted in the relevant jurisdictions based on the rules available as of January 1, 2025. This exception is tested on an annual basis, and we are monitoring our activities around the globe to ensure we are not operating in more than six jurisdictions; however, there remains a risk that a tax authority may challenge this position or that legislation is amended or enacted in a manner that alters our qualification for this exception. If this position were successfully challenged then we would no longer qualify for the Bermuda CIT or UTPR exemptions and therefore be subject to income tax at a higher rate.

Bermuda Corporate Income Tax and future guidance could materially impact us.

We are currently not subject to tax in Bermuda under the Exempted Undertakings Tax Protection Act of 1996. However, in December 2023, the Bermuda government enacted the Corporate Income Tax Act of 2023 (“Bermuda CIT”). The Bermuda Corporate Income Tax (“CIT”) imposes a 15% corporate income tax on certain multinational companies earning income in Bermuda, which started on January 1, 2025.

As the result of legal entity and governance rationalization projects, we expect to qualify for the five-year exemption of the Bermuda CIT. Therefore, we do not anticipate a tax liability under the Bermuda CIT until at least 2030. The application of this exception to the Bermuda CIT is tested on an annual basis, and failure to comply in any given year until 2030 will result in the loss of this exemption. The application on this exception requires, amongst other items, that we operate in six or fewer jurisdictions (in corporate or branch form). As of December 31, 2024, we operate in six jurisdictions, and are monitoring our activities around the globe to ensure we are not operating in more than six jurisdictions.

In parallel to our exemption of the Bermuda CIT, we established a deferred tax asset calculated pursuant to an Economic Transition Adjustment (“ETA”) as defined under the CIT, which provides a benefit by allowing Bermuda-

based entities to measure the difference of their tax basis to the fair value basis around the time of enactment. Enstar expects the value of the DTA to be impacted by the five-year exemption of the Bermuda CIT.

Additionally, the OECD has recently issued guidance to exclude the impact of the Bermuda ETA in the global tax calculation that determines the application of other Pillar II rules. Accordingly, it is expected that after 2030 we could be subject to the UTPR in other jurisdictions to the extent of the reduction in Bermuda taxes from continued ETA deductions in Bermuda and if countries for which we operate have enacted UTPR provisions.

We might incur unexpected U.S., U.K., Australia, or other tax liabilities if companies in our group that are incorporated outside those jurisdictions are determined to be carrying on a trade or business in such jurisdictions.

A number of our subsidiaries are companies formed under the laws of Bermuda or other jurisdictions that either do not impose income taxes or impose an income tax at a rate meaningfully lower than other jurisdictions that we operate in. We expect that these companies will only be subject to corporate income tax liabilities arising from their operations within the jurisdictions where they are organized, but this expectation could prove incorrect. Because the operations of these companies generally involve, or relate to, the insurance or reinsurance of risks that arise in higher tax jurisdictions, such as the United States, the United Kingdom and Australia, it is possible that the taxing authorities in those jurisdictions may assert that the activities of one or more of these companies creates a sufficient nexus in that jurisdiction to subject the company to income tax in such jurisdiction. There are uncertainties in how the relevant rules apply to insurance businesses, and in our eligibility for favorable treatment under applicable tax treaties. As Enstar is relying on presence-based rules to defer its tax liability in Bermuda and under the UPTR until 2030, there is a heightened risk of challenge from foreign tax authorities to Enstar’s jurisdictional footprint. Accordingly, it is possible that we could incur additional income tax expense, which could adversely impact our net income.

U.S. persons who own our ordinary shares might become subject to adverse U.S. tax consequences as a result of "related person insurance income," if any, of our non-U.S. insurance company subsidiaries.

For any of our wholly-owned non-U.S. insurance company subsidiaries, if (1) U.S. persons are treated as owning 25% or more of our shares, (2) the related person insurance income ("RPII") of that subsidiary were to equal or exceed 20% of its gross insurance income in any taxable year, and (3) direct or indirect insureds of that subsidiary (and persons related to such insureds) own (or are treated as owning) 20% or more of the voting power or value of our shares, then a U.S. person who owns our shares directly, or indirectly through non-U.S. entities, on the last day of the taxable year would be required to include in income for U.S. federal income tax purposes that person's pro rata share of the RPII of such a non-U.S. insurance company for the entire taxable year, whether or not any such amounts are actually distributed. Proposed regulations put forth by the United States Department of Treasury and Internal Revenue Service in January 2022 may change some of the ownership thresholds needed to qualify into RPII. Accordingly, it is possible that a direct or indirect United States shareholder could be required to include amounts in its income in respect to RPII in any taxable year if the proposed regulations are finalized in their current form. We believe that these proposed changes would not affect the gross income threshold described above. Comments submitted to these proposed regulations requested changes to the proposed regulations to ask that structures such as Enstar's not be subject to these rules. These regulations generally are proposed to apply for tax years beginning after the date the regulations are finalized. As of December 31, 2024 the proposed regulations had not been finalized, and whether they will be finalized as proposed remains unclear.

Risks Relating to Liquidity and Capital Resources

The amount of statutory capital that we must hold to meet regulatory requirements and maintain our credit ratings can vary significantly and is sensitive to several factors.

Statutory capital requirements for our insurance subsidiaries are prescribed by the applicable insurance regulators in the jurisdictions in which we operate. Insurance regulators have established risk-based capital adequacy measures, such as the Bermuda Solvency Capital Requirement ("BSCR") in Bermuda and the Solvency II regime in the European Union and United Kingdom, which provide minimum solvency and liquidity requirements for insurance companies. The amount of capital that we and/or our insurance subsidiaries are required to hold may increase or decrease depending on a variety of factors including the amount of statutory income or losses generated by our insurance subsidiaries (which is sensitive to equity market and credit market conditions), the amount of statutory capital needed to support future growth through acquisitions, changes in the market value of investments, the

deterioration of market conditions due to global events, changes in interest rates and foreign currency exchange rates, as well as changes to the relevant regulatory capital adequacy measures and frameworks.

Our overall liquidity and credit ratings are significantly influenced by the level of statutory capital and surplus in our insurance subsidiaries. If statutory capital requirements increase or if our insurance subsidiaries' solvency decreases, our subsidiaries would be required to hold more capital and our ability to obtain distributions from these subsidiaries could be limited. If we fail to maintain adequate statutory capital, regulators may restrict our activities and prohibit us and our subsidiaries from completing acquisitions without raising additional capital. Additionally, if our BSCR falls below certain levels, it could trigger counterparty recapture rights and/or additional collateral requirements in certain of our reinsurance agreements.

We may require additional capital liquidity in the future that may not be available or may only be available on unfavorable terms.

Our future capital requirements depend on many factors, including acquisition and investment activity, our ability to manage the run-off of our assumed liabilities, our ability to establish reserves at levels sufficient to cover losses, and our obligations to satisfy applicable statutory capital requirements. We may need to raise additional capital and liquidity through equity or debt financings. Our ability to secure this financing may be affected by a number of factors, including volatility in the global financial markets, new or incremental tightening in the credit markets, low liquidity and the strength of our capital position and operating results. In addition, an unfavorable change or downgrade of our issuer credit ratings will increase the interest rate or other fees charged under our debt facilities and will make it more expensive for us to access capital markets. Any equity or debt financing, if available at all, may be on terms that are not favorable to us, and could limit our strategic, financial and operational flexibility, including as a result of the need to dedicate a greater portion of our cash flows from operations to preferred share dividends and interest and principal payments on our debt financing and to comply with more burdensome covenant restrictions from our various debt and letter of credit facilities.

In addition, we may not achieve the desired regulatory capital treatment for any potential issuance of debt or equity securities due to solvency capital eligibility requirements under the Bermuda Insurance (Group Supervision) Rules 2011 (the "Group Supervision Rules") to which we are subject. For example, our outstanding preferred shares and junior subordinated notes qualify as Tier 2 capital and our outstanding senior notes qualify as Tier 3 capital, in accordance with the Group Supervision Rules. For these instruments to continue to receive the intended regulatory capital treatment, their terms must reflect the criteria contained in the Group Supervision Rules and any amendments thereto. If the BMA applies any changes to the Group Supervision Rules governing eligible capital such that our outstanding preferred shares and notes no longer receive their intended capital treatment under the Group Supervision Rules, we may be unable to maintain adequate regulatory capital. If we cannot obtain adequate capital or regulatory credit, our business, results of operations and financial condition could be adversely affected by, among other things, our inability to finance future acquisitions.

Our reinsurance subsidiaries are often required to provide collateral to ceding companies pursuant to their reinsurance contracts. Their ability to conduct business could be significantly and negatively affected if they are unable to do so or if any letters of credit posted as collateral cannot be renewed or are drawn upon by a ceding company.

Our reinsurance subsidiaries are often required to post collateral in the form of letters of credit, trust funds or other assets to provide security for their reinsurance obligations and to provide ceding companies with statutory credit for such reinsurance. Additionally, if the market value of assets collateralizing the obligations of our reinsurance subsidiaries are below certain levels specified in the applicable reinsurance contracts (either due to a decline in the market value of the investments and/or a strengthening of the liabilities carried), we may have to "top-up" the trusts accounts with additional assets to maintain the required collateral, which could adversely impact our liquidity and capital. If our reinsurance subsidiaries are unable to post the required collateral or the cost of providing such collateral materially increases, their operations could be significantly and negatively affected, which in turn could limit our ability to complete new reinsurance transactions on favorable terms or at all, which could negatively impact our business, financial condition and results of operations. Depending on multiple factors, our reinsurance subsidiaries may not be able to secure letters of credit to satisfy requirements to post collateral in support of their reinsurance obligations. If our reinsurance subsidiaries cannot post collateral in the form of letters of credit, then our reinsurance subsidiaries will have to post substitute collateral in the form of trust funds or other assets, limiting our ability to invest (and consequently reducing investment income from) such assets and constraining our liquidity, which could negatively impact our business, financial condition and results of operations. In addition, if the beneficiary of any letter of credit draws funds against the letter of credit, we would be obligated to immediately reimburse the bank that issued the letter of credit the amount of such drawn funds, which could increase our indebtedness and negatively affect our liquidity and financial condition.

Reinsurers may not satisfy their obligations to our reinsurance subsidiaries, which could result in significant losses or liquidity issues for us.

Our reinsurance subsidiaries are subject to credit risk with respect to their reinsurers because the transfer of risk to a reinsurer does not relieve our subsidiaries of their liability to the underlying insured. Reinsurance companies may be negatively impacted or downgraded during difficult financial and economic conditions. In addition, reinsurers may be unwilling to pay our subsidiaries even though they are able to do so, or disputes may arise regarding payment obligations. The failure of one or more of our subsidiaries' reinsurers to honor their obligations in a timely fashion may affect our cash flows and liquidity, reduce our net income or cause us to incur a significant loss. Disputes with our reinsurers may also result in unforeseen expenses relating to litigation or arbitration proceedings including awards of bad faith. A reinsurer's inability or unwillingness to honor its obligations may negate the intended risk-reducing impact of our reinsurance.

Exposure to reinsurers who represent meaningful percentages of our total reinsurance balances recoverable on paid and unpaid losses may increase the risks described above. For information on reinsurance balances recoverable on paid and unpaid losses, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Reinsurance Balances Recoverable on Paid and Unpaid Losses."

We are dependent on the ability of our subsidiaries to distribute funds to us.

We are a holding company and therefore we are dependent on distributions of funds from our operating subsidiaries to fund acquisitions, fulfill normal course financial obligations, including payments on our outstanding notes, and pay dividends to our shareholders, including holders of our preferred shares and, in turn, the related depositary shares. The ability of our reinsurance subsidiaries to make distributions to us may be limited by various business considerations and applicable insurance laws and regulations in jurisdictions in which we operate (which are described in "Item 1. Business - Regulation"). The ability of our subsidiaries to make distributions to us may also be restricted by, among other things, other applicable laws and regulations and the terms of our debt obligations and our subsidiaries' debt obligations. If our subsidiaries are restricted from making distributions to us, we may be unable to maintain adequate liquidity to fund acquisitions or fulfill our financial obligations.

Fluctuations in currency exchange rates may cause us to experience losses.

We maintain a portion of our investments, insurance liabilities and insurance assets denominated in currencies other than U.S. dollars. Consequently, we and our subsidiaries may experience foreign exchange losses in the event of failures in our underlying hedging program, which could adversely affect our results of operations. Our reporting currency in our consolidated financial statements is U.S. dollars, therefore, fluctuations in exchange rates

used to convert other currencies used by our subsidiaries, particularly Australian dollars, Canadian dollars, British pounds and Euros, into U.S. dollars will impact our reported financial condition, results of operations and cash flows from year to year.

Risks Relating to our Investments

The value of our investment portfolios and the investment income that we receive from these portfolios may decline materially as a result of market fluctuations and economic conditions.

We derive a significant portion of our income from our invested assets, which consist primarily of investments in fixed income securities. The value of our investments in fixed income securities will generally increase or decrease with changes in interest rates and credit spreads. Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors beyond our control. A rise in interest rates would, all else being equal (i.e., no movement in credit spreads), result in net unrealized losses on fixed income securities, which would decline over time as each security approaches maturity, provided we do not sell such securities. Conversely, a decline in interest rates, all else being equal (i.e., assuming no default or impairment), would result in net unrealized gains on fixed income securities, which would decline over time as each security approaches maturity, provided we do not sell such securities. Additionally, new investments of cash or the reinvestment of proceeds from sales of securities would be invested at the prevailing interest rates for each security, thereby increasing or decreasing net investment income on those proceeds. The fair market value of fixed income securities can also decrease as a result of a deterioration of the credit quality of those securities.

Any perceived decrease in credit quality may cause credit spreads to widen, all else being equal, and this would result in an increase in net unrealized losses, which would decline over time as each security approaches maturity, assuming it does not default. If we liquidate these securities during a period of deteriorating credit conditions, we may realize a significant loss. Additionally, declining market conditions or specific issuer risks may cause issuers of the fixed income securities in which we invest to default on their obligations. We may also incur losses resulting from revaluations of fixed income securities and other investments. As a result, net investment income and net realized and unrealized gains or losses and fair value changes from our fixed income securities and other investments could vary materially from expectations depending on general market conditions.

Some of our fixed income securities, such as mortgage-based and other asset-backed securities, carry prepayment risk, or the risk that principal will be returned more rapidly or slowly than expected, as a result of interest rate fluctuations. When interest rates decline, consumers tend to make prepayments on their mortgages (often through refinancing), causing us to be repaid more quickly than we might have originally anticipated, meaning that our opportunities to reinvest these proceeds back into the investment markets may be at reduced interest rates (with the converse being true in a rising interest rate environment). Mortgage-backed and other asset-backed securities are also subject to default risk on the underlying securitized mortgages, which would decrease the value of our investments.

The changes in the market value of our securities that are classified as trading or AFS are reflected in our financial statements. Credit losses on our fixed income securities, AFS are recognized through an allowance account, which is also reflected in our financial statements. As a result, a decline in the value of the securities in our investment portfolios may materially reduce our net income and shareholders' equity, and may cause us to incur a significant loss.

Additionally, increased volatility in the financial markets and overall economic uncertainty would increase the risk that the actual amounts realized in the future on our fixed income securities and equity securities could differ significantly from their current fair value.

For more information on our investment portfolios, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Investable Assets."

Our investments in alternative investments, strategic investments in joint ventures and/or entities accounted for using the equity method may be illiquid and volatile in terms of value and returns.

In addition to fixed income securities, we have invested, and may continue to invest, in alternative investments such as hedge funds, fixed income funds, public equity funds, private equity funds and co-investments, CLO equities, CLO equity funds, real estate funds, infrastructure funds, private credit funds and other alternative investments. In

addition, we have invested, and we may continue to make significant investments, in joint ventures and/or entities accounted for using the equity method that we do not control, which may limit our ability to take actions that could protect or increase the value of our investment. These and other similar investments may be illiquid due to restrictions on sales, transfers and redemption terms, may have different, more significant risk characteristics than our investments in fixed income securities and may also have significantly more volatile values and returns, all of which could negatively affect the market value of our investments, our investment income, and our overall portfolio liquidity. Alternative or "other" investments may not meet regulatory admissibility requirements or may result in increased regulatory capital charges to our insurance subsidiaries that hold these investments, which could limit those subsidiaries' ability to pay dividends and make capital distributions to us and, consequently, negatively impact our liquidity and our ability to fund future transactions. For more information on our alternative investments, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Investable Assets."

The valuation of our investments may include methodologies, estimations and assumptions that are subject to differing interpretations and could result in changes to investment valuations that may materially adversely affect our financial condition or results of operations.

Fixed maturity and alternative investments, such as hedge funds, fixed income funds, public equity funds, private equity funds and co-investments, CLO equities, CLO equity funds, real estate funds, infrastructure funds, private credit funds, and other alternative investments represent the majority of our total cash and invested assets. These investments are reported at fair value on our consolidated balance sheet. Fair value prices for all trading and AFS securities in the fixed maturities portfolio are independently provided by our investment accounting service providers, investment managers, fund administrators, and investment custodians, each of which utilize internationally recognized independent pricing services. We record the unadjusted price provided by our investment accounting service providers, managers or custodians. Fair value for our alternative investments is estimated based primarily on the most recently reported net asset values reported by the fund manager. Additionally, for some strategic investments for which we have elected the fair value option, our valuations of these investments are based on internal valuation models and methodologies that are subject to estimates and judgements that can vary from quarter to quarter.

These valuation procedures involve estimates and judgments, and during periods of market disruptions (such as periods of significantly volatile interest rate changes, rapidly widening credit spreads or illiquidity), it may be difficult to value certain of our securities if trading becomes less frequent or market data becomes less observable. In addition, there may be certain asset classes that are now in active markets with significant observable data that become illiquid due to changes in the financial environment. In these cases, the valuation of a greater number of securities in our investment portfolio may require more subjectivity and management judgment. As a result, valuations may include inputs and assumptions that are less observable or require greater estimation as well as valuation methods that are more sophisticated or require greater estimation, which may result in valuations greater than the value at which the investments could ultimately be sold. Further, rapidly changing and unpredictable credit and equity market conditions could materially affect the valuation of securities carried at fair value as reported within our consolidated financial statements and the period-to-period changes in value could vary significantly. Decreases in value could have a material adverse effect on our financial condition and results of operations.

The nature of our liquidity demands and the structure of our investment portfolios may adversely affect the performance of our investment portfolio and financial results, as well as our investing flexibility.

We strive to structure the duration of our investments in a manner that recognizes our liquidity needs to satisfy future liabilities. Because of the unpredictable nature of losses and associated collateral provisions that may arise under the reinsurance policies issued by certain of our subsidiaries and as a result of our opportunistic commutation strategy, our liquidity needs can be substantial and may arise at any time. In that regard, we attempt to correlate the maturity and duration of our investment portfolio to our general liability profile. If we are unsuccessful in managing our investment portfolio within the context of this strategy, we may be forced to liquidate our investments at times and at prices that are not optimal, and we may have difficulty liquidating some of our alternative investments due to restrictions on sales, transfers and redemption terms. This could have a material adverse effect on the performance of our investment portfolio. Alternatively, if the asset duration is shorter than our liability duration profile, we may experience a lower investment income yield, which could negatively impact our results of operations.

We have many individual portfolios of cash and investments from our acquired companies and portfolios. The nature of our run-off business requires us to position investment portfolios to support liquidity needs of ongoing claim settlements and capital distributions, reducing investment flexibility in our collateral trust accounts.

Risks Relating to Laws and Regulations

Insurance laws and regulations can restrict our ability to operate, and any failure to comply with these laws and regulations, or any investigations, inquiries or demands by government authorities, may have a material adverse effect on our business.

We are subject to the insurance laws and regulations in a number of jurisdictions worldwide. Existing laws and regulations, among other things, limit the amount of dividends and capital that can be paid to us by our reinsurance subsidiaries, prescribe solvency and capital adequacy standards, impose restrictions on the amount and type of investments that can be held to meet solvency and capital adequacy requirements, require the maintenance of reserve liabilities, and require pre-approval of acquisitions, reinsurance transactions, certain affiliate transactions and increasingly outsourcing arrangements. Failure to comply with these laws and regulations or to maintain appropriate authorizations, licenses, and/or exemptions under applicable laws and regulations may cause governmental authorities to preclude or suspend our insurance or reinsurance subsidiaries from carrying on some or all of their activities, place one or more of them into rehabilitation or liquidation proceedings, impose monetary penalties or other sanctions on them or our affiliates, or commence insurance company delinquency proceedings against our insurance or reinsurance subsidiaries. The application of these laws and regulations by various governmental authorities may affect our liquidity and restrict our ability to expand our business operations through acquisitions or to pay dividends on our ordinary or preferred shares. Furthermore, compliance with legal and regulatory requirements is likely to result in significant expenses and investment of management time, which could have a negative impact on our profitability. To further understand these regulatory requirements, see "Item 1. Business - Regulation."

We believe it is likely there will continue to be regulatory intervention in our industry in the future, and these initiatives could adversely affect our business. Additional laws and regulations have been and may continue to be enacted that may have adverse effects on our operations, financial condition, statutory capital adequacy, and liquidity. For example, in the jurisdictions in which we operate, including Bermuda, there are increased regulations relating to group supervision though cooperation and coordination among insurance regulators regardless of an individual company's domiciliary jurisdiction. The BMA acts as our Group supervisor, as described in "Item 1. Business – Regulation." We cannot predict the exact nature, timing or scope of these initiatives; however, we believe it is likely there will continue to be increased regulatory intervention in our industry in the future, and these initiatives could adversely affect our business.

Solvency II, the E.U. directive covering the capital adequacy, risk management and regulatory reporting for insurers, requires significant resources to ensure compliance by our European Economic Area ("EEA") companies. Additionally, if our non-EEA subsidiaries engage in insurance or reinsurance business in the EEA, additional capital requirements may be imposed for such companies to continue to insure or reinsure EEA-domiciled risk or cedants if their regulatory regime is not deemed to have Solvency II equivalence. Bermuda has gained Solvency II equivalence, and our Bermuda reinsurers are subject to requirements in line with a Solvency II framework. Continued compliance with Solvency II and similar laws and regulations as we seek acquisitions of companies and portfolios of (re)insurance business will result in additional costs for us.

Our U.K. U.S. and Bermuda-based insurance and reinsurance subsidiaries consist of wholly-owned run-off companies that are authorized and regulated by the U.K. Regulator, relevant State Insurance Regulators and the BMA, respectively, and may not underwrite new business without their approval. In addition, our Lloyd's operations are subject to authorization and regulation by the U.K. Regulator and compliance with the Lloyd's Act(s) and Bylaws and regulations, as well as the applicable provisions of the FSMA. The Council of Lloyd's has wide discretionary powers to regulate its members, and its exercise of these powers might affect the return on an investment of the corporate member in a given underwriting year. Business plans, including maximum underwriting capacity, for Lloyd's syndicates require annual approval by the Lloyd's Franchise Board. Continued compliance with the rules of the PRA, Lloyd's and similar regulators will result in additional costs for us.

Our business is subject to laws and regulations relating to sanctions and foreign corrupt practices, the violation of which could adversely affect our financial condition and results of operations.

We are legally required to comply with all applicable economic sanctions, anti-bribery, anti-corruption and anti-money laundering laws and regulations of the jurisdictions in which we operate. U.S. laws and regulations applicable to our U.S. subsidiaries include the economic trade sanctions laws and regulations administered by the

Treasury's Office of Foreign Assets Control, as well as certain laws administered by the U.S. Department of State. New sanction regimes may be initiated, or existing sanctions expanded, at any time, which can impact our business activities. In addition, our companies are subject to the U.S. Foreign Corrupt Practices Act and other anti-bribery laws such as the Bermuda Bribery Act and the U.K. Bribery Act that generally bar corrupt payments or unreasonable gifts to foreign governments or officials. Although we have policies and controls in place that are designed to ensure compliance with these laws and regulations, it is possible that an employee or intermediary could fail to comply with applicable laws and regulations. In such event, we could be exposed to civil penalties, criminal penalties and other sanctions, including fines or other punitive actions. Such civil or criminal penalties, sanctions, fines or other punitive actions, and the possibility of resulting damage to our business and/or reputation, could have a material adverse effect on our financial condition and results of operations.

Risks Relating to our Operations

We are dependent on our executive officers, directors and other key personnel and the loss of any of these individuals could adversely affect our business.

Our success depends on the ability of our senior management and other key employees to implement our strategy and operate our business. For example, our ability to source run-off acquisitions is critical to our business, and is in part dependent on the relationships of our senior management and other key personnel. The loss of their services or the services of other key personnel, or the loss of the services of or our relationships with any of our directors, could have a material adverse effect on our business.

Some of our directors, large shareholders and their affiliates have interests and/or other involvement with entities that can create conflicts of interest through related party transactions.

We have participated in transactions, investments and investment management arrangements in which one or more of our directors, large shareholders or their affiliates has an interest, and we may continue to do so in the future. Refer to Note 24 to our consolidated financial statements for further disclosure on these arrangements. In addition, some of our directors, large shareholders or their affiliates from time to time have ownership interests or other involvement with entities that compete against us or otherwise have interests that could, at times, be considered potentially adverse to us, either in the pursuit of acquisition targets, investments or in our business operations. The interests of our directors, large shareholders or their affiliates in related party transactions or competitive businesses may create the potential for, or result in, conflicts of interests.

Cybersecurity events or other difficulties with our information technology systems could disrupt our business, result in the loss of critical and confidential information, increased costs, and adversely impact our reputation and results of operations.

We rely heavily on the successful, uninterrupted functioning of our information technology systems, as well as those of any outsourced service providers, including third-party administrators and investment managers. We rely on these systems to securely and accurately process, store, and transmit confidential and other data in connection with our critical operational functions such as paying claims, performing actuarial and other modeling, pricing, quoting and processing policies, cash and investment management, acquisition analysis, financial reporting and other necessary support functions. Our information may also be exposed to the risk of a data breach or cyber-security incident through a breach or failure of our systems or a breach or failure of the systems of third parties where we rely on such parties for outsourced functions or services. A failure of our information technology systems or those of our third-party service providers could materially impact our ability to perform the critical functions described above, affect the confidentiality, availability or integrity of our proprietary information and expose us to litigation and increase our administrative expenses.

Computer viruses, cyber-attacks, phishing scams and other external hazards, as well as any internal process or employee failures, could expose our information technology systems to security breaches that may cause critical data to be corrupted or confidential or proprietary information to be exposed, cause system disruptions or shut-downs, or expose us to financial fraud. As we introduce Artificial Intelligence ("AI") into certain business processes, new risks emerge, including vulnerabilities in AI driven models, the potential for biased or inaccurate outputs, and susceptibility to adversarial manipulation. Inadequate governance or security controls over AI implementation could lead to regulatory challenges, operational disruption or reputational damage.

In addition to our own information, we receive and may be responsible for protecting confidential or personal information of ceding companies, policyholders, employees, and other third parties, which could also be compromised in the event of a security breach. For example, in May 2023, we discovered that we were among the companies impacted by the CL0P (a third party criminal group) cyber-attack on Progress Software's MOVEit Transfer product, a file-transfer application we have used to manage data transfers. This incident was successfully managed; however, in January 2024, a purported class action arising out of this incident was filed against one of our wholly-owned subsidiaries. While we do not believe the MOVEit incident, the related class action, or any additional resultant actions will have a material adverse effect on our business, this or similar incidents, or any other such breach of our or our third parties' data security infrastructure, could have a material adverse effect on our business, results of operations and financial condition.

In addition, many of our employees work remotely, and we are therefore more dependent on our information technology systems and the continued access by our employees and service providers to reliable and secure internet and telecommunications systems. If these systems do not function effectively or are disrupted due to heightened demand, cybersecurity attacks and data security incidents, or for any other related reason, it would negatively impact our ability to settle claims efficiently, complete acquisitions, integrate our acquired businesses, manage our investments, or otherwise conduct our business.

Although we utilize numerous controls, protections and risk management strategies to attempt to mitigate these risks, the sophistication and volume of these security threats continues to increase. In addition, the escalation of geopolitical tensions, such as those caused by various regional conflicts and crises across the globe or continued developments in AI, could result in heightened cybersecurity threats. We may not have the technical expertise or resources to successfully prevent every data breach or cyber-security incident. The potential consequences of a data breach or cyber-security incident could include claims against us, significant reputational damage to our company, damage to our business as a result of disclosure of proprietary information, and regulatory action against us, which may include fines and penalties. Such an incident could cause us to lose business and commit resources, management time and money to remediate these breaches and notify aggrieved parties, any of which in turn could have an adverse impact on our business. We may also experience increasing costs associated with implementing and maintaining adequate safeguards against these types of incidents and attacks.

In addition, the information security and data privacy regulatory environment is increasingly demanding. We are subject to numerous laws and regulations in multiple jurisdictions governing the protection of the personal and confidential information of our clients and/or employees, including in relation to medical records and financial information. These laws and regulations are rapidly expanding, increasing in complexity and sometimes conflict between jurisdictions. For example, the E.U. General Data Protection Regulation ("GDPR") creates rights for individuals to control their personal data and sets forth the requirements with which companies handling the personal data of E.U.-based data subjects have to comply (regardless of whether such data handling involves E.U.-based operations). We are also subject to the GDPR through our handling of the personal data of E.U.-based subjects in connection with our ordinary course operations. If any person, including any of our employees or those third parties with whom we share such information, negligently disregards or intentionally breaches our established controls with respect to our client data, or otherwise mismanages or misappropriates that data, we could be subject to significant monetary damages, regulatory enforcement actions, fines and/or criminal prosecution in one or more jurisdictions, including as a result of a violation of the GDPR.

If outsourced providers such as third-party administrators, investment managers or other service providers were to breach their obligations to us, our business and results of operations could be adversely affected.

We outsource certain business functions to third-party providers, and these providers may not perform as anticipated or may fail to adhere to their obligations to us. For example, certain of our subsidiaries rely on relationships with a number of third-party administrators under contracts pursuant to which these third-party administrators manage and pay claims on our subsidiaries' behalf and advise with respect to case reserves. In these relationships, we rely on controls incorporated in the provisions of the administration agreement, as well as on the administrator's internal controls, to manage the claims process within our prescribed parameters. We also rely on external investment managers to provide services pursuant to the terms of our investment management agreements, including following established investment guidelines. Although we monitor these administrators and investment managers on an ongoing basis, we do not control them, and our service providers could exceed their authorities or otherwise breach their obligations to us, which, if material, could adversely affect our business and results of operations. For example, a third-party investment manager may breach our investment guidelines and expose us to risk beyond our prescribed tolerances, which could have an immediate negative financial impact. We

may also be negatively impacted if third-party administrators mishandle claims, fail to administer claims effectively or efficiently, fail to maintain accurate books and records, or fail to comply with laws or regulations.

Risks Relating to Ownership of our Shares

The market price for our securities may experience volatility, which could cause a potential loss of value to our investors, and our ordinary shares are thinly traded, so the market value of our ordinary shares may decline if large numbers of shares are sold.

The market price for our ordinary shares and for the depositary shares representing our preferred shares may fluctuate substantially and could cause investment losses due to a number of factors. Such factors could include: announcements with respect to a specific acquisition or investment; changes in the value of our assets; our financial condition, performance and prospects; changes in projected inflation and interest rates; changes in general conditions in the economy and the insurance industry; economic, financial, geopolitical, regulatory or judicial events that affect us or the financial markets generally; changes in management; and adverse press or news announcements. For the depositary shares representing our preferred shares, such factors could also include: whether dividends have been declared on the preferred shares; whether the ratings on such depositary shares provided by any ratings agency have changed; changes in our credit ratings; our total outstanding indebtedness; the level, direction and volatility of market interest rates generally; and the market for similar securities.

Our ordinary shares have in the past been, and may continue to be, thinly traded, and significant sales could adversely affect the market price for our ordinary shares and impair our ability to raise capital through offerings of our equity securities.

A few significant shareholders may influence or control the direction of our business. If the ownership of our ordinary shares continues to be highly concentrated, it may limit the ability of other shareholders to influence significant corporate decisions.

The interests of certain significant shareholders, including those that may be affiliated with members of our Board of Directors (our “Board”), may not be fully aligned with those of other shareholders, which could lead to a strategy that is not in such other shareholders’ best interests. As of December 31, 2024, funds managed by Stone Point Capital LLC and its affiliates, Beck Mack & Oliver, and two of our directors (collectively), one of whom currently serves as an executive officer and excluding Ms. Gregory, who departed as of December 31, 2024, directly beneficially owned 9.5%, 3.6% and 7.3%, respectively, of our outstanding voting ordinary shares. Although they do not act as a group, these shareholders may exercise significant influence over matters requiring shareholder approval, and their concentrated holdings may delay or deter possible changes in control of Enstar, which may reduce the market price of our ordinary shares.

Some aspects of our corporate structure and certain regulatory limitations may discourage third-party takeovers and other transactions or prevent the removal of our Board and management.

Some provisions of our bye-laws have the effect of making more difficult or discouraging unsolicited takeover bids from third parties or preventing the removal of our current board of directors and management. For example, our bye-laws contain restrictions on the ability of shareholders to (i) nominate persons to serve as directors, (ii) remove directors, (iii) submit resolutions to a shareholder vote, and (iv) request special general meetings. Also, a merger or amalgamation would have to be approved by three-fourths of our voting ordinary shares to take effect. In addition, our Board may limit a shareholder’s exercise of voting rights or to register a transfer of ordinary shares where it deems it necessary to do so to avoid adverse tax, legal or regulatory consequences. Our Board may also decline to register a transfer of shares unless all applicable consents, authorizations, permissions or approvals of any governmental body or agency in Bermuda and other applicable jurisdictions required to be obtained prior to such transfer shall have been obtained. We also have the authority under our bye-laws to reasonably request information from any shareholder for the purpose of determining whether a shareholder’s voting rights are to be limited pursuant to the bye-laws, and if a shareholder is unable to do so, we may eliminate the shareholder’s voting rights.

Insurance laws and regulations in the jurisdictions in which our insurance or reinsurance subsidiaries operate require prior notices or regulatory approval of changes in control of an insurer or its holding company. Different jurisdictions define changes in control differently, and generally any purchaser of 10% or more of the vote or value of our ordinary shares could become subject to regulation and be required to file certain notices and reports with the applicable insurance authorities. These laws and the aspects of our corporate structure outlined above may

discourage potential acquisition proposals or prevent the removal of members of our Board and management and may delay, deter or prevent a change in control of us. To the extent these provisions discourage takeover attempts, they may deprive shareholders of opportunities to realize takeover premiums for their shares or may depress the market price of the shares.

Bermuda Law differs from the laws in effect in the United States. Shareholders who own our shares may have more difficulty protecting their interests than shareholders of a U.S. corporation.

We are organized under the laws of Bermuda, and as a result our shareholders may have more difficulty protecting their interests than shareholders of a U.S corporation. For example:

- class actions and derivative actions are generally not available to shareholders under Bermuda law;
- under Bermuda law, only shareholders holding collectively 5% or more of our outstanding ordinary shares or groups of shareholders numbering 100 or more are entitled to propose a resolution at our general meeting;
- a substantial portion of our assets and certain of our directors and officers and their assets are located outside of the United States and as a result investors may have difficulty (i) effecting service of process within the United States or (ii) recovering against us or these directors and officers on judgments of U.S. courts;
- no claim may be brought in Bermuda against us or our directors and officers for violations of U.S. federal securities laws, as such laws do not have force of law in Bermuda;
- there is no treaty in effect between the United States and Bermuda providing for the enforcement of judgments of U.S. courts, and there are grounds upon which Bermuda courts may not enforce judgments of U.S. courts; and
- some remedies available under the laws of U.S. jurisdictions, including U.S. federal securities laws, may be prohibited in Bermuda courts as contrary to Bermuda's public policy.

Certain regulatory and other constraints may limit our ability to pay dividends on our securities, and dividends on our preferred shares are non-cumulative.

We do not currently intend to pay a cash dividend on our ordinary shares. If our Board decided to commence a dividend program in the future, we are subject to significant regulatory and other constraints that affect our ability to pay dividends and make other distributions on our ordinary and preferred shares. For example, under the Bermuda Companies Act, we may declare or pay a dividend or distribution out of contributed surplus only if we have reasonable grounds to believe that we are, and would after the payment be, able to meet our liabilities as they become due or that the realizable value of our assets would thereby not be less than our liabilities. In addition, as described above under "Risks Relating to Liquidity and Capital Resources," we are a holding company that is dependent upon distributions from our operating subsidiaries for liquidity, which may not be available.

Dividends on our preferred shares are non-cumulative and payable only out of available funds under Bermuda law. If our Board (or a duly authorized committee thereof) does not authorize and declare a dividend for any dividend period, holders of our preferred shares and, in turn, the depositary shares representing preferred shares, would not be entitled to receive any such dividend, and such unpaid dividend will not accrue and will not be payable at any time. We will have no obligation to pay dividends for a dividend period on or after the dividend payment date for such period if our Board has not declared such dividend before the related dividend payment date, whether or not dividends are declared for any subsequent dividend period with respect to any outstanding preferred shares and/or our ordinary shares.

Our ordinary and preferred shares are subordinate to our existing and future indebtedness and our ordinary shares rank junior to our outstanding preferred shares.

Our preferred shares are equity interests and do not constitute indebtedness. As such, our preferred shares, in addition to our ordinary shares, will rank junior to all of our indebtedness and other non-equity claims with respect to assets available to satisfy our claims, including in our liquidation. Our preferred shares are also contractually subordinated in right of payment to all obligations of our subsidiaries, including all existing and future policyholder obligations of our subsidiaries. Additionally, neither our ordinary shares nor our preferred shares represent an interest in any of our subsidiaries, and accordingly, are structurally subordinated to all obligations of our subsidiaries. Further, in the event of our liquidation, winding up or dissolution, our ordinary shares rank junior to our outstanding preferred shares. In such an event, there may not be sufficient assets remaining after payments to holders of our outstanding preferred shares to ensure payments to holders of our ordinary shares.

There is no limitation on our issuance of securities that rank equally with or senior to the preferred shares.

We may issue, without limitation, (1) additional depositary shares representing additional preferred shares that would form part of one of the series of depositary shares representing our outstanding preferred shares, and (2) additional series of securities that rank equally with or senior to the outstanding preferred shares. The issuance of additional preferred shares on par with or senior to the outstanding preferred shares would dilute the interests of the holders of our preferred shares, and any issuance of preferred shares senior to our outstanding preferred shares or of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on our preferred shares, or to make payments to holders of our ordinary shares from remaining assets of the Company, in the event of a liquidation, dissolution or winding-up of Enstar.

The voting rights of holders of our preferred shares and, in turn, the depositary shares representing our preferred shares are limited.

Holders of our outstanding preferred shares and, in turn, the depositary shares representing the preferred shares have no voting rights with respect to matters that generally require the approval of voting shareholders. In addition, if dividends on any of our outstanding preferred shares have not been declared or paid for the equivalent of six dividend payments, whether or not for consecutive dividend periods, holders of the outstanding preferred shares and, in turn, the depositary shares, will, subject to the terms and conditions contained in the certificates of designation governing the preferred shares, be entitled to vote for the election of two additional directors to our Board. The holders shall be divested of the foregoing voting rights if and when dividends for at least four dividend periods, whether or not consecutive, following a nonpayment event have been paid in full (or declared and a sum sufficient for such payment shall have been set aside). In addition, holders of the depositary shares must act through the depositary to exercise any voting rights in respect of the preferred shares. Although each depositary share is entitled to 1/1,000th of a vote, the depositary can vote only whole preferred shares. While the depositary will vote the maximum number of whole preferred shares in accordance with the instructions it receives, any remaining votes of holders of the depositary shares will not be voted.

We have no obligation to maintain any listing of the depositary shares representing our outstanding preferred shares.

Although the depositary shares representing our outstanding preferred shares are listed on NASDAQ, such listings may not provide significant liquidity, and transaction costs in any secondary market could be high. The difference between bid and ask prices in any secondary market could be substantial. As a result, holders of depositary shares representing our preferred shares (which do not have a maturity date) may be required to bear the financial risks of an investment in the depositary shares representing preferred shares for an indefinite period. In addition, we undertake no obligation, and expressly disclaim any obligation, to maintain the listing of the depositary shares representing our preferred shares on NASDAQ or any other stock exchange. If we elect to discontinue the listing at any time or the depositary shares representing the preferred shares otherwise are not listed on an applicable stock exchange, which we expect to happen following the completion of the Merger, the dividends paid after the delisting would not constitute qualified dividend income for U.S. federal income tax purposes (as dividends paid by a Bermuda corporation are qualified dividend income only if the stock with respect to which the dividends are paid is readily tradable on an established securities market in the United States).

A classification of the depositary shares representing our preferred shares by the National Association of Insurance Commissioners may impact U.S. insurance companies that purchase our preferred shares.

The NAIC may, in its discretion, classify securities in U.S. insurers' portfolios as debt, preferred equity or common equity instruments. The NAIC's written guidelines for classifying securities as debt, preferred equity or common equity include subjective factors that require the relevant NAIC examiner to exercise substantial judgment. There is therefore a risk that the depositary shares representing our preferred shares may be classified by the NAIC as common equity instead of preferred equity. The NAIC classification determines the amount of risk-based capital ("RBC") charges incurred by insurance companies in connection with an investment in a security. Securities classified as common equity by the NAIC carry RBC charges that can be significantly higher than the RBC requirement for debt or preferred equity. Therefore, any classification of the depositary shares representing our preferred shares as common equity may adversely affect U.S. insurance companies that hold depositary shares representing our preferred shares. In addition, a determination by the NAIC to classify the depositary shares representing our preferred shares as common equity may adversely impact the trading of the depositary shares representing our preferred shares in the secondary market.

Our preferred shares are subject to our rights of redemption.

Our preferred shares are redeemable pursuant to the terms set forth in the certificate of designations governing such series. Whenever we redeem preferred shares held by the depositary, the depositary will, as of the same redemption date, redeem the number of depositary shares representing preferred shares so redeemed. We have no obligation to redeem or repurchase the preferred shares under any circumstances. If the preferred shares are redeemed by us, you may not be able to reinvest the redemption proceeds in a comparable security at a similar return on your investment.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 1C. CYBERSECURITY RISK DISCLOSURES

We are increasingly dependent on sophisticated software applications and computing infrastructure to conduct key operations. We depend on both our own systems, networks and technology as well as the systems, networks and technology of our contractors, consultants, vendors and other business partners.

Cybersecurity Program

Given the importance of cybersecurity to our business, we maintain a comprehensive information security program for assessing, identifying, managing and reporting on material risks from threats to our information security. Our information security program is based on industry standards and best practices, following the National Institute of Standards and Technology (NIST) Cybersecurity Framework. As part of our information security program, we also require third-party service providers with access to personal, confidential or proprietary information to implement and maintain comprehensive cybersecurity practices consistent with applicable legal standards and industry best practices. We also train employees on how to identify potential cybersecurity risks and protect our information and resources. This training is mandatory for all employees globally upon hire and on an annual basis.

We use the Three Lines Model in order to ensure our information security program's effectiveness and readiness. Our first line is our IT Security Operations, which implements and executes upon a robust control framework, while our Information Security Assurance function maintains an information security assurance program that includes external penetration management and performing third-party risk assessments. Our second line is our Risk and Compliance functions. Our Risk function performs table top exercises, "red team" testing and stress testing, while our Compliance function ensures regulatory requirements are identified proactively and monitors compliance with our internal policies and procedures. Our third line consists of our Internal Audit function, which provides objective assurance and testing over internal policies and procedures related to our information security program.

Governance

Management Oversight

Our management plays an active role in assessing and managing the risks posed to us by cybersecurity threats. Our strategy for managing cybersecurity risk is embedded within the IT function, which reports to our Chief of Business Operations (CBO) and our Information Security function, which reports to our CRO. The controls and processes employed to assess, identify and manage material risks from cybersecurity threats are implemented and overseen by our Global Chief Information Officer (CIO) and our Group Information Security Officer (GISO). Our CIO has over 25 years of experience in the area of information technology. He previously served in related roles, including IT strategy and delivery roles at Arthur Andersen Consulting and Deloitte Consulting, and has served in his current role since joining us in 2017. Our GISO has over 19 years of information security experience. His experience includes driving our information security strategy, awareness and training, third-party cyber risk management, compliance, and providing assurance of the security activities conducted by the IT Security Operations team. He has served in his current role since joining us in 2006. Our CIO and GISO are responsible for the day-to-day management of the cybersecurity program, including the prevention, detection, investigation, response to, and recovery from cybersecurity threats and incidents, and are regularly engaged to help ensure the cybersecurity program functions effectively in the face of evolving cybersecurity threats.

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Board Oversight

The Board of Directors actively oversees the Company's management of cybersecurity risk. Primary responsibility for the Board's role in oversight of the Company's management of cybersecurity risk is delegated to the Risk Committee of the Board. The Risk Committee is responsible for reviewing, discussing with management, and overseeing the Company's data privacy, information technology and security and cybersecurity risk exposures.

Our CIO and GISO provide regular updates on cybersecurity risk and our information security program to the Risk Committee. These reports typically occur on a quarterly basis and include updates on current cyber risks, cybersecurity strategies and initiatives, event preparedness, the status of projects to strengthen our information security program, and the emerging cybersecurity threat landscape.

Process for Assessing, Identifying and Managing Material Risks from Cybersecurity Threats

In the event of a breach, we have a comprehensive plan in place for assessing and addressing any potential threats to our information security. We maintain a Cyber and Data Incident Response Plan and Framework, which identifies and describes the roles and responsibilities of the Cyber Incident and Response Team and the Crisis Oversight Committee. The Cyber Incident Response Team is responsible for receiving information relating to possible incidents, investigating and analyzing them, and taking the appropriate action to avoid and mitigate the damage caused by such incidents. The Crisis Oversight Committee, chaired by our CBO, is responsible for support and oversight of the Cyber and Data Incident Response Plan and Framework and oversight of the Cyber Incident Response Team's execution of the plan in the event of a cyber incident.

We maintain an operational incident portal that allows employees to log instances where they believe they have been the victim of a cyber incident, encountered a data breach or have become aware that a third-party service provider has suffered a cyber incident or data breach. In respect of cyber incidents and data breaches, timely reporting helps to contain the breach, recover faster, minimize business impacts, and comply with laws and regulations including time sensitive notifications. Cyber security is considered everyone's responsibility, and it is important that incidents are reported quickly and efficiently.

Cybersecurity Risks

Our cybersecurity risk management processes are integrated into our overall ERM Framework. As part of our ERM Framework, we maintain the traditional Three Lines Model (Management, Risk & Compliance and Internal Audit) to delineate accountabilities and establish a 'check and balance' management of risks. For additional information on our ERM Framework, refer to "Item 1. Business - Enterprise Risk Management."

Although our information security program is designed to attempt to prevent, detect and respond to a cybersecurity incident, there can be no assurance that such an incident will not occur. A cybersecurity incident could cause the failure of our information security systems or those of our third-party service providers, which could materially impact our ability to perform certain critical functions, affect the confidentiality, availability or integrity of our proprietary information and expose us to litigation and increase our administrative expenses.

As of the date of this report, we are not aware of any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected the business strategy, results of operations or financial condition of the Company or are reasonably likely to have such a material effect. However, evolving cybersecurity threats make it increasingly challenging to anticipate, detect, and defend against cybersecurity threats and incidents.

For additional information on the risks we face from cybersecurity threats, refer to "Item 1A. Risk Factors - Risks Relating to Our Operation."

ITEM 2. PROPERTIES

We renew and enter into new leases in the ordinary course of our business. We lease office space in Hamilton, Bermuda, where our principal executive office is located. We also lease office space in a number of U.S. states, the United Kingdom, Australia, Liechtenstein and Belgium. We believe that this office space is sufficient for us to conduct our current operations for the foreseeable future, although in connection with future acquisitions from time to time, we may expand to different locations or increase space to support any such growth.

ITEM 3. LEGAL PROCEEDINGS

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For a discussion of legal proceedings, see Note 26 in the notes to our consolidated financial statements, which is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Number of Holders

Our ordinary voting shares are listed on the NASDAQ Global Select Market under the symbol "ESGR." On February 26, 2025, there were 1,030 shareholders of record of our voting ordinary shares. This is not the number of beneficial owners of our voting ordinary shares as some shares are held in "street name" by brokers and others on behalf of individual owners.

Dividend Information

Historically, we have not declared a dividend on our ordinary shares. Our strategy is to retain earnings and invest distributions from our operating subsidiaries into our business or to repurchase our shares. However, we may re-evaluate this strategy from time to time based on overall market conditions and other factors. Any payment of dividends must be approved by our Board. Furthermore, our ability to pay dividends is subject to certain restrictions.[3,4]

Issuer Purchases of Equity Securities

There were no ordinary shares acquired by the Company during the three months ended December 31, 2024.

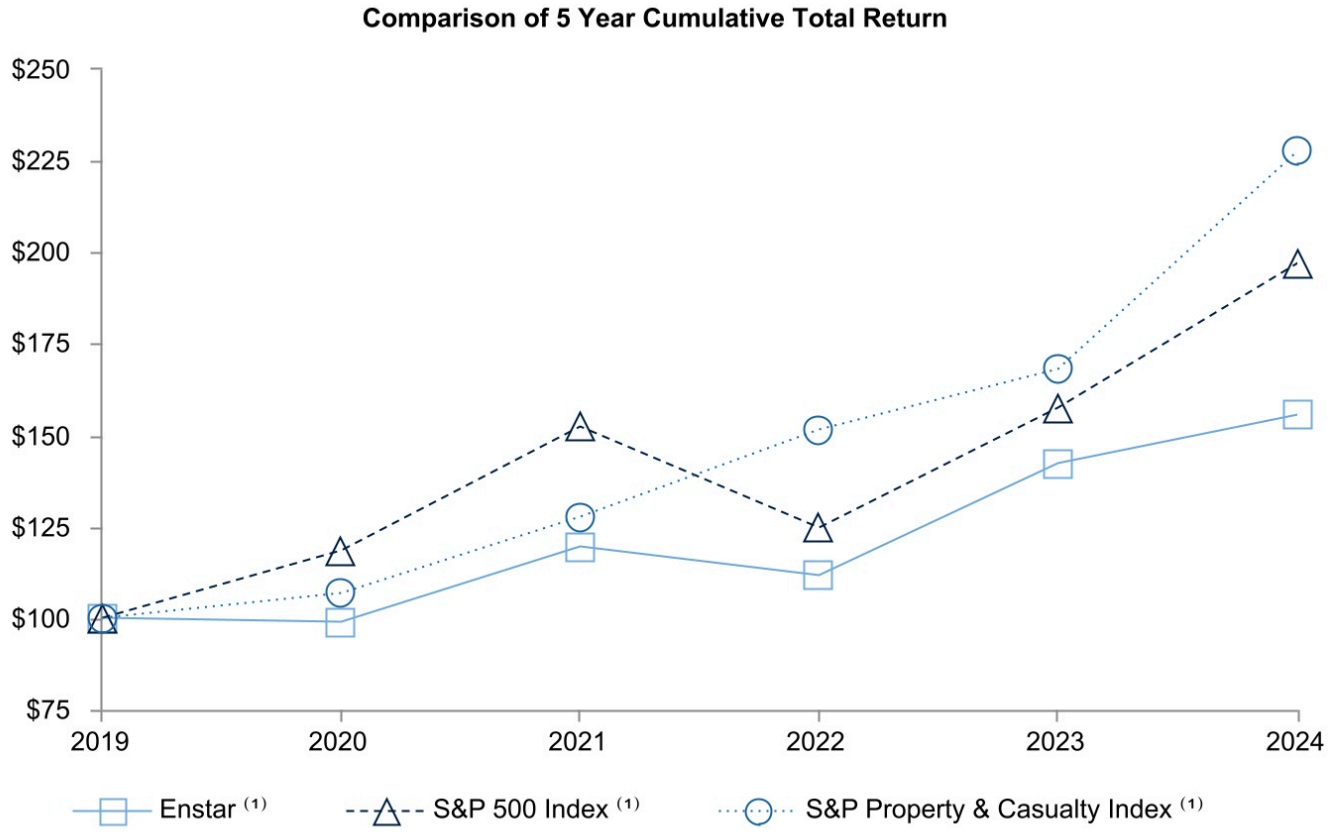
[3] Described in Note 25 to our consolidated financial statements, which is incorporated herein by reference.

[4] For information on dividends on our preferred shares refer to Note 20 to our consolidated financial statements.

Performance Graph

The following performance graph compares the cumulative total return on our ordinary shares with the cumulative total return on the S&P 500 Index and the S&P Property & Casualty Insurance Index for the period that commenced December 31, 2019 and ended on December 31, 2024.

The performance graph shows the value as of December 31 of each calendar year of $100 invested on December 31, 2019 in our ordinary shares, and the indices listed above, assuming the reinvestment of dividends. Returns have been weighted to reflect relative market capitalization. This information is not necessarily indicative of future returns.



	Indexed Returns (2) for Years Ended December 31,					
	2019	2020	2021	2022	2023	2024
Enstar (1)	100.00	99.05	119.69	111.69	142.29	155.69
S&P 500 Index (1)	100.00	118.40	152.39	124.79	157.59	197.02
S&P Property & Casualty Index (1)	100.00	106.96	127.58	151.65	168.05	227.67

(1) Source: S&P Global Market Intelligence

(2) $100 invested on December 31, 2019 in stock or index.

ITEM 6. RESERVED

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report.

Some of the information contained in this discussion and analysis or included elsewhere in this annual report, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks, uncertainties and assumptions. Our actual results and the timing of events could differ materially from those anticipated by these forward-looking statements as a result of many factors, including those discussed under "Cautionary Statement Regarding Forward-Looking Statements", "Item 1A. Risk Factors" and elsewhere in this annual report.

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Operational Highlights

Our consolidated results for the year ended December 31, 2024 reflect our continued progress on providing capital release solutions to our clients by acquiring and managing their run-off portfolios.

Merger Agreement

On July 29, 2024, we entered into the Merger Agreement, under which all of Enstar's issued and outstanding ordinary shares, par value $1.00 per share, will be converted into the right to receive $338 in cash per ordinary share, except for shares held by Sixth Street and certain shareholders who will reinvest in the merged entity. The total consideration to be paid to our shareholders in the Merger is $5.1 billion. Completion of the Merger remains subject to certain conditions, including certain regulatory approvals. The Merger is expected to close in mid-2025; however, no assurance can be given as to when, or if, the Merger will occur.

Goodwill impairment

The Merger Agreement executed in 2024 indicated that the consideration for all ordinary shareholders' interests, which represents our fair value was less than our book value by an amount greater than the carrying amount of our goodwill at the time. Hence a full impairment charge related to goodwill of $63 million was recognized.

Refer to Note 1 and Note 17 of our consolidated financial statements for further information on the Merger Agreement and goodwill impairment.

Transactions During the Year

- In June 2024, we completed an ADC and LPT agreement with Accredited Surety and Casualty Company, Inc. and Accredited Insurance (Europe) Limited (together, "Accredited") relating to a diversified portfolio, including asbestos, general casualty, and workers' compensation and we assumed net loss reserves of $297 million in exchange for consideration of $282 million.
- In July 2024, we completed an LPT agreement to reinsure certain 2019 and 2020 business written by a third-party capital platform, which uses an Insurance Linked Securities ("ILS") to fund its risks relating to a diversified portfolio, including property catastrophe and COVID-19 exposures and we assumed net loss reserves of $294 million in exchange for consideration of $294 million.
- In August 2024, we completed an ADC agreement with Insurance Australia Limited on behalf of Insurance Australia Group ("IAG") relating to a diversified portfolio including product and public liability, compulsory third-party motor, professional risks and workers' compensation exposures and we assumed net loss reserves of $202 million in exchange for consideration of $200 million.
- In October 2024, we completed an LPT agreement with SiriusPoint Ltd. ("SiriusPoint") to reinsure a portfolio of workers' compensation business covering underwriting years 2018 to 2023 and we assumed net loss reserves of $355 million in exchange for consideration of $300 million.
- In October 2024, we completed an LPT agreement with QBE Insurance Group Limited ("QBE") to reinsurance a portfolio of US commercial liability, general aviation, and workers' compensation business and we assumed net loss reserves of $392 million in exchange for consideration of $357 million.
- In November 2024, we closed an agreement to purchase 100% of the voting and non-voting shares in a Class 3B Bermuda-based reinsurer and segregated accounts company within the property catastrophe ILS market for a purchase price of $45 million. Following closing, we merged the reinsurer into Cavello.
- In December 2024, we completed an ADC agreement with James River Group Holdings, Ltd. ("James River") for certain U.S. casualty exposures and we assumed net loss reserves of $76 million in exchange for consideration of $52 million. This coverage is in excess of an existing $160 million ADC reinsurance coverage provided by a third-party.

Capital and Other Activity

- In March 2024, Cavello was assigned an S&P Insurer Financial Strength Rating of ‘A’ with stable outlook. Cavello is Enstar’s primary run-off consolidator, and a Class 3B reinsurer.

Consolidated Results of Operations - For the Years Ended December 31, 2024, 2023 and 2022

Primary GAAP Financial Measures

We use the following GAAP measures to manage the Company and monitor our performance:

- Net income and net income attributable to Enstar ordinary shareholders, which collectively provide a measure of our performance focusing on underwriting, investment and expense results;
- Comprehensive income attributable to Enstar, which provides a measure of the total return, including unrealized gains and losses on fixed maturities, AFS investments, as well as other elements of other comprehensive income;
- Book value per share ("BVPS"), which we use to measure the value of our company over time;
- Return on equity ("ROE"), which measures our profitability by dividing our net income attributable to Enstar ordinary shareholders by Enstar ordinary shareholders' equity;
- Total investment return ("TIR"), which measures the rate of return we obtain, including realized, unrealized and fair value changes, on our investments; and
- Run-off liability earnings ("RLE") and RLE %, which measure both the dollar amount of prior period development on our acquired portfolios (RLE) and the percentage of prior period development relative to average net loss reserves, calculated by dividing our prior period development by our average net loss reserves (RLE %).

The following table sets forth certain consolidated financial information for the years ended December 31, 2024, 2023 and 2022:

	Year Ended December 31,				
	2024	2023	$ / pp Change	2022	$ / pp Change
	(in millions of U.S. dollars)				
Technical Results					
Net premiums earned	$ 40	$ 43	$ (3)	$ 66	$ (23)
Net incurred losses and LAE					
Current period	23	30	(7)	48	(18)
Prior Period	(149)	(131)	(18)	(756)	625
Total net incurred losses and LAE	(126)	(101)	(25)	(708)	607
Policyholder benefit expenses	—	—	—	25	(25)
Acquisition costs	9	10	(1)	23	(13)
Investment Results					
Net investment income	651	647	4	455	192
Net realized losses	(9)	(65)	56	(111)	46
Fair value changes in trading securities, funds held and other investments	456	528	(72)	(1,503)	2,031
(Losses) income from equity method investments	(18)	13	(31)	(74)	87
Other income	67	288	(221)	39	249
Defendant asbestos and environmental expenses	40	12	28	4	8
Amortization of net deferred charge assets	117	106	11	80	26
General and administrative expenses	391	369	22	331	38
Goodwill impairment	63	—	63	—	—
Net foreign exchange gains	(39)	—	(39)	(15)	15
Income tax (expense) benefit	(62)	250	(312)	12	238
NET INCOME (LOSS)	$ 581	$ 1,218	$ (637)	$ (945)	$ 2,163
Less: Net (income) loss attributable to noncontrolling interests	(5)	(100)	95	75	(175)
NET INCOME (LOSS) ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	$ 540	$ 1,082	$ (542)	$ (906)	$ 1,988
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO ENSTAR	$ 571	$ 1,084	$ (513)	$ (1,156)	$ 2,240
GAAP measures:					
BVPS	$ 380.29	$ 343.45	$ 36.84	$ 262.24	$ 81.21
ROE	10.7 %	24.2 %	(13.5) pp	(15.6)%	39.8 pp
RLE	1.3 %	1.1 %	0.2 pp	6.3 %	(5.2) pp
TIR %	6.3 %	7.2 %	(0.9) pp	(9.0)%	16.2 pp
Non-GAAP measures:					
FDBVPS*	$ 368.47	$ 336.72	$ 31.75	$ 258.92	$ 77.80
Adjusted ROE*	12.7 %	18.8 %	(6.1) pp	(1.1)%	19.9 pp
Adjusted RLE % *	1.2 %	1.8 %	(0.6) pp	3.9 %	(2.1) pp
Adjusted TIR %*	6.1 %	5.3 %	0.8 pp	(0.2)%	5.5 pp

pp - Percentage point(s)

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

Overall Results

Year Ended December 31, 2024 versus 2023:

Net income attributable to Enstar ordinary shareholders decreased by $542 million to $540 million for the year ended December 31, 2024, from $1.1 billion in 2023, as a result of:

- A current year tax expense of $62 million compared to a prior year tax benefit of $250 million. The expense for the year ended December 31, 2024 is primarily due to $77 million of net deferred tax expenses resulting from the reduction of the ETA following our qualification for the five-year limited international footprint exemption which deferred the applicability of the Bermuda CIT to Enstar until 2030. Under this five-year exemption, we will not utilize $85 million of the originally expected ETA amortization tax benefits, partially offset by $8 million from the remeasurement of AFS securities deferred tax liabilities over the same period. The 2024 tax expense is partially offset by a deferred tax benefit associated with current year losses in the U.S. jurisdictions. The income tax benefit for the year ended December 31, 2023 is primarily due to a $205 million deferred tax benefit related to Bermuda CIT enactment and the establishment of a deferred tax asset ("DTA") under the ETA, as well as the release of DTA valuation allowances and tax benefits recognized in both the U.S. and U.K. jurisdictions;
- A decrease in other income of $221 million in 2024 when compared to 2023, largely driven by the prior year net gain of $275 million recognized from the novation of the Enhanzed Re reinsurance of a closed block of life annuity policies. This was partially offset by a recovery on professional and other fees;
- Goodwill impairment of $63 million undertaken in 2024 as referenced above; and
- A decrease in favorable total investment returns of $43 million. Investment returns recognized in net income of $1.1 billion for the year ended December 31, 2024, consisting of the aggregate of net investment income, net realized losses, fair value changes in trading securities, funds held and other investments, and (losses) income from equity method investments were consistent with the total investment returns included in net income of $1.1 billion for the year ended December 31, 2023. The variance in total investment returns recognized in net income was driven by:
    - An overall loss from net realized losses and fair value changes in fixed maturities, trading and funds held of $48 million in 2024, compared to an overall gain of $66 million in 2023, primarily due to rising interest rates across parts of the U.S., U.K. and European markets in 2024 as compared to a decline in interest rates in 2023;
    - Losses from equity method investments of $18 million, driven by losses from our investment in Monument Re, partially offset by income from our investment in Core Specialty, compared to gains of $13 million in 2023, primarily driven by income from our investments in Core Specialty and Citco, partially offset by losses from our investment in Monument Re;
    - Fair value changes in our other investments, including equities of $495 million in 2024, in comparison to fair value changes in our other investments, including equities of $397 million in 2023, as a result of stronger performance from hedge funds and privately held equities in 2024; and
    - Net investment income of $651 million in 2024, increased by $4 million in comparison to $647 million in 2023, primarily due to the reinvestment of fixed maturities at higher yields and deployment of consideration received from reinsurance transactions completed during the year, partially offset by the impact of declining short-term interest rates on our fixed maturities securities that are subject to floating interest rates.

This was offset by:

- A decrease in net income attributable to noncontrolling interests of $95 million, as a result of recording the portion of the $275 million gain on novation of the Enhanzed Re reinsurance of a closed block of life annuity policies attributable to Allianz's equity interest in Enhanzed Re in the prior period; and
- An increase in favorable prior period development of net incurred losses and LAE of $18 million from 2023:
    - Net favorable prior period development of $149 million in 2024 was primarily driven by a reduction in our estimates of net ultimate losses and provisions for unallocated loss adjustment expenses ("ULAE") of $182 million, partially offset by a $20 million increase in the fair value of our 2017 and 2018 LPT liabilities where we elected the fair value option and $13 million of fair value adjustment amortization;
    - In comparison, net favorable prior year development of $131 million in 2023 was primarily due to a reduction in our estimates of net ultimate losses and provisions for ULAE of $226 million and a $78 million

increase in the fair value of our 2017 and 2018 LPT liabilities where we elected the fair value option and $17 million of fair value adjustment amortization; and

- This resulted in RLE of 1.3% in 2024 in comparison to RLE of 1.1% in 2023.

The above factors contributed to net income of $581 million for the year ended December 31, 2024 as compared to $1.2 billion in the comparative period, as well as net income attributable to Enstar ordinary shareholders of $540 million as compared to $1.1 billion in the comparative period. Consequently, our ROE was 10.7% for the twelve months ended December 31, 2024 compared to 24.2% for the comparative period.

Comprehensive income attributable to Enstar was $571 million for the year ended December 31, 2024, as compared to comprehensive income of $1.1 billion for the year ended December 31, 2023. Comprehensive income for the year ended December 31, 2024 was primarily driven by net income of $581 million, reduced by the change in net liability for losses and LAE at fair value instrument-specific credit risk of $10 million and comprehensive income attributable to non-controlling interest of $5 million. This was partially offset by the unrealized gains on our fixed maturities, AFS net of reclassification adjustments of $7 million. The unrealized gains on our fixed maturities, AFS, combined with our favorable investment return, described above, contributed to a net TIR of 6.3% in 2024, in comparison to a TIR of 7.2% in 2023.

BVPS and FDBVPS* increased by 10.7% and 9.4%, respectively, from December 31, 2023 to December 31, 2024, primarily due to comprehensive income attributable to Enstar for the year ended December 31, 2024, which contributed 11.4% to both BVPS and FDBVPS*.

The increase in interest rates in 2024 contributed to cumulative net unrealized losses of $752 million on our fixed maturities, trading and AFS, and funds held as of December 31, 2024. This has adversely impacted BVPS by $51.24 per share and FDBVPS* by $49.65 per share as of December 31, 2024. This compares to $725 million of net unrealized losses on our fixed maturities, trading and AFS, and funds held as of December 31, 2023.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

Year Ended December 31, 2023 versus 2022:

Net income attributable to Enstar ordinary shareholders was $1.1 billion for the year ended December 31, 2023, which compares to a net loss of $906 million from 2022, as a result of:

- Favorable total investment returns recognized in net income of $1.1 billion for the year ended December 31, 2023, consisting of the aggregate of net investment income, net realized losses, fair value changes in trading securities, funds held and other investments, and (losses) income from equity method investments, in comparison to negative total investment returns included in net income of $1.2 billion for the year ended December 31, 2022. The variance in total investment returns recognized in net income (loss) was driven by:
  - Positive fair value changes in our other investments, including equities of $397 million, in comparison to negative fair value changes in 2022 of $433 million, as a result of strong global equity market performance, particularly in the first and fourth quarters of 2023, and tightening high yield credit spreads, in comparison to the challenging market environment for the year ended December 31, 2022;
  - The aggregate of net realized losses on fixed maturities and positive fair value changes in our fixed maturities, trading and funds held of $66 million in 2023, compared to the aggregate of net realized losses and negative fair value changes of $1.2 billion in 2022, primarily due to a decrease in interest rates across U.S., U.K. and European markets in 2023 as compared to significant increases in interest rates in 2022;
  - An increase in net investment income of $192 million in 2023 when compared to 2022, consistent with the increasing investment income we have earned on a sequential quarterly basis, primarily due to the reinvestment of fixed maturities at higher yields, deployment of consideration received from LPT and insurance transactions closed over the past 12 months and the impact of rising interest rates on our fixed maturities securities that are subject to floating interest rates; and
  - Income from equity method investments of $13 million in 2023, driven by income from our investments in Core Specialty and Citco, partially offset by losses from our investment in Monument Re, compared to losses of $74 million in 2022, primarily driven by losses from our investment in Monument Re.
- An increase in other income of $249 million in 2023 when compared to 2022, largely driven by the first quarter 2023 net gain recognized from the novation of the Enhanzed Re reinsurance of a closed block of life annuity policies; and

- A favorable change in income tax benefit of $238 million, primarily driven by the establishment of a $205 million net deferred tax asset related to the enactment of the Bermuda CIT in December 2023 as referenced above.

This was partially offset by:

- A decrease in favorable prior period development of net incurred losses and LAE of $625 million from 2022:
  - Net favorable prior period development of $131 million in 2023 was primarily driven by a reduction in our estimates of net ultimate losses and provisions for ULAE of $226 million, partially offset by a $78 million increase in the fair value of our 2017 and 2018 LPT liabilities where we elected the fair value option.
  - In comparison, net favorable prior year development of $756 million in 2022 was primarily due to a reduction in our estimates of net ultimate losses and ULAE of $538 million and a $200 million decrease in the fair value of our 2017 and 2018 LPT liabilities where we elected the fair value option.
  - This resulted in RLE of 1.1% in 2023 in comparison to RLE of 6.3% in 2022; and
- Net income attributable to noncontrolling interests of $100 million, in comparison to a net loss of $75 million in 2022. The 2023 net income attributable to noncontrolling interests included $81 million representing a portion of the gain on novation of the Enhanzed Re reinsurance of a closed block of life annuity policies attributable to Allianz's previous 24.9% equity interest in Enhanzed Re.

The above factors contributed to net income of $1.2 billion for the year ended December 31, 2023 as compared to a net loss of $945 million for the year ended December 31, 2022.

Comprehensive income attributable to Enstar was $1.1 billion for the year ended December 31, 2023, as compared to comprehensive loss of $1.2 billion for the year ended December 31, 2022. Comprehensive income for the year ended December 31, 2023 was primarily driven by net income of $1.2 billion and net unrealized gains on our fixed maturities, AFS, net of reclassification adjustments of $218 million, partially offset by the reclassification adjustment of $363 million associated with the novation of the Enhanzed Re reinsurance described above. The unrealized gains on our fixed income securities, AFS, combined with our favorable investment return, described above, contributed to a net TIR of 7.2% in 2023, in comparison to a TIR of (9.0)% in 2022.

BVPS and FDBVPS* increased by 31.0% and 30.0%, respectively, from December 31, 2022 to December 31, 2023, primarily due to comprehensive income attributable to Enstar for the year ended December 31, 2023, which contributed 24.3% to both BVPS and FDBVPS*, combined with the repurchase of all our non-voting convertible ordinary shares and 841,735 of our voting ordinary shares.

The significant increase in interest rates in 2022 contributed to cumulative net unrealized losses of $725 million on our fixed maturities, trading and AFS, and funds held as of December 31, 2023. This has adversely impacted BVPS by $49.55 per share and FDBVPS* by $48.58 per share as of December 31, 2023. This compares to $1.8 billion of net unrealized losses on our fixed maturities, trading and AFS, and funds held as of December 31, 2022.

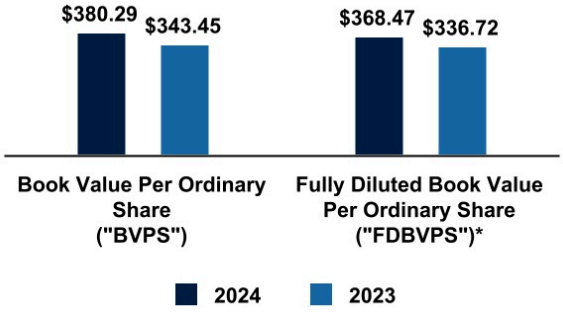
BVPS and FDBVPS* as of December 31, 2022 reported in this Annual Report on Form 10-K reflect the impact of our adoption of the long-duration contract accounting standard, which had the effect of retrospectively increasing such measures by $16.04 and $15.83, respectively, from the amounts reported in our Annual Report on Form 10-K for the year ended December 31, 2022. The higher opening BVPS and FDBVPS* for the year negatively impacted our growth in BVPS and FDBVPS* for the year ended December 31, 2023, which would have otherwise been 39.5% and 38.5%, respectively. Our future policyholder benefit liabilities, which were adjusted for the retrospective application of the long-duration contract accounting standard, were settled in the fourth quarter of 2022 following the completion of the novation as described above, but the transaction was recognized in the first quarter of 2023 as we report the results of Enhanzed Re on a one quarter lag. Consequently, the adoption of the long-duration contract accounting standard had no impact on our BVPS or FDBVPS* as of December 31, 2023.

Similarly, the price paid for our first quarter 2023 repurchase of our non-voting convertible ordinary shares represented a 13.0% discount to the December 31, 2022 book value and a 23.0% discount to such December 31, 2022 book value when retrospectively adjusting for the adoption of the long-duration contract accounting standard.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

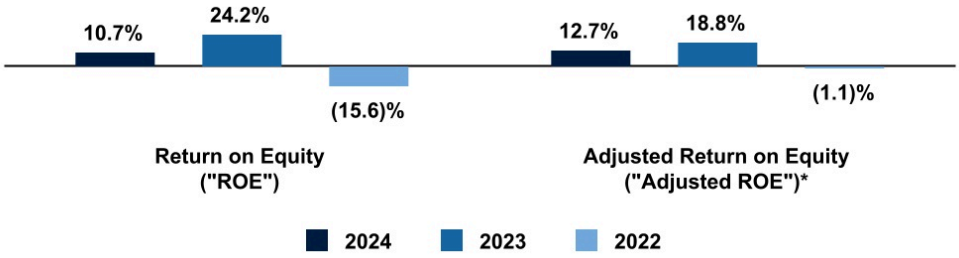
Overall Measures of Performance

BVPS and FDBVPS*



BVPS and FDBVPS* increased by 10.7% and 9.4%, respectively, from December 31, 2023 to December 31, 2024, primarily as a result of comprehensive income attributable to Enstar of $571 million for the year ended December 31, 2024. The cumulative impact of the $752 million of net unrealized losses on our fixed maturities and funds held - directly managed adversely impacted BVPS by $51.24 per share and FDBVPS* by $49.65 per share as of December 31, 2024.

ROE and Adjusted ROE*



*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

2024 versus 2023

ROE decreased by 13.5 pp primarily due to the following factors:

	Year Ended			
	December 31, 2024	December 31, 2023	Change	ROE pp change
	(in millions of U.S. dollars)			ROE Impact %
Net investment income	$ 651	$ 647	$ 4	(1.5)%
Fair value changes on trading securities and funds held	(39)	131	(170)	(3.7)%
Fair value changes on other investments, including equities	495	397	98	1.0 %
Net realized losses	(9)	(65)	56	1.3 %
(Loss) income from equity method investments	(18)	13	(31)	(0.6)%
Other income	67	288	(221)	(5.1)%
Prior period net incurred losses and LAE	149	131	18	— %
General and administrative expenses	(391)	(369)	(22)	0.5 %
Net income attributable to noncontrolling interests	(5)	(100)	95	2.1 %
Net foreign exchange gains	39	—	39	0.8 %
Goodwill impairment	(63)	—	(63)	(1.3)%
Income tax (expense) benefit	(62)	250	(312)	(6.8)%
Other	(274)	(241)	(33)	(0.2)%
Net income attributable to Enstar ordinary shareholders	540	1,082		
Total change in ROE			(542)	
Opening ordinary shareholders' equity	$ 5,025	$ 4,464		
ROE / Change in ROE	10.7 %	24.2 %		(13.5)%

Adjusted ROE* decreased by 6.1 pp in 2024 relative to 2023. Adjusted ROE* excludes the impact of goodwill impairment, merger related expenses, net realized gains (losses) on fixed maturities, AFS and fair value changes on fixed maturities, trading and funds held.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

2023 versus 2022

ROE increased by 39.8 pp primarily due to the following factors:

	Year Ended			
	December 31, 2023	December 31, 2022	Change	ROE pp change
	(in millions of U.S. dollars)			ROE Impact %
Net investment income	$ 647	$ 455	$ 192	6.7 %
Fair value changes on trading securities and funds held	131	(1,070)	1,201	21.3 %
Fair value changes on other investments, including equities	397	(433)	830	16.3 %
Net realized losses	(65)	(111)	46	0.5 %
Income (loss) from equity method investments	13	(74)	87	1.6 %
Other income	288	39	249	5.8 %
Prior period net incurred losses and LAE	131	756	(625)	(10.1)%
General and administrative expenses	(369)	(331)	(38)	(2.6)%
Net (income) loss attributable to noncontrolling interests	(100)	75	(175)	(3.5)%
Net foreign exchange gains	—	15	(15)	(0.3)%
Income tax benefit	250	12	238	5.4 %
Other	(241)	(239)	(2)	(1.3)%
Net income attributable to Enstar ordinary shareholders	1,082	(906)		
Total change in ROE			1,988	
Opening Equity	$ 4,464	$ 5,813		
ROE / Change in ROE	24.2 %	(15.6)%		39.8 %

Adjusted ROE* increased by a lesser amount than ROE, of 19.9 pp, as it excludes the impact of net realized gains (losses) on fixed maturities, AFS and fair value changes on fixed maturities, trading and funds held.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

Non-GAAP Financial Measures

In addition to our key financial measures presented in accordance with GAAP, we present other non-GAAP financial measures that we use to manage our business, compare our performance against prior periods and against our peers, and as performance measures in our incentive compensation program.

These non-GAAP financial measures provide an additional view of our operational performance over the long-term and provide the opportunity to analyze our results in a way that is more aligned with the way our management measures our underlying performance.

The presentation of these non-GAAP financial measures, which may be defined and calculated differently by other companies, is used to enhance the understanding of certain aspects of our financial performance. It is not meant to be considered in isolation, superior to, or as a substitute for the directly comparable financial measures prepared in accordance with GAAP.

Some of the adjustments reflected in our non-GAAP measures are recurring items, such as the exclusion of adjustments to fair value changes and net realized (gains)/losses on fixed maturities recognized in our statements of operations, the fair value of certain of our loss reserve liabilities for which we have elected the fair value option, and the amortization of fair value adjustments.

Management makes these adjustments in assessing our performance so that the changes in fair value due to interest rate movements, which are applied to some but not all our assets and liabilities because of preexisting accounting elections, do not impair comparability across reporting periods.

It is important for the readers of our periodic filings to understand that these items will recur from period to period.

However, we exclude these items for the purpose of presenting a comparable view across reporting periods of the impact of our underlying claims management and investments without the effect of interest rate fluctuations on assets that we anticipate holding to maturity and non-cash changes to the fair value of our reserves.

Similarly, our non-GAAP measures reflect the exclusion of certain items that we deem to be nonrecurring, unusual or infrequent when the nature of the charge or gain is such that it is not reasonably likely that such item may recur within two years, nor was there a similar charge or gain in the preceding two years. This includes adjustments related to bargain purchase gains on acquisitions of businesses, net gains or losses on sales of subsidiaries, net assets of held for sale or disposed subsidiaries classified as discontinued operations, and other items that we separately disclose.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

The following table presents more information on each non-GAAP measure. The results and GAAP reconciliations for these measures are set forth further below.

Non-GAAP Measure	Definition	Purpose of Non-GAAP Measure over GAAP Measure
Fully diluted book value per ordinary share	Total Enstar ordinary shareholders' equity Divided by Number of ordinary shares outstanding, adjusted for: *-the ultimate effect of any dilutive securities (which include restricted shares, restricted share units, directors' restricted share units, performance share units and JSOP shares[(1)]) on the number of ordinary shares outstanding*	Increases the number of ordinary shares to reflect the exercise of equity awards granted but not yet vested as, over the long term, this presents both management and investors with a more economically accurate measure of the realizable value of shareholder returns by factoring in the impact of share dilution. We use this non-GAAP measure in our incentive compensation program.
Adjusted return on equity (%)	Adjusted operating income (loss) attributable to Enstar ordinary shareholders divided by adjusted opening Enstar ordinary shareholders' equity	Calculating the operating income (loss) as a percentage of our adjusted opening Enstar ordinary shareholders' equity provides a more consistent measure of the performance of our business by enabling comparison between the financial periods presented. We eliminate the impact of fair value changes and net realized (gains) losses on fixed maturities and funds held-directly managed and the change in fair value of insurance contracts for which we have elected the fair value option, as: • we typically hold most of our fixed maturities until the earlier of maturity or the time that they are used to fund any settlement of related liabilities which are generally recorded at cost; and • removing the fair value option improves comparability since there are limited acquisition years for which we elected the fair value option.
Adjusted operating income (loss) attributable to Enstar ordinary shareholders (*numerator)*	Net income (loss) attributable to Enstar ordinary shareholders, adjusted for: *-fair value changes and net realized (gains) losses on fixed maturities and funds held-directly managed,* *-change in fair value of insurance contracts for which we have elected the fair value option [(2)],* *-amortization of fair value adjustments,* *-net gain/loss on purchase and sales of subsidiaries (if any)* *-net income from discontinued operations (if any),* *-goodwill impairment charges* *-expenses related to the Merger Agreement* *-tax effects of adjustments, and* *-adjustments attributable to noncontrolling interests*	Therefore, we believe that excluding their impact on our net income improves comparability of our core operational performance across periods. We include fair value adjustments as non-GAAP adjustments to the adjusted operating income (loss) attributable to Enstar ordinary shareholders as they are non-cash charges that are not reflective of the impact of our claims management strategies on our loss portfolios. We eliminate the impact of any goodwill impairment charges as they occur infrequently, and their elimination improves comparability between periods. We eliminate the impact of expenses related to the Merger Agreement as we deem these to be out of the ordinary course of business and to help provide a more accurate measure of performance across periods. We eliminate the net gain (loss) on the purchase and sales of subsidiaries and net income from discontinued operations, as these items are not indicative of our ongoing operations. We use this non-GAAP measure in our incentive compensation program.
Adjusted opening Enstar ordinary shareholders' equity (*denominator)*	Opening Enstar ordinary shareholders' equity, less: *-fair value changes on fixed maturities and funds held-directly managed,* *-fair value of insurance contracts for which we have elected the fair value option [(2)],* *-fair value adjustments, and* *-net assets of held for sale or disposed subsidiaries classified as discontinued operations (if any)*	

Non-GAAP Measure	Definition	Purpose of Non-GAAP Measure over GAAP Measure
Adjusted run-off liability earnings (%)	Adjusted PPD divided by average adjusted net loss reserves	Calculating the RLE as a percentage of our adjusted average net loss reserves provides a more meaningful and comparable measurement of the impact of our claims management strategies on our loss portfolios across acquisition years and also to our overall financial periods.
Adjusted prior period development *(numerator)*	Prior period net incurred losses and LAE, adjusted to: *Remove:* -Legacy Underwriting [3] *operations* *-amortization of fair value adjustments,* *-change in fair value of insurance contracts for which we have elected the fair value option [2], and* *Add:* *-the reduction/(increase) in estimates of net ultimate liabilities and reduction in estimated future expenses of our defendant A&E liabilities.*	We use this measure to evaluate the impact of our claims management strategies because it provides visibility into our ability to settle our claims obligations for amounts less than our initial estimate at the point of acquiring the obligations. The following components of periodic recurring net incurred losses and LAE and net loss reserves are not considered key components of our claims management performance for the following reasons: • Prior to the settlement of the contractual arrangements, the results of our Legacy Underwriting segment were economically transferred to a third party primarily through the use of reinsurance and a Capacity Lease Agreement[4]; as such, the results are not a relevant contribution to Adjusted RLE, which is designed to analyze the impact of our claims management strategies[3]; • The results of our Assumed Life segment relate only to our prior exposure to active property catastrophe business; as this business was not in run-off, the results were not a relevant contribution to Adjusted RLE; • The change in fair value of insurance contracts for which we have elected the fair value option[2] has been removed to support comparability between the two acquisition years for which we elected the fair value option in reserves assumed and the acquisition years for which we did not make this election (specifically, this election was only made in the 2017 and 2018 acquisition years and the election of such option is irrevocable); and • The amortization of fair value adjustments are non-cash charges that obscure our trends on a consistent basis.
Adjusted net loss reserves *(denominator)*	Net losses and LAE, adjusted to: *Remove:* -Legacy Underwriting [3] *net loss reserves* *-current period net loss reserves* *-net fair value adjustments associated with the acquisition of companies,* *-the fair value adjustments for contracts for which we have elected the fair value option [2] and* *Add:* *-net nominal defendant A&E liability exposures and estimated future expenses.*	We include our performance in managing claims and estimated future expenses on our defendant A&E liabilities because such performance is relevant to assessing our claims management strategies even though such liabilities are not included within the loss reserves. We use this measure to assess the performance of our claim strategies and part of the performance assessment of our past acquisitions.
Adjusted total investment return (%)	Adjusted total investment return (dollars) recognized in net income for the applicable period divided by period average adjusted total investable assets.	Provides a key measure of the return generated on the capital held in the business and is reflective of our investment strategy. Provides a consistent measure of investment returns as a percentage of all assets generating investment returns. We adjust our investment returns to eliminate the impact of the change in fair value of fixed maturities (both credit spreads and interest rates), as we typically hold most of these investments until the earlier of maturity or used to fund any settlement of related liabilities which are generally recorded at cost.
Adjusted total investment return ($) (*numerator*)	Total investment return (dollars), adjusted for: *-fair value changes in fixed maturities, trading and funds held-directly managed; and* *-unrealized (gains) losses on fixed maturities, AFS included within OCI, net of reclassification adjustments and excluding foreign exchange.*	
Adjusted average aggregate total investable assets (*denominator*)	Total average investable assets, adjusted for: *-net unrealized (gains) losses on fixed maturities, AFS included within AOCI* *-fair value changes on fixed maturities, trading and funds held - directly managed*	

[1] The JSOP award became dilutive for the first time during the year ended December 31, 2024 and therefore had not been previously identified as a component of this non-GAAP measure. However, its inclusion is consistent with the effect of all other potentially dilutive securities. Refer to Note 21 - "Earnings per Share" for more detail.

[2] Comprises the discount rate and risk margin components.

[3] As of January 1, 2024, not applicable. Refer to Note 5 - "Segment Information" for more detail.

[4] The reinsurance contractual arrangements (including the Capacity Lease Agreement) described in Note 6 to our consolidated financial statements included within our Annual Report on Form 10-K for the year ended December 31, 2023 were settled during the second quarter of 2023, and we did not record any transactions in the Legacy Underwriting segment in 2023.

Reconciliation of GAAP to Non-GAAP Measures

The table below presents a reconciliation of BVPS to FDBVPS* as of December 31, 2024, 2023 and 2022:

	2024			2023			2022		
	Equity [1]	Ordinary Shares	Per Share Amount	Equity [1]	Ordinary Shares	Per Share Amount	Equity [1]	Ordinary Shares	Per Share Amount
	(in millions of U.S. dollars, except share and per share data)								
Book value per ordinary share	$ 5,581	14,675,686	$ 380.29	$ 5,025	14,631,055	$ 343.45	$ 4,464	17,022,420	$ 262.24
Non-GAAP adjustment:									
Share-based compensation plans		266,335			292,190			218,171	
JSOP [2]		204,320			—			—	
Fully diluted book value per ordinary share*	$ 5,581	15,146,341	$ 368.47	$ 5,025	14,923,245	$ 336.72	$ 4,464	17,240,591	$ 258.92

[1] Equity comprises Enstar ordinary shareholders' equity, which is calculated as Enstar shareholders' equity less preferred shares ($510 million as of each of December 31, 2024, 2023 and 2022), prior to any non-GAAP adjustments.

[2] The JSOP award made to our CEO included a condition that specified a hurdle price ($315.53 as of January 20, 2025) compared to our market observable ordinary share price for the award to vest, which is the greater of the closing share price and the 10-day Volume Weighted Average Price. As of December 31, 2024, the closing share price of our ordinary shares was $322.05 and the 10-day Volume Weighted Average Price was $322.22. The shares to be issued upon settlement are calculated as the market price less $205.89, multiplied by the 565,630 shares comprising the award, divided by the market price. As a result, the JSOP award was dilutive for the year ended December 31, 2024. Additionally, 20% of the award was dependent on a 10% compounded annual growth rate in Fully Diluted Book Value Per Share from January 1, 2020, which was also met through the year ended December 31, 2024. Refer to Note 22 to the Consolidated Financial Statements included within the 2024 Form 10-K for additional information on the JSOP.

*Non-GAAP measure.

The table below presents a reconciliation of ROE to Adjusted ROE* for the years ended December 31, 2024, 2023 and 2022:

	2024			2023			2022		
	Net income (loss) [1]	Opening equity [1]	(Adj) ROE	Net (loss) income [1]	Opening equity [1]	(Adj) ROE	Net income (loss) [1]	Opening equity [1]	(Adj) ROE
	(in millions of U.S. dollars)								
Net income (loss)/Opening equity/ROE [1]	$ 540	$ 5,025	10.7 %	$ 1,082	$ 4,464	24.2 %	$ (906)	$ 5,813	(15.6)%
Non-GAAP adjustments:									
Net realized losses on fixed maturities, AFS [2] / Cumulative fair value changes to fixed maturities, AFS [3]	9	380		65	647		111	36	
Fair value changes on fixed maturities, trading [2] / Fair value changes on fixed maturities, trading [3]	25	234		(84)	400		503	(134)	
Fair value changes on funds held - directly managed [2] / Fair value changes on funds held - directly managed [3]	14	111		(47)	780		567	9	
Change in fair value of insurance contracts for which we have elected the fair value option / Fair value of insurance contracts for which we have elected the fair value option [4]	20	(246)		78	(294)		(200)	(107)	
Amortization of fair value adjustments / Fair value adjustments	13	(107)		17	(124)		(18)	(106)	
Gain on sale of subsidiary	(4)	—		—	—		—	—	
Goodwill impairment charges	63	—		—	—		—	—	
Expenses related to the Merger Agreement	6	—		—	—		—	—	
Tax effects of adjustments [5]	(1)	—		(7)	—		(7)	—	
Adjustments attributable to noncontrolling interests [6]	—	—		(2)	—		(111)	—	
Adjusted net income (loss)/Adjusted opening equity/Adjusted ROE*	$ 685	$ 5,397	12.7 %	$ 1,102	$ 5,873	18.8 %	$ (61)	$ 5,511	(1.1)%

[1] Net income (loss) comprises net income (loss) attributable to Enstar ordinary shareholders, prior to any non-GAAP adjustments. Opening equity comprises Enstar ordinary shareholders' equity, which is calculated as opening Enstar shareholders' equity less preferred shares ($510 million as of each of December 31, 2024, 2023 and 2022), prior to any non-GAAP adjustments.

[2] Net realized gains (losses) on fixed maturities, AFS are included in net realized gains (losses) in our consolidated statements of operations. Fair value changes in our fixed maturities, trading and funds held - directly managed are included in fair value changes in trading securities, funds held and other investments in our consolidated statements of operations.

[3] Our fixed maturities are held directly on our balance sheet and also within the "Funds held" balance.

[4] Comprises the discount rate and risk margin components, net of reinsurance recoverables.

[5] Represents an aggregation of the tax expense or benefit associated with the specific country to which the pre-tax adjustment relates, calculated at the applicable jurisdictional tax rate.

[6] Represents the impact of the adjustments on the net income (loss) attributable to noncontrolling interest associated with the specific subsidiaries to which the adjustments relate.

*Non-GAAP measure.

The below tables present a reconciliation of RLE to Adjusted RLE*:

	Year Ended	As at December 31,			Year Ended
	2024	2024	2023	2024	2024
	RLE/PPD	Net loss reserves	Net loss reserves	Average net loss reserves	RLE %
	(in millions of U.S. dollars)				
PPD/net loss reserves/RLE %	$ 149	$ 10,776	$ 11,585	$ 11,181	1.3 %
Non-GAAP adjustments:					
Net current period incurred losses and LAE, excluding paid losses	—	(21)	—	(11)	
Amortization of fair value adjustments / Net fair value adjustments associated with the acquisition of companies	13	94	107	101	
Changes in fair value - fair value option / Net fair value adjustments for contracts for which we have elected the fair value option [(1)]	20	214	246	230	
Change in estimate of net ultimate liabilities - defendant A&E / Net nominal defendant A&E liabilities	(33)	499	527	513	
Reduction in estimated future expenses - defendant A&E / Estimated future expenses - defendant A&E	1	32	33	33	
Adjusted PPD/Adjusted net loss reserves/Adjusted RLE %*	$ 150	$ 11,594	$ 12,498	$ 12,047	1.2 %

[(1)] Comprises the discount rate and risk margin components.

*Non-GAAP measure.

	Year Ended	As at December 31,			Year Ended
	2023	2023	2022	2023	2023
	RLE/PPD	Net loss reserves	Net loss reserves	Average net loss reserves	RLE %
	(in millions of U.S. dollars)				
PPD/net loss reserves/RLE %	$ 131	$ 11,585	$ 12,011	$ 11,798	1.1 %
Non-GAAP adjustments:					
Net current period incurred losses and LAE, excluding paid losses	—	(30)	—	(15)	
Legacy Underwriting	—	—	(139)	(69)	
Amortization of fair value adjustments / Net fair value adjustments associated with the acquisition of companies	17	107	124	116	
Changes in fair value - fair value option / Net fair value adjustments for contracts for which we have elected the fair value option [(1)]	78	246	294	270	
Change in estimate of net ultimate liabilities - defendant A&E / Net nominal defendant A&E liabilities	(1)	527	572	550	
Reduction in estimated future expenses - defendant A&E / Estimated future expenses - defendant A&E	2	33	35	34	
Adjusted PPD/Adjusted net loss reserves/Adjusted RLE %*	$ 227	$ 12,468	$ 12,897	$ 12,684	1.8 %

[(1)] Comprises the discount rate and risk margin components.

*Non-GAAP measure.

	Year Ended	As at December 31,			Year Ended
	2022	2022	2021	2022	2022
	RLE/PPD	Net loss reserves	Net loss Reserves	Average net loss reserves	RLE %
	(in millions of U.S. dollars)				
PPD/Net loss reserves/RLE %	$ 756	$ 12,011	$ 11,926	$ 11,969	6.3 %
Non-GAAP adjustments:					
Net current period incurred losses and LAE, excluding paid losses	—	(45)	—	(23)	
Assumed Life	(55)	—	(181)	(91)	
Legacy Underwriting	3	(135)	(153)	(144)	
Amortization of fair value adjustments / Net fair value adjustments associated with the acquisition of companies	(18)	124	106	115	
Changes in fair value - fair value option / Net fair value adjustments for contracts for which we have elected the fair value option [(1)]	(200)	294	107	201	
Change in estimate of net ultimate liabilities - defendant A&E / Net nominal defendant A&E liabilities	2	572	573	573	
Reduction in estimated future expenses - defendant A&E / Estimated future expenses - defendant A&E	1	35	37	37	
Adjusted PPD/Adjusted net loss reserves/Adjusted RLE %*	$ 489	$ 12,856	$ 12,415	$ 12,637	3.9 %

[(1)] Comprises the discount rate and risk margin components.

*Non-GAAP measure.

The table below presents a reconciliation of our TIR to our Adjusted TIR* for the years ended December 31, 2024, 2023 and 2022:

	2024			2023			2022		
	Fixed Income	Other Investments	Total	Fixed Income	Other Investments	Total	Fixed Income	Other Investments	Total
	(in millions of U.S. dollars)								
Net investment income	$ 545	$ 106	$ 651	$ 555	$ 92	$ 647	$ 373	$ 82	$ 455
Net realized losses									
Fixed maturities, AFS	(9)	—	(9)	(65)	—	(65)	(111)	—	(111)
Net realized losses	(9)	—	(9)	(65)	—	(65)	(111)	—	(111)
Fair value changes									
Fixed maturities, trading	(25)	—	(25)	84	—	84	(503)	—	(503)
Funds held	(14)	—	(14)	47	—	47	(567)	—	(567)
Equity securities	—	176	176	—	167	167	—	(290)	(290)
Other investments	—	325	325	—	225	225	—	(125)	(125)
Investment derivatives	—	(6)	(6)	—	5	5	—	(18)	(18)
Fair value changes	(39)	495	456	131	397	528	(1,070)	(433)	(1,503)
(Losses) income from equity method investments	—	(18)	(18)	—	13	13	—	(74)	(74)
Other comprehensive income:									
Unrealized gains (losses) on fixed maturities, AFS, net of reclassification adjustments excluding foreign exchange	50	—	50	222	—	222	(570)	—	(570)
TIR ($)	$ 547	$ 583	$ 1,130	$ 843	$ 502	$ 1,345	$ (1,378)	$ (425)	$ (1,803)
Non-GAAP adjustments:									
Net realized losses (gains) on fixed maturities, AFS and fair value changes in trading and funds held - directly managed	48	—	48	(66)	—	(66)	1,181	—	1,181
Net unrealized (gains) losses on fixed maturities, AFS, net of reclassification adjustments excluding foreign exchange	(50)	—	(50)	(222)	—	(222)	570	—	570
Adjusted TIR ($)*	$ 545	$ 583	$ 1,128	$ 555	$ 502	$ 1,057	$ 373	$ (425)	$ (52)
Total investments	$ 11,149	$ 5,304	$ 16,453	$ 12,525	$ 4,888	$ 17,413	$ 13,267	$ 4,943	$ 18,210
Cash and cash equivalents, including restricted cash and cash equivalents	1,554	—	1,554	830	—	830	1,330	—	1,330
Total investable assets	$ 12,703	$ 5,304	$ 18,007	$ 13,355	$ 4,888	$ 18,243	$ 14,597	$ 4,943	$ 19,540
Average aggregate invested assets, at fair value [1]	12,775	5,136	17,911	13,708	4,899	18,607	14,891	5,188	20,079
TIR %	4.3 %	11.4 %	6.3 %	6.1 %	10.2 %	7.2 %	(9.3)%	(8.2)%	(9.0)%
Non-GAAP adjustment:									
Net unrealized losses on fixed maturities, AFS included within AOCI and net unrealized (gains) on fixed maturities, trading and funds held - directly managed	752	—	752	725	—	725	1,827	—	1,827
Adjusted investable assets*	$ 13,455	$ 5,304	$ 18,759	$ 14,080	$ 4,888	$ 18,968	$ 16,424	$ 4,943	$ 21,367
Adjusted average aggregate invested assets, at fair value [2]	$ 13,485	$ 5,136	$ 18,621	$ 14,870	$ 4,899	$ 19,769	$ 15,977	$ 5,188	$ 21,165
Adjusted TIR %*	4.0 %	11.4 %	6.1 %	3.7 %	10.2 %	5.3 %	2.3 %	(8.2)%	(0.2)%
Income from fixed income assets [3]	586	—	586	575	—	575	398	—	398
Average aggregate fixed income assets, at cost [4][5]	13,470	—	13,470	14,904	—	14,904	16,118	—	16,118
Investment book yield [6]	4.35 %	— %	4.35 %	3.86 %	— %	3.86 %	2.47 %	— %	2.47 %

(1) This amount is a five period average of the total investable assets, as presented above, and is comprised of amounts disclosed in our quarterly and annual U.S. GAAP consolidated financial statements.

(2) This amount is a five period average of the Adjusted investable assets*, as presented above.

(3) Fixed income assets, at cost include fixed maturities and cash and restricted cash and funds held.

(4) This amount is a five period average of the amounts disclosed in our quarterly and annual U.S. GAAP consolidated financial statements.

(5) Investment book yield % is calculated by dividing income from fixed income assets by average aggregate fixed income assets, at cost.

*Non-GAAP measure.

Results of Operations by Segment - For the Years Ended December 31, 2024, 2023 and 2022

Effective January 1, 2024 our business is organized into two reportable segments: (i) Run-off and (ii) Investments. In addition, our Corporate and Other activities, which do not qualify as an operating segment, include income and expense items that are not directly attributable to our reportable segments and activities from the former Assumed Life and Legacy Underwriting reportable segments.

Effective January 1, 2024, Assumed Life and Legacy Underwriting are no longer reportable segments as they ceased all business activities following the series of commutation and novation transactions in Enhanzed Re and the settlement of the arrangements between SGL No. 1, Arden, and Atrium. Any residual activities of the former Assumed Life and Legacy Underwriting reportable segments will be prospectively included within our Corporate and Other activities (all of which are expected to be immaterial). See Note 5 to the consolidated financial statements included within this Form 10-K for additional information[5].

The following is a discussion of our results of operations by segment.

[5] For a description of our segments and our Corporate and Other activities, see "Item 1. Business - Our Organization" and "Corporate and Other" below, respectively.

Run-off Segment

The following is a discussion and analysis of the results of operations for our Run-off segment.

	2024	2023	$ Change	2022	$ Change
REVENUES		(in millions of U.S. dollars)			
Net premiums earned	$ 40	$ 43	$ (3)	$ 40	$ 3
Other income	39	9	30	19	(10)
Total revenues	79	52	27	59	(7)
EXPENSES					
Net incurred losses and LAE:					
Current period	23	30	(7)	44	(14)
Prior periods:					
Reduction in estimates of net ultimate losses	(105)	(157)	52	(355)	198
Reduction in provisions for ULAE	(77)	(69)	(8)	(131)	62
Total prior periods	(182)	(226)	44	(486)	260
Total net incurred losses and LAE	(159)	(196)	37	(442)	246
Defendant asbestos and environmental expenses (income)	32	(1)	33	(3)	2
Acquisition costs	9	10	(1)	22	(12)
Goodwill Impairment	63	—	63	—	—
General and administrative expenses	178	177	1	143	34
Total expenses	123	(10)	133	(280)	270
SEGMENT NET (LOSS) INCOME	$ (44)	$ 62	$ (106)	$ 339	$ (277)

Overall Results

2024 versus 2023: Net loss from our Run-off segment was $44 million in 2024, compared to net income of $62 million in 2023. The variance of $106 million is primarily due to:

- Goodwill impairment of $63 million incurred in 2024 as referenced above;
- A $44 million decrease in favorable PPD, mainly driven by a $52 million decrease in the reduction in estimates of net ultimate losses in comparison to 2023.
    - Results for the year ended December 31, 2024 were driven by favorable development of $91 million, $55 million, and $29 million on our workers' compensation, professional indemnity / directors and officers, and motor lines of business respectively, relating to the 2019, 2021 and 2023 acquisition years, and
    - Adverse development on our general casualty line of business of $21 million, most notably impacting the 2020 and 2023 acquisition years, driven by increased average incurred losses in comparison to incurred but not reported ("IBNR") reserve assumptions. There was also adverse development on our asbestos line of business of $33 million impacting the 2019 acquisition year and environmental line of business of $35 million, most notably impacting the 2016 and 2021 acquisition years, both driven by higher than expected claims costs and claims filings; and
- An increase in defendant asbestos and environmental expenses of $33 million, primarily driven by higher than expected claims costs and claims filings.

This was partially offset by:

- An increase in other income of $30 million, primarily driven by recovery of professional fees, other fees, and a net gain on sale of subsidiaries; and
- Improvement in loss experience for the business earned for the year ended December 31, 2024 as compared to 2023 (net premiums earned compared to current period net incurred losses and LAE).

2023 versus 2022: Net income from our Run-off segment decreased by $277 million, primarily due to:

- A $260 million decrease in favorable PPD, mainly driven by a $198 million decrease in the reduction in estimates of net ultimate losses in comparison to 2022.
  - Results for the year ended December 31, 2023 were driven by favorable development of $200 million on our workers' compensation line of business because of continued favorable claim settlements, most notably in the 2018, 2019 and 2021 acquisition years. We also had favorable development of $68 million on our property line of business relating to the 2022 acquisition year because of continued favorable claims experience; partially offset by;
  - Adverse development on our general casualty line of business of $127 million, most notably impacting the 2019 and 2020 acquisition years, driven by increased average incurred losses in comparison to IBNR reserve assumptions.
  - Results for the year ended December 31, 2022 were driven by favorable development of $318 million on our workers' compensation line of business as a result of favorable claim settlements, most notably in the 2017 to 2021 acquisition years. We also had favorable development of $56 million on our marine, aviation and transit lines of business relating to the 2014, 2018 and 2019 acquisition years because of favorable experience across a variety of claim types; partially offset by
  - Adverse development on our general casualty and motor lines of business of $57 million and $74 million, respectively, most notably impacting the 2020 acquisition year, because of worse than expected claims experience, adverse development on claims and higher than expected claims severity.
- An increase in general and administrative expenses of $34 million, primarily driven by an increase in salaries and benefits expenses and professional fees; and
- A reduction in other income of $10 million, primarily driven by the termination of a Transition Services Agreement between one of our wholly-owned subsidiaries and Core Specialty at the end of 2022; partially offset by
- Reductions in current period net incurred losses and LAE and acquisition costs that were greater than our reductions in net premiums earned, following our exit of our StarStone International business beginning in 2020.

Prior Periods - RLE by Acquisition Year

The following tables summarize RLE, RLE %, Adjusted RLE* and Adjusted RLE %* by acquisition year for the years ended December 31, 2024, 2023 and 2022, which management believes is useful in measuring and monitoring performance of our claims management activity on the portfolios that we have acquired. This permits comparability between acquisition years of different loss reserve volumes.

Refer to the table below for a summary of RLE, RLE %, Adjusted RLE* and Adjusted RLE%* for the year ended December 31, 2024:

	2024					
	RLE			Adjusted RLE*		
Acquisition Year	RLE / PPD	Average net loss reserves	RLE %	Adjusted RLE / PPD*	Average adjusted net loss reserves*	Adj RLE* %
	(in millions of U.S. dollars)					
2014 and prior	$ (12)	$ 1,095		$ (6)	$ 876	
2015	7	217		7	222	
2016	(4)	553		(10)	613	
2017	(33)	567		(22)	759	
2018	4	510		17	565	
2019	(52)	953		(78)	1,438	
2020	(30)	326		(30)	326	
2021	262	2,663		265	2,951	
2022	56	1,909		56	1,909	
2023	(75)	1,574		(75)	1,574	
2024	26	814		26	814	
Total	$ 149	$ 11,181	1.3 %	$ 150	$ 12,047	1.2 %

2024:

Our 2024 RLE % of 1.3% was positively impacted by favorable reductions in the estimates of net ultimate losses and reductions in provisions for ULAE of $182 million, partially offset by increases in the fair value of liabilities for which we have elected the fair value option of $20 million and amortization of fair value adjustments of $13 million.

Unfavorable RLE in the 2019 acquisition year was adversely impacted by development on asbestos and other latent claims, partially offset by favorable development on our workers' compensation / personal accident and environmental lines of business.

Favorable RLE in the 2021 acquisition year was driven by favorable ground-up claims experience and continued favorable claims experience on our general casualty, professional indemnity / directors and officers, and workers' compensation lines of business.

Favorable RLE in the 2022 acquisition year was driven by our construction defect and general casualty lines of business because of positive claims experience.

Unfavorable RLE in the 2023 acquisition year was adversely impacted by increased settlement activity in the general casualty line of business, partially offset by favorable development on our motor line of business because of positive claims experience.

Our 2024 Adjusted RLE %* of 1.2% was negatively impacted by the exclusion of the impact of the changes in the discount rate upon the fair value of liabilities where we have elected the fair value option, partially offset by the amortization of fair value adjustments relating to purchased subsidiaries. It is also impacted by the change in estimate of net ultimate liabilities and an increase in estimated future expenses of our defendant A&E liabilities.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

Refer to the table below for a summary of RLE, RLE %, Adjusted RLE * and Adjusted RLE %* for the year ended December 31, 2023:

	2023					
	RLE			Adjusted RLE*		
Acquisition Year	RLE / PPD	Average net loss reserves	RLE %	Adjusted RLE / PPD*	Average adjusted net loss reserves*	Adjusted RLE* %
	(in millions of U.S. dollars)					
2014 and prior	$ 32	$ 1,361		$ 6	$ 897	
2015	15	263		16	281	
2016	19	643		22	709	
2017	(89)	582		(37)	799	
2018	(12)	672		25	749	
2019	(37)	1,027		(39)	1,538	
2020	(21)	493		(21)	495	
2021	179	3,209		210	3,662	
2022	78	2,751		78	2,757	
2023	(33)	797		(33)	797	
Total	$ 131	$ 11,798	1.1 %	$ 227	$ 12,684	1.8 %

2023:

Our 2023 RLE % of 1.1% was positively impacted by favorable reductions in the estimates of net ultimate losses and reductions in provisions for ULAE of $226 million, partially offset by increases in the fair value of liabilities for which we have elected the fair value option of $78 million and amortization of fair value adjustments of $17 million.

Unfavorable RLE in the 2017 acquisition year was adversely impacted by an increase in the fair value of liabilities for which we have elected the fair value option and adverse development on our asbestos and abuse coverages within all other lines of business, driven by higher than expected claim volumes and severities over the year.

Unfavorable RLE in the 2019 acquisition year was impacted by adverse development on our general casualty line of business, partially driven by an ADC contract with higher average incurred severities in comparison to IBNR reserves assumptions.

Favorable RLE in the 2021 acquisition year was driven by favorable ground-up claims experience on an ADC contract and continued favorable claims experience on our workers' compensation line of business.

Favorable RLE in the 2022 acquisition year was driven by the expected benefit from claims covered by other insurance and reinsurance evaluated across multiple lines of business, including property, all other, general casualty and workers' compensation, partially offset by adverse development on our professional indemnity/directors and officers line of business.

Our 2023 Adjusted RLE %* of 1.8% was positively impacted by the net reduction in estimates of net ultimate losses relating to the Run-off segment, as described above. It excludes the impact of changes in the fair value of liabilities where we have elected the fair value option and the amortization of fair value adjustments relating to purchased subsidiaries.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

Refer to the table below for a summary of RLE, RLE %, Adjusted RLE* and Adjusted RLE %* for the year ended December 31, 2022:

	2022					
	RLE			Adjusted RLE*		
Acquisition Year	RLE / PPD	Average net loss reserves	RLE %	Adjusted RLE / PPD*	Average adjusted net loss reserves*	Adjusted RLE* %
	(in millions of U.S. dollars)					
2014 and prior	$ 44	$ 1,500		$ 44	$ 738	
2015	12	312		13	319	
2016	14	731		22	808	
2017	183	745		30	905	
2018	58	913		19	985	
2019	59	1,156		54	1,685	
2020	(120)	719		(120)	720	
2021	435	3,861		356	4,443	
2022	71	2,032		71	2,033	
Total	$ 756	$ 11,969	6.3 %	$ 489	$ 12,636	3.9 %

2022:

Our 2022 RLE % of 6.3% was positively impacted by a net reduction in estimates of net ultimate losses of $403 million, a reduction of $200 million in the fair value of liabilities for which we have elected the fair value option and a $135 million reduction in provisions for ULAE.

Favorable RLE in the 2017 acquisition year was driven predominantly by a reduction in the fair value of liabilities for which we have elected the fair value option.

Favorable RLE in the 2018 acquisition year was driven by favorable claims activity from major claims reviews on our professional indemnity/directors and officers and marine, aviation and transit lines of business for our Lloyd's syndicate books combined with a reduction in the fair value of liabilities where we have elected the fair value option.

Favorable RLE in the 2019 acquisition year was driven by continued favorable experience in an ADC contract.

Unfavorable RLE in the 2020 acquisition year was adversely impacted by general casualty liabilities where we experienced additional claim reporting latency and unexpected increased severity on a small number of large New York Labor Law claims, which resulted in increased overall ultimate loss estimates on one portfolio. In addition, we experienced higher than expected claims severity, primarily on older liabilities, and slower than expected claim settlement rates related to our ride share motor portfolio. This was partially offset by favorable development on other portfolios.

Favorable RLE in the 2021 acquisition year was driven by continued favorable experience in our workers' compensation portfolios, which benefited from lower severity trends on certain existing claims, reduced levels of expected frequency of claims for excess workers' compensation risks, favorable claim settlements, and accelerated and favorable claim settlement patterns on certain portfolios. In addition, we recorded favorable development on an ADC contract where the cedants have experienced continued favorable ground-up performance. We also recorded favorable claim activity on the Assumed Life segment catastrophe book, combined with the recognition of a gain on commutation of the catastrophe reinsurance business of $59 million.

Favorable RLE in the 2022 acquisition year was primarily driven by a portfolio where our initial estimate of claims handling costs (or ULAE) were reduced, as we achieved better than expected current and future cost economies of scale on this transaction.

Our 2022 Adjusted RLE %* of 3.9% was negatively impacted by the exclusion of the impact of changes in the fair value of liabilities where we have elected the fair value option and the amortization of fair value adjustments relating to purchased subsidiaries.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

Investments Segment

The following is a discussion and analysis of the results of operations for our Investments segment.

	2024	2023	$ Change	2022	$ Change
	(in millions of U.S. dollars)				
REVENUES					
Net investment income:					
Fixed maturities	$ 553	$ 539	$ 14	$ 380	$ 159
Cash and restricted cash	33	36	(3)	8	28
Other investments, including equities	106	92	14	82	10
Less: Investment expenses	(41)	(20)	(21)	(25)	5
Total net investment income	651	647	4	445	202
Net realized losses:					
Fixed maturities	(9)	(65)	56	(111)	46
Total net realized losses	(9)	(65)	56	(111)	46
Fair value changes in:					
Fixed maturities, trading and funds held	(39)	131	(170)	(1,060)	1,191
Other investments, including equities	495	397	98	(433)	830
Total fair value changes in trading securities, funds held and other investments	456	528	(72)	(1,493)	2,021
Total revenues	1,098	1,110	(12)	(1,159)	2,269
EXPENSES					
General and administrative expenses	40	43	(3)	37	6
Total expenses	40	43	(3)	37	6
(Losses) income from equity method investments	(18)	13	(31)	(74)	87
SEGMENT NET INCOME (LOSS)	$ 1,040	$ 1,080	$ (40)	$ (1,270)	$ 2,350

Overall Results

2024 versus 2023: Net income from our Investments segment was $1.0 billion in 2024 compared to $1.1 billion in 2023. The decrease of $40 million was primarily due to:

- A decrease of $114 million when comparing a $48 million loss in the aggregate of realized losses and fair value changes on fixed maturities, trading and funds held compared to a net gain of $66 million in the comparable period, primarily due to rising interest rates across parts of the U.S., U.K. and European markets in 2024 as compared to a decline in interest rates in 2023; and
- Losses from equity method investments of $18 million, in comparison to income of $13 million in 2023. This was primarily due to losses from our Monument Re investment of $73 million partially offset by income on our investment in Core Specialty of $56 million during the year ended December 31, 2024. Income for the year ended December 31, 2023 in Core Specialty and Citco of $14 million and $4 million respectively, in addition to a gain related to the sale of our interest in Citco of $5 million, partially offset by losses from our Monument Re investment in 2023 of $10 million.
- This is partially offset by fair value changes on our other investments, including equities, of $495 million, in comparison to $397 million in 2023. The favorable variance of $98 million was primarily driven by an increase in net gains from our hedge funds, private equity funds, and real estate funds for the year ended December 31, 2024, largely as a result of sustained global equity market performance; and
- An increase in our net investment income of $4 million and an investment book yield from 3.86% to 4.35% due to a combination of reinvestment of fixed maturities at higher yields and deployment of consideration received from LPT and insurance contract transactions closed over the past 12 months, partially offset by the impact of declining overnight reference rate rates on the $3.0 billion of our average fixed maturities outstanding during the

year that are subject to floating interest rates. Our floating rate investments generated net investment income of $226 million for the year ended December 31, 2024, a decrease of $18 million from the year ended December 31, 2023, which equates to a 29 basis point decrease in the yield of those investments.

2023 versus 2022: Net income from our Investments segment was $1.1 billion in 2023 compared to a net loss of $1.3 billion in 2022. The favorable movement of $2.4 billion was primarily due to:

- An increase in the overall gain from realized losses and fair value changes on fixed maturities, trading and funds held of $66 million, driven by a decline in interest rates and tightening of investment grade credit spreads, compared to the overall loss from net realized losses and fair value changes of $1.2 billion in 2022, primarily due to a significant increase in interest rates and widening of investment grade credit spreads;
- Fair value changes in other investments, including equities of $397 million in comparison to losses of $433 million in 2022. The favorable variance of $830 million was primarily driven by:
  - Net gains for the year ended December 31, 2023, primarily driven by our public equities, private equity funds, private credit funds, CLO equities, fixed income funds, hedge funds and infrastructure funds, largely as a result of strong global equity market performance and tightening of high yield and leveraged loan credit spreads; in comparison to
  - Net losses for the year ended December 31, 2022, primarily driven by our public equities, fixed income funds, hedge funds and CLO equities, largely as a result of global equity market declines and widening of high yield and leveraged loan credit spreads;
- Income from equity method investments of $13 million, in comparison to losses of $74 million in 2022. This was primarily due to income on our investments in Core Specialty and Citco of $14 million and $4 million respectively, in addition to a gain of $5 million recorded in the fourth quarter of 2023 following our decision to divest our equity interest in Citco. This was partially offset by losses on our investment in Monument Re of $10 million during the year ended December 31, 2023. This is in comparison to losses on our investments in Monument Re and Core Specialty in 2022 of $65 million and $14 million, respectively; and
- An increase in our net investment income of $202 million and book yield from 2.47% to 3.86%, which was primarily due to a combination of reinvestment of fixed maturities at higher yields, deployment of consideration received from LPT and insurance contract transactions closed over the past 12 months and the impact of rising interest rates on the $3.1 billion of our average fixed maturities outstanding during 2023 that are subject to floating interest rates. Our floating rate investments generated increased net investment income of $89 million, which equates to an increase of 246 basis points on those investments in comparison to 2022.

Investable Assets

Investable assets and adjusted investable assets* decreased by 1.3% and 1.1% from December 31, 2023 to December 31, 2024, respectively, primarily due to the impact of net paid losses and the liquidation of investments in anticipation of the funding of the return of capital related to the Merger of $500 million. This was partially offset by consideration received on the reinsurance transactions completed during 2024, investment income and fair value changes on our other investments, including equities.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measures.

Total Investments

Fixed maturities

Refer to the below tables for the fair value, duration, and credit rating of our fixed maturities:

	2024			
	Fair Value	%	Duration (years) [1]	Credit Rating [1]
	(in millions of U.S. dollars, except percentages)			
Fixed maturities and short-term investments, trading and AFS				
U.S. government & agency	$ 420	5.1 %	3.3	AA+
U.K. government	44	0.5 %	9.3	A+
Other government	359	4.3 %	5.7	AA
Corporate	3,261	39.3 %	5.3	A-
Municipal	109	1.3 %	6.9	AA-
Residential mortgage-backed	421	5.1 %	4.9	AA
Commercial mortgage-backed	784	9.5 %	1.3	A+
Asset-backed	772	9.3 %	1.2	A-
Total - Fixed maturities and short-term investments, trading and AFS	$ 6,170	74.4 %	4.2	A
Fixed maturities included in funds held - directly managed	2,120	25.6 %	4.2	A
	$ 8,290	100.0 %	4.2	A

[1] The average duration and average credit rating calculations include short-term investments, fixed maturities and the fixed maturities within our funds held-directly managed portfolios as of December 31, 2024.

	2023			
	Fair Value	%	Duration (years) [1]	Credit Rating [1]
	(in millions of U.S. dollars, except percentages)			
Fixed maturities and short-term investments, trading and AFS				
U.S. government & agency	$ 326	3.4 %	4.5	AA+
U.K. government	72	0.8 %	10.3	A+
Other government	391	4.1 %	5.0	AA
Corporate	4,131	43.5 %	5.4	A-
Municipal	142	1.5 %	7.6	AA-
Residential mortgage-backed	487	5.1 %	5.2	AA
Commercial mortgage-backed	841	8.9 %	1.6	AA-
Asset-backed	884	9.3 %	1.0	A
Total - Fixed maturity and short-term investments, trading and AFS	7,274	76.6 %	4.5	A
Fixed maturities included in funds held - directly managed	2,216	23.4 %	4.3	A
Total	$ 9,490	100.0 %	4.4	A

[1] The average duration and average credit rating calculations include short-term investments, fixed maturities and the fixed maturities within our funds held-directly managed portfolios as of December 31, 2023.

The overall decrease in the balance of our fixed maturities and fixed maturities included in funds held - directly managed of $1.2 billion when comparing December 31, 2024 to December 31, 2023 was driven by net paid losses which outpaced the impact of proceeds from new business for the period, as well as the liquidation of investments to fund the return of capital related to the Merger.

Other investments, including equities

Refer to the below table for the composition of our other investments, including equities:

	2024	2023
	(in millions of U.S. dollars)	
Equities		
Privately held equities	$ 460	$ 344
Publicly traded equities	176	275
Exchange-traded funds	151	82
Warrant and others	16	—
Total	$ 803	$ 701
Other investments		
Private equity funds	$ 1,926	$ 1,617
Private credit funds	864	625
Hedge funds	410	491
Real estate funds	401	269
Fixed income funds	369	605
CLO equity funds	162	182
CLO equities	52	60
Equity funds	4	4
Total	$ 4,188	$ 3,853

Our equities increased by $102 million and our other investments increased by $335 million from December 31, 2023 to December 31, 2024, primarily due to fair value changes and the funding of various non-core asset strategies, in line with our strategic asset allocation.

Equity Method Investments

Refer to the below table for a summary of our equity method investments, which does not include those investments we have elected to measure under the fair value option:

	2024			2023			2022
	Ownership %	Carrying Value	Income (losses) from Equity Method Investments	Ownership %	Carrying Value	Income (losses) from Equity Method Investments	Income (losses) from Equity Method Investments
			(in millions of U.S. dollars)				
Citco [1]	— %	$ —	$ —	— %	$ —	$ 9	$ 5
Monument Re [2]	24.6 %	19	(73)	20.0 %	95	(10)	(65)
Core Specialty	19.9 %	281	56	19.9 %	225	14	(14)
Positive Physicians Holdings, Inc	27.0 %	13	(1)	27.0 %	14	—	—
Total		$ 313	$ (18)		$ 334	$ 13	$ (74)

[1] Prior to the sale of our entire equity interest in Citco during 2023, we owned 31.9% of the ordinary shares in HH CTCO Holdings Limited, which in turn owns 15.4% of the convertible preferred shares, amounting to a 6.2% interest in the total equity of Citco.

[2] As of December 31, 2024, we own 24.6% of the common shares in Monument Re. We converted all our preferred shares in Monument Midco Limited, a wholly-owned subsidiary of Monument Re, to common shares in Monument Re on January 2, 2024. As of December 31, 2023, we owned 20.0% of the common shares in Monument Re as well as preferred shares in Monument Midco which had fixed dividend yields (where declared) and whose balances were included in the investment amount.

Carrying Value

The carrying value of our equity method investments decreased from December 31, 2023 primarily due to the $18 million in loss from equity method investments during 2024.

Duration and average credit rating on fixed maturities, cash and cash equivalents and fixed maturities included in funds held - directly managed

The fair value, duration and average credit rating of investments is as follows:

	2024			2023		
	Fair Value ($) [1]	Average Duration (in years) [2]	Average Credit Rating [3]	Fair Value ($) [1]	Average Duration (in years) [2]	Average Credit Rating [3]
Total	**$ 9,844**	**3.55**	**A+**	**$ 10,320**	**4.04**	**A+**

[1] The fair value by segment of our fixed maturities, cash and cash equivalents and fixed maturities included in funds held-directly managed portfolios does not include the carrying value of cash and cash equivalents within our funds held portfolios.

[2] The average duration calculation includes cash and cash equivalents, short-term investments and fixed maturities, as well as the fixed maturities and cash and cash equivalents within our funds held-directly managed portfolios.

[3] The average credit rating calculation includes cash and cash equivalents, short-term investments, fixed maturities and the fixed maturities within our funds held portfolios.

The overall decrease in the balance of our fixed maturities and cash and cash equivalents of $476 million when comparing December 31, 2024 to December 31, 2023 was driven by net paid losses, which outpaced the proceeds received from new business for the period.

As of both December 31, 2024 and 2023, our fixed maturities and cash and cash equivalents had an average credit quality rating of A+.

As of December 31, 2024 and 2023, our fixed maturities that were non-investment grade (i.e. rated lower than BBB- and non-rated securities) comprised $429 million, or 5.2%, and $456 million, or 4.8%, of our total fixed maturities portfolio, respectively.

Former Assumed Life Segment

Our former Assumed Life segment consisted of life and property aggregate excess of loss (catastrophe) business relating to Enhanzed Re.

During 2022, we entered into a Master Agreement with Enhanzed Re through which we completed a series of commutation and novation agreements that allowed us to unwind Enhanzed Re's operations in an orderly manner.

Transactions completed in the fourth quarter of 2022 were recognized in the first quarter of 2023, including the novation of our reinsurance of a closed block of life annuity policies to Monument Re and the repurchase of the remaining 24.9% interest in Enhanzed Re from Allianz.

The following is a discussion and analysis of the results of operations for our Assumed Life segment.

	2023	2022	$ Change
	(in millions of U.S. dollars)		
REVENUES			
Net premiums earned	$ —	$ 17	$ (17)
Other income	277	—	277
Total revenues	277	17	260
EXPENSES			
Net incurred losses and LAE:			
Prior period	—	(55)	55
Total net incurred losses and LAE	—	(55)	55
Policyholder benefit expenses	—	25	(25)
General and administrative expenses	—	7	(7)
Total expenses	—	(23)	23
SEGMENT NET INCOME	$ 277	$ 40	$ 237

Overall Results

We ceased all continuing reinsurance obligations relating to our Assumed Life segment following the completion of the transactions pursuant to the Master Agreement. We recorded amortization of $2 million into other income for the year ended December 31, 2023 relating to the portion of the gain on the novation transaction of $49 million that was related to the proportion of our existing ownership interest in Monument Re that is being amortized over the related settlement period of the transferred liabilities.

The $275 million gain (prior to the $2 million of amortization of the deferred gain) was calculated as of the completion date of the novation, prior to noncontrolling interests, and was comprised of the following three components:

- the reclassification benefit to income of $363 million from AOCI related to the settlement of the novated liabilities;
- the loss of $39 million on the carrying value of the net assets of $133 million as of the closing date of the transaction in exchange for cash consideration of $94 million; and
- a reduction for the deferral of a portion of the net gain, $49 million, to account for our preexisting 20% ownership interest in Monument Re, calculated from the total gain of $324 million less Allianz's 24.9% interest equal to $81 million (the deferred gain is being amortized over the expected settlement period for the life annuity policies to account, or upon the date that Monument Re were to ever transfer the portfolio to a third party).

Our net income attributable to Enstar was further reduced by $81 million, the amount attributable to Allianz's 24.9% noncontrolling interest in Enhanzed Re at the time of the transaction. This amount was recorded within our "Corporate and Other activities".

For the year ended December 31, 2023, net income attributable to Enstar from this novation transaction was $196 million (consisting of the $277 million consolidated gain above, net of the $81 million included within non-controlling interests).

Former Legacy Underwriting Segment

Our former Legacy Underwriting segment ceased operations during the year ended December 31, 2022. The following represents the activity for that year.

	2022
REVENUES	(in millions of U.S. dollars)
Net premiums earned	$ 9
Net investment income	10
Fair value changes in trading securities, funds held and other investments	(10)
Other income	1
Total revenues	10
EXPENSES	
Net incurred losses and LAE	
Current Period	4
Prior Period	3
Total net incurred losses and LAE	7
Acquisition costs	1
General and administrative expenses	2
Total expenses	10
SEGMENT INCOME	$ —

Overall Results

The Legacy Underwriting segment results comprised of SGL No.1's 25% gross share of the 2020 and prior underwriting years of Atrium's Syndicate 609 at Lloyd's, less the impact of reinsurance agreements with Arden and a Syndicate 609 Capacity Lease Agreement with Atrium 5 Limited.

The contractual arrangements between SGL No. 1, Arden and Atrium relating to the reinsurance agreements and the Capacity Lease Agreement were settled in the second quarter of 2023.

Corporate and Other

The following is a discussion and analysis of our results of operations for our Corporate and Other activities.

	2024	2023	$ Change	2022	$ Change
	(in millions of U.S. dollars)				
REVENUES					
Other income	28	2	26	19	(17)
EXPENSES					
Net incurred losses and LAE:					
Amortization of fair value adjustments	13	17	(4)	(18)	35
Changes in fair value - fair value option [1]	20	78	(58)	(200)	278
Total net incurred losses and LAE	33	95	(62)	(218)	313
Defendant asbestos and environmental expenses [2]	8	13	(5)	7	6
Amortization of net deferred charge assets	117	106	11	80	26
General and administrative expenses	173	149	24	142	7
Total expenses	331	363	(32)	11	352
Interest expense	89	90	(1)	89	1
Net foreign exchange gains	(39)	—	(39)	(15)	15
LOSS BEFORE INCOME TAXES	(353)	(451)	98	(66)	(385)
Income tax (expense) benefit	(62)	250	(312)	12	238
Less: Net (income) loss attributable to noncontrolling interests	(5)	(100)	95	75	(175)
Dividends on preferred shares	(36)	(36)	—	(36)	—
NET LOSS ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	$ (456)	$ (337)	$ (119)	$ (15)	$ (322)

[1] Comprises the discount rate and risk margin components.

[2] Amortization of fair value adjustments relates to the acquisition of DCo, LLC and Morse TEC, LLC.

Overall Results

2024 versus 2023: Net loss attributable to Enstar ordinary shareholders from Corporate and Other activities increased by $119 million from $337 million in the comparative year to $456 million for the year ended December 31, 2024, primarily due to:

- A current year tax expense of $62 million compared to a prior year tax benefit of $250 million. The expense for the year ended December 31, 2024 is primarily due to $77 million of net deferred tax expenses resulting from the reduction of the ETA following our qualification for the five-year limited international footprint exemption. Under this five-year exemption, we will not utilize $85 million of the originally expected ETA amortization tax benefits, partially offset by $8 million from the remeasurement of AFS securities deferred tax liabilities over the same period. The income tax benefit for the year ended December 31, 2023 is primarily due to a $205 million deferred tax benefit related to Bermuda CIT enactment and the establishment of a DTA under the ETA, as well as the release of DTA valuation allowances and tax benefits recognized in both the U.S. and U.K. jurisdictions;
- An increase in general and administrative expenses of $24 million primarily driven by increases in salaries and benefits expenses due to a share-based compensation settlement of a departing executive; and

This was partially offset by:

- Net foreign exchange gains of $39 million for the year ended December 31, 2024 that were comprised of $29 million of exposures from foreign currency denominated assets and liabilities due to GBP and AUD weakening against USD, and $10 million of gains on our non-designated foreign currency forward contracts. An offsetting foreign exchange loss of $42 million is recognized in other comprehensive income for exposure from our AFS securities;
- An increase in other income of $26 million primarily driven by recovery of professional fees and other fees;

- Changes in the fair value of the 2017 and 2018 portfolios where we elected the fair value option resulted in a $20 million increase in liabilities for the year ended December 31, 2024 compared to $78 million in 2023, driven by a less significant increases in the average payout period of the underlying liabilities and decreases in global corporate bond yields; and
- Net income attributable to noncontrolling interests of $5 million for the year ended December 31, 2024, in comparison to $100 million for the year ended December 31, 2023. The decrease is primarily the result of recording the portion of the $275 million gain on novation of the Enhanzed Re reinsurance of a closed block of life annuity policies attributable to Allianz equity interest in Enhanzed Re in the prior period.

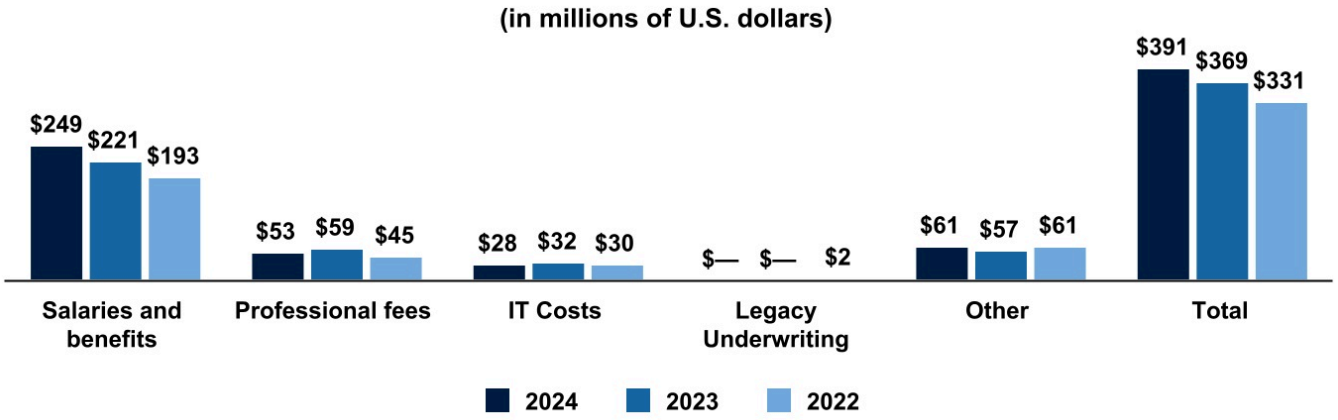
2023 versus 2022: Net loss attributable to Enstar ordinary shareholders from Corporate and Other activities increased by $322 million, primarily due to:

- Changes in the fair value of the 2017 and 2018 portfolios where we elected the fair value option resulted in a $78 million increase in liabilities for the year ended December 31, 2023, driven by an increase in the average payout period of the underlying liabilities and a decrease in global corporate bond yields. In comparison, we recognized a $200 million reduction of such liabilities in 2022 due to an increase in global corporate bond yields;
- Net income attributable to noncontrolling interests of $100 million for the year ended December 31, 2023 primarily related to the Allianz equity interest $81 million share of the gain resulting from the Enhanzed Re novation transaction. In comparison, we recognized net losses attributable to noncontrolling interests of $75 million for the year ended December 31, 2022, which was primarily a result of negative returns on Enhanzed Re investments attributable to the Allianz equity interest in Enhanzed Re;
- An increase in the amortization of net deferred charge assets of $26 million, driven by an increase in net DCA balances because of recently completed transactions; and
- Other income of $2 million in 2023 in comparison to other income of $19 million in 2022.

This was partially offset by:

- A favorable change in income tax benefit of $238 million, primarily driven by the establishment of a $205 million net deferred tax asset related to the enactment of the Bermuda CIT in December 2023 as referenced above.

General and Administrative Expenses



2024 to 2023: The $22 million increase in general and administrative expenses was driven by an increase in salaries and benefits expenses primarily due to a share-based compensation settlement of a departing executive, which was partially offset by a decrease in professional fees.

2023 to 2022: The $38 million increase in general and administrative expenses was driven by an increase in salaries and benefits due to the prior year comparison where a downward adjustment to long term incentive accruals was recorded given the significant operating losses in 2022, as well as due to a current year increase in professional fees.

Current Outlook

Run-off Outlook

Transactions

Refer to Note 4. Significant New Business of our consolidated financial statements included within this Form 10-K for a summary of significant new business transactions that were signed but not yet closed as of December 31, 2024.

We have also expanded our run-off portfolio to reinsure certain property catastrophe risks written by third-party capital platforms which are funded by Insurance Linked Securities ("ILS"), whereby in July 2024, we closed on a transaction to reinsure certain property coverage business written by a third-party capital platform for which Enstar received a premium of $294 million for the portfolio, which marks our first ever transaction in ILS and the first solution of its type in this market.

In September 2024, we also entered into a commitment to invest $10 million in an ILS arrangement through a Bermuda-based collateralized reinsurer, that will provide reinsurance capacity across a diversified portfolio of casualty programs. As part of the agreement, we earn a commitment fee in exchange for providing a forward exit option, or FEO, through a novation agreement after a fixed period of seven years to deliver finality to ILS investors.

In November 2024, we also closed an agreement to purchase all of the voting and non-voting shares in a Class 3B Bermuda-based reinsurer and segregated accounts company within the property catastrophe ILS market for a purchase price of $45 million. Following closing, we merged the reinsurer into one of our subsidiaries.

We continue to evaluate transactions in our active pipeline including LPTs, ADCs, and other transaction types including acquisitions. We seek opportunities to execute creative and accretive transactions by offering innovative capital release solutions that enable our clients to meet their capital and risk management objectives.

Should we execute additional transactions, our mix of loss reserves by line of business, asset mix and both rate and timing of earnings may be impacted in the medium to long term.

Seasonality

We complete most of our annual loss reserve studies in the fourth quarter of each year and, as a result, tend to record the largest movements, both favorable and adverse, to net incurred losses and LAE in this period.

In the interim periods where a reserve study has not been completed, we perform quarterly reviews to ascertain whether changes to claims paid or case reserves have varied from our expectations developed during the last annual reserve review. In this event, we consider the timing and magnitude of the actual versus expected development, and we may record an interim adjustment to our recorded reserves if, and when, warranted.

Investment Outlook

We expect global financial markets to remain uncertain in 2025 given geopolitical tensions, interest rate volatility, uncertainty around the trend of inflation and policies of a new administration in the United States.

Market expectations around the future path of interest rates are likely to represent a continued source of volatility, as global central banks may attempt to engineer a soft landing by normalizing interest rates while closely monitoring inflation. If interest rates rise and/or credit spreads widen, we may recognize unrealized losses and fair value changes on our fixed maturities and incur a higher rate of borrowing and interest costs if we renew or borrow under credit facilities in the current environment.

Despite this, elevated interest rates can represent an opportunity for us in the medium to long term, notably;

- As of December 31, 2024, we held approximately 16.6% of our portfolio, or $3.0 billion, in fixed maturities with floating interest rates which, should interest rates remain elevated, will be accretive to future investment book yields. We have earned $226 million and $244 million of net investment income from our floating rate investments for the years ended December 31, 2024 and 2023, respectively, which were generally indexed to LIBOR[6] through June 30, 2023 and SOFR thereafter.

[6] LIBOR was ceased on June 30, 2023 and replaced by the Secured Overnight Financing Rate ("SOFR").

- Higher interest rates have provided us with the opportunity to reinvest at higher yields as our securities mature or as we invest a significant portion of consideration received from new business into fixed maturities.

We expect that the cumulative unrealized losses and fair value changes we have recognized on our fixed maturities since 2022 will be recouped as these assets get closer to their maturity and the prices pull to par, assuming we do not, or are otherwise not required to, sell such investments prior to maturity. We may also undertake tactical repositioning of our portfolio as opportunities arise to achieve better alignment with our investment strategy, rather than waiting for certain fixed maturities to pull to par, which may result in the recognition of previously unrealized losses within our income statement with a corresponding reclassification adjustment in other comprehensive income. Such adjustments would be neutral to equity since the unrealized losses are recorded as a component of accumulated other comprehensive income. Any investment repositioning may also have a corresponding impact to our investment book yield.

Unrealized gains and losses are taken into consideration with several other factors when we rebalance our investment portfolio. We have agreed to a return of capital of $500 million to our shareholders as part of the total $338 per ordinary share to be received upon completion of the Merger. As a result, while we currently do not expect to, it is possible that we may incur a loss from sale of securities in an unrealized loss position. See Note 1 of our consolidated financial statements included with this Form 10-K for further information on the Merger Agreement.

We invest in public and private assets, which may vary in the magnitude of their exposure to any potential economic downturn and other macroeconomic factors.

Despite these challenges, we remain committed to our strategic asset allocation and expect our investments to provide attractive risk adjusted returns and diversification benefits over the medium to long term.

Inflation

We continue to monitor the inflationary impacts resulting from pandemic-related government stimulus and labor force supply pressures on our loss cost trends.

Commencing in 2021, economic inflation rose significantly before peaking in mid-2022 and returning to low single digits. During this period our net loss reserves have not been significantly impacted by these inflationary pressures.

Social inflation has been a persistent headwind for the industry for some time. We continue to monitor and seek to actively resolve claims in difficult judicial districts. We closely follow these trends and proactively set appropriate reserves.

As described above, global economic policy responses to inflation have contributed to increases in interest rates, which, in the short term, have had a significant impact on our investments, in particular our fixed maturities. Any further rise in interest rates will have further negative impacts on our fixed maturities in the form of unrealized losses and fair value changes.

There remains uncertainty around the future of inflation. We continue to monitor liquidity, capital and the potential earnings impact of these changes but remain focused on medium to long term asset allocation decisions.

We expect to continue to benefit from our allocation to investments with inflationary pass-through components, including investments in private equity, private credit, real estate, and infrastructure asset classes.

Inflation, tight labor conditions and higher service costs continue to put pressure on wages and prices, which could impact our general and administrative expenses as we remain focused on being a competitive employer in our market.

Geopolitical Conflicts

Heightened geopolitical conflicts, including the Russian invasion of Ukraine and the more recent conflicts in the Middle East, are directly and indirectly (through comprehensive sanctions regimes) contributing to increased commodity prices, disrupted supply chains, global financial market volatility and significant industry losses.

We continue to monitor our direct investment and underwriting risks and our acquisition pipeline because of these ongoing conflicts. To date, we are not aware of operational disruption to us or our third party service providers because of these conflicts, and we have not identified any significant direct impacts from these events. We also

continue to monitor for, and respond to, all changes in the global sanctions regime, updating our procedures accordingly.

Minimum Corporate Income Tax

In December 2021, the OECD released the final model rules on Pillar II, an initiative proposing a global minimum tax rate of 15% designed to ensure large multinational enterprises pay a minimum level of tax on the income arising in each jurisdiction where they operate. We have several subsidiaries in jurisdictions that have enacted Pillar II legislation, namely the U.K., Australia, and Belgium.

In response to Pillar II initiatives, the government of Bermuda enacted a 15% corporate income tax in December 2023 that will become effective January 1, 2025. The Bermuda CIT regime provides a five-year deferral for companies meeting certain requirements. Absent the application of this exception, and based on our substantial operations in Bermuda, we expect a meaningful portion of our income will be subject to the Bermuda CIT.

We established a net deferred tax asset of $205 million related to the enactment of the Bermuda CIT in December 2023 pertaining to the ETA provision of the Act which provides a benefit using fair values of the Bermuda-based entities around the time of enactment.

However, due to ongoing legal entity and governance rationalization projects that have been underway, we qualified for the five-year deferral of the Bermuda CIT and Pillar II's Under Tax Payment Rule (UTPR). Therefore, we do not anticipate a tax liability under the Bermuda CIT or the UTPR until at least 2030.

Note, the application of this exception to the Bermuda CIT or the UTPR is tested on an annual basis, and failure to comply in any given year until 2030 will result in the loss of this deferral. The application of this exception requires, amongst other items, that we operate in six or fewer jurisdictions (in corporate or branch form). We, as of December 31, 2024, operate in six jurisdictions. We are monitoring our activities around the globe to ensure we are not operating in more than six jurisdictions.

As a result of our qualification for the Bermuda CIT exception, we have remeasured the previously recognized $205 million net deferred tax asset. Accordingly, we have recorded a $77 million net reduction for the portion that is not expected to be utilized within the five-year period ending in 2030, during which we do not anticipate being subject to Bermuda CIT.

Liquidity and Capital Resources

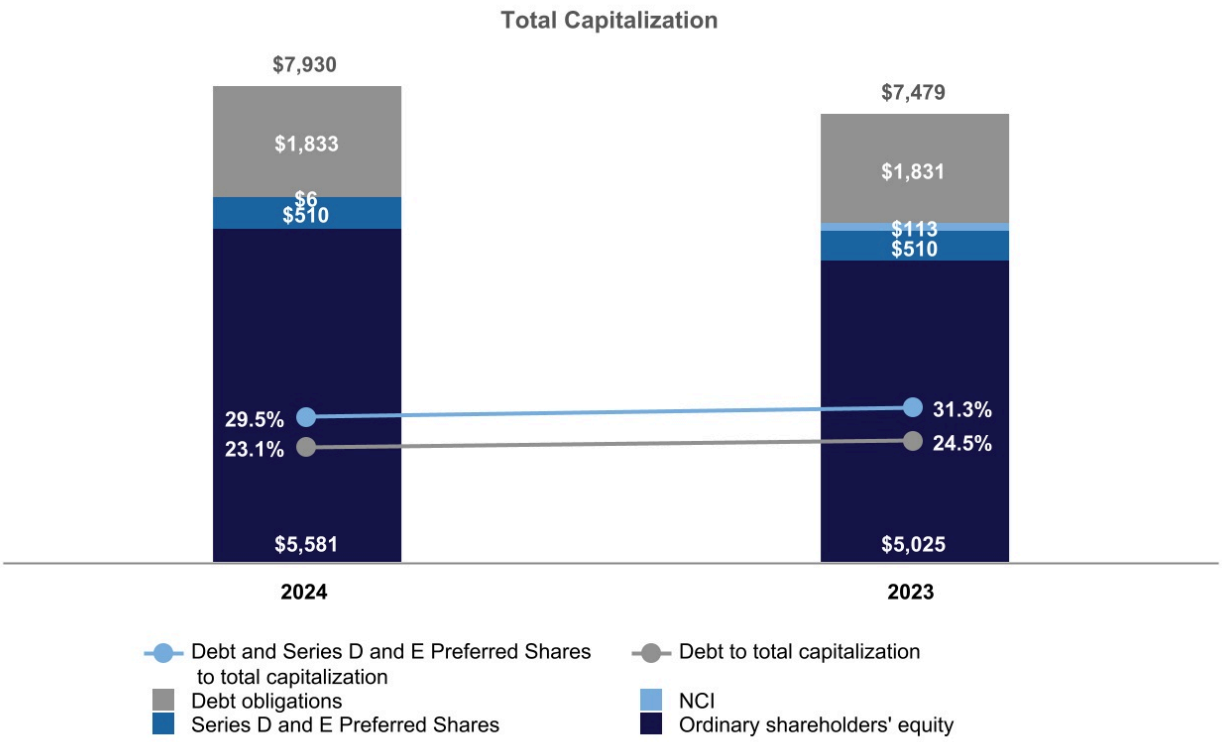
Overview

We aim to generate cash flows from our (re)insurance operations and investments, preserve sufficient capital for future acquisitions and new business, and develop relationships with lenders who provide borrowing capacity at competitive rates.

As of December 31, 2024, we had $1.1 billion of cash and cash equivalents, excluding restricted cash, that supports (re)insurance operations. Included in this amount was $274 million held by our foreign subsidiaries outside of Bermuda.

We closed 2023 with a group solvency capital ratio of 195% and anticipate that our group solvency capital ratio will be higher in our 2024 BSCR filing. Based upon our strong financial fundamentals and available funding sources, we continue to believe we have access to adequate liquidity and capital resources to meet business requirements under current market conditions and reasonably possible stress scenarios for the foreseeable future. We continuously monitor our liquidity and capital positions and adjust as required by market conditions.

The following represents our total capitalization as of December 31, 2024 and 2023.



Total capitalization attributable to Enstar excluding NCI of $6 million, was $7.9 billion as of December 31, 2024 and $113 million and $7.4 billion, respectively, as of December 31, 2023. Debt and Series D and E preferred shares to total capitalization attributable to Enstar excluding NCI was 29.6% and 31.8% as of December 31, 2024 and December 31, 2023, respectively. Debt to total capitalization attributable to Enstar was 23.1% and 24.9% as of December 31, 2024 and December 31, 2023, respectively.

Under the eligible capital rules of the Bermuda Monetary Authority (“BMA”), our Preferred Shares qualify as Tier 2 capital when considering the Bermuda Solvency Capital Requirements (“BSCR”).

For purposes of the financial covenants in our credit facilities, total debt excludes hybrid capital (defined as our Junior Subordinated Notes) not exceeding 15% of total capital attributable to Enstar. As of December 31, 2024, we were in compliance with the financial covenants in our credit facilities.

Liquidity and Capital Resources of Holding Company and Subsidiaries

Holding Company Liquidity

As of December 31, 2024, holding company cash and cash equivalents amounted to $534 million (December 31, 2023: $6 million). The increase in cash and cash equivalents is pursuant to contractual requirements to maintain cash and cash equivalents that can be used to fund the return of capital related to the Merger. We expect to make significant cash distributions in connection with the Merger. At the closing of the Merger, we expect to return capital of approximately $500 million in cash to our shareholders as part of the Merger consideration. Also, in connection with the Merger, Parent will enter into a $950 million term loan facility. Although we will not be a guarantor or otherwise obligated for any amounts due under such term loan facility, we expect that Parent will seek to repay a significant portion of the facility at or following the closing of the Merger (and in any event prior to its maturity) with distributions from us.

We conduct substantially all our operations through our subsidiaries. As such, the potential sources of liquidity to Enstar as a holding company consist of cashflows from our subsidiaries, including dividends, advances and loans, and interest income on loans to our subsidiaries. We have available borrowing capacity under our revolving credit facilities, and we have obtained funding through the issuance of senior notes and preferred shares. The holding company also guarantees our Junior Subordinated Notes issued by one of our subsidiaries in prior years.

In May 2023, we and certain of our subsidiaries, as borrowers and guarantors, amended and restated our existing revolving credit agreement, which we originally entered in August 2018. The amendment and restatement increased the total commitments under the revolving credit facility from $600 million to $800 million and extended the expiry date to May 30, 2028. We have the option to request additional commitments under the facility by up to an aggregate amount of $200 million, which the existing lenders, in their discretion, or new lenders, may provide. Under the amended and restated facility, we may borrow revolving loans or request the issuance of syndicated or fronted letters of credit, in each case on a senior, unsecured basis, and pricing will continue to be based on a per annum rate comprising a reference rate determined based on the type of loan we borrow plus a margin based on our long term senior unsecured debt ratings. As of December 31, 2024, we had $800 million of available unutilized capacity under this unsecured revolving credit agreement.

We use cash to fund new acquisitions of companies. We also utilize cash for our operating expenses associated with being a public company and to pay dividends on our preferred shares and interest and principal on loans from subsidiaries and debt obligations, including loans under our credit facilities, our Senior Notes and our Junior Subordinated Notes.

We may, from time to time, raise capital from the issuance of equity, debt or other securities as we continuously evaluate our strategic opportunities. We filed an automatic shelf registration statement in March 2023 with the SEC to allow us to conduct future offerings of certain securities, if desired, including debt, equity and other securities.

As we are a holding company and have no substantial operations of our own, our assets consist primarily of investments in subsidiaries and our loans and advances to subsidiaries. Dividends from our (re)insurance subsidiaries are restricted by (re)insurance laws and regulations, as described below. The ability of all of our subsidiaries to make distributions and transfers to us may also be restricted by, among other things, other applicable laws and regulations and the terms of our credit facilities and our subsidiaries' bank loans and other issued debt instruments. During the year ended December 31, 2024, we received $704 million in dividends and return of capital from our subsidiaries, comprising $500 million of cash distributions and $204 million in equity securities and settlement of loan receivables. We did not distribute dividends to our subsidiaries during the year. During the year ended December 31, 2023, we did not receive any dividends from, and we did not distribute funds to, our subsidiaries.

Based on our group's current corporate structure with a Bermuda domiciled parent company and the jurisdictions in which we operate, if the cash and cash equivalents held by our foreign subsidiaries were to be distributed to us, as dividends or otherwise, such amount would not be subject to incremental income taxes; however, in certain circumstances withholding taxes may be imposed by some jurisdictions, including by the United States.

Based on existing tax laws, regulations and our current intentions, there were no accruals as of December 31, 2024 for any material withholding taxes on dividends or other distributions.

Merger-Related Costs

Fees and other expenses that are contingent on the closing of the Merger are estimated to range from $90 million to $105 million for consulting and advisory, legal services and employee-related bonuses. Refer to Note 1 of our consolidated financial statements included within this Form 10-K for further information on the Merger Agreement.

U.S. Finance Company Liquidity

Enstar Finance is a wholly-owned finance subsidiary under which we have issued our Junior Subordinated Notes. Like to our holding company, Enstar Finance is dependent upon funds from other subsidiaries to pay any amounts due under the Junior Subordinated Notes in the form of distributions or loans, which may be restricted by, among other things, other applicable laws and regulations and the terms of our credit facilities and our subsidiaries' bank loans and other issued debt instruments.

Liquidity in Operating Companies

We expect that our operating companies will generate sufficient liquidity, together with our existing capital base and cash and investments acquired and from new business transactions, to meet cash requirements and to operate our business.

Sources of funds to our operating companies primarily consist of cash and investment portfolios acquired on the completion of acquisitions and new business, investment income earned, proceeds from sales and maturities of investments and collection of reinsurance recoverables. We also collect small amounts of premiums and fee and commission income.

Cash balances acquired upon the purchase of (re)insurance companies are classified as cash provided by investing activities, whereas cash from new business is classified as cash provided by operating activities.

The primary uses of funds by our operating companies are claims payments, investment purchases, operating expenses and collateral requirements.

The ability of our (re)insurance subsidiaries to pay dividends and make other distributions is limited by the applicable laws and regulations of the jurisdictions in which our (re)insurance subsidiaries operate, including Bermuda, the United Kingdom, the United States, Australia, Liechtenstein and Belgium, which subject these subsidiaries to significant regulatory restrictions.

These laws and regulations require, among other things, certain of our (re)insurance subsidiaries to maintain minimum capital requirements and limit the amount of dividends and other payments that these subsidiaries can pay to us, which in turn may limit our ability to pay dividends and make other payments.

As of December 31, 2024, our (re)insurance subsidiaries' capital requirement levels were more than the applicable minimum levels required for their respective regulatory jurisdictions.

Our subsidiaries' ability to pay dividends and make other forms of distributions may also be limited by our repayment obligations under certain of our outstanding credit facility agreements and other debt instruments. Variability in ultimate loss payments and collateral amounts required may also result in increased liquidity requirements for our subsidiaries.

Sources and Uses of Cash

Cash and cash equivalents increased by $724 million in 2024, which was largely due to cash provided by operating and investing activities of $483 million and $286 million, respectively, partially offset by cash used in financing activities of $42 million.

Cash and cash equivalents decreased by $500 million in 2023, which was largely due to cash used in financing and investing activities of $861 million and $148 million, respectively, partially offset by cash provided by operating activities of $523 million.

Cash and cash equivalents decreased by $762 million in 2022, which was largely due to cash used in investing and financing activities of activities of $919 million and $116 million, respectively, partially offset by cash provided by operating activities of $257 million.

Analysis of Sources and Uses of Cash

Operating Cash Flow Activities

2024 vs **2023**: the $40 million decrease in cash provided by operating activities was driven by a decrease in net sales and maturities of trading securities of $179 million and a decrease of $191 million, primarily generated by the release of funds held balances to cover net paid claims on certain portfolios and reinsurance balances recoverable. This was partially offset by an increase in cash acquired on completion of acquisitions and new business of $279 million, and a decrease in net paid losses of $200 million.

2023 vs **2022**: the $266 million increase in cash provided by operating activities was driven by an increase in other sources of cash, primary generated by the release of funds held balances to cover net paid claims on certain portfolios and an increase in cash received as partial consideration for new business of $362 million, which included the QBE and RACQ LPTs and the AIG transaction in 2023 in comparison to the Argo and Probitas LPTs in 2022, an increase in net investment income received of $158 million and $94 million received in relation to the novation of Enhanzed Re life reinsurance policies in 2023. This was partially offset by an increase in net paid losses of $787 million, which are being driven by the Aspen, Argo and QBE LPTs we assumed over the past two years.

Investing Cash Flow Activities

2024 vs **2023**: the $434 million relative increase in cash from investing activities was primarily due to a decrease in the net purchases of other investments of $238 million and a $155 million increase in net sales of AFS securities

2023 vs **2022**: the $771 million decrease in cash used in investing activities was primarily due to a decrease in the net purchases of other investments of $751 million, as the 2022 purchases driven by the deployment of the InRe liquidated funds were significantly more material than the 2023 purchases made in line with our strategic asset allocation and deployment of funds acquired in the LPT and insurance contract transactions during the year.

Financing Cash Flow Activities

2024 vs **2023**: Cash used in financing activities of $42 million primarily consisted of preferred dividend payments, and therefore the relative $819 million decrease in cash used was solely due to the absence of the activities in 2023 that are described below.

2023 vs **2022**: the $745 million relative increase in cash used in financing activities was primarily driven by an increase in share repurchases of $368 million, because of repurchasing all our 1,597,712 outstanding non-voting convertible ordinary shares and 841,735 of our voting ordinary shares in 2023 in comparison to repurchasing 697,580 of our voting ordinary shares in 2022. During 2023, we acquired the remaining 24.9% equity interest in Enhanzed Re from Allianz for $175 million and the remaining 41.0% equity interest in SSHL from the RNCI holders for partial cash consideration of $119 million. The increase in cash used in financing activities was further driven by a decrease in the net proceeds from loans of $138 million.

Debt Obligations

We utilize debt financing and loan facilities primarily for funding acquisitions and significant new business, investment activities and, from time to time, for general corporate purposes.

Our debt obligations as of December 31, 2024 and 2023 were as follows:

	Due Date	2024	2023
		(in millions of U.S. dollars)	
4.95% Senior Notes due 2029	May 2029	$ 497	$ 496
3.10% Senior Notes due 2031	September 2031	496	496
Total Senior Notes		993	992
5.75% Junior Subordinated Notes due 2040	August 2040	346	345
5.50% Junior Subordinated Notes due 2042	January 2042	494	494
Total Junior Subordinated Notes		840	839
Total debt obligations		$ 1,833	$ 1,831

Under the eligible capital rules of the BMA, the Senior Notes qualify as Tier 3 capital and the Junior Subordinated

Notes qualify as Tier 2 capital when considering the BSCR.

We may from time to time seek to retire or purchase our outstanding debt through cash purchases, redemptions and/or exchanges for other securities, in open market purchases, privately negotiated transactions or otherwise. Any such repurchases, redemptions or exchanges will be dependent upon several factors, including our liquidity requirements, contractual restrictions, general market conditions and applicable regulatory, legal and accounting factors.

Credit Ratings

The following table presents our credit ratings as of February 27, 2025:

Credit ratings [1]	Standard and Poor's	Fitch Ratings
Long-term issuer	BBB+ (Outlook:Stable)	BBB+ (Outlook: Stable)
2029 Senior Notes	BBB+	BBB
2031 Senior Notes	BBB	BBB
2040 and 2042 Junior Subordinated Notes	BBB-	BBB-
Series D and E Preferred Shares	BBB-	BBB-

[1] Credit ratings are provided by third parties, Standard and Poor's and Fitch Ratings, and are subject to certain limitations and disclaimers. For information on these ratings, refer to the rating agencies' websites and other publications.

Agency ratings are not a recommendation to buy, sell or hold any of our securities and may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating[7].

[7] For information on risks related to our credit ratings, refer to "Item 1A. Risk Factors - Risks Relating to Liquidity and Capital Resources" and "Item 1A. Risk Factors - Risks Relating to Ownership of our Shares."

Contractual Obligations

The following table summarizes, as of December 31, 2024, our future payments under material contractual obligations and estimated payments for losses and LAE by expected payment date for the Run-off segment. The table includes only obligations that are expected to be settled in cash.

		Short-term	Long Term			
	Total	Less than 1 Year	1 - 3 years	3 - 5 years	6 - 10 years	More than 10 Years
	(in millions of U.S. dollars)					
Operating Activities						
Estimated gross reserves for losses and LAE for the Run-off segment [1]						
Asbestos	$ 1,487	$ 149	$ 251	$ 205	$ 321	$ 561
Environmental	317	35	57	51	75	99
General Casualty	3,608	631	744	473	979	781
Workers' compensation/personal accident	2,075	263	388	276	392	756
Marine, aviation and transit	335	112	98	43	38	44
Construction defect	210	63	46	46	36	19
Professional indemnity/ Directors & Officers	1,684	447	531	293	312	101
Motor	705	138	147	86	149	185
Property	257	85	84	42	34	12
Other	695	263	234	64	67	67
Total outstanding losses and IBNR	11,373	2,186	2,580	1,579	2,403	2,625
ULAE	398	75	91	58	77	97
Total estimated gross reserves for losses and LAE for the Run-off segment [1]	11,771	2,261	2,671	1,637	2,480	2,722
Financing Activities						
Loan repayments (including estimated interest payments)	2,880	90	180	664	769	1,177
Total	$ 14,651	$ 2,351	$ 2,851	$ 2,301	$ 3,249	$ 3,899

[1] The reserves for losses and LAE represent management's estimate of the ultimate cost of settling losses. The estimation of losses is based on various complex and subjective judgments. Actual losses paid may differ, perhaps significantly, from the reserve estimates reflected in our consolidated financial statements. Similarly, the timing of payment of our estimated losses is not fixed and there may be significant changes in actual payment activity. The assumptions used in estimating the likely payments due by period are based on our historical claims payment experience and industry payment patterns, but due to the inherent uncertainty in the process of estimating the timing of such payments, there is a risk that the amounts paid in any such period can be significantly different from the amounts disclosed above. The amounts in the above table represent our estimates of known liabilities as of December 31, 2024 and do not take into account corresponding reinsurance recoverable amounts that would be due to us. Furthermore, certain of the reserves included in the consolidated financial statements as of December 31, 2024 were acquired by us and initially recorded at fair value with subsequent amortization, whereas the expected payments by period in the table above are the estimated payments at a future time and do not reflect the fair value adjustment in the amount payable.

Reserves for Losses and LAE

We generally attempt to match the duration of our investment portfolio to the duration of our liability profile. We generally seek to maintain investment portfolios that are shorter or of equivalent duration to the liabilities in order to provide liquidity for the settlement of losses and, where possible, to avoid having to liquidate longer-dated investments. The settlement of liabilities also has the potential to accelerate the natural payout of losses, which may require additional liquidity. As of December 31, 2024 and 2023, the estimated weighted average durations of our Run-off segment gross reserves for losses and LAE were 4.57 years and 4.72 years, respectively. The decrease from 2023 to 2024 was driven by the shorter estimated payout period of recently acquired loss reserves, partially offset by longer average payouts from new acquisitions.

Debt Obligations

The amounts presented in this table represent Enstar's total debt obligations. Refer to the 'Debt Obligations' section above for further details.

Share Repurchases, Return of Capital and Dividends

We believe that the best investment is in our business, by funding future transactions and meeting our financing obligations. We may choose to return value to shareholders in the form of share repurchases or dividends. To date, we have not declared any dividends on our ordinary shares. For details on our share repurchase programs and strategic share repurchases, refer to Note 20 to our consolidated financial statements. We may re-evaluate this strategy from time to time based on overall market conditions and other factors.

As part of the Merger Agreement as set out in Note 1. Merger Agreement of our consolidated financial statements included within this Form 10-K, we agreed to a return of capital of $500 million to our shareholders at the close of the Merger, as part of the total $338 per ordinary share received.

We have 16,000 Series D Preferred Shares with an aggregate liquidation value of $400 million and 4,400 Series E Preferred Shares with an aggregate liquidation value of $110 million. The dividends on both Series of Preferred Shares are non-cumulative and may be paid quarterly in arrears, only when, as and if declared.

Any payment of ordinary or preferred dividends must be approved by our Board. Our ability to pay ordinary and preferred dividends is subject to certain restrictions.

Off-Balance Sheet Arrangements

As of December 31, 2024, we are subject to certain investment commitments and parental guarantees[8]. We do not believe it is reasonably likely that these arrangements will have a material unplanned current or future effect on our financial condition as they are considered in normal course of business and on-going stress testing.

We also utilize unsecured and secured letters of credit[9] (“LOCs”) and a deposit facility.

The following table represents our outstanding unfunded investment commitments and LOCs by duration as of December 31, 2024:

	Short-term Less than 1 Year	Long Term More than 1 Year	Total
	(in millions of U.S. dollars)		
Investing Activities			
Unfunded investment commitments	299	1,066	1,365
Financing Activities			
Letters of credit	—	1,994	1,994

[8] Refer to Note 26 to our consolidated financial statements for further details.

[9] Refer to Note 18 to our consolidated financial statements for further details.

Critical Accounting Estimates

We believe the following accounting policies are most dependent on significant judgments and estimates used in the preparation of our financial statements.

Losses and LAE

Run-off

Losses and LAE liabilities represent our best estimate of the ultimate remaining liability for unpaid losses and LAE for incurred claims as of the balance sheet date. This includes provisions for claims that have been reported but are unpaid at the balance sheet date (Outstanding Loss Reserves, or "OLR") and for obligations on claims that have been incurred but not reported at the balance sheet date. IBNR may also include provisions to account for the possibility that reported claims may settle for amounts that differ from the established case reserves as well as the potential for closed claims to re-open.

Establishing loss reserves can be complex and is subject to considerable uncertainty. Because a significant amount of time can lapse between our assumption of the risk, the occurrence of a loss event, the reporting of the event to us and the ultimate payment of the claim on the loss event, the liability for unpaid losses and LAE is based largely upon estimates. Certain types of exposure, typically latent health exposures such as asbestos-related claims, have inherently long reporting delays, in some cases many years, from the date a loss occurred to the manifestation and reporting of a claim and ultimately until the final settlement of the claim, and that could impact the amount of reliance we place on our actual historical data.

We use considerable judgment in the process of developing these estimates of loss reserves, which involves uncertainty in several areas, including use of actual or industry data for model inputs, and various projection assumptions and judgements depending on product lines, coverage type, or policy year. We may record additional estimates based upon our judgement as to the applicability of the facts, circumstances and external environment to each portfolio.

As of December 31, 2024 and 2023, IBNR reserves (net of reinsurance balances recoverable) accounted for $5.0 billion, or 46.5%, and $5.4 billion, or 46.9%, respectively, of our total Run-off net losses and LAE reserves, excluding ULAE[10].

Our estimate of loss reserves for each portfolio generally relies on the following key judgments:

- The degree of reliance upon historic actual claims trends or industry data for claims trends.
- Separation of each portfolio into homogenous data sets, generally by line of business, or reserving class.
- Methods used in analyzing and projecting potential reserve positions and the mix of methods selected to form an aggregate reserve position for each portfolio[11].
- Our degree of reliance or adjustment because of external factors such as economic conditions (inflation and unemployment statistics), legal conditions (judicial rulings in each relevant jurisdiction) and social and environmental factors (medical cost trends, changes in regulations or public health).
- Consideration of additional information such as changes in claims handling activities, third party claims operating reviews, third party actuarial reviews or changes in our reinsurance programs.

Judgments are based on numerous factors and may be revised as additional data becomes available, as new or improved methods are developed, or as laws change. This means that ultimate loss payments may differ from the losses and LAE estimate made at the balance sheet date.

In addition, key assumptions are made within each method, although the sensitivity to each assumption may vary within each method and even within each reserving class and accident year of each method. Such assumptions would include:

[10] For the components of our Run-off gross and net losses and LAE reserves by line of business, and ULAE, as of December 31, 2024 and 2023, refer to Note 11 to our consolidated financial statements included within this Form 10-K.

[11] Refer to Note 11 to our consolidated financial statements included within this Form 10-K for further description of the methodologies used for establishing reserves.

- Loss development factors are used to extrapolate current losses on an accident year to our full expected losses based upon judgements of historical trends on earlier accident years.
- Tail factors further extrapolate our longer tailed lines where payments expected in later years or decades can be more uncertain than settlements that preceded them both in the timing and amount of cash flows. As such, lines with more expected payments in the tail are more sensitive to tail assumptions.
- Expected loss ratios are used for years where we do not yet have credible experience.
- Loss cost trend factors are used to extrapolate future loss expectations based upon observed trends.

We perform, at least annually, a formal review process of each portfolio of reserves in accordance with Actuarial Standards of Practice. These reviews may be performed using internal or independent credentialed actuaries.

In addition, we project expected paid and incurred loss development for each class of business, which is monitored on a quarterly basis. Should actual paid and incurred development differ significantly from the expected paid and incurred development, we will investigate the cause and, in conjunction with our actuaries, consider whether any adjustment to total loss reserves is required.

Adjustments resulting from changes in our estimates are recorded in the period when such adjustments are determined. The ultimate liability for losses and LAE is likely to differ from the original estimate due to several factors, primarily consisting of the overall claims activity occurring during any period, including the completion of commutations of assumed liabilities and ceded reinsurance receivables, policy buy-backs and general incurred claims activity.

Loss Reserving (Latent Claims)

Sensitivity to Underlying Assumptions of our Actuarial Methods

While we believe our reserve for losses and LAE at December 31, 2024 is reasonable, the estimation of these reserves is a complex process that depends on a number of factors and assumptions. As noted previously, our best estimate of our loss reserves involves considerable judgement, considering the results from several reserving methodologies. Therefore, these estimates are susceptible to changes in assumptions. We consider each of the following sensitivities a reasonable deviation for the key assumptions for each of our significant lines of business.

Line of Business	Net Reserves	Sensitivity	Estimated range in variation
		(in millions of U.S. Dollars)	
Asbestos	$ 1,419	+/- 10% in expected number of claims	+/- $120
		+/- 10% in average indemnity	+/- $140
General Casualty	3,542	+/- 10% in tail costs (5+ years)	+/- $165
		+/- 1% in loss cost trend	+/- $225
Workers' Compensation	1,898	+/- 2.5% increase in medical inflation	+/- $360
Professional Indemnity/Directors and Officers	1,608	+/- 2.5% in loss cost trend	+/- $145
Motor	547	+/- 2.5% in loss cost trend	+/- $30

Asbestos – Reserve estimates for this line are subject to greater variability than reserves for more traditional exposures. Claims are spread across multiple policy years based on the still evolving case law in various jurisdictions and inconsistent court decisions and judicial interpretations, making historical development patterns unreliable to forecast the future claim payments. A key consideration in setting our asbestos reserves is the volume of future claim filings, and the average indemnity of those claims.

General Casualty – This is a long tail class of business with long reporting and paid developing factors, and we generally use a combination of reserving methodologies on this line. Because of the long tail nature, the reserves are susceptible to variation in loss development factors and loss cost trends that may develop over an extended period over multiple accident years. A key assumption in setting our general casualty reserves is the provision for claim payments in the tail.

Workers' Compensation – We generally use a combination of loss development and expected loss ratio methods due to the long tail nature of this line. A portion of our workers' compensation reserves cover medical expense for future treatments of injured workers. Given the long development patterns associated with workers' compensation business, these claims are exposed to medical inflation.

Professional Indemnity/ Directors and Officers – Due to the nature of this line, there is increased uncertainty in the number and severity of claims, which results in an expectation of high volatility and uncertainty in loss trends.

Motor - This business is generally shorter tail in nature, and the majority of the claims are resolved within a few years of occurrence. A key component in estimating motor reserves is the severity of claims.

Asbestos Claims

Several of our subsidiaries, and counterparties who underwrote the insurance policy portfolios we assumed, have exposure to bodily injury claims from alleged exposure to asbestos.

- The United States asbestos exposure arises mainly from general liability insurance policies underwritten prior to 1986, which our subsidiaries or counterparties either wrote directly, on a primary or excess basis, or as reinsurance.
- Our United Kingdom asbestos exposures emanate from Employers' Liability insurance policies written in 2005 and prior.

Asbestos bodily injury claims differ from other bodily injury claims due to the long latency period for asbestos, which often triggers a policyholder's coverage over multiple policy periods. The long latency period, combined with the lack of clear judicial precedent with respect to coverage interpretations and expanded theories of liability, increases the uncertainty of the asbestos claim reserve estimates.

As of December 31, 2024 and 2023, the net loss reserves for asbestos-related claims comprised 13.2% and 13.0%, respectively, of total Run-off net reserves for losses and LAE liabilities excluding ULAE. In addition as of December 31, 2024 and 2023, we had $706 million and $734 million of gross defendant asbestos liabilities, respectively[12].

Environmental Claims

Our subsidiaries and counterparties who underwrote the insurance policy portfolios we assumed have exposure to environmental claims from general liability insurance policies written prior to the mid-1980s, that were not specifically written to cover damage to the environment from gradual releases of pollutants. Like asbestos, there is additional uncertainty with respect to environmental reserves as compared to other general liability exposures. This added uncertainty is due to the multiple policy periods and allocation of claims to policy years, number of solvent potentially responsible parties at any site, ultimate cost of the remediation, the number of ultimate sites and changes to judicial precedence.

As of December 31, 2024 and 2023, the net loss reserves for environmental pollution-related claims comprised 2.8% and 2.6%, respectively, of total Run-off net reserves for losses and LAE excluding ULAE. In addition, as of December 31, 2024 and 2023 we had $9 million and $10 million of gross accrued direct environmental liabilities[13], respectively.

Asbestos and Environmental Reserving

The ultimate losses from A&E claims cannot be estimated using traditional actuarial reserving methods that extrapolate losses to an ultimate basis using loss development, and therefore we use alternative actuarial projection methods. Claims are spread across multiple policy years based on the still evolving case law in each jurisdiction, making historical development patterns unreliable to forecast the future claim payments. Our estimate of loss reserves for A&E claims relies on the following key factors and judgements:

- The degree of reliance or adjustment based on the legal and social environment, to which these liabilities are particularly sensitive. The current legal environment and the impact of specific settlements that may be used as precedents to settle future claims are key with these types of claims.
- The degree of reliance upon actual claims data and trends or industry data for claims trends.

[12] As described in Note 13 in our consolidated financial statements included within this Form 10-K.

[13] As described in Note 13 in our consolidated financial statements included within this Form 10-K.

- Methods used in analyzing and projecting potential reserve positions and the mix of methods selected to form an aggregate reserve position for each portfolio[14].

Judgements are based on numerous factors and may be revised as additional data becomes available, as new or improved methods are developed, or as laws change. This means that ultimate loss payments may differ from the losses and LAE estimate made at the balance sheet date.

Key assumptions are made within each method, although the sensitivity to each assumption may vary within each method and even within each reserving class and accident year of each method. When the asbestos exposure analysis (frequency and severity) method is applied, such assumptions would include:

- Trends with respect to average claim indemnity and estimated legal costs, which are used to extrapolate future claim costs.
- Trends in claim filing patterns, which will be used to estimate the number of future claims that will ultimately be settled with payment.

We also use a combination of additional actuarial methods, including the paid survival ratio, paid market share, decay factor, and other methods to periodically reevaluate the continued reasonableness of recorded loss reserves.

Change in Reserve Assumptions

Changes in reserve estimates can be driven by updated experience and by changes in assumptions. These are linked as updated information leads to changes in assumptions. We have estimated what portion of changes in ultimate losses from acquisition years 2015 to 2024 are attributable to experience and what portion are attributable to assumptions.

Line of Business	Change in Ultimate Losses	Change due to Experience	Change due to Assumptions
Asbestos	1.4 %	0.8 %	0.6 %
General Casualty	— %	(0.3)%	0.3 %
Workers' Compensation	(2.7)%	(3.0)%	0.3 %
Professional Indemnity/Directors and Officers	(2.3)%	(2.0)%	(0.3)%
Motor	(1.2)%	(1.0)%	(0.2)%

Defendant asbestos and environmental liabilities

Defendant A&E liabilities on our consolidated balance sheets include amounts for indemnity and defense costs for pending and future claims, determined using standard actuarial techniques for asbestos-related exposures. Defendant A&E liabilities also include amounts for environmental liabilities associated with our properties. These are non-insurance liabilities since they are held by non-insurance subsidiaries and are presented separately on our consolidated balance sheets. These reserves will be sensitive to similar industry trends and assumptions as observed in our A&E reserves as described under the Loss and LAE section above, specifically claim trends and indemnity. However, we use utilize different methodologies to estimate the defendant A&E liabilities as compared to our loss reserves[15].

Key drivers for this estimate are the amount of future claims and average claim resolution amounts, in addition to an estimate for defense costs, which are key indicators of the amount of liabilities. The table below provides sensitivities of these drivers for defendant A&E.

Net Liability	Sensitivity	Estimated Range in Variation
	(in millions of U.S. Dollars)	
$499	+/- 10% in expected number of future claims	+/- $40
	+/- 10% in average claim resolution amounts	+/- $50

[14] Refer to Note 11 in our consolidated financial statements, included withing this Form 10-K, for further description of the methodologies used for establishing reserves.

[15] As described in Note 13 in our consolidated financial statements, included withing this Form 10-K.

Change in Liability Assumptions

Like reserves, changes in defendant A&E liabilities can be driven by updated experience and by changes in assumptions. These are linked as updated information leads to changes in assumptions. We have estimated what portion of changes in the liabilities are attributable to experience and what portion are attributable to assumptions[16].

Change in Total Liability	Change due to Experience	Change due to Assumptions
	(in millions of U.S. Dollars)	
$34	$14	$20

Valuation Allowances on Deferred Tax Assets

At each balance sheet date, we assess the need to establish a valuation allowance that reduces deferred tax assets (including those generated from operations as well as those acquired in business combinations) when it is more likely than not that all, or some portion, of the deferred tax assets will not be realized.

The determination of the need for a valuation allowance is based on all available information including

- projections of future taxable income;
- our forecast of future taxable income considers several factors, including actual net income in recent years, future sustainability and likelihood of positive earnings; and
- tax planning strategies.

Projections of future taxable income incorporate assumptions of future business and operations that may differ from actual experience.

If our assumptions and estimates that resulted in our forecast of future taxable income prove to be incorrect, an additional valuation allowance could become necessary, which could have a material adverse effect on our financial condition.

From 2023 to 2024, we recorded a net decrease in our valuation allowance of $32 million, primarily due to a $12 million partial valuation allowance release reported in the U.S. jurisdiction, of which $9 million was due to the recognition of current year losses and $3 million related to a reduction in deferred tax assets associated with decreases in unrealized losses on investment securities reported in AOCI. In the U.K. and E.U. jurisdictions, we recorded a $26 million decrease in the valuation allowance due to a reduction in deferred tax assets. This was partially offset by a $6 million increase in the valuation allowance, which was driven by an increase in deferred tax assets associated with unrealized losses on investment securities reported in AOCI in the U.S. and U.K. jurisdictions. In assessing the recoverability of the DTA, we consider forecasts of future income for our U.S. business using assumptions about future macroeconomic and company specific conditions and events. While our forecasts of future taxable income have remained consistent, these forecasts are judgmental and involve a level of uncertainty, such that a 10% increase to forecasted future income could decrease the valuation allowance by up to 8% or $11 million and a 10% decrease to forecasted future income could increase the valuation allowance by up to 9% or $11 million[17].

Bermuda Corporate Income Tax

In December 2023, legislation implementing a Corporate Income Tax Act 2023 (“the Act”) in Bermuda was enacted. The Bermuda income tax regulations aim to closely align with the global anti-base erosion rules of the Organization for Economic Co-operation and Development to ensure consistent and predictable tax outcomes. The Act includes a provision referred to as the ETA, which is intended to provide a fair and equitable transition into the tax regime.

The ETA allows Bermuda subject entities to establish tax basis in the assets and liabilities of such Bermuda entities (as of September 30, 2023 (the “Basis Valuation Date”)) using fair values which results in deductible and taxable temporary differences which are reflected as deferred income tax assets and liabilities in the financial statements.

[16] For information on our defendant A&E liabilities, refer to Note 3 and Note 13 in our consolidated financial statements, included within this Form 10-K.

[17] For information on valuation allowances on deferred tax assets, refer to "Income Taxes" within Note 3 in our consolidated financial statements, included within this Form 10-K.

For each asset and liability subject to the adjustment, the amount of the adjustment would generally be the difference, as of the Basis Valuation Date, between each asset/liability's fair market value and the carrying value of the item in the consolidated financial statements. As the ETA is assessed based on fair value only as of the Basis Valuation Date, it is not subsequently reassessed and therefore, not subject to any sensitivities to changes in fair value.

The application of the ETA resulted in our recognition of a deferred tax asset of $205 million in 2023. During 2024, due to us qualifying for the Bermuda CIT exception, we reassessed the previously recognized $205 million net deferred tax asset. Consequently, we recorded a $77 million reduction for the portion that is not expected to be utilized within the five-year period ending in December 31, 2029, during which we do not expect to be subject to Bermuda CIT. As of December 31, 2024, we have not recorded a valuation allowance against these deferred tax assets.[18]

The most significant deferred tax asset recognized relates to the fair value adjustments for the liability for losses and LAE. We used an internal model to calculate the fair value of the liability for losses and LAE, which is consistent with the model used for the liability for losses and LAE under contracts for which we had elected the fair value option.[19]

We may be required to change our provision for income taxes when estimates used in determining valuation allowances on deferred tax assets change, or when receipt of new information indicates the need for adjustment in valuation allowances, however, such changes would need to be significant to establish a valuation allowance. Additionally, future events, such as changes in Bermuda tax laws and tax regulations, or interpretations of such laws or regulations, could have an impact on the provision for income tax and the effective tax rate. Any such changes could significantly affect the amounts reported on the financial statements in the year these changes occur.

Level 3 Fair Value Measurements

Level 3 Investments

We measure fair value using a standard hierarchy based on the quality of inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 3 fair value measurements are based on unobservable inputs where there is little or no market activity. We utilize unadjusted third party pricing sources and internal valuation models to determine these fair values. Our assessment of the significance of these unobservable inputs to the fair value measurement requires judgement.

Our Level 3 investments consist primarily of privately held equity securities, and we value these securities using observable and unobservable inputs. While the observable inputs are based on readily available market data, the unobservable inputs involve increased uncertainty and judgement in their selection and application. The key driver of the valuation is the peer multiple. The peer multiple is calculated from a group of peer companies and that multiple is then applied to the invested company as a key input to calculate the value. We consider the following sensitivity a reasonable deviation for this key input:

Sensitivity		Investments	Estimated Range in Variation
		(in millions of U.S. dollars)	
+/- 10% peer multiple	$	325	+/- $33

[18] For additional information on our income taxes, including the Bermuda corporate income tax, refer to Item 1A and Note 23 to the consolidated financial statements.

[19] Refer to Fair Value Option - Insurance Contracts within the Critical Accounting Estimates for additional information on the model and key assumptions used to calculate the fair value of the liability for losses and LAE.

Fair Value Option - Insurance Contracts

We have elected to apply the fair value option for certain reinsurance contracts including, LPTs and reinsurance to close transactions. This is an irrevocable election that applies to all balances under the reinsurance contract, including reinsurance balances recoverable on paid and unpaid losses and the liability for losses and LAE. The primary reason for electing the fair value option was to reduce the earnings volatility created by carrying the liabilities for losses and LAE at cost and the assets supporting those liabilities at fair value. During 2017 and 2018, we elected the fair value option on certain LPTs and classified the supporting portfolio investments as trading securities, whereby all changes in fair value were recorded in the statements of operations. Commencing in 2019, we discontinued electing the fair value option on new business to better align with our evolving investment objectives.

The fair value of the liability for losses and LAE and reinsurance recoverable under these contracts is presented separately in our consolidated balance sheet as of December 31, 2024 and 2023. Changes in the fair value of the liability for losses and LAE and reinsurance balances recoverable on paid and unpaid losses are included in net incurred losses and LAE in our consolidated statement of operations.

We use an internal model to calculate the fair value of the liability for losses and LAE and reinsurance recoverable asset for certain retroactive reinsurance contracts where we have elected the fair value option.

The fair value is calculated as the aggregate of discounted cash flows plus a risk margin.

The discounted cash flow approach uses:

i. estimated nominal cash flows based upon an appropriate payment pattern developed in accordance with actuarial methods, and

ii. a discount rate based upon high quality rated corporate bond yields plus a credit spread for non-performance risk. The model uses corporate bond rates across the yield curve depending on the estimated timing of the future cash flows and specific to the currency of the risk.

The risk margin was calculated using the present value of the cost of capital. The cost of capital approach uses:

i. projected capital requirements,

ii. multiplied by the risk cost of capital representing the return required for non-hedgeable risk based upon the weighted average cost of capital less investment income, and

iii. discounted using the weighted average cost of capital.

The fair value model uses a combination of observable and unobservable inputs in its use and application. While the observable inputs are based on readily available market data, the unobservable inputs involve increased uncertainty and judgement in their selection and application. Specifically, the risk margin calculated is dependent on the following inputs:

a. Yield curve using high quality rated corporate bond rates across different currencies, notably the British Pound, U.S. dollar, and the Euro,

b. Weighted average cost of capital (“WACC”), which represents a proxy for the industry cost of capital, and is calculated utilizing various inputs, and

c. Average payout of the liabilities, which reflects the timing of expected future claim payments.

We consider the following sensitivity a reasonable deviation for these key assumptions[20]:

Net Fair Value Liabilities		Sensitivity	Estimated Range in Variation
		(in millions of U.S. dollars)	
$	816	+/- 50bps WACC	+/- $5
$	816	+/- 1 year in average payout	+/- $25
$	816	+/- 50bps yield curve	+/- $20

[20]The observable and unobservable inputs used in the model are further described in Note 14 in our consolidated financial statements.

While the yield curve is an observable input since it is based on readily determinable corporate bond rates, it generally has the biggest impact to the fair value in a given year apart from changes in loss estimates. During 2024, there was substantial volatility in the yield curves and a net $19 million decrease in the liability. In 2024, there was a $10 million increase in the liability due to a 0.25% decrease in the credit spread for non-performance risk as credit spreads had narrowed. This assumption remained unchanged during 2023.

The WACC increased in 2024 by 0.50%, resulting in a $6 million increase in the liability.

The average payout period of the liability is adjusted every period to reflect actual net payments during the period and expected future payments, and any acceleration or deceleration of the estimated payment pattern will impact the average payout period that would result in an impact to the value of the liability. Changes in the average payout period resulted in a $33 million increase in the liability, which contributed to most of the $20 million increase in the fair value of liabilities during 2024 along with the volatility in the yield curves.

During 2024, there was a slight deceleration in the payment pattern, which increased the average payout period and resulted in a $1 million decrease to the liability.

Recently Issued Accounting Pronouncements Not Yet Adopted[21]

We have summarized below Accounting Standard Updates ("ASUs") issued by the Financial Accounting Standards Board ("FASB") during 2024 that may have an impact to Enstar but have not yet been adopted:

ASU	Date Issued	Summary of Guidance	Effective Date	Expected Impact to Enstar
ASU 2024-03 - Disaggregation of Income Statement Expenses	November 2024	Addition of Subtopic 220-40 Reporting Comprehensive Income - Expense Disaggregation Disclosures, which includes disclosing the amounts of employee compensation, depreciation, intangible asset amortization, and certain other costs and expenses included in each relevant expense caption.	Annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027, and must be applied prospectively with an option for retrospective application. Early adoption is permitted.	We will be required to expand our disclosures related to costs and expenses. We expect to adopt in the period required for public entities (and do not anticipate early adoption).

[21] See Note 3 to the consolidated financial statements included within this Form 10-K for a more detailed discussion of recently issued accounting pronouncements not yet adopted, as well as newly adopted accounting pronouncements.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following risk management discussion and the estimated amounts generated from the sensitivity analysis presented are forward-looking statements of market risk assuming certain market conditions occur. Future results may differ materially from these estimated results due to, among other things, actual developments in the global financial markets, changes in the composition of our investment portfolio or changes in our business strategies. The results of the analysis we use to assess and mitigate risk are not projections of future events or losses. See "Cautionary Statement Regarding Forward-Looking Statements" for additional information regarding our forward-looking statements.

We are principally exposed to four types of market risk: interest rate risk; credit risk; equity price risk and foreign currency risk. Our policies to address these risks in 2024 are not materially different than those used in 2023, and based on our current knowledge and expectations, we do not currently anticipate significant changes in our market risk exposures or in how we will manage those exposures in future reporting periods. However, due to the ongoing uncertainty and volatility in financial markets because of continued inflationary pressure, ongoing disruptions and decoupling of supply chains, geopolitical conflicts and tensions and various governmental responses thereto, we expect interest rates, credit spreads and global equity markets to remain volatile in the near-term. Furthermore, inflation and tightening of financial conditions by global central banks have increased the risk of defaults across many industries. As a result, we continue to closely monitor market risk during this time.

Interest Rate and Credit Spread Risk

Interest rate risk is the price sensitivity of a security to changes in interest rates. Credit spread risk is the price sensitivity of a security to changes in credit spreads. Our investment portfolio and funds held - directly managed includes fixed maturity and short-term investments, whose fair values will fluctuate with changes in interest rates and credit spreads. We attempt to maintain adequate liquidity in our fixed income securities portfolio with a strategy designed to emphasize the preservation of our invested assets and provide sufficient liquidity for the prompt payment of claims, contract liabilities and future policyholder benefits, as well as for settlement of commutation payments. We also monitor the duration and structure of our investment portfolio.

The following tables, presented on a consolidated basis, summarize the aggregate hypothetical change in fair value from an immediate parallel shift in the treasury yield curve, assuming credit spreads remain constant in our fixed maturity and short-term investments portfolio classified as trading and AFS, our funds held directly managed portfolio and our fixed income funds and our fixed income exchange-traded funds, and excludes investments classified as held-for-sale:

	Consolidated				
	Interest Rate Shift in Basis Points				
As of December 31, 2024	**-100**	**-50**	**—**	**+50**	**+100**
	(in millions of U.S. dollars)				
Total Market Value [1]	$ 9,210	$ 8,986	$ 8,771	$ 8,566	$ 8,369
Market Value Change from Base	5.0 %	2.5 %	—	(2.3)%	(4.6)%
Change in Unrealized Value	$ 439	$ 215	$ —	$ (205)	$ (402)
As of December 31, 2023	**-100**	**-50**	**—**	**+50**	**+100**
Total Market Value [1]	$ 10,600	$ 10,364	$ 10,139	$ 9,925	$ 9,721
Market Value Change from Base	4.5 %	2.2 %	—	(2.1)%	(4.1)%
Change in Unrealized Value	$ 461	$ 225	$ —	$ (214)	$ (418)

[1] Excludes equity exchange-traded funds of $39 million and $38 million for the years ended December 31, 2024 and 2023, respectively, which are included in the Equity Price Risk section below.

Actual shifts in interest rates may not change by the same magnitude across the maturity spectrum or on an individual security and, as a result, the impact on the fair value of our fixed maturities, short-term investments, funds

held - directly managed, fixed income funds and fixed income exchange-traded funds may be materially different from the resulting change in value indicated in the tables above.

The following tables, presented on a consolidated basis, summarize the aggregate hypothetical change in fair value from an immediate parallel shift in credit spreads assuming interest rates remain fixed, in our fixed maturity and short-term investments portfolio classified as trading and AFS, our funds held directly managed portfolio, our fixed income funds and our fixed income exchange-traded funds, and excludes investments classified as held-for-sale:

	Consolidated				
	Credit Spread Shift in Basis Points				
As of December 31, 2024	**-100**	**-50**	**—**	**+50**	**+100**
	(in millions of U.S. dollars)				
Total Market Value [1]	$ 9,136	$ 8,950	$ 8,771	$ 8,599	$ 8,434
Market Value Change from Base	4.1 %	2.0 %	—	(2.0)%	(3.8)%
Change in Unrealized Value	$ 365	$ 179	$ —	$ (172)	$ (337)
As of December 31, 2023	**-100**	**-50**	**—**	**+50**	**+100**
Total Market Value [1]	$ 10,589	$ 10,360	$ 10,139	$ 9,928	$ 9,725
Market Value Change from Base	4.4 %	2.2 %	—	(2.1)%	(4.1)%
Change in Unrealized Value	$ 450	$ 221	$ —	$ (211)	$ (414)

[1] Excludes equity exchange-traded funds of $39 million and $38 million for the years ended December 31, 2024 and December 31, 2023, respectively, which are included in the Equity Price Risk section below.

Credit Risk

Credit risk relates to the uncertainty of a counterparty's ability to make timely payments in accordance with contractual terms of the instrument or contract. We are exposed to direct credit risk primarily within our portfolios of fixed maturity and short-term investments, through customers, brokers and reinsurers in the form of premiums receivable and reinsurance balances recoverable on paid and unpaid losses, respectively, and through ceding companies who retain premium owed to us as collateral for the payment of claims, each as discussed below.

Fixed Maturities and Short-Term Investments

As a holder of $8.3 billion of fixed maturity and short-term investments, including fixed maturities within our funds held, we also have exposure to credit risk because of investment ratings downgrades or issuer defaults. To mitigate this risk, our investment portfolio consists primarily of investment grade-rated, liquid, fixed maturities of short-to-medium duration. As of December 31, 2024, 38.1% of our fixed maturity and short-term investment portfolio, including fixed maturities within our funds held, was rated AA or higher by a major rating agency (December 31, 2023: 36.0%) with 5.2% rated lower than BBB- or non-rated (December 31, 2023: 4.8%). The portfolio as a whole, including cash, restricted cash, fixed maturity and short term investments and funds held - directly managed, had an average credit quality rating of A+ as of December 31, 2024 (December 31, 2023: A+). In addition, we manage our portfolio pursuant to guidelines that follow what we believe are prudent standards of diversification. The guidelines limit the allowable holdings of a single issue and issuers and, as a result, we believe we do not have significant concentrations of credit risk.

A summary of our fixed maturity and short-term investments by credit rating is as follows:

Credit rating	2024	2023	Change
AAA	16.3 %	14.1 %	2.2 %
AA	21.2 %	21.4 %	(0.2)%
A	36.9 %	39.9 %	(3.0)%
BBB	20.6 %	20.4 %	0.2 %
Non-investment grade	4.2 %	3.7 %	0.5 %
Not rated	0.8 %	0.5 %	0.3 %
Total	100.0 %	100.0 %	
Average credit rating	A+	A+	

Reinsurance Balances Recoverable on Paid and Unpaid Losses

We have exposure to credit risk as it relates to our reinsurance balances recoverable on paid and unpaid losses. Our (re)insurance subsidiaries remain liable to the extent that retrocessionaires do not meet their contractual obligations and, therefore, we evaluate and monitor concentration of credit risk among our reinsurers[22].

Funds Held

Under funds held arrangements, the reinsured company has retained funds that would otherwise have been remitted to our reinsurance subsidiaries. The funds held balance is credited with investment income and losses payable are deducted. We are subject to credit risk if the reinsured company is unable to honor the value of the funds held balances, such as in the event of insolvency. Our funds held are presented as a single category within our consolidated balance sheets. Funds held upon which we receive the underlying portfolio investment returns and the contractual right to direct the asset allocation strategies are known as "Funds held - directly managed", and funds held where we receive a fixed crediting rate or other contractually agreed return are known as "Funds held by reinsured companies". Both types of funds held are subject to credit risk. We routinely monitor the creditworthiness of reinsured companies with whom we have funds held arrangements. As of December 31, 2024, we had funds held concentrations to reinsured companies exceeding 10% of shareholders' equity of $3.8 billion (December 31, 2023: $4.8 billion) in aggregate. However, we generally have the contractual ability to offset any shortfall in the payment of the funds held balances with amounts owed by us to the reinsured for losses payable and other amounts contractually due.

Equity Price Risk

Our portfolio of equity investments, excluding our fixed income exchange-traded funds but including the equity funds, has exposure to equity price risk, which is the risk of potential loss in fair value resulting from adverse changes in stock prices. Our fixed income exchange-traded funds are excluded from the below analysis and have been included within the interest rate and credit spread risk analysis above, as these exchange-traded funds are part of our fixed income investment strategy and are backed by fixed income instruments. The following table summarizes the aggregate hypothetical change in fair value from a 10% decline in the overall market prices of our equities at risk:

[22] A discussion of our reinsurance balances recoverable on paid and unpaid losses is in Note 9 in our consolidated financial statements.

	2024	2023	Change
	(in millions of U.S. dollars)		
Private equity funds	$ 1,926	$ 1,617	$ 309
Privately held equity investments in common and preferred stocks	460	344	116
Publicly traded equity investments in common and preferred stocks	176	275	(99)
Equity exchange-traded funds	39	38	1
Warrants and other	16	—	16
Equity funds	4	4	—
Fair value of equities at risk	$ 2,621	$ 2,278	$ 343
Impact of 10% decline in fair value	$ (262)	$ (228)	$ (34)

Hedge Funds

As of December 31, 2024, we had investments of $410 million (December 31, 2023: $491 million) in hedge funds, included within our other investments, at fair value, that have exposure to interest rate, credit spread, and equity price risk given the underlying assets in those funds.

As of December 31, 2024 and 2023, the impact of a 10% decline in the fair value of these investments would have been $41 million and $49 million, respectively.

Foreign Currency Risk

The table below summarizes our net exposures as of December 31, 2024 and 2023 to foreign currencies:

	AUD	CAD	EUR	GBP	Other	Total
	(in millions of U.S. dollars)					
As of December 31, 2024						
Total net foreign currency exposure	$ 10	$ (10)	$ 11	$ (23)	$ 23	$ 11
Pre-tax impact of a 10% movement in USD[(1)]	$ 1	$ (1)	$ 1	$ (2)	$ 2	$ 1
As of December 31, 2023						
Total net foreign currency exposure	$ 34	$ (29)	$ 57	$ (44)	$ 52	$ 70
Pre-tax impact of a 10% movement in USD[(1)]	$ 3	$ (3)	$ 6	$ (4)	$ 5	$ 7

[(1)] Assumes 10% change in U.S. dollar relative to other currencies.

Through our subsidiaries located in various jurisdictions, we conduct our (re)insurance operations in a variety of non-U.S. currencies. We have the following exposures to foreign currency risk:

- Transaction Risk: The functional currency for most of our subsidiaries is the U.S. dollar. Within these entities, any fluctuations in foreign currency exchange rates relative to the U.S. dollar has a direct impact on the valuation of our assets and liabilities denominated in other currencies. All changes in foreign exchange rates, except for non-U.S. dollar fixed maturities, AFS, are recognized in our consolidated statements of operations. Changes in foreign exchange rates relating to non-U.S. dollar fixed maturities, AFS are recorded in AOCI in shareholders' equity. Our subsidiaries with non-U.S. dollar functional currencies are also exposed to fluctuations in foreign currency exchange rates relative to their own functional currency.
- Translation Risk: We have net investments in certain European, British, and Australian subsidiaries whose functional currencies are the Euro, British pound and Australian dollar, respectively. The foreign exchange gain or loss resulting from the translation of their financial statements from their respective functional currency into U.S. dollars is recorded in the cumulative translation adjustment account, which is a component of AOCI in shareholders' equity.

Our foreign currency policy is to broadly manage, where possible, our foreign currency risk by:

- Seeking to match our liabilities under (re)insurance policies that are payable in foreign currencies with assets that are denominated in such currencies, subject to regulatory constraints, and

- Selectively utilizing foreign currency forward contracts to mitigate foreign currency risk.

We use foreign currency forward exchange rate contracts to manage foreign currency risk. To the extent our foreign currency exposure is not matched or hedged, we may experience foreign exchange losses or gains, which would be reflected in our consolidated results of operations and financial condition.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Schedules other than those listed above are omitted as they are not applicable or the information has been included in the consolidated financial statements, notes thereto, or elsewhere herein.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Enstar Group Limited

Opinions on the Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of Enstar Group Limited and its subsidiaries (the "Company") as of December 31, 2024 and 2023, and the related consolidated statements of operations, of comprehensive income (loss), of changes in shareholders' equity, and of cash flows for each of the three years in the period ended December 31, 2024, including the related notes and financial statement schedules listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may

become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

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

Valuation of losses and loss adjustment expenses (including those at fair value)

As described in Notes 11 and 14 to the consolidated financial statements, the Company has $10.4 billion of liabilities for losses and loss adjustment expenses and $1.0 billion of liabilities for losses and loss adjustment expenses, at fair value, as of December 31, 2024. The liability for losses and loss adjustment expenses, also referred to as loss reserves, represents both management's gross estimates before reinsurance for unpaid reported losses and losses that have been incurred but not yet reported estimated using actuarial methods. Management performs an analysis of loss reserves by each portfolio that the Company has acquired. Exposures are separated into homogenous reserving classes, generally lines of business, within each portfolio. As disclosed by management, considerable judgment is used in the process of developing estimates of loss reserves, which involves uncertainty in several areas, including use of actual or industry data for model inputs, and various projection assumptions and judgments depending on product lines, coverage type, or policy year. Several actuarial methods may be used in analyzing and projecting potential reserve positions, and a mix of methods may be considered to form an aggregate reserve position for each portfolio. Key assumptions are made within each actuarial method, including loss development factors and expected loss ratios. For loss reserves reported at fair value, the fair value is calculated as the aggregate of discounted cash flows plus a risk margin. The discounted cash flow approach uses estimated nominal cash flows of losses and loss adjustment expenses based upon a payment pattern developed in accordance with actuarial methods and a discount rate based upon a high quality rated corporate bond yield plus a credit spread for non-performance risk. In addition, in developing loss reserves for insurance claims with asbestos and environmental exposures, alternative actuarial projection methods are employed by management, including the asbestos ground-up exposure analysis (frequency-severity) method. In a frequency-severity method there are two components that need to be estimated, specifically, (1) the number of claims that will ultimately be settled with payment and (2) the average claim indemnity and related estimated legal costs. The estimate of the number of claims that will ultimately be settled with payment is based on assumptions relating to expected future claim filings (derived from epidemiological forecasts of asbestos disease incidents) and claim dismissal rates.

The principal considerations for our determination that performing procedures relating to the valuation of losses and loss adjustment expenses (including those at fair value) is a critical audit matter are (i) the significant judgment by management when developing the estimate of loss reserves, (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's significant assumptions related to (a) the loss development factors, expected loss ratios, and selected aggregate reserve position for each portfolio for non-asbestos and environmental loss reserves, and (b) the number of claims that will ultimately be settled with payment, which includes expected future claim filings and claim dismissal rates, and average claim indemnity and related estimated legal costs in forming an aggregate reserve position for asbestos and environmental loss reserves, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of losses and loss adjustment expenses (including those at fair value), including controls over the development of significant assumptions. These procedures also included, among others (i) testing the completeness and accuracy of the underlying data provided by management and (ii) evaluating the reasonableness of management's estimate. Evaluating the reasonableness of management's estimate involved, with the assistance of professionals with specialized skill and knowledge, one or a combination of procedures, including (a) developing an independent estimate of loss reserves for certain reserving classes, and comparing the independent estimate to management's actuarial determined reserves; (b) evaluating the consistency of management's actuarial methodologies period-over-period; and (c) evaluating the appropriateness of management's actuarial methodologies and the reasonableness of management's significant assumptions related to the loss development factors, expected loss ratios, and selected aggregate reserve position for each portfolio for non-asbestos and environmental loss reserves, and the number of claims that will ultimately be settled with

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payment, which includes expected future claim filings and claim dismissal rates, and average claim indemnity and related estimated legal costs in forming an aggregate reserve position for asbestos and environmental loss reserves. Evaluating the reasonableness of these assumptions involved considering actual historical data, loss development patterns, industry data, and other benchmarks, as applicable, for the respective reserving classes.

Valuation of defendant asbestos liabilities

As described in Note 13 to the consolidated financial statements, the Company has $545 million of defendant asbestos and environmental liabilities as of December 31, 2024, substantially all of which consists of defendant asbestos liabilities. Defendant asbestos liabilities include amounts for indemnity and defense costs for pending and future asbestos-related claims, determined by management using actuarial methods. The actuarial methods utilize data resulting from claim experience and include the development of estimates of the potential value of asbestos-related claims asserted but not yet resolved, as well as the number and potential value of asbestos-related claims not yet asserted. In developing the estimate of liability for potential future claims, the actuarial methods project the potential number of future claims based on the Company's historical claim filings and health studies. The actuarial methods also utilize assumptions based on the Company's historical proportion of claims resolved without payment, historical claim resolution costs for those claims that result in a payment, and historical defense costs. The liabilities are estimated by management using pending and projected future claim filings, projected payment rates, average claim resolution amounts, and an estimate for defense costs, which are derived based on assumptions relating to defense cost to indemnity cost ratios. Management utilizes judgment when determining the assumptions related to the expected number of future claims (which includes projected future claim filings and projected payments rates), average claim resolution amounts, and estimated defense costs.

The principal considerations for our determination that performing procedures relating to the valuation of defendant asbestos liabilities is a critical audit matter are (i) the significant judgment by management when developing the estimate of the liability, (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's significant assumptions related to the expected number of future claims, which includes projected future claim filings and projected payments rates, average claim resolution amounts, and estimated defense costs derived based on assumptions relating to defense cost to indemnity cost ratios, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of defendant asbestos liabilities, including controls over the development of significant assumptions. These procedures also included, among others, (i) the involvement of professionals with specialized skill and knowledge to assist in testing management's process for developing the estimate of defendant asbestos liabilities, (ii) evaluating the appropriateness of the actuarial methods used, (iii) evaluating the reasonableness of the significant assumptions used by management related to the expected number of future claims, which includes projected future claim filings and projected payment rates, average claim resolution amounts, and estimated defense costs derived based on assumptions relating to defense cost to indemnity cost ratios, and (iv) testing, on a sample basis, the completeness and accuracy of the underlying data used by management.

/s/ PricewaterhouseCoopers LLP

New York, New York

February 27, 2025

We have served as the Company's auditor since 2022.

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ENSTAR GROUP LIMITED
CONSOLIDATED BALANCE SHEETS
As of December 31, 2024 and 2023

	2024	2023
	(expressed in millions of U.S. dollars, except share data)	
ASSETS		
Fixed maturities, trading, at fair value [1]	$ 1,263	$ 1,949
Fixed maturities, available-for-sale, at fair value (amortized cost: 2024 — $5,065; 2023 — $5,642; net of allowance: 2023 — $16) [1]	4,691	5,261
Short-term investments, trading, at fair value	1	2
Short-term investments, available-for-sale, at fair value (amortized cost: 2024 — $215; 2023 — $62)	215	62
Funds held [1]	4,979	5,251
Equity securities, at fair value (cost: 2024 — $680; 2023 — $615) [1]	803	701
Other investments, at fair value (includes consolidated variable interest entity: 2024 — $112; 2023 — $59) [1]	4,188	3,853
Equity method investments [1]	313	334
Total investments *(Note 7)* and *(Note 14)*	16,453	17,413
Cash and cash equivalents (includes consolidated variable interest entity: 2024 — $5; 2023 — $8) [1]	1,098	564
Restricted cash and cash equivalents	456	266
Accrued interest receivable	58	71
Reinsurance balances recoverable on paid and unpaid losses (net of allowance: 2024 — $116; 2023 — $131) *(Note 9)*	533	740
Reinsurance balances recoverable on paid and unpaid losses, at fair value *(Note 9)* and *(Note 14)*	179	217
Insurance balances recoverable (net of allowance: 2024 — $4; 2023 — $5) *(Note 13)*	172	172
Net deferred charge assets *(Note 10)*	745	731
Other assets [1]	713	739
TOTAL ASSETS	$ 20,407	$ 20,913
LIABILITIES		
Losses and loss adjustment expenses *(Note 11)* [1]	$ 10,407	$ 11,196
Losses and loss adjustment expenses, at fair value *(Note 11)* and *(Note 14)*	997	1,163
Defendant asbestos and environmental liabilities *(Note 13)*	545	567
Debt obligations *(Note 18)*	1,833	1,831
Other liabilities (includes consolidated variable interest entity: 2024 — $2; 2023 — $1) [1]	528	508
TOTAL LIABILITIES	14,310	15,265
COMMITMENTS AND CONTINGENCIES *(Note 26)*		
SHAREHOLDERS' EQUITY *(Note 20)*		
Voting Ordinary Shares (issued and outstanding 2024: 15,241,316; 2023: 15,196,685)	15	15
Preferred Shares:		
Series D Preferred Shares (issued and outstanding 2024 and 2023: 16,000; liquidation preference $400)	400	400
Series E Preferred Shares (issued and outstanding 2024 and 2023: 4,400; liquidation preference $110)	110	110
Treasury shares, at cost:		
Series C Preferred Shares (all issued shares held in treasury in 2024 and 2023: 388,571)	(422)	(422)
Joint Share Ownership Plan (voting ordinary shares, held in trust 2024 and 2023: 565,630)	(1)	(1)
Additional paid-in capital	600	579
Accumulated other comprehensive loss	(341)	(336)
Retained earnings	5,730	5,190
Total Enstar Shareholders' Equity	6,091	5,535
Noncontrolling interests *(Note 19)*	6	113
TOTAL SHAREHOLDERS' EQUITY	6,097	5,648
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 20,407	$ 20,913

[1] See Note 24 for additional information regarding related party transactions.

See accompanying notes to the consolidated financial statements.

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ENSTAR GROUP LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2024, 2023 and 2022

	2024	2023	2022
	(expressed in millions of U.S. dollars, except share and per share data)		
REVENUES			
Net premiums earned [1]	$ 40	$ 43	$ 66
Net investment income [1]	651	647	455
Net realized losses	(9)	(65)	(111)
Fair value changes in trading securities, funds held and other investments [1]	456	528	(1,503)
Other income	67	288	39
Total revenues	1,205	1,441	(1,054)
EXPENSES			
Net incurred losses and loss adjustment expenses			
Current period	23	30	48
Prior period	(149)	(131)	(756)
Total net incurred losses and loss adjustment expenses [1]	(126)	(101)	(708)
Policyholder benefit expenses	—	—	25
Defendant asbestos and environmental expenses	40	12	4
Amortization of net deferred charge assets	117	106	80
Acquisition costs	9	10	23
General and administrative expenses	391	369	331
Goodwill impairment	63	—	—
Interest expense	89	90	89
Net foreign exchange gains	(39)	—	(15)
Total expenses	544	486	(171)
INCOME (LOSS) BEFORE INCOME TAXES	661	955	(883)
Income tax (expense) benefit	(62)	250	12
(Losses) income from equity method investments [1]	(18)	13	(74)
NET INCOME (LOSS)	581	1,218	(945)
Net (income) loss attributable to noncontrolling interest	(5)	(100)	75
NET INCOME (LOSS) ATTRIBUTABLE TO ENSTAR GROUP LIMITED	576	1,118	(870)
Dividends on preferred shares	(36)	(36)	(36)
NET INCOME (LOSS) ATTRIBUTABLE TO ENSTAR GROUP LIMITED ORDINARY SHAREHOLDERS	$ 540	$ 1,082	$ (906)
Earnings (loss) per ordinary share attributable to Enstar Ordinary Shareholders:			
Basic	$ 36.83	$ 69.22	$ (52.65)
Diluted	$ 35.90	$ 68.47	$ (52.65)
Weighted average ordinary shares outstanding:			
Basic	14,660,810	15,631,770	17,207,229
Diluted	15,040,879	15,802,618	17,323,130

[1] See Note 24 for additional information regarding related party transactions.

See accompanying notes to the consolidated financial statements.

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ENSTAR GROUP LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the Years Ended December 31, 2024, 2023 and 2022

	2024	2023	2022
	(expressed in millions of U.S. dollars)		
NET INCOME (LOSS)	$ 581	$ 1,218	$ (945)
Other comprehensive income (loss), net of income taxes:			
Unrealized (losses) gains on fixed maturity available-for-sale investments arising during the year	(2)	154	(681)
Reclassification adjustment for change in allowance for credit losses recognized in net income (loss)	(15)	(11)	28
Reclassification adjustment for net realized losses recognized in net income (loss)	24	75	81
Unrealized gains (losses) arising during the year, net of reclassification adjustments	7	218	(572)
Remeasurement of future policyholder benefits - change in discount rate	—	—	363
Reclassification adjustment for remeasurement of future policyholder benefits included in net income	—	(363)	—
Change in currency translation adjustment	(2)	3	—
Change in net liability for losses and LAE at fair value - Instrument-specific credit risk	(10)	20	—
Other	—	—	(2)
Total other comprehensive loss	(5)	(122)	(211)
Comprehensive income (loss)	576	1,096	(1,156)
Less: Comprehensive income attributable to noncontrolling interest	(5)	(12)	—
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO ENSTAR GROUP LIMITED	$ 571	$ 1,084	$ (1,156)

See accompanying notes to the consolidated financial statements.

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ENSTAR GROUP LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY For the Years Ended December 31, 2024 and 2023

	Share Capital [1]											
		Non-voting Convertible Ordinary Shares	Preferred Shares		Treasury Shares							
	Voting Ordinary Shares	Series C	Series D	Series E	Series C Preferred Shares	JSOP	APIC	AOCI	Retained Earnings	Total Enstar Shareholders' Equity	NCI	Total Shareholders' Equity
	(in millions of U.S. dollars)											
Year Ended December 31, 2024												
Balance as of December 31, 2023	$ 15	$ —	$ 400	$ 110	$ (422)	$ (1)	$579	$(336)	$ 5,190	$ 5,535	$113	$ 5,648
Net income attributable to Enstar or noncontrolling interests	—	—	—	—	—	—	—	—	576	576	5	581
Dividends on preferred shares	—	—	—	—	—	—	—	—	(36)	(36)	—	(36)
Amortization of share-based compensation	—	—	—	—	—	—	34	—	—	34	—	34
Acquisition of noncontrolling shareholders' interest in subsidiary	—	—	—	—	—	—	—	—	—	—	(6)	(6)
Other comprehensive income, net of tax	—	—	—	—	—	—	—	(5)	—	(5)	—	(5)
Redemptions of noncontrolling interest	—	—	—	—	—	—	—	—	—	—	(106)	(106)
Other	—	—	—	—	—	—	(13)	—	—	(13)	—	(13)
Balance as of December 31, 2024	$ 15	$ —	$ 400	$ 110	$ (422)	$ (1)	$600	$(341)	$ 5,730	$ 6,091	$ 6	$ 6,097
Year Ended December 31, 2023												
Balance as of December 31, 2022	$ 16	$ 1	$ 400	$ 110	$ (422)	$ (1)	$766	$(302)	$ 4,406	$ 4,974	$186	$ 5,160
Net income attributable to Enstar or noncontrolling interests (excludes redeemable noncontrolling interests)	—	—	—	—	—	—	—	—	1,118	1,118	85	1,203
Dividends on preferred shares	—	—	—	—	—	—	—	—	(36)	(36)	—	(36)
Repurchase of voting ordinary shares	—	—	—	—			(3)	—	—	(3)	—	(3)
Ordinary shares repurchased	(1)	(1)	—	—	—	—	(230)	—	—	(232)	—	(232)
Amortization of share-based compensation	—	—	—	—	—	—	28	—	—	28	—	28
Acquisition of noncontrolling shareholders' interest in subsidiary	—	—	—	—	—	—	18	—	—	18	(175)	(157)
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	(34)	—	(34)	(90)	(124)
Redemptions/Subscriptions of NCI	—	—	—	—	—	—	—	—	—	—	107	107
Other	—	—	—	—	—	—	—	—	(298)	(298)	—	(298)
Balance as of December 31, 2023	$ 15	$ —	$ 400	$ 110	$ (422)	$ (1)	$579	$(336)	$ 5,190	$ 5,535	$113	$ 5,648

[1] Series C and E non-voting convertible shares repurchased and retired in March 2023 were excluded from these tables as all par value amounts were less than $1 million.

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ENSTAR GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY For the Year Ended December 31, 2022

	Share Capital [1]											
		Non-voting Convertible Ordinary Shares	Preferred Shares		Treasury Shares							
	Voting Ordinary Shares	Series C	Series D	Series E	Series C Preferred Shares	JSOP	APIC	AOCI	Retained Earnings	Total Enstar Shareholders' Equity	NCI	Total Shareholders' Equity
	(in millions of U.S. dollars)											
Year Ended December 31, 2022												
Balance as of December 31, 2021	$ 17	$ 1	$ 400	$ 110	$ (422)	$ (1)	$922	$ (16)	$ 5,312	$ 6,323	$230	$ 6,553
Net income attributable to Enstar or noncontrolling interests (excludes redeemable noncontrolling interests)	—	—	—	—	—	—	—	—	(945)	(945)	(70)	(1,015)
Dividends on preferred shares	—	—	—	—	—	—	—	—	(36)	(36)	—	(36)
Repurchase of voting ordinary shares	—	—	—	—	—	—	(4)	—	—	(4)	—	(4)
Ordinary shares repurchased	(1)	—	—	—	—	—	(162)	—	—	(163)	—	(163)
Amortization of share-based compensation	—	—	—	—	—	—	10	—	—	10	—	10
Acquisition of noncontrolling shareholders' interest in subsidiary	—	—	—	—	—	—	—	—	—	—	(55)	(55)
Change in unrealized losses on available-for-sale investments attributable to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	(9)	(9)
Change in remeasurement of future policyholder benefits attributable to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	90	90
Other	—	—	—	—	—	—	—	(286)	75	(211)	—	(211)
Balance as of December 31, 2022	$ 16	$ 1	$ 400	$ 110	$ (422)	$ (1)	$766	$(302)	$ 4,406	$ 4,974	$186	$ 5,160

[1] Series E non-voting convertible shares were excluded from these tables as all par value amounts were less than $1 million.

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ENSTAR GROUP LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the Years Ended December 31, 2024, 2023 and 2022

	2024	2023	2022
	(expressed in millions of U.S. dollars)		
OPERATING ACTIVITIES:			
Net income (loss)	$ 581	$ 1,218	$ (945)
Adjustments to reconcile net income (loss) to cash flows provided by operating activities:			
Realized losses (gains) on investments	9	65	111
Fair value changes in trading securities, funds held and other investments	(456)	(528)	1,503
Goodwill impairment	63	—	—
Amortization of net deferred charge assets	117	106	80
Depreciation, accretion and other amortization	(11)	7	47
Net gain on Enhanzed Re novation	—	(275)	—
Losses (income) from equity method investments	18	(13)	74
Other adjustments	2	5	13
Changes in:			
Reinsurance balances recoverable on paid and unpaid losses	248	142	375
Losses and loss adjustment expenses	(1,041)	(624)	(151)
Defendant asbestos and environmental liabilities	(22)	(40)	(31)
Other operating assets and liabilities	(138)	(376)	(571)
Funds held	254	(296)	(1,174)
Cash from (used in) operating activities:			
Cash consideration for the Enhanzed Re novation	—	94	—
Sales and maturities of trading securities	1,198	1,530	2,376
Purchases of trading securities	(339)	(492)	(1,450)
Net cash flows provided by operating activities	483	523	257
INVESTING ACTIVITIES:			
Sales and maturities of available-for-sale securities	$ 2,102	$ 2,132	$ 2,502
Purchase of available-for-sale securities	(1,774)	(1,959)	(2,295)
Sale of subsidiary	4	—	—
Purchase of other investments	(991)	(911)	(1,552)
Proceeds from other investments	848	530	420
Proceeds from the sale of equity method investments	20	48	—
Acquisition, net of cash acquired [1]	76	—	—
Other	1	12	6
Net cash flows provided by (used in) investing activities	286	(148)	(919)
FINANCING ACTIVITIES:			
Dividends on preferred shares	$ (36)	$ (36)	$ (36)
Dividends paid to noncontrolling interests	—	—	(55)
Acquisition of noncontrolling and redeemable noncontrolling shareholders' interests in subsidiaries	(6)	(294)	—
Repurchase of shares	—	(531)	(163)
Issuance of debt, net of issuance costs [2]	—	—	494
Repayment of debt [2]	—	—	(356)
Net cash flows used in financing activities	(42)	(861)	(116)
EFFECT OF EXCHANGE RATE CHANGES ON FOREIGN CURRENCY CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(3)	(14)	16

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NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	724	(500)	(762)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	830	1,330	2,092
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	$ 1,554	$ 830	$ 1,330

(1) Gross cash within the business acquired was $121 million and cash paid as consideration for the business was $45 million resulting in net cash acquired of $76 million.

(2) We borrowed and fully repaid $150 million of loans under our revolving credit facility during 2023.

Supplemental Cash Flow Information:			
Income taxes (received) paid, net of refunds	$ (13)	$ 16	$ 3
Interest paid	88	88	86
Reconciliation to Consolidated Balance Sheets:			
Cash and cash equivalents	$ 1,098	$ 564	$ 822
Restricted cash and cash equivalents	456	266	508
Cash, cash equivalents and restricted cash	$ 1,554	$ 830	$ 1,330
Non-cash operating activities:			
Novation of future policy holder benefits	$ —	828	$ —
Funds held directly managed transferred in exchange on novation of future policy holder benefits	—	(949)	—
Other assets / liabilities transferred on novation of future policy holder benefits	—	(62)	—
Losses and loss adjustment expenses transferred in connection with settlement of participation in Atrium's Syndicate 609	—	173	—
Investments transferred in connection with settlement of participation in Atrium's Syndicate 609	—	(173)	—
Non-cash investing activities:			
Unsettled purchases of available-for-sale securities and other investments	$ (1)	$ (5)	$ (1)
Unsettled sales of available-for-sale securities and other investments	19	1	6
Receipt of available-for-sale securities as consideration in exchange for assumption of reinsurance contract liabilities	16	113	—
Receipt of available-for-sale debt securities as consideration in exchange for assumption of liabilities	—	—	508
AFS securities received as consideration for assumption of liabilities	22	—	—
Redemption of NCI	(106)	—	—
Non-cash financing activities:			
Settlement of loan receivable as partial consideration for RNCI redemption	$ —	15	—
Transfer of equity interest in Northshore as partial consideration for RNCI redemption	—	48	—
Redemption of NCI *(Note 19)*	106	—	—

See accompanying notes to the consolidated financial statements.

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ENSTAR GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022
1. MERGER AGREEMENT

On July 29, 2024, Enstar Group Limited (the “Company,” “we,” “us,” or “our”) entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Elk Bidco Limited (the “Parent”), an exempted company limited by shares existing under the laws of Bermuda. The Parent is backed by equity commitments from investment vehicles managed or advised by affiliates of Sixth Street Partners, LLC (“Sixth Street”). Pursuant to the Merger Agreement, there will be a series of mergers (collectively, the "Merger") resulting in the Company surviving the Merger as a wholly-owned subsidiary of the Parent.

Under the terms of the Merger Agreement, all the Company’s issued and outstanding ordinary shares, par value $1.00 per share, will be converted into the right to receive $338 in cash per ordinary share, except for shares held by Sixth Street and certain shareholders who will reinvest in the merged entity. The total consideration to be paid to our shareholders is approximately $5.1 billion. Completion of the Merger remains subject to certain conditions, including certain regulatory approvals. The Merger is expected to close in mid-2025.

In connection with the Merger Agreement, any Company restricted stock awards, restricted stock unit awards, deferred stock awards, and performance shares that are outstanding immediately prior to completion of the Merger will generally become vested and are included in the consideration. As part of the consideration, Enstar has agreed to a return of capital of $500 million to the Company’s shareholders, which is included as part of the total $338 per ordinary share in cash to be received at the close of the Merger. Upon completion of the transaction, the Company's ordinary shares will no longer be publicly listed, and the Company will become a privately held company.

The Merger Agreement contains termination rights for the Company and Sixth Street upon the occurrence of certain events, including, among others:

1. if the consummation of the Merger does not occur on or before July 29, 2025 (the “Closing Date”); except that if the effective time of the Merger has not occurred by July 29, 2025 due to the fact that all required applicable regulatory approvals have not been obtained on acceptable terms but all other conditions to closing have been satisfied (other than those conditions that by their terms are to be satisfied at the closing, each of which is capable of being satisfied) or (to the extent permitted by law) waived, the Closing Date would be automatically extended by another six months; and
2. if Sixth Street wishes to terminate the Merger Agreement upon the occurrence of a Specified Debt Event of Default (as defined in the Merger Agreement).

Upon termination of the Merger Agreement by Sixth Street, under certain circumstances, Sixth Street would be required to pay the Company a termination fee of $265 million, or if Sixth Street terminates the Merger Agreement upon a Specified Debt Event of Default, a termination fee of $97 million.

Fees and other expenses that are contingent on the closing of the Merger are estimated to range from $90 million to $105 million for consulting and advisory, legal services and employee related bonuses. These contingent fees and expenses will not be accrued and will be recognized in our financial statements in the period when the Merger closes and will be paid using our financial resources and not from any of the merger consideration (which is being paid entirely to ordinary shareholders).

Non-contingent Merger related costs, such as those related to legal services, filing fees, administrative fees and employee expenses have been expensed as incurred within general and administrative expenses within these financial statements.

The Company’s Shareholders approved the Merger Agreement on November 6, 2024, at a formal shareholders’ meeting. The Company and Sixth Street are working to complete the Merger and anticipate receiving all requisite regulatory approvals by mid-2025.

2. BUSINESS OVERVIEW AND BASIS OF PRESENTATION

Business

Enstar Group Limited ("Enstar") is a leading global (re)insurance group that offers innovative capital release solutions through its network of group companies operating in Bermuda, the United States, the United Kingdom, Liechtenstein, Belgium and Australia. Our core focus is acquiring and managing (re)insurance companies and portfolios of (re)insurance business in run-off.

Our voting ordinary shares are listed on the NASDAQ Global Select Market under the ticker symbol "ESGR". Unless the context indicates otherwise, the terms "Enstar," "we," "us" or "our" mean Enstar Group Limited and its consolidated subsidiaries and the term "Parent Company" means Enstar Group Limited and not any of its consolidated subsidiaries.

Basis of Presentation

The accompanying consolidated financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). All intercompany accounts and transactions have been eliminated. Certain comparative information has been reclassified to conform to the current presentation.

The consolidated financial statements include the accounts of Enstar Group Limited, our controlled subsidiaries (generally through a greater than 50 percent ownership of voting rights and voting interests), and variable interest entities (“VIE”s) of which we are the primary beneficiary. Equity investments in entities that we do not consolidate, including corporate entities in which we have significant influence and partnership and partnership-like entities in which we have more than minor influence over the operating and financial policies, are accounted for under the equity method unless we have elected the fair value option.

Prior to the fourth quarter ending December 31, 2022, all our material subsidiaries were accounted for on a calendar year end basis. Enhanzed Re Ltd., one of our wholly-owned subsidiaries, was accounted for on a fiscal year ending September 30 basis. In the fourth quarter 2022, substantially all Enhanzed Re’s operations were ceased through a series of commutation, novation and termination actions. These actions are described in Note 12 to these financial statements, which included a description of the impacts recorded in the first quarter 2023. After these actions, all of our material subsidiaries are on a calendar year end basis.

Use of Estimates, Risks and Uncertainties

The preparation of financial statements in accordance with U.S. GAAP requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The estimation of unpaid claim liabilities at any given point in time is subject to a high degree of uncertainty for a several reasons. A significant amount of time can lapse between the assumption of risk, the occurrence of a loss event, the reporting of the event to an (re)insurance company and the ultimate payment of the claim on the loss event. Certain estimates for unpaid claim liabilities involve considerable uncertainty due to significant coverage litigation and it can be unclear whether past claim experience will be representative of future claim experience.

We are subject to economic factors such as interest rates, inflation, foreign exchange rates, adverse reserve developments, regulation, tax policy changes, political risks and other market risks that can impact our strategy, operations, and results.

3. SIGNIFICANT ACCOUNTING POLICIES

The following table identifies our significant accounting policies presented in other notes to our consolidated financial statements:

Significant Accounting Policies	Note Reference(s)
• Acquisitions	Note 6 - Business Acquisitions
• Short-term investments and fixed maturities • Allowance for credit losses • Equity securities • Other investments, at fair value • Equity method investments • Funds held	Note 7 - Investments
• Derivative instruments	Note 8 - Derivatives and Hedging Instruments
• Reinsurance Balances Recoverable on Paid and Unpaid Losses	Note 9 - Reinsurance Balances Recoverable on Paid and Unpaid Losses
• Deferred Charge Assets and Deferred Gain Liabilities	Note 10 - Deferred Charge Assets and Deferred Gain Liabilities
• Losses and LAE	Note 11 - Losses and Loss Adjustment Expenses
• Defendant Asbestos and Environmental Liabilities • Insurance Balances Recoverable	Note 13 - Defendant Asbestos and Environmental Liabilities
• Variable Interest Entities	Note 15 - Variable Interest Entities
• Earnings Per Share	Note 21 - Earnings Per Share
• Share-Based Compensation	Note 22 - Share-Based Compensation
• Income Taxes	Note 23 - Income Taxation

Other Significant Accounting Policies

Retroactive Reinsurance Contracts

For each of our reinsurance agreements, we determine whether the agreement provides indemnification against loss or liability relating to insurance risk in accordance with applicable accounting standards. We review all contractual features, including those that may limit the amount of insurance risk to which the reinsurer is subject or features that delay the timely reimbursement of claims.

Cessions under reinsurance agreements do not discharge our obligations under the assumed reinsurance contracts.

If we determine that a reinsurance agreement does not expose us or the reinsurer to a reasonable possibility of a significant loss from insurance risk, we record the agreement using the deposit method of accounting. Deposits received are included in other liabilities and deposits made are included within other assets. As amounts are paid or received, consistent with the underlying contracts, the deposit assets or liabilities are adjusted. Interest on such deposits is recorded as other revenues or other expenses, as appropriate. Periodically, we evaluate the adequacy of the expected payments or recoveries and adjust the deposit asset or liability through other revenues or other expenses, as appropriate.

Retroactive reinsurance contracts provide indemnification for losses and loss adjustment expenses ("LAE") with respect to past loss events. We do not record any income or expense on recognition of the contracts assets and liabilities. Any subsequent remeasurement of the value of liabilities is recorded to net incurred losses and LAE within the consolidated statements of operations.

Prospective reinsurance and insurance contracts

For prospective reinsurance of short-duration contracts that meet the criteria for reinsurance accounting, amounts received (paid) are recorded as assumed (ceded) premiums and assumed (ceded) unearned premiums. Assumed (ceded) unearned premiums are reflected as premiums within the consolidated statement of operations and, losses and loss adjustment expenses (reinsurance balances recoverable on paid and unpaid losses) within the consolidated balance sheet. Such amounts are amortized through net earned premiums over the remaining contract period in proportion to the amount of insurance protection provided.

Premiums on property and casualty insurance contracts are recognized as revenue on a pro rata basis over the applicable contract term.

Unearned Premium Reserves and Premiums Receivable

Unearned premium reserves, included within other liabilities on the consolidated balance sheets, represent the unexpired portion of policy premiums. For retrospectively rated contracts as well as those contracts whose written premium amounts are recorded based on premium estimates at inception, changes to accrued premiums arising from changes to these estimates are reflected as changes in premium balances receivable where appropriate.

Premiums receivable are reported net of an allowance for expected credit losses as appropriate. The allowance is based upon our ongoing review of amounts outstanding, historical loss data, including delinquencies and write-offs, current and forecasted economic conditions and other relevant factors. The credit risk on our premiums receivable balances is substantially reduced where we can cancel the underlying policy if the policyholder does not pay the related premium.

Acquisition Costs

Acquisition costs, consisting principally of incremental costs including, commissions and brokerage expenses and certain premium taxes and fees incurred at the time a contract or policy is issued and which are directly related to the successful efforts of acquiring new insurance contracts or renewing existing insurance contracts, are deferred and amortized over the period in which the related premiums are earned.

Deferred acquisition costs (“DAC”), recorded within other assets on the consolidated balance sheets, are limited to their estimated realizable value by line of business based on the related unearned premiums, anticipated claims and claim expenses and anticipated investment income.

Cash and cash equivalents

Cash equivalents include money market funds, fixed interest deposits and all highly liquid debt instruments purchased with an original maturity of three months or less. Securities included within cash equivalents are stated at estimated fair value, while other investments included within cash equivalents are stated at amortized cost which approximates estimated fair value.

Foreign Exchange

Assets, liabilities and operations of foreign affiliates and subsidiaries, as well as investments accounted for under the equity method, are recorded based on the functional currency of each entity. The determination of the functional currency is made based on the appropriate economic and management indicators. For most of our foreign operations, the local currency is the functional currency.

Assets and liabilities of foreign affiliates and subsidiaries are translated from the functional currency to our reporting currency U.S. dollars, at the exchange rates in effect at each year-end and revenues and expenses are translated at the average exchange rates during the year. The resulting translation adjustments are charged or credited directly to OCI, net of applicable taxes. Gains and losses from foreign currency transactions, including the effect of re-measurement of monetary assets and liabilities to the appropriate functional currency, are reported separately in the consolidated statement of operations in the period in which they occur.

New Accounting Standards Adopted

ASU 2023-07 - Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued ASU 2023-07, which includes the following amendments to Topic 280 Segment Reporting:

- Disclose, on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker (“CODM”) and included within the segment measure of profit or loss;
- Disclose, on an annual and interim basis, an amount for other segment items by reportable segment and a description of its composition;
- Disclose, on an interim basis, all annual disclosures about a reportable segment’s profit or loss and assets currently required by Topic 280;

- Clarify that an entity is not precluded from reporting one or more additional measure(s) of segment profit or loss if the CODM uses more than one measure in assessing segment performance and deciding how to allocate resources;
- Disclose the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources; and
- Require an entity with a single reportable segment to provide all disclosures required by the amendments in ASU 2023-07 and all existing segment disclosures in Topic 280.

These amendments were effective for annual reporting periods beginning after December 15, 2023 and interim reporting periods beginning after December 15, 2024.

We adopted ASU 2023-07 in our annual financial statements for the year ended December 31, 2024, which was applied retrospectively to all prior periods presented. Refer to Note 5 for the expanded segment disclosures.

Recently Issued Accounting Pronouncements Not Yet Adopted

ASU 2023-09 - Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09, which includes the following amendments to Topic 740 Income Taxes:

- Disclose, on an annual basis, specific categories in the rate reconciliation;
- Disclose, on an annual basis, additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5% of the amount computed by multiplying pretax income (or loss) by the applicable statutory income tax rate);
- Disclose, on an annual basis, the amount of income taxes paid (net of refunds received) disaggregated by federal (national), state, and foreign taxes;
- Disclose, on an annual basis, the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions in which income taxes paid (net of refunds received) is equal to or greater than 5% of total income taxes paid (net of refunds received);
- Disclose income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign;
- Disclose income tax expense (or benefit) from continuing operations disaggregated by federal (national), state, and foreign;
- Eliminates the requirement to disclose the nature and estimate of the range of the reasonably possible change in the unrecognized tax benefits balance in the next 12 months or make a statement that an estimate of the range cannot be made; and
- Eliminates the requirement to disclose the cumulative amount of each type of temporary difference when a deferred tax liability is not recognized because of the exceptions to comprehensive recognition of deferred taxes related to subsidiaries and corporate joint ventures.

These amendments are effective for annual reporting periods beginning after December 15, 2024, and should be applied prospectively, however retrospective application is permitted. Early adoption is permitted.

Adopting ASU 2023-09 will require us to expand our income tax disclosures. We expect to prospectively adopt this ASU within our annual financial statements for the year ended December 31, 2025.

2024-03 - Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU 2024-03, which resulted in the addition of Subtopic 220-40 Reporting Comprehensive Income - Expense Disaggregation Disclosures and includes the following amendments:

- Disclose the amounts of employee compensation, depreciation, intangible asset amortization, and certain other costs and expenses included in each relevant expense caption and include certain amounts that are already required to be disclosed under existing generally accepted accounting principles in the same disclosure;

- Disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively; and
- Disclose the total amount of selling expenses and, on an annual basis, an entity's definition of selling expenses.

These amendments are effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027, and must be applied prospectively with an option for retrospective application. Early adoption is permitted.

Adopting ASU 2024-03 will require us to expand our disclosures related to costs and expenses. We expect to adopt the new guidance in the period of effectiveness.

4. SIGNIFICANT NEW BUSINESS

We define new business as material transactions, which generally take the form of reinsurance or direct business transfers.

Signed and closed reinsurance agreements

During the year ended December 31, 2024, we closed reinsurance transactions with R&Q (Accredited), IAG, SiriusPoint, QBE, and James River. Additionally, in July 2024 we closed a transaction to reinsure certain 2019 and 2020 business written by a third-party capital platform which uses Insurance Linked securities ("ILS") to fund its risks, for which we received premium of $294 million.

The table below sets forth a summary of new significant reinsurance business that we closed between January 1, 2024 and December 31, 2024:

Line of Business	Consideration Received	Net Loss Reserves Assumed	DCA [1]	Type of Transaction	Remaining Limit upon Acquisition	Jurisdiction
	(in millions of U.S. dollars)					
Diversified mix including asbestos, general casualty, and workers' compensation	$ 282	$ 297	$ 15	LPT and ADC	$ 111	U.S., U.K. and Europe
Property catastrophe and COVID-19 exposures	294	294	—	LPT	Varies[2]	Global
Product & public liability, compulsory third-party motor, professional risks, and workers' compensation	200	202	2	ADC	240	Australia
Workers' compensation	300	355	55	LPT	266	U.S.
U.S. commercial liability, general aviation, and workers' compensation	357	392	35	LPT	178	U.S.
General casualty, product liability, and commercial auto liability	52	76	24	ADC	—	U.S.
Total 2024	$ 1,485	$ 1,616	$ 131			

[1] Where the estimated ultimate losses payable exceed the consideration received at the inception of the agreement, a deferred charge asset ("DCA") is recorded. Refer to Note 10 for additional information.

[2] The limits vary dependent on each individual covered contract under the agreement.

Signed reinsurance agreements not closed as of December 31, 2024

The table below sets forth a summary of new reinsurance business that we have signed during the year ended December 31, 2024 with AXIS along with a novation of reinsurance related to casualty business, that had yet to close of December 31, 2024.

Line of Business	Agreement Date	Type of Transaction	Estimated Reserves [1]
			(in millions of U.S. dollars)
Diversified mix including liability, professional risk, and motor	December 13, 2024	LPT	$ 2,290
Casualty [2]	December 13, 2024	Novation	175
Total			$ 2,465

[1] Estimated reserves are subject to changes following the closing of the transactions.

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[2] Transaction closed on January 28, 2025.

5. SEGMENT INFORMATION

Effective January 1, 2024, we have two segments that align with how our chief operating decision maker ("CODM"), our Chief Executive Officer, views our business, assesses performance and allocates resources to our business components. In addition, we report certain results of operations that are not directly attributable to our reportable segments in Corporate & Other which does not qualify as an operating segment.

- **Run-off Segment:** The Run-off segment is a function of development and settlement of assumed run-off books of business which consists of our acquired property and casualty and other (re)insurance business, including our defendant asbestos and environmental ("A&E") businesses and StarStone International (from January 1, 2021) following our decision to place it into an orderly run-off.

  Our primary objective of the Run-off segment is to recognize favorable prior period development in our net incurred losses and LAE (run-off liability earnings or "RLE") over time by settling claims in a timely, cost efficient manner using our claims management expertise, including settling claims for lower than outstanding ultimate loss estimates and implementation of reinsurance and commutation strategies.

  The Run-off segment results are comprised of net premiums earned, other income, net incurred losses and LAE, acquisition costs and general and administrative expenses.

- **Investments Segment:** The Investments segment consists of our investment activities and the performance of our investment portfolio.

  Our primary objective of the Investments segment is to obtain the highest possible risk and capital adjusted returns while maintaining prudent diversification of assets and operating within the constraints of a global regulated (re)insurance company. We additionally consider the liquidity requirements and duration of our claims, policyholder benefits and contract liabilities.

  The Investments segment results are comprised of net investment income, net realized gains (losses), fair value changes in trading securities, funds held and other investments, general and administrative expenses and income from equity method investments.

Effective January 1, 2024, each of our Assumed Life and Legacy Underwriting reportable segments were determined to no longer meet the definition of reportable segments as they no longer engage in any active business activities following the series of commutation and novation transactions in Enhanzed Re and the settlement of the arrangements between SGL No. 1, Arden, and Atrium. Given the cessation of business activities and that all remaining activities are not expected to be material, all residual income or expense of the former Assumed Life and Legacy Underwriting reportable segments have been prospectively included within our Corporate and Other activities.

- **Former Assumed Life:** The former Assumed Life segment previously consisted of Enhanzed Re's life and property aggregate excess of loss (catastrophe) business.

  In August 2022, Enhanzed Re entered into a Master Agreement with Cavello and Allianz SE, pursuant to which a series of commutation and novation agreements were completed which ceased any continuing reinsurance obligations for this segment. We recognized the impact of transactions that closed in the fourth quarter of 2022 in the first quarter of 2023 due to the quarter lag in reporting.

  The former Assumed Life segment results were comprised of net premiums earned, other income, net incurred losses and LAE, policyholder benefit expenses, acquisition costs and general and administrative expenses.

- **Former Legacy Underwriting Segment:** The former Legacy Underwriting segment was previously comprised of SGL No.1's 25% gross share of the 2020 and prior underwriting years of Atrium's Syndicate 609 at Lloyd's, offset by the contractual transfer of the results of that business to the Atrium entities that were divested in an exchange transaction (the "Exchange Transaction").

  There is no net retention for Enstar on Atrium's 2020 and prior underwriting years. The contractual arrangements between SGL No. 1, Arden and Atrium relating to the reinsurance agreements and the Capacity Lease Agreement were settled in the second quarter of 2023.

The former Legacy Underwriting segment results were previously comprised of net premiums earned, net investment income, net realized gains (losses), fair value changes in trading securities, funds held and other

investments, other income (expense), net incurred losses and LAE, acquisition costs and general and administrative expenses.

Management measures segment performance based on segment income (loss), which is used by the CODM to allocate resources (including employees and financial or capital resources) for each segment. The CODM uses segment income (loss) to assess the Run-off segment, which is predominately a function of the development of our net incurred losses and LAE, as well as the Investment segment, which is predominately a function of investment income and returns. Segment income (loss) is derived by including certain items from total income and net income (loss) attributable to Enstar ordinary shareholders, as defined above. Income and expense items that are not directly attributable to our reportable segments are included within our Corporate and Other activities, which do not qualify as an operating segment. These include:

- holding company income and expenses,
- the amortization of net DCAs on retroactive reinsurance contracts,
- the amortization of fair value adjustments associated with the acquisition of companies,
- changes in the discount rate and risk margin components of the fair value of assets and liabilities related to our assumed retroactive reinsurance contracts for which we have elected the fair value option,
- corporate expenses not allocated to our reportable segments,
- debt servicing costs,
- net foreign exchange gains (losses),
- gains (losses) arising on the purchases and sales of subsidiaries (if any),
- income tax benefit (expense),
- net income (losses) from discontinued operations, net of income tax (if any),
- net (income) loss attributable to noncontrolling interest, and
- preferred share dividends.

The amortization of DCAs, fair value adjustments and changes in the discount rate and risk margin components of the fair value of assets and liabilities related to our assumed retroactive reinsurance contracts for which we have elected the fair value option form part of Corporate and Other activities as the CODM evaluates the performance of the Run-off segment (and previously, the Legacy Underwriting segment) without consideration of these amounts.

Expenses that are directly attributable to our reportable segments are disclosed under those segments while non-direct expenses, as well as costs related to shared services that are not directly attributable to our reportable segments, are allocated to our reportable segments as well as to our Corporate and Other activities, on the basis of the actual or proportion of benefit derived from the services provided.

Our assets are reviewed on a consolidated basis by management for decision making purposes since they support business operations across our reportable segments and our Corporate and Other activities. We do not allocate assets to our reportable segments except for reinsurance balances recoverable on paid and unpaid losses and goodwill that are directly attributable to the Run-off segment.

The following table sets forth select consolidated statements of operations results by segment for the years ended December 31, 2024, 2023, and 2022:

	2024		
	Run-off	Investments	Total
	(in millions of U.S. dollars)		
REVENUES	$ 79	$ 1,098	$ 1,177
Losses from equity method investments	—	(18)	(18)
EXPENSES			
Net incurred losses and LAE	(159)	—	(159)
Defendant asbestos and environmental expenses	32	—	32
Salaries and benefit expenses	118	23	141
Professional fee expenses	29	4	33
Goodwill impairment	63	—	63
Other segment items [1]	40	13	53
Segment net income (loss)	$ (44)	$ 1,040	$ 996
Reconciliation of revenues			
Segment revenues			$ 1,177
Corporate and Other			28
Total revenues			$ 1,205
Reconciliation of segment net income (loss) to Net income attributable to Enstar Ordinary Shareholders			
Segment net income			$ 996
Corporate and Other:			
Other income			28
Net incurred losses and LAE[2]			(33)
Defendant asbestos and environmental expenses [3]			(8)
Amortization of net deferred charge assets			(117)
Corporate and Other general and administrative expenses			(173)
Interest expense			(89)
Net foreign exchange gains			39
Income tax expense			(62)
Less: Net income attributable to noncontrolling interest			(5)
Less: Dividends on preferred shares			(36)
Total - Corporate and Other net loss			(456)
Net income attributable to Enstar Ordinary Shareholders			$ 540

[1] Other segment items for each reportable segment includes:

- Run-off – acquisition costs, IT-related expenses, banking fees, and other general and administrative expenses
- Investments – banking fees and other general and administrative expenses

[2] Net incurred losses and LAE for Corporate and Other activities includes the fair value adjustments associated with the acquisition of companies and the changes in the discount rate and risk margin components of the fair value of assets and liabilities related to our assumed retroactive reinsurance contracts for which we have elected the fair value option.

[3] Includes the amortization of fair value adjustments associated with the acquisition of DCo, LLC (“DCo”) and Morse TEC LLC (“Morse TEC”) for Corporate and Other activities.

	2023			
	Run-off	Investments	Former Assumed Life	Total
	(in millions of U.S. dollars)			
REVENUES	$ 52	$ 1,110	$ 277	$ 1,439
Income from equity method investments	—	13	—	13
EXPENSES				
Net incurred losses and LAE	(196)	—	—	(196)
Defendant asbestos and environmental expenses	(1)	—	—	(1)
Salaries and benefit expenses	113	25	—	138
Professional fee expenses	33	4	—	37
Other segment items [1]	41	14	—	55
Segment net income	$ 62	$ 1,080	$ 277	$ 1,419
Reconciliation of revenues				
Segment revenues				$ 1,439
Corporate and Other				2
Total revenues				$ 1,441
Reconciliation of segment net income (loss) to net income attributable to Enstar Ordinary Shareholders				
Segment net income				$ 1,419
Corporate and Other:				
Other income				2
Net incurred losses and LAE				(95)
Defendant asbestos and environmental expenses				(13)
Amortization of net deferred charge assets				(106)
Corporate and Other general and administrative expenses				(149)
Interest expense				(90)
Income tax benefit				250
Less: Net income attributable to noncontrolling interest				(100)
Less: Dividends on preferred shares				(36)
Total - Corporate and Other net loss				(337)
Net income attributable to Enstar Ordinary Shareholders				$ 1,082

[1] Other segment items for each reportable segment includes:

- Run-off – acquisition costs, IT-related expenses, banking fees, and other general and administrative expenses
- Investments – banking fees and other general and administrative expenses

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	2022				
	Run-off	Investments	Former Assumed Life	Former Legacy Underwriting	Total
	(in millions of U.S. dollars)				
REVENUES	$ 59	$ (1,159)	$ 17	$ 10	$ (1,073)
Losses from equity method investments	—	(74)	—	—	(74)
EXPENSES					
Net incurred losses and LAE	(442)	—	(55)	7	(490)
Defendant asbestos and environmental expenses	(3)	—	—	—	(3)
Salaries and benefit expenses	95	22	4	—	121
Professional fee expenses	18	4	2	2	26
Other segment items [1]	52	11	26	1	90
Segment net income (loss)	$ 339	$ (1,270)	$ 40	$ —	$ (891)
Reconciliation of revenues					
Segment revenues					$ (1,073)
Corporate and Other					19
Total revenues					$ (1,054)
Reconciliation of segment net income (loss) to net income attributable to Enstar Ordinary Shareholders					
Segment net loss					$ (891)
Corporate and Other:					
Other income					19
Net incurred losses and LAE					218
Defendant asbestos and environmental expenses					(7)
Amortization of net deferred charge assets					(80)
Corporate and Other general and administrative expenses					(142)
Interest expense					(89)
Net foreign exchange gains					15
Income tax benefit					12
Less: Net loss attributable to noncontrolling interest					75
Less: Dividends on preferred shares					(36)
Total - Corporate and Other net loss					(15)
Net loss attributable to Enstar Ordinary Shareholders					$ (906)

[1] Other segment items for each reportable segment includes:

- Run-off – acquisition costs, IT-related expenses, banking fees, and other general and administrative expenses
- Investments – banking fees and other general and administrative expenses
- Assumed Life – future policyholder benefit expenses and general and administrative expenses
- Legacy Underwriting – acquisition costs

Gross Premiums Written by Geographical Area

The following tables summarize our gross premiums written by geographical region, which is based upon the location of the subsidiaries underwriting the policies, for the years ended December 31, 2024, 2023 and 2022 (2024 and 2023 only consisted of the Run-off Segment):

	2024		2023	
	Total/Run-off	%	Total/Run-off	%
	(In millions of U.S. dollars, except percentages)			
United States	$ 7	64 %	$ 98	97 %
United Kingdom	2	18 %	6	6 %
Europe	1	9 %	(3)	(3)%
Other	1	9 %	—	— %
Total	$ 11	100 %	$ 101	100 %

	2022							
	Run-off		Assumed Life		Legacy Underwriting		Total	
	Total	%	Total	%	Total	%	Total	%
	(In millions of U.S. dollars, except percentages)							
United States	$ 3	60 %	$ —	— %	$ 8	100 %	$ 11	44 %
United Kingdom[(1)]	(7)	(140)%	—	— %	—	— %	(7)	(28)%
Europe	1	20 %	12	100 %	—	— %	13	52 %
Asia	8	160 %	—	— %	—	— %	8	32 %
Total	$ 5	100 %	$ 12	100 %	$ 8	100 %	$ 25	100 %

(1) Gross premiums written were negative for Run-off segment business located in the U.K., primarily because of an adjustment to premiums written.

6. BUSINESS ACQUISITIONS

We record business acquisition assets and liabilities at their estimated fair value. The fair values of each of the acquired (re)insurance assets and liabilities are derived from probability-weighted ranges of the associated projected cash flows, based on actuarially prepared information and our run-off strategy.

Our run-off strategy is expected to be different from the seller's, who generally do not specialize in running off (re)insurance liabilities.

The key assumptions used by us in the valuation of acquired companies are (i) the projected payout, timing and amount of claims liabilities; (ii) the related projected timing and amount of reinsurance collections; (iii) an appropriate discount rate, which is applied to determine the present value of the future cash flows; (iv) the estimated unallocated LAE to be incurred over the life of the run-off; (v) the impact of any accelerated run-off strategy; and (vi) an appropriate risk margin.

The difference between the nominal carrying values of the acquired reinsurance liabilities and assets as of the acquisition date and their fair value is recorded as a fair value adjustment ("FVA") on the consolidated balance sheet. The FVA is amortized over the estimated payout period of the acquired outstanding losses and LAE and reinsurance balances recoverable. We carry unamortized FVA balances on the following consolidated balance sheet captions: losses and loss adjustment expenses, defendant asbestos and environmental liabilities and reinsurance balances recoverable on paid and unpaid losses.

To the extent the actual payout experience after the acquisition is materially faster or slower than anticipated at the time of the acquisition as a result of, (i) our active claims management strategies, which include commutations and policy buybacks, (ii) an adjustment to the estimated ultimate loss reserves, (iii) changes in bad debt provisions, or (iv) changes in estimates of future run-off costs following accelerated payouts, then the amortization of the FVA is adjusted to reflect such changes.

The difference between the fair value of net assets acquired and the purchase price is recorded as goodwill and included as an asset on the consolidated balance sheet or as a gain from bargain purchase in the consolidated statements of operations.

Enhanzed Re

On December 28, 2022, Enhanzed Re, our majority owned (75.1%) subsidiary at the time, acquired Allianz’s remaining 24.9% interest for $175 million. The purchase consideration was based on the final net book value of Enhanzed Re as of December 31, 2022. Following the repurchase, Enhanzed Re became a wholly-owned subsidiary of Enstar.

Signed and closed business acquisitions as of December 31, 2024

On November 5, 2024, we closed an agreement to purchase all of the voting and non-voting shares in a Class 3B Bermuda-based reinsurer and segregated accounts company within the property catastrophe ILS market for a purchase price of $45 million. As part of the acquisition, we acquired $129 million of assets and $69 million of liabilities.

7. INVESTMENTS

We hold:

i. trading portfolios of short-term and fixed maturities and equities, carried at fair value;
ii. AFS portfolios of short-term and fixed maturities, carried at fair value;
iii. other investments carried at fair value;
iv. equity method investments; and
v. funds held.

Short-term and Fixed Maturities

Short-term investments comprise investments with a maturity greater than three months up to one year from the date of purchase. Fixed maturities comprise investments with a maturity of greater than one year from the date of purchase.

Short-term and fixed maturities classified as trading are carried at fair value, with realized gains and losses and fair value changes included in net income and reported as fair value changes in trading securities, funds held and other investments.

Short-term and fixed maturities classified as available-for-sale ("AFS") are carried at fair value, with unrealized gains and losses excluded from net income and reported as a separate component of accumulated other comprehensive income (loss) ("AOCI"). Realized gains and losses on sales of investments classified as AFS are recognized in the consolidated statements of operations.

The costs of short-term and fixed maturities are adjusted for amortization of premiums and accretion of discounts, recognized using the effective yield method and included in net investment income. For mortgage-backed and asset-backed investments, and any other holdings for which there is a prepayment risk, prepayment assumptions are evaluated and reviewed on a regular basis.

Investment purchases and sales are recorded on a trade-date basis. Realized gains and losses on the sale of investments are based upon specific identification of the cost of investments.

Asset Types

The fair values of the underlying asset categories comprising our short-term and fixed maturities classified as trading and AFS as of December 31, 2024 and 2023:

	2024				
	Fixed maturities, trading	Fixed maturities, AFS	Short-term investments, trading	Short-term investments, AFS	Total
	(in millions of U.S. dollars)				
U.S. government and agency	$ 13	$ 213	$ —	$ 194	$ 420
U.K. government	15	29	—	—	44
Other government	91	266	—	2	359
Corporate	917	2,324	1	19	3,261
Municipal	30	79	—	—	109
Residential mortgage-backed	48	373	—	—	421
Commercial mortgage-backed	102	682	—	—	784
Asset-backed	47	725	—	—	772
Total fixed maturity and short-term investments	$ 1,263	$ 4,691	$ 1	$ 215	$ 6,170

	2023				
	Fixed maturities, trading	Fixed maturities, AFS	Short-term investments, trading	Short-term investments, AFS	Total
	(in millions of U.S. dollars)				
U.S. government and agency	$ 76	$ 212	$ —	$ 38	$ 326
U.K. government	21	51	—	—	72
Other government	144	245	—	2	391
Corporate	1,349	2,758	2	22	4,131
Municipal	49	93	—	—	142
Residential mortgage-backed	55	432	—	—	487
Commercial mortgage-backed	138	703	—	—	841
Asset-backed	117	767	—	—	884
Total fixed maturity and short-term investments	$ 1,949	$ 5,261	$ 2	$ 62	$ 7,274

Included within residential mortgage-backed securities as of December 31, 2024 were securities issued by U.S. governmental agencies with a fair value of $234 million (December 31, 2023: $306 million).

Included within commercial mortgage-backed securities as of December 31, 2024 were securities issued by U.S. governmental agencies with a fair value of $57 million (December 31, 2023: $73 million)

Contractual Maturities

The contractual maturities of our short-term and fixed maturities, classified as trading and AFS, are shown below. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

As of December 31, 2024	Amortized Cost	Fair Value	% of Total Fair Value
	(in millions of U.S. dollars)		
One year or less	$ 497	$ 491	8.0 %
More than one year through five years	1,723	1,630	26.4 %
More than five years through ten years	1,237	1,121	18.2 %
More than ten years	1,278	951	15.4 %
Residential mortgage-backed	459	421	6.8 %
Commercial mortgage-backed	822	784	12.7 %
Asset-backed	763	772	12.5 %
	$ 6,779	$ 6,170	100.0 %

Unrealized Gains and Losses on AFS Short-Term and Fixed Maturities

The amortized cost, unrealized gains and losses, allowance for credit losses and fair values of our short-term and fixed maturities classified as AFS as of December 31, 2024 and 2023 were as follows:

As of December 31, 2024	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses		Fair Value
			Non-Credit Related Losses	Allowance for Credit Losses	
	(in millions of U.S. dollars)				
U.S. government and agency	$ 426	$ 1	$ (20)	$ —	$ 407
U.K. government	32	—	(3)	—	29
Other government	292	—	(24)	—	268
Corporate	2,602	7	(266)	—	2,343
Municipal	94	—	(15)	—	79
Residential mortgage-backed	409	2	(38)	—	373
Commercial mortgage-backed	711	4	(33)	—	682
Asset-backed	714	13	(2)	—	725
	$ 5,280	$ 27	$ (401)	$ —	$ 4,906

As of December 31, 2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses		Fair Value
			Non-Credit Related Losses	Allowance for Credit Losses	
	(in millions of U.S. dollars)				
U.S. government and agency	$ 268	$ 1	$ (19)	$ —	$ 250
U.K. government	49	3	(1)	—	51
Other government	250	5	(8)	—	247
Corporate	3,040	23	(268)	(15)	2,780
Municipal	107	1	(15)	—	93
Residential mortgage-backed	466	3	(37)	—	432
Commercial mortgage-backed	760	1	(57)	(1)	703
Asset-backed	764	10	(7)	—	767
	$ 5,704	$ 47	$ (412)	$ (16)	$ 5,323

Gross Unrealized Losses on AFS Short-term and Fixed Maturities

The following table summarizes our short-term and fixed maturities classified as AFS that were in a gross unrealized loss position, for which an allowance for credit losses has not been recorded, as of December 31, 2024 and 2023:

	12 Months or Greater		Less Than 12 Months		Total	
As of December 31, 2024	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**
			(in millions of U.S. dollars)			
U.S. government and agency	$ 77	$ (16)	$ 116	$ (4)	$ 193	$ (20)
U.K. government	8	(2)	15	(1)	23	(3)
Other government	45	(8)	203	(16)	248	(24)
Corporate	1,327	(235)	620	(31)	1,947	(266)
Municipal	69	(14)	6	(1)	75	(15)
Residential mortgage-backed	198	(37)	66	(1)	264	(38)
Commercial mortgage-backed	351	(29)	117	(4)	468	(33)
Asset-backed	21	(1)	124	(1)	145	(2)
Total short-term and fixed maturity investments	$ 2,096	$ (342)	$ 1,267	$ (59)	$ 3,363	$ (401)

	12 Months or Greater		Less Than 12 Months		Total	
As of December 31, 2023	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**
			(in millions of U.S. dollars)			
U.S. government and agency	$ 135	$ (18)	$ 43	$ (1)	$ 178	$ (19)
U.K. government	9	(1)	4	—	13	(1)
Other government	70	(8)	10	—	80	(8)
Corporate	1,854	(265)	243	(3)	2,097	(268)
Municipal	78	(15)	2	—	80	(15)
Residential mortgage-backed	267	(36)	41	(1)	308	(37)
Commercial mortgage-backed	410	(48)	225	(9)	635	(57)
Asset-backed	239	(6)	100	(1)	339	(7)
Total short-term and fixed maturities	$ 3,062	$ (397)	$ 668	$ (15)	$ 3,730	$ (412)

As of December 31, 2024 and 2023, the number of securities classified as AFS in an unrealized loss position for which an allowance for credit loss is not recorded was 3,688 and 2,156, respectively. Of these securities, the number of securities that had been in an unrealized loss position for twelve months or longer was 2,267 and 1,736, respectively.

The contractual terms of most of these investments do not permit the issuers to settle the securities at a price less than the amortized cost basis of the security. While interest rates have increased and credit spreads have widened, and in certain cases credit ratings were downgraded, we currently do not expect the issuers of these fixed income securities to settle them at a price less than their amortized cost basis and therefore it is expected that we will recover the entire amortized cost basis of each security. Furthermore, we do not intend to sell the securities that are currently in an unrealized loss position, and it is also not more likely than not that we will be required to sell the securities before the recovery of their amortized cost bases.

Allowance for Credit Losses on AFS Fixed Maturities

Each reporting period we identify any credit losses on our investment portfolios not measured at fair value through net income. Credit losses on our fixed income securities, AFS are recognized through an allowance account which is deducted from the amortized cost basis of the security, with the net carrying value of the security presented on the consolidated balance sheet at the amount expected to be collected.

To calculate the amount of the credit loss, we compare the present value of the expected future cash flows with the amortized cost basis of the fixed income securities, AFS, with the amount of the credit loss recognized being limited to the excess of the amortized cost basis over the fair value of the fixed income securities, AFS, effectively creating a “fair value floor”.

For our fixed income securities, AFS that we do not intend to sell or for which it is more likely than not that we will not be required to sell before an anticipated recovery in value, we separate the credit loss component of any unrealized losses from the amount related to all other factors and record the credit loss component in net realized gains (losses) in our consolidated statements of operations. The unrealized losses related to non-credit factors is recorded in other comprehensive income. The allowance for credit losses account is adjusted for any additional credit losses, write-offs and subsequent recoveries and is reflected in our consolidated statements of operations.

For our fixed income securities, AFS where we record a credit loss, a determination is made as to the cause of the credit loss and whether we expect a recovery in the fair value of the security. For our fixed income securities, AFS where we expect a recovery in fair value, the constant effective yield method is utilized, and the investment is amortized to par.

For our fixed income securities, AFS that we intend to sell or for which it is more likely than not that we will be required to sell before an anticipated recovery in fair value, the full amount of the unrealized loss is included in net realized gains (losses). The new cost basis of the investment is the previous amortized cost basis less the credit loss recognized in net realized gains (losses). The new cost basis is not adjusted for any subsequent recoveries in fair value.

Our allowance for credit losses is derived based on various data sources, multiple key inputs and forecast scenarios. These include default rates specific to the individual security, vintage of the security, geography of the issuer of the security, industry analyst reports, credit ratings and consensus economic forecasts.

To determine the credit losses on our fixed income securities, AFS, we use the probability of default (“PD”) and loss given default (“LGD”) methodology through a third-party proprietary tool which calculates the expected credit losses based on a discounted cash flow method. The tool uses effective interest rates to discount the expected cash flows associated with each AFS security to determine its fair value, which is then compared with its amortized cost basis to derive the credit loss on the security.

The methodology and inputs used to determine the credit loss by security type are as follows:

- **Corporate and government securities:** Expected cashflows are derived that are specific to each security. The PD is based on a quantitative model that converts agency ratings to term structures that vary by country, industry and the state of the credit cycle. This is used along with macroeconomic forecasts to produce scenario conditioned PDs. The LGD is based on default studies provided by a third party which we use along with macroeconomic forecasts to produce scenario conditioned LGDs.
- **Municipal securities:** Expected cash flows are derived that are specific to each security. The PD model produces scenario conditioned PD output over the lifetime of the municipal security. These PDs are based on key macroeconomic and instrument specific risk factors. The LGD is derived based on a model which uses assumptions specific to the municipal securities.

  For corporate, government and municipal securities, we use an explicit reversion and a three year forecast period, which we consider to be a reasonable duration during which an economic forecast could continue to be reliable.
- **Asset-backed, commercial and residential mortgaged-backed securities:** Expected cash flows are derived that are specific to each security. The PD and LGD for each security is based on a quantitative model that generates scenario conditioned PD and LGD term structures based on the underlying collateral type, waterfall and other trustee information. This model also considers prepayments. For these security types, there is no explicit reversion and the forecasts are deemed reasonable and supportable over the life of the portfolio.

We report the investment income accrued on our fixed income securities, AFS within accrued investment income and therefore separately from the underlying fixed income securities, AFS. Due to the short-term period during which accrued investment income remains unpaid, which is typically six months or less since the coupon on our debt securities is paid semi-annually or more frequently, we elected not to establish an allowance for credit losses on our accrued investment income balances. Accrued investment income is written off through net realized gains (losses) at the time the issuer of the debt security defaults or is expected to default on payments.

Uncollectible fixed income securities are written off when we determine that no additional payments of principal or interest will be received.

The following table provides a reconciliation of the beginning and ending allowance for credit losses on our AFS debt securities:

	December 31, 2024				December 31, 2023		
	Corporate	Commercial mortgage backed	Total	Other government	Corporate	Commercial mortgage backed	Total
	(in millions of U.S. dollars)						
Allowance for credit losses, beginning of year	$ (15)	$ (1)	$ (16)	$ (1)	$ (32)	$ —	$ (33)
Allowances for credit losses on securities for which credit losses were not previously recorded	(1)	—	(1)	—	(3)	(4)	(7)
Reductions for securities sold during the year	1	—	1	—	6	—	6
Decrease to the allowance for credit losses on securities that had an allowance recorded in the previous period	15	1	16	1	14	3	18
Allowance for credit losses, end of year	$ —	$ —	$ —	$ —	$ (15)	$ (1)	$ (16)

During the years ended December 31, 2024 and 2023, we did not have any write-offs charged against the allowance for credit losses or any recoveries of amounts previously written-off.

Equity Investments

We hold investments in publicly traded equities, exchange-traded funds, privately held equities and warrants. Our equity investments are carried at fair value with realized and unrealized gains and losses included in our consolidated statements of operations and recorded as fair value changes in trading securities, funds held and other investments.

We may elect to measure a privately held equity without a readily determinable fair value that does not qualify for the practical expedient to estimate fair value at its cost less impairment, if any.

The following table summarizes our equity investments as of December 31, 2024 and 2023:

	2024	2023
	(in millions of U.S. dollars)	
Privately held equity investments in common and preferred stocks	$ 460	$ 344
Publicly traded equity investments in common and preferred stocks	176	275
Exchange-traded funds	151	82
Warrants and other	16	—
Total	$ 803	$ 701

Our publicly traded equity investments in common and preferred stocks predominantly trade on major exchanges and are managed by our external advisors. Our investments in exchange-traded funds also trade on major exchanges.

Our privately held equity investments in common and preferred stocks are direct investments in companies that we believe offer attractive risk adjusted returns and/or offer other strategic advantages. Each investment may have its

own unique terms and conditions and there may be restrictions on disposals. There is no active market for these investments[23].

Other Investments, at fair value

Other investments include investments in limited partnerships and limited liability companies (collectively "private equity funds") and hedge funds, fixed income funds, equity funds, private credit funds, real estate funds, collateralized loan obligation ("CLO") equities and CLO equity funds that carry their investments at fair value.

We have elected the fair value option for certain of our other investments that would otherwise be accounted for as an equity method investment. The primary reason for electing the fair value option is because we believe this measurement basis is consistent with the applicable accounting guidance used by the investment funds themselves.

Our other investments are stated at fair value, which ordinarily will be the most recently reported net asset value ("NAV") as advised by the fund manager or administrator. The NAV is based on the fund manager's or administrator's valuation of the underlying holdings in accordance with the fund's governing documents. Many of our fund investments publish NAVs daily and provide daily liquidity while others report on a monthly or quarterly basis. Unrealized gains and losses on other investments are included in net income and reported as fair value changes in trading securities, funds held and other investments.

The following table summarizes our other investments carried at fair value as of December 31, 2024 and 2023:

	2024	2023
	(in millions of U.S. dollars)	
Private equity funds	$ 1,926	$ 1,617
Private credit funds	864	625
Hedge funds	410	491
Real estate funds	401	269
Fixed income funds	369	605
CLO equity funds	162	182
CLO equities	52	60
Equity funds	4	4
Total	$ 4,188	$ 3,853

The following is a description of the nature of each of these investment categories:

- Private equity funds include primary, secondaries diversified by asset classes, regional vintage and sectors and direct co-investment opportunities.
- Private credit funds invest in direct senior or collateralized loans.
- Hedge funds invest in fixed income, equity and other investments.
- Real estate funds comprise of real estate funds that invest primarily in commercial real estate equity.
- Fixed income funds comprise several positions in diversified fixed income funds that are managed by third-party managers. Underlying investments vary from high-grade corporate bonds to non-investment grade senior secured loans and bonds, in both liquid and illiquid markets. The liquid fixed income funds have regularly published prices.
- CLO equity funds invest primarily in the equity tranches of term-financed securitizations of diversified pools of corporate bank loans.
- CLO equities comprise investments in the equity tranches of term-financed securitizations of diversified pools of corporate bank loans.
- Equity funds invest primarily in public equities.

[23] Refer to Note 24 for further information on certain privately held equity investments.

Other investments, including equities measured at fair value using NAV as a practical expedient

We use NAV as a practical expedient to fair value certain of our other investments, including equities. Due to a lag in the valuations of certain funds reported by the managers, we may record changes in valuation with up to a three-month lag[24]. We regularly review and discuss fund performance with the fund managers to corroborate the reasonableness of the reported net asset values and to assess whether any events have occurred within the lag period that would affect the valuation of the investments.

Certain of our other investments are subject to restrictions on redemptions and sales that are determined by the governing documents, which limits our ability to liquidate those investments. These restrictions may include lock-ups, redemption gates, restricted share classes or side pockets, restrictions on the frequency of redemption and notice periods.

Certain of our other investments may not have any restrictions governing their sale, but there is no active market and no guarantee that we will be able to execute a sale in a timely manner. In addition, even if these investments are not eligible for redemption or sales are restricted, we may still receive income distributions from those other investments.

The table below details the estimated period by which proceeds would be received if we had provided notice of our intent to redeem or initiated a sales process as of December 31, 2024 for our investments measured at fair value using NAV as a practical expedient:

	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Not Eligible/ Restricted	Total	Redemption Frequency [1]
	(in millions of U.S. dollars)						
Equities							
Privately held equity investments	$ —	$ —	$ —	$ —	$ 71	$ 71	not eligible/ restricted
Other investments							
Hedge funds	410	—	—	—	—	410	monthly to bi-annually
Fixed income funds	330	—	—	—	34	364	monthly to quarterly
Private equity funds	66	—	—	—	1,860	1,926	quarterly for unrestricted amount
Private credit funds	30	—	—	—	471	501	not eligible / restricted
CLO equity funds	161	—	—	—	1	162	quarterly to bi-annually
Real estate funds	—	—	—	—	401	401	not eligible / restricted
Total	$ 997	$ —	$ —	$ —	$ 2,838	$ 3,835	

[1] Redemption frequency relates to unrestricted amounts.

Equity Method Investments

Investments that we do not consolidate but in which we have significant influence over the operating and financial policies of the investee are classified as equity method investments and are accounted for using the equity method of accounting unless we have elected the fair value option.

In applying the equity method of accounting, investments are initially recorded at cost and are subsequently adjusted based on our proportionate share of net income or loss of the investee, net of any distributions received from the investee.

[24] The valuation of our other investments is described in Note 14.

We typically record our proportionate share of an investee's net income or loss on a quarter lag in line with the timing of when they report their financial information to us. Any adjustments made to the carrying value of our equity method investees are based on the most recently available financial information from the investees.

Changes in the carrying value of such investments are recorded in our consolidated statements of operations as income (losses) from equity method investments. Any decline in the value of our equity method investments considered by management to be other-than-temporary is reflected in our consolidated statements of operations in the period in which it is determined.

During 2023, we divested of our equity interest in Citco and recognized a gain of $5 million, which is included in income from equity method investments.

The table below shows our equity method investments as of December 31, 2024 and 2023:

	2024		2023	
	Ownership %	Carrying Value	Ownership %	Carrying Value
		(in millions of U.S. dollars)		
Monument Re [(1)]	24.6 %	$ 19	20.0 %	$ 95
Core Specialty	19.9 %	281	19.9 %	225
Positive Physicians Holdings, Inc.	27.0 %	13	27.0%	14
		$ 313		$ 334

[(1)] As of December 31, 2024, we own 24.6% of the common shares in Monument Re. We converted all of our preferred shares in Monument Midco to common shares in Monument Re on January 2, 2024. As of December 31, 2023, we owned 20.0% of the common shares in Monument Re as well as preferred shares in Monument Midco which had fixed dividend yields (where declared).

Summarized Financial Information

The following is the aggregated summarized financial information of all our equity method investees, including those for which the fair value option was elected and would otherwise be accounted for as an equity method investment, and may be presented on a lag due to the availability of financial information from the investee:

	2024	2023
	(in millions of U.S. dollars)	
Balance Sheet		
Total assets	$ 69,237	$ 59,859
Total liabilities	49,137	45,430

	2024	2023	2022
	(in millions of U.S. dollars)		
Operating Results			
Total income	$ 12,854	$ 14,610	$ 6,524
Total expenses	12,101	12,989	6,885
Net income (loss)	$ 753	$ 1,621	$ (361)

The following table presents the carrying value by ownership percentage of our equity method investees, including those for which the fair value option was elected:

	2024		2023	
	Equity Method Investments	Fair Value Option	Equity Method Investments	Fair Value Option
	(in millions of U.S. dollars)			
Ownership percentage				
20%-99%	$ 32	$ 1,439	$ 109	$ 1,208
3%-19%	281	780	225	825
Total	$ 313	$ 2,219	$ 334	$ 2,033

Funds Held

Under funds held arrangements, the reinsured company has retained funds that would otherwise have been remitted to us. The funds held balance is credited with investment income and losses paid are deducted.

We present funds held as a single category within the consolidated balance sheets. The following table summarizes the components of funds held as of December 31, 2024 and 2023:

	2024	2023
	(in millions of U.S. dollars)	
Funds held - directly managed	$ 2,446	$ 2,502
Funds held by reinsured companies	2,533	2,749
Total funds held	$ 4,979	$ 5,251

Funds held arrangements where we receive the underlying portfolio economics and the contractual right to direct the asset allocation strategies are known as "Funds held - directly managed". Funds held arrangements where we receive a fixed crediting rate or other contractually agreed return are known as "Funds held by reinsured companies". Where we receive a contractually agreed return, we evaluate whether we are required to recognize an embedded derivative.

Funds held by reinsured companies are carried at cost and any embedded derivative is carried at fair value.

Funds held - directly managed are carried at fair value because it represents the aggregate of funds held at cost and the value of an embedded derivative. The embedded derivative relates to our contractual right to receive the return on the underlying investment portfolio and the performance risk of the individual assets supporting the reinsurance contract.

We include the estimated fair value of these embedded derivatives in the consolidated balance sheets with the host contract to reflect the expected settlement of these features with the host contract[25].

The investment returns on both categories of funds held are recognized in net investment income and fair value changes in trading securities, funds held and other investments, respectively. The change in the fair value of the embedded derivative is included in fair value changes in trading securities, funds held and other investments.

Funds Held - Directly Managed

The following table summarizes the components of the investments collateralizing the funds held - directly managed as of December 31, 2024 and 2023:

	2024	2023
	(in millions of U.S. dollars)	
Funds held - directly managed, at cost	$ 2,587	$ 2,608
Fair value changes in:		
Accumulated change in fair value - embedded derivative accounting	(141)	(106)
Funds held - directly managed, at fair value	$ 2,446	$ 2,502

Most of our funds held - directly managed is comprised of short-term and fixed maturities.

Funds Held by Reinsured Companies

Pursuant to the terms of the Aspen Insurance Holdings transaction entered into in 2022, in addition to earning a fixed crediting rate (“base crediting rate”) on the funds withheld, as of October 1, 2022 and through September 30, 2025 we will also receive a variable return (together, the “full crediting rate”).

The nature of the arrangement results in an embedded derivative, which represents the fair value of the amount by which all future interest payments on the funds withheld balance made at the full crediting rate are expected to exceed all future interest payments made on the funds withheld balance at the base crediting rate.

The following table summarizes the components of our funds held by reinsured companies:

	2024	2023
	(in millions of U.S. dollars)	
Fund held by reinsured companies, at amortized cost	$ 2,528	$ 2,709
Fair value of embedded derivative	5	40
Funds held by reinsured companies	$ 2,533	$ 2,749

The changes in in funds held are generally driven by net paid losses.

[25] Refer to Note 8 for our accounting policy on embedded derivatives.

Net Investment Income

Major categories of net investment income for the years ended December 31, 2024, 2023 and 2022 are summarized as follows:

	2024	2023	2022
	(in millions of U.S. dollars)		
Fixed maturities	$ 319	$ 326	$ 237
Short-term investments and cash and cash equivalents	43	38	10
Funds held	224	211	151
Investment income from fixed maturities, cash and cash equivalents	586	575	398
Equity investments	39	41	39
Other investments	67	51	43
Investment income from equities and other investments	106	92	82
Gross investment income	692	667	480
Investment expenses	(41)	(20)	(25)
Net investment income	$ 651	$ 647	$ 455

Net Realized Gains (Losses) and Fair Value Changes

Components of net realized and fair value changes for the years ended December 31, 2024, 2023 and 2022 were as follows:

	2024	2023	2022
	(in millions of U.S. dollars)		
Net realized (losses) gains on sale:			
Gross realized gains on fixed maturities, AFS	$ 11	$ 5	$ 6
Gross realized losses on fixed maturities, AFS	(35)	(81)	(89)
Decrease (increase) in allowance for expected credit losses on fixed maturities, AFS	15	11	(28)
Total net realized losses on sale	$ (9)	$ (65)	$ (111)
Fair value changes in trading securities, funds held and other investments:			
Fixed maturities, trading	$ (25)	$ 84	$ (503)
Funds held - directly managed	(14)	47	(567)
Equity securities	176	167	(290)
Other investments	325	225	(125)
Investment derivatives	(6)	5	(18)
Total fair value changes in trading securities, funds held and other investments	$ 456	$ 528	$ (1,503)
Net realized losses and fair value changes in trading securities, funds held and other investments	$ 447	$ 463	$ (1,614)

The gross realized gains and losses on AFS investments included in the table above resulted from sales of $1.4 billion, $1.8 billion and $2.1 billion for the years ended December 31, 2024, 2023 and 2022, respectively.

For the years ended December 31, 2024, 2023 and 2022, fair value changes in trading securities, funds held and other investments recorded within the statement of operations relating to equity securities still held on the balance sheet date were $105 million, $109 million and $(269) million, respectively.

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Restricted Assets

We utilize trust accounts to collateralize business with our (re)insurance counterparties. We are also required to maintain investments and cash and cash equivalents on deposit with regulatory authorities and Lloyd's to support our (re)insurance operations. The investments and cash and cash equivalents on deposit are available to settle (re)insurance liabilities. Collateral generally takes the form of assets held in trust, letters of credit or funds held. The assets used as collateral are primarily highly rated fixed maturities. The carrying value of our restricted assets, including restricted cash of $456 million and $266 million, as of December 31, 2024 and 2023, respectively, was as follows:

	2024	2023
	(in millions of U.S. dollars)	
Collateral in trust for third party agreements	$ 4,832	$ 5,301
Assets on deposit with regulatory authorities	63	80
Collateral for secured letter of credit facilities	45	78
Funds at Lloyd's ("FAL") [1]	229	389
	$ 5,169	$ 5,848

[1] We managed and provided capacity for one Lloyd's syndicate as of December 31, 2024 and 2023. Lloyd's determines the required capital principally through the use of an internal model that calculates a solvency capital requirement for each syndicate. This capital is referred to as FAL and will be drawn upon if a syndicate has a loss that cannot be funded from other sources. We also utilize unsecured letters of credit for a significant portion of our FAL, as described in Note 18.

8. DERIVATIVES AND HEDGING INSTRUMENTS

Accounting for Derivatives

Freestanding Derivatives

Freestanding derivatives are recorded on trade-dates and carried on the consolidated balance sheet either as assets within other assets or as liabilities within other liabilities at estimated fair value. We do not offset the estimated fair value amounts recognized for derivatives executed with the same counterparty under the same master netting agreement.

If a derivative is not designated as an accounting hedge or its use in managing risk does not qualify for hedge accounting, changes in the estimated fair value of the derivative are reported in fair value changes in trading securities, funds held and other investments included in our consolidated statements of operations.

Hedge Accounting

To qualify for hedge accounting, at the inception of the hedging relationship, we formally document the risk management objective and strategy for undertaking the hedging transaction, as well as the designation of the hedge.

We have qualifying net investment in foreign operation (“NIFO”) hedges. We recognize changes in the estimated fair value of the hedging derivatives within OCI, consistent with the translation adjustment for the hedged net investment in the foreign operation.

Our documentation sets forth how the hedging instrument is expected to hedge the designated risks related to the hedged item and sets forth the method that will be used to retrospectively and prospectively assess the hedging instrument’s effectiveness. A derivative designated as a hedging instrument must be assessed as being highly effective in offsetting the designated risk of the hedged item. Hedge effectiveness is formally assessed at inception and at least quarterly throughout the life of the designated hedging relationship. Assessments of hedge effectiveness are also subject to interpretation and estimation and different interpretations or estimates may have a material effect on the amount reported in net income.

When hedge accounting is discontinued pursuant to a NIFO hedge (due to a revaluation, payment of a dividend or the disposal of our investment in a foreign operation), the derivative continues to be carried on the balance sheet at its estimated fair value. Deferred gains and losses recorded in OCI pursuant to a discontinued NIFO hedge are recognized immediately in net foreign exchange losses (gains) in our consolidated statements of operations.

Embedded Derivatives

We are party to certain reinsurance agreements that have embedded derivatives. We also have embedded derivatives on our convertible bond portfolio, recorded within fixed maturities, trading on the consolidated balance sheets. We assess each identified embedded derivative to determine whether it is required to be bifurcated. The embedded derivative is bifurcated from the host contract and accounted for as a freestanding derivative if:

- the combined instrument is not accounted for in its entirety at estimated fair value with changes in estimated fair value recorded in net income;
- the terms of the embedded derivative are not clearly and closely related to the economic characteristics of the host contract; and
- a separate instrument with the same terms as the embedded derivative would qualify as a derivative instrument.

Such embedded derivatives are carried on the consolidated balance sheet at estimated fair value with the host contract and changes in their estimated fair value are generally reported within fair value changes in trading securities, funds held and other investments.

Derivative Strategies

We are exposed to various risks relating to our ongoing business operations, including interest rate, foreign currency exchange rate, credit and equity price risks. We use a variety of strategies to manage these risks, including the use of derivatives.

Derivatives are financial instruments with values derived from interest rates, foreign currency exchange rates, credit spreads and/or other financial indices. The types of derivatives we use include swaps and forwards.

Foreign currency derivatives

We use foreign currency exchange rate derivatives, including foreign currency forwards, to reduce the risk from fluctuations in foreign currency exchange rates associated with our assets and liabilities denominated in foreign currencies. We also use foreign currency derivatives to hedge the foreign currency exchange rate risk associated with certain of our net investments in foreign operations.

In a foreign currency forward transaction, we agree with another party to deliver a specified amount of an identified currency at a specified future date. The price is agreed upon at the time of the contract and payment for such a contract is made at the specified future date. We utilize foreign currency forwards in fair value, NIFO hedges and nonqualifying hedging relationships.

Interest rate derivatives

We use interest rate derivatives, specifically interest rate swaps, to reduce our exposure to changes in interest rates.

Interest rate swaps are used by us primarily to reduce market risks from changes in interest rates and to alter interest rate exposure arising from mismatches between assets and liabilities (duration mismatches). In an interest rate swap, we agree with another party to exchange, at specified intervals, the difference between fixed rate and floating rate interest amounts as calculated by reference to an agreed notional amount. We utilize interest rate swaps in nonqualifying hedging relationships.

In February 2023, we entered into a two-month forward starting receive fixed, pay floating interest rate swap with a notional value of $800 million to partially mitigate the risk that interest rates could decrease prior to our receipt of the cash consideration for the QBE LPT transaction. Following the expiration of the forward period in April 2023, we took delivery of a three-year receive fixed, pay floating interest rate swap. The notional value of the swap was subsequently partially unwound as the consideration received was invested. The swap was fully unwound in July 2023.

In June 2024, we entered into four one-month forward interest rate swaps each with a different underlying swap term of 2 to 5 years, receiving a fixed rate and paying a floating rate with a notional value of $125 million. The interest rate swaps have an end date of July 2026, July 2027, July 2028, and July 2029 with notional values of $46 million, $50 million, $17 million, and $12 million, respectively. The interest rate swaps were to (1) partially mitigate the risk that interest rates could decrease prior to our receipt of the premium consideration and (2) reduce asset and liability mismatch risk driven by investment restrictions for the LPT transaction related to property catastrophe and COVID-19 exposures signed in June 2024, which closed in the third quarter of 2024 as disclosed in Note 4.

Additionally, in June 2024, we entered into two one-month forward interest rate swaps, receiving a fixed rate and paying a floating rate with a notional value of AUD $195 million (USD $130 million) to partially mitigate the risk that interest rates could decrease prior to our receipt of the consideration for the ADC transaction related to product & public liability, compulsory third-party motor, professional risks, and workers' compensation business signed in June 2024 and which closed in the third quarter of 2024 as disclosed in Note 4. The swap was terminated in September 2024. For the year ended December 31, 2024, we recognized a gain from fair value changes of the derivatives of $5 million.

In August 2024, we entered into a one-month forward interest rate swap, receiving a fixed rate and paying a floating rate with a notional value of $308 million to partially mitigate the risk that interest rates could decrease prior to our receipt of the consideration for the LPT transaction related to general aviation and workers' compensation signed in August 2024, which closed in the fourth quarter of 2024 as disclosed in Note 4. The swap was terminated in December 2024. For the year ended December 31, 2024, we recognized a loss from fair value changes of the derivatives of $5 million.

In December 2024, we entered into three three-month forward interest rate swaps, receiving a fixed rate and paying a floating rate with a notional value of $823 million, £252 million, and €383 million to partially mitigate the risk that

interest rates could decrease prior to our receipt of the consideration for the LPT transaction related to a diversified mix of business including liability, professional risk, and motor signed in December, 2024.

The following table presents the gross notional amounts and estimated fair values of our derivatives recorded within other assets and other liabilities on the consolidated balance sheets as of December 31, 2024 and 2023:

	2024			2023		
		Fair Value [1]			Fair Value [1]	
	Gross Notional Amount	Assets	Liabilities	Gross Notional Amount	Assets	Liabilities
	(in millions of U.S. dollars)					
Derivatives designated as hedging instruments						
Foreign currency forward contracts	$ 227	$ 2	$ —	$ 424	$ 1	$ 6
Derivatives not designated as hedging instruments						
Foreign currency forward contracts	282	3	1	313	3	3
Interest rate swaps	1,660	—	6	—	—	—
Others	—	—	—	14	—	—
Total	$ 2,169	$ 5	$ 7	$ 751	$ 4	$ 9

[1] Refer to Note 14 for additional information regarding the fair value of our derivatives.

The following table presents the net gains and losses relating to our derivative instruments for the years ended December 31, 2024, 2023 and 2022:

		Amount of Net Gains (Losses)		
	Location of gain (loss) recognized on derivatives	2024	2023	2022
		(in millions of U.S. dollars)		
Derivatives designated as hedging instruments				
Foreign currency forward contracts	Accumulated other comprehensive income (loss)	$ 13	$ (15)	$ 50
Derivatives not designated as hedging instruments				
Foreign currency forward contracts	Net foreign exchange gains (losses)	10	9	(10)
Interest rate swap	Fair value changes in trading securities, funds held and other investments	(7)	7	—
Others	Fair value changes in trading securities, funds held and other investments	—	(2)	—

9. REINSURANCE BALANCES RECOVERABLE ON PAID AND UNPAID LOSSES

Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying liability for losses and LAE. We report our reinsurance balances recoverable on paid and unpaid losses net of an allowance for estimated uncollectible amounts.

Our allowance for estimated uncollectible reinsurance is derived based on various data sources, multiple key inputs and forecast scenarios. These include the duration of the collection period, credit quality, changes in reinsurer credit standing, default rates specific to the individual reinsurer, the geographical location of the reinsurer, contractual disputes with reinsurers over individual contentious claims, contract language or coverage issues, industry analyst reports and consensus economic forecasts.

To determine the allowance for estimated uncollectible reinsurance, we use the PD and LGD methodology whereby each reinsurer is allocated an appropriate PD percentage based on the expected payout duration by portfolio. This PD percentage is then multiplied by an appropriate LGD percentage to arrive at an overall credit allowance percentage which is then applied to the reinsurance balance recoverable for each reinsurer, net of any specific bad debt provisions, collateral or other contract related offsets, to arrive at the overall allowance for estimated uncollectible reinsurance by reinsurer.

Amounts deemed to be uncollectible, including amounts due from known insolvent reinsurers, are written off against the allowance.

Changes in the allowance, as well as any subsequent collections of amounts previously written off, are reported as part of the net incurred losses and LAE in our consolidated statements of operations.

On an ongoing basis, we also evaluate and monitor the credit risk of our reinsurers, including those under voluntary schemes of arrangement, to minimize our exposure to significant losses from potential insolvencies.

The following tables provide the total reinsurance balances recoverable on paid and unpaid losses.

	December 31, 2024	December 31, 2023
	(in millions of U.S. dollars)	
Recoverable from reinsurers on unpaid:		
Outstanding losses and IBNR	$ 683	$ 836
ULAE	4	5
Fair value adjustments - acquired companies	(5)	(5)
Fair value adjustments - fair value option	(54)	(62)
Total reinsurance reserves recoverable	628	774
Paid losses recoverable	84	183
Total	$ 712	$ 957
Reconciliation to Consolidated Balance Sheet:		
Reinsurance balances recoverable on paid and unpaid losses	$ 533	$ 740
Reinsurance balances recoverable on paid and unpaid losses - fair value option	179	217
Total	$ 712	$ 957

Certain of our subsidiaries and assumed portfolios, prior to acquisition, used retrocessional agreements to reduce their exposure to the risk of (re)insurance assumed.

The fair value adjustments, determined on acquisition of (re)insurance subsidiaries, are based on the estimated timing of loss and LAE recoveries and an assumed interest rate equivalent to a risk free rate for securities with similar duration to the acquired reinsurance balances recoverable on paid and unpaid losses plus a spread for credit risk, and are amortized over the estimated recovery period, as adjusted for accelerations in timing of payments as a result of commutation settlements[26].

[26]The determination of the fair value adjustments on the retroactive reinsurance contracts for which we have elected the fair value option is described in Note 14.

The decrease in reinsurance balances on paid and unpaid losses from December 31, 2023 to December 31, 2024 was primarily due to cash collections, adverse ceded development and foreign exchange movement.

Top Ten Reinsurers

	December 31, 2024			December 31, 2023		
	Number	Total ($)	%	Number	Total ($)	%
	(in millions of U.S. dollars, except for number of top 10 reinsurers)					
Information regarding top ten reinsurers:						
Top 10 reinsurers rated A- or better	8	$ 328		8	$ 436	
Top 10 non-rated reinsurers:						
Due from a U.S. state backed reinsurer that is supported by assessments on active auto writers operating within the state		136			149	
Due from a U.S. Workers' Compensation Reinsurance Pool that is secured through an allocation to insurers actively writing workers' compensation in the covered state		42			42	
Total top 10 non-rated reinsurers	2	178		2	191	
Total top 10 reinsurers		506	71.1 %		627	65.5 %
Other reinsurers > $1 million		186	26.1 %		316	33.0 %
Other reinsurers < $1 million		20	2.8 %		14	1.5 %
Total		$ 712	100.0 %		$ 957	100.0 %
Single reinsurers that represent 10% or more of total reinsurance balance recoverables as of December 31, 2024 and 2023:						
Lloyd's Syndicates [1]		$ 96			$ 135	
Michigan Catastrophic Claims Association[2]		$ 136			$ 149	

[1] Lloyd's Syndicates are rated AA- by Standard & Poor's and A+ by A.M. Best.

[2] U.S. state backed reinsurer that is supported by assessments on active auto writers operating within the state.

The table below provides a reconciliation of the beginning and ending allowance for estimated uncollectible reinsurance balances for the years ended December 31, 2024 and 2023:

	2024	2023
	(in millions of U.S. dollars)	
Allowance for estimated uncollectible reinsurance, beginning of year	$ 131	$ 131
Effect of exchange rate movement	(1)	1
Current period change in the allowance	(5)	2
Write-offs charged against the allowance	(2)	—
Recoveries collected	(7)	(3)
Allowance for estimated uncollectible reinsurance, end of year	$ 116	$ 131

10. DEFERRED CHARGE ASSETS AND DEFERRED GAIN LIABILITIES

If, at the inception of a retroactive reinsurance contract, the estimated liabilities for losses and LAE exceed the premiums received, a deferred charge asset ("DCA") is recorded for this difference. In contrast, if the premiums received are more than the estimated undiscounted ultimate losses payable, a deferred gain liability ("DGL") is recorded (although given time value of money and earnings of investable assets, deferred gain liabilities are rare in practice).

The consideration that we charge the ceding companies under retroactive reinsurance contracts may be lower than our estimate of losses and LAE liabilities as these liabilities may not be settled for many years. Our contractual counterparties (cedants) settle the consideration upon inception of the contract and we invest the consideration received over an extended period of time, thereby generating investment income. As a result, we expect to generate profits from these retroactive reinsurance contracts when taking into account the consideration received and expected investment income, less contractual obligations and expenses.

We amortize the originating DCA balances over the estimated claim payment period of the related contracts with the amortization adjusted prospectively at each reporting period to reflect new estimates of the pattern and timing of remaining losses and LAE payments. We present the amortization of our net DCAs and DGLs as a separate line item in our consolidated statements of operations.

DCAs are assessed at each reporting period for impairment based on the expected yields from the investment income of the underlying assets supporting the specific acquired insurance contract liabilities. There were no impairments identified in any of the periods reported.

Deferred Charge Assets and Deferred Gain Liabilities

The following table presents the net deferred charge assets and deferred gain liabilities activity for the years ended December 31, 2024, 2023 and 2022:

	2024			2023			2022		
	DCA	DGL	Net	DCA	DGL	Net	DCA	DGL	Net
	(in millions of U.S. dollars)								
Beginning carrying value	$ 731	$ —	$ 731	$ 658	$ —	$ 658	$ 599	$ 1	$ 598
Recorded during the period	131	—	131	179	—	179	140	—	140
Amortization	(117)	—	(117)	(106)	—	(106)	(81)	(1)	(80)
Ending carrying value	$ 745	$ —	$ 745	$ 731	$ —	$ 731	$ 658	$ —	$ 658

11. LOSSES AND LOSS ADJUSTMENT EXPENSES

The liability for losses and LAE, also referred to as loss reserves, represents both gross estimates before reinsurance for unpaid reported losses (Outstanding Loss Reserves, or "OLR") and losses that have been IBNR, estimated using actuarial methods. We recognize an asset for the portion of the liability that we expect to recover from reinsurers. LAE reserves include allocated LAE ("ALAE") and unallocated LAE (“ULAE). ALAE are linked to the settlement of an individual claim or loss, whereas ULAE are based on our estimates of future costs to administer the claims. IBNR includes amounts for unreported claims, development on known claims and reopened claims.

Our loss reserves cover multiple lines of business, including asbestos, environmental, general casualty, workers' compensation, marine, aviation and transit, construction defect, professional indemnity/directors and officers, motor, property and other lines of business.

We establish reserves for unpaid reported losses and LAE based on reports from brokers, ceding companies and insureds and these represent the estimated ultimate cost of events or conditions that have been reported to or specifically identified by us.

The reserves for IBNR losses are established by us based on actuarially determined estimates of ultimate losses and LAE. Inherent in the estimate of ultimate losses and LAE are expected trends in claim severity and frequency, historical loss experience, industry statistics and other factors which may vary significantly as claims are settled.

These estimates are reviewed regularly and are subject to the impact of future changes in the factors noted above as well as economic conditions including the impact of inflation, legal and judicial developments, and medical cost trends.

Any subsequent remeasurement of our reserves will be recorded in net income in the period in which they become known and reflected as part of the net increase or reduction in the estimates of ultimate losses included within net incurred losses and LAE in the consolidated statements of operations.

Prior period development ("PPD") arises from changes to loss estimates recognized in the current calendar year that relate to loss reserves established in previous calendar years.

Our estimates, at inception and on an ongoing basis, do not include an estimate for potential future commutations and policy buybacks. Commutations and policy buybacks are often unique and circumstance-based, and each commutation or policy buyback is separately negotiated. Therefore, the successful execution of one commutation or policy buyback does not necessarily impact the likelihood of other commutations or policy buybacks occurring in the future.

Commutations and policy buybacks provide an opportunity for us to exit exposures to certain policies and insureds generally at a discount to our estimate of the ultimate liability and provide us with the ability to eliminate exposure to further losses which can be beneficial to us as they legally extinguish liabilities in full, reducing the potential for future adverse loss development and future claims handling costs.

Commutations of acquired companies’ exposures have the effect of accelerating the payout of claims compared to the probability-weighted ranges of actuarially projected cash flows that we applied when estimating the fair values of assets and liabilities at the time of acquisition.

Commutations are only executed directly with (re)insureds and any changes in ultimate losses are recognized upon the execution of a commutation or policy buyback with the (re)insured.

Any material acceleration of payout together with the impact of any material loss reserve savings in any period will also accelerate the amortization of any associated fair value adjustments in that period.

Our (re)insurance subsidiaries also establish provisions for ULAE for LAE relating to run-off costs for the estimated duration of the run-off, such as internal claim management or associated operational support costs, which are included in the liability for losses and LAE. These provisions are assessed at each reporting date, and provisions relating to future periods are adjusted to reflect any changes in estimates of the periodic run-off costs or the duration of the run-off, including the impact of any acceleration of the run-off period that may be caused by commutations. Provisions relating to the current period together with any adjustment to future run-off provisions are included in net incurred losses and LAE in the consolidated statements of operations.

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Fair Value Option

We have elected to apply the fair value option for certain reinsurance contracts including, LPTs and reinsurance to close ("RITC") transactions. This is an irrevocable election that applies to all balances under the reinsurance contract, including reinsurance balances recoverable on paid and unpaid losses and the liability for losses and LAE. The primary reason for electing the fair value option was to reduce the earnings volatility created by carrying the liabilities for losses and LAE at cost and the assets supporting those liabilities at fair value. During 2017 and 2018, we elected the fair value option on select new business and classified the supporting portfolio investments as trading securities, whereby all changes in fair value were recorded in the statements of operations. Commencing in 2019, we discontinued electing the fair value option on new business to better align with our evolving investment objectives.

We use an internal model to calculate the fair value of the liability for losses and LAE and the reinsurance balances recoverable on paid and unpaid losses. The nominal amounts related to reinsurance balances recoverable on paid and unpaid losses and the liability for losses and LAE are inputs in our internal model. These liabilities are included in losses and LAE, at fair value on the consolidated balance sheets, and the changes in the liability are included in net incurred losses and LAE on the consolidated statements of operations.

The table below provides a consolidated reconciliation of the beginning and ending liability for losses and LAE.

	2024	2023	2022
	(in millions of U.S. dollars)		
Balance as of January 1	**$ 12,359**	**$ 13,007**	**$ 13,258**
Reinsurance reserves recoverable on unpaid losses	(774)	(996)	(1,332)
Net balance as of January 1	**11,585**	**12,011**	**11,926**
Net incurred losses and LAE:			
Current period:			
Increase in estimates of net ultimate losses	22	28	46
Increase in provisions for ULAE	1	2	2
Total current period	23	30	48
Prior periods:			
Reduction in estimates of net ultimate losses	(105)	(157)	(403)
Reduction in provisions for ULAE	(77)	(69)	(135)
Amortization of fair value adjustments [1]	13	17	(18)
Changes in fair value - fair value option [2]	20	78	(200)
Total prior periods	(149)	(131)	(756)
Total net incurred losses and LAE	**(126)**	**(101)**	**(708)**
Net paid losses:			
Current period	(2)	—	(3)
Prior periods	(2,265)	(2,467)	(1,677)
Total net paid losses	**(2,267)**	**(2,467)**	**(1,680)**
Other changes:			
Effect of exchange rate movement	(149)	87	(187)
Change in net liability for losses and LAE at fair value - Instrument-specific credit risk	10	(21)	—
Acquired business [3]	66	—	—
Assumed business [3]	1,657	2,215	2,660
Ceded business [4]	—	(139)	—
Total other changes	**1,584**	**2,142**	**2,473**
Net balance as of December 31	**10,776**	**11,585**	**12,011**
Reinsurance reserves recoverable on unpaid losses	628	774	996
Balance as of December 31	**$ 11,404**	**$ 12,359**	**$ 13,007**
Reconciliation to Consolidated Balance Sheet:			
Loss and loss adjustment expenses	$ 10,407	$ 11,196	
Loss and loss adjustment expenses, at fair value	997	1,163	
Total	**$ 11,404**	**$ 12,359**	

[1] 2022 amortization of fair value adjustments includes accelerated amortization of $33 million representing the remaining risk margin fair value adjustment liability originally recorded upon acquisition of the Enhanced Re catastrophe reinsurance business. The liability was released following the commutation of the catastrophe business back to Allianz.

[2] Comprises discount rate and risk margin components.

[3] Amounts from 2024 correspond to the net loss reserves assumed from signed and closed reinsurance agreements described in Note 4 and Note 6, as well as other individually insignificant closed transactions.

[4] 2023 ceded business represents the settlement of our participation in Atrium's Syndicate 609 relating to the 2020 and prior underwriting years, comprised of losses and LAE expenses of $173 million, net of reinsurance reserves recoverable of $34 million.

Prior Period Development ("PPD")

Net Reduction in Estimates of Net Ultimate Losses

The following table summarizes the (reductions) increases in estimates of net ultimate losses related to prior years by segment and line of business:

	2024	2023	2022
	(in millions of U.S. dollars)		
Run-off segment:			
Asbestos	$ 33	$ 23	$ (14)
Environmental	35	(1)	(6)
General casualty	21	127	57
Workers' compensation	(91)	(200)	(318)
Marine, aviation and transit	(19)	(2)	(56)
Construction defect	(15)	17	(25)
Professional indemnity/Directors and Officers	(55)	(11)	(10)
Motor	(29)	(28)	74
Property	7	(68)	(35)
All Other	8	(14)	(22)
Total Run-off segment	(105)	(157)	(355)
Total Former Assumed Life segment	—	—	(52)
Total Former Legacy Underwriting segment	—	—	4
Total	$ (105)	$ (157)	$ (403)

2024: The reduction in estimates of net ultimate losses of $105 million related to prior periods was driven by development in the following Run-off segment lines of business:

- **Workers' Compensation** - The workers' compensation line of business experienced $91 million of favorable development, most notably in our 2019 and 2021 acquisition years, as a result of continued favorable incurred development driven by lower severity trends on certain existing claims, reduced levels of expected frequency of claims for excess workers' compensation, and favorable claim settlements, including accelerated and favorable claim settlement patterns on certain portfolios, and an ADC contract where the cedants have experienced continued favorable ground-up performance.
- **Professional indemnity/ Directors and Officers** - The professional indemnity/directors and officers line of business experienced $55 million of favorable development, most notably in our 2021 acquisition year, as a result of continued favorable ground-up claims experience on an ADC contract.
- **Motor** - The motor line of business experienced $29 million of favorable development, most notably in our 2023 acquisition year, because of favorable claim development.
- **Marine, Aviation and Transit** - The marine, aviation, and transit line of business experienced $19 million of favorable development, most notably in our 2022 acquisition years, because of favorable claim development.
- **General Casualty** - The experience in the general casualty reserves was adverse by $21 million. This was driven by higher average incurred severities as compared to assumptions, most notably in our 2020 and 2023 acquisition years.
- **Environmental** - The experience in the environmental reserves was adverse by $35 million. This was driven by higher than expected claim costs and claim filings, most notably in our 2016 and 2021 acquisition years.
- **Asbestos** - The experience in the asbestos reserves was adverse by $33 million. This was driven by an increase in asbestos filings, most notably in our 2019 acquisition year.

2023: The reduction in estimates of net ultimate losses of $157 million related to prior periods was primarily driven by development in the following Run-off segment lines of business:

- **Workers' Compensation** - The workers' compensation line of business experienced $200 million of favorable development, most notably in our 2018, 2019 and 2021 acquisition years, because of lower severity trends on certain existing claims, reduced levels of expected frequency of claims for excess workers' compensation and favorable claim settlements, including accelerated and favorable claim settlement patterns on certain portfolios.
- **Property** - The property line of business experienced $68 million of favorable development, most notably in the 2022 acquisition year, because of continued favorable claims experience; and
- **General Casualty** - The experience in the general casualty reserves was adverse by $127 million. This was driven by higher average incurred severities as compared to assumptions, most notably in our 2019 and 2020 acquisition years. Our 2020 acquisition year general casualty liabilities experienced additional claim reporting latency and unexpected increased severity on a small number of large New York Labor Law claims which resulted in increased loss estimates. Our 2019 acquisition year ADC general casualty liabilities showed ground up adverse development which has resulted in higher loss estimates.

2022: The reduction in estimates of net ultimate losses of $403 million related to prior periods was primarily driven by development in the following Run-off segment lines of business:

- **Workers' Compensation** - The workers' compensation line of business experienced $318 million of favorable development, most notably in our 2017 and 2019 to 2021 acquisition years, as a result of lower severity trends on certain existing claims, reduced levels of expected frequency of claims for excess workers' compensation; favorable claim settlements, including accelerated and favorable claim settlement patterns on certain portfolios; and an ADC contract where the cedants have experienced continued favorable ground-up performance.

  During 2022, we also completed 15 commutations that resulted in a net reduction of ultimate losses of $11 million in our workers' compensation line of business.
- **Motor** - The experience in the motor line was adverse by $74 million due to higher-than-expected claims severity relating to our 2020 acquisition year.
- **General Casualty** - The experience in the general casualty reserves was adverse by $57 million, including adverse development on an LPT portfolio from our 2020 acquisition year, partially offset by favorable development on certain of our 2019 and 2021 ADC contracts. Notably, our 2020 acquisition year general casualty liabilities experienced additional claim reporting latency and unexpected increased severity on a small number of large New York Labor Law claims which resulted in increased loss estimates. Our 2019 and 2021 acquisition year ADC general casualty liabilities show a continued pattern of ground up favorable development which has resulted in lower estimates of our reserves for these exposures.
- **Marine, Aviation and Transit** - The marine, aviation and transit line of business experienced a $56 million reduction in estimates of net ultimate losses due to favorable experience across a variety of claim types of favorable development because of favorable experience across a variety of claim types, related to the 2014, 2018 and 2019 acquisition years.

Our Assumed Life segment also experienced favorable claim activity on our 2021 acquisition year catastrophe business. During 2022, we commuted back to Allianz the catastrophe reinsurance business originally ceded to Enhanzed Re by Allianz and recognized a favorable commutation gain of $59 million, of which $26 million contributed to a favorable reduction in estimates of net ultimate losses. The remaining $33 million represented the accelerated amortization of the remaining fair value adjustment liability and is included within amortization of fair value adjustments.

Reduction in Provisions for ULAE

During 2024, 2023 and 2022, the favorable reduction in provisions for ULAE was driven by ULAE provision adjustments from our run-off operations, due to the corresponding reductions in loss reserves and the associated cost of managing such liabilities, which favorably impacted PPD.

Changes in Fair Value - Fair Value Option

During 2024, PPD was adversely impacted by changes in the fair value of liabilities for which we previously elected the fair value option of $20 million, which was primarily driven by an increase in the average payout period of the underlying liabilities.

During 2023, PPD was adversely impacted by changes in the fair value of liabilities for which we previously elected the fair value option of $78 million, which was primarily driven by an increase in the average payout period of the underlying liabilities and a decrease in global corporate bond yields.

During 2022, decreases in the fair value of liabilities for which we have elected the fair value option of $200 million, were primarily driven by an increase in corporate bond yields, which favorably impacted PPD.

Reconciliation of the Net Liability for Losses and LAE, Prior to the Provision for Bad debt to the Gross Liability for Losses and LAE included in the Consolidated Balance Sheet

The table below presents the reconciliation of the loss development tables disclosed further below to the liability for losses and LAE in the consolidated balance sheet for our Run-off segment. Loss development tables that we presented are those that are most significant to our financial statements.

	December 31, 2024				
	Net Liability for Losses and LAE, Prior to Provision for Bad Debt	Provision for Bad Debt	Net Liability for Losses and LAE	Reinsurance Recoverable on Liabilities for Losses and LAE	Gross Liabilities for Losses and LAE
	(in millions of U.S. dollars)				
Presented in the loss development tables:					
Asbestos	$ 1,403	$ 16	$ 1,419	$ 68	$ 1,487
General casualty	3,535	7	3,542	66	3,608
Workers' compensation	1,897	1	1,898	177	2,075
Professional indemnity/Directors and Officers	1,607	1	1,608	76	1,684
Motor	545	2	547	158	705
Excluded from the loss development tables:					
Environmental	303	3	306	11	317
Marine, aviation and transit	306	2	308	27	335
Construction defect	210	—	210	—	210
Property	183	1	184	73	257
Other	666	2	668	27	695
Total OLR and IBNR	10,655	35	10,690	683	11,373
ULAE	394	—	394	4	398
Fair value adjustments - acquired companies	(94)	—	(94)	(5)	(99)
Fair value adjustments - fair value option	(214)	—	(214)	(54)	(268)
Total	**$ 10,741**	**$ 35**	**$ 10,776**	**$ 628**	**$ 11,404**

Loss Development Information

Methodology for Establishing Reserves (Excluding Asbestos and Environmental Claims)

We perform our analysis of loss reserves and IBNR by each portfolio that we have acquired. Exposures for each portfolio are separated into homogenous reserving classes, generally lines of business, within each portfolio. Each reserving class contains either direct insurance or assumed reinsurance reserves and groups of relatively similar types of risks and exposures and lines of business written.

Based upon the exposure characteristics and the nature of available data for each individual reserving class, we select loss development extrapolation methods to calculate an estimate of ultimate losses.

We establish our recorded reserves as an estimate of unpaid losses for each class primarily by utilizing actuarial expertise and projection methods. The actuarial methodologies are selected after consideration of exposure characteristics, data limitations, and strengths and weaknesses of each method applied.

We use generally accepted actuarial methodologies to estimate ultimate losses and LAE, including:

- **Cumulative Reported and Paid Loss Development Methods:** The Cumulative Reported (Case Incurred) Loss Development method estimates ultimate losses by multiplying cumulative reported losses (paid losses plus case reserves) by a cumulative development factor.

  Historical "age-to-age" loss development factors (“LDFs”) are calculated to measure the relative development of an accident year from one maturity point to the next. Age-to-age LDFs are then selected based on these historical factors. The selected age-to-age LDFs are used to project the ultimate losses.

  The Cumulative Paid Loss Development Method is mechanically identical to the Cumulative Reported Loss Development Method described above, but the paid method does not rely on case reserves or claim reporting patterns in making projections.

- **Incremental Reported and Paid Loss Development Methods:** Incremental incurred and paid analyses are performed in cases where cumulative data is not available. The concept of the incremental loss development methods is like the cumulative loss development methods described above, in that the pattern of historical paid or incurred losses is used to project the remaining future development.

- **IBNR-to-Case Outstanding Method:** This method requires the estimation of consistent cumulative paid and reported (case) incurred loss development patterns and age-to-ultimate LDFs, either from data that is specific to the segment being analyzed or from applicable benchmark or industry data. These patterns imply a specific expected relationship between IBNR, including both development on known claims (bulk reserve) and losses on true late reported claims, and reported case incurred losses.

- **Bornhuetter-Ferguson Expected Loss Projection Reported and Paid Methods:** The Bornhuetter-Ferguson Expected Loss Projection method produces expected unreported losses by multiplying the expected losses, which are based on initial selected ultimate loss ratios by year, by the unreported percentage. The unreported percentage is calculated as one minus the reciprocal of the selected cumulative incurred LDFs. Finally, the expected unreported losses are added to the current reported losses to produce ultimate losses.

  The calculations underlying the Bornhuetter-Ferguson Expected Loss Projection method based on paid loss data are similar to the Bornhuetter-Ferguson calculations based on reported losses, with the exception that paid losses and unpaid percentages replace reported losses and unreported percentages.

- **Reserve Run-off Method:** This method first projects the future values of case reserves for all underwriting years to future ages of development by selecting a run-off pattern of case reserves based on the observed run-off ratios at each age of development. Once the ratios have been selected, they are used to project the future values of case reserves.

  A paid on reserve factor is selected in a similar way. The ratios of the observed amounts paid during each development period to the respective case reserves at the beginning of the periods are used to estimate how much will be paid on the case reserves during each development period. These paid on reserve factors are then applied to the case reserve amounts that were projected during the first phase of this method. A summation of the resulting paid amounts yields an estimate of the liability.

We also consider additional information, such as, but not limited to, changes in the legal, regulatory and judicial environment; medical cost trends and general inflation; and adjust the estimate of ultimate losses as deemed necessary.

Paid-to-date losses are then deducted from the estimate of ultimate losses and LAE to arrive at an estimated total loss reserve, and reported outstanding case reserves are then deducted from estimated total loss reserves to calculate the estimated IBNR reserve.

These estimates are reviewed regularly and, as experience develops and new information becomes known, the reserves are adjusted as necessary. We generally perform a full review of each portfolio annually and additionally we perform interim reviews quarterly to ascertain whether changes to claims paid or case reserve amounts have varied from our expectations developed during the last annual reserve review. In this event, we consider the timing

and magnitude of the actual versus expected development and may record an interim adjustment to our recorded reserves.

Asbestos and Environmental Reserving Methodologies

The ultimate losses from A&E claims cannot be estimated using traditional actuarial reserving methods that extrapolate losses to an ultimate basis using loss development, and therefore use alternative actuarial projection methods. Claims are spread across multiple policy years, generally from 1985 and prior, based on the still evolving case law in each jurisdiction, making historical development patterns unreliable to forecast the future claim payments.

As such, we estimate IBNR reserves for each of our portfolios with A&E exposures separately using the following methodologies:

- **Paid Survival Ratio Method:** In this method, our historical calendar year payments are examined to determine an expected future annual average payment amount. This amount is multiplied by an expected number of future payment years to estimate a reserve.

  Trends in calendar year payment activity are considered when selecting an expected future annual average payment amount (which is derived from an expected paid survival ratio) and accepted industry benchmarks are used in determining an expected number of future payment years.
- **Paid Market Share Method:** In this method, our estimated market share is applied to the industry estimated unpaid losses or estimate of industry ultimate losses. The ratio of our historical calendar year payments to industry historical calendar year payments is examined to estimate our market share. This ratio is then applied to the estimate of industry unpaid losses or estimate of industry ultimate losses.
- **Reserve-to-Paid Method:** In this method, the ratio of estimated industry reserves to industry paid-to-date losses is multiplied by our paid-to-date losses to estimate our reserves.
- **IBNR - Case Ratio Method:** In this method, the ratio of estimated industry IBNR reserves to industry case reserves is multiplied by our case reserves to estimate our IBNR reserves.
- **Ultimate-to-Incurred Method:** In this method, the ratio of estimated industry ultimate losses to industry incurred-to-date losses is applied to our incurred-to-date losses to estimate our IBNR reserves.
- **Decay Factor Method:** In this method, a decay factor is directly applied to our payment data to estimate future payments. The decay factors were selected based on a review of our own decays and industry decays.
- **Asbestos Ground-up Exposure Analysis Using Frequency-Severity Method:** This method is used when we have policy and claim data at the defendant or claimant level. In a frequency-severity method there are two components that need to be estimated, namely, (1) the number of claims that will ultimately be settled with payment and (2) the average claim indemnity and related estimated legal costs. Legal costs are derived based on assumptions relating to legal cost to indemnity cost ratios.

  The estimate of the number of claims that will ultimately be settled with payment is based on assumptions relating to expected future claim filings (derived from epidemiological forecasts of asbestos disease incident) and claim dismissal rates.

The net liability for unpaid losses and LAE as of December 31, 2024 and 2023 included $1.7 billion and $1.8 billion, respectively, which represented an estimate of the net ultimate liability for A&E claims. The gross liability for such claims as of December 31, 2024 and 2023 was $1.8 billion and $1.9 billion, respectively.

The decreases on a net and gross basis, respectively, in 2024 were primarily due to net paid losses during the year.

Disclosures of Incurred and Paid Loss Development, IBNR, Claims Counts and Payout Percentages

The loss development tables set forth our historic incurred and paid loss development through December 31, 2024, net of reinsurance, as well as the cumulative number of reported claims, IBNR balances, and other supplementary information for our segment lines of business with material net losses and LAE balances as of December 31, 2024.

The following factors are relevant to the loss development information presented in the tables below:

- **Level of Disaggregation:** In addition to accident year, we have disaggregated the information in the loss development tables by segment, line of business and acquisition year. We have presented only the last 10

years of portfolio acquisitions as we believe that the current activity on the preceding acquisition years is not meaningful. We have presented only our Run-off segment as we retain no net economic interest in the activity of our Legacy Underwriting segment. We have not presented empty rows where we did not acquire any business for that combination of line of business, acquisition and accident year.

We present acquisition year information so that the impact of take-on positions from acquired and assumed business (as described below) is additionally separated and provides a consistent trend of the development of our ultimate loss reserves.

- **StarStone International:** Effective January 1, 2021, StarStone International (a previously active underwriting business we had discontinued) reserves were transferred from the Legacy Underwriting segment to the Run-off segment.

  The Starstone International loss development tables are prospectively presented on a standalone basis from the 2014 date of acquisition. Additionally, the loss development information has been included in the Run-off segment loss development tables as an acquisition in 2021.

- **Cessions to Enhanzed Re:** As a result of the Step Acquisition of Enhanzed Re, the Run-off segment business previously ceded to Enhanzed Re became subject to elimination upon consolidation. As such, the loss development disclosures presented for the Run-off segment have been restated to exclude the historical incurred and paid loss development related to these cessions.

- **Acquired and Assumed Business:** Acquired and assumed net reserves arising from business acquisitions and retroactive reinsurance agreements are included in the loss development tables on a prospective basis as the loss reserves are effectively re-underwritten at the date that they are acquired or assumed.

  We believe that the historical loss development prior to our acquisition is not relevant with respect to our own experience managing these acquired loss reserves. Furthermore, the information required to prepare the loss development disclosures on a retrospective basis is not always available to us or reliable.

- **Commutations and Policy Buybacks:** The loss development tables include the net incurred effect of agreeing a commutation or policy buyback in the year in which the commutation or policy buyback is contractually agreed and the related settlement in the year in which it is paid or received.

  We do not recast prior years to remove commuted or bought back claims, since this practice would eliminate any historical favorable or adverse development we may have experienced on the commuted loss and LAE reserves.

- **Net Liabilities for Losses and LAE and Net Paid Losses and LAE:** The loss development tables include reported case reserves and IBNR liabilities as well as cumulative paid losses, both of which include ALAE and are net of reinsurance recoveries.

  The loss development tables exclude ULAE and fair value adjustments related to both business acquisitions and retroactive reinsurance agreements for which we have elected the fair value option.

- **PPD:** PPD included in the loss development tables is calculated as follows: i) for acquisition years 2023 and prior, subtract the 2023 calendar year net cumulative incurred losses and ALAE from the 2024 calendar year for all accident years excluding 2024; and ii) add the result of subtracting the 2024 acquisition year net reserves acquired from the 2024 net cumulative incurred losses and ALE for all accident year excluding 2024.

- **Foreign Exchange:** The loss development tables exclude the impact of foreign exchange rates. Historical amounts are disclosed on a constant-currency basis, which is achieved by using constant foreign exchange rates between years in the loss development tables, and translating prior year amounts denominated in currencies other than the U.S. dollar, which is our reporting currency, using the closing exchange rates as of December 31, 2024.

- **Reported Claim Counts:** Reported claim counts are included in the loss development tables on a cumulative basis. We measure claim frequency information on an individual claim count basis as follows:

  - The claim frequency information includes direct and assumed open and closed claims at the claimant level. Reported claims that are closed without a payment are included within our cumulative number of reported claims because we typically incur claim adjustment expenses on them prior to their closure.

- The claim count numbers exclude counts related to claims within policy deductibles where the insured is responsible for the payment of losses within the deductible layer.
- Individual claim counts related to certain assumed reinsurance contracts such as excess-of-loss and quota share treaties are not available to us, and the losses arising from these treaties have been treated as single claims for the purposes of determining claim counts. Therefore, each treaty year within the reinsurance contract is deemed a single claim because the detailed underlying individual claim information is generally not reported to us by our cedants.
- For certain insurance facilities and business produced or managed by managing general agents, coverholders and third party administrators where the underlying claims data is reported to us in an aggregated format, the information necessary to provide cumulative claims frequency is not available. In such cases, we typically record a “block” claim in our system.

Our reported claim frequency information is subject to the following inherent limitations when analyzing our loss experience and severity:

- Claim counts are presented only on a reported and not on an ultimate basis. Reported claim counts include open claims which have outstanding reserves but excludes claim counts that may relate to IBNR. As such the reported claims are consistent with reported losses, which can be calculated by subtracting IBNR losses from incurred losses. However, the reported claim counts are inconsistent with the losses in the incurred loss development tables, which include IBNR losses, and to losses in the paid loss development tables, which exclude outstanding reserves.
- Reported claim counts have not been adjusted for ceded reinsurance, which may distort any measures of frequency or severity.
- For lines of business that have a mix of primary and excess layer exposures, such as our general casualty and workers’ compensation lines of business, the reported claim counts may fluctuate from period to period between exposure layers, thereby distorting any measure of frequency and severity.
- The use of our reported claim frequency information to project ultimate loss payouts by disaggregated disclosure category or line of business may not be as meaningful as claim count information related to individual contracts at a more granular level.

- **Annual Percentage Payout:** Annual percentage payout disclosures are based on the payout of claims by age, net of reinsurance. Claim age reflects the number of years that have lapsed since the original acquisition to the date the claim is paid, or in the case of StarStone International, the number of years that have lapsed since the claim’s accident year to the date the claims is paid.

  There may be occasions where, due to our claims management strategies (including commutations and policy buybacks) or due to the timing of claims payments relative to the associated recovery, the cash received from reinsurance recoveries is greater than the cash paid out to our claimants, (i.e. a net recovery rather than a net payout for a particular calendar year), thereby resulting in a negative annual percentage payout for that calendar year.
- **Supplemental Information:** The information related to net incurred and paid loss development for all calendar years preceding the year ended December 31, 2024, as well as 2014 and prior accident year and all acquisition year information (including net acquired reserves), and the related historical average claims payout percentage disclosure is unaudited and is presented as supplementary information.

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Run-off Segment
Asbestos

Acquisition Year	Accident Year	Net Acquired Reserves	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31									Year Ended December 31, 2024	As of December 31, 2024	
			2016	2017	2018	2019	2020	2021	2022	2023	2024	PPD	IBNR	Cumulative number of claims
			(in millions of U.S. dollars, except cumulative number of claims)											
			Unaudited											
2016	2014 and Prior	$ 507	$ 506	$ 565	$ 563	$ 582	$ 632	$ 635	$ 635	$ 636	$ 626	$ (10)	$ 77	2,118
2017	2014 and Prior	870		801	748	785	795	776	763	785	797	12	394	6,939
2018	2014 and Prior	54			49	46	3	1	—	(1)	(1)	—	1	31
2019	2014 and Prior	366				367	354	356	355	356	401	45	89	1,393
2021	2014 and Prior	386						386	385	385	371	(14)	70	2,059
2024	2014 and Prior	81									81	—	57	5,446
	Grand Total	$ 2,264									$ 2,275	$ 33	$ 688	17,986

Net cumulative paid losses and ALAE (from table below)	(1,021)	
2015 to 2024 acquisition years - net liabilities for losses and ALAE	1,254	
2014 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	149	—
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	$ 1,403	$ 33

Run-off Segment
Asbestos

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31								
		2016	2017	2018	2019	2020	2021	2022	2023	2024
		(in millions of U.S. dollars)								
		Unaudited								
2016	2014 and Prior	$ 20	$ 71	$ 124	$ 183	$ 228	$ 268	$ 299	$ 332	$ 378
2017	2014 and Prior		17	49	83	122	162	200	246	297
2018	2014 and Prior			(1)	(3)	(2)	(2)	(2)	(2)	(2)
2019	2014 and Prior				4	51	105	139	175	215
2021	2014 and Prior						(1)	52	85	132
2024	2014 and Prior									1
	Grand Total									$ 1,021

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	Run-off Segment Asbestos								
	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance								
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Acquisition Year	Unaudited								
2016	3.19 %	8.15 %	8.47 %	9.42 %	7.19 %	6.39 %	4.95 %	5.27 %	7.35 %
2017	2.13 %	4.02 %	4.27 %	4.89 %	5.02 %	4.77 %	5.77 %	6.43 %	
2018	100.00 %	200.00 %	(100.00)%	— %	— %	— %	— %		
2019	1.00 %	11.72 %	13.47 %	8.48 %	8.98 %	9.98 %			
2021	(0.27)%	14.29 %	8.89 %	12.67 %					
2024	1.23 %								

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Run-off Segment
General Casualty

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2024	As of December 31, 2024	
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
		Unaudited													
2015	2014 and Prior	$ 162	$ 111	$ 118	$ 126	$ 125	$ 137	$ 132	$ 133	$ 135	$ 136	136	$ —	$ (4)	6,777
2015	2015	4	10	9	9	11	16	21	18	19	18	18	—	1	1,345
2015	2016	—		2	2	2	2	3	5	5	5	5	—	1	250
2015	2017	—			—	—	—	—	—	—	—	—	—	—	37
2015	2018	—				2	1	1	1	1	1	1	—	1	12
2015	2019	—					2	2	2	2	2	2	—	2	1
2015	2020	—						2	2	2	2	2	—	2	—
2015	2021	—							1	1	1	1	—	1	—
	Total	166	121	129	137	140	158	161	162	165	165	165	—	4	8,422
2016	2014 and Prior	—		4	9	8	8	6	5	4	4	4	—	—	1,787
	Total	—		4	9	8	8	6	5	4	4	4	—	—	1,787
2017	2014 and Prior	199			177	160	144	140	138	136	136	136	—	1	406
	Total	199			177	160	144	140	138	136	136	136	—	1	406
2018	2014 and Prior	222				195	183	172	176	178	182	197	15	12	54,001
2018	2015	89				89	94	90	91	98	109	125	16	3	3,187
2018	2016	62				62	79	82	81	88	95	83	(12)	5	3,385
2018	2017	38				41	42	49	52	50	48	47	(1)	3	1,046
2018	2018	40				40	41	39	36	34	42	45	3	2	659
2018	2019	—					7	6	7	7	7	7	—	—	10
2018	2020	—						—	—	—	—	—	—	—	1
2018	2021	—							—	—	—	—	—	—	1
2018	2022	—								—	—	—	—	—	1
2018	2024	—										—		—	1
	Total	451				427	446	438	443	455	483	504	21	25	62,292
2019	2014 and Prior	56					48	47	66	49	57	57	—	15	3,985
2019	2015	70					63	59	67	55	76	66	(10)	11	1,355
2019	2016	34					32	31	37	40	51	43	(8)	13	2,720
2019	2017	40					48	48	59	74	88	88	—	21	1,959
2019	2018	49					49	50	54	52	68	86	18	29	414
2019	2019	—					1	2	2	2	2	2	—	—	250
2019	2020	—						—	—	—	—	—	—	—	148
2019	2021	—							—	—	1	1	—	—	82
2019	2022	—								—	—	—	—	—	56
2019	2023	—									—	—	—	—	8
2019	2024	—										—		—	2
	Total	249					241	237	285	272	343	343	—	89	10,979
2020[1]	2014 and Prior	79						79	71	96	101	116	15	8	678
2020[1]	2015	61						61	52	67	75	76	1	8	362
2020[1]	2016	67						68	68	92	109	110	1	16	488
2020[1]	2017	50						45	54	71	82	93	11	20	545
2020[1]	2018	60						56	47	62	71	79	8	17	375
2020[1]	2019	109						108	99	88	104	112	8	35	511

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Run-off Segment
General Casualty

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2024	As of December 31, 2024	
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
		Unaudited													
2020[1]	2020	84						83	94	83	58	54	(4)	18	552
	Total	510						500	485	559	600	640	40	122	3,511
2021	2014 and Prior	268							273	259	347	310	(37)	276	15,756
2021	2015	137							140	132	129	122	(7)	75	7,093
2021	2016	194							204	198	198	188	(10)	129	7,911
2021	2017	297							306	326	339	323	(16)	181	6,768
2021	2018	376							371	414	350	320	(30)	226	5,875
2021	2019	424							428	480	449	454	5	276	4,810
2021	2020	61							76	43	46	38	(8)	2	902
2021	2021	—							1	—	1	—	(1)	—	188
2021	2022	—								—	—	—	—	—	139
2021	2023	—									—	—	—	—	25
	Total	1,757							1,799	1,852	1,859	1,755	(104)	1,165	49,467
2022[1]	2014 and Prior	805						192	158	568	486	583	97	69	189,591
2022[1]	2015	256						80	65	171	152	140	(12)	23	16,750
2022[1]	2016	308						75	102	69	214	181	(33)	39	16,159
2022[1]	2017	348						91	98	216	229	221	(8)	47	18,604
2022[1]	2018	384						84	97	401	281	245	(36)	71	17,947
2022[1]	2019	436						94	136	460	496	462	(34)	72	18,102
2022[1]	2020	—						—	—	—	(2)	(2)	—	—	—
2022[1]	2023	—									1	1	—	—	—
	Total	2,537						616	656	1,885	1,857	1,831	(26)	321	277,153
2023	2014 and Prior	91									98	125	27	8	148,990
2023	2015	15									15	18	3	4	38,404
2023	2016	21									23	28	5	(1)	36,346
2023	2017	41									39	48	9	14	34,482
2023	2018	55									56	64	8	11	31,525
2023	2019	94									111	114	3	30	14,566
2023	2020	122									125	126	1	68	3,742
2023	2021	71									66	80	14	59	4
2023	2022	16									12	14	2	12	—
	Total	526									545	617	72	205	308,059
2024	2014 and Prior	45										45	—	27	1,144
2024	2015	7										7	—	5	4
2024	2016	6										6	—	3	8
2024	2017	9										9	—	7	12
2024	2018	16										16	—	15	15
2024	2019	16										16	—	15	43
2024	2020	11										11	—	10	43
2024	2021	77										77	—	49	149
2024	2022	92										92	—	60	188
2024	2023	85										85	—	73	97
	Total	364										364	—	264	1,703

Run-off Segment
General Casualty

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2024	As of December 31, 2024	
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
		Unaudited													
	Grand Total	$ 6,759										$ 6,359	$ 3	$ 2,196	723,779

Net cumulative paid losses and ALAE (from table below)	(2,898)	
2015 to 2024 acquisition years - net liabilities for losses and ALAE	3,461	
2014 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	74	18
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	$ 3,535	$ 21

(1) In 2022, we entered an LPT agreement with Aspen, which absorbed the Aspen ADC agreement we entered in 2020. As such, we have reclassified the net reserves acquired in acquisition year 2020 and the net cumulative incurred losses and allocated loss adjustment expenses recorded through December 31, 2022 to acquisition year 2022.

Run-off Segment
General Casualty

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
		(in millions of U.S. dollars)									
		Unaudited									
2015	2014 and Prior	$ 24	$ 45	$ 65	$ 84	$ 102	$ 113	$ 116	$ 122	$ 130	137
2015	2015	1	1	2	5	11	13	13	17	17	17
2015	2016		—	—	—	1	1	2	4	5	5
	Total	25	46	67	89	114	127	131	143	152	159
2016	2014 and Prior		1	2	2	3	4	3	3	3	3
	Total		1	2	2	3	4	3	3	3	3
2017	2014 and Prior			34	67	87	100	105	112	116	118
	Total			34	67	87	100	105	112	116	118
2018	2014 and Prior				21	56	85	104	119	132	153
2018	2015				17	32	44	58	67	91	103
2018	2016				11	33	47	56	66	79	83
2018	2017				—	12	24	32	37	44	47
2018	2018				—	9	17	26	30	38	40
2018	2019					2	3	6	6	7	7
	Total				49	144	220	282	325	391	433
2019	2014 and Prior					11	15	17	14	15	8
2019	2015					3	12	15	24	32	46
2019	2016					(2)	(1)	(1)	3	5	9
2019	2017					7	10	14	16	17	16
2019	2018					1	3	4	5	4	3
2019	2019					—	1	1	1	1	3
2019	2021							—	—	—	1
	Total					20	40	50	63	74	86

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Run-off Segment
General Casualty

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
		(in millions of U.S. dollars)									
		Unaudited									
2020	2014 and Prior						9	25	63	84	102
2020	2015						10	21	37	51	60
2020	2016						10	34	53	73	89
2020	2017						4	24	38	50	66
2020	2018						—	17	33	56	59
2020	2019						—	19	33	61	76
2020	2020						2	9	20	23	35
	Total						35	149	277	398	487
2021	2014 and Prior							4	17	28	34
2021	2015							9	18	30	37
2021	2016							16	24	37	64
2021	2017							24	51	78	108
2021	2018							6	44	67	111
2021	2019							3	26	41	109
2021	2020							9	17	20	24
	Total							71	197	301	487
2022	2014 and Prior								26	103	304
2022	2015								8	35	64
2022	2016								9	43	73
2022	2017								11	51	90
2022	2018								10	47	87
2022	2019								12	242	288
2022	2020								—	5	15
2022	2023									2	2
	Total								76	528	923
2023	2014 and Prior									9	33
2023	2015									3	7
2023	2016									7	17
2023	2017									4	13
2023	2018									17	30
2023	2019									23	46
2023	2020									13	36
2023	2021									1	11
2023	2022									2	2
	Total									79	195
2024	2014 and Prior										4
2024	2015										1
2024	2016										1
2024	2017										1
	Total										7
	Grand Total										$ 2,898

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Run-off Segment
General Casualty

	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Year of Acquisition					Unaudited					
2015	15.15 %	12.73 %	12.73 %	13.33 %	15.15 %	7.88 %	2.42 %	7.27 %	5.45 %	4.24 %
2016	25.00 %	25.00 %	— %	25.00 %	25.00 %	(25.00)%	— %	— %	— %	
2017	25.09 %	24.35 %	14.76 %	9.59 %	3.69 %	5.16 %	2.95 %	1.39 %		
2018	9.72 %	18.85 %	15.08 %	12.30 %	8.53 %	13.10 %	8.35 %			
2019	5.83 %	5.83 %	2.92 %	3.79 %	3.21 %	3.50 %				
2020	5.47 %	17.81 %	20.00 %	18.91 %	13.91 %					
2021	4.05 %	7.18 %	5.93 %	10.60 %						
2022	4.15 %	24.68 %	21.57 %							
2023	12.80 %	18.80 %								
2024	1.92 %									

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Run-off Segment
Workers' Compensation

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2024	As of December 31, 2024	
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
		Unaudited													
2015	2014 and Prior	$ 1,382	$ 1,269	$ 956	$ 901	$ 853	$ 810	$ 798	$ 783	$ 779	$ 768	$ 763	$ (5)	$ 27	18,143
2015	2015	7	22	16	15	15	14	15	14	14	14	14	—	—	5,280
2015	2016	—		1	1	1	1	1	1	—	—	—	—	—	10,722
2015	2017	—			—	—	—	—	—	—	—	—	—	—	2,251
2015	2018	—				—	—	—	—	—	—	—	—	—	10
	Total	1,389	1,291	973	917	869	825	814	798	793	782	777	(5)	27	36,406
2016	2014 and Prior	466		466	434	421	410	395	391	387	386	385	(1)	9	10,533
	Total	466		466	434	421	410	395	391	387	386	385	(1)	9	10,533
2017	2014 and Prior	145			104	112	117	110	104	84	79	80	1	9	21
	Total	145			104	112	117	110	104	84	79	80	1	9	21
2018	2014 and Prior	305				295	282	272	275	261	248	243	(5)	48	8,401
2018	2015	37				37	33	32	30	29	26	25	(1)	4	1,328
2018	2016	44				45	40	39	40	37	35	37	2	8	1,362
2018	2017	53				55	49	47	47	46	43	43	—	7	1,193
2018	2018	65				65	60	60	55	56	48	48	—	7	984
2018	2019	—					21	21	21	21	20	20	—	—	123
2018	2020	—						—	—	—	—	—	—	—	2
2018	2021	—							—	—	—	—	—	—	1
	Total	504				497	485	471	468	450	420	416	(4)	74	13,394
2019	2014 and Prior	65					64	64	72	70	65	61	(4)	28	17,151
2019	2015	55					54	54	44	42	39	37	(2)	17	4,269
2019	2016	82					82	83	61	57	53	51	(2)	21	5,049
2019	2017	87					88	90	66	62	57	54	(3)	25	2,436
2019	2018	119					119	119	82	71	63	59	(4)	32	373
2019	2019	—					—	—	—	—	—	—	—	—	14
2019	2020	—						—	—	—	—	—	—	—	3
2019	2021	—							—	—	—	—	—	—	1
	Total	408					407	410	325	302	277	262	(15)	123	29,296
2020	2014 and Prior	208						121	106	91	90	89	(1)	19	24
2020	2015	2						2	2	1	1	1	—	—	56
2020	2016	3						3	3	3	2	2	—	—	131
2020	2017	2						2	2	1	1	1	—	—	129
2020	2018	10						10	8	8	7	8	1	—	335
2020	2019	32						32	26	26	26	24	(2)	1	677
2020	2020	32						33	26	28	29	29	—	2	1,225
	Total	289						203	173	158	156	154	(2)	22	2,577
2021	2014 and Prior	1,045							981	798	690	625	(65)	110	23,494
2021	2015	43							35	30	33	32	(1)	9	3,776
2021	2016	55							54	49	45	43	(2)	14	3,974
2021	2017	45							46	42	40	42	2	11	5,966
2021	2018	66							63	55	54	57	3	22	6,703
2021	2019	47							47	42	36	36	—	6	5,509

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Run-off Segment
Workers' Compensation

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2024	As of December 31, 2024	
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
		Unaudited													
2021	2020	46							57	55	53	52	(1)	1	7,628
2021	2021	—							23	19	19	17	(2)	4	4,137
2021	2022	—								3	3	2	(1)	—	29
2021	2023	—									—	—	—	—	2
2021	2024	—										—	—	—	1
	Total	1,347							1,306	1,093	973	906	(67)	177	61,219
2022	2014 and Prior	5								7	2	3	1	—	5,549
2022	2015	3								5	3	4	1	—	530
2022	2016	2								1	3	1	(2)	—	604
2022	2017	5								5	3	6	3	—	943
2022	2018	11								9	9	7	(2)	3	3,547
2022	2019	18								11	6	5	(1)	2	22,518
	Total	44								38	26	26	—	5	33,691
2024	2014 and Prior	23										28	5	10	256
2024	2015	3										3	—	2	13
2024	2016	3										3	—	2	27
2024	2017	2										1	(1)	1	39
2024	2018	3										2	(1)	1	70
2024	2019	15										14	(1)	10	498
2024	2020	24										22	(2)	13	1,079
2024	2021	82										81	(1)	41	2,586
2024	2022	102										102	—	42	4,350
2024	2023	113										113	—	66	5,072
2024	2024	49										51		36	1,692
	Total	419										420	(1)	224	15,682
	Grand Total	$ 5,011										$ 3,426	$ (94)	$ 670	$ 202,819

Net cumulative paid losses and ALAE (from table below)	(1,664)	
2015 to 2024 acquisition years - net liabilities for losses and ALAE	1,762	
2014 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	135	3
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	$ 1,897	$ (91)

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Run-off Segment
Workers' Compensation

Net cumulative paid losses and allocated loss adjustment expenses
For the years ended December 31

Acquisition Year	Accident Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
		(in millions of U.S. dollars)									
		Unaudited									
2015	2014 and Prior	$ 107	$ 243	$ 344	$ 422	$ 476	$ 510	$ 542	$ 556	$ 583	$ 601
2015	2015	3	8	10	11	12	12	12	13	13	13
	Total	110	251	354	433	488	522	554	569	596	614
2016	2014 and Prior		41	76	104	143	175	198	215	236	256
	Total		41	76	104	143	175	198	215	236	256
2017	2014 and Prior			26	33	46	57	61	53	58	63
	Total			26	33	46	57	61	53	58	63
2018	2014 and Prior				8	43	73	89	106	129	141
2018	2015				1	3	8	11	14	18	19
2018	2016				—	5	8	13	16	21	23
2018	2017				—	7	10	12	16	24	27
2018	2018				—	29	34	36	37	39	40
2018	2019					13	16	16	16	19	19
	Total				9	100	149	177	205	250	269
2019	2014 and Prior					3	4	5	5	5	6
2019	2015					3	4	4	4	4	4
2019	2016					5	9	10	11	12	12
2019	2017					2	4	5	7	8	8
2019	2018					1	1	1	1	1	1
	Total					14	22	25	28	30	31
2020	2014 and Prior						2	10	14	22	27
2020	2015						—	—	—	—	1
2020	2016						—	1	1	2	2
2020	2017						—	1	1	1	1
2020	2018						—	1	4	4	5
2020	2019						1	10	15	19	21
2020	2020						1	10	18	23	26
	Total						4	33	53	71	83
2021	2014 and Prior							20	58	112	151
2021	2015							3	8	12	16
2021	2016							5	14	18	20
2021	2017							7	13	23	28
2021	2018							5	12	17	21
2021	2019							8	17	24	27
2021	2020							23	37	44	47
2021	2021							4	10	13	15
	Total							75	169	263	325
2022	2014 and Prior								—	1	1
2022	2015								—	1	2
2022	2016								—	1	3
2022	2017								—	2	3

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Run-off Segment
Workers' Compensation

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
		(in millions of U.S. dollars)									
		Unaudited									
2022	2018								—	3	4
2022	2019								—	—	1
	Total								—	8	14
2024	2014 and Prior										2
2024	2021										1
2024	2022										2
2024	2023										3
2024	2024										1
	Total										9
	Grand Total										$ 1,664

Run-off Segment
Workers' Compensation

Year of Acquisition	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Unaudited									
2015	14.16 %	18.15 %	13.26 %	10.17 %	7.08 %	4.38 %	4.12 %	1.93 %	3.47 %	2.32 %
2016	10.65 %	9.09 %	7.27 %	10.13 %	8.31 %	5.97 %	4.42 %	5.45 %	5.19 %	
2017	32.50 %	8.75 %	16.25 %	13.75 %	5.00 %	(10.00)%	6.25 %	6.25 %		
2018	2.16 %	21.88 %	11.78 %	6.73 %	6.73 %	10.82 %	4.57 %			
2019	5.34 %	3.05 %	1.15 %	1.15 %	0.76 %	0.38 %				
2020	2.60 %	18.83 %	12.99 %	11.69 %	7.79 %					
2021	8.28 %	10.38 %	10.38 %	6.79 %						
2022	— %	30.41 %	21.28 %							
2024	2.14 %									

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Run-off Segment
Professional Indemnity / Directors and Officers

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31									Year Ended December 31, 2024	As of December 31, 2024	
			2016	2017	2018	2019	2020	2021	2022	2023	2024	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)												
		Unaudited												
2016	2014 and Prior	$ 111	$ 108	$ 110	$ 110	$ 98	$ 96	$ 92	$ 89	$ 86	$ 80	$ (6)	$ (4)	3,014
	Total	111	108	110	110	98	96	92	89	86	80	(6)	(4)	3,014
2018	2014 and Prior	401			399	356	352	345	332	338	326	(12)	(1)	69,760
2018	2015	45			60	67	66	53	58	47	43	(4)	—	3,846
2018	2016	15			34	37	51	66	71	88	84	(4)	1	2,202
2018	2017	1			3	7	7	10	11	27	27	—	1	204
2018	2018	—			—	1	1	1	1	(1)	(1)	—	—	14
2018	2019	—				—	—	—	—	—	—	—	—	8
2018	2020	—					—	—	1	1	—	(1)	1	24
2018	2021	—						—	—	—	—	—	—	3
2018	2022	—							—	—	—	—	—	1
	Total	462			496	468	477	475	474	500	479	(21)	2	76,062
2019	2014 and Prior	124				91	79	76	74	93	83	(10)	2	18,296
2019	2015	62				58	35	34	33	28	29	1	2	4,667
2019	2016	15				35	45	54	47	42	43	1	3	5,436
2019	2017	6				18	35	38	41	44	46	2	2	3,174
2019	2018	—				5	5	5	5	(4)	(5)	(1)	—	391
2019	2019	—				2	1	2	2	2	2	—	—	64
2019	2020	—					—	—	—	—	—	—	—	41
2019	2021	—						—	—	—	—	—	—	7
2019	2022	—							—	—	—	—	—	12
2019	2023	—								—	—	—	—	9
	Total	207				209	200	209	202	205	198	(7)	9	32,097
2020[1]	2014 and Prior	1					1	1	1	1	1	—	—	49
2020[1]	2015	1					1	1	—	—	1	1	—	3
2020[1]	2016	—					—	—	—	—	—	—	—	8
2020[1]	2017	1					1	1	(1)	(1)	(1)	—	—	43
2020[1]	2018	13					13	14	12	12	10	(2)	1	126
2020[1]	2019	32					32	21	31	32	35	3	2	157
2020[1]	2020	35					35	37	32	32	31	(1)	3	165
	Total	83					83	75	75	76	77	1	6	551
2021	2014 and Prior	102						112	90	49	44	(5)	11	13,200
2021	2015	43						45	33	25	21	(4)	5	2,947
2021	2016	46						45	38	34	25	(9)	6	2,545
2021	2017	74						67	67	66	63	(3)	7	3,246
2021	2018	141						132	119	110	87	(23)	26	3,507
2021	2019	175						161	185	173	134	(39)	42	3,672
2021	2020	47						39	26	11	14	3	10	1,035
2021	2021	—						10	9	10	5	(5)	3	273
2021	2022	—							2	11	1	(10)	—	68
2021	2023	—								—	—	—	—	5
	Total	628						611	569	489	394	(95)	110	30,498

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Run-off Segment
Professional Indemnity / Directors and Officers

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31									Year Ended December 31, 2024	As of December 31, 2024	
			2016	2017	2018	2019	2020	2021	2022	2023	2024	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)												
		Unaudited												
2022 [1]	2014 and Prior	67					25	39	114	67	79	12	12	23,401
2022 [1]	2015	46					16	16	32	55	46	(9)	13	5,222
2022 [1]	2016	45					16	26	20	45	39	(6)	12	6,565
2022 [1]	2017	90					16	25	54	56	79	23	23	7,327
2022 [1]	2018	85					13	24	108	104	97	(7)	(1)	8,852
2022 [1]	2019	180					68	35	110	138	145	7	31	9,845
2022 [1]	2020	48					—	—	—	—	2	2	—	—
2022 [1]	2022	—							—	—	1	1	—	—
2022 [1]	2023	—								—	1	1	—	—
	Total	561					154	165	438	465	489	24	90	61,212
2023	2014 and Prior	148								202	169	(33)	3	4,961
2023	2015	53								44	56	12	(9)	2,146
2023	2016	69								82	80	(2)	60	3,466
2023	2017	250								284	255	(29)	55	6,401
2023	2018	185								166	218	52	26	7,591
2023	2019	256								258	273	15	54	6,135
2023	2020	229								217	235	18	77	1,907
2023	2021	27								25	23	(2)	25	159
2023	2022	3								3	2	(1)	1	—
	Total	1,220								1,281	1,311	30	292	32,766
2024	2014 and Prior	5									5	—	3	5
2024	2015	—									—	—	—	1
2024	2016	1									1	—	—	3
2024	2017	2									2	—	—	1
2024	2018	1									1	—	1	20
2024	2019	1									1	—	—	11
2024	2020	5									5	—	3	19
2024	2021	50									50	—	32	109
2024	2022	56									56	—	30	137
2024	2023	37									37	—	29	63
	Total	158									158	—	98	369
	Grand Total	$ 3,430									$ 3,186	$ (74)	$ 603	236,569

Net cumulative paid losses and ALAE (from table below)	(1,621)	
2015 to 2024 acquisition years - net liabilities for losses and ALAE	1,565	
2014 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	42	19
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	$ 1,607	$ (55)

[1] In 2022, we entered an LPT agreement with Aspen, which absorbed the Aspen ADC agreement we entered in 2020. As such, we have reclassified the net reserves acquired in acquisition year 2020 and the net cumulative incurred losses and allocated loss adjustment expenses recorded through December 31, 2022 to acquisition year 2022.

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Run-off Segment
Professional Indemnity / Directors and Officers

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31								
		2016	2017	2018	2019	2020	2021	2022	2023	2024
		(in millions of U.S. dollars)								
		Unaudited								
2016	2014 and Prior	$ 9	$ 19	$ 30	$ 28	$ 31	$ 39	$ 42	$ 53	$ 58
	Total	9	19	30	28	31	39	42	53	58
2018	2014 and Prior			67	116	117	143	180	216	223
2018	2015			17	20	26	22	22	19	27
2018	2016			8	24	37	45	58	72	77
2018	2017			—	2	5	8	9	24	30
2018	2018			—	1	1	1	1	(1)	(1)
	Total			92	163	186	219	270	330	356
2019	2014 and Prior				13	16	31	34	54	55
2019	2015				10	7	9	11	14	17
2019	2016				9	21	26	36	33	35
2019	2017				3	14	16	26	41	44
2019	2018				1	1	3	4	(3)	(5)
2019	2019				—	—	1	2	2	1
	Total				36	59	86	113	141	147
2020	2014 and Prior					1	1	1	1	1
2020	2015					—	—	—	—	1
2020	2017					—	(1)	—	(1)	(1)
2020	2018					—	4	9	10	9
2020	2019					—	9	21	27	31
2020	2020					1	8	17	29	27
	Total					2	21	48	66	68
2021	2014 and Prior						4	6	23	27
2021	2015						2	4	11	16
2021	2016						3	7	13	16
2021	2017						3	16	28	37
2021	2018						7	37	49	60
2021	2019						2	43	54	72
2021	2020						2	3	5	7
2021	2021						1	2	4	4
	Total						24	118	187	239
2022	2014 and Prior							44	32	46
2022	2015							2	16	23
2022	2016							1	13	21
2022	2017							2	16	36
2022	2018							1	40	47
2022	2019							3	55	91
	Total							53	172	264
2023	2014 and Prior								45	63
2023	2015								5	17
2023	2016								9	51
2023	2017								43	96

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Run-off Segment
Professional Indemnity / Directors and Officers

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31								
		2016	2017	2018	2019	2020	2021	2022	2023	2024
		(in millions of U.S. dollars)								
		Unaudited								
2023	2018								45	98
2023	2019								38	89
2023	2020								40	77
2023	2021								(4)	(5)
2023	2022								—	1
	Total								221	487
2024	2019									1
2024	2020									1
	Total									2
	Grand Total									$ 1,621

Run-off Segment
Professional Indemnity/Directors & Officers

	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance								
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Year of Acquisition	Unaudited								
2016	11.25 %	12.50 %	13.75 %	(2.50)%	3.75 %	10.00 %	3.75 %	13.75 %	6.25 %
2018	19.21 %	14.82 %	4.80 %	6.89 %	10.65 %	12.53 %	5.43 %		
2019	18.18 %	11.62 %	13.64 %	13.64 %	14.14 %	3.03 %			
2020	2.60 %	24.68 %	35.06 %	23.38 %	2.60 %				
2021	6.09 %	23.86 %	17.51 %	13.20 %					
2022	10.84 %	24.33 %	18.85 %						
2023	16.86 %	20.29 %							
2024	1.27 %								

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Run-off Segment
Motor

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2024	As of December 31, 2024	
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
		Unaudited													
2015	2014 and Prior	$ 59	$ 73	$ 77	$ 77	$ 77	$ 75	$ 74	$ 74	$ 74	$ 73	$ 73	$ —	$ —	1,799
2015	2015	3	6	6	8	8	8	8	8	8	8	7	(1)	—	1,385
2015	2016	—		1	—	—	—	—	—	1	1	1	—	—	229
2015	2017	—			—	—	—	—	—	—	—	—	—	—	14
2015	2018	—				—	—	—	—	—	—	—	—	—	5
	Total	62	79	84	85	85	83	82	82	83	82	81	(1)	—	3,432
2017	2014 and Prior	21			29	22	22	24	30	28	30	29	(1)	—	150
2017	2015	1			1	2	1	1	1	1	1	1	—	—	15
2017	2016	—			—	—	1	1	1	1	1	1	—	—	4
	Total	22			30	24	24	26	32	30	32	31	(1)	—	169
2018	2014 and Prior	290				246	248	237	230	234	242	249	7	(3)	5,759
2018	2015	115				105	112	107	104	110	109	108	(1)	3	1,048
2018	2016	102				98	104	98	96	97	100	95	(5)	3	642
2018	2017	101				102	98	102	102	103	103	104	1	1	101
2018	2018	181				181	158	160	161	167	166	167	1	3	32
2018	2019	—					39	39	40	44	43	43	—	—	44
	Total	789				732	759	743	733	755	763	766	3	7	7,626
2019	2014 and Prior	20					22	20	20	18	19	19	—	1	3,606
	Total	20					22	20	20	18	19	19	—	1	3,606
2020	2015	2						3	3	3	3	3	—	—	19
2020	2016	49						42	49	51	51	51	—	—	223
2020	2017	154						186	215	231	232	229	(3)	2	1,169
2020	2018	250						397	415	469	454	447	(7)	8	2,397
	Total	455						628	682	754	740	730	(10)	10	3,808
2021	2014 and Prior	15							15	8	5	4	(1)	1	3,071
2021	2015	6							4	—	(1)	(2)	(1)	(1)	821
2021	2016	7							6	3	3	2	(1)	—	796
2021	2017	7							5	3	2	2	—	1	591
2021	2018	7							7	5	7	8	1	1	1
2021	2019	9							11	9	19	24	5	1	1
2021	2020	6							7	5	5	6	1	—	1
	Total	57							55	33	40	44	4	3	5,282
2022	2014 and Prior	1								1	—	(1)	(1)	—	29,755
2022	2015	2								2	—	—	—	—	6,323
2022	2016	3								3	1	2	1	—	5,055
2022	2017	2								2	1	1	—	—	5,374
2022	2018	8								8	1	1	—	—	5,677
2022	2019	—								—	5	6	1	—	5,791
	Total	16								16	8	9	1	—	57,975
2023	2014 and Prior	253									253	233	(20)	54	225
2023	2015	4									3	3	—	—	86
2023	2016	8									10	5	(5)	—	253

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Run-off Segment
Motor

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2024	As of December 31, 2024	
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
		Unaudited													
2023	2017	17									9	8	(1)	—	400
2023	2018	19									16	14	(2)	1	496
2023	2019	28									25	29	4	1	698
2023	2020	48									37	41	4	2	1,136
2023	2021	46									44	42	(2)	2	2,085
	Total	423									397	375	(22)	60	5,379
2024	2014 and Prior	14										13	(1)	(3)	2
2024	2015	—										—	—	—	3
2024	2016	1										1	—	1	—
2024	2017	5										5	—	4	4
2024	2018	6										6	—	4	5
2024	2019	6										7	1	2	12
2024	2020	12										12	—	9	30
2024	2021	17										17	—	11	60
2024	2022	18										18	—	15	—
2024	2023	29										29	—	26	—
	Total	108										108	—	69	116
	Grand Total	$ 1,952										$ 2,163	$ (26)	$ 150	87,393

Net cumulative paid losses and ALAE (from table below)	(1,633)	
2015 to 2024 acquisition years - net liabilities for losses and ALAE	530	
2014 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	15	(3)
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	$ 545	$ (29)

Run-off Segment
Motor

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
		(in millions of U.S. dollars)									
		Unaudited									
2015	2014 and Prior	$ 29	$ 44	$ 52	$ 58	$ 61	$ 63	$ 65	$ 66	$ 66	$ 65
2015	2015	3	4	6	7	7	8	8	8	8	8
2015	2016		—	—	—	—	—	—	—	—	1
	Total	32	48	58	65	68	71	73	74	74	74
2017	2014 and Prior			12	16	19	22	22	26	27	29
2017	2015			—	—	1	1	1	1	1	1
2017	2016			—	—	1	1	1	1	1	1
	Total			12	16	21	24	24	28	29	31
2018	2014 and Prior				50	111	136	159	173	181	207
2018	2015				17	54	75	82	91	99	100
2018	2016				6	41	63	74	82	87	82

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Run-off Segment
Motor

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
		(in millions of U.S. dollars)									
		Unaudited									
2018	2017				—	48	73	83	92	98	101
2018	2018				—	87	120	136	149	159	163
2018	2019					22	30	36	40	42	43
	Total				73	363	497	570	627	666	696
2019	2014 and Prior					—	1	4	5	5	5
	Total					—	1	4	5	5	5
2020	2015						2	3	3	3	3
2020	2016						25	40	45	48	51
2020	2017						69	148	196	215	223
2020	2018						110	247	353	409	428
	Total						206	438	597	675	705
2021	2014 and Prior							—	—	—	2
2021	2015							—	(2)	(3)	(3)
2021	2016							—	—	—	1
2021	2017							—	—	—	1
2021	2018							—	—	—	4
2021	2019							—	—	—	13
2021	2020							—	—	—	3
	Total							—	(2)	(3)	21
2022	2016								—	—	1
2022	2018								—	—	1
2022	2019								—	2	5
	Total								—	2	7
2023	2014 and Prior									2	10
2023	2015									—	1
2023	2016									3	3
2023	2017									1	3
2023	2018									3	10
2023	2019									7	17
2023	2020									6	23
2023	2021									7	19
	Total									29	86
2024	2014 and Prior										1
2024	2018										1
2024	2019										2
2024	2020										2
2024	2021										2
	Total										8
	Grand Total										$ 1,633

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Run-off Segment
Motor

	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Year of Acquisition	Unaudited									
2015	39.51 %	19.75 %	12.35 %	8.64 %	3.70 %	3.70 %	2.47 %	1.23 %	— %	— %
2017	38.71 %	12.90 %	16.13 %	9.68 %	— %	12.90 %	3.23 %	6.45 %		
2018	9.53 %	37.86 %	17.49 %	9.53 %	7.44 %	5.09 %	3.92 %			
2019	— %	5.26 %	15.79 %	5.26 %	— %	1.58 %				
2020	28.22 %	31.78 %	21.78 %	10.68 %	4.11 %					
2021	— %	(4.55)%	(2.27)%	54.55 %						
2022	— %	22.22 %	55.56 %							
2023	7.73 %	15.20 %								
2024	7.41 %									

StarStone International

As described above, the loss development information for StarStone International has been included in the Run-off segment loss development tables above as an acquisition in 2021 and also presented separately on a standalone basis from the date of acquisition (April 2014) below.

StarStone International

General Casualty

Net Cumulative Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance											For The Year Ended December 31, 2024	As of December 31, 2024	
	For The Years Ended December 31,												
Accident Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	PPD	IBNR[1]	Cumulative Number of Claims
	(in millions of U.S. dollars, except cumulative number of claims)												
	(unaudited)												
2014 and Prior	$ 100	$ 106	$ 103	$ 110	$ 119	$ 119	$ 120	$ 121	$ 121	$ 129	$ 8	$ 3	13,440
2015	52	53	55	62	70	67	68	73	74	84	10	3	3,531
2016		55	54	80	103	98	106	103	104	109	5	8	3,647
2017			60	94	132	141	150	160	175	187	12	20	3,674
2018				41	47	50	45	56	52	51	(1)	16	2,697
2019					10	11	16	16	18	32	14	1	1,744
2020						31	48	34	40	35	(5)	2	854
2021							1	—	1	—	(1)	—	140
2022								—	—	—	—	—	91
2023									—	—	—	—	12
2024										(1)		(1)	—
									Total	$ 626	$ 42	$ 52	29,830

[1] Total of IBNR plus expected development on reported losses.

Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance										
	For The Years Ended December 31,									
Accident Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	(in millions of U.S. dollars)									
	(unaudited)									
2014 and Prior	$ 42	$ 63	$ 73	$ 92	$ 99	$ 103	$ 105	$ 114	$ 116	$ 116
2015	3	10	21	31	45	48	55	62	69	71
2016		1	15	32	52	64	78	82	86	97
2017			3	23	61	97	118	129	143	157
2018				2	6	17	21	29	38	38
2019					1	4	5	7	12	25
2020						1	9	17	21	21
									Total	$ 525
Total outstanding liabilities for unpaid losses and ALAE, net of reinsurance										$ 101

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The reconciliation of incurred and paid loss development to the liability for unpaid losses and LAE as presented in the tables above for the year ended December 31, 2024 is set forth below:

	2024
	(in millions of U.S. dollars)
Liabilities for unpaid losses and allocated LAE, net of reinsurance	$ 101
Reinsurance recoverable on unpaid losses	9
Gross liability for unpaid losses and LAE before unallocated loss adjustment expenses and fair value adjustments	$ 110

The following is unaudited supplementary information for average annual historical duration of claims:

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
General Casualty	6.94 %	12.60 %	14.90 %	12.82 %	10.81 %	13.95 %	4.21 %	6.62 %	6.66 %	1.19 %

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StarStone International

Workers' Compensation

Net Cumulative Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	For The Years Ended December 31, 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	For The Year Ended December 31, 2024 PPD	As of December 31, 2024 IBNR[1]	Cumulative Number of Claims
	(in millions of U.S. dollars, except cumulative number of claims)												
	(unaudited)												
2014 and Prior	$ 119	$ 119	$ 117	$ 118	$ 118	$ 118	$ 118	$ 118	$ 117	$ 118	$ 1	$ —	5,388
2015	42	43	40	39	38	37	36	36	34	34	—	—	2,893
2016		55	53	53	56	52	52	52	51	51	—	—	2,932
2017			41	41	38	40	40	39	37	35	(2)	—	2,612
2018				37	37	38	37	37	36	35	(1)	—	3,410
2019					17	23	25	25	25	27	2	—	3,856
2020						30	41	35	34	35	1	—	2,848
2021							8	4	4	3	(1)	2	108
2022								3	3	3	—	—	17
										$ 341	$ —	$ 2	24,064

[1] Total of IBNR plus expected development on reported losses.

Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	For The Years Ended December 31, 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	(in millions of U.S. dollars)									
	(unaudited)									
2014 and Prior	$ 108	$ 111	$ 113	$ 115	$ 115	$ 115	$ 115	$ 116	$ 117	$ 116
2015	5	17	26	30	32	33	33	34	34	34
2016		7	25	36	43	45	47	49	50	50
2017			6	17	27	32	34	35	36	34
2018				13	23	27	29	31	33	34
2019					3	17	19	22	24	23
2020						5	20	27	29	28
2021							—	1	2	2
										$ 321
Total outstanding liabilities for unpaid losses and ALAE, net of reinsurance										$ 20

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The reconciliation of incurred and paid loss development to the liability for unpaid losses and LAE as presented in the tables above for the year ended December 31, 2024 is set forth below:

	2024
	(in millions of U.S. dollars)
Liabilities for unpaid losses and allocated LAE, net of reinsurance	$ 20
Reinsurance recoverable on unpaid losses	—
Gross liability for unpaid losses and LAE before ULAE and fair value adjustments	$ 20

The following is unaudited supplementary information for average annual historical duration of claims:

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Workers Compensation	28.52 %	32.55 %	18.81 %	8.00 %	3.68 %	1.96 %	1.93 %	0.01 %	0.28 %	(0.42)%

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StarStone International

Professional Indemnity / Directors and Officers

Net Cumulative Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	For The Years Ended December 31, 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	For The Year Ended December 31, 2023 PPD	As of December 31, 2024 IBNR[1]	As of December 31, 2024 Cumulative Number of Claims
	(in millions of U.S. dollars, except cumulative number of claims)												
	(unaudited)												
2014 and Prior	$ 51	$ 51	$ 49	$ 54	$ 65	$ 65	$ 70	$ 69	$ 65	$ 63	$ (2)	$ 6	7,777
2015	19	25	25	28	28	31	32	30	30	28	(2)	2	1,578
2016		27	26	27	26	23	23	24	21	21	—	1	1,021
2017			31	42	37	31	28	26	22	25	3	1	1,120
2018				31	33	34	36	39	33	35	2	2	1,290
2019					20	26	27	30	21	24	3	8	1,374
2020						32	27	26	11	21	10	10	1,007
2021							10	9	10	10	—	3	265
2022								2	11	1	(10)	—	68
2023									—	—	—	—	5
										$ 228	$ 4	$ 33	15,505

[1] **Total of IBNR plus expected development on reported losses.**

Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	For The Years Ended December 31, 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	(in millions of U.S. dollars)									
	(unaudited)									
2014 and Prior	$ 20	$ 27	$ 30	$ 41	$ 43	$ 46	$ 46	$ 48	$ 48	$ 51
2015	2	7	11	14	18	21	21	22	23	25
2016		1	7	13	15	17	18	18	17	18
2017			2	10	16	19	20	20	21	24
2018				3	9	14	19	27	29	33
2019					—	4	5	11	11	14
2020						—	2	3	5	6
2021							1	2	4	5
										$ 176
Total outstanding liabilities for unpaid losses and ALAE, net of reinsurance										$ 52

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The reconciliation of incurred and paid loss development to the liability for unpaid losses and LAE as presented in the tables above for the year ended December 31, 2024 is set forth below:

	2024 (in millions of U.S. dollars)
Liabilities for unpaid losses and allocated LAE, net of reinsurance	$ 52
Reinsurance recoverable on unpaid losses	5
Gross liability for unpaid losses and LAE before ULAE and fair value adjustments	$ 57

The following is unaudited supplementary information for average annual historical duration of claims:

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Professional Indemnity / Directors and Officers	11.70 %	19.45 %	14.35 %	13.56 %	8.37 %	6.41 %	3.09 %	3.50 %	2.78 %	5.95 %

12. FUTURE POLICYHOLDER BENEFITS

The following disclosure pertains to our future policyholder benefits related to our former business within Enhanzed Re, prior to our exit of that business through a series of commutation, novation and termination actions in 2022 that were recognized in our financial statements in 2023 due to a one-quarter lag in reporting. The former provision for future policyholder benefits included provisions for life contingent liabilities assumed as well as other policy benefits for insureds. The future policyholder benefits were equal to the present value of the future benefits payments and related expenses less the present value of future net premiums.

The assumed liabilities for future policyholder benefits were comprised primarily of in-payment annuity contract liabilities, which were classified as limited-payment contracts. The balances of and changes in liability for future policyholder benefits were as follows:

	December 31, 2023
	(in millions of U.S. dollars)
Beginning Balance as of January 1, 2023	$ 821
Benefits paid	(6)
Effect of exchange rate movement	13
Derecognition [1]	(828)
Balance as of December 31	$ —

[1] In November 2022, we completed a novation of the reinsurance of a closed block of life annuity policies, which was recorded in our first quarter 2023 results due to a one quarter reporting lag. See below for additional information.

There were no gross premiums recognized for the year ended December 31, 2023.

Discount rate assumptions associated with liability remeasurement were previously updated at each reporting period to reflect the current upper-medium grade fixed-income instrument yield, with changes in the interest rate from inception to current period reported through accumulated other comprehensive loss.

We previously applied a discount rate methodology to incorporate the currency and duration characteristics of the liabilities. For interest accretion, interest rates were fixed at inception. Significant assumptions to the calculation of future policyholder benefits also included mortality, mortality improvement, and timing of cash flow payments. The assumptions were reviewed at least annually.

Enhanzed Re Master Agreement and Novation of Future Policyholder Benefits

In August 2022, Enhanzed Re entered into a Master Agreement with Cavello, a wholly-owned subsidiary of Enstar, and Allianz. Pursuant to the Master Agreement, Enhanzed Re, Cavello and Allianz agreed to a series of transactions that allowed us to unwind Enhanzed Re's operations in an orderly manner. The transactions included (i) commuting or novating all of the reinsurance contracts written by Enhanzed Re, (ii) repaying the $70 million of subordinated notes issued by Enhanzed Re to an affiliate of Allianz, and (iii) distributing Enhanzed Re's excess capital to Cavello and Allianz in accordance with their respective equity ownership.

In November 2022, Enhanzed Re completed a novation of the reinsurance of a closed block of life annuity policies to Monument Re Limited, a subsidiary of Monument Insurance Group Limited ("Monument Re"). We settled the life liabilities and the related assets at carrying value in return for cash consideration of $94 million as of the closing date and recorded other income of $275 million. This amount consisted of a reclassification adjustment of the component of AOCI related to the unlocking of the discount rate assumption into net income. Our net income attributable to Enstar was reduced by the amount attributable to Allianz's 24.9% noncontrolling interest in Enhanzed Re at the time of the transaction and our other income recorded was subject to deferral as profits emerge from the underlying novated business, which is generally over the expected settlement period of the life annuity policies, to account for our preexisting 20% ownership interest in Monument Re at the time of the transaction.

The following table illustrates the calculation of the gain as of the closing date of the novation:

	(in millions of U.S. dollars)
Calculation of carrying value as of transaction closing:	
Funds held - directly managed and other assumed reinsurance recoverables	$ 973
Future policyholder benefits (corresponds to derecognition referenced above)	(828)
Other assumed reinsurance liabilities	(12)
Carrying value of net assets	$ 133
Calculation of gain on novation (recorded in first quarter 2023):	
Cash consideration received	$ 94
Less: carrying value of net assets	(133)
Add: reclassification of remeasurement of future policyholder benefits from AOCI and NCI [1]	363
Amount deferred relating to 20% ownership interest in Monument Re [2]	(49)
Gain on novation [3]	275
Net income attributable to noncontrolling interest	(81)
Gain on novation attributable to Enstar [4]	$ 194

[1] Comprised of $273 million from AOCI and $90 million from NCI.

[2] Calculated as 20% of the net Enstar transaction gain of $243 million (representing $324 million, consisting of the $39 million loss when comparing cash consideration to carrying value plus the $363 million reclassification benefit, less Allianz's 24.9% share equal to $81 million).

[3] Recognized in other income in our consolidated statements of operations.

[4] Recognized in net income in our consolidated statements of operations.

During the years ended December 31, 2024 and 2023, we amortized $2 million of the deferred gain each year into other income. The remaining deferred gain will be amortized over the expected settlement period of the transferred life annuity policies, or until Monument Re otherwise transfers the portfolio to a third party. The balance of deferred gain as of December 31, 2024 was $45 million.

13. DEFENDANT ASBESTOS AND ENVIRONMENTAL LIABILITIES

Defendant asbestos and environmental liabilities ("defendant A&E liabilities") on our consolidated balance sheets include amounts for indemnity and defense costs for pending and future asbestos-related claims, determined using standard actuarial techniques for asbestos-related exposures.

We acquired DCo and Morse TEC in 2016 and 2019, respectively. These companies hold liabilities associated with personal injury asbestos claims and environmental claims arising from their legacy manufacturing operations. DCo and Morse TEC continue to process asbestos personal injury claims.

Defendant A&E liabilities also include amounts for environmental liabilities, associated with the acquired companies' properties, relating to estimated clean-up costs associated with DCo’s and Morse TEC’s former operations based on engineering reports.

Changes to our estimate of these liabilities are recorded to changes in defendant asbestos and environmental expenses within the consolidated statements of operations in the period that our estimate is adjusted.

Amounts billed to and due from insurers providing coverage for our defendant A&E liabilities are calculated in accordance with the terms of the individual insurance contracts.

Insurance balances recoverable on our consolidated balance sheets include estimated insurance recoveries relating to our defendant asbestos liabilities. The recorded asset represents our assessment of the capacity of the insurance agreements to indemnify our subsidiaries for the anticipated defense and loss payments for pending claims and projected future claims.

The recognition of these recoveries is based on an assessment of the right to recover under the respective contracts and on the financial strength of the insurers. The recorded asset does not represent the limits of our insurance coverage, but rather the amount we would expect to recover if the accrued and projected loss and defense costs were paid in full.

On an ongoing basis, we evaluate and monitor the credit risk related to our insurers and an allowance for estimated uncollectible insurance balances recoverable on our defendant A&E liabilities ("allowance for estimated uncollectible insurance") is established for amounts considered potentially uncollectible. To determine the allowance for estimated uncollectible reinsurance, we use the PD and LGD methodology whereby each reinsurer is allocated an appropriate PD percentage based on the expected payout duration by portfolio. This PD percentage is then multiplied by an appropriate LGD percentage to arrive at an overall credit allowance percentage which is then applied to the reinsurance balance recoverable for each reinsurer, net of any specific bad debt provisions, collateral or other contract related offsets, to arrive at the overall allowance for estimated uncollectible reinsurance by reinsurer.

Amounts deemed to be uncollectible, including amounts due from known insolvent insurers, are written off against the allowance.

Changes in the allowance, as well as any subsequent collections of amounts previously written off, are reported as part of defendant asbestos and environmental expenses in our consolidated statements of operations.

Included within insurance balances recoverable and defendant A&E liabilities are the fair value adjustments that were initially recognized upon acquisition. These fair value adjustments are amortized in proportion to the actual payout of claims and recoveries.

The carrying value of the defendant A&E liabilities, insurance recoveries, future estimated expenses and the fair value adjustments related to DCo and Morse TEC as of December 31, 2024 and 2023 was as follows:

	2024	2023
	(in millions of U.S. dollars)	
Defendant A&E liabilities:		
Defendant asbestos liabilities	$ 706	$ 734
Defendant environmental liabilities	9	10
Estimated future expenses	32	33
Fair value adjustments	(202)	(210)
Defendant A&E liabilities	545	567
Insurance balances recoverable:		
Insurance recoveries related to defendant asbestos liabilities (net of allowance: 2024 - $4; 2023 - $5)	216	217
Fair value adjustments	(44)	(45)
Insurance balances recoverable	172	172
Net liabilities relating to defendant A&E exposures	$ 373	$ 395

Methodologies for determining liabilities

Defendant Asbestos Liabilities

We review, on an ongoing basis, our own experience in handling asbestos-related claims and trends affecting asbestos-related claims in the U.S. tort system generally, for the purposes of assessing the value of pending asbestos-related claims and the number and value of those that may be asserted in the future, as well as potential recoveries from our insurance carriers with respect to such claims and defense costs.

The actuarial analysis for these asbestos-related exposures utilizes data resulting from claim experience, including input from national coordinating counsel and local counsel, and includes the development of an estimate of the potential value of asbestos-related claims asserted but not yet resolved as well as the number and potential value of asbestos-related claims not yet asserted.

In developing the estimate of liability for potential future claims, the actuarial methods project the potential number of future claims based on our historical claim filings and health studies. The actuarial methods also utilize assumptions based on our historical proportion of claims resolved without payment, historical claim resolution costs for those claims that result in a payment, and historical defense costs. The liabilities are estimated by using pending and projected future claim filings, projected payments rates, average claim resolution amounts and an estimate for defense costs, which is derived based on assumptions relating to defense cost to indemnity cost ratios. We utilize judgment when determining the assumptions related to the expected number of future claims (which includes projected future claims filings and projected payment rates), average claim resolution amounts, and estimated defense costs.

We determine, based on the factors described above, including the actuarial analysis, that their best estimate of the aggregate liability both for asbestos-related claims asserted but not yet resolved and potential asbestos-related claims not yet asserted, including estimated defense costs, was $706 million and $734 million as of December 31, 2024 and 2023, respectively.

The table below provides a consolidated reconciliation of the beginning and ending liability for defendant A&E liabilities for the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
	(in millions of U.S. dollars)		
Balance as of January 1	**$ 567**	**$ 607**	**$ 638**
Insurance balances recoverable	(172)	(177)	(213)
Net balance as of January 1	**395**	**430**	**425**
Amounts recorded in defendant asbestos and environmental expenses:			
Increase (reduction) in estimate of net ultimate liabilities	33	1	(2)
Reduction in estimated future expenses	(1)	(2)	(1)
Amortization of fair value adjustments	8	13	7
Total defendant asbestos and environmental expenses	**40**	**12**	**4**
Total net (paid claims) recoveries	**(62)**	**(47)**	**1**
Net balance as of December 31	**373**	**395**	**430**
Insurance balances recoverable	172	172	177
Balance as of December 31	**$ 545**	**$ 567**	**$ 607**

Total other expense from our defendant A&E liabilities was $40 million for the year ended December 31, 2024, primarily due to increase in estimate of net ultimate liabilities driven by higher than expect claim costs and filings.

Total other expense was $12 million for the year ended December 31, 2023, primarily due to the amortization of fair value adjustments.

Total other expense was $4 million for the year ended December 31, 2022, primarily due to the amortization of fair value adjustments and partially offset by favorable changes in the estimate of liabilities and future expenses.

Defendant Environmental Liabilities

As a result of our acquisition of DCo and Morse TEC, we have been identified by the United States Environmental Protection Agency and certain U.S. state environmental agencies and private parties as potentially responsible parties ("PRP") at various hazardous waste disposal sites under the Comprehensive Environmental Response, Compensation and Liability Act ("Superfund") and equivalent U.S. state laws.

The PRPs may currently be liable for the cost of clean-up and other remedial activities at 26 such sites. Responsibility for clean-up and other remedial activities at a Superfund site is typically shared among PRPs based on an allocation formula.

We have a liability for defendant environmental liabilities of $9 million and $10 million as of December 31, 2024 and 2023, respectively. The estimate for defendant environmental liabilities is based on information available to us, including an estimate of the allocation of liability among PRPs, the probability that other PRPs will pay the cost apportioned to them, currently available information from PRPs and/or federal or state environmental agencies concerning the scope of contamination and estimated remediation and consulting costs, and remediation alternatives.

Allowance for Estimated Uncollectible Insurance Balances Recoverable on Defendant Asbestos Liabilities

We maintained an allowance for estimated uncollectible insurance balances related to our defendant asbestos liabilities of $4 million and $5 million for the years ended December 31, 2024 and 2023, respectively.

During the years ended December 31, 2024 and 2023, we did not have any new provisions, write-offs charged against the allowance for estimated uncollectible insurance or any recoveries of amounts previously written off.

We did not have significant non-disputed past due balances receivable from our insurers related to our defendant asbestos liabilities, that were older than one year for any of the periods presented. Any balances that are part of ongoing legal activity are estimated to be recovered at the level of our recorded asset which is consistent with our legal advice and past collection experience.

14. FAIR VALUE MEASUREMENTS

Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants. We use a fair value hierarchy that gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. The hierarchy is broken down into three levels as follows:

- Level 1 - Valuations based on unadjusted quoted prices in active markets that we can access for identical assets or liabilities. Valuation adjustments and block discounts are not applied to Level 1 instruments.
- Level 2 - Valuations based on quoted prices in active markets for similar assets or liabilities, quoted prices for identical assets or liabilities in inactive markets, or significant inputs that are observable (e.g. interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.
- Level 3 - Valuations based on unobservable inputs where there is little or no market activity. Unadjusted third party pricing sources or management's assumptions and internal valuation models may be used to determine the fair values.

In addition, certain of our other investments are measured at fair value using net asset value ("NAV") per share (or its equivalent) as a practical expedient and have not been classified within the fair value hierarchy above.

We have categorized our assets and liabilities that are recorded at fair value on a recurring and non-recurring basis among levels based on the observability of inputs, or at fair value using NAV per share (or its equivalent) as follows:

	December 31, 2024				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Based on NAV as Practical Expedient	Total Fair Value
	(in millions of U.S. dollars)				
Investments:					
Short-term and Fixed maturities:					
U.S. government and agency	$ —	$ 420	$ —	$ —	$ 420
U.K. government	—	44	—	—	44
Other government	—	359	—	—	359
Corporate	—	3,244	17	—	3,261
Municipal	—	109	—	—	109
Residential mortgage-backed	—	421	—	—	421
Commercial mortgage-backed	—	784	—	—	784
Asset-backed	—	742	30	—	772
	—	6,123	47	—	6,170
Funds held [1]	70	2,305	5	71	2,451
Equities:					
Privately held equity investments	—	—	389	71	460
Publicly traded equity investments	166	9	1	—	176
Exchange-traded funds	151	—	—	—	151
Warrant and others	—	—	16	—	16
	317	9	406	71	803
Other investments:					
Private equity funds	—	—	—	1,926	1,926
Private credit funds	—	363	—	501	864
Hedge funds	—	—	—	410	410
Fixed income funds	—	5	—	364	369
Real estate fund	—	—	—	401	401
CLO equity funds	—	—	—	162	162
CLO equities	—	52	—	—	52
Equity funds	—	4	—	—	4
	—	424	—	3,764	4,188
Total Investments excluding funds held by reinsured companies and equity method investments	$ 387	$ 8,861	$ 458	$ 3,906	$ 13,612
Reinsurance balances recoverable on paid and unpaid losses:	$ —	$ —	$ 179	$ —	$ 179
Other Assets:					
Derivatives qualifying as hedging	$ —	$ 2	$ —	$ —	$ 2
Derivatives not qualifying as hedging	—	3	—	—	3
Derivative instruments	$ —	$ 5	$ —	$ —	$ 5
Losses and LAE:	$ —	$ —	$ 997	$ —	$ 997
Other Liabilities:					
Derivatives qualifying as hedging	$ —	$ —	$ —	$ —	$ —
Derivatives not qualifying as hedging	—	7	—	—	7
Derivative instruments	$ —	$ 7	$ —	$ —	$ 7

[1] The difference in the amount of funds held shown at fair value and the funds held shown in our consolidated balance sheet relates to the $2.5 billion of funds held by reinsured companies carried at amortized cost.

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	December 31, 2023				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Based on NAV as Practical Expedient	Total Fair Value
	(in millions of U.S. dollars)				
Investments:					
Short-term and Fixed maturities:					
U.S. government and agency	$ —	$ 326	$ —	$ —	$ 326
U.K government	—	72	—	—	72
Other government	—	391	—	—	391
Corporate	—	4,119	12	—	4,131
Municipal	—	142	—	—	142
Residential mortgage-backed	—	487	—	—	487
Commercial mortgage-backed	—	841	—	—	841
Asset-backed	—	873	11	—	884
	—	7,251	23	—	7,274
Funds held [1]	58	2,342	40	102	2,542
Equities:					
Privately held equity investments	—	—	299	45	344
Publicly traded equity investments	243	31	1	—	275
Exchange-traded funds	82	—	—	—	82
	325	31	300	45	701
Other investments:					
Private equity funds	—	—	—	1,617	1,617
Private credit funds	—	183	—	442	625
Fixed income funds	—	53	—	552	605
Hedge funds	—	—	—	491	491
Real estate fund	—	—	—	269	269
CLO equity funds	—	—	—	182	182
CLO equities	—	60	—	—	60
Equity funds	—	4	—	—	4
	—	300	—	3,553	3,853
Total Investments excluding funds held by reinsured companies and equity method investments	$ 383	$ 9,924	$ 363	$ 3,700	$ 14,370
Reinsurance balances recoverable on paid and unpaid losses:	$ —	$ —	$ 217	$ —	$ 217
Other Assets:					
Derivatives qualifying as hedging	$ —	$ 1	$ —	$ —	$ 1
Derivatives not qualifying as hedging	—	3	—	—	3
Derivative instruments	$ —	$ 4	$ —	$ —	$ 4
Losses and LAE:	$ —	$ —	$ 1,163	$ —	$ 1,163
Other Liabilities:					
Derivatives qualifying as hedging	$ —	$ 6	$ —	$ —	$ 6
Derivatives not qualifying as hedging	—	3	—	—	3
Derivative instruments	$ —	$ 9	$ —	$ —	$ 9

[1] The difference in the amount of funds held shown at fair value and the funds held shown in our consolidated balance sheet relates to the $2.7 billion of funds held by reinsured companies carried at amortized cost.

Valuation Methodologies of Financial Instruments Measured at Fair Value

Short-term and Fixed Maturities

The fair values for all securities in the short-term and fixed maturities and funds held - directly managed portfolios are obtained or validated from independent pricing services either directly or through our accounting service provider or investment managers.

We record the unadjusted price and validate this price through a process that includes, but is not limited to:

i. comparison of prices against alternative pricing sources;

ii. quantitative analysis (e.g. comparing the quarterly return for each managed portfolio to its target benchmark);

iii. evaluation of methodologies used by external parties to estimate fair value, including a review of the inputs used for pricing; and

iv. comparing the price to our knowledge of the current investment market.

Our internal price validation procedures and review of fair value methodology documentation provided by independent pricing services have not historically resulted in adjustment in the prices obtained from the pricing service.

The independent pricing services used by our service providers obtain actual transaction prices for securities that have quoted prices in active markets. Where we utilize single unadjusted broker-dealer quotes, they are generally provided by market makers or broker-dealers who are recognized as market participants in the markets for which they are providing the quotes.

For determining the fair value of securities that are not actively traded, in general, pricing services use "matrix pricing" in which the independent pricing service uses observable market inputs including, but not limited to, reported trades, benchmark yields, broker-dealer quotes, interest rates, prepayment speeds, default rates and other such inputs as are available from market sources to determine a reasonable fair value.

The following describes the techniques generally used to determine the fair value of our short-term and fixed maturities by asset class, including the investments underlying the funds held - directly managed.

- **U.S. and non-U.S. government and agency securities** consist of securities issued by the U.S. Treasury and mortgage pass-through agencies such as the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and other agencies, or consist of bonds issued by non-U.S. governments and agencies along with supranational organizations. The significant inputs used to determine the fair value of these securities include the spread above the risk-free yield curve, reported trades and broker-dealer quotes. These are observable market inputs and, therefore, the fair values of these securities are classified as Level 2.
- **Corporate securities** consist primarily of investment-grade debt of a wide variety of corporate issuers and industries. The fair values of these securities are determined using the spread above the risk-free yield curve, reported trades, broker-dealer quotes, benchmark yields, and industry and market indicators. These are considered observable market inputs and, therefore, the fair values of these securities are classified as Level 2. Certain private placement investments classified within Corporate are valued using prices obtained from external managers using independent valuation agents and the valuation inputs used are considered unobservable with no active market at the measurement date. As a result, these private placement investments are classified as Level 3.
- **Municipal securities** consist primarily of bonds issued by U.S.-domiciled state and municipal entities. The fair values of these securities are determined using the spread above the risk-free yield curve, reported trades, broker-dealer quotes and benchmark yields. These are considered observable market inputs and therefore the fair values of these securities are classified as Level 2.
- **Asset-backed and commercial and residential mortgage-backed securities** consist primarily of investment-grade bonds backed by pools of loans with a variety of underlying collateral. Residential and commercial mortgage-backed securities include both agency and non-agency originated securities. The significant inputs used to determine the fair value of these securities include the spread above the risk-free yield curve, reported trades, benchmark yields, prepayment speeds and default rates. These are considered observable market inputs and therefore the fair value of these securities are classified as Level 2. Certain private placement

investments classified within Asset-backed are valued using prices obtained from external managers using independent valuation agents and the valuation inputs used are considered unobservable with no active market at the measurement date. As a result, these private placement investments are classified as Level 3.

Equities

Our investments in equities consist of a combination of publicly traded investments, privately held investments, and warrants. Our publicly traded equity investments in common and preferred stocks predominantly trade on major exchanges and are managed by our external advisors. Our exchange-traded funds also trade on major exchanges.

Our publicly traded equities are widely diversified and there is no significant concentration in any specific industry. We use an internationally recognized pricing service to estimate the fair value of our publicly traded equities and exchange-traded funds. We have categorized most of our publicly traded equity investments, other than preferred stock, and our exchange-traded funds as Level 1 investments because the fair values of these investments are based on unadjusted quoted prices in active markets for identical assets. One equity security trades in an inactive market and, as a result has been classified as Level 2. The fair value estimates of our investments in publicly traded preferred stock are based on observable market data and, as a result, have been categorized as Level 2. Certain private placement investments classified within Equities are valued using prices obtained from external managers using independent valuation agents and the valuation inputs used are considered unobservable with no active market at the measurement date. As a result, these private placement investments are classified as Level 3.

Our privately held equity investments in common and preferred stocks are direct investments in companies that we believe offer attractive risk adjusted returns and/or offer other strategic advantages. We also hold a warrant to purchase common stock in a company that is exercisable upon the occurrence of certain events. Each investment may have its own unique terms and conditions and there may be restrictions on disposals. The market for these investments is illiquid and there is no active market. For the majority of these we use a combination of cost, internal models and reported values from co-investors/managers to calculate the fair value of the privately held equity investments. The fair value estimates of these are based on unobservable market data so have been categorized as Level 3. We also have one direct investment in the equity of a privately held business development company which values its underlying investments using NAV as a practical expedient; therefore, the investment has not been categorized within the fair value hierarchy.

Other investments, at fair value

We have ongoing due diligence processes with respect to the other investments carried at fair value in which we invest, including active discussions with managers of the investments. These processes are designed to assist us in assessing the quality of information provided by, or on behalf of, each fund and in determining whether such information continues to be reliable or whether further review is warranted.

Certain funds do not provide full transparency of their underlying holdings; however, we obtain the audited financial statements for funds annually and review the audited results relative to the net asset values provided by the managers, and regularly review and discuss the fund performance with the fund managers to corroborate the reasonableness of the reported NAV.

The use of NAV as an estimate of the fair value for investments in certain entities that calculate NAV is a permitted practical expedient. Due to the time lag in the NAV reported by certain fund managers we adjust the valuation for capital calls and distributions. Other investments measured at fair value using NAV as a practical expedient have not been classified in the fair value hierarchy. Other investments for which we do not use NAV as a practical expedient have been valued using prices from independent pricing services and investment managers.

The following describes the techniques generally used to determine the fair value of our other investments.

- For our investments in hedge funds, private equity funds, CLO equity funds, private credit funds and the real estate fund, we primarily measure fair value by obtaining the most recently available NAV as advised by the external fund manager or third-party administrator. The fair values of these investments are measured using the NAV as a practical expedient and therefore have not been categorized within the fair value hierarchy.
- Our investments in fixed income funds and equity funds are valued based on a combination of prices from independent pricing services, external fund managers or third-party administrators. For the publicly available prices we have classified the investments as Level 2. For the non-publicly available prices we are using NAV as a practical expedient and therefore these have not been categorized within the fair value hierarchy.

- We measure the fair value of our direct investment in CLO equities based on valuations provided by independent pricing services. The fair values measured using prices provided by independent pricing services have been classified as Level 2.

Insurance Contracts - Fair Value Option

The Company uses an internal model to calculate the fair value of the liability for losses and LAE and reinsurance balances recoverable on paid and unpaid losses for certain retroactive reinsurance contracts where we have elected the fair value option.

The fair value was calculated as the aggregate of discounted cash flows plus a risk margin. The discounted cash flow approach uses:

i. estimated nominal cash flows based upon an appropriate payment pattern developed in accordance with actuarial methods; and

ii. a discount rate based upon a high quality rated corporate bond yield plus a credit spread for non-performance risk.

The model uses corporate bond rates across the yield curve depending on the estimated timing of the future cash flows and specific to the currency of the risk.

The risk margin was calculated using the present value of the cost of capital. The cost of capital approach uses:

i. projected capital requirements;

ii. multiplied by the risk cost of capital representing the return required for non-hedgeable risk based upon the weighted average cost of capital less investment income; and

iii. discounted using the weighted average cost of capital.

Derivative Instruments

The fair values of our derivative instruments are classified as Level 2. The fair values are based upon prices in active markets for identical contracts.

Funds Held by Reinsured Companies

The fair value of the embedded derivative representing the contractually agreed variable return on the funds held by reinsured companies associated with the Aspen LPT transaction is classified as Level 3 and is calculated using an internal model.

The fair value is calculated as the difference between:

i. the present value of all future expected interest payments based on the full crediting rate, calculated using a Monte Carlo simulation model; and

ii. the present value of all future expected interest payments based on the base crediting rate, calculated using a discounted cash flow model.

The Monte Carlo simulation model uses:

i. a continuous forward risk-free rate commensurate with the crediting interest rate period (observable); and

ii. an estimated historical volatility rate based upon the annualized standard deviation of daily log returns observed on a portfolio replicating the Aspen investment portfolio over a period commensurate with the crediting rate period (unobservable).

The discounted cash flow model uses:

i. estimated expected loss payments based upon an appropriate payment pattern developed in accordance with standard actuarial techniques (unobservable);

ii. a risk-free rate based on U.S. treasury rates as of the valuation date (observable); and

iii. a credit spread based upon the historical option adjusted spread of the Aspen publicly traded corporate debt instrument (observable).

Level 3 Measurements and Changes in Leveling

Transfers into or out of levels are recorded at their fair values as of the end of the reporting period, consistent with the date of determination of fair value.

Investments

The following table present a reconciliation of the beginning and ending balances for all our equity investments and fixed maturity investments measured at fair value on a recurring basis using Level 3 inputs during the years ended December 31, 2024 and 2023:

	2024					
	Fixed maturity investments		Equities			
	Corporate	Asset-backed	Privately-held Equities	Publicly traded equity investments	Warrants and Other	Total
	(in millions of U.S. dollars)					
Beginning fair value	$ 12	$ 11	$ 299	$ 1	$ —	$ 323
Purchases	—	—	27	—	16	43
Sales and paydowns	—	(1)	—	—	—	(1)
Total fair value changes in trading securities, funds held and other investments [1]	—	—	63	—	—	63
Transfer into Level 3 from Level 2	5	20	—	—	—	25
Reclassification from non-recurring to recurring	—	—	—	—	—	—
Ending fair value	$ 17	$ 30	$ 389	$ 1	$ 16	$ 453

[1] Fair value changes in trading securities, funds held and other investments included in our unaudited condensed consolidated statements of operations is equal to the change in fair value changes in trading securities, funds held and other investments relating to assets held at the end of the reporting period.

	2023				
	Fixed maturity investments		Equities		
	Corporate	Asset-backed	Privately-held Equities	Publicly traded equity investments	Total
	(in millions of U.S dollars)				
Beginning fair value	$ —	$ —	$ 294	$ —	$ 294
Purchases	—	—	2	—	2
Sales and paydowns	—	—	(48)	—	(48)
Total fair value changes in trading securities, funds held and other investments [1]	—	—	26	—	26
Transfer into Level 3 from Level 2	12	11	—	1	24
Reclassification from non-recurring to recurring	—	—	25	—	25
Ending fair value	$ 12	$ 11	$ 299	$ 1	$ 323

[1] Fair value changes in trading securities, funds held and other investments included in our unaudited condensed consolidated statements of operations is equal to the change in fair value changes in trading securities, funds held and other investments relating to assets held at the end of the reporting period.

Fair value changes in trading securities, funds held and other investments related to Level 3 assets in the tables above are included in fair value changes in trading securities, funds held and other investments in our consolidated statements of operations.

Valuations Techniques and Inputs

The table below presents the quantitative information related to the fair value measurements for our fixed maturity and equity investments measured at fair value on a recurring and non-recurring basis using Level 3 inputs:

Qualitative Information about Level 3 Fair Value Measurements

Valuation Techniques	Fair Value as of December 31, 2024	Unobservable Input	Range (Average) [1]
	(in millions of U.S. dollars)		
Recurring basis:			
Fixed maturities			
Corporate			
Discounted cash flow	$ 17	YTM; implied total yield	5.81% - 10.47%
Asset-backed			
Discounted cash flow	30	YTM	6.36% - 9.82%
Total fixed maturities	$ 47		
Equity investments			
Privately held equity investments			
Guideline company methodology; Option pricing model	$ 222	P/BV multiple P/BV (excluding AOCI) multiple Expected term	1.3x - 1.8x 1.3x -1.7x 1-3 years
Guideline companies method	67	P/BV multiple Price/2025 earnings LTM Enterprise Value/ EBITDA multiples	1.6 - 1.7x 8.0 - 9.5x 14.5 - 15.9x
Guideline companies method; Earnings	39	Multiple on earnings	5x
Dividend discount model	60	Discount rate	7.4%
	388		
Publicly traded equity investments			
Discounted cash flow	1	Implied total yield	8.5%
Warrants and Other			
Black-Scholes model	16	Expected term in years	9.50 years
Total recurring equity Investments	$ 405		
Non-recurring basis:			
Privately held equity investments			
Cost as approximation of fair value	$ 1	Cost as approximation of fair value	
Total Recurring and Non-recurring equity investments	$ 406		

[1] The average represents the arithmetic average of the inputs and is not weighted by the relative fair value.

As of December 31, 2023, we elected to change the measurement of a privately held equity investment to recurring fair value measurements that was previously accounted for under the measurement alternative. We used a dividend discount model as the valuation technique to fair value the $60 million privately held equity investment, which is an industry standard approach. The unobservable input to the dividend discount model has been identified and disclosed in the table above.

Funds Held by Reinsured Companies - Embedded Derivative

As described in Note 7, we have an embedded derivative in relation to the Aspen LPT transaction to account for the fair value of the full crediting rate we expect to earn on the funds withheld received as consideration.

The following table presents a reconciliation of the beginning and ending balances for the embedded derivative measured at fair value on a recurring basis using Level 3 inputs during the year ended December 31, 2024 and 2023:

	2024	2023
	(in millions of U.S. dollars)	
Beginning fair value	$ 40	$ 44
Total fair value changes	(10)	13
Partial settlement	(25)	(17)
Ending fair value	$ 5	$ 40

Fair value changes in trading securities, funds held and other investments in the table above are included in fair value changes in trading securities, funds held and other investments in our consolidated statements of operations.

Valuations Techniques and Inputs

The table below presents the qualitative information related to the fair value measurements for the embedded derivative on our funds held by reinsured companies measured at fair value on a recurring basis using Level 3 inputs:

Qualitative Information about Level 3 Fair Value Measurements

Valuation Techniques	Fair Value as of December 31, 2024 (in millions of U.S. dollars)	Unobservable Input	Average
Monte Carlo simulation model; Discounted cash flow analysis	$ 5	Volatility rate; Expected Loss Payments	3.73% $318 million

Insurance Contracts - Fair Value Option

The following table presents a reconciliation of the beginning and ending balances for all insurance contracts measured at fair value on a recurring basis using Level 3 inputs during the years ended December 31, 2024 and 2023:

	2024			2023		
	Liability for losses and LAE	Reinsurance balances recoverable on paid and unpaid losses	Net	Liability for losses and LAE	Reinsurance balances recoverable on paid and unpaid losses	Net
	(in millions of U.S. dollars)					
Beginning fair value	$ 1,163	$ 217	$ 946	$ 1,286	$ 275	$ 1,011
Incurred losses and LAE:						
Increase (reduction) in estimates of ultimate losses	(26)	(21)	(5)	21	(20)	41
Reduction in provisions for ULAE	(9)	—	(9)	(11)	—	(11)
Change in fair value	25	5	20	100	22	78
Total incurred losses and LAE	(10)	(16)	6	110	2	108
Paid losses	(144)	(18)	(126)	(247)	(59)	(188)
Change in net liability for losses and LAE at fair value - Instrument-specific credit risk	12	2	10	(27)	(6)	(21)
Effect of exchange rate movements	(24)	(6)	(18)	41	5	36
Ending fair value	$ 997	$ 179	$ 818	$ 1,163	$ 217	$ 946

The following table presents the components of the net change in fair value for the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
	(in millions of U.S. dollars)		
Changes in fair value due to changes in:			
Average payout	$ 33	$ 32	$ 40
Corporate bond yield	(19)	18	(219)
Credit spread for non-performance risk	—	21	(21)
Weighted average cost of capital	6	7	—
Risk cost of capital	—	—	—
Change in fair value	$ 20	$ 78	$ (200)

Changes in the fair value due to changes in average payout and corporate bond yields are included in net incurred losses and loss adjustment expenses in our consolidated statements of operations. Changes in the fair value due to changes in credit spread for instrument-specific credit risk are classified to other comprehensive income.

Valuations Techniques and Inputs

Below is a summary of the quantitative information regarding the significant observable and unobservable inputs used in the internal model to determine fair value on a recurring basis as of December 31, 2024 and 2023:

		2024	2023
Valuation Technique	**Unobservable (U) and Observable (O) Inputs**	**Weighted Average**	**Weighted Average**
Internal model	Corporate bond yield (O)	A rated	A rated
Internal model	Credit spread for Instrument-specific credit risk (U)	0.4%	0.65%
Internal model	Risk cost of capital (U)	6.15%	5.60%
Internal model	Weighted average cost of capital (U)	9.25%	8.75%
Internal model	Average payout - liability (U)	8.10 years	8.12 years
Internal model	Average payout - reinsurance balances recoverable on paid and unpaid losses (U)	8.39 years	8.35 years

The fair value of the liability for losses and LAE and reinsurance balances recoverable on paid and unpaid losses may increase or decrease due to changes in the corporate bond rate, the credit spread for non-performance risk, the risk cost of capital, the weighted average cost of capital and the estimated payment pattern.

In addition, the estimate of the capital required to support the liabilities is based upon current industry standards for capital adequacy.

Disclosure of Fair Values for Financial Instruments Carried at Cost

Senior and Subordinated Notes

The following table presents the fair values of our Senior and Subordinated Notes carried at amortized cost:

	December 31, 2024	
	Amortized Cost	Fair Value
	(in millions of U.S. dollars)	
4.95% Senior Notes due 2029	$ 497	$ 491
3.10% Senior Notes due 2031	496	427
Total Senior Notes	$ 993	$ 918
5.75% Junior Subordinated Notes due 2040	$ 346	$ 346
5.50% Junior Subordinated Notes due 2042	494	477
Total Junior Subordinated Notes	$ 840	$ 823

The fair value of our Senior Notes and our Subordinated Notes was based on observable market pricing from a third-party pricing service.

Both the Senior and Subordinated Notes are classified as Level 2.

Insurance Contracts

Disclosure of fair value of amounts relating to insurance contracts is not required, except those for which we elected the fair value option, as described above.

Remaining Financial Assets and Liabilities

Our remaining financial assets and liabilities were generally carried at cost or amortized cost, which due to their short-term nature approximates fair value as of December 31, 2024 and 2023.

15. VARIABLE INTEREST ENTITIES

We have investments in certain limited partnership funds which are deemed to be variable interest entities ("VIEs") and which are included in other investments at the reported NAV. The activities of these VIEs are generally limited to holding investments and our involvement in these entities is passive in nature. We consolidate all VIEs in which we are the primary beneficiary.

Determining whether to consolidate a VIE may require judgment in assessing (i) whether an entity is a VIE, and (ii) if we are the entity's primary beneficiary and thus required to consolidate the entity. To determine if we are the primary beneficiary of a VIE, we evaluate whether we have (i) the power to direct the activities that most significantly impact the VIE's economic performance, and (ii) the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE.

Our evaluation includes identification of the activities that most significantly impact the VIE's economic performance and an assessment of our ability to direct those activities based on governance provisions, contractual arrangements to provide or receive certain services, funding commitments and other applicable agreements and circumstances. Our assessment of whether we are the primary beneficiary of our VIEs requires significant assumptions and judgment.

GCM Fund

In July 2022, we entered into an agreement to become a limited partner of GCM Blue Sails Infrastructure Offshore Opportunities Fund, L.P. ("GCM Fund"), with an initial commitment of $150 million. At that time, we performed an assessment and concluded that because of being a limited partner and having no substantive kick-out or participating rights, the GCM Fund is a VIE. We also concluded that we are the primary beneficiary, as our 99.5% economic interest in the GCM Fund is disproportionately greater than our lack of stated power to direct the activities of the GCM Fund that will most significantly impact the GCM Fund's economic performance. As a result, we have consolidated the results of the GCM Fund. There was no gain or loss recognized on consolidation.

We have elected to recognize the results of the GCM Fund on a one quarter lag due to anticipated delays in obtaining timely financial information. As of December 31, 2024, $110 million of the initial commitment has been called. The carrying amounts of the assets and liabilities of the GCM Fund are presented within existing captions on our consolidated balance sheets as of December 31, 2024 and 2023. Net investment income, changes in the fair value of assets and liabilities of the GCM Fund and management fees will be presented within existing captions in the consolidated statements of operations.

We recognized fair value changes in trading securities, funds held and other investments of $9 million and $6 million for the years ended December 31, 2024 and 2023, respectively.

Our exposure to risk of loss is limited to the amount of our investment, in accordance with the limited partnership agreement. We have not committed to provide any financial support to the general partner of the GCM Fund. In addition, we have not committed to provide any additional financial support to the GCM Fund more than previously funded capital commitments and all undistributed profits and income.

The assets of Enstar are not available to the creditors of the GCM Fund.

Nonconsolidated VIEs

The tables below present the fair value of our investments in nonconsolidated VIEs as well as our maximum exposure to loss associated with these VIEs:

As of December 31, 2024	Fair Value	Unfunded Commitments	Maximum Exposure to Loss
	(in millions of U.S. dollars)		
Equities			
Publicly traded equity investment in common stock	$ 59	$ —	$ 59
Privately held equity	61	—	61
Total	120	—	120
Other investments			
Hedge funds	$ 410	$ —	$ 410
Fixed income funds	365	34	399
Private equity funds	1,442	501	1,943
CLO equity funds	162	—	162
Private credit funds	638	231	869
Real estate funds	162	137	299
Total	$ 3,179	$ 903	$ 4,082
Total investments in nonconsolidated VIEs	$ 3,299	$ 903	$ 4,202

As of December 31, 2023	Fair Value	Unfunded Commitments	Maximum Exposure to Loss
	(in millions of U.S. dollars)		
Equities			
Publicly traded equity investment in common stock	$ 55	$ —	$ 55
Privately held equity	34	—	34
Total	$ 89	$ —	$ 89
Other investments			
Hedge funds	$ 491	$ —	$ 491
Fixed income funds	147	35	182
Private equity funds	1,262	667	1,929
CLO equity funds	182	—	182
Private credit funds	349	242	591
Real estate funds	121	139	260
Total	$ 2,552	$ 1,083	$ 3,635
Total investments in nonconsolidated VIEs	$ 2,641	$ 1,083	$ 3,724

16. PREMIUMS WRITTEN AND EARNED

Premiums written related to prospective risk policies are earned on a pro-rata basis over the period of the related coverage. Reinsurance premiums on prospective risks are recorded at the inception of the policy, are based upon contractual terms and, for certain business, are estimated based on underlying contracts or from information provided by insureds and/or brokers.

Changes in reinsurance premium estimates for prospective risks are recorded as premiums written in the period in which they are determined.

Certain contracts are retrospectively rated and provide for a final adjustment to the premium based on the final settlement of all losses. Premiums on such contracts are adjusted based upon contractual terms, and management judgment is involved with respect to the estimate of the amount of losses that we expect to incur. These adjustments to the premium are recognized at the time loss thresholds specified in the contract are exceeded and are earned over the coverage period, or are earned immediately if the period of risk coverage has passed.

The following tables provide a summary of net premiums written and earned for the years ended December 31, 2024, 2023 and 2022:

	2024		2023		2022	
	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
	(in millions of U.S. dollars)					
Total gross	$ 11	$ 50	$ 101	$ 49	$ 25	$ 97
Total ceded	(6)	(10)	(5)	(6)	(13)	(31)
Total net	$ 5	$ 40	$ 96	$ 43	$ 12	$ 66

Gross premiums written for the year ended December 31, 2024 decreased by $90 million from 2023, primarily due to the 2023 transaction with AIG which was nonrecurring in 2024. Gross premiums written for the year ended December 31, 2023 increased by $76 million from 2022, primarily due to the 2023 transaction with AIG.

17. GOODWILL AND INTANGIBLE ASSETS

Goodwill represents the future economic benefits arising from net assets acquired in a business combination that are not individually identified and recognized.

Goodwill is calculated as the excess of the cost of the acquired entity over the estimated fair value of such assets acquired and liabilities assumed. Goodwill is tested for impairment at least annually or more frequently if events or circumstances, such as adverse changes in the business climate, indicate that there may be justification for conducting an interim test. We perform our annual goodwill impairment testing during the fourth quarter based upon data as of December 31.

If the goodwill asset is determined to be impaired, it is written down in the period in which the determination is made.

Although we perform our annual goodwill impairment testing during the fourth quarter, we evaluate events or circumstances each period that could justify an interim test as well. The Merger Agreement executed in the third quarter of 2024 indicated that the consideration for all ordinary shareholders interests as described in Note 1, which was indicative of fair value, was less than our book value at that time. Hence, a full impairment charge related to goodwill of $63 million was recognized in the third quarter of 2024 and is included in the consolidated statement of operations.

We also performed impairment tests for all other tangible and intangible assets during 2024 using applicable impairment models, noting no further impairment as of the date we entered into the Merger Agreement in July 2024 through December 31, 2024.

There were no other indicators of impairment in periods prior to this period, and such goodwill was recorded on our balance sheet, within other assets, as of December 31, 2023.

18. DEBT OBLIGATIONS AND CREDIT FACILITIES

We utilize debt financing and credit facilities primarily for funding acquisitions and significant new business, investment activities and, from time to time, for general corporate purposes.

Our debt obligations were as follows:

				December 31, 2024		December 31, 2023	
Facility	Origination [1]	Term	Principal	(Unamortized Cost) / Fair Value Adjustments	Carrying Value	(Unamortized Cost) / Fair Value Adjustments	Carrying Value
				(in millions of U.S. dollars)			
4.95% Senior Notes due 2029	May 2019	10 years	$ 500	$ (3)	$ 497	$ (4)	$ 496
3.10% Senior Notes due 2031	August 2021	10 years	500	(4)	496	(4)	496
Total Senior Notes					993		992
5.75% Junior Subordinated Notes due 2040	August 2020	20 years	350	(4)	346	(5)	345
5.50% Junior Subordinated Notes due 2042	January 2022	20 years	500	(6)	494	(6)	494
Total Junior Subordinated Notes					840		839
EGL Revolving Credit Facility	May 2023	5 years			—		—
Total debt obligations					$ 1,833		$ 1,831

[1] Origination date on EGL Revolving Credit Facility represents the date of the most recent amendment and restatement.

The table below provides a summary of the total interest expense for the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
	(in millions of U.S. dollars)		
Interest expense on debt obligations	$ 87	$ 88	$ 93
Amortization of debt issuance costs	2	2	2
Gain on extinguishment	—	—	(6)
Total interest expense	$ 89	$ 90	$ 89

Senior Notes

The Senior Notes are effectively subordinated to all our secured indebtedness to the extent of the value of the assets securing such indebtedness, and structurally subordinated to all liabilities of our subsidiaries, including claims of policyholders. The Senior Notes are also contractually subordinated to claims of policyholders.

We may repurchase the 2029 Senior Notes and 2031 Senior Notes at any time prior to the date which is three months and six months, respectively, prior to maturity, subject to the payment of a make-whole premium. After such respective date, we may repurchase the 2029 Senior Notes and the 2031 Senior Notes at a purchase price equal to 100% of the outstanding principal amount, plus accrued and unpaid interest. In each case, any such repurchases are also subject to satisfying certain regulatory requirements.

Subordinated Notes

The Junior Subordinated Notes are unsecured junior subordinated obligations of Enstar Finance LLC (“Enstar Finance”). The Junior Subordinated Notes are fully and unconditionally guaranteed by us on an unsecured and junior subordinated basis. These debt securities of Enstar Finance are effectively subordinated to the obligations of our other subsidiaries.

The 2040 Junior Subordinated Notes bear interest (i) during the initial five-year period ending August 30, 2025, at a fixed rate per annum of 5.75% and (ii) during each five-year reset period thereafter beginning September 1, 2025, at a fixed rate per annum equal to the five-year U.S. treasury rate calculated as of two business days prior to the

beginning of such five-year period plus 5.468%.

The 2042 Junior Subordinated Notes bear interest (i) during the initial five-year period ending January 14, 2027, at a fixed rate per annum of 5.50% and (ii) during each five-year reset period thereafter beginning January 15, 2027, at a fixed rate per annum equal to the five-year U.S. treasury rate calculated as of two business days prior to the beginning of such five-year period plus 4.006%.

The Junior Subordinated Notes are exclusively the obligations of Enstar Finance and us, to the extent of the guarantee, and are not guaranteed by any of our other subsidiaries, which are separate and distinct legal entities and, except for Enstar Finance, have no obligation, contingent or otherwise, to pay holders any amounts due on the Junior Subordinated Notes or to make any funds available for payment on the Junior Subordinated Notes, whether by dividends, loans or other payments.

Generally, if an event of default occurs, the trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Junior Subordinated Notes may declare the principal and accrued and unpaid interest on all the then outstanding Junior Subordinated Notes to be due and payable immediately.

Subject to certain threshold regulatory requirements and during certain time periods, Enstar Finance may repurchase the Junior Subordinated Notes, in whole or in part, at any time, at a repurchase price equal to at least 100% of the principal amount, plus accrued and unpaid interest.

Maturities

As of December 31, 2024, there are no outstanding debt obligations that will become due in each of the next four years. One of our series of Senior Notes with an outstanding principal balance of $500 million becomes due upon maturity in five years, and $1.4 billion of our notes becomes due upon maturity in periods beyond five years from December 31, 2024.

Revolving Credit Facility

In May 2023, we and certain of our subsidiaries, as borrowers and guarantors, amended and restated our existing revolving credit agreement. The amendment increased the total commitments under the revolving credit facility from $600 million to $800 million and extended the expiry date to May 30, 2028. We may request additional commitments under the facility by up to an aggregate amount of $200 million, which the existing lenders, in their discretion, or new lenders, may provide. Under the amended facility, we may borrow revolving loans or request the issuance of syndicated or fronted letters of credit, in each case on a senior, unsecured basis.

Pricing under the facility will continue to be based on a per annum rate comprising a reference rate determined based on the type and currency of loan we borrow plus a margin that varies based on changes to our long term senior unsecured debt ratings assigned by S&P or Fitch (the “Debt Ratings”). The applicable reference rate is an adjusted forward-looking term rate based on the Secured Overnight Financing Rate (“Adjusted Term SOFR”) for loans denominated in U.S. dollars, a rate based on the Sterling Overnight Index Average for loans denominated in British pounds sterling, an adjusted rate based on the Euro Interbank Offered Rate for loans denominated in euros and a rate equal to the highest of the Prime Rate, an adjusted rate based on the Federal Funds Effective Rate and Adjusted Term SOFR (for a one-month period) for swingline loans. We pay letter of credit fees based on the average daily aggregate stated amount of outstanding letters of credit and the Debt Ratings. In addition, we pay commitment fees based on the average daily unused amount of the commitments and the Debt Ratings. If an event of default occurs, the interest rate will increase and the agent may, and at the request of the required lenders shall, terminate lender commitments and demand early repayment of any outstanding amounts borrowed (or cash collateralization of a percentage excess of the amount of outstanding letters of credit issued) under the facility.

Financial and business covenants imposed on us in relation to the amended facility include certain limitations on indebtedness and guarantees, liens, mergers, consolidations and other fundamental changes, and dispositions. Generally, the financial covenants require us to maintain a gearing ratio of consolidated financial indebtedness to total capitalization of not greater than 0.35 to 1.0 and to maintain a consolidated net worth of not less than the aggregate of (i) $4.3 billion, plus (ii) 50% of net income available for distribution to ordinary shareholders at any time after June 30, 2022 (excluding net unrealized gains or losses on investments), plus (iii) 50% of the proceeds of any issuance of ordinary shares made after June 30, 2022. In addition, we must maintain eligible capital in excess of the enhanced capital requirement imposed by the Bermuda Monetary Authority pursuant to the Insurance (Group Supervision) Rules 2011 of Bermuda. As of December 31, 2024, we are in compliance with the covenants of the EGL Revolving Credit Facility.

As of December 31, 2024, we had no borrowings outstanding and therefore had $800 million of available unutilized capacity under our unsecured revolving credit agreement.

Credit and Deposit Facilities

We utilize unsecured and secured letters of credit ("LOCs") and a deposit facility to support certain of our (re)insurance performance obligations. We also utilize unsecured LOCs to support the regulatory capital requirements of certain of our subsidiaries.

Our credit and deposit facilities were as follows:

	Commitment	Additional Commitments Available [1]	Aggregate Amount Issued / Requested as Deposits / Face Amount	
			December 31, 2024	December 31, 2023
	(in millions of U.S. dollars)			
$150 million FAL LOC Facility [2]	$ 150	$ 75	$ 106	$ 150
$90 million FAL Deposit Facility [2]	90	10	90	90
$346 million LOC Facility	346	—	346	346
$235 million LOC Facility	235	—	235	100
$120 million LOC Facility	120	60	116	74
$23 million LOC Facility [3]	23	—	23	23
$800 million Syndicated LOC Facility	800	—	675	655
$1 million LOC Facility	1	—	1	1
$100 million Bermuda LOC Facility [4]	100	—	100	100
$100 million Bermuda LOC Facility [4]	100	—	100	100
$100 million Bermuda LOC Facility [4]	100	—	100	100
$A100 million LOC Facility	A$ 100	—	62	—
£32 million United Kingdom LOC Facility [3]	£ 32	£ —	$ 40	$ 41

[1] We may request additional commitments under the facility in an aggregate amount not to exceed this amount, which the existing lenders, in their discretion, or new lenders may provide.

[2] The FAL LOC facility will expire on September 30, 2025. The FAL Deposit Facility will expire on July 21, 2025, subject to our right to request up to two one-year extensions of the commitment period to July 21, 2026, and July 21, 2027, respectively. Under the FAL Deposit facility, a third-party lender deposits a requested market valuation amount of eligible securities into Lloyd's on behalf of our Lloyd's corporate member. As of December 31, 2024 and December 31, 2023, our combined FAL comprised cash and investments of $314 million (including $85 million provided under the FAL Deposit Facility) and $483 million (including $94 million provided under the FAL Deposit Facility), respectively, and unsecured LOCs of $106 million and $150 million, respectively.

[3] The LOC issued under this facility qualifies as Ancillary Own Funds capital for one of our U.K. regulated subsidiaries.

[4] The LOC issued under this facility qualifies as Eligible Capital for one of our Bermuda regulated subsidiaries.

We also utilize secured operating LOCs. As of December 31, 2024 and 2023, the total balance of such secured operating LOCs issued and outstanding was $54 million and $67 million, respectively.

19. NONCONTROLLING INTERESTS

We have noncontrolling interests ("NCI") on our consolidated balance sheets as of December 31, 2024. Whereas in 2023, we had both redeemable noncontrolling interests ("RNCI") and NCI on our consolidated balance sheet.

RNCI with redemption features that are not solely within our control were classified within temporary equity in the consolidated balance sheets and carried at their redemption value, which is fair value. Any change in the fair value was recognized through additional paid in capital as if the balance sheet date was also the redemption date.

NCI, which is carried at book value, does not have redemption features and is classified within equity in the consolidated balance sheets.

Redeemable Noncontrolling Interests

In December 2023, we entered into a Purchase Agreement with Trident V Funds and Dowling Capital Partners (together, the “RNCI Holders”) to purchase their remaining equity interest in StarStone Specialty Holdings Limited (“SSHL”). We paid total consideration of $182 million in exchange for acquiring the 41.0% interest in SSHL, comprised as follows:

	2023
	(in millions of U.S. dollars)
Cash	$ 119
Remaining ownership interest in Northshore (13.5%)	48
Settlement of existing loan receivable	15
Total consideration paid	182
Less: carrying value of RNCI	(185)
Gain on redemption of RNCI	$ 3

The transaction was completed on December 22, 2023. Following the completion of the transaction, SSHL became a wholly-owned subsidiary and we no longer have a direct or indirect ownership interest in Atrium. We have recognized the gain on redemption of RNCI within APIC.

The following is a reconciliation of the beginning and ending carrying amount of the equity attributable to the RNCI:

	2023
	(in millions of U.S. dollars)
Balance as of January 1, 2022	$ 168
Net income attributable to RNCI	15
Change in unrealized gains on AFS investments attributable to RNCI	2
Change in redemption value of RNCI	(3)
Redemption of RNCI	(182)
Balance as of December 31, 2023	$ —

Noncontrolling Interests

As of December 31, 2024, we had $6 million of noncontrolling interests primarily related to consolidated VIEs and voting interest entities. As of December 31, 2024, we had no NCIs in our subsidiaries. As of December 31, 2023, we had $113 million of noncontrolling interests primarily related to external interests in three of our subsidiaries. The decrease in NCIs primarily related to exiting our investment in a fund that was previously a consolidated fund as part of our ongoing restructuring efforts to reduce legal entity complexity, improve operational efficiencies, and simplify our governance structure. As this fund was not within one of our six operating countries, we transferred our investments in the fund to a non-consolidated fund, which had the effect of eliminating the NCI.

In December 2022, Enhanzed Re repurchased the entire 24.9% ownership interest Allianz held in Enhanzed Re for $175 million. We recorded the impact of reclassifying the carrying value of the NCI acquired to Enstar shareholders’ equity in our first quarter 2023 results, as we report the results of Enhanzed Re on a one quarter reporting lag.

A reconciliation of the beginning and ending carrying amount of the equity attributable to NCI is included in the consolidated statements of changes in shareholder's equity

20. SHAREHOLDERS' EQUITY

As of December 31, 2024 and 2023, our authorized share capital was as follows:

Authorized share capital	Par Value Per Share	Number of Shares 2024	Number of Shares 2023
Ordinary shares (“Voting Ordinary Shares”) and Non-voting convertible ordinary shares (“Non-Voting Ordinary Shares”)	$ 1.00	111,000,000	111,000,000
Preferred shares	$ 1.00	45,000,000	45,000,000

Ordinary Shares

The following is a reconciliation of our beginning and ending ordinary shares for the years ended December 31, 2024, 2023 and 2022:

	Voting Ordinary Shares	Non-Voting Convertible Ordinary Series C Shares	Non-Voting Convertible Ordinary Series E Shares	Total Ordinary Shares
Balance as of January 1, 2022	16,625,862	1,192,941	404,771	18,223,574
Shares issued [1]	62,056	—	—	62,056
Shares repurchased [2]	(697,580)	—	—	(697,580)
Balance as of December 31, 2022	15,990,338	1,192,941	404,771	17,588,050
Shares issued [1]	48,082	—	—	48,082
Shares repurchased [2]	(841,735)	(1,192,941)	(404,771)	(2,439,447)
Balance as of December 31, 2023	15,196,685	—	—	15,196,685
Shares issued [1][3]	44,631	—	—	44,631
Balance as of December 31, 2024	15,241,316	—	—	15,241,316

[1] Ordinary Shares issued in relation to share-based compensation plan awards and the Employee Share Purchase Plan.

[2] Ordinary Shares that we have repurchased are subject to immediate retirement, resulting in a reduction to the number of Ordinary Shares issued and outstanding.

[3] Includes 2,035 shares of restricted stock

Voting Ordinary Shares

Each voting ordinary share entitles the holder thereof to one vote.

Share Repurchase Programs

There were no voting ordinary shares repurchased under a share repurchase program for the year ended December 31, 2024 and 2023.

The following table presents our ordinary shares repurchased under our share repurchase programs for the year ended December 31, 2022:

	2022		
	Ordinary shares repurchased	Average price per ordinary share	Aggregate price
	(in millions of U.S. dollars, except for share data)		
2021 Repurchase Program [1]	227,383	$ 257.02	$ 58
2022 Repurchase Program [2]	470,197	$ 222.74	105
Total share repurchases under repurchase programs	697,580	$ 233.92	$ 163

(1) Our Board approved an ordinary share repurchase program in November 2021 (as subsequently amended, the “2021 Repurchase Program”), not to exceed $100 million in aggregate. The 2021 Repurchase Program was fully utilized as of April 2022.

(2) In May 2022, our Board authorized the repurchase of up to $200 million of our ordinary shares (the “2022 Repurchase Program”), originally effective through May 5, 2023, of which $95 million had been utilized as of December 31, 2022. In February 2023, our Board authorized the repurchase of an additional $105 million of our ordinary shares under the 2022 Repurchase Program and extended the effective date through February 23, 2024. In March 23, 2023, the 2022 Repurchase Program was terminated following the repurchase of our non-voting convertible ordinary shares as described below.

In May 2022, we entered into two share repurchase agreements in relation to our 2022 Repurchase Program. The first was with Trident Public Equity LP, an affiliate of Stone Point, to repurchase 89,790 of our ordinary shares for an aggregate price of $20 million. The second was with an unaffiliated institutional shareholder, to repurchase 380,407 shares for an aggregate price of $85 million. Both transactions were priced at $222.74 per share, representing a 5% discount to the closing price of our ordinary shares on the NASDAQ stock market on May 9, 2022.

Strategic Share Repurchases

In November 2023, we repurchased 791,735 of our voting ordinary shares held by Canada Pension Plan Investment Board (“CPP Investments”) and its affiliate, and 50,000 of our voting ordinary shares held by the Trident V funds managed by Stone Point Capital LLC (“the Trident V Funds”), for a total of $191 million in aggregate. The transactions were executed at a price per share of $227.18, representing a 5% discount to the trailing 10-day volume weighted average price of our voting ordinary shares as of the close of business on November 3, 2023.

In March 2023, we repurchased 1,597,712 of our non-voting convertible ordinary shares held by CPP Investments for an aggregate $341 million, representing a price per share of $213.13 and a 5% discount to the trailing 10-day volume weighted average price of our voting ordinary shares as at the agreed March 2023 measurement date. The shares comprised all of our outstanding Series C and Series E non-voting ordinary shares.

Joint Share Ownership Plan

In January 2020, 565,630 voting ordinary shares were issued to the trustee of the Enstar Group Limited Employee Benefit Trust (the "EB Trust"). Voting rights in respect of shares held in the EB Trust have been contractually waived. We have consolidated the EB Trust, and shares held in the EB Trust are classified like treasury shares as contra-equity in our consolidated balance sheet. The EB Trust supports awards made under our Joint Share Ownership Plan[27].

Preferred Shares

Series C Preferred Shares

As of December 31, 2024, there were 388,571 Series C participating non-voting perpetual preferred shares ("Series C Preferred Shares") issued and held by one of our wholly-owned subsidiaries and is held as treasury stock.

The Series C Preferred Shares:

i. upon liquidation, dissolution or winding up of the Company, entitle their holders to a preference over holders of our ordinary voting and non-voting shares of an amount equal to $0.001 per share with respect to surplus assets; and

ii. are non-voting except in certain limited circumstances.

The Series C Preferred shares have dividend rights equal to those of the ordinary voting shares, subject to certain limitations and in an amount determined by a "participation rate" that is generally reflective of the reduction in the number of Series C Preferred Shares issued in exchange for the previously outstanding Series A shares.

The Series C Preferred Shares otherwise rank on parity with the ordinary voting and non-voting shares, and they rank senior to each other class or series of share capital, unless the terms of any such class or series shall expressly provide otherwise.

[27] As described in Note 22.

Series D Preferred Shares

In June 2018, the Company raised $400 million of gross proceeds through the public offering of 16,000 shares of its 7.00% non-cumulative fixed-to-floating rate Series D perpetual preferred shares ("Series D Preferred Shares") (equivalent to 16,000,000 depositary shares, each of which represents a 1/1,000th interest in a Series D Preferred Share), $1.00 par value and $25,000 liquidation preference per share (equivalent to $25.00 per depositary share). The depositary shares are listed and trade under the "ESGRP" ticker symbol on the NASDAQ Global Select Market.

The Series D Preferred Shares are not redeemable prior to September 1, 2028, except in specified circumstances as described in the prospectus supplement relating to the offering. On and after September 1, 2028, the Series D Preferred Shares, represented by the depositary shares, will be redeemable at the Company’s option, in whole or from time to time in part, at a redemption price equal to $25,000 per Series D Preferred Share (equivalent to $25.00 per depositary share), plus any declared and unpaid dividends.

Series E Preferred Shares

On November 2018, the Company raised $110 million of gross proceeds through the public offering of 4,400 shares of its 7.00% fixed rate non-cumulative Series E perpetual preferred shares ("Series E Preferred Shares") (equivalent to 4,400,000 depositary shares, each of which represents a 1/1,000th interest in a Series E Preferred Share), $1.00 par value and $25,000 liquidation preference per share (equivalent to $25.00 per depositary share). The depositary shares are listed and trade under the "ESGRO" ticker symbol on the NASDAQ Global Select Market.

The Series E Preferred Shares, represented by the depositary shares, have been redeemable at the Company’s option, in whole or from time to time in part, since March 2024 at a redemption price equal to $25,000 per Series E Preferred Share (equivalent to $25.00 per depositary share), plus any declared and unpaid dividends.

Dividends on Preferred Shares

Holders of Series D and Series E Preferred Shares are entitled to receive, only when, as and if declared, non-cumulative cash dividends, paid quarterly in arrears on the 1st day of March, June, September and December of each year, of 7.00% per annum.

Commencing on September 1, 2028, the Series D Preferred Shares will convert to a floating rate basis and dividends will be payable on a non-cumulative basis, when, as and if declared, at an alternative reference rate (with spread adjustment) to three-month LIBOR, as determined by the calculation agent consistent with accepted market practice, plus 4.015% per annum. Dividends that are not declared will not accumulate and will not be payable.

For the years ended December 31, 2024, 2023 and 2022, we declared and paid dividends on Series D Preferred Shares of $28 million and on Series E Preferred Shares of $8 million.

Any payment of dividends must be approved by our Board. Our ability to pay dividends is subject to certain restrictions[28].

[28] As described in Note 25.

Accumulated Other Comprehensive Income (Loss)

The following tables present a roll forward of accumulated other comprehensive income (loss):

	2024			
	Unrealized (losses) gains on available-for-sale investments	Cumulative currency translation adjustment	FVO - Own credit Adjustment	Total
	(in millions of U.S. dollars)			
Balance December 31, 2023, net of tax	$ (368)	$ 12	$ 20	$ (336)
Unrealized gains on fixed maturities, AFS arising during the period	(2)	—	—	(2)
Reclassification adjustment for change in allowance for credit losses recognized in net income	(15)	—	—	(15)
Reclassification adjustment for net realized losses included in net income	24	—	—	24
Change in currency translation adjustment	—	(2)	—	(2)
Change in net liability for losses and LAE at fair value - Enstar-specific credit risk	—	—	(10)	(10)
Other comprehensive income (loss)	7	(2)	(10)	(5)
Balance December 31, 2024, net of tax	$ (361)	$ 10	$ 10	$ (341)

	2023				
	Unrealized (losses) gains on available-for-sale investments	Cumulative currency translation adjustment	Remeasurement of future policyholder benefits - change in discount rate	FVO - Own credit Adjustment	Total
	(in millions of U.S. dollars)				
Balance December 31, 2022, net of tax	$ (584)	$ 9	$ 273	$ —	$ (302)
Unrealized losses on fixed maturities, AFS arising during the period	154	—	—	—	154
Reclassification adjustment for change in allowance for credit losses recognized in net income	(11)	—	—	—	(11)
Reclassification adjustment for net realized losses included in net income	75	—	—	—	75
Change in currency translation adjustment	—	3	—	—	3
Reclassification adjustment for remeasurement of future policyholder benefits included in net income	—	—	(363)	—	(363)
Change in net liability for gains and LAE at fair value - Enstar-specific credit risk	—	—	—	20	20
Other comprehensive (loss) income	218	3	(363)	20	(122)
Less: Other comprehensive income attributable to NCI and RNCI	(2)	—	90	—	88
Balance December 31, 2023, net of tax	$ (368)	$ 12	$ —	$ 20	$ (336)

	2022				
	Unrealized (losses) gains on available-for-sale investments	Cumulative currency translation adjustment	Defined Benefit Pension Liability	Remeasurement of future policyholder benefits - change in discount rate	Total
	(in millions of U.S. dollars)				
Balance December 31, 2021, net of tax	$ (27)	$ 9	$ 2	$ —	$ (16)
Unrealized losses on fixed maturities, AFS arising during the period	(681)	—	—	—	(681)
Reclassification adjustment for change in allowance for credit losses recognized in net income	28	—	—	—	28
Reclassification adjustment for net realized losses included in net income	81	—	—	—	81
Decrease in defined benefit pension liability	—	—	(2)	—	(2)
Remeasurement of future policyholder benefits - change in interest rate	—	—	—	363	363
Other comprehensive (loss) income	(572)	—	(2)	363	(211)
Less: Other comprehensive income attributable to NCI and RNCI	15	—	—	(90)	(75)
Balance December 31, 2022, net of tax	$ (584)	$ 9	$ —	$ 273	$ (302)

The following table presents details about the tax effects allocated to each component of other comprehensive income (loss):

	2024			2023			2022		
	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
	(in millions of U.S. dollars)								
Unrealized (losses) gains on fixed income securities, AFS arising during the year	$ (18)	$ 16	$ (2)	$ 150	$ 4	$ 154	$ (689)	$ 8	$ (681)
Reclassification adjustment for change in allowance for credit losses recognized in net income	(15)	—	(15)	(11)	—	(11)	28	—	28
Reclassification adjustment for net realized (gains) losses included in net income	24	—	24	76	(1)	75	83	(2)	81
Change in currency translation adjustment	(2)	—	(2)	3	—	3	—	—	—
Remeasurement of future policyholder benefits - change in interest rate	—	—	—	—	—	—	363	—	363
Reclassification adjustment for remeasurement of future policyholder benefits included in net income	—	—	—	(363)	—	(363)	—	—	—
Change in net liability for losses and LAE at fair value - Instrument-specific credit risk	(10)	—	(10)	20	—	20	—	—	—
Other			—	—	—	—	(2)	—	(2)
Other comprehensive (loss) income	**$ (21)**	**$ 16**	**$ (5)**	**$ (125)**	**$ 3**	**$ (122)**	**$ (217)**	**$ 6**	**$ (211)**

The following table presents details of amounts reclassified from AOCI:

Details about AOCI components	2024	2023	2022	Affected Line Item in Statement where Net Income are presented
	(in millions of U.S. dollars)			
Unrealized losses on fixed maturities, AFS	$ (9)	$ (65)	$ (111)	Net realized losses
	(9)	(65)	(111)	Total before tax
Income tax benefit	—	1	2	Income tax benefit
	(9)	(64)	(109)	Net of tax
Other	—	—	2	General and administrative expenses
Remeasurement of future policyholder benefits	—	363	—	Other income
Total reclassifications for the period, net of tax	**$ (9)**	**$ 299**	**$ (107)**	Net of tax

Changes in Ownership of Consolidated Subsidiaries

The following table summarizes changes in the ownership interest in consolidated subsidiaries for the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
	(in millions of U.S. dollars)		
Net income (loss) attributable to Enstar ordinary shareholders	$ 540	$ 1,082	$ (906)
Transfers from noncontrolling and redeemable noncontrolling interests:			
Increase in Enstar's additional paid-in capital for purchase of noncontrolling interest and redeemable noncontrolling interests [1]	—	18	—
Change from net income (loss) attributable to Enstar ordinary shareholders and net transfers from noncontrolling and redeemable noncontrolling interests	$ 540	$ 1,100	$ (906)

[1] The transfer from the noncontrolling interests and redeemable noncontrolling interests for the year ended December 31, 2023 relates to the repurchase of the entire 24.9% ownership interest Allianz held in Enhanzed Re recorded in the first quarter of 2023 and the repurchase of the remaining 41.0% ownership interest the RNCI Holders held in SSHL recorded in the fourth quarter of 2023, respectively.

21. EARNINGS PER SHARE

Basic earnings per share is based on the weighted average number of ordinary shares outstanding and excludes potentially dilutive securities such as restricted shares, restricted share units, warrants, options and convertible securities.

Diluted earnings per share is based on the weighted average number of ordinary and ordinary share equivalents outstanding calculated using the treasury stock method for all potentially dilutive securities. When the effect of dilutive securities would be anti-dilutive, these securities are excluded from the calculation of diluted earnings per share.

The following table sets forth the computation of basic and diluted net income per ordinary share:

	2024	2023	2022
Numerator:	(in millions of U.S. dollars, except share data)		
Net income (loss) attributable to Enstar ordinary shareholders	$ 540	$ 1,082	$ (906)
Denominator:			
Weighted-average ordinary shares outstanding — basic [1]	14,660,810	15,631,770	17,207,229
Effect of dilutive securities:			
Share-based compensation plans [2][3]	186,641	170,848	115,901
JSOP [5]	193,428	—	—
Weighted-average ordinary shares outstanding — diluted [4]	15,040,879	15,802,618	17,323,130
Earnings (loss) per share attributable to Enstar ordinary shareholders:			
Basic	$ 36.83	$ 69.22	$ (52.65)
Diluted [4]	$ 35.90	$ 68.47	$ (52.65)

[1] Weighted-average ordinary shares for basic earnings per share includes ordinary shares (voting and non-voting), but excludes ordinary shares held in the Enstar Group Limited Employee Benefit Trust (the "EB Trust") in respect of JSOP awards, which, because of us consolidating the EB trust, are classified as treasury shares.

[2] Share-based dilutive securities include restricted shares, restricted share units, directors' restricted share units and performance share units. Certain share-based compensation awards were excluded from the calculation for the years ended December 31, 2024, 2023 and 2022 because they were anti-dilutive. The number of potential ordinary shares excluded from diluted shares outstanding was 100, 2,291 and 17,406 shares for the years ended December 31, 2024, 2023 and 2022, respectively, because the effect of including those potential ordinary shares in the calculation would have been anti-dilutive. Securities may be anti-dilutive based on timing of forfeitures of share-based compensation awards or if the share price at grant date was greater than the average market price of our ordinary shares.

[3] Certain restricted share units and performance share units were converted from an equity award to a liability award during the year ended December 31, 2024. As a result, the applicable units no longer have a dilutive impact.

[4] During a period of loss, the basic weighted-average ordinary shares outstanding is used in the denominator of the diluted loss per ordinary share computation as the effect of including potentially dilutive securities would be anti-dilutive, as it would decrease the loss per share.

[5] The JSOP award made to our CEO included a condition that specified a hurdle price ($315.53 as of January 20, 2025) compared to our market observable ordinary share price for the award to vest, which is the greater of the closing share price and the 10-day Volume Weighted Average Price. As of December 31, 2024, the closing share price of our ordinary shares was $322.05 and the 10-day Volume Weighted Average Price was $322.22. The shares to be issued upon settlement are calculated as the market price less $205.89, multiplied by the 565,630 shares comprising the award, divided by the market price. As a result, the JSOP award was dilutive for the year ended December 31, 2024. Additionally, 20% of the award was dependent on a 10% compounded annual growth rate in Fully Diluted Book Value Per Share from January 1, 2020, which was also met through the year ended December 31, 2024.

22. SHARE-BASED COMPENSATION

Under the Enstar 2016 Equity Incentive Plan, the Company may grant awards to employees in the form of Performance Share Units ("PSUs"), Restricted Shares or Restricted Stock Units ("RSUs"), and Joint Share Ownership Plans ("JSOP"), collectively our share-based compensation awards. Our share-based compensation awards qualify for equity classification. We issue new shares once the awards have vested. We have also maintained the employee share purchase plan (the "ESPP"). The ESPP is its own plan and not part of the 2016 Equity Incentive Plan.

For equity-classified awards, the fair value of the compensation cost is measured at the grant date and is expensed over the service period of the award within general and administrative expenses in the consolidated statements of operations. Expenses for the PSU awards are adjusted for changes in the performance multiplier on the award. We recognize forfeitures as they occur.

The table below provides a summary of the compensation costs for all of our share-based compensation plans for the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
	(in millions of U.S. dollars)		
Share-based compensation:			
Restricted shares and restricted share units	$ 14	$ 12	$ 10
Performance share units	10	8	(8)
Joint share ownership plan expense	6	6	8
Other share-based compensation	15	4	—
Total share-based compensation	$ 45	$ 30	$ 10

For the year ended December 31, 2024, $14 million of expense included within other share-based compensation relates to cash settlement of restricted share units and performance share units of a departing executive.

We recognized an adjustment to compensation costs on our performance share units for the year ended December 31, 2022 as a result of reducing the estimated performance multiplier on certain of our previously granted awards.

The associated tax benefit recorded to income tax benefit (expense) in the consolidated statements of operations was $5 million for the year ended December 31, 2024, $3 million for the year ended December 31, 2023 and $0.3 million for the year ended December 31, 2022.

Shares authorized for issuance as of December 31, 2024 were as follows:

	Authorized
2016 Equity Incentive Plan	1,739,654
Employee Share Purchase Plan	200,000

Restricted Shares and Restricted Share Units

Restricted shares and restricted share units are service awards that typically vest over three years. These awards are share-settled and are recorded as an expense over the three year vesting period included within general administrative expense within the Consolidated Statement of Operations with a corresponding amount recorded in additional paid-in capital on the consolidated balance sheets. The fair value of these awards is measured by multiplying the number of shares subject to the award by the closing price of our ordinary shares on the grant date and expensed over the service period.

The following table summarizes the activity related to restricted shares and restricted share awards during 2024:

	Number of Shares	Weighted-Average Share Price
Nonvested — January 1	130,813	$235.25
Granted	27,545	299.87
Vested	(55,648)	245.43
Forfeited	(11,555)	226.87
Nonvested — December 31	91,155	249.62

The unrecognized compensation cost related to our unvested restricted share and restricted share unit awards as of December 31, 2024 was $10 million. This cost is recognizable over the next 1.1 years, which is the weighted average contractual life.

Performance Share Units ("PSUs")

PSUs are share-settled and vest following the end of the three-year performance period. The fair value of these awards is measured by multiplying the number of shares subject to the award by the closing price of our ordinary shares on the grant date and considering any performance related adjustments. The number of shares to vest will be determined by a performance adjustment based on either:

i. the change in fully diluted book value per share ("FDBVPS") over three years; or

ii. average annual non-GAAP operating income return on equity.

Performance Share Units based on FDBVPS

The following table summarizes the awards granted, the vested and unvested PSU awards at December 31, 2024, and the performance criteria and associated performance multipliers at various levels of achievement.

	Inception-to-date Activity Roll-forward					Performance Criteria: Change in FDBVPS (3 year)			Performance Multiplier Levels Per Award Agreements		
Grant Year	PSUs Granted at Target	Forfeited	Estimated Change in Multiplier	Vested	Unvested at December 31, 2024	Threshold	Target	Maximum	Threshold	Target	Maximum
2021	14,429	(3,347)	(10,437)	(645)	—	25.0 %	32.5 %	40.0 %	60.0 %	100.0 %	150.0 %
2022	15,120	(2,320)	(12,525)	(275)	—	16.6 %	22.6 %	28.6 %	60.0 %	100.0 %	150.0 %
2023	37,797	(21,011)	16,651	(135)	33,302	21.4 %	42.7 %	64.1 %	50.0 %	100.0 %	200.0 %
2024	17,918	(356)	17,531	(31)	35,062	15.0 %	30.0 %	45.0 %	50.0 %	100.0 %	200.0 %
	85,264	(27,034)	11,220	(1,086)	68,364						

For each type of PSU based on FDBVPS, a change in the FDBVPS Performance Criteria at each of Threshold, Target and Maximum will result in the application of the respective Threshold, Target and Maximum Performance Multiplier and a settlement of awards at that level. For the 2021, 2022, 2023 and 2024 awards, the impact of the Bermuda deferred tax benefit has been excluded from the calculation. For the 2022, 2023, and 2024 awards, impairment of goodwill and other expenses incurred in relation to the Sixth Street merger have been excluded from the calculation. Straight-line interpolation applies within these ranges, and no settlement occurs if the increase in FDBVPS is less than the Threshold.

Performance Share Units based on Average Annual Non-GAAP Operating Income Return on Equity ("Operating ROE")

The following table summarizes the awards granted, the vested and unvested units as of December 31, 2024, and the performance criteria and associated performance multipliers at various levels of achievement.

	Inception-to-date Activity Roll-forward					Performance Criteria: Average Annual Operating ROE			Performance Multiplier Levels Per Award Agreements		
Grant Year	PSUs Granted at Target	Forfeited	Estimated Change in Multiplier	Vested	Unvested at December 31, 2024	Threshold	Target	Maximum	Threshold	Target	Maximum
2021	14,401	(3,048)	(3,532)	(7,821)	—	9.6 %	12.0 %	14.4 %	60.0 %	100.0 %	150.0 %
2022	15,080	(2,248)	(1,037)	(340)	11,455	8.0 %	10.5 %	13.0 %	60.0 %	100.0 %	150.0 %
2023	37,728	(21,012)	630	(126)	17,220	7.3 %	14.6 %	21.9 %	50.0 %	100.0 %	200.0 %
2024	17,852	(354)	10,969	(31)	28,436	7.5 %	11.0 %	16.0 %	50.0 %	100.0 %	200.0 %
	85,061	(26,662)	7,030	(8,318)	57,111						

For the 2021 awards Annual Operating ROE is calculated based on the non-GAAP adjusted operating income return on opening shareholder's equity after adjusting opening shareholder’s equity for share repurchases on a weighted average basis. Average Annual Operating ROE is the sum of the three individual year annual operating ROE %'s divided by three.

For the 2022, 2023, and 2024 awards, Annual Operating ROE is calculated based on the non-GAAP adjusted operating income (loss) attributable to Enstar ordinary shareholders divided by adjusted opening Enstar ordinary shareholders’ equity adjusted for the impact of share repurchases on a weighted average basis. Average Annual Operating ROE is the sum of the three individual year annual operating ROE %'s divided by three. For the 2021, 2022, 2023 and 2024 awards, the impact of the Bermuda deferred tax benefit has been excluded from the calculation. For the 2022, 2023, and 2024 awards, impairment of goodwill and other expenses incurred in relation to the Sixth Street merger have been excluded from the calculation.

Straight-line interpolation applies within these ranges and no settlement occurs if the Average Annual Operating ROE is less than the Threshold.

Performance Multipliers

For expense purposes we assume a Target vesting at the initial time of award. At the end of each reporting period, we estimate the expected performance multiplier, as shown in the table below:

Award Description	2024	2023	2022
2021 FDBVPS	0.0%	0.0%	0.0%
2021 Average Operating ROE	65.7%	65.7%	100.0%
2022 FDBVPS	0.0%	0.0%	100.0%
2022 Average Operating ROE	91.7%	78.1%	100.0%
2023 FDBVPS	200.0%	192.6%	N/A
2023 Average Operating ROE	103.8%	93.1%	N/A
2024 FDBVPS	200.0%	N/A	N/A
2024 Average Operating ROE	162.8%	N/A	N/A

The unrecognized compensation cost related to our unvested PSU share awards as of December 31, 2024 was $19 million. This cost is recognizable over the next 1.6 years, which is the weighted average contractual life.

Roll-forward of Performance Share Units

The following table summarizes the activity related to PSUs during 2024:

	Number of Shares	Weighted-Average Share Price
Nonvested — January 1	124,734	$227.43
Granted	35,770	302.27
Change in performance multiplier	16,421	267.71
Vested	(7,329)	249.67
Forfeited	(44,121)	225.41
Nonvested — December 31	125,475	266.49

Joint Share Ownership Plan

Under the JSOP, we can make equity awards to our U.K.-based staff through which a recipient acquires jointly held interests in a set number of our voting ordinary shares together with the independent trustee of the EB Trust at fair market value, pursuant to the terms of a joint ownership agreement. Voting rights in respect of shares held in the EB Trust are contractually waived. Shares held in the EB Trust are classified as treasury shares.

In January 2020, a JSOP award comprising 565,630 underlying voting ordinary shares was made to our Chief Executive Officer (“CEO”) which cliff-vests upon the vesting date. The value of the award at vesting, if any, is determined based on the price of our voting ordinary shares appreciating above a certain threshold between the date of grant and the vesting date.

If the higher of the closing price per share on the vesting date and the 10-day volume weighted average price per share for the ten consecutive trading days ending on the vesting date (each, the "Market Price") is equal to or greater than the hurdle price, the award will have a value equal to the Market Price, less $205.89, multiplied by 565,630. If the Market Price is less than the hurdle price on such date, the award will have no value. In addition, 20.0% of the award is subject to a performance condition based on growth in FDBVPS over a five year period starting January 1, 2020.

The accounting for stock-settled JSOP awards is similar to options, whereby the grant date fair value of $14 million is expensed over the life of the award. To determine the grant date fair value of $24.13 per share, we utilized a Monte-Carlo valuation model with the following assumptions:

	2020
Weighted-average volatility	18.7 %
Weighted-average risk-free interest rate	1.6 %
Dividend yield	0.0 %

On July 1, 2022, the terms of the JSOP award made to our CEO were amended to extend the vesting date of the award from January 20, 2023 to January 20, 2025. The amendment maintained the compound annual growth used to determine the hurdle price that must be achieved for the JSOP award to vest, which resulted in an increase to the hurdle price from $266.00 to $315.53. A corresponding extension was made to the term of the performance condition based on growth in FDBVPS from December 31, 2022 to December 31, 2024. All other terms of the award remained the same.

The incremental fair value of the amended award on July 1, 2022 was $15 million, or $27.25 per share, which was expensed over the remaining life of the award commencing from July 1, 2022. To determine the incremental fair value of the amended award, we utilized a Monte-Carlo valuation model with the following assumptions:

	2022
Weighted-average volatility	35.2 %
Weighted-average risk-free interest rate	2.8 %
Dividend yield	0.0 %

The total unrecognized compensation cost related to our unvested JSOP share awards as of December 31, 2024 was $0.3 million. This cost is recognizable through January 20, 2025 which is the final vesting date. The options under the JSOP award were exercised on January 20, 2025, refer to Note 27 for further information.

Other share-based compensation plans

Deferred Compensation and Ordinary Share Plan for Non-Employee Directors

The number of Restricted Shares credited to the accounts of non-employee directors for the years ended December 31, 2024, 2023 and 2022 under the Enstar Group Limited Deferred Compensation and Ordinary Share Plan for Non-Employee Directors (the "Deferred Compensation Plan") were 2,035, 2,563 and 2,466, respectively. The outstanding Restricted Shares as at December 31, 2024, 2023, and 2022 were 2,035, 2,186, and 1,903, respectively.

The number of Director RSU's credited to the accounts of non-employee directors for the years ended December 31, 2024, 2023, and 2022 under the Enstar Group Limited Deferred Compensation and Ordinary Share Plan for Non-Employee Directors (the "Deferred Compensation Plan") were 3,400, 4,373 and 3,972, respectively. The number of outstanding Director RSUs and deferred shares as at December 31, 2024, 2023, and 2022 were 51,740, 48,340, and 43,967, respectively.

Employee Share Purchase Plan

We provided an Employee Share Purchase Plan ("ESPP") whereby eligible employees may purchase Enstar shares at a 15.0% discount to market price, in an amount of share value limited to the lower of $21,250 or 15.0% of the employee's base salary. The 15.0% discount is expensed as compensation cost. As of July 2024, management suspended the ESPP program, as required by the Merger Agreement. The number of shares issued to employees under the ESPP for the years ended December 31, 2024, 2023 and 2022 were 3,955, 8,276 and 9,025, respectively.

23. INCOME TAXATION

Enstar is incorporated under the laws of Bermuda and is not required to pay taxes in Bermuda based upon income or capital gains under the Exempted Undertakings Tax Protection Act of 1996. However in December 2023, the Government of Bermuda enacted the Corporate Income Tax Act 2023 (the "Act"), which amended the Bermuda Exempted Undertakings Tax Protection Act of 1966. The Act introduces a 15% corporate income tax on Bermuda businesses that are part of an In Scope Multinational Enterprise Group ("MNE Group"), effective for tax years beginning on or after January 1, 2025. An MNE Group is an In Scope MNE Group if, with respect to any fiscal year beginning on or after January 1, 2025, the MNE Group had annual revenue of €750 million or more in the consolidated financial statements for at least two of the four fiscal years immediately preceding such fiscal year. Based on annual revenue in our consolidated financial statements, we will be an In Scope MNE Group commencing with the tax year beginning on January 1, 2025.

The Act also includes a provision for the five-year limited international footprint exemption which applies for a single five-year period, beginning the first year the MNE Group would otherwise be in scope. As part of our ongoing restructuring efforts to reduce legal entity complexity, improve operational efficiencies, and simplify our governance structure, Enstar undertook additional restructuring steps to reduce our operating countries to Australia, Belgium, Bermuda, Liechtenstein, United States and United Kingdom. Following this restructuring, Enstar is expected to qualify for the MNE limited international footprint exemption under the Act, and the 15% corporate income tax will be deferred until tax years beginning on or after January 1, 2030. The five-year deferral of taxation results in a $77 million net reduction to the previous $205 million benefit recorded in 2023 related to Bermuda CIT impacts including the ETA. Specifically, this reduction reflects the portion of the tax (benefit) that will not be utilized during the deferral period due to the delayed implementation of the corporate income tax.

The ETA allows Bermuda subject entities to establish tax basis in the assets and liabilities of such Bermuda entities (as of September 30, 2023 (the "Basis Valuation Date")) using fair values which results in deductible and taxable temporary differences which are reflected as deferred income tax assets and liabilities in the financial statements. For each asset and liability subject to the adjustment, the amount of the adjustment would generally be the difference, as of the Basis Adjustment Valuation Date, between each asset/liability's fair market value and the carrying value of the item in the entity's consolidated financial statements.

Effects of changes in tax laws are required to be recognized in the period in which the law is enacted, regardless of the effective date. The application of the ETA resulted in our recognition of net deferred tax assets in 2023. In addition, because of the Act's enactment, we recognized a deferred tax charge related to the remeasurement of deferred taxes on unrealized gains on AFS securities recorded in OCI, due to the change in income tax rate.

We have foreign operating subsidiaries and branch operations located in six countries, consisting of Bermuda, the U.S., U.K., Liechtenstein, Belgium and Australia, that are subject to federal, foreign, state and local taxes in those jurisdictions. The undistributed earnings from our foreign (non-Bermuda) subsidiaries will be indefinitely reinvested in those jurisdictions where the undistributed earnings were earned.

Deferred tax liabilities have not been accrued with respect to the undistributed earnings of our foreign subsidiaries. Generally, when earnings are distributed as dividends, withholding taxes may be imposed by the jurisdiction of the paying subsidiary. For our U.S. subsidiaries, we have not currently accrued any withholding taxes with respect to remitted earnings because, solely for U.S. Federal income tax purposes, there are no accumulated positive earnings and profits that could be subject to U.S. dividend withholding tax. For our U.K. subsidiaries, there are no withholding taxes imposed as a matter of U.K. domestic tax law. For our other foreign subsidiaries, an insignificant amount of earnings is indefinitely reinvested; however, it would not be practicable to compute the related amounts of withholding taxes due to a variety of factors, including the amount, timing and manner of any repatriation. Because we operate in many jurisdictions, our net income is subject to risk due to changing tax laws and tax rates around the world. The current, rapidly changing economic environment may increase the likelihood of substantial changes to tax laws in the jurisdictions in which we operate.

Income Tax Expense

The following table presents income (loss) before income taxes by jurisdiction, including income (losses) from equity method investments, for the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
	(in millions of U.S. dollars)		
Domestic (Bermuda)	$ 635	$ 1,046	$ (710)
Foreign	8	(78)	(247)
Income (loss) before income taxes, including income (losses) from equity method investments	$ 643	$ 968	$ (957)

The following table presents our current and deferred income tax (benefit) expense attributable to continuing operations by jurisdiction for the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
	(in millions of U.S. dollars)		
Current:			
Domestic (Bermuda)	$ 1	$ —	$ —
Foreign	6	6	—
	7	6	—
Deferred:			
Domestic (Bermuda)	77	(205)	—
Foreign	(22)	(51)	(12)
	55	(256)	(12)
Total income tax (benefit) expense attributable to continuing operations	$ 62	$ (250)	$ (12)

The actual effective income tax rate differs from the statutory rate of 0 percent under Bermuda law applied to income (loss) before income taxes, including income (losses) from equity method investments for the years ended December 31, 2024, 2023 and 2022 as shown in the following reconciliation:

	2024	2023	2022
	(in millions of U.S. dollars)		
Income (loss) before income taxes	$ 643	$ 968	$ (957)
Bermuda income taxes at statutory rate	0.0 %	0.0 %	0.0 %
Foreign income tax rate differential	0.7 %	(2.0)%	4.6 %
Economic Transition Adjustment [1][2]	13.2 %	(22.8)%	0.0 %
Change in valuation allowance	(5.5)%	(1.6)%	(3.9)%
Effect of change in income tax rate	(1.1)%	1.4 %	0.1 %
Other	2.3 %	(0.8)%	0.5 %
Effective income tax rate	9.6 %	(25.8)%	1.3 %

[1] For the year ended December 31, 2023, we recorded a deferred tax benefit of $221 million associated with certain Bermuda Constituent Entities anticipated to remain within the ETA.

[2] For the year ended December 31 2024, we recorded a deferred tax expense of $85 million related to the reduction of the previously established ETA, which is not anticipated to be utilized during the five-year deferral for Bermuda CIT.

Our effective tax rate is generally driven by the geographical distribution of our income (loss) before income taxes between our taxable and non-taxable jurisdictions.

Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities (included in other assets and other liabilities, respectively, in the consolidated balance sheets) reflect the tax effect of the differences between the financial statement carrying amount and the income tax bases of assets and liabilities.

Significant components of the deferred tax assets and deferred tax liabilities as of December 31, 2024 and 2023 were as follows:

	2024	2023
	(in millions of U.S. dollars)	
Deferred tax assets:		
Net operating loss carryforwards	$ 242	$ 204
Capital loss carryforwards	6	7
Insurance reserves	130	192
Unearned premiums	6	8
Provisions for bad debt	2	3
Defendant A&E liabilities	80	86
Fair value of investments	27	2
Lloyd's underwriting result in future periods	—	21
Fair value of financial instruments	18	35
Other deferred tax assets	32	29
Deferred tax assets	543	587
Valuation allowance	(124)	(156)
Deferred tax assets, net of valuation allowance	419	431
Deferred tax liabilities:		
Lloyd's underwriting result in future periods	(9)	—
Fair value and other basis differences	(50)	(32)
Other deferred tax liabilities	(8)	(7)
Deferred tax liabilities	(67)	(39)
Net deferred tax asset	$ 352	$ 392

Net Deferred Tax Asset (Liability) Balance by Major Jurisdiction

	Net Deferred Tax Asset	
	2024	2023
	(in millions of U.S. dollars)	
Australia	$ 3	$ 4
Bermuda	144	205
United States	208	191
United Kingdom	(3)	(8)
Total	$ 352	$ 392

Net Operating, Capital Loss and Foreign Tax Credit Carryforwards

As of December 31, 2024, we had net operating loss carryforwards that could be available to offset future taxable income, as follows:

Tax Jurisdiction	Loss Carryforwards	Tax effect	Expiration
		(in millions of U.S. dollars)	
Net Operating Loss Carryforwards:			
United States - Net operating loss	$ 505	$ 106	2028-2044
United States - Net operating loss	125	26	Indefinitely
United Kingdom	348	88	Indefinitely
Other	97	22	Various
Capital Loss Carryforwards:			
United States - Capital Loss	30	6	2028

The U.S. and U.K. net operating loss carryforwards are also subject to certain utilization limitations and have been considered in management's assessment of valuation allowance.

Foreign Tax Credit Carryforwards:

As of December 31, 2024, we had foreign tax credit carryforwards available for tax purposes, as follows:

Tax Jurisdiction	Tax effect	Expiration
	(in millions of U.S. dollars)	
United Kingdom	$ 8	Indefinitely

Assessment of Valuation Allowance on Deferred Tax Assets

As of December 31, 2024 and 2023, we had deferred tax asset valuation allowances of $124 million and $156 million, respectively, related to foreign subsidiaries. We recorded a net decrease of $32 million in our deferred tax valuation allowance for the year ended December 31, 2024. In the U.S. jurisdiction, we recorded a $12 million of valuation allowance release of which $9 million was due to the recognition of current year losses and $3 million related to a reduction in deferred tax assets associated with decreases in unrealized losses on investment securities reported in AOCI. In the U.K. and E.U. jurisdictions, we recorded a $26 million decrease in the valuation allowance due to a reduction in deferred tax assets. This was partially offset by a $6 million increase in the valuation allowance, which was driven by an increase in deferred tax assets associated with unrealized losses on investment securities reported in AOCI.

The realization of deferred tax assets is dependent on generating sufficient taxable income in future periods in which the tax benefits are deductible or creditable. The amount of the deferred tax asset considered realizable, however, could be adjusted in the future if estimates of future taxable income change.

Income taxes are determined and assessed jurisdictionally by legal entity or by filing group. Certain jurisdictions require or allow combined or consolidated tax filings. We have estimated the future taxable income of our foreign subsidiaries and provided a valuation allowance in respect of those assets where we do not expect to realize a benefit. We have considered all available evidence using a “more likely than not” standard in determining the amount of the valuation allowance. We considered the following evidence:

i. net income or losses in recent years;

ii. the future sustainability and likelihood of positive net income of our subsidiaries;

iii. the carryforward periods of tax losses including the effect of reversing temporary differences; and

iv. tax planning strategies.

In making our determination, the assumptions used in determining future taxable income require significant judgment and any changes in these assumptions could have an impact on net income.

Unrecognized Tax Benefits

During the years ended December 31, 2024, 2023 and 2022, there were no unrecognized tax benefits. There were no accruals for the payment of interest and penalties related to income taxes as of each of December 31, 2024, 2023 and 2022.

Open Tax Years

Our operating subsidiaries may be subject to examination by various tax authorities and may have different statutes of limitations expiration dates. Taxing authorities may propose adjustments to our income taxes.

Listed below are the tax years that remain subject to examination by a major tax jurisdiction as of December 31, 2024:

Major Tax Jurisdiction	Open Tax Years
United States	2021-2024
United Kingdom	2022-2024

24. RELATED PARTY TRANSACTIONS

The following tables summarize our related party balances and transactions. Additional details about the nature of our relationships and transactions are included further below.

As of December 31, 2024	Stone Point [1]	Monument	AmTrust	Core Specialty	Other
	(in millions of U.S. dollars)				
Assets					
Fixed maturities, trading, at fair value	$ 23	$ —	$ —	$ —	$ —
Fixed maturities, AFS, at fair value	283	—	—	—	—
Equities, at fair value	156	—	222	—	—
Funds held	—	—	—	18	—
Other investments, at fair value	424	—	—	—	1,754
Equity method investments	—	19	—	281	13
Total investments	886	19	222	299	1,767
Cash and cash equivalents	38	—	—	—	—
Other assets	6	—	—	10	—
Liabilities					
Losses and LAE	—	—	—	152	—
Other liabilities	1	—	—	—	—
Net assets	$ 929	$ 19	$ 222	$ 157	$ 1,767

[1] As of December 31, 2024, we had unfunded commitments of $106 million to other investments and $22 million to privately held equity investments managed by Stone Point and its affiliated entities.

As of December 31, 2023	Stone Point	Monument	AmTrust	Citco	Core Specialty	Other
	(in millions of U.S. dollars)					
Assets						
Fixed maturities, trading, at fair value	$ 69	$ —	$ —	$ —	$ —	$ —
Fixed maturities, AFS, at fair value	428	—	—	—	—	—
Equities, at fair value	136	—	181	—	—	—
Funds held	—	—	—	—	19	—
Other investments, at fair value	446	—	—	—	—	1,602
Equity method investments	—	95	—	—	225	14
Total investments	1,079	95	181	—	244	1,616
Cash and cash equivalents	19	—	—	—	—	—
Other assets	—	—	—	20	9	—
Liabilities						
Losses and LAE	—	—	—	—	192	—
Net assets	$ 1,098	$ 95	$ 181	$ 20	$ 61	$ 1,616

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	2024				
	Stone Point	Monument	AmTrust	Core Specialty	Other
REVENUES	(in millions of U.S. dollars)				
Net premiums earned	$ —	$ —	$ —	$ 1	$ —
Net investment income	13	—	7	1	10
Fair value changes in trading securities, funds held and other investments	73	—	42	—	109
Other income	—	—	—	—	—
Total revenues	86	—	49	2	119
Net incurred losses and LAE	—	—	—	56	—
Total expenses	—	—	—	56	—
(Losses) income from equity method investments	—	(73)	—	56	(1)
Total net income (loss)	$ 86	$ (73)	$ 49	$ 2	$ 118

	2023						
	Stone Point	Northshore [1]	Monument	AmTrust	Citco	Core Specialty	Other
REVENUES	(in millions of U.S. dollars)						
Net premiums earned	$ —	$ —	$ —	$ —	$ —	$ (5)	$ —
Net investment income	13	—	—	6	—	1	6
Fair value changes in trading securities, funds held and other investments	46	(11)	—	(9)	—	—	113
Total revenues	59	(11)	—	(3)	—	(4)	119
Net incurred losses and LAE	—	(2)	—	—	—	(21)	—
Total expenses	—	(2)	—	—	—	(21)	—
(Losses) income from equity method investments	—	—	(10)	—	9	14	—
Total net income (loss)	$ 59	$ (9)	$ (10)	$ (3)	$ 9	$ 31	$ 119

[1] Northshore ceased to be a related party in December 2023, following the completion of the RNCI redemption.

	2022						
	Stone Point	Northshore	Monument	AmTrust	Citco	Core Specialty	Other
REVENUES	(in millions of U.S. dollars)						
Net premiums earned	$ —	$ 9	$ —	$ —	$ —	$ 2	$ —
Net investment income	16	10	—	6	—	—	4
Fair value changes in trading securities, funds held and other investments	(80)	(10)	—	(34)	—	—	(64)
Other income	—	1	—	—	—	9	—
Total revenues	(64)	10	—	(28)	—	11	(60)
Net incurred losses and LAE	—	10	—	—	—	(16)	—
Total expenses	—	10	—	—	—	(16)	—
Losses (income) from equity method investments	—	—	(65)	—	5	(14)	—
Total net income (loss)	$ (64)	$ —	$ (65)	$ (28)	$ 5	$ 13	$ (60)

Stone Point

In November 2023, we repurchased voting ordinary shares held by Trident V Funds managed by Stone Point Capital LLC[29]. In November 2023, our Chief Executive Officer, Dominic Silvester, agreed to acquire 45,000 of our voting ordinary shares held by the Trident Public Equity LP for a price of $10 million.

In May 2022, we entered into a share purchase agreement with an affiliate of Stone Point[30].

As of December 31, 2024, investment funds managed by Stone Point own 1,451,196 of our voting ordinary shares, which constitutes 9.5% of our outstanding voting ordinary shares. James D. Carey, Co-Chief Executive Officer of Stone Point, is a member of our Board.

In December 2023, we agreed to purchase from investment funds managed by Stone Point their remaining 39.3% interest in our subsidiary SSHL, in exchange for cash consideration, settlement of an existing loan receivable and our remaining interest in Northshore[31]. As of December 31, 2023 we no longer have redeemable noncontrolling interests.

We have made various investments in funds and separate accounts managed by Stone Point or affiliates of Stone Point, and we have also made direct investments in entities affiliated with Stone Point. Where we have made an investment in a fund, the manager of such fund generally charges certain fees to the fund, which are deducted from the net asset value.

We also have certain co-investments alongside Stone Point and its affiliates, including our investment in AmTrust, described below, Mitchell TopCo Holdings, the parent company of Mitchell International ("Mitchell"), and Genex Services in which we have invested $33 million and account for as a privately held equity investment. Mitchell provides third-party outsourcing managed care services to one of our subsidiaries in the ordinary course of its business. During the year ended December 31, 2024 we committed to invest $10 million in an insurance-linked securities (“ILS”) arrangement through a Bermuda-based collateralized reinsurer that will provide reinsurance capacity across a diversified portfolio of casualty programs; Stone Point also invested in this ILS arrangement and is the investment manager.

CPP Investments

We completed two share repurchase transactions with CPP Investments in 2023. In March 2023, we repurchased all of our outstanding Series C and Series E non-voting convertible ordinary shares held by CPP Investments, and in November 2023, we repurchased voting ordinary shares held by CPP Investments and its affiliate[32].

Northshore

In December 2023, our remaining equity interest in Northshore comprised a portion of the consideration we paid to our RNCI holders in exchange for acquiring the remaining equity interest in SSHL[33]. As of December 22, 2023, Northshore ceased to be a related party.

Following the completion of the Exchange Transaction on January 1, 2021, our equity interest in Northshore, the holding company that owns Atrium and Arden, was reduced to 13.8% from 54.1%. We have accounted for our residual equity interest in Northshore as an investment in a privately held equity security at fair value.

Concurrent with the closing of the Exchange Transaction:

- Arden entered into an LPT retrocession agreement with one of our majority owned subsidiaries, through which Arden fully reinsured its run-off portfolio with total liabilities of $19 million to our majority owned subsidiary, in exchange for a retrocession consideration of an equal amount.

  Arden retained the premium under a funds held arrangement, to secure the payment obligations of our majority owned subsidiary.

- One of our wholly-owned subsidiaries entered in a TSA to provide certain transitional services to Northshore. The TSA was terminated in November 2022.

[29] Refer to Note 20 for further details.

[30] Refer to Note 20 for further details.

[31] Refer to Note 19 for further details.

[32] Refer to Note 20 for further details.

[33] Refer to Note 19 for further details.

- SGL No.1 ceased its provision of underwriting capacity on Syndicate 609. We continued to report SGL No. 1's 25% gross share of the 2020 and prior underwriting years of Syndicate 609 through the year ended December 31, 2022. In 2023, the 2020 underwriting year completed an RITC into a successor year, at which point the existing contractual arrangements were settled.

  Historically, there was no net retention for Enstar on Atrium's 2020 and prior underwriting years as the business was contractually transferred to the Atrium entities that were divested in the Exchange Transaction.

Monument Re

As of December 31, 2024, we own 24.6% of the common shares of Monument Re. As of December 31, 2024, a fund managed by Stone Point owns 15.7% of Monument Re's preferred shares.

In November 2022, we closed a transaction with Monument Re to novate our reinsurance closed block of life annuity policies written by Enhanzed Re. A portion of the net gain on novation will be subject to deferral to account for our existing ownership interest in Monument Re. The final impact of the novation was reflected in our first quarter 2023 results, as we report the results of Enhanzed Re on a one quarter reporting lag.

We have accounted for our investment in the common shares (and the preferred shares prior to their conversion to common shares on January 2, 2024) of Monument Re as an equity method investment.

AmTrust

As of December 31, 2024 and 2023, we own 8.7% of the equity interest in Evergreen Parent L.P. ("Evergreen") and Trident Pine Acquisition LP ("Trident Pine") owns 22.6%. Evergreen owns all the equity interest in AmTrust Financial Services, Inc. (“AmTrust"). Trident Pine is an entity owned by private equity funds managed by Stone Point.

We have accounted for our investment in the shares of AmTrust as an investment in a privately held equity security at fair value.

Citco

During 2023, we divested our equity ownership in the common shares of HH CTCO Holdings Limited and recorded a $5 million gain.

As of December 31, 2022, we owned 31.9% of the common shares in HH CTCO Holdings Limited, which in turn owns 15.4% of the convertible preferred shares, amounting to a 6.2% interest in the total equity of Citco III Limited ("Citco"). As of December 31, 2022, Trident owned 3.4% interest in Citco.

Prior to our divestiture we had accounted for our indirect investment in the shares of Citco as an equity method investment.

Core Specialty

We account for our investment in the common shares of Core Specialty as an equity method investment on a one quarter lag.

We also have a LPT and ADC reinsurance agreement and an ASA between certain of our subsidiaries and StarStone U.S. and Core Specialty. The TSA was terminated in November 2022.

Furthermore, there are existing reinsurance agreements whereby (i) certain of our subsidiaries provide reinsurance protection to StarStone U.S. and (ii) StarStone U.S. provides reinsurance protection to certain of our subsidiaries. These arrangements remain in place.

Other

We also have certain other investments, including investments in limited partnerships and partnership-like limited liability companies, that had we not elected the fair value option would otherwise be accounted for as equity method investments[34]. We have disclosed our investments in these entities on an aggregated basis as they are individually immaterial.

[34] Refer to Note 7 for further information regarding our other investments, including summarized financial information of our equity method investees, including those for which the fair value option was elected.

25. DIVIDEND RESTRICTIONS AND STATUTORY FINANCIAL INFORMATION

Parent Company Dividend Restrictions

There were no significant restrictions on the Parent Company's ability to pay dividends from retained earnings as of December 31, 2024. Bermuda law permits the payment of dividends if:

i) we are not, or would not be after payment, unable to pay our liabilities as they become due; and

ii) the realizable value of our assets is more than our liabilities after taking such payment into account.

We have not historically declared a dividend on our ordinary shares. The issuance of our Series D and E Preferred Shares have resulted in the declaration of dividends. Holders of Series D and Series E Preferred Shares are entitled to receive, only when, as and if declared, non-cumulative cash dividends, paid quarterly in arrears on the first day of March, June, September and December of each year of 7.0% per annum[35].

The Bermuda Monetary Authority ("BMA") acts as group supervisor to Enstar. On an annual basis, we are required to file group statutory financial statements, a group statutory financial return, a group capital and solvency return, audited group financial statements and a Group Solvency Self-Assessment ("GSSA") with the BMA. The GSSA is designed to document our perspective on the capital resources necessary to achieve our business strategies and remain solvent, and to provide the BMA with insights on our risk management, governance procedures and documentation related to this process. We are required to maintain available group statutory capital and surplus in an amount that is at least equal to the group enhanced capital requirement (“ECR”). The BMA has also established a group target capital level equal to 120% of the group ECR. We are in compliance with these requirements.

Our ability to pay dividends to our shareholders is dependent upon the ability of our (re)insurance subsidiaries to distribute capital and pay dividends to us. Our (re)insurance subsidiaries are subject to certain regulatory restrictions on the distribution of capital and payment of dividends in the jurisdictions in which they operate, as described below. The restrictions are generally based on net income or levels of capital and surplus as determined in accordance with the relevant statutory accounting practices. Failure of these subsidiaries to meet their applicable regulatory requirements could result in restrictions on any distributions of capital or retained earnings or stricter regulatory oversight of the subsidiaries.

Our ability to pay dividends and make other forms of distributions may also be limited by repayment obligations and financial covenants in our outstanding loan facility agreements.

Subsidiary Statutory Financial Information and Dividend Restrictions

Our (re)insurance subsidiaries prepare their statutory financial statements in accordance with statutory accounting practices prescribed or permitted by local regulators. Statutory and local accounting differs from U.S. GAAP, including in the treatment of investments, acquisition costs and deferred income taxes, amongst other items.

The statutory capital and surplus amounts as of December 31, 2024 and 2023 and statutory net income (loss) amounts for the years ended December 31, 2024, 2023 and 2022 for our (re)insurance subsidiaries based in Bermuda, the United Kingdom, the United States, Australia, Europe (Liechtenstein and Belgium) are summarized in the table below which includes information relating to acquisitions from the year of acquisition:

	Statutory Capital and Surplus						
	Required		Actual		Statutory Income (Loss)		
	2024	2023	2024	2023	2024	2023	2022
	(in millions of U.S. dollars)						
Bermuda	$ 3,177	$ 3,265	$ 7,074	$ 7,003	$ 865	$ 1,395	$ (710)
U.K.	442	575	729	971	57	42	(11)
U.S.	88	162	389	426	(65)	19	(58)
Australia	7	9	24	39	(2)	3	(1)
Europe	49	49	186	193	(10)	(6)	(30)

[35] Refer to Note 20 for details regarding dividends on preferred shares.

As of December 31, 2024, the total amount of net assets of our consolidated subsidiaries that were restricted was $3.8 billion.

Certain material aspects of these laws and regulations as they relate to solvency, dividends and capital and surplus are summarized below.

Bermuda

Our Bermuda-based (re)insurance subsidiaries are registered under the Insurance Act 1978 of Bermuda and related regulations, as amended (the "Insurance Act"). The Insurance Act imposes certain solvency and liquidity standards, auditing and reporting requirements and grants the BMA powers to supervise, investigate, require information and the production of documents and intervene in the affairs of insurance companies.

The Insurance Act requires that our Bermuda-based (re)insurance subsidiaries maintain certain solvency and liquidity standards. The minimum liquidity ratio requires that the value of relevant assets not be less than 75% of the amount of relevant liabilities. The minimum solvency margin, which varies depending on the class of the insurer, is determined as a percentage of either net reserves for losses and LAE or premiums. Our Bermuda subsidiaries with commercial insurance licenses are required to maintain a minimum statutory capital and surplus ECR at least equal to the greater of a minimum solvency margin or the Bermuda Solvency Capital Requirement ("BSCR"). The BSCR is calculated based on a standardized risk-based capital model as provided by the BMA.

Each of our regulated Bermuda subsidiaries would be prohibited from declaring or paying any dividends if it were in breach of its minimum solvency margin or liquidity ratio or if the declaration or payment of such dividends would cause it to fail to meet such margin or ratio. In addition, each of our regulated Bermuda subsidiaries is prohibited, without the prior approval of the BMA, from reducing its total statutory capital by 15% or more, or from reducing its total statutory capital and surplus by 25% or more as set out in its previous year’s statutory financial statements. Our Bermuda (re)insurance companies that are in run-off are required to seek BMA approval for any dividends or distributions.

As of December 31, 2024 and 2023, our Bermuda-based (re)insurance subsidiaries exceeded applicable minimum solvency and liquidity requirements. The Bermuda (re)insurance subsidiaries in aggregate exceeded minimum solvency requirements by $3.9 billion as of December 31, 2024 (2023: $3.7 billion) and were in compliance with their liquidity requirements.

United Kingdom

U.K. Insurance Companies (non-Lloyd's)

Our U.K. based insurance subsidiaries are regulated by the U.K. Prudential Regulatory Authority (the "PRA") and the Financial Conduct Authority (the "FCA", together with the PRA, the "U.K. Regulator").

Our U.K.-based insurance subsidiaries are required to maintain adequate financial resources in accordance with the requirements of the U.K. Regulator. Insurers must comply with a Solvency Capital Requirement ("SCR"), which is calculated using either the Solvency II standard formula or a bespoke internal model. Our non-Lloyd's U.K. companies use the standard formula for determining compliance with the SCR.

The calculation of the minimum capital resources requirements in any particular case depends on, among other things, the type and amount of insurance business written and claims paid by the insurance company. As of December 31, 2024 and 2023, all of our U.K. insurance subsidiaries maintained capital in excess of the minimum capital resources requirements and complied with the relevant U.K. Regulator requirements. Our U.K.-based insurance subsidiaries, including our Lloyd's Syndicates described below, in aggregate, maintained capital in excess of the minimum capital resources requirements by $287 million and $396 million as of December 31, 2024 and 2023, respectively.

The U.K. Regulator’s rules require our U.K. insurance subsidiaries to obtain regulatory approval for any proposed or actual payment of a dividend. The U.K. Regulator uses the SCR, among other tests, when assessing requests to make distributions.

Lloyd’s

As of December 31, 2024, we participated in the Lloyd’s market through our interests in Syndicate 2008, a syndicate that has permission to underwrite RITC business and other run-off or discontinued business type transactions with other Lloyd’s syndicates.

We participated on the syndicate through a single, wholly-owned Lloyd's managing agent, Enstar Managing Agency Limited.

The underwriting capacity of a corporate member of Lloyd's must be supported by providing FAL in the form of cash, securities, letters of credit or other approved capital instrument in satisfaction of its capital requirement[36]. The amount of the FAL is assessed quarterly and is determined by Lloyd's in accordance with applicable capital adequacy rules. To release their capital, Lloyd's members are usually required to have transferred their liabilities through an approved RITC, such as those offered by Syndicate 2008.

Business plans, including maximum underwriting capacity, for Lloyd's syndicates require annual approval by the Lloyd's Franchise Board, which may require changes to any business plan or additional capital to support underwriting plans.

The Lloyd's market has applied the Solvency II internal model under Lloyd's supervision, and our Lloyd's operations are required to meet Solvency II standards. The Society of Lloyd's has received approval from the PRA to use its bespoke internal model under the Solvency II regime.

Lloyd's approval is required before any person can acquire control of a Lloyd's managing agent or Lloyd's corporate member.

United States

Our U.S. Run-off (re)insurance subsidiaries are subject to the insurance laws and regulations of the states in which they are domiciled, licensed and/or eligible to conduct business. These laws restrict the amount of dividends the subsidiaries can pay to us. The restrictions are generally based on statutory net income and/or certain levels of statutory surplus as determined in accordance with the relevant statutory accounting requirements of the individual domiciliary states or states in which any of the (re)insurance subsidiaries are commercially domiciled. Generally, prior regulatory approval must be obtained before an insurer may make a distribution above a specified level.

The U.S. (re)insurance subsidiaries are also required to maintain minimum levels of solvency and liquidity as determined by law, and to comply with Risk-Based Capital ("RBC") requirements and licensing rules as specified by the National Association of Insurance Commissioners ("NAIC"). RBC is used to evaluate the adequacy of capital and surplus maintained by our U.S. (re)insurance subsidiaries in relation to three major risk areas associated with: (i) asset risk; (ii) insurance risk and (iii) other risks. For all our U.S. (re)insurance subsidiaries, with the exception of one subsidiary which has a permitted accounting practice to treat an adverse development cover reinsurance agreement as prospective reinsurance, there are no prescribed or permitted statutory accounting practices that differ significantly from the statutory accounting principles established by NAIC.

As of December 31, 2024, all our U.S. (re)insurance subsidiaries exceeded their required levels of RBC. On an aggregate basis, our U.S. (re)insurance subsidiaries exceeded their minimum levels of RBC as of December 31, 2024 by $302 million (2023: $264 million).

Australia

The Company's Australian insurance subsidiary is regulated and subject to prudential supervision by the Australian Prudential Regulation Authority ("APRA"). APRA is the primary regulatory body responsible for regulating compliance with the Insurance Act 1973. APRA's prudential standards require that all insurers maintain and meet prescribed capital adequacy requirements designed to ensure that insurers meet their insurance obligations under a wide range of scenarios.

A run-off insurer must obtain APRA's written consent prior to making any capital releases, including any payment of dividends, not from current year profits. The Company's insurance subsidiary must provide APRA a valuation prepared by its Appointed Actuary that demonstrates that the tangible assets of the insurer, after the proposed capital reduction, are sufficient to cover its insurance liabilities to a 99.5% probability of sufficiency.

[36] As described in Note 7.

Europe

Our Liechtenstein insurance subsidiary (StarStone Insurance SE) is regulated by the Liechtenstein Financial Market Authority ("FMA") pursuant to the Liechtenstein Insurance Supervisory Act. This subsidiary is obligated to maintain a minimum solvency margin based on the Solvency II regulations. As of December 31, 2024, this subsidiary exceeded the Solvency II requirements by $109 million (2023: $118 million). The amount of dividends that this subsidiary is permitted to distribute is restricted to freely distributable reserves, which consist of retained earnings, the current year profit and legal reserves. Any dividend exceeding the current year profit requires the FMA’s approval. Solvency and capital requirements for this subsidiary are based on the Solvency II framework and must continue to be met following any distribution.

Our Belgian insurance subsidiary files financial statements and returns with the National Bank of Belgium. This subsidiary was in compliance with its solvency and capital requirements under Solvency II.

26. COMMITMENTS AND CONTINGENCIES

Concentration of Credit Risk

We believe that we are subject to credit risk associated with our cash and cash equivalents, fixed maturities, or other investments. Our cash and investments are managed pursuant to guidelines that follow prudent standards of diversification and liquidity, and limit the allowable holdings of a single issue and issuers. We are also subject to custodial credit risk on our investments, which we manage by diversifying our holdings amongst large financial institutions that are highly regulated.

We have exposure to credit risk on certain of our assets pledged to ceding companies under insurance contracts. In addition, we are potentially exposed should any insurance intermediaries be unable to fulfill their contractual obligations with respect to payments of balances owed to and by us.

Credit risk exists in relation to (re)insurance balances recoverable on paid and unpaid losses. We remain liable to the extent that counterparties do not meet their contractual obligations and, therefore, we evaluate and monitor concentration of credit risk among our (re)insurers.

We are also subject to credit risk in relation to funds held by reinsured companies. Under funds held arrangements, the reinsured company has retained funds that would otherwise have been remitted to our reinsurance subsidiaries. The funds are not typically placed into trust or subject to other security arrangements. However, we generally have the contractual ability to offset any shortfall in the payment of the funds held balances with amounts owed by us.

As of December 31, 2024, concentrations of funds held balances with reinsurance counterparties that individually exceeded 10% of shareholders' equity totaled $3.8 billion (December 31, 2023: $4.8 billion) in aggregate.

We limit the amount of credit exposure to any one counterparty and none of our counterparty credit exposures, excluding U.S. government and agency instruments and the reinsurance counterparties noted above, exceeded 10% of shareholders' equity as of December 31, 2024. As of December 31, 2024 our credit exposure to the U.S. government and agency instruments was $917 million (December 31, 2023: $932 million).

Legal Proceedings

We are, from time to time, involved in various legal proceedings in the ordinary course of business, including litigation and arbitration regarding claims. Estimated losses relating to claims arising in the ordinary course of business, including the anticipated outcome of any pending arbitration or litigation, are included in the liability for losses and LAE in our consolidated balance sheets. In addition to claims litigation, we may be subject to other lawsuits and regulatory actions in the normal course of business, which may involve, among other things, allegations of underwriting errors or omissions, employment claims or regulatory activity. We do not believe that the resolution of any currently pending legal proceedings, either individually or taken as a whole, will have a material effect on our business, results of operations or financial condition. We anticipate that, similar to the rest of the (re)insurance industry, we will continue to be subject to litigation and arbitration proceedings in the ordinary course of business, including litigation generally related to the scope of coverage with respect to A&E and other claims.

Unfunded Investment Commitments

As of December 31, 2024, we had unfunded commitments of $1.3 billion to other investments, $25 million to equity method investments and $22 million to privately held equity. Included in the privately held equity amount, is a commitment we entered into during the year ended December 31, 2024 to invest $10 million in an insurance-linked securities ("ILS") arrangement through a Bermuda-based collateralized reinsurer, determined to be a related party, that will provide reinsurance capacity across a diversified portfolio of casualty programs.

Guarantees

As of December 31, 2024 and 2023, parental guarantees supporting reinsurance obligations, defendant A&E liabilities, subsidiary capital support arrangements and credit facilities were $2.5 billion and $2.3 billion respectively. We also guarantee the 2040 and 2042 Junior Subordinated Notes, which have an aggregate principal amount of $850 million[37] as of December 31, 2024 and 2023.

[37] As described in Note 18.

27. SUBSEQUENT EVENTS

Atrium Syndicate 609

On January 13, 2025, one of our wholly-owned subsidiaries entered into a loss portfolio transfer agreement with Atrium Syndicate 609 (“Syndicate 609”), managed by Atrium Underwriters Limited and is a related party, to reinsure Syndicate 609’s discontinued portfolios, comprising of marine treaty reinsurance, property treaty reinsurance, and U.S. contractors general liability, underwritten in the 2023 and prior years of account. Syndicate 609 will cede $196 million of net reserves and our subsidiary will provide $108 million of additional cover in excess of the ceded reserves. The closing of the transaction is subject to regulatory approval and other closing conditions.

JSOP Vesting

On January 20, 2025, the JSOP award[38] vested at a market price of $327.00 per share. As the market price exceeded the hurdle price and the performance condition based on growth in FDBVPS was met, 209,490 shares were issued to our CEO (calculated as the market price of $327.00 less $205.89, multiplied by the 565,630 shares comprising the JSOP award, divided by the market price of $327.00). Pursuant to the JSOP agreement, the remaining 356,140 shares held in the EB Trust were cancelled on January 20, 2025.

[38] For additional information on the JSOP award, refer to “Joint Share Ownership Plan” within Note 22 in our consolidated financial statements.

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SCHEDULE I

ENSTAR GROUP LIMITED

SUMMARY OF INVESTMENTS OTHER THAN INVESTMENTS IN RELATED PARTIES[39]

As of December 31, 2024

(Expressed in millions of U.S. Dollars)

Type of investment	Cost [1]	Fair Value	Amount at which shown in the balance sheet
Short-term and fixed maturities — Trading:			
U.S. government and agency	$ 14	$ 13	$ 13
U.K. government	20	15	15
Other government	116	91	91
Corporate	1,094	909	909
Municipal	34	30	30
Residential mortgage-backed	51	48	48
Commercial mortgage-backed	111	102	102
Asset-backed	34	33	33
Total	1,474	1,241	1,241
Short-term and fixed maturities — AFS:			
U.S. government and agency	427	407	407
U.K. government	32	29	29
Other government	292	268	268
Corporate	2,555	2,296	2,296
Municipal	94	79	79
Residential mortgage-backed	409	373	373
Commercial mortgage-backed	711	682	682
Asset-backed	485	489	489
Total	5,005	4,623	4,623
Funds held	5,097	4,961	4,961
Equities	317	425	425
Other investments, at fair value	2,010	2,010	2,010
Total	$ 13,903	$ 13,260	$ 13,260

[1] Original cost of fixed maturities is reduced by repayments and adjusted for amortization of premiums or accretion of discounts.

Reconciliation to balance sheet	Short-term and fixed maturities - Trading	Short-term and fixed maturities - AFS	Funds held	Equities	Other Investments
	(in millions of U.S. dollars)				
Fair value of investments, other than investments in related parties	$ 1,241	$ 4,623	4,961	$ 425	$ 2,010
Investments in related parties:					
Affiliates of Stone Point	23	283		70	424
Co-investor with Stone Point				86	
AmTrust				222	
Core Specialty			18		
Other [1]					1,754
Total per balance sheet	$ 1,264	$ 4,906	$ 4,979	$ 803	$ 4,188

[1] Comprised of investments in limited partnerships and partnership-like limited liability companies, that had we not elected the fair value option would otherwise be accounted for as equity method investments.

[39] Refer to Note 24 in our consolidated financial statements.

SCHEDULE II

ENSTAR GROUP LIMITED

CONDENSED FINANCIAL INFORMATION OF REGISTRANT

Balance Sheets - Parent Company Only

As of December 31, 2024 and 2023

	2024	2023
	(in millions of U.S. dollars, except share data)	
ASSETS		
Cash and cash equivalents	$ 534	$ 6
Balances due from subsidiaries	22	12
Investments in subsidiaries	7,477	7,454
Deferred tax	18	—
Other assets	9	42
TOTAL ASSETS	$ 8,060	$ 7,514
LIABILITIES		
Debt obligations	$ 993	$ 992
Balances due to subsidiaries	948	966
Other liabilities	28	21
TOTAL LIABILITIES	1,969	1,979
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Ordinary shares (par value $1 each, issued and outstanding 2024: 15,241,316; 2023: 15,196,685):		
Voting Ordinary Shares (issued and outstanding 2024: 15,241,316; 2023: 15,196,685)	15	15
Preferred Shares:		
Series D Preferred Shares (issued and outstanding 2024 and 2023: 16,000; liquidation preference $400)	400	400
Series E Preferred Shares (issued and outstanding 2024 and 2023: 4,400; liquidation preference $110)	110	110
Treasury shares, at cost:		
Series C Preferred Shares (all issued shares held in treasury in 2024 and 2023: 388,571)	(422)	(422)
Joint Share Ownership Plan (voting ordinary shares, held in trust 2024 and 2023: 565,630)	(1)	(1)
Additional paid-in capital	600	579
Accumulated other comprehensive loss	(341)	(336)
Retained earnings	5,730	5,190
Total Enstar Group Limited Shareholders' Equity	6,091	5,535
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 8,060	$ 7,514

See accompanying notes to the Condensed Financial Information of Registrant

SCHEDULE II

ENSTAR GROUP LIMITED

CONDENSED FINANCIAL INFORMATION OF REGISTRANT - CONTINUED

Statements of Operations - Parent Company Only

For the Years Ended December 31, 2024, 2023 and 2022

	2024	2023	2022
	(in millions of U.S. dollars)		
REVENUES			
Net investment income	$ 1	$ 12	$ 2
Fair value changes in trading securities, funds held and other investments	—	16	13
Total revenues	1	28	15
EXPENSES			
General and administrative expenses	81	34	24
Interest expense	96	80	70
Net foreign exchange losses	—	5	3
Total expenses	177	119	97
NET LOSS BEFORE EQUITY IN UNDISTRIBUTED INCOME OF SUBSIDIARIES	(176)	(91)	(82)
Income tax (expense) benefit	(14)	31	—
Equity in undistributed income (losses) of subsidiaries	766	1,178	(788)
NET INCOME (LOSS)	576	1,118	(870)
Dividends on preferred shares	(36)	(36)	(36)
NET INCOME (LOSS) ATTRIBUTABLE TO ENSTAR GROUP LIMITED ORDINARY SHAREHOLDERS	$ 540	$ 1,082	$ (906)

See accompanying notes to the Condensed Financial Information of Registrant

Statements of Comprehensive Income - Parent Company Only

For the Years Ended December 31, 2024, 2023 and 2022

	2024	2023	2022
	(in millions of U.S. dollars)		
NET INCOME (LOSS)	$ 576	$ 1,118	$ (870)
Other comprehensive (loss) income relating to subsidiaries, net of tax	(5)	(34)	(286)
COMPREHENSIVE INCOME (LOSS)	$ 571	$ 1,084	$ (1,156)

See accompanying notes to the Condensed Financial Information of Registrant

SCHEDULE II

ENSTAR GROUP LIMITED

CONDENSED FINANCIAL INFORMATION OF REGISTRANT - CONTINUED

Statements of Cash Flows - Parent Company Only

For the Years Ended December 31, 2024, 2023 and 2022

	2024	2023	2022
	(in millions of U.S. dollars)		
OPERATING ACTIVITIES:			
Net cash flows provided by operating activities	$ 64	$ 496	$ 87
INVESTING ACTIVITIES:			
Dividends and return of capital from subsidiaries	500	—	14
Contributions to subsidiaries	—	—	(102)
Net cash flows provided (used in) by investing activities	500	—	(88)
FINANCING ACTIVITIES:			
Dividends on preferred shares	(36)	(36)	(36)
Repurchase of shares	—	(531)	(163)
Repayment of loans	—	—	(302)
Receipt of loans	—	62	445
Net cash flows used in financing activities	(36)	(505)	(56)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	528	(9)	(57)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6	15	72
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 534	$ 6	$ 15

See accompanying notes to the Condensed Financial Information of Registrant

Notes to the Condensed Financial Information of Registrant

The Condensed Financial Information of Registrant should be read in conjunction with our consolidated financial statements and the accompanying notes thereto included in Part II - Item 8 of this Annual Report on Form 10-K. Our wholly-owned and majority owned subsidiaries are recorded based upon our proportionate share of our subsidiaries' net assets (similar to presenting them on the equity method).

Net investment income relates to interest on loans to subsidiaries. Interest expense includes interest owed on external Senior Notes and owed on loans from subsidiaries. For the years ended December 31, 2024, 2023, and 2022, interest paid was $40 million, $40 million, and $47 million, respectively.

Investing activities in the Condensed Statements of Cash Flows primarily represents the flow of funds to and from subsidiaries to provide cash on hand to fund business acquisitions and significant new business.

For the year ended December 31, 2024 investing activities consisted of the receipt of $500 million in cash dividends from subsidiaries. Non-Cash investing activities during the year ended December 31, 2024 consisted of $204 million in settlements of loan receivables. There was no Non-Cash investing activity for the year ended December 31, 2023. For the year ended December 31, 2022 non-cash activities consisted of $600 million for dividends and return of capital from subsidiaries, representing an intercompany transfer of equity securities at book value and an increase in balances due from subsidiaries (resulting in a decrease in investments in subsidiaries).

As of December 31, 2024 and 2023, parental guarantees supporting reinsurance obligations, defendant A&E liabilities, subsidiary capital support arrangements and credit facilities were $2.5 billion and $2.3 billion, respectively. In addition, as of December 31, 2024, we also guarantee the Junior Subordinated Notes issued in 2020 and 2022 for an aggregate principal amount of $850 million (December 31, 2023: $850 million).

As of December 31, 2024 and 2023, retained earnings were $5.7 billion and $5.2 billion, respectively, an increase of $540 million. This increase was attributable to the net income of $540 million.

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SCHEDULE III

ENSTAR GROUP LIMITED

SUPPLEMENTARY INSURANCE INFORMATION

(Expressed in millions of U.S. Dollars)

	As of December 31, 2024				Year ended December 31, 2024					
	Deferred Acquisition Costs	Reserves for Losses and Loss Adjustment Expenses	Unearned Premiums	Policy Benefits for Life and Annuity Contracts	Net Premiums Earned	Net Investment Income	Losses and Loss Expenses and Policy Benefits	Acquisition Costs	Other Operating Expenses	Net Premiums Written
2024										
Run-off	$ 2	$ 11,771	$ 133	$ —	$ 40	$ —	$ (159)	$ 9	$ 178	$ 5
Investments	—	—	—	—	—	651	—	—	40	—
Corporate & Other	—	(367)	—	—	—	—	33	—	173	—
Total	$ 2	$ 11,404	$ 133	$ —	$ 40	$ 651	$ (126)	$ 9	$ 391	$ 5
2023										
Run-off	$ 4	$ 12,779	$ 171	$ —	$ 43	$ —	$ (196)	$ 10	$ 177	$ 96
Investments	—	—	—	—	—	647	—	—	43	—
Corporate & Other	—	(420)	—	—	—	—	95	—	149	—
Total	$ 4	$ 12,359	$ 171	$ —	$ 43	$ 647	$ (101)	$ 10	$ 369	$ 96
2022										
Run-off	$ 7	$ 13,337	$ 114	$ —	$ 40	$ —	$ (442)	$ 22	$ 143	$ (4)
Assumed Life	—	—	—	821	17	—	(30)	—	7	12
Investments	—	—	—	—	—	445	—	—	37	—
Legacy Underwriting	—	173	—	—	9	10	7	1	2	4
Corporate & Other	—	(503)	—	—	—	—	(218)	—	142	—
Total	$ 7	$ 13,007	$ 114	$ 821	$ 66	$ 455	$ (683)	$ 23	$ 331	$ 12

SCHEDULE IV

ENSTAR GROUP LIMITED

REINSURANCE

For the Years Ended December 31, 2024, 2023 and 2022

(Expressed in millions of U.S. Dollars)

	Gross	Ceded to Other Companies	Assumed from Other Companies	Net Amount	Percentage of Amount Assumed to Net
2024					
Premiums earned:					
Property and casualty	$ 46	$ (10)	$ 4	$ 40	10.0 %
Total premiums earned	$ 46	$ (10)	$ 4	$ 40	
2023					
Premiums earned:					
Property and casualty	47	(6)	2	43	4.7 %
Total premiums earned	$ 47	$ (6)	$ 2	$ 43	
2022					
Premiums earned:					
Property and casualty	62	(31)	18	49	36.7 %
Future policyholder benefits	—	—	17	17	100.0 %
Total premiums earned	$ 62	$ (31)	$ 35	$ 66	

SCHEDULE V

ENSTAR GROUP LIMITED

VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended December 31, 2024, 2023 and 2022

(Expressed in millions of U.S. Dollars)

	Balance at Beginning of Year	Charged to costs and expenses	Charged to other accounts	Deductions [1]	Balance at End of Year
December 31, 2024					
Reinsurance balances recoverable on paid and unpaid losses:					
Allowance for estimated uncollectible reinsurance	$ 131	$ —	$ (6)	$ (9)	$ 116
Insurance balances recoverable:					
Allowance for estimated uncollectible insurance	5	—	(1)	—	4
Valuation allowance for deferred tax assets	156	6	—	(38)	124
December 31, 2023					
Reinsurance balances recoverable on paid and unpaid losses:					
Allowance for estimated uncollectible reinsurance	$ 131	$ —	$ 3	$ (3)	$ 131
Insurance balances recoverable:					
Allowance for estimated uncollectible insurance	5	—	—	—	5
Valuation allowance for deferred tax assets	181	16	—	(41)	156
December 31, 2022					
Reinsurance balances recoverable on paid and unpaid losses:					
Allowance for estimated uncollectible reinsurance	$ 136	$ —	$ (5)	$ —	$ 131
Insurance balances recoverable:					
Allowance for estimated uncollectible insurance	5	—	—	—	5
Valuation allowance for deferred tax assets	129	52	—	—	181

[1] Credited to the related asset account.

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SCHEDULE VI

ENSTAR GROUP LIMITED

SUPPLEMENTARY INFORMATION CONCERNING PROPERTY/CASUALTY INSURANCE OPERATIONS

As of and for the years ended December 31, 2024, 2023 and 2022

(Expressed in millions of U.S. Dollars)

	As of December 31,			Year ended December 31,						
Affiliation with Registrant	Deferred Acquisition Costs	Reserves for Unpaid Losses and Loss Adjustment Expenses	Unearned Premiums	Net Premiums Earned	Net Investment Income	Net Losses and Loss Expenses Incurred: Current Period	Net Losses and Loss Expenses Incurred: Prior Periods	Net Paid Losses and Loss Expenses	Amortization of Deferred Acquisition Costs	Net Premiums Written
Consolidated Subsidiaries										
2024	$ 2	$ 11,404	$ 133	$ 40	$ 651	$ 23	$ (149)	$ (2,267)	$ 9	$ 5
2023	4	12,359	171	43	647	30	(131)	(2,467)	10	96
2022	7	13,007	114	49	455	48	(756)	(1,680)	23	—

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of December 31, 2024. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that we maintained effective disclosure controls and procedures to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management’s Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of our internal control over financial reporting as of December 31, 2024, based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework (2013). Based on that evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2024.

The effectiveness of the Company’s internal control over financial reporting as of December 31, 2024 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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ITEM 9B. OTHER INFORMATION

During the three months ended December 31, 2024, none of our directors or officers adopted, modified or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” as such terms are defined under Item 408 of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

All information required by Items 10, 11, 12, 13 and 14 of this Annual Report on Form 10-K will be either (i) included in an amendment to this Annual Report on Form 10-K or (ii) incorporated by reference from the definitive proxy statement for our 2025 Annual General Meeting of Shareholders that will be filed with the SEC not later than 120 days after the close of the fiscal year ended December 31, 2024 pursuant to Regulation 14A.

ITEM 11. EXECUTIVE COMPENSATION

See Item 10 herein.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

See Item 10 herein.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

See Item 10 herein.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

See Item 10 herein.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements and Financial Statement Schedules: see Item 8 in Part II of this report.

(b) Exhibits: see accompanying exhibit index that precedes the signature page of this report.

ITEM 16. FORM 10-K SUMMARY

Omitted at Company's option.

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EXHIBIT INDEX

Exhibit No.	Description
2.1♦	Agreement and Plan of Merger, dated as of July 29, 2024, by and among Enstar Group Limited, Deer Ltd., Deer Merger Sub, Ltd. Elk Bidco Limited, and Elk Merger Sub Limited (incorporated by reference to Exhibit 2.1 of the Company's Form 8-K filed on July 29, 2024).
3.1	Memorandum of Association of Enstar Group Limited (incorporated by reference to Exhibit 3.1 to the Company's Form 10-K/A filed on May 2, 2011).
3.2	Sixth Amended and Restated Bye-Laws of Enstar Group Limited (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed on June 15, 2021).
3.3	Certificate of Designations of Series C Participating Non-Voting Perpetual Preferred Stock of Enstar Group Limited, dated as of June 13, 2016 (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed on June 17, 2016).
3.4	Certificate of Designations of Series D Perpetual Non-Cumulative Preferred Shares of Enstar Group Limited, dated as of June 27, 2018 (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on June 27, 2018).
3.5	Certificate of Designations of Series E Perpetual Non-Cumulative Preferred Shares of Enstar Group Limited, dated as of November 21, 2018 (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on November 21, 2018).
4.1	Senior Indenture, dated as of March 10, 2017, between Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on March 10, 2017).
4.2	First Supplemental Indenture, dated as of March 10, 2017, between Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on March 10, 2017).
4.3	Second Supplemental Indenture, dated as of March 26, 2019, between Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on March 26, 2019).
4.4	Third Supplemental Indenture, dated as of May 28, 2019, between Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on May 28, 2019).
4.5	Fourth Supplemental Indenture, dated as of August 24, 2021, between Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on August 24, 2021).
4.6	Junior Subordinated Indenture, dated as of August 26, 2020, among Enstar Finance LLC, Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to exhibit 4.1 to the Company's Form 8-K filed on August 26, 2020).
4.7	First Supplemental Indenture, dated as of August 26, 2020, among Enstar Finance LLC, Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on August 26, 2020).
4.8	Second Supplemental Indenture dated as of January 14, 2022, among Enstar Finance LLC, Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on January 14, 2022).
4.9	Deposit Agreement, dated as of June 27, 2018, between Enstar Group Limited and American Stock Transfer (incorporated by reference to Exhibit 4.3 to the Company's Form 8-K filed on June 27, 2018).
4.10	Deposit Agreement, dated as of November 21, 2018, between Enstar Group Limited and American Stock Transfer (incorporated by reference to Exhibit 4.3 to the Company's Form 8-K filed on November 21, 2018).
4.11	Description of Securities (incorporated by reference to Exhibit 4.7 to the Company's Form 10-K filed on February 27, 2020).
10.1	Registration Rights Agreement, dated as of January 31, 2007, by and among Castlewood Holdings Limited, Trident II, L.P., Marsh & McLennan Capital Professionals Fund, L.P., Marsh & McLennan Employees' Securities Company, L.P., Dominic F. Silvester, J. Christopher Flowers, and other parties thereto set forth on the Schedule of Shareholders attached thereto (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K12B filed on January 31, 2007).

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Exhibit Index

10.2	Registration Rights Agreement, dated as of April 20, 2011, by and among Enstar Group Limited, GSCP VI AIV Navi, Ltd., GSCP VI Offshore Navi, Ltd., GSCP VI Parallel AIV Navi, Ltd., GSCP VI Employee Navi, Ltd., and GSCP VI GmbH Navi, L.P. (incorporated by reference to Exhibit 99.3 to the Company's Form 8-K filed on April 21, 2011).
10.3	Registration Rights Agreement, dated April 1, 2014, among Enstar Group Limited, FR XI Offshore AIV, L.P., First Reserve Fund XII, L.P., FR XII A Parallel Vehicle L.P., FR Torus Co-Investment, L.P. and Corsair Specialty Investors, L.P. (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on April 4, 2014).
10.4	Form of Waiver Agreement (incorporated herein by reference to Exhibit 4.7 to the Company's Form S-3 filed on October 10, 2017).
10.5+	Form of Director Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Company's Form S-3 (No. 333-151461) initially filed on June 5, 2008).
10.6+	Amended and Restated Employment Agreement, dated July 1, 2022, between Enstar Group Limited and Dominic F. Silvester (incorporated by reference to Exhibit 10.3 to the Company's Form 8-K filed on July 6, 2022).
10.7+	Letter Agreement, dated November 19, 2024, between Enstar (EU) Limited and Dominic F. Silvester (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on November 25, 2024).
10.8+	Amended and Restated Employment Agreement, dated January 21, 2020, by and between Enstar Group Limited and Orla M. Gregory (incorporated by reference to Exhibit 10.4 to the Company's Form 8-K filed on January 27, 2020).
10.9+	Amendment No. 1 to Amended and Restated Employment Agreement, dated September 16, 2021, by and between Enstar Group Limited and Orla M. Gregory (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on September 21, 2021).
10.10+	Amendment No. 2 to the Amended and Restated Employment Agreement, dated July 1, 2022, between Enstar Group Limited and Orla Gregory (incorporated by reference to Exhibit 10.4 to the Company's Form 8-K filed on July 6, 2022).
10.11+	Amendment No. 3 to the Amended and Restated Employment Agreement, dated March 21, 2023, by and between Enstar Group Limited and Orla Gregory (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K/A filed on March 24, 2023).
10.12+	Transition Agreement, dated as of July 29, 2024, by and among Ms. Gregory and the Company (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on July 29, 2024).
10.13+	Employment Agreement, dated January 8, 2018, by and between Enstar Group Limited and Paul M.J. Brockman (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on May 8, 2019).
10.14+	Amendment No. 1 to the Employment Agreement, dated March 21, 2023, by and between Enstar (US), Inc. and Paul Brockman (incorporated by reference to Exhibit 10.3 to the Company's Form 8-K/A filed on March 24, 2023).
10.15+	Amendment No. 2 to the Employment Agreement, dated April 4, 2024, by and between Enstar (US), Inc. and Paul Brockman (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed on May 2, 2024).
10.16+	Contract of Employment, dated April 4, 2024, between Enstar (EU) Limited and Paul Brockman (incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q filed on May 2, 2024).
10.17+	Letter Agreement, dated October 29, 2024, between Enstar (US), Inc. and Paul Brockman (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on November 4, 2024).
10.18+	Amended and Restated Employment Agreement, dated June 6, 2023, by and between Enstar (US), Inc. and Nazar Alobaidat (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on May 2, 2024).
10.19+	Employment Agreement, dated March 21, 2023, by and between Enstar (US), Inc. and Matthew Kirk (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K/A filed on March 24, 2023).
10.20+	Employment Agreement, dated July 1, 2019, by and between Enstar (US), Inc. and David Ni (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed on May 4, 2023).
10.21+	Amendment No. 1 to Employment Agreement, dated February 4, 2022, by and between Enstar (US), Inc. and David Ni (incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q filed on May 4, 2023).

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Exhibit Index

10.22+♦	Letter Agreement, dated December 16, 2024, between Enstar Group Limited and David Ni (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on December 18, 2024).
10.23+	Enstar Group Limited Deferred Compensation and Ordinary Share Plan for Non-Employee Directors, effective as of June 5, 2007 (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on June 11, 2007).
10.24+	Amended and Restated Enstar Group Limited Deferred Compensation and Ordinary Share Plan for Non-Employee Directors, effective as of January 1, 2015 (incorporated by reference to Exhibit 10.13 to the Company's Form 10-K filed on March 2, 2015).
10.25+	Form of Non-Employee Director Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.32 to the Company's Form 10-K filed on March 2, 2015).
10.26+	Form of Non-Employee Director Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.22 to the Company's Form 10-K filed on February 22, 2024).
10.27+	Form of Non-Employee Director Restricted Share Unit Award Agreement (incorporated by reference to Exhibit 10.23 to the Company's Form 10-K filed on February 22, 2024)..
10.28+	Enstar Group Limited Amended and Restated 2016 Equity Incentive Plan, as amended (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on June 1, 2022).
10.29+	Form of Restricted Stock Award Agreement under the Enstar Group Limited 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on August 5, 2016).
10.30+	Form of Performance Stock Unit Award Agreement (Annual Cycle) (2020) under the Enstar Group Limited 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.29 to the Company's Form 10-K filed on February 27, 2020).
10.31+	Form of Restricted Stock Unit Award Agreement (2020) under the Enstar Group Limited 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.30 to the Company's Form 10-K filed on February 27, 2020).
10.32*+	Form of Restricted Stock Unit Award Agreement (2025) under the Enstar Group Limited 2016 Equity Incentive Plan.
10.33+	Form of Performance Stock Unit Award Agreement (2021) under the Enstar Group Limited 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on May 7, 2021).
10.34+	Joint Share Ownership Agreement, dated January 21, 2020, by and among Enstar Group Limited, Dominic F. Silvester and Zedra Trust Company, as trustee (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on January 27, 2020).
10.35+	Deed of Amendment and Restatement to the Joint Ownership Agreement, dated July 1, 2022, between Enstar Group Limited, Dominic F. Silvester and Zedra Trust Company (Guernsey) Limited, as trustee (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on July 6, 2022).
10.36+	Enstar Group Limited Amended and Restated Employee Share Purchase Plan (incorporated by reference to Exhibit 10.4 to the Company's Form 10-Q filed on November 8, 2016).
10.37+	Enstar Group Limited 2022-2024 Annual Incentive Compensation Program (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on November 9, 2021).
10.38♦	Amended and Restated Revolving Credit Agreement, dated as of May 30, 2023, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, Wells Fargo Bank, National Association and each of the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on June 1, 2023).
10.39	Amendment No. 1 to Amended and Restated Revolving Credit Agreement, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited and each of the lenders party thereto (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on September 13, 2024).
10.40♦	Amended and Restated Letter of Credit Facility Agreement, dated as of July 28, 2023, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, The Bank of Nova Scotia and each of the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on August 2, 2023).
10.41	Amendment No. 1 to Amended and Restated Letter of Credit Facility Agreement, by and among Enstar Group Limited and certain of its subsidiaries, Cavello Bay Reinsurance Limited, National Australia Bank Limited and each of the lenders party thereto (incorporated by reference to Exhibit 10.2 of the Company's Form 8-K filed on September 13, 2024).

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Exhibit Index

10.42	Purchase Agreement, dated as of May 10, 2022, by and between Trident Public Equity LP and Enstar Group Limited (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on May 11, 2022).
10.43	Purchase Agreement, dated March 23, 2023, between Enstar Group Limited and Canada Pension Plan Investment Board (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on March 28, 2023).
10.44♦	Purchase Agreement, dated as of November 7, 2023, by and among Enstar Group Limited, Canada Pension Plan Investment Board, and CPPIB Epsilon Ontario Limited Partnership (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on November 13, 2023).
10.45♦	Purchase Agreement, dated as of November 7, 2023, by and between Enstar Group Limited and Trident Public Equity L.P. (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on November 13, 2023).
10.46	Shareholder Rights Agreement, dated as of November 8, 2023, by and among Enstar Group Limited, Elk Evergreen Investments, LLC and Elk Cypress Investments, LLC (incorporated by reference to Exhibit 10.3 to the Company's Form 8-K filed on November 13, 2023).
10.47	Registration Rights Agreement, dated as of November 8, 2023, by and among Enstar Group Limited, Elk Evergreen Investments, LLC and Elk Cypress Investments, LLC (incorporated by reference to Exhibit 10.4 to the Company's Form 8-K filed on November 13, 2023).
10.48♦	Purchase Agreement, dated as of December 20, 2023, by and among Kenmare Holdings Ltd., Trident V, L.P., Trident V Parallel Fund, L.P., Trident V Professionals Fund, L.P., Dowling Capital Partners I, L.P., and Capital City Partners, LLC (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on December 22, 2023).
19.1*	Insider Trading Policy.
21.1*	List of Subsidiaries.
22.1*	List of Subsidiary Issuers of Guaranteed Securities.
23.1*	Consent of PricewaterhouseCoopers LLP.
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1	Enstar Group Limited Policy for the Recovery of Erroneously Awarded Compensation (incorporated by reference to Exhibit 97.1 to the Company's Form 10-K filed on February 22, 2024).
101*	Inline XBRL Document Set for the consolidated financial statements and accompanying notes in Part II, Item 8 of this Annual Report on Form 10-K.
104*	The cover page from the Company's Annual Report on Form 10-K, formatted as Inline XBRL (included in Exhibit 101).

* filed herewith

** furnished herewith

\+ denotes management contract or compensatory arrangement

♦ certain of the schedules and similar attachments are not filed but Enstar Group Limited undertakes to furnish a copy of the schedules or similar attachments to the SEC upon request

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on February 27, 2025.

ENSTAR GROUP LIMITED

By: /S/ DOMINIC F. SILVESTER
Dominic F. Silvester
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 27, 2025.

Signature	Title
/s/ ROBERT J. CAMPBELL Robert J. Campbell	Chairman and Director
/s/ DOMINIC F. SILVESTER Dominic F. Silvester	Chief Executive Officer and Director
/s/ MATTHEW KIRK Matthew Kirk	Chief Financial Officer (signing in his capacity as Principal Financial Officer)
/s/ GIRISH RAMANATHAN Girish Ramanathan	Chief Accounting Officer (signing in his capacity as Principal Accounting Officer)
/s/ B. FREDERICK BECKER B. Frederick Becker	Director
/s/ SHARON A. BEESLEY Sharon A. Beesley	Director
/s/ JAMES D. CAREY James D. Carey	Director
/s/ SUSAN L. CROSS Susan L. Cross	Director
/s/ HANS-PETER GERHARDT Hans-Peter Gerhardt	Director
/s/ MYRON HENDRY Myron Hendry	Director
/s/ Paul O'Shea Paul O'Shea	Director
/s/ HITESH PATEL Hitesh Patel	Director
/s/ POUL A. WINSLOW Poul A. Winslow	Director

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023

Commission File Number 001-33289

ENSTAR GROUP LIMITED

(Exact name of Registrant as specified in its charter)

BERMUDA	**N/A**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

A.S. Cooper Building, 4th Floor, 26 Reid Street, Hamilton HM 11, Bermuda

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: **(441) 292-3645**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Ordinary shares, par value $1.00 per share	ESGR	The NASDAQ Stock Market LLC
Depositary Shares, Each Representing a 1/1,000th Interest in a 7.00% Fixed-to-Floating Rate Perpetual Non-Cumulative Preferred Share, Series D, Par Value $1.00 Per Share	ESGRP	The NASDAQ Stock Market LLC
Depositary Shares, Each Representing a 1/1,000th Interest in a 7.00% Perpetual Non-Cumulative Preferred Share, Series E, Par Value $1.00 Per Share	ESGRO	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery periods pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates as of June 30, 2023 was $2.8 billion based on the closing price of $244.24 per ordinary share on the NASDAQ Stock Market on that date. Shares held by officers and directors of the registrant and their affiliated entities have been excluded from this computation. Such exclusion is not intended, nor shall it be deemed, to be an admission that such persons are affiliates of the registrant.

As of February 21, 2024, the registrant had outstanding 15,199,808 voting ordinary shares, par value $1.00 per share.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A relating to its 2024 annual general meeting of shareholders are incorporated by reference in Part III of this Form 10-K

Enstar Group Limited

Annual Report on Form 10-K

For the Year Ended December 31, 2023

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GLOSSARY OF KEY TERMS

A&E	Asbestos and environmental
Accident year	The annual calendar accounting period in which loss events occurred, regardless of when the losses are actually reported, recorded or paid.
Acquisition costs	Costs that are directly related to the successful efforts of acquiring new insurance contracts or renewing existing insurance contracts, and which principally consist of incremental costs such as: commissions, brokerage expenses, premium taxes and other fees incurred at the time that a contract or policy is issued.
ADC	Adverse development cover – A retrospective reinsurance arrangement that will insure losses in excess of an established reserve and provide protection up to a contractually agreed amount.
Adjusted RLE	Adjusted run-off liability earnings - Non-GAAP financial measure calculated by dividing adjusted prior period development by average adjusted net loss reserves. See “Non-GAAP Financial Measures” in Item 7 for reconciliation.
Adjusted ROE	Adjusted return on equity - Non-GAAP financial measure calculated by dividing adjusted operating income (loss) attributable to Enstar ordinary shareholders by adjusted opening Enstar ordinary shareholders’ equity. See “Non-GAAP Financial Measures” in Item 7 for reconciliation.
Adjusted TIR	Adjusted total investment return - Non-GAAP financial measure calculated by dividing adjusted total investment return by average adjusted total investable assets. See “Non-GAAP Financial Measures” in Item 7 for reconciliation.
AFS	Available-for-sale
Allianz	Allianz SE
AmTrust	AmTrust Financial Services, Inc.
Annualized	Calculation of the quarterly result or year-to-date result multiplied by four and then divided by the number of quarters elapsed within the applicable year-to-date period.
AOCI	Accumulated other comprehensive income (loss)
APRA	Australian Prudential Regulation Authority
Arden	Arden Reinsurance Company Ltd.
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Atrium	Atrium Underwriting Group Limited
BMA	Bermuda Monetary Authority
BSCR	Bermuda Solvency Capital Requirement
BVPS	Book value per ordinary share - GAAP financial measure calculated by dividing Enstar ordinary shareholders’ equity by the number of ordinary shares outstanding.
Cavello	Cavello Bay Reinsurance Limited
CISSA	Commercial Insurer's Solvency Self-Assessment
Citco	Citco III Limited
CLO	Collateralized loan obligation
Commutation	An agreement that provides for the complete discharge of all obligations between the parties under a particular reinsurance contract for an agreed upon up-front fee.
Core Specialty	Core Specialty Insurance Holdings, Inc.
DAC	Deferred acquisition costs
DCo	DCo, LLC
Defendant A&E liabilities	Defendant asbestos and environmental liabilities - Non-insurance liabilities relating to amounts for indemnity and defense costs for pending and future claims, as well as amounts for environmental liabilities associated with our properties.
DCA	Deferred charge asset - The amount by which estimated ultimate losses payable exceed the consideration received at the inception of a retroactive reinsurance agreement.

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DGL	Deferred gain liability - The amount by which consideration received exceeds estimated ultimate losses payable at the inception of a retroactive reinsurance agreement and that are subsequently amortized over the estimated loss settlement period.
Dowling Funds	Dowling Capital Partners I, L.P. and Capital City Partners LLC
EB Trust	The Enstar Group Limited Employee Benefit Trust
ECR	Enhanced capital requirement
EGL	Enstar Group Limited
EMAL	Enstar Managing Agency Limited
Enhanzed Re	Enhanzed Reinsurance Ltd.
Enstar	Enstar Group Limited and its consolidated subsidiaries
Enstar Finance	Enstar Finance LLC
Exchange Transaction	The exchange of a portion of our indirect interest in Northshore for all of the Trident V Funds' indirect interest in StarStone U.S.
FAL	Funds at Lloyd's - A deposit in the form of cash, securities, letters of credit or other approved capital instrument that satisfies the capital requirement to support the Lloyd's syndicate underwriting capacity.
FASB	Financial Accounting Standards Board
FCA	U.K. Financial Conduct Authority
FDBVPS	Fully diluted book value per ordinary share - Non-GAAP financial measure calculated by dividing Enstar ordinary shareholders' equity by the number of ordinary shares outstanding, adjusted for equity awards granted and not yet vested (similar to the calculation of diluted earnings per share). See "Non-GAAP Financial Measures" in Item 7 for reconciliation.
FVA	Fair value adjustment
Fixed income assets	Short-term investments and fixed maturities classified as trading and AFS, funds held, and cash and cash equivalents, including restricted cash and cash equivalents.
Funds held	The account created with premium due to Enstar pursuant to the reinsurance agreement, the balance of which is credited with investment income and losses paid are deducted. The balance is comprised of funds held - directly managed and funds held by reinsured companies.
Funds held by reinsured companies	Funds held, as described above, where we receive a fixed crediting rate of return or other contractually agreed return on the assets held.
Funds held - directly managed	Funds held, as described above, where we receive the actual underlying investment portfolio return.
Future policyholder benefits	The liability relating to life reinsurance contracts, which are based on the present value of anticipated future cash flows and mortality rates.
Gate or side-pocket	A gate is the ability to deny or delay a redemption request, whereas a side-pocket is a designated account for which the investor loses its redemption rights.
GDPR	General Data Protection Regulation
Group	Companies of Enstar Group Limited
GSSA	Group Solvency Self-Assessment
Hillhouse Group	Hillhouse Capital Management, Ltd. and Hillhouse Capital Advisors, Ltd.
IBNR	Incurred but not reported - Th estimated liability for unreported claims that have been incurred, as well as estimates for the possibility that reported claims may settle for amounts that differ from the established case reserves as well as the potential for closed claims to re-open.
Inigo	Inigo Limited
InRe Fund	InRe Fund, L.P.
Investable assets	The sum of total investments, cash and cash equivalents, restricted cash and cash equivalents and funds held.
JSOP	Joint Share Ownership Program
LAE	Loss adjustment expenses
LDTI	Long duration targeted improvements accounting standard (ASU 2018-12 - Targeted improvement to the Accounting for Long-Duration Contracts)

Lloyd's	This term may refer to either the society of individual and corporate underwriting members that pool and spread risks as members of one or more syndicates, or the Corporation of Lloyd's, which regulates and provides support services to the Lloyd's market.
LOC	Letters of credit
LPT	Loss Portfolio Transfer - Retroactive reinsurance transaction in which loss obligations that are already incurred are ceded to a reinsurer, subject to any stipulated limits.
Monument Re	Monument Insurance Group Limited
Morse TEC	Morse TEC LLC
NAIC	National Association of Insurance Commissioners
NAV	Net asset value
NCI	Noncontrolling interests
New business	Material transactions, which generally take the form of reinsurance or direct business transfers, or business acquisitions.
North Bay	North Bay Holdings Limited
Northshore	Northshore Holdings Limited
Novation	The substitution of a new contract in place of an old one.
OCI	Other comprehensive income
OLR	Outstanding loss reserves - Provisions for claims that have been reported and accrued but are unpaid at the balance sheet date.
Other Investments	Equities, other investments and equity method investments
Parent Company	Enstar Group Limited and not any of its consolidated subsidiaries
Policy buy-back	Similar to a commutation, for direct insurance contracts
pp	Percentage point(s)
PPD	Prior period development - Changes to loss estimates recognized in the current calendar year that relate to loss reserves established in previous calendar years.
PRA	U.K. Prudential Regulation Authority
Private equity funds	Investments in limited partnerships and limited liability companies
PSU	Performance share units
Range of Outcomes	The range of gross loss and LAE reserves implied by the various methodologies used by each of our (re)insurance subsidiaries.
RBC	Risk-based capital
Reinsurance to close (RITC)	A business transaction to transfer estimated future liabilities attached to a given year of account of a Lloyd's syndicate into a later year of account of either the same or different Lloyd's syndicate in return for a premium.
Reserves for losses and LAE	Management's best estimate of the ultimate cost of settling losses as of the balance sheet date. This includes OLR and IBNR.
Retroactive reinsurance	Contracts that provide indemnification for losses and LAE with respect to past loss events.
RLE	Run-off liability earnings – GAAP-based financial measure calculated by dividing prior period development by average net loss reserves.
RNCI	Redeemable noncontrolling interests
ROE	Return on equity - GAAP-based financial measure calculated by dividing net income (loss) attributable to Enstar ordinary shareholders by opening Enstar ordinary shareholders' equity.
Run-off	A line of business that has been classified as discontinued by the insurer that initially underwrote the given risk.
Run-off portfolio	A group of insurance policies classified as run-off.
SCR	Solvency Capital Requirement
SEC	U.S. Securities and Exchange Commission
SGL No. 1	SGL No. 1 Limited
SISE	StarStone Insurance SE
SSHL	StarStone Specialty Holdings Limited

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GLOSSARY OF DEFINED TERMS

StarStone Group	StarStone U.S. Holdings, Inc. and its subsidiaries and StarStone International
StarStone International	StarStone's non-U.S. operations
StarStone U.S.	StarStone U.S. Holdings, Inc. and its subsidiaries
Step Acquisition	The purchase of the entire equity interest of an affiliate of Hillhouse Capital Management Ltd and Hillhouse Capital Advisors, Ltd. in Enhanzed Re
Stone Point	Stone Point Capital LLC
SUL	StarStone Underwriting Limited
TIR	Total investment return - GAAP financial measure calculated by dividing total investment return, including other comprehensive income, for the applicable period by average total investable assets.
Trident V Funds	Trident V, L.P., Trident V Parallel Fund, L.P. and Trident V Professionals Fund, L.P.
TSA	Transition Services Agreement
U.K. Regulator	The FCA together with the PRA
U.S. GAAP	Accounting principles generally accepted in the United States of America
ULAE	Unallocated loss adjustment expenses - Loss adjustment expenses relating to run-off costs for the estimated payout of the run-off, such as internal claim management or associated operational support costs.
Unearned premium	The unexpired portion of policy premiums that will be earned over the remaining term of the insurance contract.
VIE	Variable interest entities
2020 Repurchase Program	An ordinary share repurchase program adopted by our Board of Directors in March 2020, for the purpose of repurchasing a limited number of our ordinary shares, not to exceed $150 million in aggregate. This plan was terminated in July 2021.
2021 Repurchase Program	An ordinary share repurchase program adopted by our Board of Directors in November 2021, for the purpose of repurchasing a limited number of our ordinary shares, not to exceed $100 million in aggregate. This plan was fully utilized as of April 2022.
2022 Repurchase Program	An ordinary share repurchase program adopted by our Board of Directors in May 2022, which was originally effective through May 5, 2023, for the purpose of repurchasing a limited number of our ordinary shares, not to exceed $200 million in aggregate. On February 23, 2023, our Board of Directors authorized the repurchase of an additional $105 million of our ordinary shares, and extended the effective date through February 23, 2024. This program was terminated on March 23, 2023.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This annual report and the documents incorporated by reference herein contain statements that constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, with respect to our financial condition, results of operations, business strategies, operating efficiencies, competitive positions, growth opportunities, plans and objectives of our management, as well as the markets for our securities and the reinsurance sectors in general.

Statements that include words such as "estimate," "project," "plan," "intend," "expect," "anticipate," "believe," "would," "should," "could," "seek," "may" and similar statements of a future or forward-looking nature identify forward-looking statements for purposes of the federal securities laws or otherwise.

All forward-looking statements are necessarily estimates or expectations, and not statements of historical fact, reflecting the best judgment of our management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements.

These forward looking statements should, therefore, be considered in light of various important risk factors, including those set forth in this annual report and the documents incorporated by reference herein, which could cause actual results to differ materially from those suggested by the forward-looking statements. These risk factors include:

- the adequacy of our loss reserves and the need to adjust such reserves as claims develop over time, including due to the impact of emerging claim and coverage issues and disputes that could impact reserve adequacy;
- risks relating to our acquisitions, including our ability to evaluate opportunities, successfully price acquisitions, address operational challenges, support our planned growth and assimilate acquired portfolios and companies into our internal control system in order to maintain effective internal controls, provide reliable financial reports and prevent fraud;
- risks relating to climate change and its potential impact on the returns from our run-off business and our investments;
- changes in tax laws or regulations applicable to us or our subsidiaries, including the Bermuda Corporate Income Tax, or the risk that we or one of our non-U.S. subsidiaries become subject to significant, or significantly increased, income taxes in the U.S. or elsewhere;
- the risk that U.S. persons who own our ordinary shares might become subject to adverse U.S. tax consequences as a result of related person insurance income;
- risks relating to our ability to obtain regulatory approvals, including the timing, terms and conditions of any such approvals, and to satisfy other closing conditions in connection with our acquisition agreements, which could affect our ability to complete acquisitions;
- risks relating to the variability of statutory capital requirements and the risk that we may require additional capital in the future, which may not be available or may be available only on unfavorable terms;
- the risk that our reinsurance subsidiaries may not be able to provide the required collateral to ceding companies pursuant to their reinsurance contracts, including through the use of letters of credit;
- risks relating to the availability and collectability of our ceded reinsurance;
- the ability of our subsidiaries to distribute funds to us and the resulting impact on our liquidity;
- losses due to foreign currency exchange rate fluctuations;
- the risk that the value of our investment portfolios and the investment income that we receive from these portfolios may decline materially as a result of market fluctuations and economic conditions, including those related to interest rates, credit spreads and equity prices (including the risk that we may realize losses related to declines in the value of our investments portfolios if we elect to, or are required to, sell investments with unrealized losses);
- risks relating to our ability to structure our investments in a manner that recognizes our liquidity needs;

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- risks relating to our strategic investments in alternative asset classes and joint ventures, which are illiquid and may be volatile;
- risks relating to our ability to accurately value our investments, which requires methodologies, estimates and assumptions that can be highly subjective, and the inaccuracy of which could adversely affect our financial condition;
- risks relating to our liquidity demands and the structure of our investment portfolios, which may adversely affect the performance of our investment portfolio and financial results;
- risks relating to the complex regulatory environment in which we operate, including that ongoing or future industry regulatory developments will disrupt our business, affect the ability of our subsidiaries to operate in the ordinary course or to make distributions to us, or mandate changes in industry practices in ways that increase our costs, decrease our revenues or require us to alter aspects of the way we do business;
- risks relating to laws and regulations regarding sanctions and foreign corrupt practices, the violation of which could adversely affect our financial condition and results of operations;
- loss of key personnel;
- the risk that some of our directors, large shareholders and their affiliates have interests that can create conflicts of interest through related party transactions;
- the risk that outsourced providers could breach their obligations to us which could adversely affect our business and results of operations;
- operational risks, including cybersecurity events, external hazards, human failures or other difficulties with our information technology systems that could disrupt our business or result in the loss of critical and confidential information, increased costs; and
- risks relating to the ownership of our shares resulting from certain provisions of our bye-laws and our status as a Bermuda company.

The risk factors listed above should not be construed as exhaustive and should be read in conjunction with the Risk Factors that are included in Item 1A below. We undertake no obligation to publicly update or review any forward-looking statement, whether to reflect any change in our expectations with regard thereto, or as a result of new information, future developments or otherwise, except as required by law.

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PART I

ITEM 1. BUSINESS

Overview

Enstar Group Limited ("Enstar") is a leading global (re)insurance group that offers capital release solutions through our network of group companies. We seek to create value by managing (re)insurance companies and portfolios of (re)insurance and other liability business in run-off and striving to generate an attractive risk-adjusted return from our investment portfolio. In this report, the terms "Enstar," the “Company," "us," and "we" are used interchangeably to describe Enstar and our subsidiary companies.

Enstar Group Limited ("Enstar") is a leading global (re)insurance group that offers capital release solutions through our network of group companies. We seek to create value by managing (re)insurance companies and portfolios of (re)insurance and other liability business in run-off and striving to generate an attractive risk-adjusted return from our investment portfolio. In this report, the terms "Enstar," the “Company," "us," and "we" are used interchangeably to describe Enstar and our subsidiary companies.

Our role in the (re)insurance sector has evolved since we originally entered the market. In addition to providing finality to discontinued lines of business, earnings volatility protection and acquiring troubled businesses, we also assist clients with their risk management capital and strategic objectives. Over the past few years, we have structured and executed transactions which:

- Provide risk management solutions, which allow insurers to manage reserve development and volatility;
- Allow insurers to recycle their capital to support organic growth;
- Strengthen insurer’s balance sheets to facilitate M&A transactions; and
- Release capital, allowing for the return of funds to investors.

We primarily structure our transactions as loss portfolio transfers (“LPTs”) or adverse development covers (“ADCs”). LPTs and ADCs involve the provision of retroactive reinsurance coverage and coverage for adverse developments for legacy liabilities and (re)insurance reserves on prior year loss developments.

Our claims handling responsibilities and rights are contractual and can vary. We generally seek to obtain direct claims control over our LPT’s, and some form of claims reporting and oversight over our ADC portfolios. In respect of more structured reinsurance transactions, such as ADC’s, cedants may be reluctant to give up claims control but they can still benefit from Enstar’s significant claims management expertise through the oversight structures that we typically put in place. We may also seek to commute acquired reinsurance contracts and buy back underlying insurance policies, where appropriate.

When we have contractual claims management rights, our strategy is to obtain claims resolutions and settlements on the actual and potentially valid claims within each portfolio quickly, where feasible, to avoid lengthy and continuing defense costs. When claims control has been retained by the cedant, we develop oversight programs to monitor the business and provide our partners with the opportunity to leverage our expertise and experience. If we are successful at settling claims or otherwise manage the expected value of the losses for less than our carried reserves, we recognize favorable prior period development within our net incurred loss and loss adjustment expenses. Similarly, we may experience adverse development on the carried reserves if the projected costs of claims exceeds our estimates. We include the net development as a component of our performance, or run-off liability earnings (“RLE”).

We receive consideration for our (re)insurance solutions and invest these funds to generate investment earnings, which we measure as our total investment return (“TIR”). We negotiate the investment class, fixed income duration and minimum asset quality needed for each portfolio with the ceding company as these investments are typically pledged as collateral within the reinsurance contract. For our remaining investments we decide within our investment allocation strategy the asset types, risk, liquidity and expected returns.

The substantial majority of our acquisitions have been in the run-off business, which generally includes property and casualty, workers’ compensation, asbestos and environmental (“A&E”), professional indemnity, directors and officers, construction defect, motor, marine, aviation and transit, and other closed and discontinued blocks of business.

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Transactions Completed Since 2000

$37.3 billion*
Total Liabilities Acquired Since 2000

8%[1] & 18%[2]
Change in Book Value Per Ordinary Share

6%[1] & 16%[2]
Return on Equity

[1] Three year average (2021 - 2023)

[2] Five year average (2019 - 2023)

*Total liabilities acquired includes gross loss reserves and defendant A&E liabilities.

Our Strategy

Leverage Management's Extensive Experience and Industry Relationships

We leverage our senior managements' skills and experience to solidify our position as a leading run-off acquirer with a demonstrated ability to identify and execute growth opportunities. We continuously seek to expand our expertise by investing in new talent and embracing technological advancement.

Structure and Deliver Innovative Solutions

We develop innovative solutions and products based on the needs of our partners. In addition to providing finality to discontinued lines and earnings volatility protection or acquiring troubled businesses, we help our partners achieve their risk management, capital and strategic objectives.

Engage in Disciplined Acquisition Practices

When assessing potential acquisition targets, we carefully analyze risk exposures, claims practices, reserves and our return requirements as part of our detailed due diligence process. We value opportunities that include risk exposures and other characteristics that we have had prior experience managing.

Manage Claims and Re(insurance) Contracts Professionally, Expeditiously, and Cost-Effectively

We aim to generate RLE by drawing on in-house expertise and trusted third-party relationships to dispose of claims efficiently, paying valid claims on a timely basis, and relying on policy terms and exclusions where applicable, and litigation when necessary, to defend against paying invalid claims.

Using detailed claims analysis and actuarial projections, we seek to negotiate with policyholders and reinsurers with a goal of settling existing (re)insurance liabilities and monetizing (re)insurance assets in a cost efficient manner.

Prudently Manage Investments and Capital

We strive to achieve attractive risk-adjusted returns, while growing profitability and generating long-term growth in shareholder value. We continually balance the value delivered by share repurchases against the level of capital required to execute on growth opportunities. Maintaining an efficient capital structure is critical as opportunities have evolved toward helping (re)insurance companies and others meet their strategic objectives by structuring larger, capital intensive solutions.

2023 Strategic Developments

Completed the Unwind of Enhanzed Re's Reinsurance Transactions

- In August 2022, Enhanzed Reinsurance Ltd. ("Enhanzed Re") entered into a Master Agreement with Cavello Bay Reinsurance Limited ("Cavello"), a wholly-owned subsidiary of Enstar, and Allianz SE ("Allianz"). Pursuant to the Master Agreement, Enhanzed Re, Cavello and Allianz agreed to a series of transactions that allowed us to unwind the Enhanzed Re reinsurance transactions in an orderly manner.
- The transactions included (i) commuting or novating all of the reinsurance contracts written by Enhanzed Re, (ii) repaying the $70 million, in aggregate principle, of subordinated notes issued by Enhanzed Re to an affiliate of Allianz, and (iii) distributing Enhanzed Re's excess capital to Cavello and Allianz in accordance with their respective equity ownership in Enhanzed Re.
- In November 2022, Enhanzed Re completed the novation of the reinsurance of a closed block of life annuity policies to Monument Re Limited, a subsidiary of Monument Insurance Group Limited ("Monument Re"). In December 2022,

Enhanzed Re repurchased the remaining ownership interest Allianz held in Enhanzed Re, and

Enhanzed Re became a wholly-owned subsidiary of Enstar. We recognized the impact of these transactions in our first quarter 2023 results, as we report the results of Enhanzed Re on a one quarter lag.

- The completion of these transactions resulted in the conclusion of the unwind of Enhanzed Re, achieving an inception to date return of 24%.

Our Business

We acquire run-off and other (re)insurance reserves using retroactive reinsurance and other bespoke contracts where we are paid consideration to reinsure, up to a specified limit, underlying policies issued by other insurers who have written these risks in prior accident years. We strive to set an appropriate price and manage the liabilities professionally and efficiently to achieve the best outcomes for our policyholders and shareholders.

On closing a retroactive reinsurance transaction, the consideration we receive is not recognized as income, nor are the liabilities we acquire recognized as net incurred losses. These items are recorded to the balance sheet with any subsequent changes to the value of ultimate losses and liabilities recorded in the consolidated statements of operations.

In addition, any difference between premium and losses recognized upon initial recognition of a transaction, is recorded as a deferred charge asset (“DCA”) or deferred gain liability (“DGL”) which is subsequently amortized.[1]

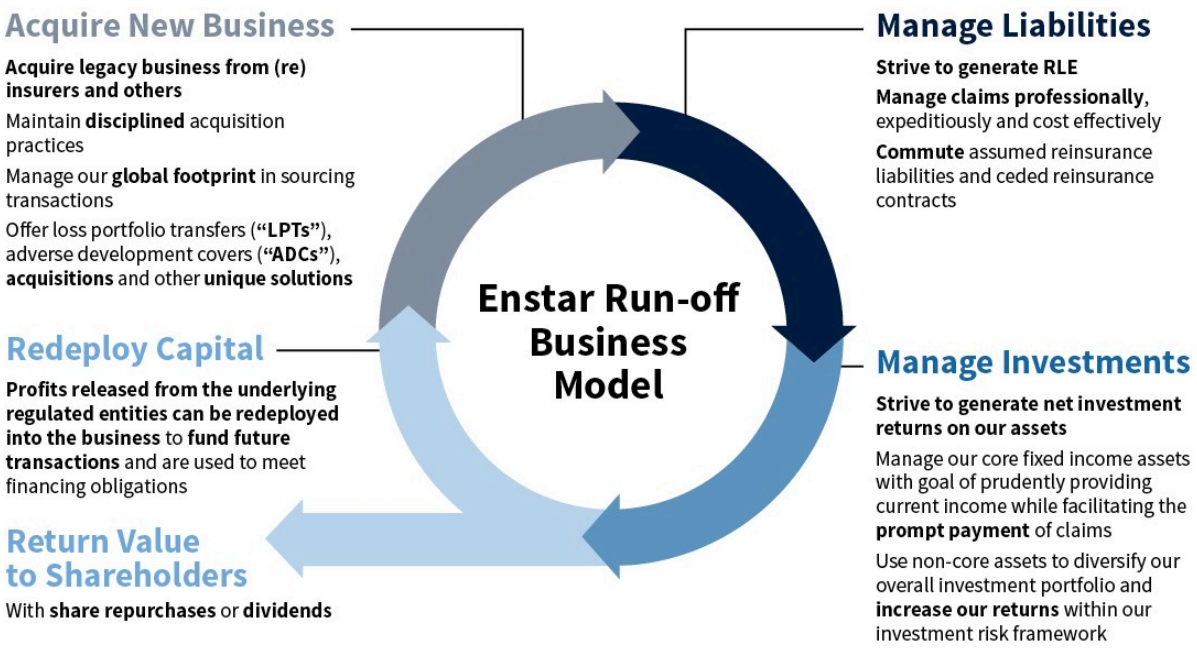
A run-off portfolio is a group of insurance policies generally described by the accident year, line of business and jurisdiction that an insurer that initially underwrote the risks seeks to exit or put into run-off. The facts and circumstances underlying an insurer’s or company's (seller's) decision to exit or put a portfolio into run-off or seek ADC contracts varies. Usually, the portfolios of risks have become inconsistent with the seller’s core competencies, provide unwanted exposure to a particular risk or segment of the market and/or absorb capital that the seller may wish to deploy elsewhere. These portfolios of risks are often associated with potentially large exposures and lengthy time periods before resolution of the last remaining insured claims, resulting in uncertainty to the (re)insurer covering those risks. In other circumstances, a cedant may be pursuing a solution in advance of an M&A transaction or an initial public offering, or may be seeking to exit less mature business, sometimes including the current accident year. We have also (re)insured and acquired legacy manufacturing companies with direct exposure to asbestos and environmental liabilities (“defendant A&E liabilities”).

We establish our best estimate of the liabilities we assume based upon actuarial analyses of the claims data provided to us by the counterparties, our review of claims files and reinsurance assets, our analysis of claim trends and other data supplied as part of our due diligence. Accordingly, at the time we enter the arrangements, we do not reflect the potential impact of our claims management strategies as we have no assurance that our efforts will be successful nor how any development may emerge. Similarly, we do not recognize reductions for any potential settlements or commutations that we have not executed as we do not solely control any such outcome. The settlement of the liabilities may take many years to complete depending on the underlying risk profile of the business.

By investing the consideration received from our (re)insurance solutions, we generate investment returns that we use to settle the liabilities acquired, fund future transactions, meet our financing and operating obligations and return value to shareholders.

As a result, the traditional (re)insurance underwriting ratios (loss ratios and combined ratios) are not relevant to us. Net earned premiums are not a significant source of revenue and current period net incurred losses and LAE from those premiums are not significant either. We use RLE to measure our success at managing our retroactive reinsurance liabilities and TIR to measure our investment returns. Our ability to generate favorable RLE or avoid unfavorable RLE from our management of acquired portfolios can vary. RLE may be recognized within a year of acquiring the new portfolio, or may not appear for many years, if at all. Similarly, our ability to generate positive TIR can be heavily impacted by market risks, including interest rate, credit spread, credit and foreign exchange risks, in addition to the regulatory constraints associated with being a regulated global (re)insurance group.

[1] This is further described in Note 10 to our consolidated financial statements.


Acquire New Business
Acquire legacy business from (re) insurers and others
Maintain disciplined acquisition practices
Manage our global footprint in sourcing transactions
Offer loss portfolio transfers ("LPTs"), adverse development covers ("ADCs"), acquisitions and other unique solutions
Manage Liabilities
Strive to generate RLE
Manage claims professionally, expeditiously and cost effectively
Commute assumed reinsurance liabilities and ceded reinsurance contracts
Enstar Run-off Business Model
Redeploy Capital
Profits released from the underlying regulated entities can be redeployed into the business to fund future transactions and are used to meet financing obligations
Manage Investments
Strive to generate net investment returns on our assets
Manage our core fixed income assets with goal of prudently providing current income while facilitating the prompt payment of claims
Use non-core assets to diversify our overall investment portfolio and increase our returns within our investment risk framework
Return Value to Shareholders
With share repurchases or dividends

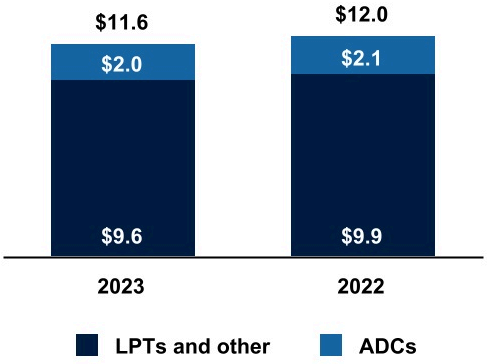
1 Acquire New Business

Sourcing

We leverage our industry relationships and our position as an experienced run-off specialist, together with our footprint in the major (re)insurance hubs, to source new business opportunities. We engage directly with companies and/or their representative brokers to bid for and negotiate new transactions.

Solutions

Our Run-off business offers a variety of capital release solutions, including but not limited to:



LPTs: We offer LPTs in situations where our clients wish to divest themselves of a portfolio of insurance business. In such instances, we are able to retroactively reinsure against deterioration of the portfolio of loss reserves, subject to any stipulated limits. In the Lloyd's market, we provide similar solutions through reinsurance to close ("RITC") transactions.

ADCs: In situations where our clients are concerned about loss deterioration on selected books of business, we offer ADCs whereby we reinsure certain losses in excess of our clients' established reserves, up to a pre-determined limit.

Acquisitions: Where our clients or potential clients want to dispose of a company in run-off, we may purchase the company. Such a transaction is beneficial to the seller because it enables them to monetize their investment in that company.

Pricing

We evaluate each opportunity presented by carefully reviewing and analyzing the portfolio's risk exposures, claim practices, capital and reserve requirements and outstanding claims. This initial analysis allows us to determine whether the opportunity aligns with our strategy and targeted return thresholds.

If we decide to pursue an opportunity, we price it based on certain assumptions, including: our ability to apply our core competencies to negotiate with (re)insureds, resolve valid claims, manage the investments associated with the portfolio and otherwise manage the nature of the risks posed by the business or portfolio.

LPTs and ADCs: Using actuarial analysis and our view of the exposure assumed, we determine the premium consideration that we charge the ceding companies under retroactive reinsurance contracts.

This premium is generally lower than the undiscounted estimated ultimate losses payable at inception due to the time value of money, in recognition that we will earn an investment return on the assets which support the payment of insurance claims in the future.

Acquisitions: In order to price the acquisition of a company in run-off, we estimate the fair value of assets and liabilities acquired based on actuarial analyses and our views of the exposures assumed.

The fair value of the company may be lower than its book value based upon the risks assumed, the time value of money as applied to its liabilities and to our client no longer having to manage the company.

2 Manage Liabilities

Non-Life Run-off

There is a period over which the reserve liabilities associated with LPTs, ADCs, acquisitions and other similar transactions are extinguished, as described below:

- At take-on: upon integrating the acquired company or portfolio we record our best estimate of the value of loss reserves. We then implement our plan to manage the book and its exposures that we gathered during the course of the acquisition process.
- Subsequent to take-on: in the proceeding years, we develop a deeper understanding of the claims portfolio from a reserving perspective and, where we have been granted claims control, employ our claims management strategies in order to generate RLE.

After applying our claims management strategies for a period of time, there are generally reduced opportunities remaining to achieve RLE. At that point, our goal is to continue to manage costs and generate investment returns as we run off the remaining reserves in an orderly manner.

Both the A&E losses and LAE and defendant A&E liabilities have much longer expected claims settlement periods than our general casualty books of business, and therefore the period over which their reserve liabilities are extinguished tends to be significantly longer than other lines of business.

The strategies we employ to manage our acquired companies and portfolios of business in run-off include:

Claims Management on Portfolios with Claims Control: Integral to our success is our ability to analyze, administer, and settle claims while managing related expenses. We work with seasoned and well-trained claims professionals, along with claims reporting and control procedures, in all of our claims units. Our claims management processes on portfolios where we have claims control also include leveraging our extensive relationships and developed protocols to manage outside counsel and other third parties more efficiently to reduce expenses.

For certain lines of business, we have entered into agreements with third-party administrators to manage and pay claims on our subsidiaries' behalf and advise with respect to case reserves. These agreements generally set forth the duties of the third-party administrators, limits of authority, indemnification language designed for our protection and various procedures relating to compliance with laws and regulations. The agreements clearly define our claims handling guidelines, and we provide extensive and active oversight by in-house subject matter claims experts in order to ensure the third-party administrators are operating in accordance with our expectations.

Claims Oversight on Portfolios without Claims Control: On some of the more structured reinsurance transactions where claims control has been retained by the original cedants, we have developed bespoke oversight, reporting and monitoring programs. These programs are specific to the individual transactions and involve utilizing our in-house subject matter claims experts to work with the original cedants who can leverage our expertise and experience. As we have seen a shift towards more reinsurance transactions without claims control, our oversight programs have given us a greater insight into the development of the risks that we have assumed and have also added benefit to our cedants in giving them more access to our expertise in claims management.

Commutations and Policy Buybacks: Where possible, we negotiate with third-party (re)insureds to commute their (re)insurance agreement (sometimes called policy buybacks for direct insurance) for an agreed upon up-front payment by us.

Commutations and policy buybacks provide us with an opportunity to exit exposures to certain policies and (re)insureds generally at a discount to the ultimate liability. Commutations can reduce the duration, administrative burden and ultimately the future cost we face as we manage the run-off of the claims and the amount of regulatory capital we are required to maintain.

In certain lines of business and jurisdictions, such as direct workers' compensation insurance, commutations and policy buyback opportunities are not typically available, and our strategy with respect to these businesses is to derive value through efficient and effective claims management.

Reinsurance Recoverables: We manage reinsurance recoverables by working with reinsurers, brokers and professional advisors to achieve fair and prompt payment of reinsured claims, and we take appropriate legal action to secure recoverables when necessary. Where appropriate we negotiate commutations with our reinsurers by securing a lump sum settlement in complete satisfaction of the reinsurer's past, present and future liability in respect of such claims.

Seasonality

We complete most of our loss reserve studies in the fourth quarter of each year and, as a result, we tend to record the largest movements, both favorable or adverse, to net incurred losses and LAE in these periods. However, we also monitor the progression of claims and claims settlements in the earlier interim periods and may adjust our reserves if, and when, we deem it appropriate.

3 Manage Investments

We manage our investments to obtain attractive risk-adjusted returns while maintaining prudent diversification of assets and operating within the constraints of a regulated global (re)insurance group. We also consider the liquidity requirements and duration of our claims and contract liabilities.

We have a group-wide investment policy and group mandate, which applies to our consolidated investment portfolio and all subsidiary cash and investment portfolios.

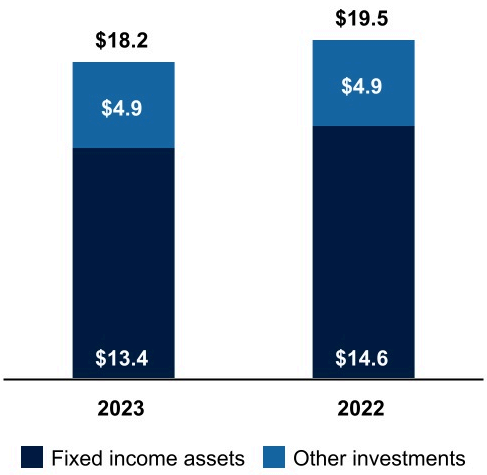
Our investment policy:

- Outlines our investment objectives and constraints;
- Prescribes permitted asset class limits and strategies;
- Establishes risk tolerance limits; and
- Establishes appropriate governance.

Our investment policy also includes constraints that impact our asset allocation and external asset manager selection.

In pursuing our investment objectives, we typically allocate to asset classes with varying risk-return profiles that fall into two classifications: core assets and non-core assets.

Investable Assets
(in billions of U.S. dollars)



Core Asset Strategy: Our core assets investment portfolio is predominantly invested in investment grade fixed income securities that are duration and currency optimized and matched against the expected payment of loss reserves in accordance with our contractual obligations with our counterparty insurers and as prescribed in statutory liquidity and solvency regulations. Our goal with these securities is to meet the expected maturity to support prompt payment of the claims, whilst maximizing investment income.

Our fixed income assets include U.S. government and agency investments, highly rated sovereign and supranational investments, high-grade corporate investments as well as mortgage-backed and asset-backed investments.

Non-Core Asset Strategy: Our goal with our non-core assets investment portfolio is to provide diversification and increased return. Our non-core assets typically include below-investment grade fixed income securities and bank loans, public equity securities, hedge funds, private equity funds, fixed income funds, collateralized loan obligation ("CLO") equities, real estate funds, private credit funds and equity method investments.

Our core assets, or fixed income assets, include short-term and fixed maturities classified as trading and available-for-sale (“AFS”), funds held and cash and cash equivalents. Under funds held arrangements, the reinsured company has retained consideration that would otherwise have been remitted to us. The funds held balance is credited with investment income and is used to offset settlement of paid losses. Funds held arrangements where we receive the underlying portfolio economics and the contractual right to direct the asset allocation strategies are referred by us as "Funds held - directly managed". Funds held arrangements where we receive a fixed crediting rate or other contractually agreed return are referred by us as "Funds held by reinsured companies".

Our non-core assets, or other investments, include equities and equity method investments.

The allocation and composition of our non-core assets may vary, depending on risk appetite, current market conditions and the assessment of relative value between asset classes.

We believe our non-core investments provide diversification in our overall investment portfolio, because generally they have low correlation with our fixed income assets, thereby providing an opportunity for improved risk-adjusted rates of return while minimizing downside risk over the long-term. The returns of our non-core investments may be volatile, and we may experience significant unrealized gains or losses in a particular quarter or year. Regulatory, rating agency, our internal risk appetite and other factors may limit our capacity to hold non-core assets.

Portfolio Allocation: Our portfolio is diversified across several core and non-core asset classes and targets attractive risk-adjusted returns, while taking into account regulatory, capital, risk, and other relevant considerations. We periodically review the performance of the portfolio and reallocate assets to take advantage of opportunities in the market. This asset rebalancing is periodically reviewed by our Board Investment Committee.

Asset Manager Selection: Our investment portfolio is managed by external managers through the execution of investment management agreements and investment guidelines. We hold regular discussions with our managers to monitor investment performance.

Performance and Compliance Monitoring: Our investment management agreements and guidelines with external asset managers include performance benchmarks. The benchmarks take various factors into consideration, including duration, currency, asset class, geography, sector, credit quality and other relevant metrics that impact performance.

An investment compliance report for the aggregate investment policy is prepared for our Board Investment Committee on a quarterly basis in arrears. The Board Investment Committee and our subsidiary boards are responsible for ensuring that investment compliance guidelines proposed are aligned to our stated risk appetite.

4 Redeploy Capital and Return Value to Shareholders

Our regulated subsidiaries and group are subject to capital requirements, which require us to hold additional assets to mitigate the risk of insufficient funds to fulfill our insurance obligations in adverse economic or operational circumstances. Amounts beyond our internal capital levels are available for us to redeploy.

As we settle our liabilities, we reduce our required capital and any excess capital may be redeployed into the business for further acquisitions. We believe that the best investment is in our business, by funding future transactions and meeting our financing obligations. We have also utilized share repurchases in situations where we have excess capital in order to return value to our shareholders. To date, we have not declared any dividends on our ordinary shares.

Competition

Our Run-off segment competes in the global insurance market with domestic and international reinsurance companies to acquire and manage (re)insurance companies and portfolios of (re)insurance business in run-off. We compete with different companies depending upon the size of the loss portfolios being contemplated and the location of the insurer or insurance risks.

The legacy market has seen several new entrants in the last decade, largely driven by the investment of significant alternative capital. This has led to increased competition in the overall market and increased pressure on deal pricing. These pressures have started to manifest over the last 12 months as certain of our competitors have signaled either a full exit from the overall legacy market or a withdrawal from the non-life legacy market. According

to global run-off deal data published by PwC, 12 different acquirers completed run-off transactions in 2023 versus 16 in 2022.

Despite the exit of companies from the legacy market, the acquisition and management of companies and portfolios in run-off continues to be competitive and is driven by several factors, including proposed acquisition price, operational reputation and financial resources including new capital and alternative forms of capital entering the markets.

We have a positive outlook on the future as we continue to see high levels of legacy market activity, with opportunities being brought to us either directly by counterparties or brokers. We have established long-term and continuing business relationships throughout the (re)insurance industry, which can be a significant competitive advantage for us. Additionally, we believe that we are price competitive and have a well-established reputation with respect to our distinctive ability to complete and manage transactions.

Our Organization

Segments[2]

We report the results of our operations through four reportable segments:

- Run-off: consists of our acquired property and casualty and other (re)insurance business.
- Assumed Life: consists of life and catastrophe business that we assumed via the 2022 acquisition of the controlling interest in Enhanzed Reinsurance, Ltd. (“Enhanzed Re”).
- Investments: consists of our investment activities and the performance of our investment portfolio, excluding those investable assets attributable to our Legacy Underwriting segment.
- Legacy Underwriting: consists of businesses that we have exited via the sale of the majority of our interest.

In addition, our corporate and other activities, which do not qualify as an operating segment, include income and expense items that are not directly attributable to our reportable segments.

Major Operating Subsidiaries

Our (re)insurance business is regulated and requires licenses to operate in each relevant jurisdiction. Our major operating insurance subsidiaries and their regulatory domiciles are listed below:

Regulated Company	Jurisdiction	% of Net Liability for Losses and LAE as of December 31, 2023
Clarendon National Insurance Company Fletcher Reinsurance Company Yosemite Insurance Company	United States	6%
Cavello Bay Reinsurance Limited Fitzwilliam Insurance Limited StarStone Insurance Bermuda Limited	Bermuda	85%
SGL No.1 Limited Mercantile Indemnity Company Limited River Thames Insurance Company Limited	United Kingdom	9%
Gordian Runoff Limited StarStone Insurance SE	Other	—%
		100%

[2] For further information on our reportable segments, refer to “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations by Segment” and Note 4 to our consolidated financial statements.

Human Capital Resources

As of December 31, 2023, we had 805 employees, as compared to 792 employees as of December 31, 2022.

We seek to attract, retain and develop a diverse and specialized workforce that supports our culture, target operating model and business performance. We do this by applying the following strategies:

- Making use of a range of hiring channels and approaches and incorporating a total reward offering that includes market competitive salaries, an annual bonus plan as well as comprehensive benefits to protect employee health, wellness and financial security.
- Promoting alignment of interests with investors through the use of an employee share purchase plan and long-term equity-based incentives.
- Encouraging our employees to periodically review development areas with their managers to identify appropriate learning opportunities to better equip our work force with the skills necessary for near- and long-term success. We offer an array of professional development programs and initiatives to support our employees' career aspirations and enhance our leadership and management capabilities—creating a pipeline of talent able to deliver on our long-term strategic objectives and developing a skilled workforce with succession capabilities. For example, we provide all of our employees access to a digital platform containing learning resources designed to support their role and career.

In addition, strengthening our succession planning is a key priority for us across all levels. We have made a significant investment in establishing and developing programs for managers, functional heads and group executives designed to enhance leadership and management capabilities across our senior management team. For example, in 2023 we launched a multi-year Management Development Program, which is designed to foster in-house talent and help managers broaden their leadership skills. We also offer programs to group and regional executives and other potential successors throughout the organization.

Diversity, Equity and Inclusion

We understand the importance of diversity in our work force and our diversity, equity and inclusion (“DE&I”) vision is to create a diverse and inclusive workplace, where everyone feels that they belong and where diversity is celebrated. Over the past year we continued to increase our focus on DE&I, which included:

- Launching our first DE&I strategic framework, which covers the following five pillars: People Practices; Inclusive Procurement and Supplier Diversity; Access and Accessibility; Communication Events and Community Engagement; and Data and Insights. This strategic framework guides our objectives and informs the initiatives we have undertaken.
- Establishing three Employee Resource Groups (“ERGs”) for our staff, focusing on themes that link to the demographic of our workforce: Parents and Carers, Mental Health, and Women in the Finance Industry. The ERGs bring together employees from across the business and create a space where individuals feel comfortable to share their ideas and experiences. We also solicit feedback from these groups when developing future DE&I initiatives.
- Conducting an accessibility audit of our office spaces in the U.K. and U.S. to ensure they are accessible to our employees and visitors. Additionally, in partnership with our internal communications team, we enlisted the services of an external specialist to conduct an accessibility audit of our website and provide recommendations for enhancement.
- Hosting our 2023 summer global internship program for the second consecutive year following the success of the inaugural program in 2022, by welcoming a talented and diverse group of individuals across three of our offices in Bermuda, the U.S. and the U.K. to undertake a mix of industry training, departmental expertise and personal development activities.

To measure our progress, we use a variety of human capital measures in managing our business, including workforce demographics and diversity metrics, attrition and retention metrics and hiring metrics. We continue to build and expand on the range of metrics we produce as we continue to work towards the achievement of our DE&I vision.

As of December 31, 2023, our gender metrics on a global scale were as follows:



We are committed to fostering a culture that treats all employees fairly and with respect, promotes inclusivity and diversity, and provides equal opportunities for professional development and merit-based advancement. We adhere to these values by following a Board Diversity Policy and Group Diversity, Equity and Inclusion Policy. We intend to continue conducting human capital management activities, including recruitment, career development and advancement, role design and compensation in a manner reflective of our commitment to diversity and inclusion.

Employee Wellbeing

We recognize the importance of our employees as individuals and the role we can play in promoting their wellbeing. Our wellbeing strategy is now well defined across three pillars of core focus:

- Emotional and social: we offer an Employee Assistance Program, which provides a professional and confidential service that covers a broad range of topics, both personal and work-related. We also held a series of employee webinars during the year, covering a wide range of topics related to health and wellbeing such as burnout, menopause and children's mental health.
- Physical: our benefits coverage includes a range of centrally provided and individually tailored health-related insurance packages, alongside a number of additional benefits and initiatives. For example, we provide access to a wellbeing platform that offers a range of benefits and tools and hosts Enstar's health initiatives and challenges, such as our Global Step Challenge, which was held for the second consecutive year. We also offer an Enstar Wellness allowance, enabling an annual reimbursement of expenses that support mental or physical wellness, and various other provisions including annual health assessments.
- Financial: during 2023 we delivered a range of initiatives to address the challenging economic marketplace, including the launch of an Employee Financial Assistance Program, which provided interest-free employee loans, and the provision of a supplemental Economic Hardship Payment to those employees most vulnerable to the impact of inflationary pressures.

Our employee engagement, diversity and inclusion results are a clear indication of our efforts and successes in managing and supporting our employees. For the past three years our rating index has been in the upper quartile of the financial services benchmark, resulting in Enstar being awarded the People Insight 'Outstanding Place to Work 2023' award for the second consecutive year.

Enterprise Risk Management

Effective Enterprise Risk Management (“ERM”) and oversight is a top priority for our management and Boards of Directors (both at the parent company and subsidiary levels). We aim to ensure that we have a comprehensive ERM Framework to identify, measure, manage, monitor and report on risks that affect the achievement of our strategic, operational and financial objectives.

We believe that an effective ERM Framework is crucial to maintaining the strength of Enstar and our (re)insurance companies (our "Group") and enhancing our operations. These include our business strategy and objectives, capital management decision making, operations and processes, financial performance and financial reporting, regulatory compliance, reputation with key stakeholders and business continuity planning. Through our ERM Framework, we aim to embed considerations of risk through all aspects of our business.

Risk Management Strategy

The Group’s Risk Management Strategy has been designed to help meet our core objectives, which is to:

- engage in highly disciplined and risk based, acquisition, management and (re)insurance practices across a diverse portfolio of loss reserves;
- seek investment risk where it is adequately rewarded;
- maintain loss reserving risk in line with risk appetite;
- minimize capital, liquidity, credit, operational and regulatory risks; and
- promote the consideration of Environmental (specifically, climate change effects), Social and Governance (“ESG”) risks in the strategies, business planning and other operational processes.

These strategies are pursued through the use of appropriate controls, governance structures and highly skilled teams effectively working together.

Our risk management strategy is embedded across the organization by promoting a strong culture of risk awareness. This is evidenced through our day-to-day approach to managing our business. In particular, risk matters are regularly discussed at management and Board meetings, providing challenge and considering opportunities against risks being assessed and managed.

The goal of our risk management strategy is to enable the proactive, pragmatic management of risks arising in day-to-day operations, primarily through the implementation and maintenance of an effective ERM Framework to ensure a robust control environment.

Risk Appetite

The Risk Appetite Framework in place at both the Group and its regulated subsidiaries monitors risk taking throughout the business by linking business strategy and planning with available capital and risk. It is designed to consider material risks, protect the Group and its subsidiaries from unacceptable levels of loss, compliance failures and/or adverse reputational impacts and support the wider strategic decision-making process.

A qualitative risk appetite statement is set for each material risk to represent the amount of risk the Board is willing to accept, which is supported by quantitative tolerances (such as minimum capital required). The qualitative risk appetite statements and supporting quantitative tolerances are reviewed and approved by the Board annually. Subsidiary companies’ risk appetite and tolerances are reviewed against their specific risk profiles and strategy and approved by the local Board(s), and are reviewed annually to ensure that subsidiary risk appetite does not in the aggregate exceed the aggregate Group Risk Appetite Framework.

Accountability for the implementation, monitoring and oversight of our risk appetite is aligned with individual corporate executives and monitored and maintained by the Risk Management Function. Risk tolerance levels are monitored and deviations from pre-established levels are reported in order to facilitate responsive action. On a quarterly basis, risk tolerances are reported by the assigned first line business owner to Risk Management who collate, review and provide

challenge and aggregate tolerances. Individual tolerances are rated ‘Red’, ‘Amber’ or ‘Green’ relative to pre-defined thresholds. As determined by the Board or Risk Committee, the Risk Appetite Framework and tolerance(s) may be reviewed/updated outside of the annual review cycle in the event of a material

change in risk profile, system of governance, regulatory or operating environment, market or macroeconomic conditions, and/or any other material change.

Risk Governance and Culture

The Board of Directors actively oversees the management of risks to which the Group is exposed in a variety of ways. To ensure comprehensive oversight, the Company has an EGL Risk Committee, as well as Group and jurisdictional Management Risk Committees comprised of executive and/or senior management responsible for the management of key risks. These committees are supported by representatives from our Risk & Compliance and Internal Audit functions as appropriate.

The Group, supported by the wider ERM Framework, promotes a strong risk culture through a rigorous hiring process for employees, performing an annual Compensation Risk Assessment, ensuring employee understanding and compliance with the Employee Code of Conduct, and by promoting employee risk awareness of compliance and IT security matters through training.

Risk Ownership, Accountability and Assurance

We maintain the traditional Three Lines Model (Management, Risk & Compliance and Internal Audit) to delineate accountabilities and establish a ‘check and balance’ management of risks across the Group. The Three Lines Model has been selected to allow for clear ownership and accountability of risks, and independent assurance that these have been considered appropriately via our Internal Audit Function. This model also allows for a clear assignment of risk management responsibilities across all Group activities and helps communicate the approach to risk management throughout the organization.

The Risk Management Function, headed by the Group Chief Risk Officer (“CRO”), is responsible for both designing and operationalizing the various components of the ERM Framework throughout the Group. To ensure independence, the CRO reports to our CEO and has direct access to the Chairperson of the EGL Risk Committee. Our CRO obtains expertise from other functions / subject matter experts, as appropriate, to provide coverage over key risk areas.

The Group and its subsidiaries have internal controls in place, designed to manage risks to acceptable levels and the effectiveness of controls is regularly considered in managing and balancing risk and appetite. These are implemented within each line of defense.

Entity Level Management

At the operating subsidiary level, risks relating to our individual (re)insurance subsidiaries are also overseen by the subsidiary boards of directors, risk committees and other committees, and management teams, consistent with applicable regulatory requirements and our overall ERM Framework that is embedded at local levels and throughout the business.

Emerging Risks

As part of our ERM Framework, we maintain an Emerging Risk Framework, which sets out the minimum standards by which emerging risks are identified, analyzed, evaluated, treated and reported on. Pursuant to this framework, the Management Risk Committees and our Group Risk Committee continually monitor emerging risks and oversee changes to our ERM Framework to react to these risks, where appropriate. Emerging risks are defined as "risks which may develop or which already exist but are difficult to quantify" and are marked by a high degree of uncertainty. While emerging risks are not fully understood or explicitly considered within the day-to-day operation of our business due to the lack of quantifiable data, we expect that the potential impacts of these risks may crystallize over time and therefore merit additional analysis, monitoring, evaluation and, when appropriate, management. See "Item 1A. Risk Factors" for further detail on these risks.

Regulation

Overview

The business of (re)insurance is regulated in most countries, although the degree and type of regulation varies from one jurisdiction to another. Our material operations are in Bermuda, the United Kingdom, the United States, Australia and several Continental European countries. We are subject to extensive regulation under the applicable statutes in these countries and any others in which we operate. In addition, the BMA acts as group supervisor of our Group.

We may become subject in the future to regulation in new jurisdictions or additional regulations in existing jurisdictions depending on the location and nature of any companies acquired and the volume and location of business being transacted by our existing companies.

Group Supervision

The BMA's group supervision objective is to provide a coordinated approach to the regulation of an insurance group and its supervisory and capital requirements. Bermuda has been recognized by the U.S. National Association of Insurance Commissioners ("NAIC") as a qualified jurisdiction, and the E.U. recognizes Bermuda's full equivalence under Solvency II.

As our Group supervisor, the BMA performs a number of functions including: (i) coordinating the gathering and dissemination of information for other regulatory authorities; (ii) carrying out a supervisory review and assessment of our Group; (iii) carrying out an assessment of our Group's compliance with the rules on solvency, risk concentration, intra-group transactions and appropriate governance procedures; (iv) planning and coordinating, through regular meetings with other authorities, supervisory activities in respect of our Group; (v) coordinating any enforcement action that may need to be taken against our Group or any Group members; and (vi) coordinating meetings of colleges of supervisors in order to facilitate the carrying out of these functions. Cavello Bay Reinsurance Limited ("Cavello") serves as our Group's Designated Insurer. As Designated Insurer, Cavello is required to facilitate compliance by our Group with the insurance solvency and supervision rules.

On an annual basis, the Group is required to file Group statutory financial statements, a Group statutory financial return, a Group capital and solvency return, audited Group financial statements, a GSSA, and a financial condition report with the BMA. The GSSA is designed to document our perspective on the capital resources necessary to achieve our business strategies and remain solvent, and to provide the BMA with insights on our risk management, governance procedures and documentation. In addition, the Group is required to file a quarterly financial return with the BMA.

We are required to maintain available Group statutory capital and surplus in an amount that is at least equal to the group enhanced capital requirement ("ECR"). The BMA has also established a group target capital level equal to 120% of the Group ECR, which is a standardized requirement based on our insurance class.

The BMA also maintains supervision over the controllers of all Bermuda registered insurers, and accordingly, any person who, directly or indirectly, becomes a holder of at least 10% of our ordinary shares must notify the BMA in writing within 45 days of becoming such a holder (or ceasing to be such a holder). The BMA may object to such a person and require the holder to reduce its holding of ordinary shares and direct, among other things, that voting rights attaching to the ordinary shares shall not be exercisable.

Bermuda Operations

BMA Insurance Regulation

The Insurance Act 1978 of Bermuda and related regulations, as amended (together, the "Insurance Act"), regulate the (re)insurance business of our operating subsidiaries in Bermuda. The Insurance Act imposes certain solvency and liquidity standards and auditing and reporting requirements and grants the BMA powers to supervise, investigate, require information and the production of documents and intervene in the affairs of (re)insurance companies.

Significant requirements pertaining to our regulated Bermuda subsidiaries vary depending on the class in which our company is registered, but generally include the appointment of a principal representative in Bermuda, the

appointment of an independent auditor, the appointment of an approved loss reserve specialist to opine on the statutory technical provisions of our insurance reserves, the filing of annual statutory and either U.S. GAAP based consolidated or condensed financial statements, the filing of annual statutory financial returns, the filing of quarterly financial returns, compliance with group solvency and supervision rules, and compliance with the Insurance Code of Conduct (relating to corporate governance, risk management and internal controls).

Our regulated Bermuda subsidiaries must also comply with a minimum liquidity ratio and minimum solvency margin. The minimum liquidity ratio requires that the value of relevant assets must not be less than 75% of the amount of relevant liabilities. The minimum solvency margin, which varies depending on the class of the insurer, is determined as a percentage of either net reserves for losses and LAE or premiums. Each of our regulated Bermuda-domiciled insurers is also subject to an ECR determined pursuant to a risk-based capital measure and are required to file a CISSA, and a financial condition report with the BMA. As of December 31, 2023, each of our Bermuda-based (re)insurance subsidiaries exceeded their respective minimum solvency and liquidity requirements.

Each of our regulated Bermuda subsidiaries would be prohibited from declaring or paying any dividends if it were in breach of its minimum solvency margin or liquidity ratio or if the declaration or payment of such dividends would cause it to fail to meet such margin or ratio. In addition, each of our regulated Bermuda subsidiaries is prohibited, without the prior approval of the BMA, from reducing by 15% or more its total statutory capital, or from reducing by 25% of more its total statutory capital and surplus, as set out in its previous year's statutory financial statements. Our Bermuda (re)insurance companies that are in run-off are required to seek BMA approval for any dividends or distributions.

Economic Substance Act

Under the provisions of the Economic Substance Act 2018 (the "ESA"), any Bermuda-registered entity engaged in a "relevant activity" (which includes insurance business and holding entity activities) must maintain a substantial economic presence in Bermuda. To the extent that the ESA applies to our entities registered in Bermuda, we are required to demonstrate compliance with economic substance requirements by filing an annual economic substance declaration with the Registrar of Companies in Bermuda.

U.K. Operations

PRA and FCA Regulation

Our U.K.-based insurance subsidiaries consist of wholly-owned run-off companies. These subsidiaries are authorized and regulated by the U.K. Prudential Regulation Authority (the "PRA"), and are also regulated by the Financial Conduct Authority (the "FCA", together with the PRA, the "U.K. Regulator"). Our U.K. run-off subsidiaries may not underwrite new business without the approval of the U.K. Regulator.

Our U.K.-based insurance subsidiaries are required to maintain adequate financial resources in accordance with the requirements of the U.K. Regulator. The calculation of the minimum capital resources requirements in any particular case depends on, among other things, the type and amount of insurance business written and claims paid by the insurance company. As of December 31, 2023, each of our U.K.-based insurance subsidiaries maintained capital in excess of the minimum capital resources requirements.

The Solvency II framework sets out requirements on capital adequacy and risk management for insurers. To the extent that Solvency II was already adopted by U.K. legislation, it remains in force post-Brexit. Insurers must comply with a Solvency Capital Requirement ("SCR"), which is calculated using either the Solvency II standard formula or a bespoke internal model. Our non-Lloyd's U.K. companies use the standard formula. The U.K. Regulator has consulted on changes to the application of the Solvency II framework in the U.K. In particular: (i) it has been proposed that amendments will be made to the Solvency II risk margin with effect from year-end 2023; (ii) amendments are expected to be made to the Solvency II matching adjustment by June 30, 2024; and (iii) the remainder of the U.K. Regulator's proposals are expected to be in place for December 31, 2024.

The U.K. Regulator's rules require our U.K. insurance subsidiaries to obtain regulatory approval for any proposed or actual payment of a dividend. The U.K. Regulator uses the SCR, among other tests, when assessing requests to make distributions.

Under the Financial Services and Markets Act of 2000 ("FSMA"), any company or individual (together with its concert parties) proposing to directly or indirectly acquire "control" over a U.K. authorized insurance company (which is generally

defined as acquiring 10% or more of the shares or voting power in a U.K. authorized insurance company or its parent company) must seek prior approval of the U.K. Regulator of its intention to do so. A person

who is already deemed to have "control" will require prior regulatory approval if the person increases the level of "control" beyond 20%, 30% and 50%.

Lloyd's Regulation

We participate in the Lloyd's market through our interests in Syndicate 2008, which is managed by Enstar Managing Agency Limited, a syndicate that has permission to underwrite RITC business and other run-off or discontinued business type transactions with other Lloyd's Syndicates.

Our Lloyd's operations are subject to authorization and regulation by the U.K. Regulator and compliance with the Lloyd's Act(s) and Byelaws and regulations, as well as the applicable provisions of the FSMA. The Council of Lloyd's has wide discretionary powers to regulate its members, and its exercise of these powers might affect the return on an investment of the corporate member in a given underwriting year. This discretion includes the ability to assess up to 3% of a member's underwriting capacity in any one year as a Central Fund contribution.

The underwriting capacity of a corporate member of Lloyd's must be supported by providing a deposit (referred to as "Funds at Lloyd's" or "FAL") in the form of cash, securities, letters of credit or other approved capital instrument in satisfaction of its capital requirement. The amount of the FAL is assessed quarterly and is determined by Lloyd's in accordance with applicable capital adequacy rules. To release their capital, Lloyd's members are usually required to have transferred their liabilities through an approved RITC, such as those offered by Syndicate 2008.

Business plans, including maximum underwriting capacity, for Lloyd's syndicates require annual approval by the Lloyd's Franchise Board, which may require changes to any business plan or additional capital to support underwriting plans.

The Lloyd's market has applied the Solvency II internal model under Lloyd's supervision, and our Lloyd's operations are required to meet Solvency II standards. The Society of Lloyd's has received approval from the PRA to use its bespoke internal model under the Solvency II regime.

Lloyd's approval is required before any person can acquire control of a Lloyd's managing agent or Lloyd's corporate member.

U.S.

Our U.S. (re)insurance subsidiaries are subject to extensive governmental regulation and supervision by the states in which they are domiciled, licensed and/or eligible to conduct business. We currently have wholly-owned subsidiary U.S. insurers and reinsurers domiciled in Texas, Missouri and Oklahoma and minority owned affiliates in Pennsylvania, Delaware, New Jersey, Illinois and Texas.

Our U.S. insurers are generally required to maintain minimum levels of solvency and liquidity as determined by law, and to comply with risk-based capital requirements and licensing rules. Insurers having less statutory surplus than required by the risk-based capital calculation will be subject to varying degrees of regulatory action. If any of our U.S. insurers were to have risk-based capital levels that are below required levels, they would be subject to increased regulatory scrutiny and control by their domestic and possibly other insurance regulators. As of December 31, 2023, all of our U.S. insurers exceeded their required levels of risk-based capital.

Applicable insurance laws also limit the amount of dividends or other distributions our U.S. insurers can pay to us. The insurance regulatory limitations on dividends are generally based on statutory net income and/or certain levels of statutory surplus as determined by the insurer's state or states of domicile and approval must be obtained before an insurer may pay a dividend or make a distribution above these thresholds.

All states have enacted legislation regulating insurance holding company systems that requires each insurance company in the system to register with the insurance department of its state of domicile and furnish information concerning the operations of companies within the holding company system that may materially affect the operations, management or financial condition of the insurers within the system. The NAIC's Insurance Holding Company System Regulatory Act and associated regulations provide regulators with tools to evaluate risks to an insurance company within the insurance holding company system. They impose extensive informational requirements on parents and other affiliates of licensed insurers with the purpose of protecting them from enterprise risk, including requiring an annual enterprise risk report by the ultimate controlling person of the insurers identifying the material risks within the insurance holding company system that could pose enterprise risk to the insurers and requiring a person divesting its controlling interest to make a confidential advance notice filing.

The NAIC's Risk Management and Own Risk and Solvency Assessment Model Act requires insurers to maintain a risk management framework and establishes a legal requirement for insurers or their insurance group to conduct an Own Risk and Solvency Assessment ("ORSA") in accordance with the NAIC's ORSA Guidance Manual. The ORSA Model Act subjects our insurance subsidiaries to ORSA requirements if certain premium thresholds are exceeded. Where applicable, we must regularly conduct an ORSA consistent with the ORSA Model Act, including undertaking an internal risk management review no less often than annually and preparing a summary report assessing the adequacy of risk management and capital in light of our insurers' current and future business plans.

The NAIC's Corporate Governance Annual Disclosure ("CGAD") Model Act and Regulation requires the annual filing of a disclosure describing the insurance group's corporate governance structure, policies, and practices. The Model Act and Regulation have been adopted in most of the states in which we have insurers domiciled. There are no premium thresholds for CGAD.

Before a person can acquire control of a domestic insurer or any person controlling such insurer, prior written approval must be obtained from the insurance commissioner of the state in which the domestic insurer is domiciled and, under certain circumstances, from insurance commissioners in other jurisdictions. Generally, state statutes and regulations provide that "control" over a domestic insurer or person controlling a domestic insurer is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, 10% or more of the voting securities or securities convertible into voting securities of the domestic insurer or of a person who controls the domestic insurer.

Australia

Our Australian regulated insurance entity is subject to prudential supervision by the Australian Prudential Regulation Authority ("APRA"). APRA is the primary regulatory body responsible for regulating compliance with the Insurance Act 1973. APRA has issued prudential standards that apply to general insurers in relation to capital adequacy (under a wide range of scenarios), the holding of assets in Australia, risk management, business continuity management, reinsurance management, outsourcing, audit and actuarial reporting and valuation, the transfer and amalgamation of insurance businesses, governance, and the fit and proper assessment of the insurer's responsible persons.

APRA also prescribes prudential standards on remuneration, governance and recovery and exit planning. Our Australian regulated insurance entity is compliant with these requirements. The Financial Accountability Regime will come into effect on March 15, 2025. This significant piece of legislation will be jointly administered by APRA and the Australian Securities and Investment Commission. The legislation imposes a strengthened responsibility and accountability framework for entities in the financial services industries and their directors and senior executives. It has been designed to improve the risk and governance cultures of Australia's financial institutions.

An insurer must obtain APRA's written consent prior to making any capital releases, including any payment of dividends in excess of current year earnings. Our insurance subsidiary must provide APRA with a valuation prepared by an appointed actuary that demonstrates that the tangible assets of the insurer, after the proposed capital release, are sufficient to cover its insurance liabilities to a 99.5% level of sufficiency of capital before APRA will consent to a capital release or dividend above the prescribed limit.

Under the Financial Sector (Shareholdings) Act 1998, the interest of an individual shareholder or a group of associated shareholders in an insurer is generally limited to a 15% "stake" of the insurer. A person's stake is the aggregate of the person's voting power and the voting power of the person's associates. A higher percentage limit may be approved by the Treasurer of the Commonwealth of Australia on national interest grounds. Any shareholder of Enstar with a "stake" greater than 15% has received approval to hold that stake from the Treasurer of the Commonwealth of Australia.

Europe

We have subsidiaries in Belgium, as well as StarStone Insurance SE ("SISE"), a Liechtenstein-based company that is regulated by the Financial Markets Authority. Our subsidiaries and branches in European jurisdictions are regulated in their respective home countries. As of January 1, 2023, the U.K. branch of SISE is also regulated by the U.K. Regulator following the expiration of the applicable Brexit transitional provisions. The application of the Solvency II framework across such European jurisdictions generally results in a uniform approach to regulation. Typically, such regulation is for the

protection of policyholders and ceding insurance companies rather than shareholders. Regulatory authorities generally have broad supervisory and administrative powers over such matters

as licenses, standards of solvency including minimum capital and surplus requirements, investments, reporting requirements relating to capital structure, ownership, financial condition and general business operations, special reporting and prior approval requirements with respect to certain transactions among affiliates, reserves for unpaid losses and LAE, reinsurance, dividends and other distributions to shareholders, periodic examinations and annual and other report filings.

Available Information About Enstar

Our website is http://www.enstargroup.com. We make available free of charge, through our Investor Relations section of our website, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to these reports, as soon as reasonably practicable after the material is electronically filed with or otherwise furnished to the U.S. Securities and Exchange Commission (the "SEC").

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports are also available on the SEC’s website at http://www.sec.gov.

In addition, various policies and guidelines, including our Code of Conduct and the governing charters for the Audit, Compensation, Executive, Investment, Nominating and Governance and Risk Committees of our Board of Directors are available free of charge through our Corporate Governance section of our website.

The information contained on our website is not included as a part of, or incorporated by reference into, this filing.

ITEM 1A. RISK FACTORS

Any of the following risk factors could cause our actual results to differ materially from historical or anticipated results. These risks and uncertainties are not the only ones we face. There may be additional risks that we currently consider not to be material or of which we are not currently aware, and any of these risks could cause our actual results to differ materially from historical or anticipated results.

You should carefully consider these risks along with the other information included in this document, including the matters addressed above under "Cautionary Note Regarding Forward-Looking Statements" before investing in any of our securities. We may amend, supplement or add to the risk factors described below from time to time in future reports filed with the SEC.

We have categorized our risk factors into the following areas:

- Risks Relating to our Run-off Business
- Risks Relating to Taxation
- Risks Relating to Liquidity and Capital Resources
- Risks Relating to our Investments
- Risks Relating to Laws and Regulations
- Risks Relating to our Operations
- Risks Relating to Ownership of our Shares

Risks Relating to our Run-off Business

Inadequate loss reserves could reduce our net income and capital surplus, which could have a materially adverse impact on our results of operations and financial condition.

We are required to maintain a best estimate of reserves to cover the estimated ultimate liability for losses and LAE for both reported and unreported incurred claims. As of December 31, 2023, gross reserves for losses and LAE reported on our balance sheet were $12.4 billion. The process of establishing these reserves includes a significant level of judgment. As a result, these reserves are only estimates of what we expect the settlement and administration of claims will cost based on facts and circumstances known to us, as well as actuarial methodologies, historical industry loss ratio experience, loss development patterns, estimates of future trends and developments and other variable factors such as inflation. For example, while we monitor and adjust our reserves for the expected impact of inflation, the inherent uncertainties and inherent judgments that surround the estimation process make it so that we cannot be certain that our ultimate losses will not exceed our recorded estimates of losses and LAE.

We cannot be certain that ultimate losses will not exceed our recorded estimates of losses and LAE because of the uncertainties and inherent judgements that surround the estimation process (which are discussed in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates - Losses and Loss Adjustment Expenses"). As a result, actual losses and LAE paid will deviate, perhaps substantially, from the reserve estimates reflected in our financial statements due to legal, judicial, social or other factors. If our reserves are insufficient to cover our actual losses and LAE, we would have to augment our reserves and incur a charge to our earnings. Such a charge could be material and would reduce our net income and capital and surplus. Further, our success is dependent upon our ability to accurately assess the reserves associated with our existing businesses and the business that we will acquire in the future.

In our Run-off business, loss reserves include A&E liabilities of $1.9 billion as of December 31, 2023. We also hold defendant liabilities associated with personal injury A&E claims from acquired companies with legacy manufacturing businesses. As of December 31, 2023, defendant A&E liabilities reported on our balance sheet were $567 million. Ultimate values for A&E claims cannot be estimated using traditional reserving techniques, and there are significant uncertainties in estimating losses for these claims. Factors contributing to the uncertainty include long waiting periods, reporting delays and difficulties identifying contamination sources and allocating damage liability. Developed case law and adequate claim

history do not always exist for A&E claims, and changes in the legal and tort environment affect the development of such claims.

In addition, evolving industry practices and legal, judicial, social, and environmental conditions may result in unexpected claims and coverage issues that could adversely affect the adequacy of our loss reserves by extending coverage beyond the envisioned scope of insurance policies and reinsurance contracts, or by increasing the number or size of claims. Our exposure to these uncertainties could be exacerbated by an increase in insurance and reinsurance contract disputes, arbitration and litigation, as well as social and economic inflation trends, including expanded theories of liability and higher jury awards. For example, in areas such as mass tort litigation, we continue to see damages awarded that far exceed the economic damages of the claimant. Increasingly, the handling of insurance claims can also lead to bad faith or other forms of extra-contractual damages. These trends may not become apparent until long after we have acquired or assumed the affected insurance policies.

We may not be able to sustain our growth through acquisitions.

We pursue growth through financially beneficial acquisitions of companies and portfolios of (re)insurance business. Because the execution of our claims management strategies and associated payments are intended to result in the reduction of our loss reserves and LAE over time, we must continually acquire an adequate amount of run-off business that aligns with our strategic objectives to grow liabilities and assets under management. However, the acquisition of suitable run-off business is highly competitive and driven by many factors, including but not limited to, proposed acquisition price, reputation, collateral arrangements, financial resources and remaining in good standing with relevant regulatory bodies. Despite the recent exit of certain of our competitors from the legacy market, the market remains competitive, and as a result there can be no guarantee we will be able to consummate acquisition transactions at acceptable prices and on acceptable terms, or at all, which could hinder our future growth.

The evaluation and negotiation of potential run-off acquisitions, as well as the integration of acquired businesses or portfolios in run-off, can be complex and costly and requires substantial management resources. Once we have signed a definitive agreement to acquire a business or portfolio, conditions to closing, such as obtaining regulatory or shareholder approvals, must be met prior to completing the acquisition. These and other closing conditions may not be satisfied, or may cause a material delay in the anticipated timing of closing. Such a failure or delay could result in significant expense, diversion of time and resources, reputational damage, litigation and a failure to realize the anticipated benefits of an acquisition, all of which could materially adversely impact our business, financial condition and results of operations.

Our acquisitions could involve additional risks that we may not be able to identify during the due diligence process, such as losses from unanticipated litigation, levels of covered claims or other liabilities and exposures, an inability to generate sufficient investment income and other revenue to offset acquisition costs and other financial exposures. Further, our counterparties may breach their representations and warranties and/or be unable or unwilling to meet their contractual obligations to us.

We may not be able to realize the anticipated benefits of acquisitions, which may result in underperformance relative to our expectations and have a material adverse effect on our business, financial condition or results of operations.

To achieve positive operating results from an acquisition, we must first price the transaction on favorable terms relative to the risks posed, and then we must successfully manage the acquired reserves and investments. Unlike traditional insurers and reinsurers, our companies and loss portfolios no longer underwrite new policies or collect underwriting premiums, and their stated provisions for losses and LAE may not be sufficient to cover future losses and the cost of run-off. Failure to successfully manage such reserves, including by effectively managing claims, collecting from insurers or reinsurers, controlling expenses and generating positive investment returns in line with our pricing assumptions, could result in us having to cover losses sustained with capital, which would materially and adversely impact our ability to grow our business and may result in material losses.

Further, the acquisitions we have made and expect to make in the future may pose operational challenges that expose us to risks relating to:

- the value of liabilities assumed being greater than expected;
- the value of assets or our anticipated return on assets being lower than expected or diminishing for reasons including credit defaults, changes in interest rates, declines in market value, inflation or delays in implementation of our intended investment strategies;
- funding cash flow shortages that may occur if anticipated revenues are not realized or are delayed, if expenses are greater than anticipated, or if assets are not liquid;

- integrating financial and operational reporting systems and internal controls of acquired businesses, including compliance with Section 404 of the Sarbanes-Oxley Act of 2002 and our reporting requirements under the Exchange Act;
- leveraging our existing capabilities and expertise into the business acquired and establishing synergies within our organization;
- funding increased capital needs and overhead expenses;
- integrating technology platforms and managing any increased cybersecurity risk;
- the timely transfer and integrity of data needed to manage acquired business;
- obtaining and retaining management personnel required for expanded operations;
- fluctuating foreign currency exchange rates relating to the assets and liabilities we may acquire;
- goodwill and intangible asset impairment charges; and
- complying with applicable laws and regulations.

If we are unable to address some or all of these challenges, our acquisitions may underperform relative to our expectations and our business may be materially and adversely affected.

Climate change may have an adverse impact on the returns from our run-off business as well as our investments, which could have an adverse effect on our results of operations or financial condition.

Our core focus is on acquiring and managing reinsurance companies and portfolios of reinsurance business in run-off, and as such climate change presents unique risks to our business stemming from insurance liabilities we acquire and the assets that back those liabilities. As we acquire liabilities, there is a risk that our current practices and processes do not successfully identify and/or price the current and future risks arising from climate change, which could result in actual returns deviating adversely from those assumed when the transaction was priced. In addition, the disruption caused by changes in technology, governments and regulation as part of a societal transition to a lower carbon emitting economy could expose our investment portfolio to a loss of value in the near term and long term. For example, a swift, adverse repricing of carbon-intensive financial assets could expose our investments to losses in the near term and in the long term if the transition to a lower carbon-emitting economy is associated with increased production costs.

From an operational perspective, our offices, key supporting infrastructure and outsourced providers may be impacted by physical risks related to climate change globally, such as the increased frequency and severity of extreme weather events. Additionally, achieving any sustainability goals and commitments that we may set for ourselves, or be required to meet, such as net zero greenhouse gas emissions, will require efforts that could significantly increase our costs of operations.

Risks Relating to Taxation

U.S. tax reform legislation, various international tax transparency and economic substance initiatives, and possible future tax reform legislation and regulations could materially affect us and our shareholders.

The Organization for Economic Co-operation and Development ("OECD") Pillar II initiative proposes a global minimum tax rate of 15% amongst its 142 member nations and other adopting countries. In December 2021, the OECD released the final model rules on Pillar II (the “Model Rules”), which nations can adopt into local legislation to implement Pillar II on a global basis.

Three components of the Model Rules, the Income Inclusion Rule (“IIR”), the Under-Taxed Profit Rule (“UTPR”), and the Qualified Domestic Minimum Top up Tax (“QDMTT”) could potentially be applicable to our operations:

- The IIR establishes a global minimum tax in the jurisdiction of the parent company of a multinational enterprise (“MNE”).
- The UTPR, allows a portion of an MNE’s global profits with an effective tax rate below the 15% minimum rate to be taxed by other jurisdictions through an allocation model based on headcount and fixed tangible assets. The Model Rules give flexibility to allow jurisdictions several mechanisms to collect global profits. This includes directly taxing allocated income, reduction in any allowance for equity or by imputing deemed income.

- The Model Rules also propose that jurisdictions consider implementing a 15% QDMTT, which could qualify in substitution to the IIR, and could preclude other jurisdictions from utilizing the UTPR for taxing local profits.

The U.K. government is expected to release draft legislation to implement the UTPR by 2025 and has implemented an IIR and a QDMTT effective for 2024. Additionally, we have several subsidiaries in other jurisdictions that have enacted, or intend to enact, Pillar II legislation, including Australia, Belgium, Hong Kong, and the Netherlands. We do not yet know whether the U.K. IIR and the Pillar II taxes in these jurisdictions will have a material impact on Enstar, and ongoing monitoring is required in light of these new regimes. Bermuda is not expected to implement any of these three Pillar II rules.

How Pillar II impacts our operations will depend on how these rules are ultimately transposed into the local legislation of countries we operate in.

Bermuda Corporate Income Tax and future guidance could materially impact us.

We are currently not subject to tax in Bermuda under the Exempted Undertakings Tax Protection Act of 1996. However, in December 2023, the Bermuda government enacted the Corporate Income Tax Act of 2023 (“Bermuda CIT”). The Bermuda CIT imposes a 15% corporate income tax on certain multinational companies earning income in Bermuda starting January 1, 2025. Based on our geographic footprint and substantial operations in Bermuda, it is expected that a meaningful portion of our income will become subject to tax in Bermuda under the Bermuda CIT. This amount of tax is expected to have a material impact on our business operations.

We might incur unexpected U.S., U.K., Australia, or other tax liabilities if companies in our group that are incorporated outside those jurisdictions are determined to be carrying on a trade or business in such jurisdictions.

A number of our subsidiaries are companies formed under the laws of Bermuda or other jurisdictions that either do not impose income taxes or impose an income tax at a rate meaningfully lower than other jurisdictions that we operate in. We expect that these companies will only be subject to corporate income tax liabilities arising from their operations within the jurisdictions where they are organized, but this expectation could prove incorrect. Because the operations of these companies generally involve, or relate to, the insurance or reinsurance of risks that arise in higher tax jurisdictions, such as the United States, the United Kingdom and Australia, it is possible that the taxing authorities in those jurisdictions may assert that the activities of one or more of these companies creates a sufficient nexus in that jurisdiction to subject the company to income tax in such jurisdiction. There are uncertainties in how the relevant rules apply to insurance businesses, and in our eligibility for favorable treatment under applicable tax treaties. Accordingly, it is possible that we could incur additional income tax expense, which could adversely impact our net income.

U.S. persons who own our ordinary shares might become subject to adverse U.S. tax consequences as a result of "related person insurance income," if any, of our non-U.S. insurance company subsidiaries.

For any of our wholly-owned non-U.S. insurance company subsidiaries, if (1) U.S. persons are treated as owning 25% or more of our shares, (2) the related person insurance income ("RPII") of that subsidiary were to equal or exceed 20% of its gross insurance income in any taxable year, and (3) direct or indirect insureds of that subsidiary (and persons related to such insureds) own (or are treated as owning) 20% or more of the voting power or value of our shares, then a U.S. person who owns our shares directly, or indirectly through non-U.S. entities, on the last day of the taxable year would be required to include in income for U.S. federal income tax purposes that person's pro rata share of the RPII of such a non-U.S. insurance company for the entire taxable year, whether or not any such amounts are actually distributed. Proposed regulations put forth by the United States Department of Treasury and Internal Revenue Service in January 2022 may change some of the ownership thresholds needed to qualify into RPII. Accordingly, it is possible that a direct or indirect United States shareholder could be required to include amounts in its income in respect to RPII in any taxable year if the proposed regulations are finalized in their current form. We believe that these proposed changes would not affect the gross income threshold described above. Comments submitted to these proposed regulations requested changes to the proposed regulations to ask that structures such as Enstar's not be subject to these rules. If these regulations are finalized as proposed, they would be effective for tax years ending on or after January 25, 2022. As of December 31, 2023 the proposed regulations had not been finalized, and whether they will be finalized as proposed remains unclear.

Risks Relating to Liquidity and Capital Resources

The amount of statutory capital that we must hold in order to maintain our credit ratings and meet certain regulatory requirements can vary significantly and is sensitive to several factors.

Statutory capital requirements for our insurance subsidiaries are prescribed by the applicable insurance regulators in the jurisdictions in which we operate. Insurance regulators have established risk-based capital adequacy measures, such as the Bermuda Solvency Capital Requirement ("BSCR") in Bermuda and the Solvency II regime in the European Union and United Kingdom, which provide minimum solvency and liquidity requirements for insurance companies. The amount of capital that we and/or our insurance subsidiaries are required to hold may increase or decrease depending on a variety of factors including the amount of statutory income or losses generated by our insurance subsidiaries (which is sensitive to equity market and credit market conditions), the amount of statutory capital needed to support future growth through acquisitions, changes in the value of investments, the deterioration of market conditions due to global events, changes in interest rates and foreign currency exchange rates, as well as changes to the relevant regulatory capital adequacy measures and frameworks. Our overall liquidity and credit ratings are significantly influenced by the level of statutory capital and surplus in our insurance subsidiaries. If statutory capital requirements increase or if our insurance subsidiaries' solvency decreases, our subsidiaries would be required to hold more capital, and our ability to obtain distributions from these subsidiaries could be limited. If we fail to maintain adequate statutory capital, regulators may restrict our activities and prohibit us and our subsidiaries from completing acquisitions without raising additional capital. Additionally, if our BSCR falls below certain levels, it could trigger counterparty recapture rights and/or additional collateral requirements in certain of our reinsurance agreements.

We may require additional capital liquidity in the future that may not be available or may only be available on unfavorable terms.

Our future capital requirements depend on many factors, including acquisition and investment activity, our ability to manage the run-off of our assumed liabilities, our ability to establish reserves at levels sufficient to cover losses, and our obligations to satisfy applicable statutory capital requirements. We may need to raise additional capital and liquidity through equity or debt financings. Our ability to secure this financing may be affected by a number of factors, including volatility in the global financial markets, new or incremental tightening in the credit markets, low liquidity and the strength of our capital position and operating results. In addition, an unfavorable change or downgrade of our issuer credit ratings will increase the interest rate or other fees charged under our debt facilities and will make it more expensive for us to access capital markets. Any equity or debt financing, if available at all, may be on terms that are not favorable to us, and could limit our strategic, financial and operational flexibility, including as a result of the need to dedicate a greater portion of our cash flows from operations to preferred share dividends and interest and principal payments on our debt financing and to comply with more burdensome covenant restrictions from our various debt and letter of credit facilities.

In addition, we may not achieve the desired regulatory capital treatment for any potential issuance of debt or equity securities due to solvency capital eligibility requirements under the Bermuda Insurance (Group Supervision) Rules 2011 (the "Group Supervision Rules") to which we are subject. For example, our outstanding preferred shares and junior subordinated notes qualify as Tier 2 capital and our outstanding senior notes qualify as Tier 3 capital, in accordance with the Group Supervision Rules. For these instruments to continue to receive the intended regulatory capital treatment, their terms must reflect the criteria contained in the Group Supervision Rules and any amendments thereto. If the BMA applies any changes to the Group Supervision Rules governing eligible capital such that our outstanding preferred shares and notes no longer receive their intended capital treatment under the Group Supervision Rules, we may be unable to maintain adequate regulatory capital. If we cannot obtain adequate capital or regulatory credit, our business, results of operations and financial condition could be adversely affected by, among other things, our inability to finance future acquisitions.

Our reinsurance subsidiaries are often required to provide collateral to ceding companies pursuant to their reinsurance contracts. Their ability to conduct business could be significantly and negatively affected if they are unable to do so or if any letters of credit posted as collateral cannot be renewed or are drawn upon by a ceding company.

Our reinsurance subsidiaries are often required to post collateral in the form of letters of credit, trust funds or other assets to provide security for their reinsurance obligations and to provide ceding companies with statutory credit for such reinsurance. Additionally, if the market value of assets collateralizing the obligations of our reinsurance

subsidiaries falls below certain levels specified in the applicable reinsurance contracts, we may have to "top-up" the trusts accounts with additional assets to maintain the required collateral, which could adversely impact our liquidity and capital. If our reinsurance subsidiaries are unable to post the required collateral or the cost of providing such collateral materially increases, their operations could be significantly and negatively affected, which in turn could limit our ability to complete new reinsurance transactions on favorable terms or at all, which could negatively impact our business, financial condition and results of operations. Depending on multiple factors, our reinsurance subsidiaries may not be able to secure letters of credit to satisfy requirements to post collateral in support of their reinsurance obligations. If our reinsurance subsidiaries cannot post collateral in the form of letters of credit, then our reinsurance subsidiaries will have to post substitute collateral in the form of trust funds or other assets, limiting our ability to invest (and consequently reducing investment income from) such assets and constraining our liquidity, which could negatively impact our business, financial condition and results of operations. In addition, if the beneficiary of any letter of credit draws funds against the letter of credit, we would be obligated to immediately reimburse the bank that issued the letter of credit the amount of such drawn funds, which could increase our indebtedness and negatively affect our liquidity and financial condition.

Reinsurers may not satisfy their obligations to our reinsurance subsidiaries, which could result in significant losses or liquidity issues for us.

Our reinsurance subsidiaries are subject to credit risk with respect to their reinsurers because the transfer of risk to a reinsurer does not relieve our subsidiaries of their liability to the underlying insured. Reinsurance companies may be negatively impacted or downgraded during difficult financial and economic conditions. In addition, reinsurers may be unwilling to pay our subsidiaries even though they are able to do so, or disputes may arise regarding payment obligations. The failure of one or more of our subsidiaries' reinsurers to honor their obligations in a timely fashion may affect our cash flows and liquidity, reduce our net income or cause us to incur a significant loss. Disputes with our reinsurers may also result in unforeseen expenses relating to litigation or arbitration proceedings. A reinsurer's inability or unwillingness to honor its obligations may negate the intended risk-reducing impact of our reinsurance.

Exposure to reinsurers who represent meaningful percentages of our total reinsurance balances recoverable on paid and unpaid losses may increase the risks described above. For information on reinsurance balances recoverable on paid and unpaid losses, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Reinsurance Balances Recoverable on Paid and Unpaid Losses."

We are dependent on the ability of our subsidiaries to distribute funds to us.

We are a holding company and therefore we are dependent on distributions of funds from our operating subsidiaries to fund acquisitions, fulfill normal course financial obligations, including payments on our outstanding notes, and pay dividends to our shareholders, including holders of our preferred shares and, in turn, the related depositary shares. The ability of our reinsurance subsidiaries to make distributions to us may be limited by various business considerations and applicable insurance laws and regulations in jurisdictions in which we operate (which are described in "Item 1. Business - Regulation"). The ability of our subsidiaries to make distributions to us may also be restricted by, among other things, other applicable laws and regulations and the terms of our debt obligations and our subsidiaries' debt obligations. If our subsidiaries are restricted from making distributions to us, we may be unable to maintain adequate liquidity to fund acquisitions or fulfill our financial obligations.

Fluctuations in currency exchange rates may cause us to experience losses.

We maintain a portion of our investments, insurance liabilities and insurance assets denominated in currencies other than U.S. dollars. Consequently, we and our subsidiaries may experience foreign exchange losses, which could adversely affect our results of operations. Our reporting currency in our consolidated financial statements is U.S. dollars, therefore, fluctuations in exchange rates used to convert other currencies used by our subsidiaries, particularly Australian dollars, Canadian dollars, British pounds and Euros, into U.S. dollars will impact our reported financial condition, results of operations and cash flows from year to year.

Risks Relating to our Investments

The value of our investment portfolios and the investment income that we receive from these portfolios may decline materially as a result of market fluctuations and economic conditions.

We derive a significant portion of our income from our invested assets, which consist primarily of investments in fixed income securities. The value of our investments in fixed income securities will generally increase or decrease with changes in interest rates and credit spreads. Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors beyond our control. A rise in interest rates would, all else being equal (i.e., no movement in credit spreads), result in net unrealized losses on fixed income securities, which would decline over time as each security approaches maturity, provided we do not sell such securities. Conversely, a decline in interest rates, all else being equal (i.e., assuming no default or impairment), would result in net unrealized gains on fixed income securities, which would decline over time as each security approaches maturity, provided we do not sell such securities. Additionally, new investments of cash or the reinvestment of proceeds from sales of securities would be invested at the prevailing interest rates for each security, thereby increasing or decreasing net investment income on those proceeds. The fair market value of fixed income securities can also decrease as a result of a deterioration of the credit quality of those securities.

Any perceived decrease in credit quality may cause credit spreads to widen, all else being equal, and this would result in an increase in net unrealized losses, which would decline over time as each security approaches maturity, assuming it does not default. A deterioration of credit quality on our fixed income securities may result in a preference to liquidate these securities in the financial markets. If we liquidate these securities during a period of deteriorating credit conditions, we may realize a significant loss. Additionally, declining market conditions or specific issuer risks may cause issuers of the fixed income securities in which we invest to default on their obligations. We may also incur losses resulting from revaluations of fixed income securities and other investments. As a result, net investment income and net realized and unrealized gains or losses from our fixed income securities and other investments could vary materially from expectations depending on general market conditions.

Some of our fixed income securities, such as mortgage-based and other asset-backed securities, carry prepayment risk, or the risk that principal will be returned more rapidly or slowly than expected, as a result of interest rate fluctuations. When interest rates decline, consumers tend to make prepayments on their mortgages (often through refinancing), causing us to be repaid more quickly than we might have originally anticipated, meaning that our opportunities to reinvest these proceeds back into the investment markets may be at reduced interest rates (with the converse being true in a rising interest rate environment). Mortgage-backed and other asset-backed securities are also subject to default risk on the underlying securitized mortgages, which would decrease the value of our investments.

The changes in the market value of our securities that are classified as trading or AFS are reflected in our financial statements. Credit losses on our fixed income securities, AFS are recognized through an allowance account, which is also reflected in our financial statements. As a result, a decline in the value of the securities in our investment portfolios may materially reduce our net income and shareholders' equity, and may cause us to incur a significant loss.

Additionally, increased volatility in the financial markets and overall economic uncertainty would increase the risk that the actual amounts realized in the future on our fixed income securities and equity securities could differ significantly from their current fair value.

For more information on our investment portfolios, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Investable Assets."

Our investments in alternative investments, strategic investments in joint ventures and/or entities accounted for using the equity method may be illiquid and volatile in terms of value and returns.

In addition to fixed income securities, we have invested, and may continue to invest, in alternative investments such as hedge funds, fixed income funds, public equity funds, private equity funds and co-investments, CLO equities, CLO equity funds, real estate funds, infrastructure funds, private credit funds and other alternative investments. In addition, we have invested, and we may continue to make significant investments, in joint ventures and/or entities accounted for using the equity method that we do not control, which may limit our ability to take actions that could protect or increase the value of our investment. These and other similar investments may be illiquid due to restrictions on sales, transfers and redemption terms, may have different, more significant risk characteristics than our investments in fixed income securities and may also have significantly more volatile values and returns, all of which could negatively affect the market value of our investments, our investment income, and our overall portfolio liquidity. Alternative or "other" investments may not meet regulatory admissibility requirements or may result in increased regulatory capital charges to our insurance subsidiaries that hold these investments, which could limit those subsidiaries' ability to pay dividends and make capital distributions to us and, consequently, negatively impact

our liquidity and our ability to fund future transactions. For more information on our alternative investments, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Investable Assets."

The valuation of our investments may include methodologies, estimations and assumptions that are subject to differing interpretations and could result in changes to investment valuations that may materially adversely affect our financial condition or results of operations.

Fixed maturity and alternative investments, such as hedge funds, fixed income funds, public equity funds, private equity funds and co-investments, CLO equities, CLO equity funds, real estate funds, infrastructure funds, private credit funds, and other alternative investments represent the majority of our total cash and invested assets. These investments are reported at fair value on our consolidated balance sheet. Fair value prices for all trading and AFS securities in the fixed maturities portfolio are independently provided by our investment accounting service providers, investment managers, fund administrators, and investment custodians, each of which utilize internationally recognized independent pricing services. We record the unadjusted price provided by our investment accounting service providers, managers or custodians. Fair value for our alternative investments is estimated based primarily on the most recently reported net asset values reported by the fund manager. Additionally, for some strategic investments for which we have elected the fair value option, our valuations of these investments are based on internal valuation models and methodologies that are subject to estimates and judgements that can vary from quarter to quarter.

These valuation procedures involve estimates and judgments, and during periods of market disruptions (such as periods of significantly volatile interest rate changes, rapidly widening credit spreads or illiquidity), it may be difficult to value certain of our securities if trading becomes less frequent or market data becomes less observable. In addition, there may be certain asset classes that are now in active markets with significant observable data that become illiquid due to changes in the financial environment. In these cases, the valuation of a greater number of securities in our investment portfolio may require more subjectivity and management judgment. As a result, valuations may include inputs and assumptions that are less observable or require greater estimation as well as valuation methods that are more sophisticated or require greater estimation, which may result in valuations greater than the value at which the investments could ultimately be sold. Further, rapidly changing and unpredictable credit and equity market conditions could materially affect the valuation of securities carried at fair value as reported within our consolidated financial statements and the period-to-period changes in value could vary significantly. Decreases in value could have a material adverse effect on our financial condition and results of operations.

The nature of our liquidity demands and the structure of our investment portfolios may adversely affect the performance of our investment portfolio and financial results, as well as our investing flexibility.

We strive to structure the duration of our investments in a manner that recognizes our liquidity needs to satisfy future liabilities. Because of the unpredictable nature of losses and associated collateral provisions that may arise under the reinsurance policies issued by certain of our subsidiaries and as a result of our opportunistic commutation strategy, our liquidity needs can be substantial and may arise at any time. In that regard, we attempt to correlate the maturity and duration of our investment portfolio to our general liability profile. If we are unsuccessful in managing our investment portfolio within the context of this strategy, we may be forced to liquidate our investments at times and at prices that are not optimal, and we may have difficulty liquidating some of our alternative investments due to restrictions on sales, transfers and redemption terms. This could have a material adverse effect on the performance of our investment portfolio. Alternatively, if the asset duration is shorter than our liability duration profile, we may experience a lower investment income yield, which could negatively impact our results of operations.

We have many individual portfolios of cash and investments from our acquired companies and portfolios. The nature of our run-off business requires us to position investment portfolios to support liquidity needs of ongoing claim settlements and capital distributions, reducing investment flexibility in our collateral trust accounts.

Risks Relating to Laws and Regulations

Insurance laws and regulations can restrict our ability to operate, and any failure to comply with these laws and regulations, or any investigations, inquiries or demands by government authorities, may have a material adverse effect on our business.

We are subject to the insurance laws and regulations in a number of jurisdictions worldwide. Existing laws and regulations, among other things, limit the amount of dividends and capital that can be paid to us by our reinsurance subsidiaries, prescribe solvency and capital adequacy standards, impose restrictions on the amount and type of investments that can be held to meet solvency and capital adequacy requirements, require the maintenance of reserve liabilities, and require pre-approval of acquisitions, reinsurance transactions and certain affiliate transactions. Failure to comply with these laws and regulations or to maintain appropriate authorizations, licenses, and/or exemptions under applicable laws and regulations may cause governmental authorities to preclude or suspend our insurance or reinsurance subsidiaries from carrying on some or all of their activities, place one or more of them into rehabilitation or liquidation proceedings, impose monetary penalties or other sanctions on them or our affiliates, or commence insurance company delinquency proceedings against our insurance or reinsurance subsidiaries. The application of these laws and regulations by various governmental authorities may affect our liquidity and restrict our ability to expand our business operations through acquisitions or to pay dividends on our ordinary or preferred shares. Furthermore, compliance with legal and regulatory requirements is likely to result in significant expenses and investment of management time, which could have a negative impact on our profitability. To further understand these regulatory requirements, see "Item 1. Business - Regulation."

We believe it is likely there will continue to be regulatory intervention in our industry in the future, and these initiatives could adversely affect our business. Additional laws and regulations have been and may continue to be enacted that may have adverse effects on our operations, financial condition, statutory capital adequacy, and liquidity. For example, in many of the jurisdictions in which we operate, including Bermuda, there are increased regulations relating to group supervision though cooperation and coordination among insurance regulators regardless of an individual company's domiciliary jurisdiction. The BMA acts as our Group supervisor, as described in "Item 1. Business – Regulation." We cannot predict the exact nature, timing or scope of these initiatives; however, we believe it is likely there will continue to be increased regulatory intervention in our industry in the future, and these initiatives could adversely affect our business.

Solvency II, the E.U. directive covering the capital adequacy, risk management and regulatory reporting for insurers, requires significant resources to ensure compliance by our European Economic Area ("EEA") companies. Additionally, if our non-EEA subsidiaries engage in insurance or reinsurance business in the EEA, additional capital requirements may be imposed for such companies to continue to insure or reinsure EEA-domiciled risk or cedants if their regulatory regime is not deemed to have Solvency II equivalence. Bermuda has gained Solvency II equivalence, and our Bermuda reinsurers are subject to requirements in line with a Solvency II framework. Continued compliance with Solvency II and similar laws and regulations as we seek acquisitions of companies and portfolios of (re)insurance business will result in additional costs for us.

Our U.K. and Bermuda-based insurance and reinsurance subsidiaries consist of wholly-owned run-off companies that are authorized and regulated by the U.K. Regulator and the BMA, respectively, and may not underwrite new business without their approval. In addition, our Lloyd's operations are subject to authorization and regulation by the U.K. Regulator and compliance with the Lloyd's Act(s) and Bylaws and regulations, as well as the applicable provisions of the FSMA. The Council of Lloyd's has wide discretionary powers to regulate its members, and its exercise of these powers might affect the return on an investment of the corporate member in a given underwriting year. Business plans, including maximum underwriting capacity, for Lloyd's syndicates require annual approval by the Lloyd's Franchise Board. Continued compliance with the rules of the PRA, Lloyd's and similar regulators will result in additional costs for us.

Our business is subject to laws and regulations relating to sanctions and foreign corrupt practices, the violation of which could adversely affect our financial condition and results of operations.

We are legally required to comply with all applicable economic sanctions, anti-bribery, anti-corruption and anti-money laundering laws and regulations of the jurisdictions in which we operate. U.S. laws and regulations applicable to our U.S. subsidiaries include the economic trade sanctions laws and regulations administered by the Treasury's Office of Foreign Assets Control, as well as certain laws administered by the U.S. Department of State. New sanction regimes may be initiated, or existing sanctions expanded, at any time, which can impact our business activities. In addition, our companies are subject to the U.S. Foreign Corrupt Practices Act and other anti-bribery laws such as the Bermuda Bribery Act and the U.K. Bribery Act that generally bar corrupt payments or unreasonable gifts to foreign governments or officials. Although we have policies and controls in place that are designed to ensure compliance with these laws and regulations, it is possible that an employee or intermediary could fail to comply with applicable laws and regulations. In such event, we could be exposed to civil penalties, criminal penalties and other sanctions, including fines or other punitive actions. Such civil or criminal penalties, sanctions, fines or other punitive

actions, and the possibility of resulting damage to our business and/or reputation, could have a material adverse effect on our financial condition and results of operations.

Risks Relating to our Operations

We are dependent on our executive officers, directors and other key personnel and the loss of any of these individuals could adversely affect our business.

Our success depends on the ability of our senior management and other key employees to implement our strategy and operate our business. For example, our ability to source run-off acquisitions is critical to our business, and is in part dependent on the relationships of our senior management and other key personnel. The loss of their services or the services of other key personnel, or the loss of the services of or our relationships with any of our directors, could have a material adverse effect on our business.

Some of our directors, large shareholders and their affiliates have interests and/or other involvement with entities that can create conflicts of interest through related party transactions.

We have participated in transactions, investments and investment management arrangements in which one or more of our directors, large shareholders or their affiliates has an interest, and we may continue to do so in the future. Refer to Note 24 to our consolidated financial statements for further disclosure on these arrangements. In addition, some of our directors, large shareholders or their affiliates from time to time have ownership interests or other involvement with entities that compete against us or otherwise have interests that could, at times, be considered potentially adverse to us, either in the pursuit of acquisition targets, investments or in our business operations. The interests of our directors, large shareholders or their affiliates in related party transactions or competitive businesses may create the potential for, or result in, conflicts of interests.

Cybersecurity events or other difficulties with our information technology systems could disrupt our business, result in the loss of critical and confidential information, increased costs, and adversely impact our reputation and results of operations.

We rely heavily on the successful, uninterrupted functioning of our information technology systems, as well as those of any outsourced service providers, including third-party administrators and investment managers. We rely on these systems to securely and accurately process, store, and transmit confidential and other data in connection with our critical operational functions such as paying claims, performing actuarial and other modeling, pricing, quoting and processing policies, cash and investment management, acquisition analysis, financial reporting and other necessary support functions. Our information may also be exposed to the risk of a data breach or cyber-security incident through a breach or failure of our systems or a breach or failure of the systems of third parties where we rely on such parties for outsourced functions or services. A failure of our information technology systems or those of our third-party service providers could materially impact our ability to perform the critical functions described above, affect the confidentiality, availability or integrity of our proprietary information and expose us to litigation and increase our administrative expenses.

Computer viruses, cyber-attacks, phishing scams and other external hazards, as well as any internal process or employee failures, could expose our information technology systems to security breaches that may cause critical data to be corrupted or confidential or proprietary information to be exposed, cause system disruptions or shut-downs, or expose us to financial fraud. In addition to our own information, we receive and may be responsible for protecting confidential or personal information of ceding companies, policyholders, employees, and other third parties, which could also be compromised in the event of a security breach. For example, in May 2023, we discovered that we were among the companies impacted by the CL0P (a third party criminal group) cyber-attack on Progress Software's MOVEit Transfer product, a file-transfer application we have used to manage data transfers. Although the MOVEit Transfer software is not part of our core processing system, and it operates within a server that is segmented from our other information technology systems, the cyber-attack resulted in a number of regulatory data breach notifications and cedant communications. In January 2024, a purported class action arising out of this incident was filed against one of our wholly-owned subsidiaries. While we do not believe the MOVEit incident, the related class action, or any additional resultant actions will have a material adverse effect on our business, this or similar incidents, or any other such breach of our or our third parties' data security infrastructure, could have a material adverse effect on our business, results of operations and financial condition.

In addition, many of our employees work remotely, and we are therefore more dependent on our information technology systems and the continued access by our employees and service providers to reliable and secure internet and telecommunications systems. If these systems do not function effectively or are disrupted due to heightened demand, cybersecurity attacks and data security incidents, or for any other related reason, it would negatively impact our ability to settle claims efficiently, complete acquisitions, integrate our acquired businesses, manage our investments, or otherwise conduct our business.

Although we utilize numerous controls, protections and risk management strategies to attempt to mitigate these risks, the sophistication and volume of these security threats continues to increase. In addition, the escalation of geopolitical tensions, such as those caused by various regional conflicts and crises across the globe, could result in heightened cybersecurity threats. We may not have the technical expertise or resources to successfully prevent every data breach or cyber-security incident. The potential consequences of a data breach or cyber-security incident could include claims against us, significant reputational damage to our company, damage to our business as a result of disclosure of proprietary information, and regulatory action against us, which may include fines and penalties. Such an incident could cause us to lose business and commit resources, management time and money to remediate these breaches and notify aggrieved parties, any of which in turn could have an adverse impact on our business. We may also experience increasing costs associated with implementing and maintaining adequate safeguards against these types of incidents and attacks.

In addition, the information security and data privacy regulatory environment is increasingly demanding. We are subject to numerous laws and regulations in multiple jurisdictions governing the protection of the personal and confidential information of our clients and/or employees, including in relation to medical records and financial information. These laws and regulations are rapidly expanding, increasing in complexity and sometimes conflict between jurisdictions. For example, the E.U. General Data Protection Regulation ("GDPR") creates rights for individuals to control their personal data and sets forth the requirements with which companies handling the personal data of E.U.-based data subjects have to comply (regardless of whether such data handling involves E.U.-based operations). We are also subject to the GDPR through our handling of the personal data of E.U.-based subjects in connection with our ordinary course operations. If any person, including any of our employees or those with whom we share such information, negligently disregards or intentionally breaches our established controls with respect to our client data, or otherwise mismanages or misappropriates that data, we could be subject to significant monetary damages, regulatory enforcement actions, fines and/or criminal prosecution in one or more jurisdictions, including as a result of a violation of the GDPR.

If outsourced providers such as third-party administrators, investment managers or other service providers were to breach their obligations to us, our business and results of operations could be adversely affected.

We outsource certain business functions to third-party providers, and these providers may not perform as anticipated or may fail to adhere to their obligations to us. For example, certain of our subsidiaries rely on relationships with a number of third-party administrators under contracts pursuant to which these third-party administrators manage and pay claims on our subsidiaries' behalf and advise with respect to case reserves. In these relationships, we rely on controls incorporated in the provisions of the administration agreement, as well as on the administrator's internal controls, to manage the claims process within our prescribed parameters. We also rely on external investment managers to provide services pursuant to the terms of our investment management agreements, including following established investment guidelines. Although we monitor these administrators and investment managers on an ongoing basis, we do not control them, and our service providers could exceed their authorities or otherwise breach their obligations to us, which, if material, could adversely affect our business and results of operations. For example, a third-party investment manager may breach our investment guidelines and expose us to risk beyond our prescribed tolerances, which could have an immediate negative financial impact. We may also be negatively impacted if third-party administrators mishandle claims, fail to administer claims effectively or efficiently, fail to maintain accurate books and records, or fail to comply with laws or regulations.

Risks Relating to Ownership of our Shares

The market price for our securities may experience volatility, which could cause a potential loss of value to our investors, and our ordinary shares are thinly traded, so the market value of our ordinary shares may decline if large numbers of shares are sold.

The market price for our ordinary shares and for the depositary shares representing our preferred shares may fluctuate substantially and could cause investment losses due to a number of factors. Such factors could include: announcements with respect to a specific acquisition or investment; changes in the value of our assets; our financial condition, performance and prospects; changes in projected inflation and interest rates; changes in general conditions in the economy and the insurance industry; economic, financial, geopolitical, regulatory or judicial events that affect us or the financial markets generally; changes in management; and adverse press or news announcements. For the depositary shares representing our preferred shares, such factors could also include: whether dividends have been declared on the preferred shares; whether the ratings on such depositary shares provided by any ratings agency have changed; changes in our credit ratings; our total outstanding indebtedness; the level, direction and volatility of market interest rates generally; and the market for similar securities.

Our ordinary shares have in the past been, and may continue to be, thinly traded, and significant sales could adversely affect the market price for our ordinary shares and impair our ability to raise capital through offerings of our equity securities.

A few significant shareholders may influence or control the direction of our business. If the ownership of our ordinary shares continues to be highly concentrated, it may limit the ability of other shareholders to influence significant corporate decisions.

The interests of certain significant shareholders, including those that may be affiliated with members of our Board of Directors (our "Board"), may not be fully aligned with those of other shareholders, which could lead to a strategy that is not in such other shareholders' best interests. As of December 31, 2023, funds managed by Stone Point Capital LLC and its affiliates, Beck Mack & Oliver, and three of our directors (collectively), two of whom currently serve as executive officers, directly beneficially owned 9.5%, 4.4% and 6.3%, respectively, of our outstanding voting ordinary shares. Although they do not act as a group, these shareholders may exercise significant influence over matters requiring shareholder approval, and their concentrated holdings may delay or deter possible changes in control of Enstar, which may reduce the market price of our ordinary shares.

Some aspects of our corporate structure and certain regulatory limitations may discourage third-party takeovers and other transactions or prevent the removal of our Board and management.

Some provisions of our bye-laws have the effect of making more difficult or discouraging unsolicited takeover bids from third parties or preventing the removal of our current board of directors and management. For example, our bye-laws contain restrictions on the ability of shareholders to (i) nominate persons to serve as directors, (ii) remove directors, (iii) submit resolutions to a shareholder vote, and (iv) request special general meetings. Also, a merger or amalgamation would have to be approved by three-fourths of our voting ordinary shares to take effect. In addition, our Board may limit a shareholder's exercise of voting rights or to register a transfer of ordinary shares where it deems it necessary to do so to avoid adverse tax, legal or regulatory consequences. Our Board may also decline to register a transfer of shares unless all applicable consents, authorizations, permissions or approvals of any governmental body or agency in Bermuda and other applicable jurisdictions required to be obtained prior to such transfer shall have been obtained. We also have the authority under our bye-laws to reasonably request information from any shareholder for the purpose of determining whether a shareholder's voting rights are to be limited pursuant to the bye-laws, and if a shareholder is unable to do so, we may eliminate the shareholder's voting rights.

Insurance laws and regulations in the jurisdictions in which our insurance or reinsurance subsidiaries operate require prior notices or regulatory approval of changes in control of an insurer or its holding company. Different jurisdictions define changes in control differently, and generally any purchaser of 10% or more of the vote or value of our ordinary shares could become subject to regulation and be required to file certain notices and reports with the applicable insurance authorities. These laws and the aspects of our corporate structure outlined above may discourage potential acquisition proposals or prevent the removal of members of our Board and management and may delay, deter or prevent a change in control of us. To the extent these provisions discourage takeover attempts, they may deprive shareholders of opportunities to realize takeover premiums for their shares or may depress the market price of the shares.

Bermuda Law differs from the laws in effect in the United States. Shareholders who own our shares may have more difficulty protecting their interests than shareholders of a U.S. corporation.

We are organized under the laws of Bermuda, and as a result our shareholders may have more difficulty protecting their interests than shareholders of a U.S corporation. For example:

- class actions and derivative actions are generally not available to shareholders under Bermuda law;

- under Bermuda law, only shareholders holding collectively 5% or more of our outstanding ordinary shares or groups of shareholders numbering 100 or more are entitled to propose a resolution at our general meeting;
- a substantial portion of our assets and certain of our directors and officers and their assets are located outside of the United States and as a result investors may have difficulty (i) effecting service of process within the United States or (ii) recovering against us or these directors and officers on judgments of U.S. courts;
- no claim may be brought in Bermuda against us or our directors and officers for violations of U.S. federal securities laws, as such laws do not have force of law in Bermuda;
- there is no treaty in effect between the United States and Bermuda providing for the enforcement of judgments of U.S. courts, and there are grounds upon which Bermuda courts may not enforce judgments of U.S. courts; and
- some remedies available under the laws of U.S. jurisdictions, including U.S. federal securities laws, may be prohibited in Bermuda courts as contrary to Bermuda's public policy.

Certain regulatory and other constraints may limit our ability to pay dividends on our securities, and dividends on our preferred shares are non-cumulative.

We do not currently intend to pay a cash dividend on our ordinary shares. If our Board decided to commence a dividend program in the future, we are subject to significant regulatory and other constraints that affect our ability to pay dividends and make other distributions on our ordinary and preferred shares. For example, under the Bermuda Companies Act, we may declare or pay a dividend or distribution out of contributed surplus only if we have reasonable grounds to believe that we are, and would after the payment be, able to meet our liabilities as they become due or that the realizable value of our assets would thereby not be less than our liabilities. In addition, as described above under "Risks Relating to Liquidity and Capital Resources," we are a holding company that is dependent upon distributions from our operating subsidiaries for liquidity, which may not be available.

Dividends on our preferred shares are non-cumulative and payable only out of available funds under Bermuda law. If our Board (or a duly authorized committee thereof) does not authorize and declare a dividend for any dividend period, holders of our preferred shares and, in turn, the depositary shares representing preferred shares, would not be entitled to receive any such dividend, and such unpaid dividend will not accrue and will not be payable at any time. We will have no obligation to pay dividends for a dividend period on or after the dividend payment date for such period if our Board has not declared such dividend before the related dividend payment date, whether or not dividends are declared for any subsequent dividend period with respect to any outstanding preferred shares and/or our ordinary shares.

Our ordinary and preferred shares are subordinate to our existing and future indebtedness and our ordinary shares rank junior to our outstanding preferred shares.

Our preferred shares are equity interests and do not constitute indebtedness. As such, our preferred shares, in addition to our ordinary shares, will rank junior to all of our indebtedness and other non-equity claims with respect to assets available to satisfy our claims, including in our liquidation. Our preferred shares are also contractually subordinated in right of payment to all obligations of our subsidiaries, including all existing and future policyholder obligations of our subsidiaries. Additionally, neither our ordinary shares nor our preferred shares represent an interest in any of our subsidiaries, and accordingly, are structurally subordinated to all obligations of our subsidiaries. Further, in the event of our liquidation, winding up or dissolution, our ordinary shares rank junior to our outstanding preferred shares. In such an event, there may not be sufficient assets remaining after payments to holders of our outstanding preferred shares to ensure payments to holders of our ordinary shares.

There is no limitation on our issuance of securities that rank equally with or senior to the preferred shares.

We may issue, without limitation, (1) additional depositary shares representing additional preferred shares that would form part of one of the series of depositary shares representing our outstanding preferred shares, and (2) additional series of securities that rank equally with or senior to the outstanding preferred shares. The issuance of additional preferred shares on par with or senior to the outstanding preferred shares would dilute the interests of the holders of our preferred shares, and any issuance of preferred shares senior to our outstanding preferred shares or of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on our preferred shares, or to make payments to holders of our ordinary shares from remaining assets of the Company, in the event of a liquidation, dissolution or winding-up of Enstar.

The voting rights of holders of our preferred shares and, in turn, the depositary shares representing our preferred shares are limited.

Holders of our outstanding preferred shares and, in turn, the depositary shares representing the preferred shares have no voting rights with respect to matters that generally require the approval of voting shareholders. In addition, if dividends on any of our outstanding preferred shares have not been declared or paid for the equivalent of six dividend payments, whether or not for consecutive dividend periods, holders of the outstanding preferred shares and, in turn, the depositary shares, will, subject to the terms and conditions contained in the certificates of designation governing the preferred shares, be entitled to vote for the election of two additional directors to our Board. The holders shall be divested of the foregoing voting rights if and when dividends for at least four dividend periods, whether or not consecutive, following a nonpayment event have been paid in full (or declared and a sum sufficient for such payment shall have been set aside). In addition, holders of the depositary shares must act through the depositary to exercise any voting rights in respect of the preferred shares. Although each depositary share is entitled to 1/1,000th of a vote, the depositary can vote only whole preferred shares. While the depositary will vote the maximum number of whole preferred shares in accordance with the instructions it receives, any remaining votes of holders of the depositary shares will not be voted.

We have no obligation to maintain any listing of the depositary shares representing our outstanding preferred shares.

Although the depositary shares representing our outstanding preferred shares are listed on NASDAQ, such listings may not provide significant liquidity, and transaction costs in any secondary market could be high. The difference between bid and ask prices in any secondary market could be substantial. As a result, holders of depositary shares representing our preferred shares (which do not have a maturity date) may be required to bear the financial risks of an investment in the depositary shares representing preferred shares for an indefinite period. In addition, we undertake no obligation, and expressly disclaim any obligation, to maintain the listing of the depositary shares representing our preferred shares on NASDAQ or any other stock exchange. If we elect to discontinue the listing at any time or the depositary shares representing the preferred shares otherwise are not listed on an applicable stock exchange, the dividends paid after the delisting would not constitute qualified dividend income for U.S. federal income tax purposes (as dividends paid by a Bermuda corporation are qualified dividend income only if the stock with respect to which the dividends are paid is readily tradable on an established securities market in the United States).

A classification of the depositary shares representing our preferred shares by the National Association of Insurance Commissioners may impact U.S. insurance companies that purchase our preferred shares.

The NAIC may, in its discretion, classify securities in U.S. insurers' portfolios as debt, preferred equity or common equity instruments. The NAIC's written guidelines for classifying securities as debt, preferred equity or common equity include subjective factors that require the relevant NAIC examiner to exercise substantial judgment. There is therefore a risk that the depositary shares representing our preferred shares may be classified by the NAIC as common equity instead of preferred equity. The NAIC classification determines the amount of risk-based capital ("RBC") charges incurred by insurance companies in connection with an investment in a security. Securities classified as common equity by the NAIC carry RBC charges that can be significantly higher than the RBC requirement for debt or preferred equity. Therefore, any classification of the depositary shares representing our preferred shares as common equity may adversely affect U.S. insurance companies that hold depositary shares representing our preferred shares. In addition, a determination by the NAIC to classify the depositary shares representing our preferred shares as common equity may adversely impact the trading of the depositary shares representing our preferred shares in the secondary market.

Our preferred shares are subject to our rights of redemption.

Our preferred shares are redeemable pursuant to the terms set forth in the certificate of designations governing such series. Whenever we redeem preferred shares held by the depositary, the depositary will, as of the same redemption date, redeem the number of depositary shares representing preferred shares so redeemed. We have no obligation to redeem or repurchase the preferred shares under any circumstances. If the preferred shares are redeemed by us, you may not be able to reinvest the redemption proceeds in a comparable security at a similar return on your investment.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

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ITEM 1C. CYBERSECURITY RISK DISCLOSURES

We are increasingly dependent on sophisticated software applications and computing infrastructure to conduct key operations. We depend on both our own systems, networks and technology as well as the systems, networks and technology of our contractors, consultants, vendors and other business partners.

Cybersecurity Program

Given the importance of cybersecurity to our business, we maintain a comprehensive information security program for assessing, identifying and managing material risks from threats to our information security. Our information security program is based on industry standards and best practices, following the National Institute of Standards and Technology (NIST) Cybersecurity Framework. As part of our information security program, we also require third-party service providers with access to personal, confidential or proprietary information to implement and maintain comprehensive cybersecurity practices consistent with applicable legal standards and industry best practices. We also train employees on how to identify potential cybersecurity risks and protect our information and resources. This training is mandatory for all employees globally upon hire and on an annual basis.

We use the Three Lines Model in order to ensure our information security program's effectiveness and readiness. Our first line is our IT Security Operations, which implements and executes upon a robust control framework, while our Information Security Assurance function maintains an information security assurance program that includes external penetration management. Our second line is our Risk and Compliance functions. Our Risk function performs table top exercises, "red team" testing and stress testing, while our Compliance function ensures regulatory requirements are identified proactively and monitors compliance with our internal policies and procedures. Our third line consists of our Internal Audit function, which provides objective assurance and testing over internal policies and procedures related to our information security program.

Governance

Management Oversight

Our management plays an active role in assessing and managing the risks posed to us by cybersecurity threats. Our strategy for managing cybersecurity risk is embedded within the IT function, which reports to our Chief of Business Operations (CBO) and our Information Security function, which reports to our CRO. The controls and processes employed to assess, identify and manage material risks from cybersecurity threats are implemented and overseen by our Global Chief Information Officer (CIO) and our Global Head of Information Security (GHIS). Our CIO has over 24 years of experience in the area of information technology. He previously served in related roles, including IT strategy and delivery roles at Arthur Andersen Consulting and Deloitte Consulting, and has served in his current role since joining us in 2017. Our GHIS has over 18 years of information security experience. His experience includes driving our information security strategy, awareness and training, third party cyber risk management, compliance, and providing assurance of the security activities conducted by the IT Security Operations team. He has served in his current role since joining us in 2006. Our CIO and GHIS are responsible for the day-to-day management of the cybersecurity program, including the prevention, detection, investigation, response to, and recovery from cybersecurity threats and incidents, and are regularly engaged to help ensure the cybersecurity program functions effectively in the face of evolving cybersecurity threats.

Board Oversight

The Board of Directors actively oversees the Company's management of cybersecurity risk. Primary responsibility for the Board's role in oversight of the Company's management of cybersecurity risk is delegated to the Risk Committee of the Board. The Risk Committee is responsible for reviewing, discussing with management, and overseeing the Company's data privacy, information technology and security and cybersecurity risk exposures.

Our CIO and GHIS provide regular updates on cybersecurity risk and our information security program to the Risk Committee. These reports typically occur on a quarterly basis and include updates on current cyber risks, cybersecurity strategies and initiatives, event preparedness, the status of projects to strengthen our information security program, and the emerging cybersecurity threat landscape.

Process for Assessing, Identifying and Managing Material Risks from Cybersecurity Threats

In the event of a breach, we have a comprehensive plan in place for assessing and addressing any potential threats to our information security. We maintain a Cyber and Data Incident Response Plan and Framework, which identifies and

describes the roles and responsibilities of the Cyber Incident and Response Team and the Cyber Incident

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Oversight Committee. The Cyber Incident Response Team is responsible for receiving information relating to possible incidents, investigating and analyzing them, and taking action to avoid and mitigate the damage caused by such incidents. The Crisis Oversight Committee, chaired by our CBO, is responsible for support and oversight of the Cyber and Data Incident Response Plan and Framework and oversight of the Cyber Incident Response Team's execution of the plan in the event of a cyber incident.

We also maintain a Cyber and Data Incident Reporting Portal, which allows employees to notify our cybersecurity and data protection teams if they believe they have been the victim of a cyber incident or data breach, or have become aware that a third party service provider has suffered a cyber incident or data breach.

Cybersecurity Risks

Our cybersecurity risk management processes are integrated into our overall Enterprise Risk Management ("ERM") Framework. As part of our ERM Framework, we maintain the traditional Three Lines Model (Management, Risk & Compliance and Internal Audit) to delineate accountabilities and establish a 'check and balance' management of risks. For additional information on our ERM Framework, refer to "Item 1. Business - Enterprise Risk Management."

Although our information security program is designed to attempt to prevent, detect and respond to a cybersecurity incident, there can be no assurance that such an incident will not occur. A cybersecurity incident could cause the failure of our information security systems or those of our third-party service providers, which could materially impact our ability to perform certain critical functions, affect the confidentiality, availability or integrity of our proprietary information and expose us to litigation and increase our administrative expenses.

As of the date of this report, we are not aware of any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected the business strategy, results of operations or financial condition of the Company or are reasonably likely to have such a material effect. However, evolving cybersecurity threats make it increasingly challenging to anticipate, detect, and defend against cybersecurity threats and incidents.

For additional information on the risks we face from cybersecurity threats, refer to "Item 1A. Risk Factors - Risks Relating to Our Operation."

ITEM 2. PROPERTIES

We renew and enter into new leases in the ordinary course of our business. We lease office space in Hamilton, Bermuda, where our principal executive office is located. We also lease office space in a number of U.S. states, the United Kingdom, Australia and several Continental European countries. We believe that this office space is sufficient for us to conduct our current operations for the foreseeable future, although in connection with future acquisitions from time to time, we may expand to different locations or increase space to support any such growth.

ITEM 3. LEGAL PROCEEDINGS

For a discussion of legal proceedings, see Note 26 in the notes to our consolidated financial statements, which is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Number of Holders

Our ordinary voting shares are listed on the NASDAQ Global Select Market under the symbol "ESGR." On February 21, 2024, there were 1,143 shareholders of record of our voting ordinary shares. This is not the number of beneficial owners of our voting ordinary shares as some shares are held in "street name" by brokers and others on behalf of individual owners.

Dividend Information

Historically, we have not declared a dividend on our ordinary shares. Our strategy is to retain earnings and invest distributions from our operating subsidiaries into our business or to repurchase our shares. However, we may re-evaluate this strategy from time to time based on overall market conditions and other factors. Any payment of dividends must be approved by our Board. Furthermore, our ability to pay dividends is subject to certain restrictions.[3,4]

Issuer Purchases of Equity Securities

The following table provides information about ordinary shares acquired by the Company during the three months ended December 31, 2023.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [1]	Maximum Number (or Dollar Value) of Shares that May Yet be Purchased Under the Program[1]
				(in millions of U.S. dollars)
Beginning dollar amount available to be repurchased				$ —
October 1, 2023 - October 31, 2023	—	$ —	—	—
November 1, 2023 - November 30, 2023	841,735	$ 227.18	—	—
December 1, 2023 - December 31, 2023	—	$ —	—	—
	841,735		—	$ —

[1] As of and for the three months ended December 31, 2023, we had no active share repurchase programs. In November 2023, through two separate purchase agreement transactions, we repurchased 791,735 of our voting ordinary shares held by Canada Pension Plan Investment Board ("CPP Investments") and its affiliate, and 50,000 of our voting ordinary shares held by the Trident V funds managed by Stone Point Capital LLC, for $191 million in aggregate. The transactions were executed at a price per share of $227.18, representing a 5% discount to the trailing 10-day volume weighted average price of our voting ordinary shares at the agreed November 2023 measurement date.

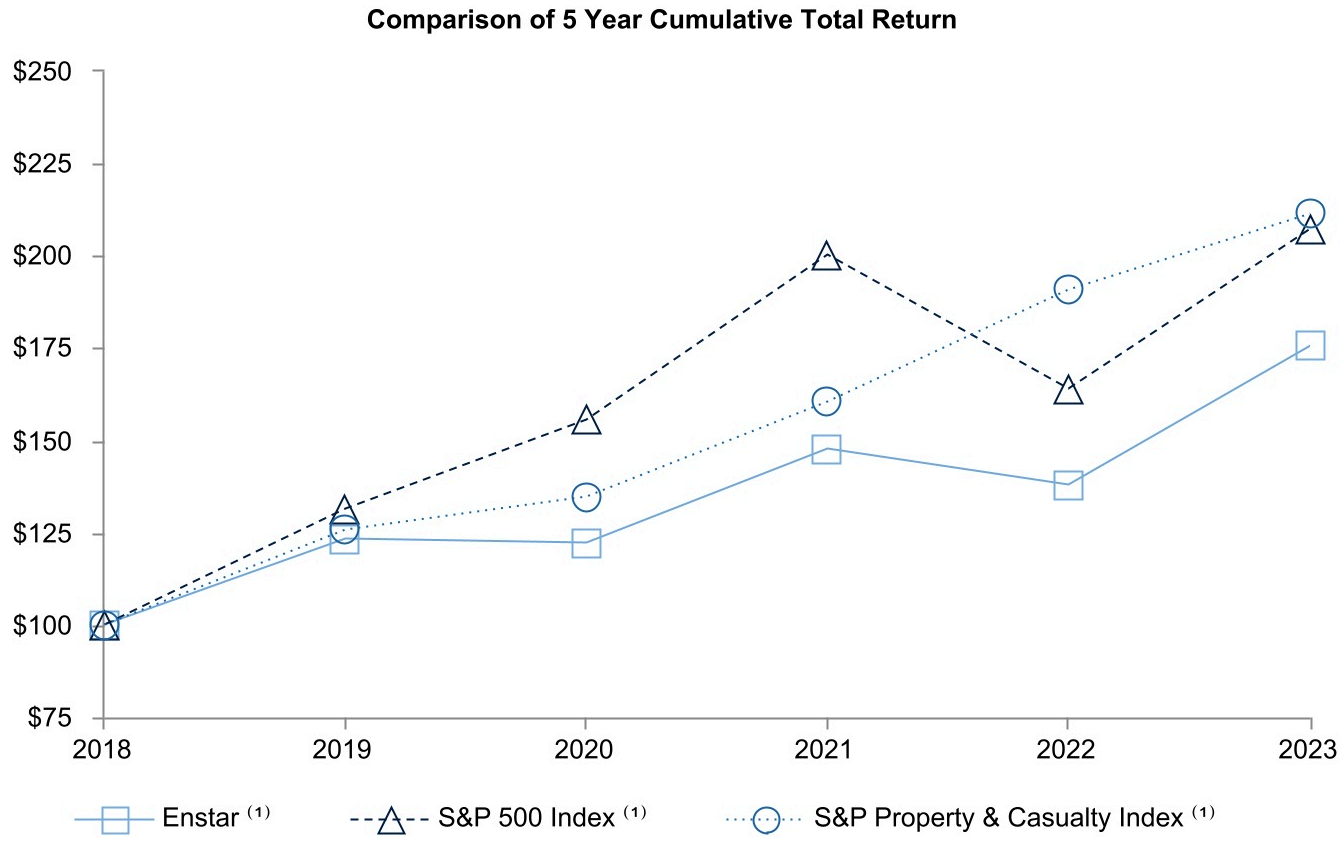
[3] Described in Note 25 to our consolidated financial statements, which is incorporated herein by reference.

[4] For information on dividends on our preferred shares refer to Note 20 to our consolidated financial statements.

Performance Graph

The following performance graph compares the cumulative total return on our ordinary shares with the cumulative total return on the S&P 500 Index and the S&P Property & Casualty Insurance Index for the period that commenced December 31, 2018 and ended on December 31, 2023.

The performance graph shows the value as of December 31 of each calendar year of $100 invested on December 31, 2018 in our ordinary shares, and the indices listed above, assuming the reinvestment of dividends. Returns have been weighted to reflect relative market capitalization. This information is not necessarily indicative of future returns.



	Indexed Returns (2) for Years Ended December 31,					
	2018	2019	2020	2021	2022	2023
Enstar (1)	100.00	123.45	122.27	147.75	137.88	175.66
S&P 500 Index (1)	100.00	131.49	155.68	200.37	164.08	207.21
S&P Property & Casualty Index (1)	100.00	125.87	134.63	160.59	190.89	211.53

(1) Source: S&P Global Market Intelligence

(2) $100 invested on December 31, 2018 in stock or index, including reinvestment of dividends.

ITEM 6. RESERVED

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report.

Some of the information contained in this discussion and analysis or included elsewhere in this annual report, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks, uncertainties and assumptions. Our actual results and the timing of events could differ materially from those anticipated by these forward-looking statements as a result of many factors, including those discussed under "Cautionary Statement Regarding Forward-Looking Statements", "Item 1A. Risk Factors" and elsewhere in this annual report.

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Operational Highlights

Our consolidated results for the year ended December 31, 2023 reflect our continued progress on providing capital release solutions to our clients by acquiring and managing their run-off portfolios.

Transactions

- In April 2023, certain of our wholly-owned subsidiaries completed an LPT agreement with certain subsidiaries of QBE Insurance Group Limited ("QBE"), relating to a diversified portfolio of business underwritten between 2010 and 2020. Upon closing, a portion of the portfolio currently underwritten via QBE's Lloyd's Syndicates 386 and 2999 was reinsured to Enstar's Syndicate 2008.

  As a result of this LPT transaction, we assumed net loss reserves of $2.0 billion in exchange for consideration of $1.9 billion[5], and recorded a $179 million deferred charge asset ("DCA").

- In June 2023, one of our wholly-owned subsidiaries completed an agreement with RACQ Insurance Limited ("RACQ") to reinsure 80% of RACQ's motor vehicle Compulsory Third Party ("CTP") insurance liabilities, covering accident years 2021 and prior.

  At closing, we assumed net loss reserves of $179 million in exchange for consideration of $179 million[5].

- During the second quarter of 2023, we assumed active claims management control on a 2022 LPT transaction with Argo Group International Holdings, Ltd. ("Argo") pursuant to terms of the agreement.

- In September 2023, one of our wholly-owned subsidiaries entered into an agreement with American International Group, Inc. ("AIG"). Pursuant to the agreement, we will provide protection to AIG on its retained exposure to adverse development on Validus Re carried loss reserves ("subject reserves"), up to a limit of $400 million, in exchange for premium consideration of $100 million. The agreement became effective as of November 1, 2023, corresponding to the closing of AIG's sale of Validus Re to RenaissanceRe.

Completed the Unwind of Enhanzed Re's Reinsurance Transactions

- In November 2022, our subsidiary Enhanzed Reinsurance Ltd. ("Enhanzed Re") completed a novation of the reinsurance of a closed block of life annuity policies to Monument Re Limited, a subsidiary of Monument Insurance Group Limited ("Monument Re").
  - Given our one quarter lag in reporting Enhanzed Re's results, we recognized a $275 million net gain on novation within other income in the first quarter of 2023, which was comprised of[6]:
    - the reclassification benefit to income of $363 million from accumulated other comprehensive income ("AOCI") related to the settlement of the novated future policyholder benefit liabilities;
    - the loss of $39 million on the carrying value of the net assets of $133 million as of the closing date of the transaction in exchange for cash consideration of $94 million; and
    - a deferral of a portion of the net gain to be earned over the settlement period of the novated liabilities, equal to $49 million, for our preexisting 20% ownership interest in Monument Re.
  - Our net income attributable to Enstar was further reduced by $81 million, representing the amount attributable to Allianz SE's ("Allianz") 24.9% noncontrolling interest in Enhanzed Re at the time of the transaction. In total, first quarter 2023 net income attributable to Enstar from this novation transaction was $194 million.
- On December 28, 2022, Enhanzed Re repurchased the entire 24.9% ownership interest Allianz held in Enhanzed Re for $175 million, which was based on the final net book value of Enhanzed Re as of December 31, 2022. Following the repurchase, Enhanzed Re became a wholly-owned subsidiary of Enstar.
- The completion of these transactions resulted in the conclusion of the unwind of Enhanzed Re, achieving an inception to date return from Enhanzed Re of 24%.

[5] Refer to Note 3 to our consolidated financial statements for further details, including the composition of consideration received.

[6] Refer to “Assumed Life” section for further details.

Capital and Other Activity

- In March 2023, we repurchased 1,597,712 of our non-voting convertible ordinary shares held by Canada Pension Plan Investment Board ("CPP Investments") for an aggregate $341 million, representing a price per share of $213.13 and a 5% discount to the trailing 10-day volume weighted average price of our voting ordinary shares at the agreed March 2023 measurement date. The shares comprised all of our outstanding Series C and Series E non-voting ordinary shares.
- In May 2023, we amended and restated our existing revolving credit agreement to increase the total commitments under the revolving credit facility from $600 million to $800 million, with the option to request additional commitments up to an aggregate amount of $200 million. Under the amended facility, we may borrow revolving loans or request the issuance of syndicated or fronted letters of credit.
- In June 2023, we received an upgrade from Standard & Poor's ("S&P") on our long-term issuer credit rating to BBB+, with a stable outlook.[7]
- In July 2023, we entered into an $800 million amended and restated letter of credit facility agreement, which replaced our existing $800 million letter of credit facility agreement under which the commitment period was due to expire in August 2023.
- In November 2023, we repurchased 791,735 of our voting ordinary shares held by CPP Investments and its affiliate, and 50,000 of our voting ordinary shares held by the Trident V funds managed by Stone Point Capital LLC ("the Trident V Funds"), for $191 million in aggregate. The transactions were executed at a price per share of $227.18, representing a 5% discount to the trailing 10-day volume weighted average price of our voting ordinary shares at the agreed November 2023 measurement date.
- In December 2023, we entered into a Purchase Agreement with the Trident V Funds and Dowling Capital Partners (together, the "RNCI Holders") to purchase their remaining equity interest in StarStone Specialty Holdings Limited ("SSHL"). We paid total consideration of $182 million in exchange for acquiring the remaining 41.0% interest in SSHL, comprised of a cash payment of $119 million, our 13.5% interest in Northshore (fair value of $48 million) and the settlement of an existing loan receivable of $15 million. Following the completion of the transaction, SSHL became a wholly-owned subsidiary and we no longer have a direct or indirect ownership interest in Atrium.

[7] Refer to "Liquidity and Capital Resources - Debt Obligations" for further details.

Consolidated Results of Operations - For the Years Ended December 31, 2023, 2022 and 2021

Primary GAAP Financial Measures

We use the following GAAP measures to manage the company and monitor our performance:

- Net income and net income attributable to Enstar ordinary shareholders, which collectively provide a measure of our performance focusing on underwriting, investment and expense results;
- Comprehensive income attributable to Enstar, which provides a measure of the total return, including unrealized gains and losses on fixed maturities, AFS investments, as well as other elements of other comprehensive income;
- Book value per share ("BVPS"), which we use to measure the value of our company over time;
- Return on equity ("ROE"), which measures our profitability by dividing our net income attributable to Enstar ordinary shareholders by Enstar ordinary shareholders' equity;
- Total investment return ("TIR"), which measures the rate of return we obtain, both realized and unrealized, on our investments; and
- Run-off liability earnings ("RLE") and RLE %, which measure both the dollar amount of prior period development on our acquired portfolios (RLE) and the percentage of prior period development relative to average net loss reserves, calculated by dividing our prior period development by our average net loss reserves (RLE %).

The following table sets forth certain consolidated financial information for the years ended December 31, 2023, 2022 and 2021:

	Year Ended December 31,				
	2023	2022	$ / pp Change	2021	$ / pp Change
	(in millions of U.S. dollars)				
Technical Results					
Net premiums earned	$ 43	$ 66	$ (23)	$ 245	$ (179)
Net incurred losses and LAE					
Current period	30	48	(18)	172	(124)
Prior Period	(131)	(756)	625	(403)	(353)
Total net incurred losses and LAE	(101)	(708)	607	(231)	(477)
Policyholder benefit expenses	—	25	(25)	(3)	28
Acquisition costs	10	23	(13)	57	(34)
Investment Results					
Net investment income	647	455	192	312	143
Net realized (losses)	(65)	(111)	46	(61)	(50)
Net unrealized gains (losses)	528	(1,503)	2,031	178	(1,681)
Income (losses) from equity method investments	13	(74)	87	93	(167)
Other income	276	35	241	42	(7)
Amortization of net deferred charge assets	106	80	26	55	25
General and administrative expenses	369	331	38	367	(36)
Income tax benefit (expense)	250	12	238	(27)	39
NET INCOME (LOSS)	$ 1,218	$ (945)	$ 2,163	$ 553	$ (1,498)
Less: Net (income) loss attributable to noncontrolling interests	(100)	75	(175)	(15)	90
NET INCOME (LOSS) ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	$ 1,082	$ (906)	$ 1,988	$ 502	$ (1,408)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO ENSTAR	$ 1,084	$ (1,156)	$ 2,240	$ 440	$ (1,596)
GAAP measures:					
BVPS	$ 343.45	$ 262.24	$ 81.21	$ 329.20	$ (66.96)
ROE	24.2 %	(15.6)%	39.8 pp	7.9 %	(23.5) pp
RLE	1.1 %	6.3 %	(5.2) pp	3.9 %	2.4 pp
TIR %	7.2 %	(9.0)%	16.2 pp	2.0 %	(11.0) pp
Non-GAAP measures:					
FDBVPS*	$ 336.72	$ 258.92	$ 77.80	$ 323.43	$ (64.51)
Adjusted ROE*	18.8 %	(1.1)%	19.9 pp	10.1 %	(11.2) pp
Adjusted RLE % *	1.8 %	3.9 %	(2.1) pp	3.6 %	0.3 pp
Adjusted TIR %*	5.3 %	(0.2)%	5.5 pp	3.6 %	(3.8) pp

pp - Percentage point(s)

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

Overall Results

Year Ended December 31, 2023 versus 2022:

Net income attributable to Enstar ordinary shareholders was $1.1 billion for the year ended December 31, 2023, which compares to a net loss of $906 million from 2022, as a result of:

- Favorable total investment returns recognized in net income of $1.1 billion for the year ended December 31, 2023, consisting of the aggregate of net investment income, net realized (losses) gains, net unrealized gains (losses) and income (losses) from equity method investments, in comparison to negative total investment returns included in net income of $1.2 billion for the year ended December 31, 2022. The variance in total investment returns recognized in net income was driven by:
  - Net unrealized gains on our other investments, including equities of $397 million, in comparison to net unrealized losses in 2022 of $433 million, as a result of strong global equity market performance, particularly in the first and fourth quarters of 2023, and tightening high yield credit spreads, in comparison to the challenging market environment for the year ended December 31, 2022;
  - Net realized and unrealized gains on our fixed maturities of $66 million in 2023, compared to net realized and unrealized losses of $1.2 billion in 2022, primarily due to a decrease in interest rates across U.S., U.K. and European markets in 2023 as compared to significant increases in interest rates in 2022;
  - An increase in net investment income of $192 million in 2023 when compared to 2022, consistent with the increasing investment income we have earned on a sequential quarterly basis, primarily due to the reinvestment of fixed maturities at higher yields, deployment of consideration received from LPT and insurance transactions closed over the past 12 months and the impact of rising interest rates on our fixed maturities securities that are subject to floating interest rates; and
  - Income from equity method investments of $13 million, driven by income from our investments in Core Specialty and Citco, partially offset by losses from our investment in Monument Re, compared to losses of $74 million in 2022, primarily driven by losses from our investment in Monument Re.
- An increase in other income of $241 million in 2023 when compared to 2022, largely driven by the first quarter 2023 net gain recognized from the novation of the Enhanzed Re reinsurance of a closed block of life annuity policies; and
- A favorable change in income tax benefit of $238 million, primarily driven by the establishment of a $205 million net deferred tax asset related to the enactment of the Bermuda Corporate Income Tax in December 2023. We also recorded a $25 million partial release of our deferred tax asset valuation allowance as a result of increases in projected taxable income in the U.S. and a reduction in deferred tax assets associated with decreases in unrealized losses on investment securities reported in AOCI in the U.S. and U.K. jurisdictions. This was partially offset by an increase in the valuation allowance in our U.K. and EU jurisdictions primarily due to losses, whereby no corresponding tax benefits were recognized for the period.

This was partially offset by:

- A decrease in favorable prior period development of net incurred losses and LAE of $625 million from 2022:
  - Net favorable prior period development of $131 million in 2023 was primarily driven by a reduction in our estimates of net ultimate losses and provisions for ULAE of $226 million, partially offset by a $78 million increase in the fair value of our 2017 and 2018 LPT liabilities where we elected the fair value option.
  - In comparison, net favorable prior year development of $756 million, in 2022 was primarily due to a reduction in our estimates of net ultimate losses and ULAE of $538 million and a $200 million decrease in the fair value of our 2017 and 2018 LPT liabilities where we elected the fair value option.
  - This resulted in RLE of 1.1% in 2023 in comparison to RLE of 6.3% in 2022; and
- Net income attributable to noncontrolling interests of $100 million, in comparison to a net loss of $75 million in 2022. The 2023 net income attributable to noncontrolling interests included $81 million representing a portion of the gain on novation of the Enhanzed Re reinsurance of a closed block of life annuity policies attributable to Allianz's previous 24.9% equity interest in Enhanzed Re.

The above factors contributed to net income of $1.2 billion for the year ended December 31, 2023 as compared to a net loss of $945 million for the year ended December 31, 2022.

Comprehensive income attributable to Enstar was $1.1 billion for the year ended December 31, 2023, as compared to comprehensive loss of $1.2 billion for the year ended December 31, 2022. Comprehensive income for the year ended December 31, 2023 was primarily driven by net income of $1.2 billion and net unrealized gains on our fixed maturities, AFS, net of reclassification adjustments of $218 million, partially offset by the reclassification adjustment of $363 million associated with the novation of the Enhanzed Re reinsurance described above. The unrealized gains on our fixed maturities, AFS, combined with our favorable investment return, described above, contributed to a net TIR of 7.2% in 2023, in comparison to a TIR of (9.0)% in 2022.

BVPS and FDBVPS* increased by 31.0% and 30.0%, respectively, from December 31, 2022 to December 31, 2023, primarily due to comprehensive income attributable to Enstar for the year ended December 31, 2023, which contributed 24.3% to both BVPS and FDBVPS*, combined with the repurchase of all our non-voting convertible ordinary shares and 841,735 of our voting ordinary shares.

The significant increase in interest rates in 2022 contributed to cumulative net unrealized losses of $725 million on our fixed maturities, trading and AFS, and funds held - directly managed as of December 31, 2023. This has adversely impacted BVPS by $49.55 per share and FDBVPS* by $48.58 per share as of December 31, 2023. This compares to $1.8 billion of net unrealized losses on our fixed maturities, trading and AFS, and funds held - directly managed as of December 31, 2022.

BVPS and FDBVPS* as of December 31, 2022 reported in this Annual Report on Form 10-K reflect the impact of our adoption of ASU 2018-12, which had the effect of retrospectively increasing such measures by $16.04 and $15.83, respectively, from the amounts reported in our Annual Report on Form 10-K for the year ended December 31, 2022. The higher opening BVPS and FDBVPS* for the year negatively impacted our growth in BVPS and FDBVPS* for the year ended December 31, 2023, which would have otherwise been 39.5% and 38.5%, respectively. Our future policyholder benefit liabilities, which were adjusted for the retrospective application of ASU 2018-12, were settled in the fourth quarter of 2022 following the completion of the novation as described above, but the transaction was recognized in the first quarter of 2023 as we report the results of Enhanzed Re on a one quarter lag. Consequently, the adoption of ASU 2018-12 had no impact on our BVPS or FDBVPS* as of December 31, 2023.

Similarly, the price paid for our first quarter 2023 repurchase of our non-voting convertible ordinary shares represented a 13.0% discount to the December 31, 2022 book value and a 23.0% discount to such December 31, 2022 book value when retrospectively adjusting for the adoption of ASU 2018-12.

Year Ended December 31, 2022 versus 2021:

Net loss attributable to Enstar ordinary shareholders was $906 million for the year ended December 31, 2022, which compares to net income of $502 million from 2021, as a result of:

- Negative investment results (sum of net investment income, net realized (losses) gains, net unrealized (losses) gains and (loss) income for equity method investments) of $1.2 billion compared to favorable investment results of $522 million for the year ended December 31, 2021, primarily driven by:
  - Net realized and unrealized losses of $1.6 billion, primarily related to fixed income assets, for the year ended December 31, 2022, compared to net gains of $117 million for the year ended December 31, 2021. Rising interest rates across U.S., U.K. and European markets, in addition to widening investment grade credit spreads led to the net losses on our fixed income securities, and global equity market declines and widening high yield and leveraged loan credit spreads led to the net losses on our other investments, including equities; and
  - Losses from equity method investments of $74 million compared to income of $93 million for the year ended December 31, 2021 further contributed to the decrease in our earned investment returns, primarily as a result of losses on our investment in Monument Re and consolidating Enhanzed Re effective September 1, 2021. Prior to that date, the results of Enhanzed Re were recorded in income from equity method investments within the Investments segment. Our income relating to Enhanzed Re prior to the consolidation in 2021 were $82 million.
  - This was partially offset by an increase in net investment income of $143 million due to investment of new premium, reinvestment of maturing investments at higher yields and fixed income securities with floating rates which reset at higher rates of interest income.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

- A net gain on purchase and sales of subsidiaries of $73 million in 2021, primarily driven by the bargain purchase gain recognized on the Step Acquisition of Enhanzed Re and a net gain on sales of subsidiaries of $26 million.
- Lower net earned premiums of $179 million, partially due to placing our Starstone International business into run-off in mid-2020.

This was partially offset by:

- Reduced total expenses of $477 million as a result of the combination of:
  - Reductions of $124 million in current period net incurred losses and LAE and $34 million in acquisition costs as a result of largely exiting or placing into run-off our active underwriting platforms, including StarStone International;
  - An increase in favorable development in net incurred losses and LAE for prior periods of $353 million, primarily driven by a change in fair value of our 2017 and 2018 portfolios where we elected the fair value option and reductions in estimates of net ultimate losses. This resulted in RLE of 6.3% in 2022 in comparison to RLE of 3.9% in 2021; and
  - A reduction of $36 million in general and administrative expenses primarily driven by reductions to long-term incentive plan costs and a decrease in IT costs as a result of reduced project activity, partially offset by the absence of a proportional reduction in accrued performance-based costs which were recorded in the comparative period.

The above factors contributed to our 2022 net loss of $945 million as compared to 2021 net income of $553 million.

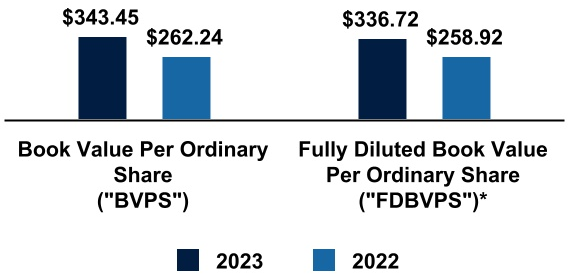
Comprehensive loss attributable to Enstar was $1.2 billion for the year ended December 31, 2022, as compared to comprehensive income of $440 million for the year ended December 31, 2021. The variance was primarily due to an increase in unrealized losses on our fixed income securities, AFS, as a result of rising interest rates. The unrealized losses on our fixed income securities, AFS, combined with our investment results, contributed to an unfavorable TIR of (9.0)% in 2022, in comparison to a TIR of 2.0% in 2021.

BVPS decreased by 20.3% primarily as a result of comprehensive loss attributable to Enstar of $1.2 billion.

As a result of then-current period net loss and comprehensive loss attributable to Enstar described above, our ROE decreased by 23.5 pp.

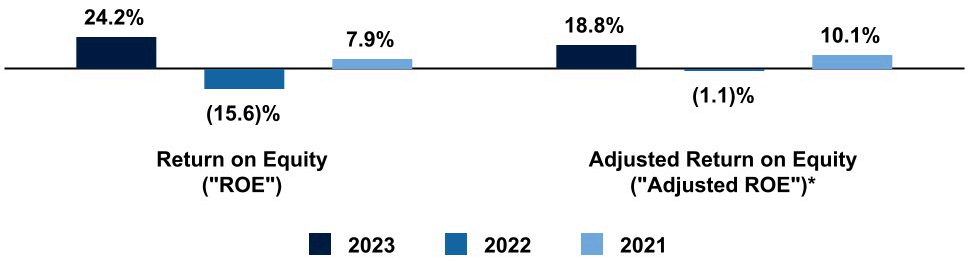
Overall Measures of Performance

BVPS and FDBVPS*



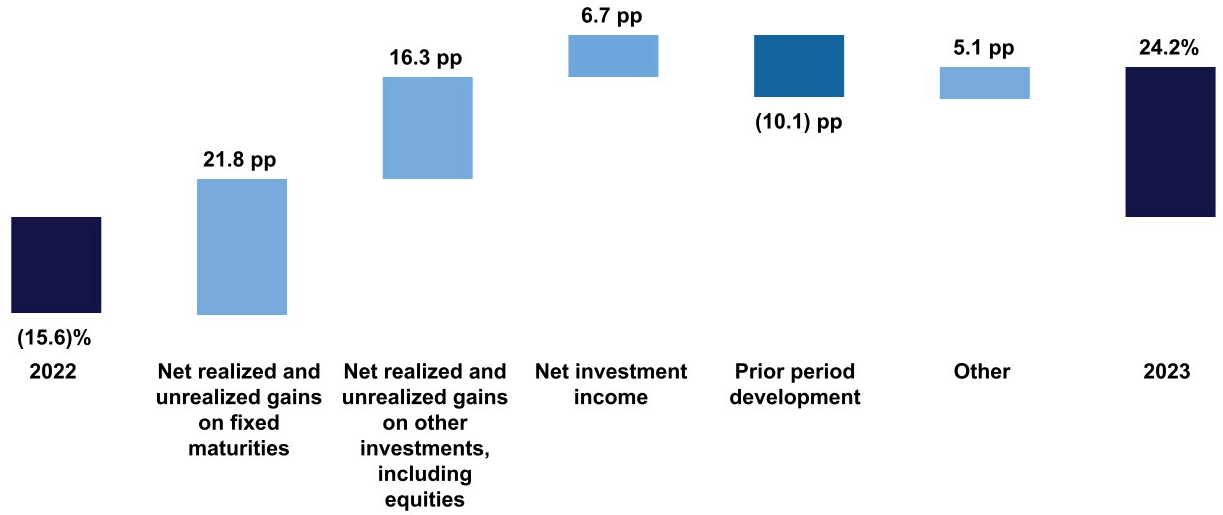
BVPS and FDBVPS* increased by 31.0% and 30.0%, respectively, from December 31, 2022 to December 31, 2023, primarily as a result of comprehensive income attributable to Enstar of $1.1 billion for the year ended December 31, 2023 and the impact of share repurchases. The adoption of ASU 2018-12 impacted our BVPS and FDBVPS* as of December 31, 2022, as described above. The cumulative impact of the $725 million of net unrealized losses on our fixed maturities and funds held - directly managed adversely impacted BVPS by $49.55 per share and FDBVPS* by $48.58 per share as of December 31, 2023.

ROE and Adjusted ROE*



2023 versus 2022

ROE increased by 39.8 pp primarily due to the following factors:

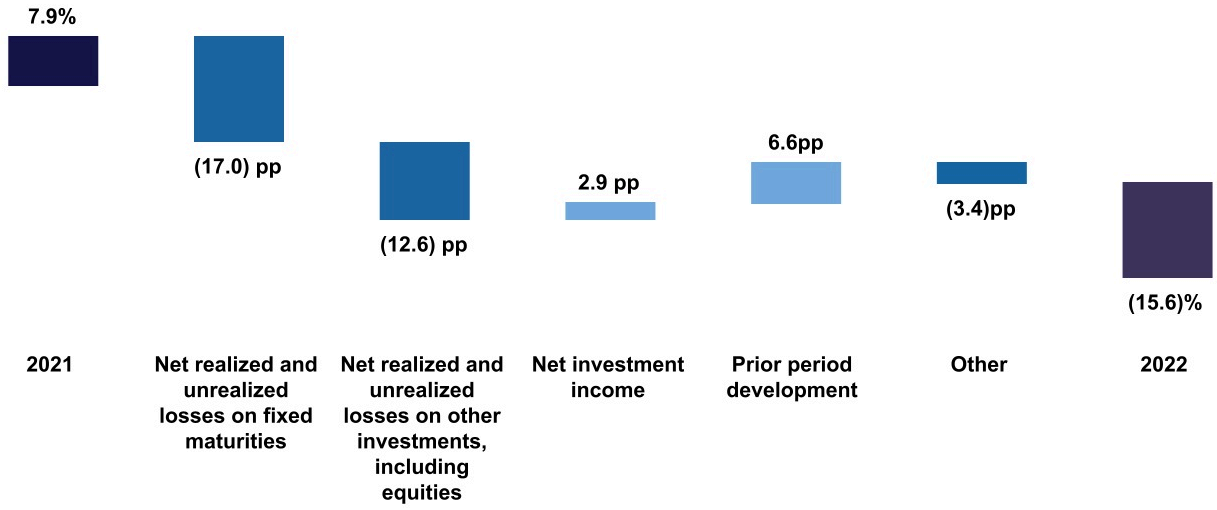


Adjusted ROE* increased by a lesser amount than ROE, or 19.9 pp, as it excludes the impact of net realized and unrealized gains on fixed maturities.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

2022 versus 2021

ROE decreased by 23.5 pp primarily due to the following factors:



Adjusted ROE* decreased by a lesser amount than ROE, or 11.2 pp, as it excludes the impact of net realized and unrealized losses on fixed maturities.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

We discuss the results of our operations by aggregating certain captions from our consolidated statements of operations, as we believe it provides a more meaningful view of our results and eliminates repetition that would arise if captions were discussed on an individual basis.

In order to facilitate analysis, we have grouped the discussion into the following captions:

- **Technical results**: includes net premiums earned, net incurred losses and LAE, policyholder benefit expenses and acquisition costs.
- **Investment results**: includes net investment income, net realized (losses) gains, net unrealized (losses) gains (recorded through the statements of operations and other comprehensive income) and (losses) income from equity method investments.
- **General and administrative results**: includes general and administrative expenses.

Technical Results

Our strategy is focused on effectively managing (re)insurance portfolios underwritten in previous years that we assume through our provision of capital release solutions and acquisition of portfolios and businesses in run-off.

Although we have largely exited our active underwriting platforms, we still record net premiums earned and the associated current period net incurred losses and LAE and acquisition costs as a result of the recognition of unearned premiums from transactions completed in recent years.

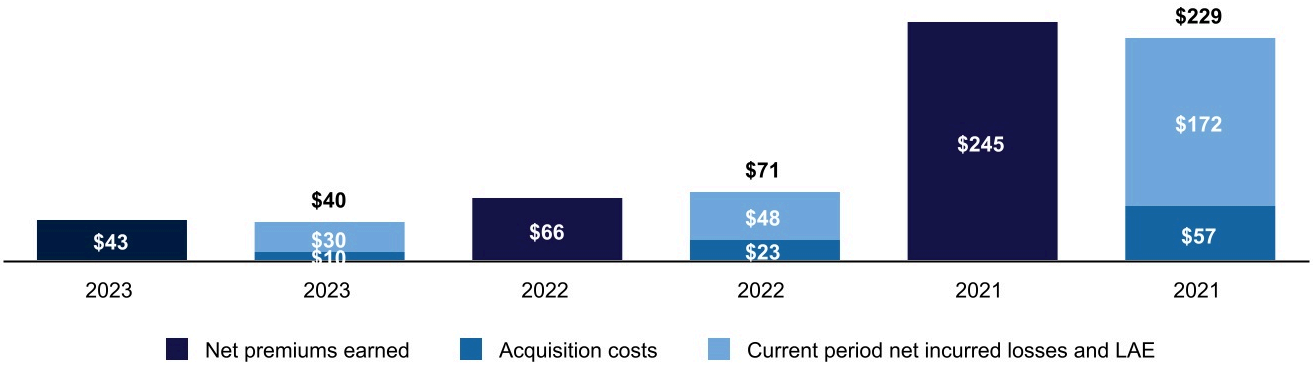
The components of technical results for the years ended December 31, 2023, 2022 and 2021 are as follows:

	2023			2022				
	Run-off	Corporate and other	Total	Run-off	Assumed Life	Legacy Underwriting	Corporate and other	Total
	(in millions of U.S. dollars)							
Net premiums earned	$ 43	$ —	$ 43	$ 40	$ 17	$ 9	$ —	$ 66
Net incurred losses and LAE:								
Current period	30	—	30	44	—	4	—	48
Prior periods	(226)	95	(131)	(486)	(55)	3	(218)	(756)
Total net incurred losses and LAE	(196)	95	(101)	(442)	(55)	7	(218)	(708)
Policyholder benefit expenses	—	—	—	—	25	—	—	25
Acquisition costs	10	—	10	22	—	1	—	23
Technical results	$ 229	$ (95)	$ 134	$ 460	$ 47	$ 1	$ 218	$ 726

	2021				
	Run-off	Assumed Life	Legacy Underwriting	Corporate and other	Total
	(in millions of U.S. dollars)				
Net premiums earned	$ 182	$ 5	$ 58	$ —	$ 245
Net incurred losses and LAE:					
Current period	144	2	26	—	172
Prior periods	(338)	—	(6)	(59)	(403)
Total net incurred losses and LAE	(194)	2	20	(59)	(231)
Policyholder benefit expenses	—	(4)	—	1	(3)
Acquisition costs	44	—	13	—	$ 57
Technical results	$ 332	$ 7	$ 25	$ 58	$ 422

Current Period

The current period technical results from our (re)insurance operations include net premiums earned that have been declining as a result of our transition away from active underwriting activities. The majority of our net premiums earned since 2021 were driven by multi-year insurance policies relating to business placed into run-off. In most periods, the net premiums earned either fully or partially offset the current period net incurred losses and LAE and acquisition costs.



The reductions in net premiums earned and current period net incurred losses and LAE were driven by reduced levels of activity arising from our exit of our active underwriting platforms beginning in 2020.

For the year ended December 31, 2023, net premiums earned was primarily driven by multi-year StarStone International and Liberty Mutual policies and AmTrust RITC business. In comparison, our 2022 and 2021 earned premium was primarily driven by our Assumed Life segment, StarStone International and AmTrust RITC business.

Prior Periods - RLE by Acquisition Year

The following tables summarize RLE, RLE %, Adjusted RLE* and Adjusted RLE %* by acquisition year for the years ended December 31, 2023, 2022 and 2021, which management believes is useful in measuring and monitoring performance of our claims management activity on the portfolios that we have acquired. This permits comparability between acquisition years of different loss reserve volumes.

Refer to the table below for a summary of RLE and Adjusted RLE* for the year ended December 31, 2023:

	2023					
	RLE			Adjusted RLE*		
Acquisition Year	RLE / PPD	Average net loss reserves	RLE %	Adjusted RLE / PPD*	Average adjusted net loss reserves*	Adj RLE* %
	(in millions of U.S. dollars)					
2013 and prior	$ 11	$ 849	1.3 %	$ 13	$ 840	1.5 %
2014	21	512	4.1 %	(7)	57	(12.3)%
2015	15	263	5.7 %	16	281	5.7 %
2016	19	643	3.0 %	22	709	3.1 %
2017	(89)	582	(15.3)%	(37)	799	(4.6)%
2018	(12)	672	(1.8)%	25	749	3.3 %
2019	(37)	1,027	(3.6)%	(39)	1,538	(2.5)%
2020	(21)	493	(4.3)%	(21)	495	(4.2)%
2021	179	3,209	5.6 %	210	3,662	5.7 %
2022	78	2,751	2.8 %	78	2,757	2.8 %
2023	(33)	797		(33)	797	
Total	$ 131	$ 11,798	1.1 %	$ 227	$ 12,684	1.8 %

2023:

Our 2023 RLE % of 1.1% was positively impacted by favorable reductions in the estimates of net ultimate losses and reductions in provisions for ULAE of $226 million, partially offset by increases in the fair value of liabilities for which we have elected the fair value option of $78 million and amortization of fair value adjustments of $17 million.

Unfavorable RLE in the 2017 acquisition year was adversely impacted by an increase in the fair value of liabilities for which we have elected the fair value option and adverse development on our asbestos and abuse coverages within all other lines of business, driven by higher than expected claim volumes and severities over the year.

Unfavorable RLE in the 2019 acquisition year was impacted by adverse development on our general casualty line of business, partially driven by an ADC contract with higher average incurred severities in comparison to IBNR reserves assumptions.

Favorable RLE in the 2021 acquisition year was driven by favorable ground-up claims experience on an ADC contract and continued favorable claims experience on our workers' compensation line of business.

Favorable RLE in the 2022 acquisition year was driven by the expected benefit from claims covered by other insurance and reinsurance evaluated across multiple lines of business, including property, all other, general casualty and workers' compensation, partially offset by adverse development on our professional indemnity/directors and officers line of business.

Our Adjusted RLE %* was positively impacted by the net reduction in estimates of net ultimate losses relating to the Run-off segment, as described above. It excludes the impact of changes in the fair value of liabilities where we have elected the fair value option and the amortization of fair value adjustments relating to purchased subsidiaries.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

Refer to the table below for a summary of RLE and Adjusted RLE* for the year ended December 31, 2022:

	2022					
	RLE			Adjusted RLE*		
Acquisition Year	RLE / PPD	Average net loss reserves	RLE %	Adjusted RLE / PPD*	Average adjusted net loss reserves*	Adjusted RLE* %
	(in millions of U.S. dollars)					
2013 and prior	$ 14	$ 735	1.9 %	$ 29	$ 656	4.4 %
2014	30	765	3.9 %	15	82	18.3 %
2015	12	312	3.8 %	13	319	4.1 %
2016	14	731	1.9 %	22	808	2.7 %
2017	183	745	24.6 %	30	905	3.3 %
2018	58	913	6.4 %	19	985	1.9 %
2019	59	1,156	5.1 %	54	1,685	3.2 %
2020	(120)	719	(16.7)%	(120)	720	(16.7)%
2021	435	3,861	11.3 %	356	4,443	8.0 %
2022	71	2,032	3.5 %	71	2,033	3.5 %
Total	$ 756	$ 11,969	6.3 %	$ 489	$ 12,636	3.9 %

2022:

Our RLE % was positively impacted by a net reduction in estimates of net ultimate losses of $403 million, a reduction of $200 million in the fair value of liabilities for which we have elected the fair value option and a $135 million reduction in provisions for ULAE.

Favorable RLE in the 2017 acquisition year was driven predominantly by a reduction in the fair value of liabilities for which we have elected the fair value option.

Favorable RLE in the 2018 acquisition year was driven by favorable claims activity from major claims reviews on our professional indemnity/directors and officers and marine, aviation and transit lines of business for our Lloyd's syndicate books combined with a reduction in the fair value of liabilities where we have elected the fair value option.

Favorable RLE in the 2019 acquisition year was driven by continued favorable experience in an ADC contract.

Unfavorable RLE in the 2020 acquisition year was adversely impacted by general casualty liabilities where we experienced additional claim reporting latency and unexpected increased severity on a small number of large New York Labor Law claims, which resulted in increased overall ultimate loss estimates on one portfolio. In addition, we experienced higher than expected claims severity, primarily on older liabilities, and slower than expected claim settlement rates related to our ride share motor portfolio. This was partially offset by favorable development on other portfolios.

Favorable RLE in the 2021 acquisition year was driven by continued favorable experience in our workers' compensation portfolios, which benefited from lower severity trends on certain existing claims, reduced levels of expected frequency of claims for excess workers' compensation risks, favorable claim settlements, and accelerated and favorable claim settlement patterns on certain portfolios. In addition, we recorded favorable development on an ADC contract where the cedants have experienced continued favorable ground-up performance. We also recorded favorable claim activity on the Assumed Life segment catastrophe book, combined with the recognition of a gain on commutation of the catastrophe reinsurance business of $59 million.

Favorable RLE in the 2022 acquisition year was primarily driven by a portfolio where our initial estimate of claims handling costs (or ULAE) were reduced, as we achieved better than expected current and future cost economies of scale on this transaction.

Our Adjusted RLE %* was positively impacted by the net reduction in estimates of net ultimate losses relating to the Run-off segment, as described above. It excludes the impact of changes in the fair value of liabilities where we have elected the fair value option and the amortization of fair value adjustments relating to purchased subsidiaries.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

Refer to the table below for a summary of RLE and Adjusted RLE* for the year ended December 31, 2021:

	2021					
	RLE			Adjusted RLE*		
Acquisition Year	RLE / PPD	Average net loss reserves	RLE %	Adjusted RLE / PPD*	Average adjusted net loss reserves*	Adjusted RLE* %
			(in millions of U.S. dollars)			
2013 and prior	$ 43	$ 691	6.2 %	$ 42	$ 691	6.1 %
2014	25	$ 945	2.6 %	30	102	29.4 %
2015	21	370	5.7 %	22	378	5.8 %
2016	10	815	1.2 %	8	894	0.9 %
2017	89	1,006	8.8 %	34	1,069	3.2 %
2018	45	1,208	3.7 %	38	1,237	3.1 %
2019	47	1,320	3.6 %	92	1,871	4.9 %
2020	(27)	1,845	(1.5)%	(27)	1,845	(1.5)%
2021	150	2,144	7.0 %	142	2,368	6.0 %
Total	$ 403	$ 10,344	3.9 %	$ 381	$ 10,455	3.6 %

2021:

Overall, RLE % and Adjusted RLE* % were primarily driven by net favorable actual claims experience compared with our expected claims trends. This was notable in the 2013 and prior, 2017 and 2018 acquisition years.

RLE was positively impacted by a net reduction in estimates of net ultimate losses of $281 million, a reduction of $75 million in the fair value of liabilities for which we have elected the fair value option and a $63 million reduction in provisions for ULAE.

Adjusted RLE* excludes the impact of the changes in the discount rate upon the fair value of liabilities where we have elected the fair value option and the amortization of fair value adjustments relating to purchased subsidiaries.

Other notable events within our acquisition years were:

Adjusted RLE* for our 2019 acquisition year had lower than expected asbestos related claim frequency related to our defendant A&E liabilities. RLE and RLE % does not include the impact of changes to our defendant A&E liabilities.

Our 2020 acquisition year had adverse development on our motor line of business offset by favorable development in other portfolios relating to the 2018 and 2019 accident years.

Acquisition year 2021 experienced favorable claim activity in our professional indemnity/directors and officers and motor lines of business relative to expectations at take-on.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

Investment Results

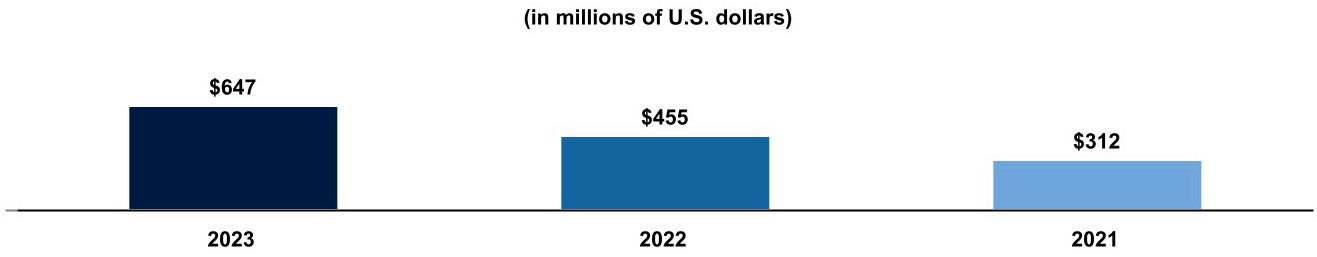
We strive to structure our investment holdings and the duration of our investments in a manner that recognizes our liquidity needs, including our obligation to pay losses and LAE liabilities.

The components of our investment results split between our fixed income assets (which includes our short-term and fixed maturities classified as trading and AFS, funds held, cash and cash equivalents and restricted cash and cash equivalents, collectively our "Fixed Income" assets) and other investments (which includes equities and equity method investments, collectively our "Other Investments") for the years ended December 31, 2023, 2022 and 2021 are as follows:

	2023			2022			2021		
	Fixed Income	Other Investments	Total	Fixed Income	Other Investments	Total	Fixed Income	Other Investments	Total
	(in millions of U.S. dollars)								
Net investment income	$ 555	$ 92	$ 647	$ 373	$ 82	$ 455	$ 239	$ 73	$ 312
Net realized losses	(65)	—	(65)	(111)	—	(111)	(4)	(57)	(61)
Net unrealized gains (losses)	131	397	528	(1,070)	(433)	(1,503)	(206)	384	178
Income (losses) from equity method investments	—	13	13	—	(74)	(74)	—	93	93
Other comprehensive income:									
Unrealized gains (losses) on fixed maturities, AFS, net of reclassification adjustments excluding foreign exchange	222	—	222	(570)	—	(570)	(100)	—	(100)
TIR ($)	$ 843	$ 502	$ 1,345	$ (1,378)	$ (425)	$ (1,803)	$ (71)	$ 493	$ 422
TIR %	6.1 %	10.2 %	7.2 %	(9.3)%	(8.2)%	(9.0)%	(0.5)%	8.8 %	2.0 %
Adjusted TIR %*	3.7 %	10.2 %	5.3 %	2.3 %	(8.2)%	(0.2)%	1.6 %	8.8 %	3.6 %

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

Net Investment Income



2023 versus 2022: Net investment income increased primarily due to:

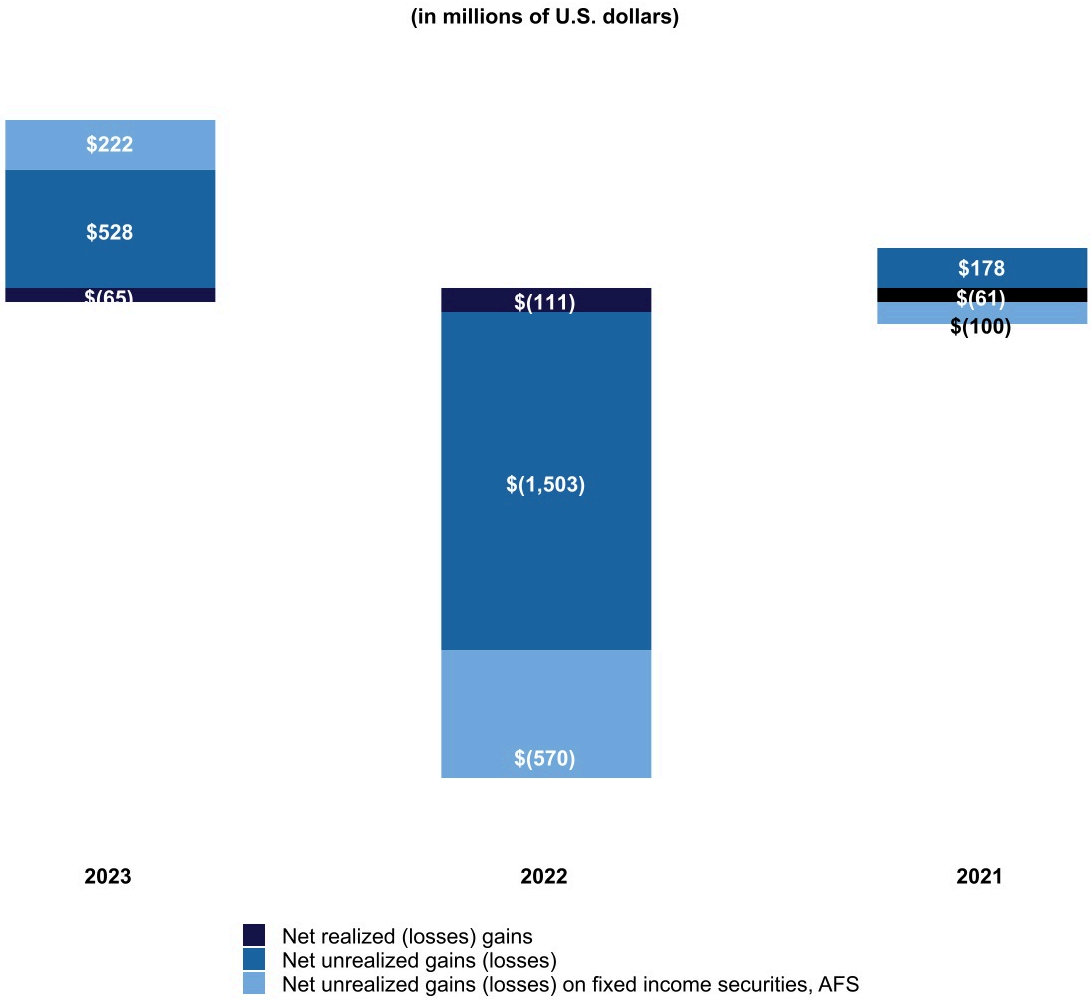
- an increase in our investment book yield from 2.47% to 3.86% due to a combination of reinvestment of fixed maturities at higher yields, deployment of consideration received from LPT and insurance contract transactions closed over the past 12 months and the impact of rising interest rates on the $3.1 billion of our average fixed maturities outstanding during the year that are subject to floating interest rates. Our floating rate investments generated net investment income of $244 million for the year ended December 31, 2023, an increase of $89 million from the year ended December 31, 2022, which equates to a 246 basis point increase in the yield of those investments.

2022 versus 2021: Net investment income increased primarily due to:

- an increase in our average aggregate fixed income assets of $1.2 billion due to new business acquired during 2022 and late 2021; and

- an increase in our book yield of 63 basis points due to a combination of investment of new premium and reinvestment of fixed maturities at higher yields and the impact of rising interest rates on the $2.9 billion of our average fixed maturities outstanding during the period that are subject to floating interest rates. Our floating rate investments generated net investment income of $155 million for the year ended December 31, 2022, an increase of $59 million from 2021, which equates to an increase in the annualized yield of those investments of 195 basis points.

Net Realized and Unrealized (Losses) Gains included in Comprehensive Income



2023 versus 2022: Net realized and unrealized gains (losses) included in comprehensive income increased relative to the prior year net realized and unrealized losses primarily due to:

- net realized and unrealized gains on fixed maturities of $288 million for the year ended December 31, 2023, compared to net realized and unrealized losses of $1.8 billion for the comparative year, primarily as a result of a decrease in intermediate maturity interest rates in U.S., U.K. and European markets in addition to the tightening of investment-grade credit spreads through 2023 in comparison to a significant increase in interest rates and widening of investment grade credit spreads during prior year; and
- net realized and unrealized gains on other investments, including equities, of $397 million in 2023 compared to net losses of $433 million in 2022.
    - net gains recognized in 2023 were primarily driven by our public equities, private equity funds, private credit funds, CLO equities, fixed income funds, hedge funds and infrastructure funds largely as a result of strong global equity market performance and tightening of high yield and leveraged loan credit spreads; and

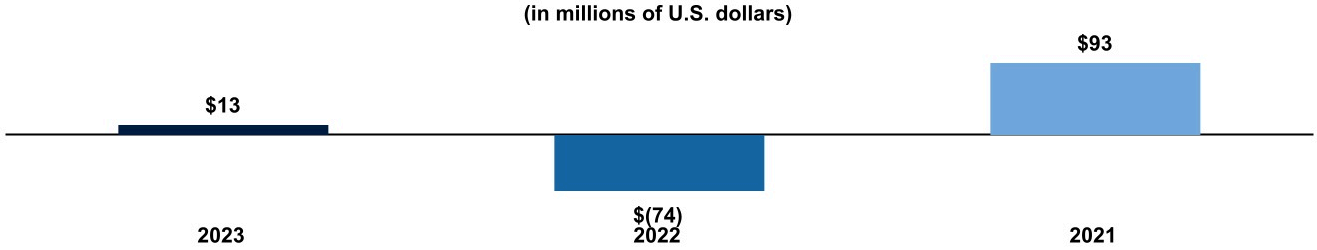
- net losses recognized in 2022 were primarily driven by our public equities, fixed income funds, hedge funds, and CLO equities, largely as a result of global equity market declines and widening of high yield and leveraged loan credit spreads.

2022 versus 2021: The variance of net realized and unrealized losses included in comprehensive loss in 2022 to net realized and unrealized gains included in comprehensive income in 2021 primarily consisted of:

- an increase in net realized and unrealized losses on fixed maturities of $1.4 billion, primarily driven by a 230 basis point increase in intermediate-maturity interest rates in U.S., U.K. and European markets, in addition to widening of investment-grade credit spreads through 2022; and
- net realized and unrealized losses on other investments, including equities, of $433 million compared to net gains of $327 million in 2021.
  - losses from our public equities, fixed income funds, CLO equities and hedge funds in 2022, were largely as a result of global equity market declines and the widening of high yield and leveraged loan credit spreads; and
  - net realized and unrealized gains recognized in 2021 in our public equities, private equity funds, CLO equities, fixed income funds, private credit funds and real estate funds, were primarily driven by a rally in global equity markets.

Income (losses) from equity method investments

Effective September 1, 2021, Enhanzed Re was consolidated by us[8]. Prior to that date, the results of Enhanzed Re were recorded in income (losses) from equity method investments on a one quarter lag.



2023 versus 2022: We recognized income from equity method investments in 2023 in comparison to losses in 2022, primarily due to:

- Income of $14 million and $4 million from our investments in Core Specialty and Citco, respectively, in addition to a gain of $5 million related to the sale of our interest in Citco, partially offset by $10 million of losses from our investment in Monument Re for the year ended December 31, 2023; in comparison to
- Losses of $65 million and $14 million from our investments in Monument Re and Core Specialty, respectively, for the year ended December 31, 2022.

2022 versus 2021: We recognized losses from our equity method investments in 2022 in comparison to income in 2021, primarily due to:

- our acquisition of the controlling interest in and subsequent consolidation of Enhanzed Re in 2021 (which included $82 million of equity method income prior to its consolidation in September 2021); and
- Losses of $65 million from our investment in Monument Re in 2022, in comparison to income of $14 million in 2021.

The consolidated net loss from Enhanzed Re was $235 million for the year ended December 31, 2022, driven by unrealized investment losses which compared to the $82 million from Enhanzed Re that was included in income from equity method investments in 2021.

[8] Refer to Note 5 to the consolidated financial statements for further information.

Investable Assets

Investable assets and adjusted investable assets* decreased by 6.6% and 11.2% from December 31, 2022 to December 31, 2023, respectively, primarily due to:

- the novation of the Enhanzed Re reinsurance of a closed block of life annuity policies (associated assets were $949 million as of the date of the novation);
- the impact of net paid losses;
- the repurchase of our non-voting convertible ordinary shares and voting ordinary shares;
- the acquisition of our remaining equity interest in SSHL following the redemption of our RNCI; and
- the settlement of our participation in Atrium's Syndicate 609 relating to the 2020 and prior underwriting years.

This was partially offset by:

- consideration received for the QBE LPT, RACQ LPT and AIG insurance contract transactions; and
- net unrealized gains on our fixed maturities and other investments, including equities.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measures.

Duration and average credit rating on fixed maturities, cash and cash equivalents and fixed maturities included in funds held - directly managed

The fair value, duration and average credit rating by segment is as follows:

	2023			2022		
Segment	**Fair Value ($) [1]**	**Average Duration (in years) [2]**	**Average Credit Rating [3]**	**Fair Value ($) [1]**	**Average Duration (in years) [2]**	**Average Credit Rating [3]**
Investments						
Run-off	$ 10,320	4.04	A+	$ 9,874	4.02	A+
Assumed Life	—	0.00		908	8.90	A-
Total - Investments	10,320	4.04	A+	10,782	4.44	A+
Legacy Underwriting	—	0.00		179	2.26	AA-
Total	**$ 10,320**	**4.04**	**A+**	**$ 10,961**	**4.40**	**A+**

[1] The fair value by segment of our fixed maturities, cash and cash equivalents and fixed maturities included in funds held-directly managed portfolios does not include the carrying value of cash and cash equivalents within our funds held-directly managed portfolios.

[2] The average duration calculation includes cash and cash equivalents, short-term investments and fixed maturities, as well as the fixed maturities and cash and cash equivalents within our funds held-directly managed portfolios.

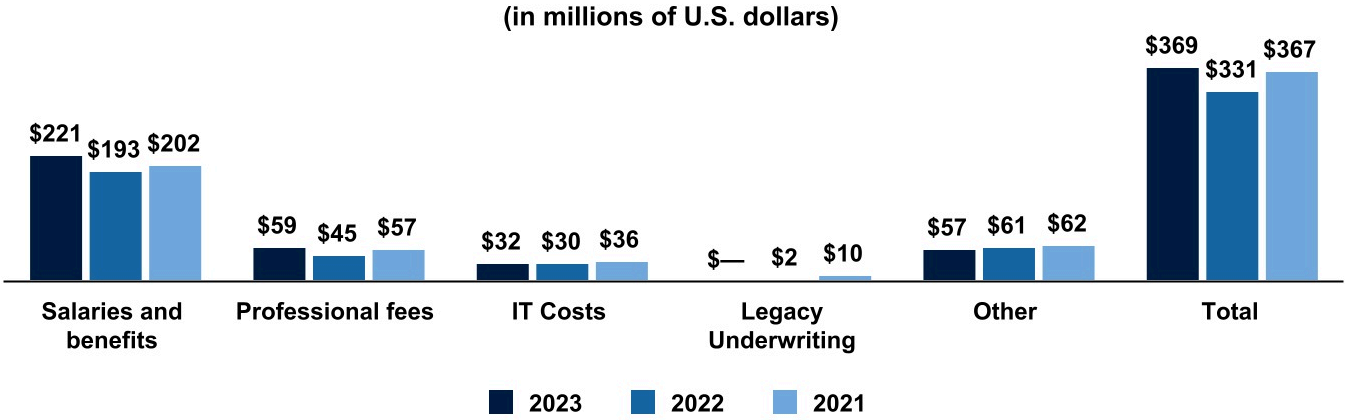
[3] The average credit ratings calculation includes cash and cash equivalents, short-term investments, fixed maturities and the fixed maturities within our funds held - directly managed portfolios.

The decrease in the average duration of our fixed maturities and cash and cash equivalents when comparing December 31, 2023 to 2022 was primarily driven by the derecognition of the assets supporting the Enhanzed Re reinsurance of a closed block of life annuity policies that were novated during the first quarter of 2023.

As of both December 31, 2023 and 2022, our fixed maturities and cash and cash equivalents had an average credit quality rating of A+.

As of December 31, 2023 and 2022, our fixed maturities that were non-investment grade (i.e. rated lower than BBB- and non-rated securities) comprised $456 million, or 4.8% and $622 million, or 6.5%, of our total fixed maturities portfolio, respectively.

General and administrative expenses



2023 to 2022: The $38 million increase in general and administrative expenses was driven by an increase in salaries and benefits due to the prior year comparison where a downward adjustment to long term incentive accruals was recorded given the significant operating losses in 2022, as well as due to a current year increase in professional fees.

2022 to 2021: The $36 million decrease in general and administrative expenses was driven by the aforementioned long term incentive plan accrual reduction in 2022, partially offset by an increase in short term incentive costs.

Non-GAAP Financial Measures

In addition to our key financial measures presented in accordance with GAAP, we present other non-GAAP financial measures that we use to manage our business, compare our performance against prior periods and against our peers, and as performance measures in our incentive compensation program.

These non-GAAP financial measures provide an additional view of our operational performance over the long-term and provide the opportunity to analyze our results in a way that is more aligned with the manner in which our management measures our underlying performance.

The presentation of these non-GAAP financial measures, which may be defined and calculated differently by other companies, is used to enhance the understanding of certain aspects of our financial performance. It is not meant to be considered in isolation, superior to, or as a substitute for the directly comparable financial measures prepared in accordance with GAAP.

Some of the adjustments reflected in our non-GAAP measures are recurring items, such as the exclusion of adjustments to net realized and unrealized (gains)/losses on fixed maturities recognized in our statements of operations, the fair value of certain of our loss reserve liabilities for which we have elected the fair value option, and the amortization of fair value adjustments.

Management makes these adjustments in assessing our performance so that the changes in fair value due to interest rate movements, which are applied to some but not all of our assets and liabilities as a result of preexisting accounting elections, do not impair comparability across reporting periods.

It is important for the readers of our periodic filings to understand that these items will recur from period to period.

However, we exclude these items for the purpose of presenting a comparable view across reporting periods of the impact of our underlying claims management and investments without the effect of interest rate fluctuations on assets that we anticipate to hold to maturity and non-cash changes to the fair value of our reserves.

Similarly, our non-GAAP measures reflect the exclusion of certain items that we deem to be nonrecurring, unusual or infrequent when the nature of the charge or gain is such that it is not reasonably likely that such item may recur within two years, nor was there a similar charge or gain in the preceding two years. This includes adjustments related to bargain purchase gains on acquisitions of businesses, net gains or losses on sales of subsidiaries, net assets of held for sale or disposed subsidiaries classified as discontinued operations, and other items that we separately disclose.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

The following table presents more information on each non-GAAP measure. The results and GAAP reconciliations for these measures are set forth further below.

Non-GAAP Measure	Definition	Purpose of Non-GAAP Measure over GAAP Measure
Fully diluted book value per ordinary share	Total Enstar ordinary shareholders' equity Divided by Number of ordinary shares outstanding, adjusted for: *-the ultimate effect of any dilutive securities on the number of ordinary shares outstanding*	Increases the number of ordinary shares to reflect the exercise of equity awards granted but not yet vested as, over the long term, this presents both management and investors with a more economically accurate measure of the realizable value of shareholder returns by factoring in the impact of share dilution. We use this non-GAAP measure in our incentive compensation program.
Adjusted return on equity (%)	Adjusted operating income (loss) attributable to Enstar ordinary shareholders divided by adjusted opening Enstar ordinary shareholders' equity	Calculating the operating income (loss) as a percentage of our adjusted opening Enstar ordinary shareholders' equity provides a more consistent measure of the performance of our business by enabling comparison between the financial periods presented.
Adjusted operating income (loss) attributable to Enstar ordinary shareholders (*numerator)*	Net income (loss) attributable to Enstar ordinary shareholders, adjusted for: *-net realized and unrealized (gains) losses on fixed maturities and funds held-directly managed,* *-change in fair value of insurance contracts for which we have elected the fair value option [(1)],* *-amortization of fair value adjustments,* *-net gain/loss on purchase and sales of subsidiaries (if any),* *-net income from discontinued operations (if any),* *-tax effects of adjustments, and* *-adjustments attributable to noncontrolling interests*	We eliminate the impact of net realized and unrealized (gains) losses on fixed maturities and funds-held directly managed and the change in fair value of insurance contracts for which we have elected the fair value option, as: • we typically hold most of our fixed maturities until the earlier of maturity or the time that they are used to fund any settlement of related liabilities which are generally recorded at cost; and • removing the fair value option improves comparability since there are limited acquisition years for which we elected the fair value option. Therefore, we believe that excluding their impact on our earnings improves comparability of our core operational performance across periods. We include fair value adjustments as non-GAAP adjustments to the adjusted operating income (loss) attributable to Enstar ordinary shareholders as they are non-cash charges that are not reflective of the impact of our claims management strategies on our loss portfolios. We eliminate the net gain (loss) on the purchase and sales of subsidiaries and net income from discontinued operations, as these items are not indicative of our ongoing operations. We use this non-GAAP measure in our incentive compensation program.
Adjusted opening Enstar ordinary shareholders' equity (*denominator)*	Opening Enstar ordinary shareholders' equity, less: *-net unrealized gains (losses) on fixed maturities and funds held-directly managed,* *-fair value of insurance contracts for which we have elected the fair value option [(1)],* *-fair value adjustments, and* *-net assets of held for sale or disposed subsidiaries classified as discontinued operations (if any)*	

Non-GAAP Measure	Definition	Purpose of Non-GAAP Measure over GAAP Measure
Adjusted run-off liability earnings (%)	Adjusted PPD divided by average adjusted net loss reserves	Calculating the RLE as a percentage of our adjusted average net loss reserves provides a more meaningful and comparable measurement of the impact of our claims management strategies on our loss portfolios across acquisition years and also to our overall financial periods.
Adjusted prior period development *(numerator)*	Prior period net incurred losses and LAE, adjusted to: *Remove:* -Legacy Underwriting *and* Assumed Life *operations,* *-amortization of fair value adjustments,* *-change in fair value of insurance contracts for which we have elected the fair value option [1], and* *Add:* *-the reduction/(increase) in estimates of net ultimate liabilities and reduction in estimated future expenses of our defendant A&E liabilities.*	We use this measure to evaluate the impact of our claims management strategies because it provides visibility into our ability to settle our claims obligations for amounts less than our initial estimate at the point of acquiring the obligations. The following components of periodic recurring net incurred losses and LAE and net loss reserves are not considered key components of our claims management performance for the following reasons: • Prior to the settlement of the contractual arrangements, the results of our Legacy Underwriting segment were economically transferred to a third party primarily through the use of reinsurance and a Capacity Lease Agreement[2]; as such, the results are not a relevant contribution to Adjusted RLE, which is designed to analyze the impact of our claims management strategies; • The results of our Assumed Life segment relate only to our prior exposure to active property catastrophe business; as this business was not in run-off, the results were not a relevant contribution to Adjusted RLE; • The change in fair value of insurance contracts for which we have elected the fair value option[1] has been removed to support comparability between the two acquisition years for which we elected the fair value option in reserves assumed and the acquisition years for which we did not make this election (specifically, this election was only made in the 2017 and 2018 acquisition years and the election of such option is irrevocable); and • The amortization of fair value adjustments are non-cash charges that obscure our trends on a consistent basis.
Adjusted net loss reserves *(denominator)*	Net losses and LAE, adjusted to: *Remove:* -Legacy Underwriting *and* Assumed Life *net loss reserves,* *-current period net loss reserves,* *-net fair value adjustments associated with the acquisition of companies,* *-the fair value adjustments for contracts for which we have elected the fair value option [1] and* *Add:* *-net nominal defendant A&E liability exposures and estimated future expenses*	We include our performance in managing claims and estimated future expenses on our defendant A&E liabilities because such performance is relevant to assessing our claims management strategies even though such liabilities are not included within the loss reserves. We use this measure to assess the performance of our claim strategies and part of the performance assessment of our past acquisitions.
Adjusted total investment return (%)	Adjusted total investment return (dollars) recognized in earnings for the applicable period divided by period average adjusted total investable assets.	Provides a key measure of the return generated on the capital held in the business and is reflective of our investment strategy. Provides a consistent measure of investment returns as a percentage of all assets generating investment returns. We adjust our investment returns to eliminate the impact of the change in fair value of fixed maturities (both credit spreads and interest rates), as we typically hold most of these investments until the earlier of maturity or used to fund any settlement of related liabilities which are generally recorded at cost.
Adjusted total investment return ($) (*numerator*)	Total investment return (dollars), adjusted for: *-net realized and unrealized (gains) losses on fixed maturities and funds held-directly managed; and* *-unrealized (gains) losses on fixed maturities, AFS included within OCI, net of reclassification adjustments and excluding foreign exchange.*	
Adjusted average aggregate total investable assets (*denominator*)	Total average investable assets, adjusted for: *-net unrealized (gains) losses on fixed maturities, AFS included within AOCI* *-net unrealized (gains) losses on fixed maturities, trading*	

[1] Comprises the discount rate and risk margin components.

[2] The reinsurance contractual arrangements (including the Capacity Lease Agreement) were settled during the second quarter of 2023. As a result of the settlement, we did not record any transactions in the Legacy Underwriting segment in 2023.

Reconciliation of GAAP to Non-GAAP Measures

The table below presents a reconciliation of BVPS to FDBVPS* as of December 31, 2023, 2022 and 2021:

	2023			2022			2021		
	Equity [1]	Ordinary Shares	Per Share Amount	Equity [1][2]	Ordinary Shares	Per Share Amount	Equity [1]	Ordinary Shares	Per Share Amount
	(in millions of U.S. dollars, except share and per share data)								
Book value per ordinary share	$ 5,025	14,631,055	$ 343.45	$ 4,464	17,022,420	$ 262.24	$ 5,813	17,657,944	$ 329.20
Non-GAAP adjustment:									
Share-based compensation plans		292,190			218,171			315,205	
Fully diluted book value per ordinary share*	$ 5,025	14,923,245	$ 336.72	$ 4,464	17,240,591	$ 258.92	$ 5,813	17,973,149	$ 323.43

[1] Equity comprises Enstar ordinary shareholders' equity, which is calculated as Enstar shareholders' equity less preferred shares ($510 million as of each of December 31, 2023, 2022 and 2021), prior to any non-GAAP adjustments.

[2] Enstar ordinary shareholders' equity as of December 31, 2022 has been retrospectively adjusted by $273 million for the impact of adopting ASU 2018-12.

*Non-GAAP measure.

The table below presents a reconciliation of ROE to Adjusted ROE* for the years ended December 31, 2023, 2022 and 2021:

	2023			2022			2021		
	Net income (loss) [1]	Opening equity [1][2]	(Adj) ROE	Net (loss) income [1]	Opening equity [1]	(Adj) ROE	Net income (loss) [1]	Opening equity [1]	(Adj) ROE
	(in millions of U.S. dollars)								
Net income (loss)/Opening equity/ROE [1]	$ 1,082	$ 4,464	24.2 %	$ (906)	$ 5,813	(15.6)%	$ 502	$ 6,326	7.9 %
Non-GAAP adjustments for loss (gains):									
Net realized losses (gains) on fixed maturities, AFS [3] / Net unrealized losses (gains) on fixed maturities, AFS [4]	65	647		111	36		4	(82)	
Net unrealized (gains) losses on fixed maturities, trading [3] / Net unrealized losses (gains) on fixed maturities, trading [4]	(84)	400		503	(134)		144	(384)	
Net unrealized (gains) losses on funds held - directly managed [3] / Net unrealized losses (gains) on funds held - directly managed [4]	(47)	780		567	9		62	(94)	
Change in fair value of insurance contracts for which we have elected the fair value option / Fair value of insurance contracts for which we have elected the fair value option [5]	78	(294)		(200)	(107)		(75)	(33)	
Amortization of fair value adjustments / Fair value adjustments	17	(124)		(18)	(106)		16	(128)	
Net gain on purchase and sales of subsidiaries	—	—		—	—		(73)	—	
Tax effects of adjustments [6]	(7)	—		(7)	—		(21)	—	
Adjustments attributable to noncontrolling interests [7]	(2)	—		(111)	—		6	—	
Adjusted net income (loss)/Adjusted opening equity/Adjusted ROE*	$ 1,102	$ 5,873	18.8 %	$ (61)	$ 5,511	(1.1)%	$ 565	$ 5,605	10.1 %

[1] Net income (loss) comprises net income (loss) attributable to Enstar ordinary shareholders, prior to any non-GAAP adjustments. Opening equity comprises Enstar ordinary shareholders' equity, which is calculated as opening Enstar shareholders' equity less preferred shares ($510 million as of each of December 31, 2022, 2021 and 2020), prior to any non-GAAP adjustments.

(2) Enstar ordinary shareholders' equity as of December 31, 2022 has been retrospectively adjusted for the impact of adopting ASU 2018-12. Refer to Note 12 to our consolidated financial statements for further information.

(3) Net realized gains (losses) on fixed maturities, AFS are included in net realized gains (losses) in our consolidated statements of operations. Net unrealized gains (losses) on fixed maturities, trading and funds held - directly managed are included in net unrealized gains (losses) in our consolidated statements of operations.

(4) Our fixed maturities are held directly on our balance sheet and also within the "Funds held" balance.

(5) Comprises the discount rate and risk margin components.

(6) Represents an aggregation of the tax expense or benefit associated with the specific country to which the pre-tax adjustment relates, calculated at the applicable jurisdictional tax rate.

(7) Represents the impact of the adjustments on the net income (loss) attributable to noncontrolling interest associated with the specific subsidiaries to which the adjustments relate.

*Non-GAAP measure.

The below tables present a reconciliation of RLE to Adjusted RLE*:

	Year Ended	As at December 31,			Year Ended
	2023	2023	2022	2023	2023
	RLE/PPD	Net loss reserves	Net loss reserves	Average net loss reserves	RLE %
	(in millions of U.S. dollars)				
PPD/net loss reserves/RLE %	$ 131	$ 11,585	$ 12,011	$ 11,798	1.1 %
Non-GAAP adjustments for expenses (income):					
Net loss reserves incurred in the current period	—	(30)	—	(15)	
Legacy Underwriting	—	—	(139)	(69)	
Amortization of fair value adjustments / Net fair value adjustments associated with the acquisition of companies	17	107	124	116	
Changes in fair value - fair value option / Net fair value adjustments for contracts for which we have elected the fair value option (1)	78	246	294	270	
Change in estimate of net ultimate liabilities - defendant A&E / Net nominal defendant A&E liabilities	(1)	527	572	550	
Reduction in estimated future expenses - defendant A&E / Estimated future expenses - defendant A&E	2	33	35	34	
Adjusted PPD/Adjusted net loss reserves/Adjusted RLE %*	$ 227	$ 12,468	$ 12,897	$ 12,684	1.8 %

(1) Comprises the discount rate and risk margin components.

*Non-GAAP measure.

	Year Ended	As at December 31,			Year Ended
	2022	2022	2021	2022	2022
	RLE/PPD	Net loss reserves	Net loss reserves	Average net loss reserves	RLE %
	(in millions of U.S. dollars)				
PPD/net loss reserves/RLE %	$ 756	$ 12,011	$ 11,926	$ 11,969	6.3 %
Non-GAAP adjustments for expenses (income):					
Net loss reserves incurred in the current period	—	(45)	—	(23)	
Assumed Life	(55)	—	(181)	(91)	
Legacy Underwriting	3	(135)	(153)	(144)	
Amortization of fair value adjustments / Net fair value adjustments associated with the acquisition of companies	(18)	124	106	115	
Changes in fair value - fair value option / Net fair value adjustments for contracts for which we have elected the fair value option (1)	(200)	294	107	201	
Change in estimate of net ultimate liabilities - defendant A&E / Net nominal defendant A&E liabilities	2	572	573	573	
Reduction in estimated future expenses - defendant A&E / Estimated future expenses - defendant A&E	1	35	37	37	
Adjusted PPD/Adjusted net loss reserves/Adjusted RLE %*	$ 489	$ 12,856	$ 12,415	$ 12,637	3.9 %

(1) Comprises the discount rate and risk margin components.

*Non-GAAP measure.

	Year Ended	As at December 31,			Year Ended
	2021	2021	2020	2021	2021
	RLE/PPD	Net loss reserves	Net loss Reserves	Average net loss reserves	RLE %
	(in millions of U.S. dollars)				
PPD/Net loss reserves/RLE %	$ 403	$ 11,926	$ 8,763	$ 10,344	3.9 %
Non-GAAP adjustments for expenses (income):					
Net loss reserves incurred in the current period	—	(143)	—	(72)	
Assumed Life	—	(179)	—	(90)	
Legacy Underwriting	(6)	(140)	(955)	(548)	
Amortization of fair value adjustments / Net fair value adjustments associated with the acquisition of companies	16	106	128	117	
Changes in fair value - fair value option / Net fair value adjustments for contracts for which we have elected the fair value option [(1)]	(75)	107	33	70	
Change in estimate of net ultimate liabilities - defendant A&E / Net nominal defendant A&E liabilities	38	573	615	594	
Reduction in estimated future expenses - defendant A&E / Estimated future expenses - defendant A&E	5	37	43	40	
Adjusted PPD/Adjusted net loss reserves/Adjusted RLE %*	$ 381	$ 12,287	$ 8,627	$ 10,455	3.6 %

[(1)] Comprises the discount rate and risk margin components.

*Non-GAAP measure.

The table below presents a reconciliation of our TIR to our Adjusted TIR* for the years ended December 31, 2023, 2022 and 2021:

	2023			2022			2021		
	Fixed Income	Other Investments	Total	Fixed Income	Other Investments	Total	Fixed Income	Other Investments	Total
	(in millions of U.S. dollars)								
Net investment income	$ 555	$ 92	$ 647	$ 373	$ 82	$ 455	$ 239	$ 73	$ 312
Net realized losses									
Fixed maturities, AFS	(65)	—	(65)	(111)	—	(111)	(4)	—	(4)
Equity securities	—	—	—	—	—	—	—	9	9
Other investments	—	—	—	—	—	—	—	66	66
Investment derivatives	—	—	—	—	—	—	—	(132)	(132)
Net realized losses	(65)	—	(65)	(111)	—	(111)	(4)	(57)	(61)
Net unrealized gains (losses)									
Fixed maturities, trading	84	—	84	(503)	—	(503)	(144)	—	(144)
Funds held – directly managed	47	—	47	(567)	—	(567)	(62)	—	(62)
Equity securities	—	167	167	—	(290)	(290)	—	146	146
Other investments	—	225	225	—	(125)	(125)	—	259	259
Investment derivatives	—	5	5	—	(18)	(18)	—	(21)	(21)
Net unrealized gains (losses)	131	397	528	(1,070)	(433)	(1,503)	(206)	384	178
Income (losses) from equity method investments	—	13	13	—	(74)	(74)	—	93	93
Other comprehensive income:									
Unrealized gains (losses) on fixed maturities, AFS, net of reclassification adjustments excluding foreign exchange	222	—	222	(570)	—	(570)	(100)	—	(100)
TIR ($)	$ 843	$ 502	$ 1,345	$ (1,378)	$ (425)	$ (1,803)	$ (71)	$ 493	$ 422
Non-GAAP adjustments:									
Net realized and unrealized (gains) losses on fixed maturities, AFS and trading and funds held-directly managed	(66)	—	(66)	1,181	—	1,181	210	—	210
Unrealized (gains) losses on fixed maturities, AFS, net of reclassification adjustments excluding foreign exchange	(222)	—	(222)	570	—	570	100	—	100
Adjusted TIR ($)*	$ 555	$ 502	$ 1,057	$ 373	$ (425)	$ (52)	$ 239	$ 493	$ 732
Total investments	$ 12,525	$ 4,888	$ 17,413	$ 13,267	$ 4,943	$ 18,210	$ 14,594	$ 5,022	$ 19,616
Cash and cash equivalents, including restricted cash and cash equivalents	830	—	830	1,330	—	1,330	2,092	—	2,092
Total investable assets	$ 13,355	$ 4,888	$ 18,243	$ 14,597	$ 4,943	$ 19,540	$ 16,686	$ 5,022	$ 21,708
Average aggregate invested assets, at fair value [1]	13,708	4,899	18,607	14,891	5,188	20,079	15,250	5,590	20,840
TIR %	6.1 %	10.2 %	7.2 %	(9.3)%	(8.2)%	(9.0)%	(0.5)%	8.8 %	2.0 %
Non-GAAP adjustment:									
Net unrealized losses (gains) on fixed maturities, AFS included within AOCI and net unrealized (gains) on fixed maturities, trading and funds held - directly managed	725	—	725	1,827	—	1,827	(89)	—	(89)
Adjusted investable assets*	$ 14,080	$ 4,888	$ 18,968	$ 16,424	$ 4,943	$ 21,367	$ 16,597	$ 5,022	$ 21,619
Adjusted average aggregate invested									

assets, at fair value [2]	$ 14,870	$ 4,899	$ 19,769	$ 15,977	$ 5,188	$ 21,165	$ 14,971	$ 5,590	$ 20,561
Adjusted TIR %*	3.7 %	10.2 %	5.3 %	2.3 %	(8.2)%	(0.2)%	1.6 %	8.8 %	3.6 %

[1] This amount is a five period average of the total investable assets, as presented above, and is comprised of amounts disclosed in our quarterly and annual U.S. GAAP consolidated financial statements.

[2] This amount is a five period average of the Adjusted investable assets*, as presented above.

*Non-GAAP measure.

Other Financial Measures

In addition to our non-GAAP financial measures presented above, we refer to TIR, which provides a key measure of the return generated on the capital held in the business. It is reflective of our investment strategy and it provides a consistent measure of investment returns as a percentage of all assets generating investment returns.

The following table provides the calculation of our TIR by segment for the years ended December 31, 2023, 2022 and 2021:

	2023			2022			2021		
	Investments	Legacy Underwriting	Total	Investments	Legacy Underwriting	Total	Investments	Legacy Underwriting	Total
	(in millions of U.S. dollars)								
Net investment income:									
Fixed income securities	$ 539	$ —	$ 539	$ 380	$ 9	$ 389	$ 273	$ 3	$ 276
Cash and restricted cash	36	—	36	8	1	9	—	—	—
Other investments, including equities	92	—	92	82	—	82	73	—	73
Less: Investment expenses	(20)	—	(20)	(25)	—	(25)	(37)	—	(37)
Net investment income	$ 647	$ —	$ 647	$ 445	$ 10	$ 455	$ 309	$ 3	$ 312
Net realized losses:									
Fixed maturities, AFS	$ (65)	$ —	$ (65)	$ (111)	$ —	$ (111)	$ (4)	$ —	$ (4)
Other investments, including equities	—	—	—	—	—	—	(57)	—	(57)
Net realized losses	$ (65)	$ —	$ (65)	$ (111)	$ —	$ (111)	$ (61)	$ —	$ (61)
Net unrealized gains (losses):									
Fixed maturities, trading and funds held-directly managed	131	—	131	(1,060)	(10)	(1,070)	(203)	(3)	(206)
Other investments, including equities	397	—	397	(433)	—	(433)	384	—	384
Net unrealized gains (losses)	$ 528	$ —	$ 528	$ (1,493)	$ (10)	$ (1,503)	$ 181	$ (3)	$ 178
Income (losses) from equity method investments	13	—	13	(74)	—	(74)	93	—	93
Other comprehensive income (loss):									
Unrealized gains (losses) on fixed maturities, AFS, net of reclassification adjustments excluding foreign exchange	222	—	222	(570)	—	(570)	(100)	—	(100)
TIR ($)	$ 1,345	$ —	$ 1,345	$ (1,803)	$ —	$ (1,803)	$ 422	$ —	$ 422
Fixed maturity and short-term investments, trading and AFS	$ 7,274	$ —	$ 7,274	$ 7,486	$ 159	$ 7,645	$ 9,266	$ 182	$ 9,448
Funds held	5,251	—	5,251	5,600	22	5,622	5,313	34	5,347
Equity securities	701	—	701	1,250	—	1,250	1,995	—	1,995
Other investments	3,853	—	3,853	3,282	14	3,296	2,319	14	2,333
Equity method investments	334	—	334	397	—	397	493	—	493
Total investments	$ 17,413	$ —	$ 17,413	$ 18,015	$ 195	$ 18,210	$ 19,386	$ 230	$ 19,616
Cash and cash equivalents, including restricted cash and cash equivalents	830	—	830	1,310	20	1,330	2,062	30	2,092
Total investable assets	$ 18,243	$ —	$ 18,243	$ 19,325	$ 215	$ 19,540	$ 21,448	$ 260	$ 21,708
Average aggregate invested assets, at fair value [1]	$ 18,607	$ —	$ 18,607	$ 19,861	$ 218	$ 20,079	$ 20,594	$ 246	$ 20,840
TIR % [2]	7.2 %	— %	7.2 %	(9.1)%	— %	(9.0)%	2.0 %	— %	2.0 %
Income from fixed income assets [3]	575	—	575	388	10	398	273	3	276
Average aggregate fixed income assets, at cost [3][4]	14,904	—	14,904	15,904	214	16,118	14,733	231	14,964
Investment book yield [5]	3.86 %	— %	3.86 %	2.44 %	4.67 %	2.47 %	1.85 %	1.30 %	1.84 %

[1] This amount is a five period average of the total investable assets, as presented above, and is comprised of amounts disclosed in our quarterly and annual U.S. GAAP consolidated financial statements.

[2] Total investment return % is calculated by dividing total investment return ($) by average aggregate invested assets, at fair value.

[3] Fixed income assets, at cost include fixed maturities and cash and restricted cash and funds held.

[4] This amount is a five period average of the amounts disclosed in our quarterly and annual U.S. GAAP consolidated financial statements.

[5] Investment book yield % is calculated by dividing income from fixed income assets by average aggregate fixed income assets, at cost.

Results of Operations by Segment - For the Years Ended December 31, 2023, 2022 and 2021

Our business is organized into four reportable segments: (i) Run-off; (ii) Assumed Life; (iii) Investments; and (iv) Legacy Underwriting. In addition, our corporate and other activities, which do not qualify as an operating segment, includes income and expense items that are not directly attributable to our reportable segments[9].

The following is a discussion of our results of operations by segment.

[9] For a description of our segments and our corporate and other activities, see "Item 1. Business - Operating Segments" and "Corporate and Other" below, respectively.

Run-off Segment

The following is a discussion and analysis of the results of operations for our Run-off segment.

	2023	2022	$ Change	2021	$ Change
REVENUES		(in millions of U.S. dollars)			
Net premiums earned	$ 43	$ 40	$ 3	$ 182	$ (142)
Other income:					
(Increase) reduction in estimates of net ultimate defendant A&E liabilities - prior periods	(1)	2	(3)	38	(36)
Reduction in estimated future defendant A&E expenses	2	1	1	5	(4)
All other income	9	19	(10)	30	(11)
Total other income	10	22	(12)	73	(51)
Total revenues	53	62	(9)	255	(193)
EXPENSES					
Net incurred losses and LAE:					
Current period	30	44	(14)	144	(100)
Prior periods:					
Reduction in estimates of net ultimate losses	(157)	(355)	198	(277)	(78)
Reduction in provisions for ULAE	(69)	(131)	62	(61)	(70)
Total prior periods	(226)	(486)	260	(338)	(148)
Total net incurred losses and LAE	(196)	(442)	246	(194)	(248)
Acquisition costs	10	22	(12)	44	(22)
General and administrative expenses	177	143	34	188	(45)
Total expenses	(9)	(277)	268	38	(315)
SEGMENT NET INCOME	$ 62	$ 339	$ (277)	$ 217	$ 122

Overall Results

2023 versus 2022: Net income from our Run-off segment decreased by $277 million, primarily due to:

- A $260 million decrease in favorable PPD, mainly driven by a $198 million decrease in the reduction in estimates of net ultimate losses in comparison to 2022.
  - Results for the year ended December 31, 2023 were driven by favorable development of $200 million on our workers' compensation line of business as a result of continued favorable claim settlements, most notably in the 2018, 2019 and 2021 acquisition years. We also had favorable development of $68 million on our property line of business relating to the 2022 acquisition year as a result of continued favorable claims experience; partially offset by
  - Adverse development on our general casualty line of business of $127 million, most notably impacting the 2019 and 2020 acquisition years, driven by increased average incurred losses in comparison to IBNR reserve assumptions.
  - Results for the year ended December 31, 2022 were driven by favorable development of $318 million on our workers' compensation line of business as a result of favorable claim settlements, most notably in the 2017 to 2021 acquisition years. We also had favorable development of $56 million on our marine, aviation and transit lines of business relating to the 2014, 2018 and 2019 acquisition years as a result of favorable experience across a variety of claim types; partially offset by
  - Adverse development on our general casualty and motor lines of business of $57 million and $74 million, respectively, most notably impacting the 2020 acquisition year, as a result of worse than expected claims experience, adverse development on claims and higher than expected claims severity.
- An increase in general and administrative expenses of $34 million, primarily driven by an increase in salaries and benefits expenses and professional fees; and

- A reduction in other income of $12 million, primarily driven by the termination of a Transition Services Agreement between one of our wholly-owned subsidiaries and Core Specialty at the end of 2022; partially offset by
- Reductions in current period net incurred losses and LAE and acquisition costs that were greater than our reductions in net premiums earned, following our exit of our StarStone International business beginning in 2020.

2022 versus 2021: Net income from our Run-off segment increased by $122 million, primarily due to:

- A $148 million increase in favorable PPD, mainly driven by a $78 million increase in the reduction in estimates of net ultimate losses in comparison to 2021.
  - As described above, results for the year ended December 31, 2022 were driven by favorable development on our workers' compensation and marine, aviation and transit lines of business, partially offset by adverse development on our general casualty and motor lines of business.
  - Results for the year ended December 31, 2021 were primarily related to favorable development on our workers' compensation, property and marine, aviation and transit lines of business as a result of better than expected claims experience and favorable results from actuarial reviews, partially offset by adverse development on our general casualty line of business due to an increase in opioid exposure and increased expectations of latent claims and a lengthening of the payment pattern related to our 2019 acquisition year.
- A decrease in general and administrative expenses of $45 million, primarily driven by a continued decrease in salaries and benefits and other costs following our exit of our StarStone business beginning in 2020 and a reduction in IT costs as a result of reduced project activity; partially offset by
- A reduction in other income of $51 million, primarily driven by lower favorable prior period development related to our defendant A&E liabilities; and
- Reductions in current period net incurred losses and LAE and acquisition costs that were less than our reductions in net premiums earned, following our exit of our StarStone International business beginning in 2020.

Assumed Life Segment

The Assumed Life segment consists of life and property aggregate excess of loss (catastrophe) business relating to Enhanzed Re, which we have consolidated since September 1, 2021 following the completion of the Step Acquisition that increased our ownership interest in Enhanzed Re to 75.1%. We report the Enhanzed Re component results of this segment on a one quarter lag.

The Enhanzed Re catastrophe business was not renewed for 2022. During the third quarter of 2022, we and Enhanzed Re entered into a Master Agreement, through which we completed a series of commutation and novation agreements that allowed us to unwind Enhanzed Re's operations in an orderly manner.

Transactions completed in the fourth quarter of 2022 were recognized in the first quarter of 2023, including the novation of our reinsurance of a closed block of life annuity policies to Monument Re and the repurchase of the remaining 24.9% interest in Enhanzed Re from Allianz.

Following the completion of the transactions, we have ceased all continuing reinsurance obligations for this segment. We may leverage this segment for any future potential assumed life business transactions if and when they occur.

The following is a discussion and analysis of the results of operations for our Assumed Life segment.

	2023	2022	$ Change	2021	$ Change
	(in millions of U.S. dollars)				
REVENUES					
Net premiums earned	$ —	$ 17	$ (17)	$ 5	$ 12
Other income	277	—	277	—	$ —
Total revenues	277	17	260	5	12
					$ —
EXPENSES					
Net incurred losses and LAE:					
Current period	—	—	—	2	(2)
Prior period	—	(55)	55	—	(55)
Total net incurred losses and LAE	—	(55)	55	2	(57)
Policyholder benefit expenses	—	25	(25)	(4)	29
General and administrative expenses	—	7	(7)	1	6
Total expenses	—	(23)	23	(1)	(22)
SEGMENT NET INCOME	$ 277	$ 40	$ 237	$ 6	$ 34

Overall Results

As discussed above, we ceased all continuing reinsurance obligations relating to our Assumed Life segment following the completion of the transactions pursuant to the Master Agreement. We did not record any transactions in the segment during the second, third or fourth quarters of 2023, aside from amortizing $2 million into other income for the year ended December 31, 2023 relating to the portion of the gain on the novation transaction of $49 million that was related to the proportion of our existing ownership interest in Monument Re that is being amortized over the related settlement period of the transferred liabilities.

The increase in net income from our Assumed Life segment of $237 million for the year ended December 31, 2023 from the year ended December 31, 2022 was primarily due to the net gain recognized on the completion of the novation of the Enhanzed Re reinsurance of a closed block of life annuity policies.

The $275 million gain (prior to the $2 million of amortization of the deferred gain) was calculated as of the completion date of the novation, prior to noncontrolling interests, and was comprised of the following three components:

- the reclassification benefit to income of $363 million from AOCI related to the settlement of the novated liabilities (in accordance with our adoption of ASU 2018-12, the discount rate assumption for our long-duration liabilities

was required to be periodically adjusted for changes in interest rates, which had the effect of reducing our future policyholder benefit liabilities and increasing the net assets transferred in the novation);

- the loss of $39 million on the carrying value of the net assets of $133 million as of the closing date of the transaction in exchange for cash consideration of $94 million (as noted above, the retrospective adoption of ASU 2018-12 resulted in an increase in net assets which gave rise to the transactional loss prior to our realization of the $363 million reclassification benefit); and
- a deferral of a portion of the net gain, $49 million, to account for our preexisting 20% ownership interest in Monument Re, calculated from the total gain of $324 million less Allianz's 24.9% interest equal to $81 million (the deferred gain will be amortized over the expected settlement period for the life annuity policies to account).

Our net income attributable to Enstar were further reduced by $81 million, the amount attributable to Allianz's 24.9% noncontrolling interest in Enhanzed Re at the time of the transaction. This amount has been recorded within our "Corporate and other activities".

For the year ended December 31, 2023, net income attributable to Enstar from this novation transaction was $196 million (consisting of the $277 million consolidated gain above, net of the $81 million included within non-controlling interests).

Investments Segment

The following is a discussion and analysis of the results of operations for our Investments segment.

	2023	2022	$ Change	2021	$ Change
REVENUES		(in millions of U.S. dollars)			
Net investment income:					
Fixed maturities	$ 539	$ 380	$ 159	$ 273	$ 107
Cash and restricted cash	36	8	28	—	8
Other investments, including equities	92	82	10	73	9
Less: Investment expenses	(20)	(25)	5	(37)	12
Total net investment income	647	445	202	309	136
Net realized (losses):					
Fixed maturities, AFS	(65)	(111)	46	(4)	(107)
Other investments, including equities	—	—	—	(57)	57
Total net realized (losses)	(65)	(111)	46	(61)	(50)
Net unrealized gains (losses):					
Fixed maturities, trading and funds held - directly managed	131	(1,060)	1,191	(203)	(857)
Other investments, including equities	397	(433)	830	384	(817)
Total net unrealized gains (losses)	528	(1,493)	2,021	181	(1,674)
Total revenues	1,110	(1,159)	2,269	429	(1,588)
EXPENSES					
General and administrative expenses	43	37	6	37	—
Total expenses	43	37	6	37	—
Income (losses) from equity method investments	13	(74)	87	93	(167)
SEGMENT NET INCOME (LOSS)	$ 1,080	$ (1,270)	$ 2,350	$ 485	$ (1,755)

Overall Results

2023 versus 2022: Net income from our Investments segment was $1.1 billion compared to a net loss of $1.3 billion in 2022. The favorable movement of $2.4 billion was primarily due to:

- Net realized and unrealized gains on our fixed income securities of $66 million, driven by a decline in interest rates and tightening of investment grade credit spreads, compared to net realized and unrealized losses of $1.2 billion in 2022, primarily due to a significant increase in interest rates and widening of investment grade credit spreads;
- Net unrealized gains on our other investments, including equities, of $397 million, in comparison to losses of $433 million in 2022. The favorable variance of $830 million was primarily driven by:
  - Net gains for the year ended December 31, 2023, primarily driven by our public equities, private equity funds, private credit funds, CLO equities, fixed income funds, hedge funds and infrastructure funds, largely as a result of strong global equity market performance and tightening of high yield and leveraged loan credit spreads; in comparison to
  - Net losses for the year ended December 31, 2022, primarily driven by our public equities, fixed income funds, hedge funds and CLO equities, largely as a result of global equity market declines and widening of high yield and leveraged loan credit spreads;
- Income from equity method investments of $13 million, in comparison to losses of $74 million in 2022. This was primarily due to income on our investments in Core Specialty and Citco, which included a gain recorded in the fourth quarter of 2023 following our decision to divest our equity interest in Citco, partially offset by losses on

our investment in Monument Re during the year ended December 31, 2023, compared to losses on our investments in Monument Re and Core Specialty in 2022; and

- An increase in our net investment income of $202 million, which is primarily due to the reinvestment of fixed maturities at higher yields, deployment of consideration received from LPT and insurance contract transactions closed over the past 12 months and the impact of rising interest rates on the $3.1 billion of our average fixed maturities outstanding during 2023 that are subject to floating interest rates. Our floating rate investments generated increased net investment income of $89 million, which equates to an increase of 246 basis points on those investments in comparison to 2022.

2022 versus 2021: Net loss from our Investments segment was $1.3 billion compared to net income of $485 million in 2021. The unfavorable movement of $1.8 billion was primarily due to:

- An increase in net realized and unrealized losses on our fixed income securities of $964 million, driven by rising interest rates and widening of investment grade credit spreads in 2022;
- Net unrealized losses on our other investments, including equities, of $433 million in 2022, in comparison to net realized and unrealized gains of $327 million in 2021. The unfavorable variance of $760 million was primarily driven by negative performance from our public equities, fixed income funds, CLO equities and hedge funds as a result of significant volatility in global equity markets and widening of high yield and leveraged loan credit spreads; and
- Losses from equity method investments of $74 million, in comparison to income of $93 million in 2021, primarily due to losses on our investments in Monument Re and Core Specialty in 2022 and our acquisition of the controlling interest in Enhanzed Re, effective September 1, 2021. Prior to that date, the results of Enhanzed Re were recorded in income from equity method investments. Our consolidated net loss from Enhanzed Re for the year ended December 31, 2022 was $235 million which compared to $82 million from Enhanzed Re that was included in equity method investment income in 2021; partially offset by
- An increase in our net investment income of $136 million, which is primarily due to the investment of new premium and reinvestment of fixed maturities at higher yields and the impact of rising interest rates on the $2.9 billion of our average fixed maturities outstanding during the period that are subject to floating interest rates. Our floating rate investments generated increased net investment income of $59 million, which equates to an increase of 195 basis points on those investments in comparison to 2021.

Total investment losses on the fixed maturities that supported our Enhanzed Re life reinsurance (prior to the novation) for the years ended December 31, 2022 and 2021 were $304 million and $17 million, respectively.

Total Investments

Fixed maturities

Refer to the below tables for the fair value, duration, and credit rating of our fixed maturities by business:

	2023			
	Run-off			
	Fair Value	%	Duration (years) [1]	Credit Rating [1]
	(in millions of U.S. dollars, except percentages)			
Fixed maturities and short-term investments, trading and AFS				
U.S. government & agency	$ 326	3.4 %	4.5	AA+
U.K. government	72	0.8 %	10.3	A+
Other government	391	4.1 %	5.0	AA
Corporate	4,131	43.5 %	5.4	A-
Municipal	142	1.5 %	7.6	AA-
Residential mortgage-backed	487	5.1 %	5.2	AA
Commercial mortgage-backed	841	8.9 %	1.6	AA-
Asset-backed	884	9.3 %	1.0	A
Total - Fixed maturities and short-term investments, trading and AFS	$ 7,274	76.6 %	4.5	A
Fixed maturities included in funds held - directly managed	2,216	23.4 %	4.3	A
	$ 9,490	100.0 %	4.4	A

[1] The average duration and average credit rating calculations include short-term investments, fixed maturities and the fixed maturities within our funds held-directly managed portfolios at December 31, 2023 and 2022.

	2022									
	Run-off				Assumed Life [2]					
	Fair Value	%	Duration (years) [1]	Credit Rating [1]	Fair Value	%	Duration (years) [1]	Credit Rating [1]	Total	Total %
	(in millions of U.S. dollars, except percentages)									
Fixed maturities and short-term investments, trading and AFS										
U.S. government & agency	$ 368	3.9 %	3.3	AAA					$ 368	3.9 %
U.K. government	77	0.8 %	6.7	AA-					77	0.8 %
Other government	280	3.0 %	5.8	AA-					280	3.0 %
Corporate	4,540	47.8 %	5.4	A-					4,540	47.8 %
Municipal	148	1.6 %	7.0	AA-					148	1.6 %
Residential mortgage-backed	423	4.5 %	5.0	AA+					423	4.5 %
Commercial mortgage-backed	818	8.6 %	2.0	AA					818	8.6 %
Asset-backed	832	8.8 %	0.4	A+					832	8.8 %
Total - Fixed maturity and short-term investments, trading and AFS	7,486	79.0 %	4.4	A					7,486	79.0 %
Fixed maturities included in funds held - directly managed	1,078	11.4 %	6.4	A+	908	9.6 %	9.2	A-	1,986	21.0 %
Total	$ 8,564	90.4 %	4.6	A	908	9.6 %	9.2	A-	$ 9,472	100.0 %

[1] The average duration and average credit rating calculations include short-term investments, fixed maturities and the fixed maturities within our funds held - directly managed portfolios at December 31, 2023 and 2022.

[2] Investments under the Assumed Life caption comprise those that previously supported our life reinsurance business.

The overall increase in the balance of our fixed maturities and fixed maturities included in funds held - directly managed of $18 million when comparing December 31, 2023 to December 31, 2022 was primarily driven by the consideration received for the QBE and RACQ LPT transactions that closed during the second quarter of 2023 and the AIG transaction that closed during the fourth quarter of 2023 and net unrealized gains, partially offset by the derecognition of the assets supporting the Enhanzed Re reinsurance closed block of life annuity policies that were

novated during the first quarter of 2023, the impact of net paid losses and the repurchase of our non-voting convertible and voting ordinary shares.

Other investments, including equities

Refer to the below table for the composition of our other investments, including equities:

	2023	2022
	(in millions of U.S. dollars)	
Equities		
Publicly traded equities	$ 275	$ 385
Exchange-traded funds	82	507
Privately held equities	344	358
Total	$ 701	$ 1,250
Other investments		
Hedge funds	$ 491	$ 549
Fixed income funds [1]	605	547
Equity funds	4	3
Private equity funds	1,617	1,282
CLO equities	60	148
CLO equity funds	182	203
Private credit funds	625	362
Real estate debt fund	269	202
Total	$ 3,853	$ 3,296

[1] Fixed income funds for the year ended December 31, 2022 includes $14 million relating to our Assumed Life business.

Our equities decreased by $549 million and our other investments increased by $557 million from December 31, 2022 to December 31, 2023, primarily due to the funding of the repurchase of our non-voting convertible ordinary shares and the acquisition of our remaining interest in SSHL following the redemption of our RNCI, in addition to the redeployment from exchange-traded funds and publicly traded equities into various non-core asset strategies in line with our strategic asset allocation.

Equity Method Investments

Refer to the below table for a summary of our equity method investments, which does not include those investments we have elected to measure under the fair value option:

	2023			2022			2021
	Ownership %	Carrying Value	Income (losses) from Equity Method Investments	Ownership %	Carrying Value	Income (losses) from Equity Method Investments	Income (losses) from Equity Method Investments
			(in millions of U.S. dollars)				
Enhanzed Re	— %	$ —	$ —	— %	$ —	$ —	$ 82
Citco [1]	— %	—	9	31.9 %	60	5	4
Monument Re [2]	20.0 %	95	(10)	20.0 %	110	(65)	14
Core Specialty	19.9 %	225	14	19.9 %	211	(14)	(6)
Other	27.0 %	14	—	27.0 %	16	—	(1)
		$ 334	$ 13		$ 397	$ (74)	$ 93

[1] Prior to the sale of our entire equity interest in Citco during the fourth quarter of 2023, we owned 31.9% of the common shares in HH CTCO Holdings Limited which in turn owns 15.4% of the convertible preferred shares, amounting to a 6.2% interest in the total equity of Citco.

[2] We own 20.0% of the common shares in Monument Re as well as preferred shares which have a fixed dividend yield and whose balance is included in the investment amount. The carrying value of Monument Re is net of an impairment recorded in 2022.

Carrying Value

The carrying value of our equity method investments decreased from December 31, 2022 primarily as a result of agreements to divest our entire equity interest in Citco entered into in the fourth quarter of 2023.

Income (Losses) from Equity Method Investments

We recognized income from equity method investments in 2023, primarily due to income on our investments in Core Specialty and Citco, which included a $5 million gain recorded on our decision to divest our entire equity interest in Citco in the fourth quarter of 2023, partially offset by losses from our investment in Monument Re.

We recognized losses from equity method investments in 2022, primarily due to losses from our investments in Monument Re and Core Specialty and our acquisition of the controlling interest in Enhanzed Re, effective September 1, 2021. Prior to that date, the results of Enhanzed Re were recorded in income from equity method investments, which was the primary driver of our income from equity method investments in 2021.

Legacy Underwriting Segment

The following is a discussion and analysis of the results of operations for our Legacy Underwriting segment for the years ended December 31, 2022 and 2021 (there were no Legacy Underwriting segment operations during the year ended December 31, 2023).

	2022	2021	$ Change
REVENUES	(in millions of U.S. dollars)		
Net premiums earned	$ 9	$ 58	$ (49)
Net investment income	10	3	7
Net unrealized (losses)	(10)	(3)	(7)
Other income (expenses)	1	(15)	16
Total revenues	10	43	(33)
EXPENSES			
Net incurred losses and LAE			
Current Period	4	26	(22)
Prior Period	3	(6)	9
Total net incurred losses and LAE	7	20	(13)
Acquisition costs	1	13	(12)
General and administrative expenses	2	10	(8)
Total expenses	10	43	(33)
SEGMENT (LOSS) INCOME	$ —	$ —	$ —

Overall Results

The Legacy Underwriting segment results comprise SGL No.1 Limited's ("SGL No.1") 25% gross share of the 2020 and prior underwriting years of Atrium Underwriting Group Limited's ("Atrium") Syndicate 609 at Lloyd's, less the impact of reinsurance agreements with Arden Reinsurance Company Ltd. ("Arden") and a Syndicate 609 Capacity Lease Agreement with Atrium 5 Limited.

As of January 1, 2021, SGL No.1 settled its share of the 2020 and prior underwriting years for the economic benefit of Atrium, and there was no net retention by Enstar.

The contractual arrangements between SGL No. 1, Arden and Atrium relating to the reinsurance agreements and the Capacity Lease Agreement settled in the second quarter of 2023. As a result of the settlement, we did not record any transactions in the Legacy Underwriting segment in 2023.

Corporate and Other

The following is a discussion and analysis of our results of operations for our Corporate and other activities.

	2023	2022	$ Change	2021	$ Change
REVENUES		(in millions of U.S. dollars)			
Other income (expense):					
Amortization of fair value adjustments [1]	$ (13)	$ (7)	$ (6)	$ (16)	$ 9
All other income	2	19	(17)	—	19
Total other (expense) income	(11)	12	(23)	(16)	28
Net gain on purchase and sales of subsidiaries	—	—	—	73	(73)
Total revenues	(11)	12	(23)	57	(45)
EXPENSES					
Net incurred losses and LAE:					
Amortization of fair value adjustments	17	(18)	35	16	(34)
Changes in fair value - fair value option [2]	78	(200)	278	(75)	(125)
Total net incurred losses and LAE	95	(218)	313	(59)	(159)
Policyholder benefit expenses	—	—	—	1	(1)
Amortization of net deferred charge assets	106	80	26	55	25
General and administrative expenses	149	142	7	131	11
Total expenses	350	4	346	128	(124)
Interest expense	(90)	(89)	(1)	(69)	(20)
Net foreign exchange gains (losses)	—	15	(15)	12	3
Income tax benefit (expense)	250	12	238	(27)	39
Net (income) loss attributable to noncontrolling interests	(100)	75	(175)	(15)	90
Dividends on preferred shares	(36)	(36)	—	(36)	—
NET LOSS ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	$ (337)	$ (15)	$ (322)	$ (206)	$ 191

[1] Amortization of fair value adjustments relates to the acquisition of DCo, LLC and Morse TEC LLC.

[2] Comprises the discount rate and risk margin components.

Overall Results

2023 versus 2022: Net loss attributable to Enstar ordinary shareholders from Corporate and other activities increased by $322 million, primarily due to:

- Changes in the fair value of the 2017 and 2018 portfolios where we elected the fair value option resulted in a $78 million increase in liabilities for the year ended December 31, 2023, driven by an increase in the average payout period of the underlying liabilities and a decrease in global corporate bond yields. In comparison, we recognized a $200 million reduction of such liabilities in 2022 due to an increase in global corporate bond yields;
- Net income attributable to noncontrolling interests of $100 million for the year ended December 31, 2023 primarily related to the then-existing Allianz 24.9% equity interest ($81 million) of the gain resulting from the Enhanzed Re novation transaction discussed herein. In comparison, we recognized net losses attributable to noncontrolling interests of $75 million for the year ended December 31, 2022, which was primarily a result of negative returns on Enhanzed Re investments attributable to the then-existing Allianz 24.9% equity interest in Enhanzed Re;
- An increase in the amortization of net deferred charge assets of $26 million, driven by an increase in net DCA balances as a result of recently completed transactions; and
- Other expense of $11 million in 2023 in comparison to other income of $12 million in 2022, an unfavorable change of $23 million.

This was partially offset by:

- A favorable change in income tax benefit of $238 million, primarily driven by the establishment of a $205 million net deferred tax asset related to the enactment of the Bermuda Corporate Income Tax in December 2023. We also recorded a $25 million partial release of our deferred tax asset valuation allowance as a result of increases in projected taxable income in the U.S. and a reduction in deferred tax assets associated with decreases in unrealized losses on investment securities reported in AOCI in the U.S. and U.K. jurisdictions. This was partially offset by an increase in the valuation allowance in our U.K. and EU jurisdictions primarily due to losses, whereby no corresponding tax benefits were recognized for the period.

2022 versus 2021: Net loss attributable to Enstar ordinary shareholders from Corporate and other activities decreased by $191 million, primarily due to:

- A change in net loss (income) attributable to noncontrolling interests of $90 million, which was primarily a result of negative returns on Enhanzed Re investments attributable to the then-existing Allianz 24.9% equity interest in Enhanzed Re;
- A favorable change in income tax benefit of $39 million, primarily driven by 2022 pre-tax losses reported in the U.S. for which we are able to recognize a partial deferred tax asset; and
- A reduction in net incurred losses of $159 million primarily driven by:
  - A $125 million favorable change in the fair value of liabilities relating to our assumed retroactive reinsurance agreements for which we have elected the fair value option due to increases in interest rates; and
  - A $34 million favorable change in the amortization of fair value adjustments, primarily driven by the release of fair value adjustment liabilities of $33 million following the commutation of the Enhanzed Re catastrophe reserves.

This was partially offset by:

- An absence of the prior year net gain on purchase and sales of subsidiaries of $73 million, consisting of the $47 million gain recognized on the Step Acquisition of Enhanzed Re and the net gain on sales of subsidiaries of $26 million, primarily as a result of the gain on the sale of SUL of $23 million.

Current Outlook

Run-off Outlook

Transactions

We continue to evaluate transactions in our active pipeline including LPTs, ADCs, and other transaction types including acquisitions. We seek opportunities to execute on creative and accretive transactions by offering innovative capital release solutions that enable our clients to meet their capital and risk management objectives.

Should we execute additional transactions, our mix of loss reserves by line of business, asset mix and both rate and timing of earnings may be impacted in the medium to long term.

Seasonality

We complete most of our annual loss reserve studies in the fourth quarter of each year and, as a result, tend to record the largest movements, both favorable and adverse, to net incurred losses and LAE in this period.

In the interim periods where a reserve study has not been completed, we perform quarterly reviews to ascertain whether changes to claims paid or case reserves have varied from our expectations developed during the last annual reserve review. In this event, we consider the timing and magnitude of the actual versus expected development, and we may record an interim adjustment to our recorded reserves if, and when, warranted.

Investment Outlook

We expect global financial markets to remain uncertain in 2024 due to the lagged impact of higher interest rates and tighter financial conditions, a potential economic recession, resilient inflation, the U.S. presidential election and the macroeconomic effects of ongoing geopolitical conflicts and tensions.

Market expectations around the future path of interest rates will represent a continued source of volatility, as global central banks will attempt to engineer a soft landing by normalizing interest rates while closely monitoring inflation. If interest rates rise and/or credit spreads widen, we may recognize unrealized losses on our fixed maturities and incur a higher rate of borrowing and interest costs if we renew or borrow under credit facilities in the current environment.

Despite this, elevated interest rates can represent an opportunity for us in the medium to long term, notably;

- As of December 31, 2023, we held approximately 17% of our portfolio, or $3.1 billion, in fixed maturities with floating interest rates which, should interest rates remain elevated, will be accretive to future investment book yields. We have earned $244 million and $155 million of net investment income from our floating rate investments for the years ended December 31, 2023 and 2022, respectively, which were generally indexed to LIBOR[10] through June 30, 2023 and SOFR thereafter.
- Higher interest rates have provided us with the opportunity to reinvest at higher yields as our securities mature or as we invest a significant portion of consideration received from new business into fixed maturities.

We expect that the cumulative unrealized losses we have recognized on our fixed maturities since 2022 will be recouped as these assets get closer to their maturity and the prices pull to par, assuming we do not, or are otherwise not required to, sell such investments prior to maturity. We may also undertake tactical repositioning of our portfolio as opportunities arise to achieve better alignment with our investment strategy, rather than waiting for certain fixed maturities to pull to par, which may result in the recognition of previously unrealized losses within our income statement with a corresponding reclassification adjustment in other comprehensive income (such adjustments would be neutral to equity since the unrealized losses are already recorded as a component of accumulated other comprehensive income). Such repositioning may also have a corresponding impact to our investment book yield.

Despite a strong finish to 2023, we expect global equity markets to remain volatile in 2024, and this, combined with our reporting lag on certain investments, may impact the valuation of our non-core risk investments. We invest in public and private assets, which may vary in the magnitude of their exposure to any potential economic recession and other macroeconomic factors.

[10] LIBOR was ceased on June 30, 2023 and replaced by the Secured Overnight Financing Rate ("SOFR").

Despite these challenges, we remain committed to our strategic asset allocation and expect our non-core investments to provide attractive risk adjusted returns and diversification benefits over the medium to long term.

Inflation

We continue to monitor the inflationary impacts resulting from pandemic-related government stimulus and labor force supply pressures on our loss cost trends.

Commencing in 2021, economic inflation rose significantly before peaking in mid-2022 and returning to low single digits. During this period our net loss reserves have not been significantly impacted by these inflationary pressures.

Social inflation has been a persistent headwind for the industry for some time. We continue to monitor and seek to actively resolve claims in difficult judicial districts. We closely follow these trends and proactively set appropriate reserves.

As described above, global economic policy responses to inflation have contributed to increases in interest rates, which, in the short term, have had a significant impact on our investments, in particular our fixed maturities. Any further rise in interest rates will have further negative impacts on our fixed maturities in the form of unrealized losses.

There remains uncertainty around the future of inflation. We continue to monitor liquidity, capital and the potential earnings impact of these changes but remain focused on medium to long term asset allocation decisions.

We expect to continue to benefit from our allocation to investments with inflationary pass-through components, including investments in private equity, private credit, real estate, and infrastructure asset classes.

Inflation, tight labor conditions and higher service costs continue to put pressure on wages and prices, which could impact our general and administrative expenses as we remain focused on being a competitive employer in our market.

Geopolitical Conflicts

Heightened geopolitical conflicts, including the Russian invasion of Ukraine and the more recent conflicts in the Middle East, are directly and indirectly (through comprehensive sanctions regimes) contributing to increased commodity prices, disrupted supply chains, global financial market volatility and significant industry losses.

We continue to monitor our direct investment and underwriting risks and our acquisition pipeline as a result of these ongoing conflicts. To date, we are not aware of operational disruption to us or our third party service providers as a result of these conflicts, and we have not identified any significant direct impacts from these events. We also continue to monitor for, and respond to, all changes in the global sanctions regime, updating our procedures accordingly.

Minimum Corporate Income Tax

In December 2021, the OECD released the final model rules on Pillar II, an initiative proposing a global minimum tax rate of 15% designed to ensure large multinational enterprises pay a minimum level of tax on the income arising in each jurisdiction where they operate. We have several subsidiaries in jurisdictions that have enacted, or intend to enact, Pillar II legislation, including the U.K., Australia, Belgium, Hong Kong, and the Netherlands. Although we do not expect Pillar II taxes in these jurisdictions to have a material impact on our operations, the actual impact will depend on how these rules are ultimately transposed into the local legislation of the countries we operate in.

In response to Pillar II initiatives, the government of Bermuda enacted a 15% corporate income tax in December 2023 that will become effective January 1, 2025. Based on our substantial operations in Bermuda, we expect a meaningful portion of our income will be subject to the Bermuda corporate income tax. However, we also expect to benefit from electing the Economic Transition Adjustment, which is intended to support a fair and equitable transition into the Bermuda tax regime and is expected to reduce our tax expense over the coming years.

We continue to monitor ongoing developments relating to these new tax regimes.

Liquidity and Capital Resources

Overview

We aim to generate cash flows from our (re)insurance operations and investments, preserve sufficient capital for future acquisitions and new business, and develop relationships with lenders who provide borrowing capacity at competitive rates.

Liquidity and Capital Resources Highlights

Sources of Cash During 2023:

- We borrowed (and subsequently fully repaid) $150 million of loans under our revolving credit facility, which were used as a short term liquidity bridge[11] to fund the repurchase of our outstanding non-voting convertible ordinary shares during the first quarter of 2023;
- We received cash, restricted cash and cash equivalents from the QBE, RACQ and AIG transactions of $502 million in the aggregate;
- We received $94 million as consideration for the novation of the Enhanzed Re reinsurance closed block of life annuity policies; and
- We received $48 million of consideration for partial settlement following the sale of our interest in Citco.

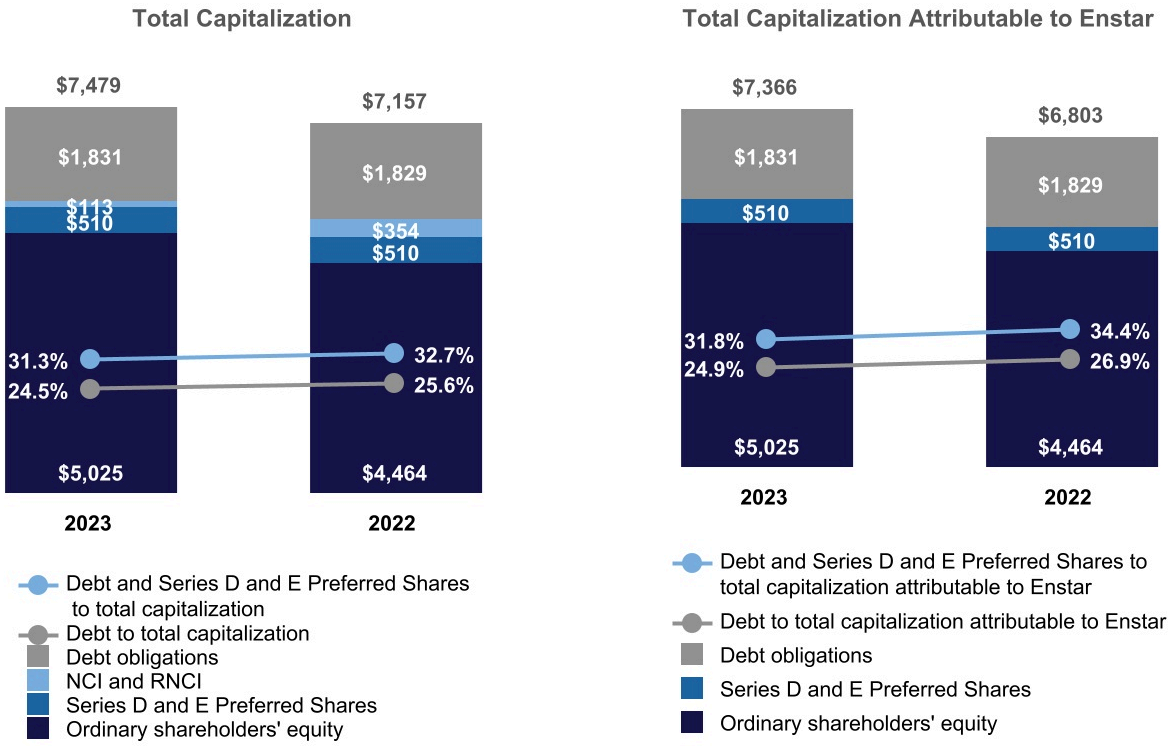
Uses of Cash During 2023:

- We repurchased 1,597,712 of our outstanding non-voting convertible ordinary shares for an aggregate price of $341 million;
- We repurchased 841,735 of our voting ordinary shares for an aggregate price of $191 million;
- We repurchased the entire 24.9% ownership interest Allianz held in Enhanzed Re for $175 million;
- We repurchased the entire 41.0% ownership interest Trident V Funds and Dowling Capital held in SSHL for $182 million, of which $119 million was paid in cash; and
- We paid $36 million of cash dividends on our Series D and E Preferred Shares.

As of December 31, 2023, we had $564 million of cash and cash equivalents, excluding restricted cash, that supports (re)insurance operations. Included in this amount was $235 million held by our foreign subsidiaries outside of Bermuda.

We closed 2022 with a group solvency capital ratio of 210%. Based upon our strong financial fundamentals and funding sources available to us, we continue to believe we have access to adequate liquidity and capital resources to meet business requirements under current market conditions and reasonably possible stress scenarios for the foreseeable future. We continuously monitor our liquidity and capital positions and adjust as required by market conditions.

[11] The drawdown was fully repaid in the first quarter 2023 once proceeds from the sale of fixed maturities, trading and equities was received.



Under the eligible capital rules of the Bermuda Monetary Authority (“BMA”), our Preferred Shares qualify as Tier 2 capital when considering the Bermuda Solvency Capital Requirements (“BSCR”).

For purposes of the financial covenants in our credit facilities, total debt excludes hybrid capital (defined as our Junior Subordinated Notes) not exceeding 15% of total capital attributable to Enstar. As of December 31, 2023, we were in compliance with the financial covenants in our credit facilities.

Liquidity and Capital Resources of Holding Company and Subsidiaries

Holding Company Liquidity

As of December 31, 2023, holding company cash and cash equivalents amounted to $6 million (December 31, 2022: $15 million). We conduct substantially all of our operations through our subsidiaries. As such, the potential sources of liquidity to Enstar as a holding company consist of cashflows from our subsidiaries, including dividends, advances and loans, and interest income on loans to our subsidiaries. We have available credit loan facilities, and we have obtained funding through the issuance of senior notes and preferred shares. The holding company also guaranteed our Junior Subordinated Notes issued by one of our subsidiaries in prior years.

In May 2023, we and certain of our subsidiaries, as borrowers and guarantors, amended and restated our existing revolving credit agreement, which we originally entered in August 2018. The amendment and restatement increased the total commitments under the revolving credit facility from $600 million to $800 million and extended the expiry date to May 30, 2028. We have the option to request additional commitments under the facility by up to an aggregate amount of $200 million, which the existing lenders, in their discretion, or new lenders, may provide. Under the amended and restated facility, we may borrow revolving loans or request the issuance of syndicated or fronted letters of credit, in each case on a senior, unsecured basis, and pricing will continue to be based on a per annum rate comprising a reference rate determined based on the type of loan we borrow plus a margin based on our long term senior unsecured debt ratings. As of December 31, 2023, we had $800 million of available unutilized capacity under this unsecured revolving credit agreement.

We use cash to fund new acquisitions of companies. We also utilize cash for our operating expenses associated with being a public company and to pay dividends on our preferred shares and interest and principal on loans from subsidiaries and debt obligations, including loans under our credit facilities, our Senior Notes and our Junior Subordinated Notes.

We may, from time to time, raise capital from the issuance of equity, debt or other securities as we continuously evaluate our strategic opportunities. We filed an automatic shelf registration statement in March 2023 with the SEC to allow us to conduct future offerings of certain securities, if desired, including debt, equity and other securities.

As we are a holding company and have no substantial operations of our own, our assets consist primarily of investments in subsidiaries and our loans and advances to subsidiaries. Dividends from our (re)insurance subsidiaries are restricted by (re)insurance laws and regulations, as described below. The ability of all of our subsidiaries to make distributions and transfers to us may also be restricted by, among other things, other applicable laws and regulations and the terms of our credit facilities and our subsidiaries' bank loans and other issued debt instruments. During the year ended December 31, 2023, we did not receive any dividends from, and we did not distribute funds to, our subsidiaries. During the year ended December 31, 2022, we received $614 million in dividends and return of capital from our subsidiaries, comprising $14 million of cash distributions and $600 million in equity securities and settlement of loan receivables. We also distributed $102 million to our subsidiaries.

Based on our group's current corporate structure with a Bermuda domiciled parent company and the jurisdictions in which we operate, if the cash and cash equivalents held by our foreign subsidiaries were to be distributed to us, as dividends or otherwise, such amount would not be subject to incremental income taxes; however, in certain circumstances withholding taxes may be imposed by some jurisdictions, including by the United States.

Based on existing tax laws, regulations and our current intentions, there were no accruals as of December 31, 2023 for any material withholding taxes on dividends or other distributions.

U.S. Finance Company Liquidity

Enstar Finance is a wholly-owned finance subsidiary under which we have issued our Junior Subordinated Notes. Similar to our holding company, Enstar Finance is dependent upon funds from other subsidiaries to pay any amounts due under the Junior Subordinated Notes in the form of distributions or loans, which may be restricted by, among other things, other applicable laws and regulations and the terms of our credit facilities and our subsidiaries’ bank loans and other issued debt instruments.

Liquidity in Operating Companies

We expect that our operating companies will generate sufficient liquidity, together with our existing capital base and cash and investments acquired and from new business transactions, to meet cash requirements and to operate our business.

Sources of funds to our operating companies primarily consist of cash and investment portfolios acquired on the completion of acquisitions and new business, investment income earned, proceeds from sales and maturities of investments and collection of reinsurance recoverables. We also collect small amounts of premiums and fee and commission income.

Cash balances acquired upon the purchase of (re)insurance companies are classified as cash provided by investing activities, whereas cash from new business is classified as cash provided by operating activities.

The primary uses of funds by our operating companies are claims payments, investment purchases, operating expenses and collateral requirements.

The ability of our (re)insurance subsidiaries to pay dividends and make other distributions is limited by the applicable laws and regulations of the jurisdictions in which our (re)insurance subsidiaries operate, including Bermuda, the United Kingdom, the United States, Australia and Continental Europe, which subject these subsidiaries to significant regulatory restrictions.

These laws and regulations require, among other things, certain of our (re)insurance subsidiaries to maintain minimum capital requirements and limit the amount of dividends and other payments that these subsidiaries can pay to us, which in turn may limit our ability to pay dividends and make other payments.

As of December 31, 2023, our (re)insurance subsidiaries’ capital requirement levels were in excess of the applicable minimum levels required.

Our subsidiaries' ability to pay dividends and make other forms of distributions may also be limited by our repayment obligations under certain of our outstanding credit facility agreements and other debt instruments. Variability in ultimate loss payments and collateral amounts required may also result in increased liquidity requirements for our subsidiaries.

Sources and Uses of Cash

Cash and cash equivalents decreased by $500 million in 2023, which was largely due to cash used in financing and investing activities of $861 million and $148 million, respectively, partially offset by cash provided by operating activities of $523 million.

Cash and cash equivalents decreased by $762 million in 2022, which was largely due to cash used in investing and financing activities of activities of $919 million and $116 million, respectively, partially offset by cash provided by operating activities of $257 million.

Cash and cash equivalents increased by $495 million in 2021, which was largely due to cash provided by operating activities of $3.8 billion, partially offset by cash used in investing and financing activities of $2.6 billion and $737 million, respectively.

	Analysis of Sources and Uses of Cash				
	2023	2022	2021	2023 vs 2022	2022 vs 2021
	(in millions of U.S. dollars)				
Operating Cash Flow Activities					
Net paid losses	$ (2,467)	$ (1,680)	$ (1,431)	$ (787)	$ (249)
Cash acquired on completion of acquisitions and new business	502	140	2,015	362	(1,875)
Net sales and maturities of trading securities	1,038	926	3,111	112	(2,185)
Net investment income	574	416	357	158	59
Cash consideration received for novation	94	—	—	94	—
Other sources (uses)	782	455	(251)	327	706
Net cash flows provided by operating activities	$ 523	$ 257	$ 3,801	$ 266	$ (3,544)
Investing Cash Flow Activities					
Net sales and maturities (maturities) of AFS securities	173	207	(2,148)	(34)	2,355
Net purchases of other investments	(381)	(1,132)	(580)	751	(552)
Impact of consolidating the opening cash and restricted cash balances of the InRe Fund	—	—	574	—	(574)
Other sources (uses)	60	6	(419)	54	425
Net cash flows used in investing activities	$ (148)	$ (919)	$ (2,573)	$ 771	$ 1,654
Financing Cash Flow Activities					
Net proceeds from loans	—	138	242	(138)	(104)
Preferred share dividends	(36)	(36)	(36)	—	—
Share repurchases	(531)	(163)	(942)	(368)	779
Acquisition of noncontrolling and redeemable noncontrolling shareholders' interests in subsidiaries	(294)	—	—	(294)	—
Other uses	—	(55)	(1)	55	(54)
Net cash flows used in financing activities	$ (861)	$ (116)	$ (737)	$ (745)	$ 621

Analysis of Sources and Uses of Cash

Operating Cash Flow Activities

2023 vs 2022: the $266 million increase in cash provided by operating activities was driven by an increase in other sources of cash, primarily generated by the release of funds held balances to cover net paid claims on certain portfolios and an increase in cash received as partial consideration for new business of $362 million, which included the QBE and RACQ LPTs and the AIG transaction in 2023 in comparison to the Argo and Probitas LPTs in 2022, an increase in net investment income received of $158 million and $94 million received in relation to the novation of the Enhanzed Re life reinsurance policies in 2023. This was partially offset by an increase in net paid losses of $787 million, which are being driven by the Aspen, Argo and QBE LPTs we assumed over the past two years.

2022 vs 2021: the $3.5 billion decrease in cash provided by operating activities was driven by a decrease in the net sales and maturities of trading securities of $2.2 billion, which was primarily driven by the deployment of the InRe

funds, liquidated in 2021, into other investments in line with our asset allocation strategy. The decrease was further driven by a reduction in cash provided from acquisitions of new business of $1.9 billion, as a result of receiving increased non-cash consideration in 2022, including $1.9 billion of funds held by reinsured companies in relation to the Aspen LPT and $520 million of fixed income securities, AFS, in relation to the Argo LPT, in comparison to 2021. The decrease was partially offset by increases of $706 million from other sources, primarily generated by the release of funds held balances to cover net paid claims on certain portfolios, and $59 million from net investment income received.

Investing Cash Flow Activities

2023 vs 2022: the $771 million decrease in cash used in investing activities was primarily due to a decrease in the net purchases of other investments of $751 million, as the 2022 purchases driven by the deployment of the InRe liquidated funds were significantly more material than the 2023 purchases made in line with our strategic asset allocation and development of funds acquired in the LPT and insurance contract transactions during the year.

2022 vs 2021: the $1.7 billion decrease in cash used in investing activities was primarily due to net sales and maturities of fixed income securities, AFS, of $207 million in 2022, in comparison to net purchases of $2.1 billion in 2021, partially offset by an increase in purchases of other investments, primarily driven by the deployment of the InRe funds, of $552 million.

Financing Cash Flow Activities

2023 vs 2022: the $745 million increase in cash used in financing activities was primarily driven by an increase in share repurchases of $368 million, as a result of repurchasing all of our 1,597,712 outstanding non-voting convertible ordinary shares and 841,735 of our voting ordinary shares in 2023 in comparison to repurchasing 697,580 of our voting ordinary shares in 2022. During 2023, we also acquired the remaining 24.9% equity interest in Enhanzed Re from Allianz for $175 million and the remaining 41.0% equity interest in SSHL from the RNCI holders for partial cash consideration of $119 million. The increase in cash used in financing activities was further driven by a decrease in the net proceeds from loans of $138 million.

2022 vs 2021: the $621 million decrease in cash used in financing activities was primarily driven by the decrease in share repurchases of $779 million, as our 2021 share repurchases were driven by strategic repurchases, including $879 million attributable to the repurchase of Hillhouse Group’s entire interest in Enstar, in addition to a decrease in the net proceeds from loans of $104 million.

Debt Obligations

We utilize debt financing and loan facilities primarily for funding acquisitions and significant new business, investment activities and, from time to time, for general corporate purposes.

Our debt obligations as of December 31, 2023 and 2022 were as follows:

	Origination	Term	December 31, 2023	December 31, 2022
			(in millions of U.S. dollars)	
4.95% Senior Notes due 2029	May 2019	10 years	$ 496	$ 496
3.10% Senior Notes due 2031	August 2021	10 years	496	495
Total Senior Notes			992	991
5.75% Junior Subordinated Notes due 2040	August 2020	20 years	345	345
5.50% Junior Subordinated Notes due 2042	January 2022	20 years	494	493
Total Junior Subordinated Notes			839	838
Total debt obligations			$ 1,831	$ 1,829

Under the eligible capital rules of the BMA, the Senior Notes qualify as Tier 3 capital and the Junior Subordinated Notes qualify as Tier 2 capital when considering the BSCR.

We may from time to time seek to retire or purchase our outstanding debt through cash purchases, redemptions and/or exchanges for other securities, in open market purchases, privately negotiated transactions or otherwise. Any such repurchases, redemptions or exchanges will be dependent upon several factors, including our liquidity

requirements, contractual restrictions, general market conditions and applicable regulatory, legal and accounting factors.

Credit Ratings

The following table presents our credit ratings as of February 22, 2024:

Credit ratings [1]	Standard and Poor's	Fitch Ratings
Long-term issuer	BBB+ (Outlook:Stable)	BBB+ (Outlook: Stable)
2029 Senior Notes	BBB+	BBB
2031 Senior Notes	BBB	BBB
2040 and 2042 Junior Subordinated Notes	BBB-	BBB-
Series D and E Preferred Shares	BBB-	BBB-

[1] Credit ratings are provided by third parties, Standard and Poor's and Fitch Ratings, and are subject to certain limitations and disclaimers. For information on these ratings, refer to the rating agencies' websites and other publications.

Agency ratings are not a recommendation to buy, sell or hold any of our securities and may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating[12].

[12] For information on risks related to our credit ratings, refer to "Item 1A. Risk Factors - Risks Relating to Liquidity and Capital Resources" and "Item 1A. Risk Factors - Risks Relating to Ownership of our Shares."

Contractual Obligations

The following table summarizes, as of December 31, 2023, our future payments under material contractual obligations and estimated payments for losses and LAE by expected payment date for the Run-off segment. The table includes only obligations that are expected to be settled in cash.

		Short-term	Long Term			
	Total	Less than 1 Year	1 - 3 years	3 - 5 years	6 - 10 years	More than 10 Years
	(in millions of U.S. dollars)					
Operating Activities						
Estimated gross reserves for losses and LAE for the Run-off segment [1]						
Asbestos	$ 1,576	$ 158	$ 275	$ 234	$ 323	$ 586
Environmental	312	42	63	48	70	89
General Casualty	4,170	844	876	508	1,039	903
Workers' compensation/personal accident	1,942	187	320	272	396	767
Marine, aviation and transit	360	149	98	36	34	43
Construction defect	317	112	78	63	48	16
Professional indemnity/ Directors & Officers	2,109	528	647	354	457	123
Motor	828	202	188	94	111	233
Property	338	122	114	54	37	11
Other	441	137	126	57	57	64
Total outstanding losses and IBNR	12,393	2,481	2,785	1,720	2,572	2,835
ULAE	386	77	87	55	74	93
Total estimated gross reserves for losses and LAE for the Run-off segment [1]	12,779	2,558	2,872	1,775	2,646	2,928
Financing Activities						
Loan repayments (including estimated interest payments)	2,939	58	180	179	1,297	1,225
Total	$ 15,718	$ 2,616	$ 3,052	$ 1,954	$ 3,943	$ 4,153

[1] The reserves for losses and LAE represent management's estimate of the ultimate cost of settling losses. The estimation of losses is based on various complex and subjective judgments. Actual losses paid may differ, perhaps significantly, from the reserve estimates reflected in our consolidated financial statements. Similarly, the timing of payment of our estimated losses is not fixed and there may be significant changes in actual payment activity. The assumptions used in estimating the likely payments due by period are based on our historical claims payment experience and industry payment patterns, but due to the inherent uncertainty in the process of estimating the timing of such payments, there is a risk that the amounts paid in any such period can be significantly different from the amounts disclosed above. The amounts in the above table represent our estimates of known liabilities as of December 31, 2023 and do not take into account corresponding reinsurance recoverable amounts that would be due to us. Furthermore, certain of the reserves included in the consolidated financial statements as of December 31, 2023 were acquired by us and initially recorded at fair value with subsequent amortization, whereas the expected payments by period in the table above are the estimated payments at a future time and do not reflect the fair value adjustment in the amount payable.

Reserves for Losses and LAE

We generally attempt to match the duration of our investment portfolio to the duration of our liability profile. We generally seek to maintain investment portfolios that are shorter or of equivalent duration to the liabilities in order to provide liquidity for the settlement of losses and, where possible, to avoid having to liquidate longer-dated investments. The settlement of liabilities also has the potential to accelerate the natural payout of losses, which may require additional liquidity. As of December 31, 2023 and 2022, the weighted average durations of our Run-off segment gross reserves for losses and LAE were 4.72 years and 4.65 years, respectively. The increase from 2022 to 2023 was driven by the longer estimated payout period of recently acquired loss reserves, partially offset by shorter average payouts from new acquisitions.

Debt Obligations

The amounts presented in this table represent Enstar's total debt obligations. Refer to the 'Debt Obligations' section above for further details.

Share Repurchases and Dividends

We believe that the best investment is in our business, by funding future transactions and meeting our financing obligations. We may choose to return value to shareholders in the form of share repurchases or dividends. To date, we have not declared any dividends on our ordinary shares. For details on our share repurchase programs and strategic share repurchases, refer to Note 20 to our consolidated financial statements. We may re-evaluate this strategy from time to time based on overall market conditions and other factors.

We have 16,000 Series D Preferred Shares with an aggregate liquidation value of $400 million and 4,400 Series E Preferred Shares with an aggregate liquidation value of $110 million. The dividends on both Series of Preferred Shares are non-cumulative and may be paid quarterly in arrears, only when, as and if declared.

Any payment of common or preferred dividends must be approved by our Board. Our ability to pay ordinary and preferred dividends is subject to certain restrictions.

Off-Balance Sheet Arrangements

As of December 31, 2023, we have entered into certain investment commitments and parental guarantees[13]. We do not believe it is reasonably likely that these arrangements will have a material unplanned current or future effect on our financial condition as they are considered in normal course of business and on-going stress testing.

We also utilize unsecured and secured letters of credit[14] (“LOCs”) and a deposit facility.

The following table represents our outstanding unfunded investment commitments and letters of credit by duration as of December 31, 2023:

	Short-term Less than 1 Year	Long Term More than 1 Year	Total
	(in millions of U.S. dollars)		
Investing Activities			
Unfunded investment commitments	410	1,319	1,729
Financing Activities			
Letters of credit	—	1,780	1,780

[13] Refer to Note 26 to our consolidated financial statements for further details.

[14] Refer to Note 18 to our consolidated financial statements for further details.

Critical Accounting Estimates

We believe the following accounting policies are most dependent on significant judgments and estimates used in the preparation of our financial statements.

Losses and LAE

Run-off

Losses and LAE liabilities represent our best estimate of the ultimate remaining liability for unpaid losses and LAE for incurred claims as of the balance sheet date. This includes provisions for claims that have been reported but are unpaid at the balance sheet date (Outstanding Loss Reserves, or "OLR") and for obligations on claims that have been incurred but not reported ("IBNR") at the balance sheet date. IBNR may also include provisions to account for the possibility that reported claims may settle for amounts that differ from the established case reserves as well as the potential for closed claims to re-open.

Establishing loss reserves can be complex and is subject to considerable uncertainty. Because a significant amount of time can lapse between our assumption of the risk, the occurrence of a loss event, the reporting of the event to us and the ultimate payment of the claim on the loss event, the liability for unpaid losses and LAE is based largely upon estimates. Certain types of exposure, typically latent health exposures such as asbestos-related claims, have inherently long reporting delays, in some cases many years, from the date a loss occurred to the manifestation and reporting of a claim and ultimately until the final settlement of the claim, and that could impact the amount of reliance we place on our actual historical data.

We use considerable judgment in the process of developing these estimates of loss reserves, which involves uncertainty in several areas, including use of actual or industry data for model inputs, and various projection assumptions and judgements depending on product lines, coverage type, or policy year. We may record additional estimates based upon our judgement as to the applicability of the facts, circumstances and external environment to each portfolio.

As of December 31, 2023 and 2022, IBNR reserves (net of reinsurance balances recoverable) accounted for $5.4 billion, or 46.9%, and $6.1 billion, or 51.3%, respectively, of our total Run-off net losses and LAE reserves, excluding ULAE[15].

Our estimate of loss reserves for each portfolio generally relies on the following key judgments:

- The degree of reliance upon historic actual claims trends or industry data for claims trends.
- Separation of each portfolio into homogenous data sets, generally by line of business, or reserving class.
- Methods used in analyzing and projecting potential reserve positions and the mix of methods selected to form an aggregate reserve position for each portfolio[16].
- Our degree of reliance or adjustment as a result of external factors such as economic conditions (inflation and unemployment statistics), legal conditions (judicial rulings in each relevant jurisdiction) and social & environmental factors (medical cost trends, changes in regulations or public health).
- Consideration of additional information such as changes in claims handling activities, third party claims operating reviews, third party actuarial reviews or changes in our reinsurance programs.

Judgments are based on numerous factors and may be revised as additional data becomes available, as new or improved methods are developed, or as laws change. This means that ultimate loss payments may differ from the losses and LAE estimate made at the balance sheet date.

In addition, key assumptions are made within each method, although the sensitivity to each assumption may vary within each method and even within each reserving class and accident year of each method. Such assumptions would include:

- Loss development factors are used to extrapolate current losses on an accident year to our full expected losses based upon judgements of historical trends on earlier accident years.

[15] For a breakdown of our Run-off gross and net losses and LAE reserves by line of business, and ULAE, as of December 31, 2023 and 2022, refer to Note 11 to our consolidated financial statements.

[16] Refer to Note 11 to our consolidated financial statements for further description of the methodologies used for establishing reserves.

- Tail factors further extrapolate our longer tailed lines where payments expected in later years or decades can be more uncertain than settlements that preceded them both in the timing and amount of cash flows. As such, lines with more expected payments in the tail are more sensitive to tail assumptions.
- Expected loss ratios are used for years where we do not yet have credible experience.
- Loss cost trend factors are used to extrapolate future loss expectations based upon observed trends.

We perform, at least annually, a formal review process of each portfolio of reserves in accordance with Actuarial Standards of Practice. These reviews may be performed using internal or independent credentialed actuaries.

In addition, we project expected paid and incurred loss development for each class of business, which is monitored on a quarterly basis. Should actual paid and incurred development differ significantly from the expected paid and incurred development, we will investigate the cause and, in conjunction with our actuaries, consider whether any adjustment to total loss reserves is required.

Adjustments resulting from changes in our estimates are recorded in the period when such adjustments are determined. The ultimate liability for losses and LAE is likely to differ from the original estimate due to a number of factors, primarily consisting of the overall claims activity occurring during any period, including the completion of commutations of assumed liabilities and ceded reinsurance receivables, policy buy-backs and general incurred claims activity.

Loss Reserving (Latent Claims)

Sensitivity to Underlying Assumptions of our Actuarial Methods

While we believe our reserve for losses and LAE at December 31, 2023 is reasonable, the estimation of these reserves is a complex process that depends on a number of factors and assumptions. As noted previously, our best estimate of our loss reserves involves considerable judgement, considering the results from a number of reserving methodologies. Therefore, these estimates are susceptible to changes in assumptions. We consider each of the following sensitivities a reasonable deviation for the key assumptions for each of our significant lines of business.

Line of Business	Net Reserves	Sensitivity	Estimated range in variation
		(in millions of U.S. Dollars)	
Asbestos	$ 1,517 [17]	+/- 10% in expected number of claims	+/- $115
		+/- 10% in average indemnity	+/- $150
		+/- 10% in tail costs (5+ years)	+/- $190
General Casualty	4,068	+/- 1% in loss cost trend	+/- $265
Workers' Compensation	1,741	+/- 2.5% increase in medical inflation	+/- $360
Professional Indemnity/Directors and Officers	1,985	+/- 2.5% in loss cost trend	+/- $185
Motor	655	+/- 2.5% in loss cost trend	+/- $40

Asbestos – Reserve estimates for this line are subject to greater variability than reserves for more traditional exposures. Claims are spread across multiple policy years based on the still evolving case law in various jurisdictions and inconsistent court decisions and judicial interpretations, making historical development patterns unreliable to forecast the future claim payments. A key consideration in setting our asbestos reserves is the volume of future claim filings, and the average indemnity of those claims.

General Casualty – This is a long tail class of business with long reporting and paid developing factors, and we generally use a combination of reserving methodologies on this line. Because of the long tail nature, the reserves are susceptible to variation in loss development factors and loss cost trends that may develop over an extended period of time over multiple accident years. A key assumption in setting our general casualty reserves is the provision for claim payments in the tail.

Workers' Compensation – We generally use a combination of loss development and expected loss ratio methods due to the long tail nature of this line. A portion of our workers' compensation reserves cover medical expense for

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future treatments of injured workers. Given the long development patterns associated with workers' compensation business, these claims are exposed to medical inflation.

Professional Indemnity/Directors and Officers – Due to the nature of this line, there is increased uncertainty in the number and severity of claims, which results in an expectation of high volatility and uncertainty in loss trends.

Motor - This business is generally more short tail in nature, and the majority of the claims are resolved within a few years of occurrence. A key component in estimating motor reserves is the severity of claims.

Asbestos Claims

A number of our subsidiaries, and counterparties who underwrote the insurance policy portfolios we assumed, have exposure to bodily injury claims from alleged exposure to asbestos.

- The United States asbestos exposure arises mainly from general liability insurance policies underwritten prior to 1986, which our subsidiaries or counterparties either wrote directly, on a primary or excess basis, or as reinsurance.
- Our United Kingdom asbestos exposures emanate from Employers' Liability insurance policies written in 2005 and prior.

Asbestos bodily injury claims differ from other bodily injury claims due to the long latency period for asbestos, which often triggers a policyholder's coverage over multiple policy periods. The long latency period, combined with the lack of clear judicial precedent with respect to coverage interpretations and expanded theories of liability, increases the uncertainty of the asbestos claim reserve estimates.

As of December 31, 2023 and 2022, the net loss reserves for asbestos-related claims comprised 13.0% and 13.6%, respectively, of total Run-off net reserves for losses and LAE liabilities excluding ULAE. In addition as of December 31, 2023 and 2022, we also had $734 million and $786 million of defendant asbestos liabilities, respectively[18] .

Environmental Claims

Our subsidiaries and counterparties who underwrote the insurance policy portfolios we assumed have exposure to environmental claims from general liability insurance policies written prior to the mid-1980s, that were not specifically written to cover damage to the environment from gradual releases of pollutants. Similar to asbestos, there is additional uncertainty with respect to environmental reserves as compared to other general liability exposures. This added uncertainty is due to the multiple policy periods and allocation of claims to policy years, number of solvent potentially responsible parties at any site, ultimate cost of the remediation, the number of ultimate sites and changes to judicial precedence.

As of December 31, 2023 and 2022, the net loss reserves for environmental pollution-related claims comprised 2.6% and 2.8%, respectively, of total Run-off net reserves for losses and LAE excluding ULAE. In addition, at both December 31, 2023 and 2022 we had $10 million of accrued direct environmental liabilities[19].

Asbestos and Environmental Reserving

The ultimate losses from A&E claims cannot be estimated using traditional actuarial reserving methods that extrapolate losses to an ultimate basis using loss development, and therefore we use alternative projection methods. Claims are spread across multiple policy years based on the still evolving case law in each jurisdiction, making historical development patterns unreliable to forecast the future claim payments. Our estimate of loss reserves for A&E claims relies on the following key factors and judgements:

- The degree of reliance or adjustment based on the legal and social environment, to which these liabilities are particularly sensitive. The current legal environment and the impact of specific settlements that may be used as precedents to settle future claims are key with these types of claims.
- The degree of reliance upon actual claims data and trends or industry data for claims trends.
- Methods used in analyzing and projecting potential reserve positions and the mix of methods selected to form an aggregate reserve position for each portfolio[20].

[18] As described in Note 13 in our consolidated financial statements.

[19] As described in Note 13 in our consolidated financial statements.

[20] Refer to Note 11 in our consolidated financial statements, for further description of the methodologies used for establishing reserves.

Judgements are based on numerous factors and may be revised as additional data becomes available, as new or improved methods are developed, or as laws change. This means that ultimate loss payments may differ from the losses and LAE estimate made at the balance sheet date.

Key assumptions are made within each method, although the sensitivity to each assumption may vary within each method and even within each reserving class and accident year of each method. When the asbestos exposure analysis (frequency and severity) method is applied, such assumptions would include:

- Trends with respect to average claim indemnity, which are used to extrapolate future claim costs.
- Trends in claim filing patterns, which will be used to estimate the number of future claims.

We also use a combination of additional actuarial methods, including the paid survival ratio, paid market share, decay factor, and other methods to periodically reevaluate the continued reasonableness of recorded loss reserves.

Change in Reserve Assumptions

Changes in reserve estimates can be driven by updated experience and by changes in assumptions. These are linked as updated information leads to changes in assumptions. We have estimated what portion of changes in ultimate losses from acquisition years 2014 to 2023 are attributable to experience and what portion are attributable to assumptions.

Line of Business	Change in Ultimate Losses	Change due to Experience	Change due to Assumptions
Asbestos	0.9 %	0.8 %	0.1 %
General Casualty	2.1 %	0.7 %	1.4 %
Workers' Compensation	(5.9)%	(3.1)%	(2.8)%
Professional Indemnity/Directors and Officers	(0.3)%	(2.4)%	2.1 %
Motor	(1.1)%	(0.1)%	(1.0)%

Defendant asbestos and environmental liabilities

Defendant A&E liabilities on our consolidated balance sheets include amounts for indemnity and defense costs for pending and future claims, determined using standard actuarial techniques for asbestos-related exposures. Defendant A&E liabilities also include amounts for environmental liabilities associated with our properties. These are non-insurance liabilities since they are held by non-insurance subsidiaries and are presented separately on our consolidated balance sheets. These reserves will be sensitive to similar industry trends and assumptions as observed in our A&E reserves as described under the Loss and LAE section above, specifically claim trends and indemnity. However, we use utilize different methodologies to estimate the defendant A&E liabilities as compared to our loss reserves[21].

Key drivers for this estimate are the amount of future claim filings and average indemnity, which are key indicators of the amount of liabilities. The table below provides sensitivities of these drivers for defendant A&E.

Net Liability	Sensitivity	Estimated Range in Variation
	(in millions of U.S. Dollars)	
$527	+/- 10% in expected number of claims	+/- $40
	+/- 10% in average indemnity	+/- $55

Change in Liability Assumptions

Similar to reserves, changes in defendant A&E liabilities can be driven by updated experience and by changes in assumptions. These are linked as updated information leads to changes in assumptions. We have estimated what portion of changes in the liabilities are attributable to experience and what portion are attributable to assumptions[22].

[21] As described in Note 13 in our consolidated financial statements.

[22] For information on our defendant A&E liabilities, refer to Note 2 and Note 13 in our consolidated financial statements.

Change in Total Liability	Change due to Experience	Change due to Assumptions
	(in millions of U.S. Dollars)	
$1	$1	$—

Valuation Allowances on Deferred Tax Assets

At each balance sheet date, we assess the need to establish a valuation allowance that reduces deferred tax assets (including those generated from operations as well as those acquired in business combinations) when it is more likely than not that all, or some portion, of the deferred tax assets will not be realized.

The determination of the need for a valuation allowance is based on all available information including

- projections of future taxable income;
- our forecast of future taxable income considers several factors, including actual net income in recent years, future sustainability and likelihood of positive earnings; and
- tax planning strategies.

Projections of future taxable income incorporate assumptions of future business and operations that may differ from actual experience.

If our assumptions and estimates that resulted in our forecast of future taxable income prove to be incorrect, an additional valuation allowance could become necessary, which could have a material adverse effect on our financial condition.

From 2022 to 2023, we recorded a net decrease in our valuation allowance of $25 million, primarily due to a $27 million partial valuation allowance release and utilization of $5 million of deferred tax assets in the U.S. jurisdiction. In the U.K. and EU jurisdictions, we recorded a valuation allowance increase of $16 million primarily due to the losses for which a net tax benefit was not recognized for the period. The remaining valuation allowance releases totaling $9 million relate to a reduction in deferred tax assets associated with decreases in unrealized losses on investment securities reported in AOCI in the U.S. and U.K. jurisdictions. In assessing the recoverability of the DTA, we consider forecasts of future income for our U.S. business using assumptions about future macroeconomic and company specific conditions and events. While our forecasts of future taxable income have remained consistent, these forecasts are judgmental and involve a level of uncertainty, such that a 10% increase to forecasted future income could decrease the valuation allowance by up to 4% or $6 million and a 10% decrease to forecasted future income could increase the valuation allowance by up to 8% or $12 million[23].

Bermuda Corporate Income Tax

In December 2023, legislation implementing a Corporate Income Tax Act 2023 (“the Act”) in Bermuda was enacted. The Bermuda income tax regulations aim to closely align with the global anti-base erosion rules of the Organization for Economic Co-operation and Development to ensure consistent and predictable tax outcomes. The Act includes a provision referred to as the Economic Transition Adjustment ("ETA"), which is intended to provide a fair and equitable transition into the tax regime.

The ETA allows Bermuda subject entities to establish tax basis in the assets and liabilities of such Bermuda entities (as of September 30, 2023 (the “Basis Valuation Date”)) using fair values which results in deductible and taxable temporary differences which are reflected as deferred income tax assets and liabilities in the financial statements. For each asset and liability subject to the adjustment, the amount of the adjustment would generally be the difference, as of the Basis Valuation Date, between each asset/liability’s fair market value and the carrying value of the item in the consolidated financial statements. As the ETA is assessed based on fair value only as of the Basis Valuation Date, it is not subsequently reassessed and therefore, not subject to any sensitivities to changes in fair value.

The application of the ETA resulted in our recognition of a deferred tax asset of $205 million in 2023. We have not recorded a valuation allowance against these deferred tax assets as of December 31, 2023.[24]

[23] For information on valuation allowances on deferred tax assets, refer to "Income Taxes" within Note 2 in our consolidated financial statements.

[24] For additional information on our income taxes, including the Bermuda corporate income tax, refer to Item 1A and Note 23 to the consolidated financial statements.

The most significant deferred tax asset recognized relates to the fair value adjustments for the liability for losses and LAE. We used an internal model to calculate the fair value of the liability for losses and LAE, which is consistent with the model used for the liability for losses and LAE under contracts for which we had elected the fair value option.[25]

We may be required to change our provision for income taxes when estimates used in determining valuation allowances on deferred tax assets change, or when receipt of new information indicates the need for adjustment in valuation allowances, however, such changes would need to be significant to establish a valuation allowance. Additionally, future events, such as changes in Bermuda tax laws and tax regulations, or interpretations of such laws or regulations, could have an impact on the provision for income tax and the effective tax rate. Any such changes could significantly affect the amounts reported on the financial statements in the year these changes occur.

Level 3 Fair Value Measurements

Level 3 Investments

We measure fair value using a standard hierarchy based on the quality of inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 3 fair value measurements are based on unobservable inputs where there is little or no market activity. We utilize unadjusted third party pricing sources and internal valuation models to determine these fair values. Our assessment of the significance of these unobservable inputs to the fair value measurement requires judgement.

Our Level 3 investments consist primarily of privately held equity securities, and we value these securities using observable and unobservable inputs. While the observable inputs are based on readily available market data, the unobservable inputs involve increased uncertainty and judgement in their selection and application. Key drivers of the valuation are the peer multiple and the expected term (in years). The peer multiple is calculated from a group of peer companies and that multiple is then applied to the invested company as a key input to calculate the value. The expected term is used in the option pricing model as a key input to calculate the value of the privately held equity securities. The option pricing model is only used for one investment which has a more complex securities structure that includes different liquidation preferences for each security class. We consider the following sensitivity a reasonable deviation for this key input:

Sensitivity		Investments	Estimated Range in Variation
		(in millions of U.S. dollars)	
+/- 10% peer multiple	$	265	+/- $26
+/- 3 year exit term	$	181	+/- $22

Fair Value Option - Insurance Contracts

We have elected to apply the fair value option for certain reinsurance contracts including, loss portfolio transfers ("LPTs") and reinsurance to close ("RITC") transactions. This is an irrevocable election that applies to all balances under the reinsurance contract, including reinsurance balances recoverable on paid and unpaid losses and the liability for losses and LAE. The primary reason for electing the fair value option was to reduce the earnings volatility created by carrying the liabilities for losses and LAE at cost and the assets supporting those liabilities at fair value. During 2017 and 2018, we elected the fair value option on certain LPTs and classified the supporting portfolio investments as trading securities, whereby all changes in fair value were recorded in the statements of operations. Commencing in 2019, we discontinued electing the fair value option on new business in order to better align with our evolving investment objectives.

The fair value of the liability for losses and LAE and reinsurance recoverable under these contracts is presented separately in our consolidated balance sheet as of December 31, 2023 and 2022. Changes in the fair value of the liability for losses and LAE and reinsurance balances recoverable on paid and unpaid losses are included in net incurred losses and LAE in our consolidated statement of operations.

[25] Refer to Fair Value Option - Insurance Contracts within the Critical Accounting Estimates for additional information on the model and key assumptions used to calculate the fair value of the liability for losses and LAE.

We use an internal model to calculate the fair value of the liability for losses and LAE and reinsurance recoverable asset for certain retroactive reinsurance contracts where we have elected the fair value option.

The fair value is calculated as the aggregate of discounted cash flows plus a risk margin.

The discounted cash flow approach uses:

i. estimated nominal cash flows based upon an appropriate payment pattern developed in accordance with actuarial methods and

ii. a discount rate based upon high quality rated corporate bond yields plus a credit spread for non-performance risk. The model uses corporate bond rates across the yield curve depending on the estimated timing of the future cash flows and specific to the currency of the risk.

The risk margin was calculated using the present value of the cost of capital. The cost of capital approach uses

i. projected capital requirements,

ii. multiplied by the risk cost of capital representing the return required for non-hedgeable risk based upon the weighted average cost of capital less investment income, and

iii. discounted using the weighted average cost of capital.

The fair value model uses a combination of observable and unobservable inputs in its use and application. While the observable inputs are based on readily available market data, the unobservable inputs involve increased uncertainty and judgement in their selection and application. Specifically, the risk margin calculated is dependent on the following inputs:

a. Yield curve using high quality rated corporate bond rates across different currencies, notably the British Pound, US dollar, and the Euro.

b. Weighted average cost of capital (“WACC”), which represents a proxy for the industry cost of capital, and is calculated utilizing various inputs.

c. Average payout of the liabilities, which reflects the timing of expected future claim payments.

We consider the following sensitivity a reasonable deviation for these key assumptions[26]:

Net Fair Value Liabilities		Sensitivity	Estimated Range in Variation
		(in millions of U.S. dollars)	
$	946	+/- 50bps WACC	+/- $5
$	946	+/- 1 year in average payout	+/- $30
$	946	+/- 50bps yield curve	+/- $25

While the yield curve is an observable input since it is based on readily determinable corporate bond rates, it generally has the biggest impact to the fair value in a given year apart from changes in loss estimates. During 2023, there was substantial volatility in the yield curves and a net $18 million increase in the liability. In 2022, there was a $21 million decrease in the liability due to a 0.45% increase in the credit spread for non-performance risk as credit spreads had widened with the increase in yield curve. This assumption remained unchanged during 2023.

The WACC remained unchanged from 2020 until 2023 when it was increased by 0.50%, resulting in a $7 million increase in the liability.

The average payout period of the liability is adjusted every period to reflect actual net payments during the period and expected future payments, and any acceleration or deceleration of the estimated payment pattern will impact the average payout period that would result in an impact to the value of the liability. Changes in the average payout period resulted in a $32 million increase in the liability, which contributed to the majority of the $78 million increase in the fair value of liabilities during 2023 along with the volatility in the yield curves.

During 2023, there was a slight deceleration in the payment pattern, which increased the average payout period and resulted in a $1 million decrease to the liability.

[26]The observable and unobservable inputs used in the model are further described in Note 14 in our consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted[27]

We have summarized below Accounting Standard Updates ("ASUs") issued by the Financial Accounting Standards Board ("FASB") during 2023 that may have an impact to Enstar but have not yet been adopted:

ASU	Date Issued	Summary of Guidance	Effective Date	Expected Impact to Enstar
ASU 2023-07 - *Improvements to Reportable Segment Disclosures*	November 2023	Amends required disclosures under Topic 280 - Segment Reporting, including the requirement to include annual disclosures on an interim basis and permitting one or more additional measures of segment profit or loss if used by the CODM in assessing segment performance and allocating resources, among other changes.	Annual reporting periods beginning after December 15, 2023 and interim periods beginning after December 31, 2024. Must be applied retrospectively. Early adoption permitted.	We will be required to expand our segment disclosures. We are currently determining the period in which the new guidance will be adopted.
ASU 2023-09 - *Improvements to Income Tax Disclosures*	December 2023	Amends required disclosures under Topic 740 - Income Taxes, including the requirement to disclose specific categories and other reconciling items above a 5% threshold within the rate reconciliation and additional disaggregation of income taxes paid, among other changes.	Annual reporting periods beginning after December 15, 2024. Should be applied prospectively, however, retrospective application is permitted. Early adoption is permitted.	We will be required to expand our income tax disclosures. We are currently determining the period in which the new guidance will be adopted and whether we elect to adopt it on a prospective or retrospective basis.

[27] See Note 2 to the consolidated financial statements for a more detailed discussion of recently issued accounting pronouncements not yet adopted, as well as newly adopted accounting pronouncements.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following risk management discussion and the estimated amounts generated from the sensitivity analysis presented are forward-looking statements of market risk assuming certain market conditions occur. Future results may differ materially from these estimated results due to, among other things, actual developments in the global financial markets, changes in the composition of our investment portfolio or changes in our business strategies. The results of the analysis we use to assess and mitigate risk are not projections of future events or losses. See "Cautionary Statement Regarding Forward-Looking Statements" for additional information regarding our forward-looking statements.

We are principally exposed to four types of market risk: interest rate risk; credit risk; equity price risk and foreign currency risk. Our policies to address these risks in 2023 are not materially different than those used in 2022, and based on our current knowledge and expectations, we do not currently anticipate significant changes in our market risk exposures or in how we will manage those exposures in future reporting periods. However, due to the ongoing uncertainty and volatility in financial markets as a result of continued inflationary pressure, ongoing disruptions and decoupling of supply chains, geopolitical conflicts and tensions and various governmental responses thereto, we expect interest rates, credit spreads and global equity markets to remain volatile in the near-term. Furthermore, inflation and tightening of financial conditions by global central banks have increased the risk of defaults across many industries. As a result, we continue to closely monitor market risk during this time.

Interest Rate and Credit Spread Risk

Interest rate risk is the price sensitivity of a security to changes in interest rates. Credit spread risk is the price sensitivity of a security to changes in credit spreads. Our investment portfolio and funds held - directly managed includes fixed maturity and short-term investments, whose fair values will fluctuate with changes in interest rates and credit spreads. We attempt to maintain adequate liquidity in our fixed income securities portfolio with a strategy designed to emphasize the preservation of our invested assets and provide sufficient liquidity for the prompt payment of claims, contract liabilities and future policyholder benefits, as well as for settlement of commutation payments. We also monitor the duration and structure of our investment portfolio.

The following tables, presented on a consolidated, Run-off and Legacy Underwriting business and Assumed Life business basis (Assumed Life is only presented as of December 31, 2022, as all operations of the segment were ceased during 2023), summarize the aggregate hypothetical change in fair value from an immediate parallel shift in the treasury yield curve, assuming credit spreads remain constant in our fixed maturity and short-term investments portfolio classified as trading and AFS, our funds held directly managed portfolio and our fixed income funds and our fixed income exchange-traded funds, and excludes investments classified as held-for-sale:

	Consolidated				
	Interest Rate Shift in Basis Points				
As of December 31, 2023	**-100**	**-50**	**—**	**+50**	**+100**
	(in millions of U.S. dollars)				
Total Market Value [1]	$ 10,600	$ 10,364	$ 10,139	$ 9,925	$ 9,721
Market Value Change from Base	4.5 %	2.2 %	—	(2.1)%	(4.1)%
Change in Unrealized Value	$ 461	$ 225	$ —	$ (214)	$ (418)
As of December 31, 2022	**-100**	**-50**	**—**	**+50**	**+100**
Total Market Value [1]	$ 10,794	$ 10,513	$ 10,246	$ 9,993	$ 9,755
Market Value Change from Base	5.3 %	2.6 %	—	(2.5)%	(4.8)%
Change in Unrealized Value	$ 548	$ 267	$ —	$ (253)	$ (491)

[1] Excludes equity exchange-traded funds of $38 million and $439 million for the years ended December 31, 2023 and 2022, respectively, which are included in the Equity Price Risk section below.

	Run-off and Legacy Underwriting				
	Interest Rate Shift in Basis Points				
As of December 31, 2023	**-100**	**-50**	**—**	**+50**	**+100**
	(in millions of U.S. dollars)				
Total Market Value [1]	$ 10,600	$ 10,364	$ 10,139	$ 9,925	$ 9,721
Market Value Change from Base	4.5 %	2.2 %	— %	(2.1)%	(4.1)%
Change in Unrealized Value	$ 461	$ 225	$ —	$ (214)	$ (418)
As of December 31, 2022	**-100**	**-50**	**—**	**+50**	**+100**
Total Market Value [1]	$ 9,773	$ 9,550	$ 9,338	$ 9,136	$ 8,945
Market Value Change from Base	4.7 %	2.3 %	— %	(2.2)%	(4.2)%
Change in Unrealized Value	$ 435	$ 212	$ —	$ (202)	$ (393)

[1] Excludes equity exchange-traded funds of $38 million and $439 million as of December 31, 2023 and December 31, 2022, respectively, which are included in the Equity Price Risk section below.

	Assumed Life				
	Interest Rate Shift in Basis Points				
As of December 31, 2022	**-100**	**-50**	**—**	**+50**	**+100**
Total Market Value	$ 1,021	$ 963	$ 908	$ 857	$ 810
Market Value Change from Base	12.4 %	6.1 %	— %	(5.6)%	(10.8)%
Change in Unrealized Value	$ 113	$ 55	$ —	$ (51)	$ (98)

Actual shifts in interest rates may not change by the same magnitude across the maturity spectrum or on an individual security and, as a result, the impact on the fair value of our fixed maturities, short-term investments, funds held - directly managed, fixed income funds and fixed income exchange-traded funds may be materially different from the resulting change in value indicated in the tables above.

The following tables, presented on a consolidated, Run-off and Legacy Underwriting business and Assumed Life business basis, summarize the aggregate hypothetical change in fair value from an immediate parallel shift in credit spreads assuming interest rates remain fixed, in our fixed maturity and short-term investments portfolio classified as trading and AFS, our funds held directly managed portfolio, our fixed income funds and our fixed income exchange-traded funds, and excludes investments classified as held-for-sale:

	Consolidated				
	Credit Spread Shift in Basis Points				
As of December 31, 2023	**-100**	**-50**	**—**	**+50**	**+100**
	(in millions of U.S. dollars)				
Total Market Value [1]	$ 10,589	$ 10,360	$ 10,139	$ 9,928	$ 9,725
Market Value Change from Base	4.4 %	2.2 %	—	(2.1)%	(4.1)%
Change in Unrealized Value	$ 450	$ 221	$ —	$ (211)	$ (414)
As of December 31, 2022	**-100**	**-50**	**—**	**+50**	**+100**
Total Market Value [1]	$ 10,797	$ 10,515	$ 10,246	$ 9,991	$ 9,749
Market Value Change from Base	5.4 %	2.6 %	—	(2.5)%	(4.9)%
Change in Unrealized Value	$ 551	$ 269	$ —	$ (255)	$ (497)

[1] Excludes equity exchange-traded funds of $38 million and $439 million for the years ended December 31, 2023 and December 31, 2022, respectively, which are included in the Equity Price Risk section below.

	Run-off and Legacy Underwriting				
	Credit Spread Shift in Basis Points				
As at December 31, 2023	**-100**	**-50**	**—**	**+50**	**+100**
	(in millions of U.S. dollars)				
Total Market Value [1]	$ 10,589	$ 10,360	$ 10,139	$ 9,928	$ 9,725
Market Value Change from Base	4.4 %	2.2 %	— %	(2.1)%	(4.1)%
Change in Unrealized Value	$ 450	$ 221	$ —	$ (211)	$ (414)
As at December 31, 2022	**-100**	**-50**	**—**	**+50**	**+100**
Total Market Value [1]	$ 9,771	$ 9,550	$ 9,338	$ 9,136	$ 8,943
Market Value Change from Base	4.6 %	2.3 %	— %	(2.2)%	(4.2)%
Change in Unrealized Value	$ 433	$ 212	$ —	$ (202)	$ (395)

[1] Excludes equity exchange-traded funds of $38 million and $439 million as of December 31, 2023 and December 31, 2022, respectively, which are included in the Equity Price Risk section below.

	Assumed Life				
	Credit Spread Shift in Basis Points				
As at December 31, 2022	**-100**	**-50**	**—**	**+50**	**+100**
Total Market Value	$ 1,026	$ 965	$ 908	$ 855	$ 806
Market Value Change from Base	13.0 %	6.3 %	— %	(5.8)%	(11.2)%
Change in Unrealized Value	$ 118	$ 57	$ —	$ (53)	$ (102)

Credit Risk

Credit risk relates to the uncertainty of a counterparty's ability to make timely payments in accordance with contractual terms of the instrument or contract. We are exposed to direct credit risk primarily within our portfolios of fixed maturity and short-term investments, through customers, brokers and reinsurers in the form of premiums receivable and reinsurance balances recoverable on paid and unpaid losses, respectively, and through ceding companies who retain premium owed to us as collateral for the payment of claims, each as discussed below.

Fixed Maturities and Short-Term Investments

As a holder of $9.5 billion of fixed maturity and short-term investments, including fixed maturities within our funds held - directly managed, we also have exposure to credit risk as a result of investment ratings downgrades or issuer defaults. In an effort to mitigate this risk, our investment portfolio consists primarily of investment grade-rated, liquid, fixed maturities of short-to-medium duration. At December 31, 2023, 36.0% of our fixed maturity and short-term investment portfolio was rated AA or higher by a major rating agency (December 31, 2022: 36.9%) with 4.8% rated lower than BBB- or non-rated (December 31, 2022: 6.5%). The portfolio as a whole, including cash, restricted cash, fixed maturity and short term investments and funds held - directly managed, had an average credit quality rating of A+ as of December 31, 2023 (December 31, 2022: A+). In addition, we manage our portfolio pursuant to guidelines that follow what we believe are prudent standards of diversification. The guidelines limit the allowable holdings of a single issue and issuers and, as a result, we believe we do not have significant concentrations of credit risk.

A summary of our fixed maturity and short-term investments by credit rating is as follows:

Credit rating	2023	2022	Change
AAA	14.1 %	23.3 %	(9.2)%
AA	21.4 %	13.6 %	7.8 %
A	39.9 %	33.4 %	6.5 %
BBB	20.4 %	23.2 %	(2.8)%
Non-investment grade	3.7 %	6.0 %	(2.3)%
Not rated	0.5 %	0.5 %	— %
Total	100.0 %	100.0 %	
Average credit rating	A+	A+	

Reinsurance Balances Recoverable on Paid and Unpaid Losses

We have exposure to credit risk as it relates to our reinsurance balances recoverable on paid and unpaid losses. Our (re)insurance subsidiaries remain liable to the extent that retrocessionaires do not meet their contractual obligations and, therefore, we evaluate and monitor concentration of credit risk among our reinsurers[28].

Funds Held

Under funds held arrangements, the reinsured company has retained funds that would otherwise have been remitted to our reinsurance subsidiaries. The funds held balance is credited with investment income and losses payable are deducted. We are subject to credit risk if the reinsured company is unable to honor the value of the funds held balances, such as in the event of insolvency. Our funds held are presented as a single category within our consolidated balance sheets. Funds held upon which we receive the underlying portfolio investment returns and the contractual right to direct the asset allocation strategies are known as "Funds held - directly managed", and funds held where we receive a fixed crediting rate or other contractually agreed return are known as "Funds held by reinsured companies". Both types of funds held are subject to credit risk. We routinely monitor the creditworthiness of reinsured companies with whom we have funds held arrangements. As of December 31, 2023, we had funds held concentrations to reinsured companies exceeding 10% of shareholders' equity of $4.8 billion (December 31, 2022: $5.0 billion) in aggregate. However, we generally have the contractual ability to offset any shortfall in the payment of the funds held balances with amounts owed by us to the reinsured for losses payable and other amounts contractually due.

Equity Price Risk

Our portfolio of equity investments, excluding our fixed income exchange-traded funds but including the equity funds, has exposure to equity price risk, which is the risk of potential loss in fair value resulting from adverse changes in stock prices. Our fixed income exchange-traded funds are excluded from the below analysis and have been included within the interest rate and credit spread risk analysis above, as these exchange-traded funds are part of our fixed income investment strategy and are backed by fixed income instruments. The following table summarizes the aggregate hypothetical change in fair value from a 10% decline in the overall market prices of our equities at risk:

[28] A discussion of our reinsurance balances recoverable on paid and unpaid losses is in Note 9 in our consolidated financial statements.

	2023	2022	Change
	(in millions of U.S. dollars)		
Publicly traded equity investments in common and preferred stocks	$ 275	$ 385	$ (110)
Privately held equity investments in common and preferred stocks	344	358	(14)
Private equity funds	1,617	1,282	335
Equity funds	4	3	1
Equity exchange traded funds	38	439	(401)
Fair value of equities at risk	$ 2,278	$ 2,467	$ (189)
Impact of 10% decline in fair value	$ 228	$ 247	$ (19)

Hedge Funds

As of December 31, 2023, we had investments of $491 million (December 31, 2022: $549 million) in hedge funds, included within our other investments, at fair value, that have exposure to interest rate, credit spread, and equity price risk given the underlying assets in those funds.

As of December 31, 2023 and 2022, the impact of a 10% decline in the fair value of these investments would have been $49 million and $55 million, respectively.

Convertible Bonds

As of December 31, 2023, we had investments of $20 million (December 31, 2022: $233 million) in convertible bonds, included within our fixed income portfolio, that have exposure to equity price risk given the embedded derivatives in those investments.

As of December 31, 2023, a 10% decline in the underlying equity prices would result in a less than $1 million (December 31, 2022: $8 million) decline in the fair value of these investments. The sensitivity of the convertible bonds to interest rate and credit spread shocks have been included in the interest rate and credit spread analysis above.

Foreign Currency Risk

The table below summarizes our net exposures as of December 31, 2023 and 2022 to foreign currencies:

	AUD	CAD	EUR	GBP	Other	Total
	(in millions of U.S. dollars)					
As of December 31, 2023						
Total net foreign currency exposure	$ 34	$ (29)	$ 57	$ (44)	$ 52	$ 70
Pre-tax impact of a 10% movement in USD[1]	$ 3	$ (3)	$ 6	$ (4)	$ 5	$ 7
As of December 31, 2022						
Total net foreign currency exposure	$ 17	$ 7	$ (313)	$ 96	$ 29	$ (164)
Pre-tax impact of a 10% movement in USD[1]	$ 2	$ 1	$ (32)	$ 10	$ 3	$ (16)

[1] Assumes 10% change in U.S. dollar relative to other currencies.

Through our subsidiaries located in various jurisdictions, we conduct our (re)insurance operations in a variety of non-U.S. currencies. We have the following exposures to foreign currency risk:

- Transaction Risk: The functional currency for the majority of our subsidiaries is the U.S. dollar. Within these entities, any fluctuations in foreign currency exchange rates relative to the U.S. dollar has a direct impact on the valuation of our assets and liabilities denominated in other currencies. All changes in foreign exchange rates, with the exception of non-U.S. dollar fixed maturities, AFS, are recognized in our consolidated statements of operations. Changes in foreign exchange rates relating to non-U.S. dollar fixed maturities, AFS are recorded in AOCI in shareholders' equity. Our subsidiaries with non-U.S. dollar functional currencies are also exposed to fluctuations in foreign currency exchange rates relative to their own functional currency.

- Translation Risk: We have net investments in certain European, British, and Australian subsidiaries whose functional currencies are the Euro, British pound and Australian dollar, respectively. The foreign exchange gain or loss resulting from the translation of their financial statements from their respective functional currency into U.S. dollars is recorded in the cumulative translation adjustment account, which is a component of AOCI in shareholders' equity.

Our foreign currency policy is to broadly manage, where possible, our foreign currency risk by:

- Seeking to match our liabilities under (re)insurance policies that are payable in foreign currencies with assets that are denominated in such currencies, subject to regulatory constraints.
- Selectively utilizing foreign currency forward contracts to mitigate foreign currency risk.

We use foreign currency forward exchange rate contracts to manage foreign currency risk. To the extent our foreign currency exposure is not matched or hedged, we may experience foreign exchange losses or gains, which would be reflected in our consolidated results of operations and financial condition.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Schedules other than those listed above are omitted as they are not applicable or the information has been included in the consolidated financial statements, notes thereto, or elsewhere herein.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Enstar Group Limited

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Enstar Group Limited and its subsidiaries (the "Company") as of December 31, 2023 and 2022, and the related consolidated statements of operations, of comprehensive income, of changes in shareholders' equity, and of cash flows for the years then ended, including the related notes and schedules of summary of investments other than investments in related parties (Schedule I) as of December 31, 2023, condensed financial information of registrant (Schedule II), supplementary insurance information (Schedule III), and supplemental information concerning property/casualty insurance operations (Schedule VI) as of December 31, 2023 and 2022 and for the years then ended, and reinsurance (Schedule IV) and valuation and qualifying accounts (Schedule V) for the years ended December 31, 2023 and 2022 listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Notes 2 and 12 to the consolidated financial statements, the Company changed the manner in which it accounts for long-duration insurance contracts in 2023.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable

assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

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

Valuation of losses and loss adjustment expenses (including those at fair value)

As described in Notes 11 and 14 to the consolidated financial statements, the Company has $11.2 billion of liabilities for losses and loss adjustment expenses and $1.2 billion of liabilities for losses and loss adjustment expenses, at fair value, as of December 31, 2023. The liability for losses and loss adjustment expenses, also referred to as loss reserves, represents management's gross estimates before reinsurance for unpaid reported losses and includes losses that have been incurred but not yet reported using actuarial methods. Management performs an analysis of loss reserves by each portfolio that the Company has acquired. Exposures are separated into homogenous reserving classes, generally lines of business, within each portfolio. As disclosed by management, considerable judgment is used in the process of developing estimates of loss reserves, which involves uncertainty in several areas, including use of actual or industry data for model inputs, and various projection assumptions and judgments depending on product lines, coverage type, or policy year. Several actuarial methods may be used in analyzing and projecting potential reserve positions, and a mix of methods may be considered to form an aggregate reserve position for each portfolio. For loss reserves reported at fair value, the fair value is calculated as the aggregate of discounted cash flow plus a risk margin. The discounted cash flow approach uses estimated nominal cash flows based upon a payment pattern developed in accordance with actuarial methods and a discount rate based upon a high quality rated corporate bond yield plus a credit spread for non-performance risk. Key assumptions are made within each actuarial method, including loss development factors and expected loss ratios. In addition, in developing loss reserves for insurance claims with asbestos and environmental exposures, traditional actuarial methods cannot be used and therefore alternative actuarial methods are employed by management, including the asbestos ground-up exposure analysis (frequency-severity) method. Management uses a combination of additional actuarial methods, including the paid survival ratio, paid market share, and decay factor, among others, to periodically reevaluate the continued reasonableness of recorded loss reserves for these exposures. These methods involve the use of assumptions relating to expected future annual average payment amounts, paid survival ratios, estimated market share, and decay factors. Judgment is applied by management in evaluating the mix of methods selected to form an aggregate reserve position for each portfolio.

The principal considerations for our determination that performing procedures relating to the valuation of losses and loss adjustment expenses (including those at fair value) is a critical audit matter are (i) the significant judgment by management when developing the estimate of loss reserves, (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's significant assumptions related to the loss development factors, expected loss ratios, and selected aggregate reserve position for each portfolio for non-asbestos and environmental loss reserves, and expected future annual average payment amounts, paid survival ratios, estimated market share, decay factors, and the mix of methods selected to form an aggregate reserve position for asbestos and environmental loss reserves, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of loss reserves, including controls over the development of significant assumptions. These procedures also included, among others (i) the involvement of professionals with specialized

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skill and knowledge to assist in developing an independent estimate of loss reserves, by reserving class, on a test basis, and (ii) comparing the independent estimate to management's actuarial determined reserves to evaluate the reasonableness of management's estimate. Developing the independent estimate involved, on a test basis (i) independently developing the significant assumptions using actual historical data and loss development patterns, as well as industry data and other benchmarks, for the respective reserving classes, and (ii) testing the completeness and accuracy of data provided by management. For certain other reserving classes, professionals with specialized skill and knowledge were used to assist in testing management's process on a sample basis. Testing management's process included evaluating the reasonableness of the significant assumptions, the appropriateness of the actuarial methods used, and testing the completeness and accuracy of data used by management.

Valuation of defendant asbestos liabilities

As described in Note 13 to the consolidated financial statements, the Company has $567 million of defendant asbestos and environmental liabilities as of December 31, 2023, substantially all of which consists of defendant asbestos liabilities. Defendant asbestos liabilities include amounts for indemnity and defense costs for pending and future asbestos-related claims, determined by management using actuarial methods. The actuarial methods utilize data resulting from claims experience and include the development of estimates of the potential value of asbestos-related claims asserted but not yet resolved, as well as the number and potential value of asbestos-related claims not yet asserted. In developing the estimate of liability for potential future claims, the actuarial methods project the potential number of future claims based on historical claim filings and health studies. The actuarial methods also utilize assumptions based on the Company's historical proportion of claims resolved without payment, historical claim resolution costs for those claims that result in a payment, and historical defense costs. The liabilities are estimated by management using pending and projected future claim filings, projected payment rates, average claim resolution amounts, and estimated defense costs, which are derived based on assumptions relating to defense cost to indemnity cost ratios. Management utilizes judgment when determining the assumptions related to projected future claim filings, projected payment rates, and estimated defense costs.

The principal considerations for our determination that performing procedures relating to the valuation of defendant asbestos liabilities is a critical audit matter are (i) the significant judgment by management when developing the estimate of the liability, (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's significant assumptions related to future claim filings, average claim resolution amounts, and defense cost to indemnity cost ratios, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of defendant asbestos liabilities, including controls over the development of significant assumptions. These procedures also included, among others, the involvement of professionals with specialized skill and knowledge to assist in testing management's process relating to the valuation of defendant asbestos liabilities, which included evaluating the reasonableness of the significant assumptions and the appropriateness of the actuarial methods used. Testing management's process also included testing the completeness and accuracy of data used by management on a sample basis.

/s/ PricewaterhouseCoopers LLP

New York, New York

February 22, 2024

We have served as the Company's auditor since 2022.

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors

Enstar Group Limited:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of operations, comprehensive income, changes in shareholders' equity, and cash flows of Enstar Group Limited and subsidiaries (the Company) for the year ended December 31, 2021, and the related notes and financial statement schedules II to VI (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the results of operations of the Company and its cash flows for the year ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ KPMG Audit Limited

KPMG Audit Limited

We served as the Company's auditor from 2012 to 2022

Hamilton, Bermuda

February 24, 2022, except as to changes to deferred charge assets as described in Note 10 which is as of March 1, 2023.

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ENSTAR GROUP LIMITED
CONSOLIDATED BALANCE SHEETS
As of December 31, 2023 and 2022

	2023	2022
	(expressed in millions of U.S. dollars, except share data)	
ASSETS		
Short-term investments, trading, at fair value	$ 2	$ 14
Short-term investments, available-for-sale, at fair value (amortized cost: 2023 — $62; 2022 — $37)	62	38
Fixed maturities, trading, at fair value	1,949	2,370
Fixed maturities, available-for-sale, at fair value (amortized cost: 2023 — $5,642; 2022 — $5,871; net of allowance: 2023 — $16; 2022 — $33)	5,261	5,223
Funds held	5,251	5,622
Equity securities, at fair value (cost: 2023 — $615; 2022 — $1,357)	701	1,250
Other investments, at fair value (includes consolidated variable interest entity: 2023 — $59; 2022 — $3)	3,853	3,296
Equity method investments	334	397
Total investments *(Note 7)* and *(Note 14)*	17,413	18,210
Cash and cash equivalents (includes consolidated variable interest entity: 2023 — $8; 2022 — $0)	564	822
Restricted cash and cash equivalents	266	508
Accrued interest receivable	71	72
Reinsurance balances recoverable on paid and unpaid losses (net of allowance: 2023 — $131; 2022 — $131) *(Note 9)*	740	856
Reinsurance balances recoverable on paid and unpaid losses, at fair value *(Note 9)* and *(Note 14)*	217	275
Insurance balances recoverable (net of allowance: 2023 and 2022 — $5) *(Note 13)*	172	177
Net deferred charge assets *(Note 10)*	731	658
Other assets	739	576
TOTAL ASSETS	$ 20,913	$ 22,154
LIABILITIES		
Losses and loss adjustment expenses *(Note 11)*	$ 11,196	$ 11,721
Losses and loss adjustment expenses, at fair value *(Note 11)* and *(Note 14)*	1,163	1,286
Future policyholder benefits *(Note 12)* [1]	—	821
Defendant asbestos and environmental liabilities *(Note 13)*	567	607
Insurance and reinsurance balances payable	43	100
Debt obligations *(Note 18)*	1,831	1,829
Other liabilities (includes consolidated variable interest entity: 2023 — $1; 2022 — $0)	465	462
TOTAL LIABILITIES	15,265	16,826
COMMITMENTS AND CONTINGENCIES *(Note 26)*		
REDEEMABLE NONCONTROLLING INTERESTS *(Note 19)*	—	168
SHAREHOLDERS' EQUITY *(Note 20)*		
Ordinary Shares (par value $1 each, issued and outstanding 2023: 15,196,685; 2022: 17,588,050):		
Voting Ordinary Shares (issued and outstanding 2023: 15,196,685; 2022: 15,990,338)	15	16
Non-voting convertible ordinary Series C Shares (issued and outstanding 2023: 0; 2022: 1,192,941)	—	1
Non-voting convertible ordinary Series E Shares (issued and outstanding 2023: 0; 2022: 404,771)	—	—
Preferred Shares:		
Series C Preferred Shares (issued and held in treasury 2023 and 2022: 388,571)	—	—
Series D Preferred Shares (issued and outstanding 2023 and 2022: 16,000; liquidation preference $400)	400	400
Series E Preferred Shares (issued and outstanding 2023 and 2022: 4,400; liquidation preference $110)	110	110
Treasury shares, at cost (Series C Preferred Shares 2023 and 2022: 388,571)	(422)	(422)
Joint Share Ownership Plan (voting ordinary shares, held in trust 2023 and 2022: 565,630)	(1)	(1)
Additional paid-in capital	579	766
Accumulated other comprehensive loss [1]	(336)	(302)
Retained earnings	5,190	4,406
Total Enstar Shareholders' Equity	5,535	4,974
Noncontrolling interests *(Note 19)* [1]	113	186
TOTAL SHAREHOLDERS' EQUITY	5,648	5,160
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND SHAREHOLDERS' EQUITY	$ 20,913	$ 22,154

[1] Amounts have been retrospectively adjusted for all applicable prior periods for the impact of adopting ASU 2018-12 on January 1, 2023. Refer to Notes 2 and 12 for additional information.

See accompanying notes to the consolidated financial statements.

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ENSTAR GROUP LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2023, 2022 and 2021

	2023	2022	2021
	(expressed in millions of U.S. dollars, except share and per share data)		
REVENUES			
Net premiums earned	$ 43	$ 66	$ 245
Net investment income	647	455	312
Net realized losses	(65)	(111)	(61)
Net unrealized gains (losses)	528	(1,503)	178
Other income	276	35	42
Net gain on purchase and sales of subsidiaries	—	—	73
Total revenues	1,429	(1,058)	789
EXPENSES			
Net incurred losses and loss adjustment expenses			
Current period	30	48	172
Prior period	(131)	(756)	(403)
Total net incurred losses and loss adjustment expenses	(101)	(708)	(231)
Policyholder benefit expenses	—	25	(3)
Amortization of net deferred charge assets	106	80	55
Acquisition costs	10	23	57
General and administrative expenses	369	331	367
Interest expense	90	89	69
Net foreign exchange losses (gains)	—	(15)	(12)
Total expenses	474	(175)	302
INCOME (LOSS) BEFORE INCOME TAXES	955	(883)	487
Income tax benefit (expense)	250	12	(27)
Income (losses) from equity method investments	13	(74)	93
NET INCOME (LOSS)	1,218	(945)	553
Net (income) loss attributable to noncontrolling interest	(100)	75	(15)
NET INCOME (LOSS) ATTRIBUTABLE TO ENSTAR GROUP LIMITED	1,118	(870)	538
Dividends on preferred shares	(36)	(36)	(36)
NET INCOME (LOSS) ATTRIBUTABLE TO ENSTAR GROUP LIMITED ORDINARY SHAREHOLDERS	$ 1,082	$ (906)	$ 502
Earnings (loss) per ordinary share attributable to Enstar Group Limited:			
Basic	$ 69.22	$ (52.65)	$ 25.33
Diluted	$ 68.47	$ (52.65)	$ 24.94
Weighted average ordinary shares outstanding:			
Basic	15,631,770	17,207,229	19,821,259
Diluted	15,802,618	17,323,130	20,127,131

See accompanying notes to the consolidated financial statements.

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ENSTAR GROUP LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the Years Ended December 31, 2023, 2022 and 2021

	2023	2022	2021
	(expressed in millions of U.S. dollars)		
NET INCOME (LOSS)	$ 1,218	$ (945)	$ 553
Other comprehensive income (loss), net of income taxes:			
Unrealized gains (losses) on fixed maturity available-for-sale investments arising during the year	154	(681)	(106)
Reclassification adjustment for change in allowance for credit losses recognized in net income (loss)	(11)	28	10
Reclassification adjustment for net realized losses (gains) recognized in net income (loss)	75	81	(6)
Unrealized gains (losses) arising during the year, net of reclassification adjustments	218	(572)	(102)
Remeasurement of future policyholder benefits - change in discount rate	—	363	—
Reclassification adjustment for remeasurement of future policyholder benefits included in net income	(363)	—	—
Change in currency translation adjustment	3	—	2
Change in net liability for losses and LAE at fair value - Instrument-specific credit risk	20	—	—
Other	—	(2)	2
Total other comprehensive loss	(122)	(211)	(98)
Comprehensive income (loss)	1,096	(1,156)	455
Less: Comprehensive income attributable to noncontrolling interest	(12)	—	(15)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO ENSTAR GROUP LIMITED	$ 1,084	$ (1,156)	$ 440

See accompanying notes to the consolidated financial statements.

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ENSTAR GROUP LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years Ended December 31, 2023, 2022 and 2021

	2023	2022	2021
	(expressed in millions of U.S. dollars)		
Share Capital — Voting Ordinary Shares			
Balance, beginning of year	$ 16	$ 17	$ 19
Shares repurchased	(1)	(1)	(2)
Balance, end of year	$ 15	$ 16	$ 17
Share Capital — Non-Voting Convertible Ordinary Series C Shares			
Balance, beginning of year	$ 1	$ 1	$ 3
Shares repurchased	(1)	—	(2)
Balance, end of year	$ —	$ 1	$ 1
Share Capital — Non-Voting Convertible Ordinary Series E Shares			
Balance, beginning of year	$ —	$ —	$ 1
Shares repurchased	—	—	(1)
Balance, end of year	$ —	$ —	$ —
Share Capital - Series C Convertible Participating Non-Voting Preferred Shares			
Balance, beginning and end of year	$ —	$ —	$ —
Share Capital - Series D Preferred Shares			
Balance, beginning and end of year	$ 400	$ 400	$ 400
Share Capital - Series E Preferred Shares			
Balance, beginning and end of year	$ 110	$ 110	$ 110
Treasury Shares (Series C Preferred Shares)			
Balance, beginning and end of year	$ (422)	$ (422)	$ (422)
Joint Share Ownership Plan — Voting Ordinary Shares, Held in Trust			
Balance, beginning and end of year	$ (1)	$ (1)	$ (1)
Additional Paid-in Capital			
Balance, beginning of year	$ 766	$ 922	$ 1,836
Repurchase of voting ordinary shares	(3)	(4)	(3)
Ordinary shares repurchased	(230)	(162)	(937)
Amortization of share-based compensation	28	10	26
Acquisition of noncontrolling and redeemable noncontrolling shareholders' interests in subsidiaries	18	—	—
Balance, end of year	$ 579	$ 766	$ 922
Accumulated Other Comprehensive (Loss) Income			
Balance, beginning of year	$ (302)	$ (16)	$ 81
Cumulative currency translation adjustment			
Balance, beginning of year	9	9	8
Change in currency translation adjustment	3	—	1
Balance, end of year	12	9	9
Defined benefit pension liability			
Balance, beginning of year	—	2	—
Change in defined benefit pension liability	—	(2)	2
Balance, end of year	—	—	2
Unrealized (losses) gains on available-for-sale investments			
Balance, beginning of year	(584)	(27)	73
Acquisition of noncontrolling and redeemable noncontrolling shareholders' interests in subsidiaries	(14)	—	—
Change in unrealized (losses) gains on available-for-sale investments	230	(557)	(100)
Balance, end of year	(368)	(584)	(27)
Remeasurement of future policyholder benefits - change in discount rate			
Balance, beginning of year [1]	273	—	—
Change in remeasurement of future policyholder benefits	(273)	273	—
Balance, end of year	—	273	—
Insurance contracts - net liability for losses and LAE at fair value - Instrument-specific credit risk			
Balance, beginning of period	—	—	—
Change in net liability for losses and LAE at fair value - Instrument-specific credit risk	20	—	—
Balance, end of year	20	—	—
Balance, end of year	$ (336)	$ (302)	$ (16)
Retained Earnings			
Balance, beginning of year	$ 4,406	$ 5,312	$ 4,809
Net income (loss)	1,218	(945)	553
Net (income) loss attributable to noncontrolling interests	(100)	75	(15)
Ordinary shares repurchased	(298)	—	—
Dividends on preferred shares	(36)	(36)	(36)
Change in redemption value of redeemable noncontrolling interests	—	—	1
Balance, end of year	$ 5,190	$ 4,406	$ 5,312
Noncontrolling Interests (excludes redeemable noncontrolling interests)			
Balance, beginning of year [1]	$ 186	$ 230	$ 14
Consolidation of noncontrolling interests	107	—	219
Change in unrealized losses on available-for-sale investments attributable to noncontrolling interests	—	(9)	(1)
Acquisition of noncontrolling shareholders' interest in subsidiary	(175)	(55)	(1)

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Change in remeasurement of future policyholder benefits attributable to noncontrolling interests	(90)	90	—
Net income (loss) attributable to noncontrolling interests	85	(70)	(1)
Balance, end of year	$ 113	$ 186	$ 230
Total Shareholders' Equity	$ 5,648	$ 5,160	$ 6,553

(1) Accumulated other comprehensive (loss) income attributable to both Enstar and our noncontrolling interests as of January 1, 2023 has been retrospectively adjusted for all applicable prior periods for the impact of adopting ASU 2018-12 on January 1, 2023. Refer to Note 2 and Note 12 for additional information.

See accompanying notes to the consolidated financial statements.

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ENSTAR GROUP LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023, 2022 and 2021

	2023	2022	2021
	(expressed in millions of U.S. dollars)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ 1,218	$ (945)	$ 553
Adjustments to reconcile net income (loss) to cash flows provided by operating activities:			
Realized losses on investments	(307)	111	61
Unrealized (gains) losses on investments	(114)	941	(178)
Amortization of net deferred charge assets	106	80	55
Depreciation and other amortization	7	47	74
Net gain on Enhanzed Re novation	(275)	—	—
Cash consideration for the Enhanzed Re novation	94	—	—
(Income) losses from equity method investments	(13)	74	(93)
Sales and maturities of trading securities	1,530	2,376	6,175
Purchases of trading securities	(492)	(1,450)	(3,064)
Payments to cover securities sold short	—	—	(1,156)
Proceeds from securities sold short	—	—	534
Net payments for derivative contracts	—	—	(94)
Net gain on purchase and sales of subsidiaries	—	—	(73)
Other adjustments	5	13	30
Changes in:			
Reinsurance balances recoverable on paid and unpaid losses	142	375	248
Funds held	(338)	(612)	(1,491)
Losses and loss adjustment expenses	(624)	(151)	1,870
Defendant asbestos and environmental liabilities	(40)	(31)	(68)
Insurance and reinsurance balances payable	(23)	(154)	(300)
Other operating assets and liabilities	(353)	(417)	718
Net cash flows provided by operating activities	523	257	3,801
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition, net of cash acquired	$ —	$ —	$ (206)
Sales of subsidiaries, net of cash previously held	—	—	(214)
Sales and maturities of available-for-sale securities	2,132	2,502	3,085
Purchase of available-for-sale securities	(1,959)	(2,295)	(5,233)
Purchase of other investments	(911)	(1,552)	(910)
Proceeds from other investments	530	420	330
Sale of equity method investments	48	—	—
Other investing activities	12	6	1
Consolidation of the InRe Fund opening cash and restricted cash balances (*Note 15*)	—	—	574
Net cash flows used in investing activities	(148)	(919)	(2,573)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends on preferred shares	$ (36)	$ (36)	$ (36)
Dividends paid to noncontrolling interests	—	(55)	(1)
Acquisition of noncontrolling and redeemable noncontrolling shareholders' interests in subsidiaries	(294)	—	—
Repurchase of shares	(531)	(163)	(942)
Issuance of debt, net of issuance costs [1]	—	494	816
Repayment of debt [1]	—	(356)	(574)
Net cash flows (used in) provided by financing activities	(861)	(116)	(737)

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EFFECT OF EXCHANGE RATE CHANGES ON FOREIGN CURRENCY CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(14)	16	4
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(500)	(762)	495
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	1,330	2,092	1,373
NET CHANGE IN CASH OF BUSINESSES HELD-FOR-SALE	—	—	224
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	$ 830	$ 1,330	$ 2,092

(1) We borrowed and fully repaid $150 million of loans under our revolving credit facility during the first quarter of 2023.

Supplemental Cash Flow Information:			
Income taxes paid, net of refunds	$ 16	$ 3	$ 10
Interest paid	88	86	64
Reconciliation to Consolidated Balance Sheets:			
Cash and cash equivalents	$ 564	$ 822	$ 1,646
Restricted cash and cash equivalents	266	508	446
Cash, cash equivalents and restricted cash	$ 830	$ 1,330	$ 2,092
Non-cash operating activities:			
Novation of future policy holder benefits	$ 828	—	$ —
Funds held directly managed transferred in exchange on novation of future policy holder benefits	(949)	—	—
Other assets / liabilities transferred on novation of future policy holder benefits	(62)	—	—
Losses and loss adjustment expenses transferred in connection with settlement of participation in Atrium's Syndicate 609	173	—	—
Investments transferred in connection with settlement of participation in Atrium's Syndicate 609	(173)	—	—
Non-cash investing activities:			
Unsettled purchases of available-for-sale securities and other investments	$ (5)	$ (1)	$ —
Unsettled sales of available-for-sale securities and other investments	1	6	—
Receipt of available-for-sale securities as consideration in exchange for assumption of reinsurance contract liabilities	113	—	—
Receipt of available-for-sale debt securities as consideration in exchange for assumption of liabilities	—	508	—
Removal of equity method investment relating to acquisition of a subsidiary	—	—	(412)
Receipt of other investments as consideration	—	—	52
Contributions to other investments (1)	—	—	(481)
Redemption of other investments (1)	—	—	381
Reduction in investment fees (1)	—	—	100
Non-cash financing activities (2):			
Settlement of loan receivable as partial consideration for RNCI redemption	$ 15	—	—
Transfer of equity interest in Northshore as partial consideration for RNCI redemption	48	—	—
Distributions to redeemable noncontrolling interests	—	—	(202)
Increase in noncontrolling interests due to the acquisition of a subsidiary	—	—	(219)
Third-party capital withdrawal from the InRe Fund through transfer of trading security	—	—	(61)

(1) The contributions to other investments was fully funded through the redemption of other investments and the reduction in investment fees.

(2) Our non-cash financing activities for the year ended December 31, 2021 included the issuance of 89,590 shares following the exercise of 175,901 warrants on a non-cash basis.

See accompanying notes to the consolidated financial statements.

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ENSTAR GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021
1. BASIS OF PRESENTATION

Enstar Group Limited ("Enstar") is a leading global (re)insurance group that offers innovative capital release solutions through its network of group companies in Bermuda, the United States, the United Kingdom, Continental Europe and Australia. Our core focus is acquiring and managing (re)insurance companies and portfolios of (re)insurance business in run-off.

Our voting ordinary shares are listed on the NASDAQ Global Select Market under the ticker symbol "ESGR". Unless the context indicates otherwise, the terms "Enstar," "we," "us" or "our" mean Enstar Group Limited and its consolidated subsidiaries and the term "Parent Company" means Enstar Group Limited and not any of its consolidated subsidiaries.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). All intercompany accounts and transactions have been eliminated. Certain comparative information has been reclassified to conform to the current presentation.

Enhanzed Re

Our subsidiary, Enhanzed Reinsurance Ltd. ("Enhanzed Re"), is included in the consolidated financial statements reported on a one quarter lag. The effect on our consolidated financial condition and results of operations of all material events occurring at Enhanzed Re through December 31, 2023 has been considered for adjustment and/or disclosure.

In August 2022, Enhanzed Re entered into a Master Agreement with Cavello Bay Reinsurance Limited (“Cavello”), a wholly-owned subsidiary of Enstar, and Allianz SE (“Allianz”). Pursuant to the Master Agreement, Enhanzed Re, Cavello and Allianz agreed to a series of transactions that allowed us to unwind Enhanzed Re’s operations in an orderly manner. The transactions included (i) commuting or novating all of the reinsurance contracts written by Enhanzed Re, (ii) repaying the $70 million of subordinated notes issued by Enhanzed Re to an affiliate of Allianz, and (iii) distributing Enhanzed Re’s excess capital to Cavello and Allianz in accordance with their respective equity ownership. As of December 31, 2022, all of the transactions were complete, and the impact of transactions completed in the fourth quarter 2022 were recognized in our first quarter 2023 results, as a result of the one quarter reporting lag.

Use of Estimates, Risks and Uncertainties

The preparation of financial statements in accordance with U.S. GAAP requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The estimation of unpaid claim liabilities at any given point in time is subject to a high degree of uncertainty for a number of reasons. A significant amount of time can lapse between the assumption of risk, the occurrence of a loss event, the reporting of the event to an (re)insurance company and the ultimate payment of the claim on the loss event. Certain estimates for unpaid claim liabilities involve considerable uncertainty due to significant coverage litigation and it can be unclear whether past claim experience will be representative of future claim experience.

We are subject to economic factors such as interest rates, inflation, foreign exchange rates, adverse reserve developments, regulation, tax policy changes, political risks and other market risks that can impact our strategy, operations, and results.

2. SIGNIFICANT ACCOUNTING POLICIES

The following table identifies our significant accounting policies presented in other notes to our consolidated financial statements:

Significant Accounting Policies	Note Reference(s)
• Acquisitions	Note 5 - Business Acquisitions
• Held-for-sale business and discontinued operations	Note 6 - Divestitures, Held-for-Sale Business and Discontinued Operations
• Short-term investments and fixed maturities • Allowance for credit losses • Equity securities • Other investments, at fair value • Equity method investments • Funds held	Note 7 - Investments
• Derivative instruments	Note 8 - Derivatives and Hedging Instruments
• Reinsurance Balances Recoverable on Paid and Unpaid Losses	Note 9 - Reinsurance Balances Recoverable on Paid and Unpaid Losses
• Deferred Charge Assets and Deferred Gain Liabilities	Note 10 - Deferred Charge Assets and Deferred Gain Liabilities
• Losses and LAE	Note 11 - Losses and Loss Adjustment Expenses
• Defendant Asbestos and Environmental Liabilities • Insurance Balances Recoverable	Note 13 - Defendant Asbestos and Environmental Liabilities
• Variable Interest Entities	Note 15 - Variable Interest Entities
• Premiums Written	Note 16 - Premiums Written and Earned
• Goodwill	Note 17 - Goodwill
• Redeemable Noncontrolling Interests	Note 19 - Noncontrolling Interests
• Earnings Per Share	Note 21 - Earnings Per Share
• Share-Based Compensation	Note 22 - Share-Based Compensation
• Income Taxes	Note 23 - Income Taxation

Other Significant Accounting Policies

Retroactive Reinsurance Contracts

For each of our reinsurance agreements, we determine whether the agreement provides indemnification against loss or liability relating to insurance risk in accordance with applicable accounting standards. We review all contractual features, including those that may limit the amount of insurance risk to which the reinsurer is subject or features that delay the timely reimbursement of claims.

Cessions under reinsurance agreements do not discharge our obligations under the assumed reinsurance contracts.

If we determine that a reinsurance agreement does not expose us or the reinsurer to a reasonable possibility of a significant loss from insurance risk, we record the agreement using the deposit method of accounting. Deposits received are included in other liabilities and deposits made are included within other assets. As amounts are paid or received, consistent with the underlying contracts, the deposit assets or liabilities are adjusted. Interest on such deposits is recorded as other revenues or other expenses, as appropriate. Periodically, we evaluate the adequacy of the expected payments or recoveries and adjust the deposit asset or liability through other revenues or other expenses, as appropriate.

Retroactive reinsurance contracts provide indemnification for losses and loss adjustment expenses ("LAE") with respect to past loss events. We do not record any income or expense on recognition of the contracts assets and liabilities. Any subsequent remeasurement of the value of liabilities is recorded to net incurred losses and LAE within the consolidated statements of operations.

Prospective reinsurance and insurance contracts

For prospective reinsurance of short-duration contracts that meet the criteria for reinsurance accounting, amounts received (paid) are recorded as assumed (ceded) premiums and assumed (ceded) unearned premiums. Assumed (ceded) unearned premiums are reflected as premiums within the consolidated statement of operations and, losses and loss adjustment expenses (reinsurance balances recoverable on paid and unpaid losses) within the consolidated balance sheet. Such amounts are amortized through net earned premiums over the remaining contract period in proportion to the amount of insurance protection provided.

Premiums on property and casualty insurance contracts are recognized as revenue on a pro rata basis over the applicable contract term.

Unearned Premium Reserves and Premiums Receivable

Unearned premium reserves, included within other liabilities on the consolidated balance sheets, represent the unexpired portion of policy premiums. For retrospectively rated contracts as well as those contracts whose written premium amounts are recorded based on premium estimates at inception, changes to accrued premiums arising from changes to these estimates are reflected as changes in premium balances receivable where appropriate.

Premiums receivable are reported net of an allowance for expected credit losses as appropriate. The allowance is based upon our ongoing review of amounts outstanding, historical loss data, including delinquencies and write-offs, current and forecasted economic conditions and other relevant factors. The credit risk on our premiums receivable balances is substantially reduced where we have the ability to cancel the underlying policy if the policyholder does not pay the related premium.

Acquisition Costs

Acquisition costs, consisting principally of incremental costs including, commissions and brokerage expenses and certain premium taxes and fees incurred at the time a contract or policy is issued and which are directly related to the successful efforts of acquiring new insurance contracts or renewing existing insurance contracts, are deferred and amortized over the period in which the related premiums are earned.

Deferred acquisition costs (“DAC”), recorded within other assets on the consolidated balance sheets, are limited to their estimated realizable value by line of business based on the related unearned premiums, anticipated claims and claim expenses and anticipated investment income.

Cash and cash equivalents

Cash equivalents includes money market funds, fixed interest deposits and all highly liquid debt instruments purchased with an original maturity of three months or less. Securities included within cash equivalents are stated at estimated fair value, while other investments included within cash equivalents are stated at amortized cost which approximates estimated fair value.

Foreign Exchange

Assets, liabilities and operations of foreign affiliates and subsidiaries, as well as investments accounted for under the equity method, are recorded based on the functional currency of each entity. The determination of the functional currency is made based on the appropriate economic and management indicators. For most of our foreign operations, the local currency is the functional currency.

Assets and liabilities of foreign affiliates and subsidiaries are translated from the functional currency to our reporting currency U.S. dollars, at the exchange rates in effect at each year-end and revenues and expenses are translated at the average exchange rates during the year. The resulting translation adjustments are charged or credited directly to OCI, net of applicable taxes. Gains and losses from foreign currency transactions, including the effect of re-measurement of monetary assets and liabilities to the appropriate functional currency, are reported separately in the consolidated statement of operations in the period in which they occur.

New Accounting Standards Adopted in 2023

ASU 2018-12 - Targeted Improvements to the Accounting for Long-Duration Contracts

In August 2018, the FASB issued ASU 2018-12 and subsequently issued ASUs 2019-09 and 2020-11 serving to defer the effective date of implementation. These updates:

- Require at least annual review of assumptions used to determine the provision for future policyholder benefits with the recognition of any resulting re-measurement gains or losses, excluding those related to discount rate changes, in the consolidated statement of operations;
- Use upper-medium grade fixed-income instrument rates to discount future cash flows with the impact of these changes recognized in other comprehensive income; and
- Introduce new disclosure requirements around the provisions for future policyholder benefits, policyholder account balances, market risk benefits, separate account liabilities, and deferred acquisition costs ("DAC"), which includes information about significant inputs, judgments, assumptions and methods used in measurement.

These amendments were effective for interim and annual reporting periods beginning after December 15, 2022.

We adopted ASU 2018-12 on January 1, 2023 using the modified retrospective transition approach, with a transition date of September 1, 2021. This is the date that we acquired Enhanzed Re through the Step Acquisition and consolidated Enhanzed Re's existing assets and liabilities, including all of our future policyholder benefit contracts. Prior to the acquisition of Enhanzed Re, we did not hold any long-duration insurance liabilities.

We recognized an increase to AOCI of $363 million to account for the impact of remeasuring our future policyholder benefits from September 1, 2021 to December 31, 2022. This measurement adjustment had the effect of reducing our long-duration insurance liabilities and was primarily driven by a change in the discount rates during 2022.

The adoption of this standard did not have a material impact on our shareholders' equity as of the September 1, 2021 transition date, and the period between the transition date through to December 31, 2021.[29]

Recently Issued Accounting Pronouncements Not Yet Adopted

ASU 2023-07 - Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued ASU 2023-07, which includes the following amendments to Topic 280 Segment Reporting:

- Disclose, on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within the segment measure of profit or loss;
- Disclose, on an annual and interim basis, an amount for other segment items by reportable segment and a description of its composition;
- Disclose, on an interim basis, all annual disclosures about a reportable segment's profit or loss and assets currently required by Topic 280;
- Clarify that an entity is not precluded from reporting one or more additional measure(s) of segment profit or loss if the CODM uses more than one measure in assessing segment performance and deciding how to allocate resources;
- Disclose the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources; and
- Require an entity with a single reportable segment to provide all disclosures required by the amendments in ASU 2023-07 and all existing segment disclosures in Topic 280.

These amendments are effective for annual reporting periods beginning after December 15, 2023 and interim reporting periods beginning after December 15, 2024, and must be applied retrospectively to all prior periods presented. Early adoption is permitted.

Adopting ASU 2023-07 will require us to expand our segment disclosures. We are currently determining the period in which the new guidance will be adopted.

ASU 2023-09 - Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09, which includes the following amendments to Topic 740 Income Taxes:

[29] Refer to Note 12 for the expanded future policyholder benefit disclosures required upon adoption of ASU 2018-12.

- Disclose, on an annual basis, specific categories in the rate reconciliation;
- Disclose, on an annual basis, additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5% of the amount computed by multiplying pretax income (or loss) by the applicable statutory income tax rate);
- Disclose, on an annual basis, the amount of income taxes paid (net of refunds received) disaggregated by federal (national), state, and foreign taxes;
- Disclose, on an annual basis, the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions in which income taxes paid (net of refunds received) is equal to or greater than 5% of total income taxes paid (net of refunds received);
- Disclose income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign;
- Disclose income tax expense (or benefit) from continuing operations disaggregated by federal (national), state, and foreign;
- Eliminates the requirement to disclose the nature and estimate of the range of the reasonably possible change in the unrecognized tax benefits balance in the next 12 months or make a statement that an estimate of the range cannot be made; and
- Eliminates the requirement to disclose the cumulative amount of each type of temporary difference when a deferred tax liability is not recognized because of the exceptions to comprehensive recognition of deferred taxes related to subsidiaries and corporate joint ventures.

These amendments are effective for annual reporting periods beginning after December 15, 2024, and should be applied prospectively, however retrospective application is permitted. Early adoption is permitted.

Adopting ASU 2023-09 will require us to expand our income tax disclosures. We are currently determining the period in which the new guidance will be adopted.

3. SIGNIFICANT NEW BUSINESS

We define new business as material transactions, which generally take the form of reinsurance or direct business transfers, or business acquisitions.

Completed transactions

The table below sets forth a summary of new business that we have completed between January 1, 2023 and December 31, 2023:

Transaction	Consideration Received	Net Loss Reserves Assumed	DCA [1]	Type of Transaction	Remaining Limit upon Acquisition	Line of Business	Jurisdiction
	(in millions of U.S. dollars)						
QBE [2]	$ 1,857	$ 2,036	$ 179	LPT	$ 838	Diversified mix of financial lines, casualty, multiline and discontinued business	North America and International
RACQ [3]	179	179	—	LPT	195	Motor vehicle Compulsory Third Party ("CTP") liabilities	Australia
AIG [4]	100	—	—	Prospective insurance [5]	400	Diversified mix of global casualty and professional lines	North America and International
Total 2023	$ 2,136	$ 2,215	$ 179				

[1] Where the estimated ultimate losses payable exceed the consideration received at the inception of an LPT agreement, a deferred charge asset ("DCA") is recorded. Refer to Note 10 for additional information.

[2] Total consideration received is comprised of $1,539 million of funds held - directly managed and $344 million of restricted cash, net of consideration payable of $26 million.

[3] Total consideration received is comprised of $58 million of restricted cash, $113 million of investments and $8 million of funds held by reinsured companies.

[4] Total consideration received is comprised of $100 million of cash.

[5] Enstar entered into agreement with AIG, concurrent with AIG's sale of Validus Re to RenaissanceRe. Pursuant to the agreement, there is insurance protection to AIG's indemnification of the adequacy of the carried loss reserves on assumed reinsurance contracts underwritten by Validus Re as of December 31, 2022 ("subject reserves"). Enstar's insurance of this indemnification covers 95% of adverse development in excess of the subject reserves of $3.0 billion up to a limit of $400 million.

4. SEGMENT INFORMATION

We have four segments that align with how our chief operating decision maker ("CODM"), our Chief Executive Officer, views our business, assesses performance and allocates resources to our business components. In addition, we report certain results of operations in Corporate & Other.

- **Run-off:** consists of our acquired property and casualty and other (re)insurance business, including our defendant asbestos and environmental (“A&E”) businesses and StarStone International (from January 1, 2021) following our decision to place it into an orderly run-off.

  Our primary objective of the Run-off segment is to recognize favorable prior period development in our net incurred losses and LAE (run-off liability earnings or “RLE”) over time by settling claims in a timely, cost efficient manner using our claims management expertise, including settling claims for lower than outstanding ultimate loss estimates and implementation of reinsurance and commutation strategies.

  The Run-off segment results comprises net premiums earned, other income, net incurred losses and LAE, acquisition costs and general and administrative expenses.

- **Assumed Life:** previously included Enhanzed Re’s life and property aggregate excess of loss (catastrophe) business.

  In August 2022, Enhanzed Re entered into a Master Agreement with Cavello Bay Reinsurance Limited (“Cavello”), a wholly-owned subsidiary of Enstar, and Allianz SE (“Allianz”), pursuant to which a series of commutation and novation agreements were completed which ceased any continuing reinsurance obligations for this segment. We recognized the impact of transactions that closed in the fourth quarter of 2022 in the first quarter of 2023 due to the quarter lag in reporting.

  The Assumed Life segment results comprises net premiums earned, other income, net incurred losses and LAE, policyholder benefit expenses, acquisition costs and general and administrative expenses.

- **Investments:** consists of our investment activities and the performance of our investment portfolio, excluding those investable assets attributable to our Legacy Underwriting segment.

  Our primary objective of the Investments segment is to obtain the highest possible risk and capital adjusted returns while maintaining prudent diversification of assets and operating within the constraints of a global regulated (re)insurance company. We additionally consider the liquidity requirements and duration of our claims, policyholder benefits and contract liabilities.

  The Investments segment results comprises net investment income, net realized gains (losses), net unrealized gains (losses), general and administrative expenses and income from equity method investments.

- **Legacy Underwriting:** comprises SGL No.1's 25% gross share of the 2020 and prior underwriting years of Atrium's Syndicate 609 at Lloyd's, offset by the contractual transfer of the results of that business to the Atrium entities that were divested in an exchange transaction (the “Exchange Transaction”).

  There is no net retention for Enstar on Atrium's 2020 and prior underwriting years. The contractual arrangements between SGL No. 1, Arden and Atrium relating to the reinsurance agreements and the Capacity Lease Agreement were settled in the second quarter of 2023. Other than the settlement of these amounts, we did not record any transactions in the Legacy Underwriting segment in 2023.

  The Legacy Underwriting segment results comprises net premiums earned, net investment income, net realized gains (losses), net unrealized gains (losses), other income (expense), net incurred losses and LAE, acquisition costs and general and administrative expenses.

Management measures segment performance based on segment income (loss). Segment income (loss) is derived by including certain items from total income and net income (loss) attributable to Enstar ordinary shareholders, as defined above. Income and expense items that are not directly attributable to our reportable segments are included within our corporate and other activities, which do not qualify as an operating segment. These include,

a. holding company income and expenses,

b. the amortization of net DCAs on retroactive reinsurance contracts,

c. the amortization of fair value adjustments associated with the acquisition of companies,

d. changes in the discount rate and risk margin components of the fair value of assets and liabilities related to our assumed retroactive reinsurance contracts for which we have elected the fair value option,

e. corporate expenses not allocated to our reportable segments,

f. debt servicing costs,

g. net foreign exchange gains (losses),

h. gains (losses) arising on the purchases and sales of subsidiaries (if any),

i. income tax benefit (expense),

j. net income (losses) from discontinued operations, net of income tax (if any),

k. net (income) loss attributable to noncontrolling interest, and

l. preferred share dividends.

Items b, c and d above form part of corporate and other activities as the CODM evaluates the performance of the Run-off and Legacy Underwriting segments without consideration of these amounts.

Expenses that are directly attributable to our four reportable segments are disclosed under those segments while non-direct expenses, as well as costs related to shared services that are not directly attributable to our reportable segments, are allocated to our reportable segments as well as to our corporate and other activities, on the basis of the actual or proportion of benefit derived from the services provided.

Our assets are reviewed on a consolidated basis by management for decision making purposes since they support business operations across all of our four reportable segments as well as our corporate and other activities. We do not allocate assets to our reportable segments with the exception of reinsurance balances recoverable on paid and unpaid losses and goodwill that are directly attributable to our reportable segments.

The following table sets forth select consolidated statements of operations results by segment for the years ended December 31, 2023, 2022, and 2021:

	2023	2022	2021
	(in millions of U.S. dollars)		
Revenues			
Run-off	$ 53	$ 62	$ 255
Assumed Life	277	17	5
Investments	1,110	(1,159)	429
Legacy Underwriting	—	10	43
Subtotal	**1,440**	**(1,070)**	**732**
Corporate and other	(11)	12	57
Total revenues	**$ 1,429**	**$ (1,058)**	**$ 789**
Income (losses) from equity method investments			
Investments	**$ 13**	**$ (74)**	**$ 93**
Segment net income (loss)			
Run-off	$ 62	$ 339	$ 217
Assumed Life	277	40	6
Investments	1,080	(1,270)	485
Legacy Underwriting	—	—	—
Total segment net income (loss)	**1,419**	**(891)**	**708**
Corporate and other net (loss) income:			
Other (expense) income [1]	(11)	12	(16)
Net gain on purchase and sale of subsidiaries	—	—	73
Net incurred losses and LAE [2]	(95)	218	59
Policyholder benefit expenses	—	—	(1)
Amortization of net deferred charge assets	(106)	(80)	(55)
General and administrative expenses	(149)	(142)	(131)
Interest expense	(90)	(89)	(69)
Net foreign exchange gains (losses)	—	15	12
Income tax benefit (expense)	250	12	(27)
Less: Net (income) loss attributable to noncontrolling interest	(100)	75	(15)
Less: Dividends on preferred shares	(36)	(36)	(36)
Total - Corporate and other net (loss) income	**(337)**	**(15)**	**(206)**
Net income (loss) attributable to Enstar Ordinary Shareholders	**$ 1,082**	**$ (906)**	**$ 502**

[1] Other income (expense) for corporate and other activities includes the amortization of fair value adjustments associated with the acquisition of DCo, LLC ("Dco") and Morse TEC LLC ("Morse TEC").

[2] Net incurred losses and LAE for corporate and other activities includes the fair value adjustments associated with the acquisition of companies and the changes in the discount rate and risk margin components of the fair value of assets and liabilities related to our assumed retroactive reinsurance contracts for which we have elected the fair value option.

Gross Premiums Written by Geographical Area

The following tables summarize our gross premiums written by geographical region, which is based upon the location of the subsidiaries underwriting the policies, for the years ended December 31, 2023, 2022 and 2021 (2023 only consisted of the Run-off Segment):

	2023	
	Total/Run-off	%
	(In millions of U.S. dollars, except percentages)	
United States	$ 98	97 %
United Kingdom	6	6 %
Europe	(3)	(3)%
Total	$ 101	100 %

	2022							
	Run-off		Assumed Life		Legacy Underwriting		Total	
	Total	%	Total	%	Total	%	Total	%
	(In millions of U.S. dollars, except percentages)							
United States	$ 3	60.0 %	$ —	— %	$ 8	100.0 %	$ 11	44.0 %
United Kingdom[1]	(7)	(140.0)%	—	— %	—	— %	(7)	(28.0)%
Europe	1	20.0 %	12	100.0 %	—	— %	13	52.0 %
Asia	8	160.0 %	—	— %	—	— %	8	32.0 %
Total	$ 5	100.0 %	$ 12	100.0 %	$ 8	100.0 %	$ 25	100.0 %

[1] Gross premiums written were negative for Run-off segment business located in the U.K., primarily as a result of an agreement made between one of our subsidiaries and a cedant to return premiums written.

	2021							
	Run-off		Assumed Life		Legacy Underwriting		Total	
	Total	%	Total	%	Total	%	Total	%
	(In millions of U.S. dollars, except percentages)							
United States	$ 14	27.5 %	$ —	— %	$ 25	48.1 %	$ 39	36.9 %
United Kingdom	15	29.4 %	—	— %	4	7.7 %	19	17.9 %
Europe	9	17.6 %	3	100.0 %	5	9.6 %	17	16.0 %
Asia	6	11.8 %	—	— %	2	3.8 %	8	7.5 %
Rest of World	7	13.7 %	—	— %	16	30.8 %	23	21.7 %
Total	$ 51	100.0 %	$ 3	100.0 %	$ 52	100.0 %	$ 106	100.0 %

5. BUSINESS ACQUISITIONS

We record business acquisition assets and liabilities at their estimated fair value. The fair values of each of the acquired (re)insurance assets and liabilities are derived from probability-weighted ranges of the associated projected cash flows, based on actuarially prepared information and our run-off strategy.

Our run-off strategy is expected to be different from the seller's, who generally do not specialize in running off (re)insurance liabilities.

The key assumptions used by us in the valuation of acquired companies are (i) the projected payout, timing and amount of claims liabilities; (ii) the related projected timing and amount of reinsurance collections; (iii) an appropriate discount rate, which is applied to determine the present value of the future cash flows; (iv) the estimated unallocated LAE to be incurred over the life of the run-off; (v) the impact of any accelerated run-off strategy; and (vi) an appropriate risk margin.

The difference between the nominal carrying values of the acquired reinsurance liabilities and assets as of the acquisition date and their fair value is recorded as a fair value adjustment ("FVA") on the consolidated balance sheet. The FVA is amortized over the estimated payout period of the acquired outstanding losses and LAE and reinsurance balances recoverable. We carry unamortized FVA balances on the following consolidated balance sheet captions: losses and loss adjustment expenses, defendant asbestos and environmental liabilities and reinsurance balances recoverable on paid and unpaid losses.

To the extent the actual payout experience after the acquisition is materially faster or slower than anticipated at the time of the acquisition as a result of, (i) our active claims management strategies, which include commutations and policy buybacks, (ii) an adjustment to the estimated ultimate loss reserves, (iii) changes in bad debt provisions, or (iv) changes in estimates of future run-off costs following accelerated payouts, then the amortization of the FVA is adjusted to reflect such changes.

The difference between the fair value of net assets acquired and the purchase price is recorded as goodwill and included as an asset on the consolidated balance sheet or as a gain from bargain purchase in the consolidated statements of operations.

Enhanzed Re

On September 1, 2021, we completed the purchase of the entire 27.7% equity interest in Enhanzed Re held by an affiliate of Hillhouse Group for cash consideration of $217 million and assumed the Hillhouse Group's affiliate's remaining outstanding capital commitment to Enhanzed Re of $40 million (the "Step Acquisition").

Following the completion of the Step Acquisition, our equity interest in Enhanzed Re increased from 47.4% to 75.1%. Effective September 1, 2021, we consolidated Enhanzed Re (previously accounted for as an equity method investment) and eliminated any intercompany transactions and balances between us and Enhanzed Re.

During the third quarter of 2021, we recognized a total gain on the Step Acquisition of $47 million, which was recorded in net gain on purchase and sales of subsidiaries in our consolidated statements of operations, and consisted of a bargain purchase gain, a gain on remeasurement of our previously held equity investment to fair value and a gain on settlement of pre-existing relationships.

On December 28, 2022, Enhanzed Re acquired Allianz SE’s ("Allianz") remaining 24.9% interest for $175 million, which was based on the final net book value of Enhanzed Re as of December 31, 2022. Following the repurchase, Enhanzed Re became a wholly-owned subsidiary of Enstar.

We record Enhanzed Re's results on a one quarter lag. The table below summarizes the results of Enhanzed Re's operations, which are included in our consolidated statement of operations from September 1, 2021, the date of acquisition, to December 31, 2021:

	September 1 to December 31, 2021 [1]
	(in millions of U.S. dollars)
Total revenues	$ (17)
Net loss	(19)
Net loss attributable to Enstar ordinary shareholders	(15)

[1] Excludes income from our previously held equity method investment in Enhanzed Re[30].

Supplemental Pro Forma Financial Information (Unaudited)

The following selected unaudited pro forma financial information is a summary of our combined results with Enhanzed Re, giving effect to the Step Acquisition as if it had occurred on January 1, 2020. The unaudited pro forma financial information presented below is for informational purposes only and is not necessarily indicative of the results that would have been achieved if the Step Acquisition had taken place on January 1, 2020, nor is it indicative of future results.

	2021
	(in millions of U.S. dollars)
Total revenues	$ 1,071
Net income	494
Net income attributable to Enstar	445
Net income attributable to Enstar ordinary shareholders	409

The unaudited pro forma financial information is presented on a fully consolidated basis. Aside from a pro forma adjustment made to recognize the gain on the Step Acquisition as of January 1, 2020, there were no further non-recurring pro forma adjustments recorded.

[30] Refer to Note 24 for further information.

6. DIVESTITURES, HELD-FOR-SALE BUSINESSES AND DISCONTINUED OPERATIONS

We report a business as held-for-sale when certain criteria are met, which include (i) management has either approved the sale or is in the process of obtaining approval to sell the business and is committed to a formal plan to sell the business, (ii) the business is available for immediate sale in its present condition, (iii) the business is being actively marketed for sale at a price that is reasonable in relation to its current fair value, and (iv) the sale is anticipated to occur within the next 12 months, among other specified criteria.

A business classified as held-for-sale is recorded at the lower of its carrying amount or estimated fair value less costs to sell. If the carrying amount of the business exceeds its estimated fair value, a loss is recognized. Assets and liabilities related to the business classified as held-for-sale are separately reported in our consolidated balance sheets beginning in the period in which the business is classified as held-for-sale.

Disposals that represent strategic shifts that have or will have a major effect on our operations and financial results are reported as discontinued operations which requires the restatement of the comparatives reflected on our consolidated financial statements. In addition, transactions with discontinued operations are not eliminated on consolidation and any transactions that were previously eliminated on consolidation but which will continue with the discontinued operations are restated for all periods presented and reflected within continuing operations in our consolidated financial statements.

The following table provides a summary of the net gain on sales of subsidiaries which was recorded as a component of the net gain on purchase and sales of subsidiaries included in our consolidated statements of operations for the year ended December 31, 2021:

	2021
	(in millions of U.S. dollars)
Atrium	$ (8)
SUL	23
Other	11
Net gain on sales of subsidiaries	$ 26

Atrium Exchange Transaction

In January 2021, we acquired an interest in Core Specialty (an insurance entity formed in 2021) in exchange for a portion of our indirect interest in Northshore Holdings Limited (“Northshore”) (the holding company of Atrium and Arden), and subsequently deconsolidated Northshore. In December 2023, our remaining 13.5% interest in Northshore formed a component of the consideration we paid to acquire the remaining 41.0% equity interest in StarStone Specialty Holdings Limited (“SSHL”) from Trident V Funds and Dowling Funds[31]. As of December 31, 2023, we hold a 19.9% interest in Core Specialty.

Through our wholly owned subsidiary, SGL No. 1, a Lloyd’s corporate member, we provided 25% of the underwriting capacity on the 2017 to 2020 underwriting years of Atrium's Syndicate 609 at Lloyd’s. In conjunction with the completion of the Exchange Transaction, SGL No.1 ceased its provision of underwriting capacity on Syndicate 609 for future underwriting years.

SGL No.1 was obligated to support underwriting capacity on Syndicate 609 through the provision of Funds at Lloyd’s (“FAL”), and settled its share of the 2020 and prior underwriting years for the economic benefit of Atrium via reinsurance agreements with Arden and a capacity lease agreement with Atrium 5 Limited, a U.K. domiciled subsidiary of Atrium through December 31, 2022.

During the second quarter of 2023, as a result of these contractual arrangements, the net loss reserve liabilities, cash, investments and other assets that supported those liabilities were settled by: i) the distribution of SGL No.1’s share of the Syndicate 609 result; ii) the settlement of the net payable or receivable position on the reinsurance agreement with Arden; and iii) the required settlement of the capacity lease agreement payable.

[31] Refer to Note 19 for further information.

As of December 31, 2022, we carried gross loss reserves of $173 million, reinsurance recoverables of $35 million and net assets required to support the net insurance liabilities of $138 million.

For the year ended December 31, 2022, there was no retention by Enstar of the net results of Atrium's 2020 and prior underwriting years as the business was contractually transferred to the Atrium entities that were divested in the Exchange Transaction.

Run-off of StarStone International (non-U.S.)

In June 2020, we placed StarStone International into an orderly run-off (the "StarStone International Run-Off"). The results of StarStone International are included within continuing operations.

In March 2021, we sold StarStone Underwriting Limited ("SUL"), a Lloyd's managing agency, together with the right to operate Lloyd's Syndicate 1301 for the 2021 and future years of account, to Inigo Limited ("Inigo"), in exchange for shares in Inigo and cash. We recognized a gain on the sale of $23 million.

As of December 31, 2023, our investment in Inigo, which is accounted for as a privately held equity investment and carried at fair value, was $54 million (2022: $40 million).

7. INVESTMENTS

We hold:

i. trading portfolios of short-term and fixed maturities and equities, carried at fair value;
ii. AFS portfolios of short-term and fixed maturities, carried at fair value;
iii. other investments carried at fair value;
iv. equity method investments; and
v. funds held.

Short-term and Fixed Maturities

Short-term investments comprise investments with a maturity greater than three months up to one year from the date of purchase. Fixed maturities comprise investments with a maturity of greater than one year from the date of purchase.

Short-term and fixed maturities classified as trading are carried at fair value, with realized and unrealized gains and losses included in net income and reported as net unrealized gains and losses.

Short-term and fixed maturities classified as available-for-sale ("AFS") are carried at fair value, with unrealized gains and losses excluded from net income and reported as a separate component of accumulated other comprehensive income (loss) ("AOCI"). Realized gains and losses on sales of investments classified as AFS are recognized in the consolidated statements of operations.

The costs of short-term and fixed maturities are adjusted for amortization of premiums and accretion of discounts, recognized using the effective yield method and included in net investment income. For mortgage-backed and asset-backed investments, and any other holdings for which there is a prepayment risk, prepayment assumptions are evaluated and reviewed on a regular basis.

Investment purchases and sales are recorded on a trade-date basis. Realized gains and losses on the sale of investments are based upon specific identification of the cost of investments.

Asset Types

The fair values of the underlying asset categories comprising our short-term and fixed maturities classified as trading and AFS as of December 31, 2023 and 2022:

	2023				
	Short-term investments, trading	Short-term investments, AFS	Fixed maturities, trading	Fixed maturities, AFS	Total
	(in millions of U.S. dollars)				
U.S. government and agency	$ —	$ 38	$ 76	$ 212	$ 326
U.K. government	—	—	21	51	72
Other government	—	2	144	245	391
Corporate	2	22	1,349	2,758	4,131
Municipal	—	—	49	93	142
Residential mortgage-backed	—	—	55	432	487
Commercial mortgage-backed	—	—	138	703	841
Asset-backed	—	—	117	767	884
Total fixed maturity and short-term investments	$ 2	$ 62	$ 1,949	$ 5,261	$ 7,274

	2022				
	Short-term investments, trading	Short-term investments, AFS	Fixed maturities, trading	Fixed maturities, AFS	Total
	(in millions of U.S. dollars)				
U.S. government and agency	$ 14	$ 10	$ 64	$ 300	$ 388
U.K. government	—	3	42	33	78
Other government	—	—	188	131	319
Corporate [1]	—	25	1,594	2,988	4,607
Municipal	—	—	59	99	158
Residential mortgage-backed	—	—	77	362	439
Commercial mortgage-backed	—	—	191	628	819
Asset-backed	—	—	155	682	837
Total fixed maturity and short-term investments	$ 14	$ 38	$ 2,370	$ 5,223	$ 7,645

[1] Includes convertible bonds of $233 million, which includes embedded derivatives of $34 million.

Included within residential mortgage-backed securities as of December 31, 2023 were securities issued by U.S. governmental agencies with a fair value of $306 million (December 31, 2022: $312 million).

Included within commercial mortgage-backed securities as of December 31, 2023 were securities issued by U.S. governmental agencies with a fair value of $73 million (December 31, 2022: $69 million)

Contractual Maturities

The contractual maturities of our short-term and fixed maturities, classified as trading and AFS, are shown below. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

As of December 31, 2023	Amortized Cost	Fair Value	% of Total Fair Value
	(in millions of U.S. dollars)		
One year or less	$ 355	$ 353	4.9 %
More than one year through five years	2,315	2,215	30.4 %
More than five years through ten years	1,561	1,430	19.6 %
More than ten years	1,339	1,064	14.6 %
Residential mortgage-backed	525	487	6.7 %
Commercial mortgage-backed	909	841	11.6 %
Asset-backed	885	884	12.2 %
	$ 7,889	$ 7,274	100.0 %

Unrealized Gains and Losses on AFS Short-Term and Fixed Maturities

The amortized cost, unrealized gains and losses, allowance for credit losses and fair values of our short-term and fixed maturities classified as AFS as of December 31, 2023 and 2022 were as follows:

As of December 31, 2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses		Fair Value
			Non-Credit Related Losses	Allowance for Credit Losses	
	(in millions of U.S. dollars)				
U.S. government and agency	$ 268	$ 1	$ (19)	$ —	$ 250
U.K. government	49	3	(1)	—	51
Other government	250	5	(8)	—	247
Corporate	3,040	23	(268)	(15)	2,780
Municipal	107	1	(15)	—	93
Residential mortgage-backed	466	3	(37)	—	432
Commercial mortgage-backed	760	1	(57)	(1)	703
Asset-backed	764	10	(7)	—	767
	$ 5,704	$ 47	$ (412)	$ (16)	$ 5,323

As of December 31, 2022	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses		Fair Value
			Non-Credit Related Losses	Allowance for Credit Losses	
	(in millions of U.S. dollars)				
U.S. government and agency	$ 338	$ —	$ (28)	$ —	$ 310
U.K. government	36	2	(2)	—	36
Other government	146	1	(15)	(1)	131
Corporate	3,466	7	(428)	(32)	3,013
Municipal	120	1	(22)	—	99
Residential mortgage-backed	407	—	(45)	—	362
Commercial mortgage-backed	689	2	(63)	—	628
Asset-backed	706	1	(25)	—	682
	$ 5,908	$ 14	$ (628)	$ (33)	$ 5,261

Gross Unrealized Losses on AFS Short-term and Fixed Maturities

The following table summarizes our short-term and fixed maturities classified as AFS that were in a gross unrealized loss position, for which an allowance for credit losses has not been recorded, as of December 31, 2023 and 2022:

	12 Months or Greater		Less Than 12 Months		Total	
As of December 31, 2023	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(in millions of U.S. dollars)					
U.S. government and agency	$ 135	$ (18)	$ 43	$ (1)	$ 178	$ (19)
U.K. government	9	(1)	4	—	13	(1)
Other government	70	(8)	10	—	80	(8)
Corporate	1,854	(265)	243	(3)	2,097	(268)
Municipal	78	(15)	2	—	80	(15)
Residential mortgage-backed	267	(36)	41	(1)	308	(37)
Commercial mortgage-backed	410	(48)	225	(9)	635	(57)
Asset-backed	239	(6)	100	(1)	339	(7)
Total short-term and fixed maturity investments	$ 3,062	$ (397)	$ 668	$ (15)	$ 3,730	$ (412)

	12 Months or Greater		Less Than 12 Months		Total	
As of December 31, 2022	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(in millions of U.S. dollars)					
U.S. government and agency	$ 188	$ (19)	$ 112	$ (9)	$ 300	$ (28)
U.K. government	1	—	10	(2)	11	(2)
Other government	25	(4)	89	(11)	114	(15)
Corporate	1,261	(246)	1,542	(182)	2,803	(428)
Municipal	58	(14)	32	(8)	90	(22)
Residential mortgage-backed	185	(35)	154	(10)	339	(45)
Commercial mortgage-backed	277	(43)	275	(20)	552	(63)
Asset-backed	186	(10)	357	(15)	543	(25)
Total short-term and fixed maturities	$ 2,181	$ (371)	$ 2,571	$ (257)	$ 4,752	$ (628)

As of December 31, 2023 and 2022, the number of securities classified as AFS in an unrealized loss position for which an allowance for credit loss is not recorded was 2,156 and 2,935, respectively. Of these securities, the number of securities that had been in an unrealized loss position for twelve months or longer was 1,736 and 1,155, respectively.

The contractual terms of a majority of these investments do not permit the issuers to settle the securities at a price less than the amortized cost basis of the security. While interest rates have increased and credit spreads have widened, and in certain cases credit ratings were downgraded, we currently do not expect the issuers of these fixed income securities to settle them at a price less than their amortized cost basis and therefore it is expected that we will recover the entire amortized cost basis of each security. Furthermore, we do not intend to sell the securities that are currently in an unrealized loss position, and it is also not more likely than not that we will be required to sell the securities before the recovery of their amortized cost bases.

Allowance for Credit Losses on AFS Fixed Maturities

Each reporting period we identify any credit losses on our investment portfolios not measured at fair value through net income. Credit losses on our fixed income securities, AFS are recognized through an allowance account which is deducted from the amortized cost basis of the security, with the net carrying value of the security presented on the consolidated balance sheet at the amount expected to be collected.

To calculate the amount of the credit loss, we compare the present value of the expected future cash flows with the amortized cost basis of the fixed income securities, AFS, with the amount of the credit loss recognized being limited to the excess of the amortized cost basis over the fair value of the fixed income securities, AFS, effectively creating a “fair value floor”.

For our fixed income securities, AFS that we do not intend to sell or for which it is more likely than not that we will not be required to sell before an anticipated recovery in value, we separate the credit loss component of any unrealized losses from the amount related to all other factors and record the credit loss component in net realized gains (losses) in our consolidated statements of operations. The unrealized losses related to non-credit factors is recorded in other comprehensive income. The allowance for credit losses account is adjusted for any additional credit losses, write-offs and subsequent recoveries and is reflected in our consolidated statements of operations.

For our fixed income securities, AFS where we record a credit loss, a determination is made as to the cause of the credit loss and whether we expect a recovery in the fair value of the security. For our fixed income securities, AFS where we expect a recovery in fair value, the constant effective yield method is utilized, and the investment is amortized to par.

For our fixed income securities, AFS that we intend to sell or for which it is more likely than not that we will be required to sell before an anticipated recovery in fair value, the full amount of the unrealized loss is included in net realized gains (losses). The new cost basis of the investment is the previous amortized cost basis less the credit loss recognized in net realized gains (losses). The new cost basis is not adjusted for any subsequent recoveries in fair value.

Our allowance for credit losses is derived based on various data sources, multiple key inputs and forecast scenarios. These include default rates specific to the individual security, vintage of the security, geography of the issuer of the security, industry analyst reports, credit ratings and consensus economic forecasts.

To determine the credit losses on our fixed income securities, AFS, we use the probability of default (“PD”) and loss given default (“LGD”) methodology through a third-party proprietary tool which calculates the expected credit losses based on a discounted cash flow method. The tool uses effective interest rates to discount the expected cash flows associated with each AFS security to determine its fair value, which is then compared with its amortized cost basis to derive the credit loss on the security.

The methodology and inputs used to determine the credit loss by security type are as follows:

- **Corporate and government securities:** Expected cashflows are derived that are specific to each security. The PD is based on a quantitative model that converts agency ratings to term structures that vary by country, industry and the state of the credit cycle. This is used along with macroeconomic forecasts to produce scenario conditioned PDs. The LGD is based on default studies provided by a third party which we use along with macroeconomic forecasts to produce scenario conditioned LGDs.
- **Municipal securities:** Expected cash flows are derived that are specific to each security. The PD model produces scenario conditioned PD output over the lifetime of the municipal security. These PDs are based on key macroeconomic and instrument specific risk factors. The LGD is derived based on a model which uses assumptions specific to the municipal securities.

  For corporate, government and municipal securities, we use an explicit reversion and a three year forecast period, which we consider to be a reasonable duration during which an economic forecast could continue to be reliable.
- **Asset-backed, commercial and residential mortgaged-backed securities:** Expected cash flows are derived that are specific to each security. The PD and LGD for each security is based on a quantitative model that generates scenario conditioned PD and LGD term structures based on the underlying collateral type, waterfall and other trustee information. This model also considers prepayments. For these security types, there is no explicit reversion and the forecasts are deemed reasonable and supportable over the life of the portfolio.

We report the investment income accrued on our fixed income securities, AFS within accrued investment income and therefore separately from the underlying fixed income securities, AFS. Due to the short-term period during which accrued investment income remains unpaid, which is typically six months or less since the coupon on our debt securities is paid semi-annually or more frequently, we elected not to establish an allowance for credit losses on our accrued investment income balances. Accrued investment income is written off through net realized gains (losses) at the time the issuer of the debt security defaults or is expected to default on payments.

Uncollectible fixed income securities are written off when we determine that no additional payments of principal or interest will be received.

The following table provides a reconciliation of the beginning and ending allowance for credit losses on our AFS debt securities:

	December 31, 2023				December 31, 2022		
	Other government	Corporate	Commercial mortgage backed	Total	Other government	Corporate	Total
	(in millions of U.S. dollars)						
Allowance for credit losses, beginning of year	$ (1)	$ (32)	$ —	$ (33)	$ —	$ (10)	$ (10)
Allowances for credit losses on securities for which credit losses were not previously recorded	—	(3)	(4)	(7)	—	(31)	(31)
Reductions for securities sold during the year	—	6	—	6	—	5	5
Decrease (increase) to the allowance for credit losses on securities that had an allowance recorded in the previous period	1	14	3	18	(1)	4	3
Allowance for credit losses, end of year	$ —	$ (15)	$ (1)	$ (16)	$ (1)	$ (32)	$ (33)

During the years ended December 31, 2023 and 2022, we did not have any write-offs charged against the allowance for credit losses or any recoveries of amounts previously written-off.

Equity Investments

We hold investments in publicly traded equities, exchange-traded funds and privately held equities. Our equity investments are carried at fair value with realized and unrealized gains and losses included in our consolidated statements of operations and recorded as net unrealized gains and losses.

We may elect to measure a privately held equity without a readily determinable fair value that does not qualify for the practical expedient to estimate fair value at its cost less impairment, if any.

The following table summarizes our equity investments as of December 31, 2023 and 2022:

	2023	2022
	(in millions of U.S. dollars)	
Publicly traded equity investments in common and preferred stocks	$ 275	$ 385
Exchange-traded funds	82	507
Privately held equity investments in common and preferred stocks	344	358
	$ 701	$ 1,250

Our publicly traded equity investments in common and preferred stocks predominantly trade on major exchanges and are managed by our external advisors. Our investments in exchange-traded funds also trade on major exchanges.

Our privately held equity investments in common and preferred stocks are direct investments in companies that we believe offer attractive risk adjusted returns and/or offer other strategic advantages. Each investment may have its own unique terms and conditions and there may be restrictions on disposals. There is no active market for these investments[32].

[32] Refer to Note 24 for further information on certain privately held equity investments.

Other Investments, at fair value

Other investments include investments in limited partnerships and limited liability companies (collectively "private equity funds") and hedge funds, fixed income funds, equity funds, private credit funds, real estate funds, collateralized loan obligation ("CLO") equities and CLO equity funds that carry their investments at fair value and CLO equities.

We have elected the fair value option for certain of our other investments that would otherwise be accounted for as an equity method investment. The primary reason for electing the fair value option is because we believe this measurement basis is consistent with the applicable accounting guidance used by the investment funds themselves.

Our other investments are stated at fair value, which ordinarily will be the most recently reported net asset value ("NAV") as advised by the fund manager or administrator. The NAV is based on the fund manager's or administrator's valuation of the underlying holdings in accordance with the fund's governing documents. Many of our fund investments publish NAVs on a daily basis and provide daily liquidity while others report on a monthly or quarterly basis. Unrealized gains and losses on other investments are included in net income and reported as net unrealized gains and losses.

The following table summarizes our other investments carried at fair value as of December 31, 2023 and 2022:

	2023	2022
	(in millions of U.S. dollars)	
Hedge funds	$ 491	$ 549
Fixed income funds	605	547
Private equity funds	1,617	1,282
Private credit funds	625	362
Equity funds	4	3
CLO equity funds	182	203
CLO equities	60	148
Real estate funds	269	202
	$ 3,853	$ 3,296

The following is a description of the nature of each of these investment categories:

- Hedge funds invest in fixed income, equity and other investments.
- Fixed income funds comprise a number of positions in diversified fixed income funds that are managed by third-party managers. Underlying investments vary from high-grade corporate bonds to non-investment grade senior secured loans and bonds, in both liquid and illiquid markets. The liquid fixed income funds have regularly published prices.
- Private equity funds include primary, secondaries diversified by asset classes, regional vintage and sectors and direct co-investment opportunities.
- Private credit funds invest in direct senior or collateralized loans.
- Equity funds invest primarily in public equities.
- CLO equity funds invest primarily in the equity tranches of term-financed securitizations of diversified pools of corporate bank loans.
- CLO equities comprise investments in the equity tranches of term-financed securitizations of diversified pools of corporate bank loans.
- Real estate funds comprise of real estate funds that invest primarily in commercial real estate equity.

Other investments, including equities measured at fair value using NAV as a practical expedient

We use NAV as a practical expedient to fair value certain of our other investments, including equities. Due to a lag in the valuations of certain funds reported by the managers, we may record changes in valuation with up to a three-month lag[33]. We regularly review and discuss fund performance with the fund managers to corroborate the reasonableness of the reported net asset values and to assess whether any events have occurred within the lag period that would affect the valuation of the investments.

Certain of our other investments are subject to restrictions on redemptions and sales that are determined by the governing documents, which limits our ability to liquidate those investments. These restrictions may include lock-ups, redemption gates, restricted share classes or side pockets, restrictions on the frequency of redemption and notice periods.

Certain of our other investments may not have any restrictions governing their sale, but there is no active market and no guarantee that we will be able to execute a sale in a timely manner. In addition, even if these investments are not eligible for redemption or sales are restricted, we may still receive income distributions from those other investments.

The table below details the estimated period by which proceeds would be received if we had provided notice of our intent to redeem or initiated a sales process as of December 31, 2023 for our investments measured at fair value using NAV as a practical expedient:

	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Not Eligible/ Restricted	Total	Redemption Frequency [1]
	(in millions of U.S. dollars)						
Equities							
Privately held equity investments	$ —	$ —	$ —	$ —	$ 45	$ 45	N/A
Other investments							
Hedge funds	$ 491	$ —	$ —	$ —	$ —	$ 491	monthly to bi-annually
Fixed income funds	500	—	—	—	52	552	monthly to quarterly
Private equity funds	—	62	—	—	1,556	1,618	quarterly
Private credit funds	—	—	—	—	442	442	N/A
CLO equity funds	180	—	—	—	2	182	quarterly to bi-annually
Real estate funds	—	—	—	—	269	269	N/A
	$ 1,171	$ 62	$ —	$ —	$ 2,366	$ 3,599	

[1] Redemption frequency relates to unrestricted amounts.

Equity Method Investments

Investments that we do not consolidate but in which we have significant influence over the operating and financial policies of the investee are classified as equity method investments and are accounted for using the equity method of accounting unless we have elected the fair value option.

In applying the equity method of accounting, investments are initially recorded at cost and are subsequently adjusted based on our proportionate share of net income or loss of the investee, net of any distributions received from the investee.

We typically record our proportionate share of an investee's net income or loss on a quarter lag in line with the timing of when they report their financial information to us. Any adjustments made to the carrying value of our equity method investees are based on the most recently available financial information from the investees.

[33] The valuation of our other investments is described in Note 14.

Changes in the carrying value of such investments are recorded in our consolidated statements of operations as income (losses) from equity method investments. Any decline in the value of our equity method investments considered by management to be other-than-temporary is reflected in our consolidated statements of operations in the period in which it is determined.

During the fourth quarter of 2023, we divested of our entire equity interest in Citco and recognized a gain of $5 million, which is included in income from equity method investments in our consolidated statements of operations.

The table below shows our equity method investments as of December 31, 2023 and 2022:

	2023		2022	
	Ownership %	Carrying Value	Ownership %	Carrying Value
		(in millions of U.S. dollars)		
Citco [1]	— %	—	31.9 %	60
Monument Re [2]	20.0 %	95	20.0 %	110
Core Specialty	19.9 %	225	19.9 %	211
Other	27.0 %	14	27.0%	16
		$ 334		$ 397

[1] Prior to our divestiture of our entire equity interest in Citco during the fourth quarter of 2023, we owned 31.9% of the common shares in HH CTCO Holdings Limited which in turn owned 15.4% of the convertible preferred shares of Citco III Limited ("Citco"), or a 6.2% interest in the total equity of Citco.

[2] We own 20.0% of the common shares in Monument Re as well as different classes of preferred shares which have fixed dividend yields and whose balances are included in the Investment amount. The carrying value of Monument Re is net of an impairment recorded in 2022.

Summarized Financial Information

The following is the aggregated summarized financial information of our equity method investees that meet the significance disclosure requirement, including those for which the fair value option was elected and would otherwise be accounted for as an equity method investment, and may be presented on a lag due to the availability of financial information from the investee:

	2023	2022
	(in millions of U.S. dollars)	
Balance Sheet		
Total assets	$ 59,859	$ 51,278
Total liabilities	45,430	39,496

	2023	2022	2021
	(in millions of U.S. dollars)		
Operating Results[1]			
Total income	$ 14,610	$ 6,524	$ 9,190
Total expenses	12,989	6,885	8,098
Net (loss) income	$ 1,621	$ (361)	$ 1,092

[1] Refer to Note 15 for the summarized operating results of our equity method investment in the InRe Fund for the three months ended March 31, 2021, prior to our consolidation of the InRe Fund on April 1, 2021

The following table presents the carrying value by ownership percentage of our equity method investees, including those for which the fair value option was elected:

	2023		2022	
	Equity Method Investments	Fair Value Option	Equity Method Investments	Fair Value Option
	(in millions of U.S. dollars)			
Ownership percentage				
20%-99%	109	1,208	186	1,096
3%-19%	225	825	211	809
Total	$ 334	$ 2,033	$ 397	$ 1,905

Funds Held

Under funds held arrangements, the reinsured company has retained funds that would otherwise have been remitted to us. The funds held balance is credited with investment income and losses paid are deducted.

We present funds held as a single category within the consolidated balance sheets. The following table summarizes the components of funds held as of December 31, 2023 and 2022:

	2023	2022
	(in millions of U.S. dollars)	
Funds held - directly managed	$ 2,502	$ 2,040
Funds held by reinsured companies	2,749	3,582
Total funds held	$ 5,251	$ 5,622

Funds held arrangements where we receive the underlying portfolio economics and the contractual right to direct the asset allocation strategies are known as "Funds held - directly managed". Funds held arrangements where we receive a fixed crediting rate or other contractually agreed return are known as "Funds held by reinsured companies". Where we receive a contractually agreed return, we evaluate whether we are required to recognize an embedded derivative.

Funds held by reinsured companies are carried at cost and any embedded derivative is carried at fair value.

Funds held - directly managed are carried at fair value because it represents the aggregate of funds held at cost and the value of an embedded derivative. The embedded derivative relates to our contractual right to receive the return on the underlying investment portfolio and the performance risk of the individual assets supporting the reinsurance contract.

We include the estimated fair value of these embedded derivatives in the consolidated balance sheets with the host contract in order to reflect the expected settlement of these features with the host contract[34].

The investment returns on both categories of funds held are recognized in net investment income and net unrealized gains (losses), respectively. The change in the fair value of the embedded derivative is included in net unrealized gains (losses).

[34] Refer to Note 8 for our accounting policy on embedded derivatives.

Funds Held - Directly Managed

The following table summarizes the components of funds held - directly managed as of December 31, 2023 and 2022:

	2023	2022
	(in millions of U.S. dollars)	
Funds held - directly managed, at cost	$ 2,608	$ 2,819
Net unrealized gains (losses):		
Accumulated change in fair value - embedded derivative accounting	(106)	(572)
Accumulated change in fair value [1]	—	(207)
Funds held - directly managed, at fair value	$ 2,502	$ 2,040

[1] Is clearly and closely related to the host contract.

The majority of our funds held - directly managed is comprised of short-term and fixed maturities. The $462 million increase in funds held - directly managed from December 31, 2022 to December 31, 2023 was primarily driven by an LPT transaction with QBE completed during the second quarter of 2023, partially offset by the derecognition of the assets supporting the Enhanzed Re reinsurance of a closed block of life annuity policies that were novated during the first quarter of 2023.

Funds Held by Reinsured Companies

Pursuant to the terms of the Aspen Insurance Holdings transaction entered into in 2022, in addition to earning a fixed crediting rate (“base crediting rate”) on the funds withheld, as of October 1, 2022 and through September 30, 2025 we will also receive a variable return (together, the “full crediting rate”).

The nature of the arrangement results in an embedded derivative, which represents the fair value of the amount by which all future interest payments on the funds withheld balance made at the full crediting rate are expected to exceed all future interest payments made on the funds withheld balance at the base crediting rate.

The following table summarizes the components of our funds held by reinsured companies:

	2023	2022
	(in millions of U.S. dollars)	
Fund held by reinsured companies, at amortized cost	$ 2,709	$ 3,538
Fair value of embedded derivative	40	44
Funds held by reinsured companies	$ 2,749	$ 3,582

The $833 million decrease in funds held by reinsured companies from December 31, 2022 to December 31, 2023 was primarily driven by net paid losses specific to the Aspen LPT.

Net Investment Income

Major categories of net investment income for the years ended December 31, 2023, 2022 and 2021 are summarized as follows:

	2023	2022	2021
Fixed maturities	$ 326	$ 237	$ 191
Short-term investments and cash and cash equivalents	38	10	—
Funds held	211	151	85
Investment income from fixed maturities, cash and cash equivalents and funds held	575	398	276
Equity investments	41	39	32
Other investments[1]	51	43	41
Investment income from equities and other investments	92	82	73
Gross investment income	667	480	349
Investment expenses	(20)	(25)	(37)
Net investment income	$ 647	$ 455	$ 312

[1] Effective April 1, 2021, the InRe Fund was consolidated by us and subsequently liquidated by December 31, 2021. Refer to Note 15 for additional information. Prior to April 1, 2021, all income or loss from the InRe Fund was determined by the change in net asset value (NAV) of our holdings in the fund, which was included within net unrealized gains (losses) from other investments.

Net Realized and Unrealized Gains (Losses)

Components of net realized and unrealized gains (losses) for the years ended December 31, 2023, 2022 and 2021 were as follows:

	2023	2022	2021
	(in millions of U.S. dollars)		
Net realized (losses) gains on sale:			
Gross realized gains on fixed maturities, AFS	$ 5	$ 6	$ 19
Gross realized losses on fixed maturities, AFS	(81)	(89)	(13)
Decrease (increase) in allowance for expected credit losses on fixed maturities, AFS	11	(28)	(10)
Total net realized losses on sale	$ (65)	$ (111)	$ (4)
Net (losses) gains recognized on equity securities sold during the period	—	—	9
Other investments [1]	—	—	66
Net realized investment (losses) gains on investment derivatives		—	(132)
Total net realized (losses) gains on sale	$ (65)	$ (111)	$ (61)
Net unrealized gains (losses):			
Fixed maturities, trading	$ 84	$ (503)	$ (144)
Funds held - directly managed	47	(567)	(62)
Equity securities	167	(290)	146
Other investments [1]	225	(125)	259
Investment derivatives	5	(18)	(21)
Total net unrealized gains (losses)	$ 528	$ (1,503)	$ 178

[1] Effective April 1, 2021, the InRe Fund was consolidated by us and subsequently liquidated by December 31, 2021. Refer to Note 15 for additional information. Prior to April 1, 2021, all income or loss from the InRe Fund was determined by the change in net asset value (NAV) of our holdings in the fund, which was included within net unrealized gains (losses) from other investments.

The gross realized gains and losses on AFS investments included in the table above resulted from sales of $1.8 billion, $2.1 billion and $2.5 billion for the years ended December 31, 2023, 2022 and 2021, respectively.

For the years ended December 31, 2023, 2022 and 2021, net unrealized gains (losses) recorded within the statement of operations relating to equity securities still held of the balance sheet date were $109 million, $(269) million and $146 million, respectively.

Restricted Assets

We utilize trust accounts to collateralize business with our (re)insurance counterparties. We are also required to maintain investments and cash and cash equivalents on deposit with regulatory authorities and Lloyd's to support our (re)insurance operations. The investments and cash and cash equivalents on deposit are available to settle (re)insurance liabilities. Collateral generally takes the form of assets held in trust, letters of credit or funds held. The assets used as collateral are primarily highly rated fixed maturities. The carrying value of our restricted assets, including restricted cash of $266 million and $508 million, as of December 31, 2023 and 2022, respectively, was as follows:

	2023	2022
	(in millions of U.S. dollars)	
Collateral in trust for third party agreements	$ 5,301	$ 5,343
Assets on deposit with regulatory authorities	80	159
Collateral for secured letter of credit facilities	78	82
Funds at Lloyd’s (“FAL”) [1]	389	365
	$ 5,848	$ 5,949

[1] We managed and provided capacity for one Lloyd’s syndicate as of December 31, 2023 (December 31, 2022: we managed and/or provided capacity for three Lloyd's syndicates). Lloyd's determines the required capital principally through the use of an internal model that calculates a solvency capital requirement for each syndicate. This capital is referred to as FAL and will be drawn upon in the event that a syndicate has a loss that cannot be funded from other sources. We also utilize unsecured letters of credit for a significant portion of our FAL, as described in Note 18.

8. DERIVATIVES AND HEDGING INSTRUMENTS

Accounting for Derivatives

Freestanding Derivatives

Freestanding derivatives are recorded on trade-dates and carried on the consolidated balance sheet either as assets within other assets or as liabilities within other liabilities at estimated fair value. We do not offset the estimated fair value amounts recognized for derivatives executed with the same counterparty under the same master netting agreement.

If a derivative is not designated as an accounting hedge or its use in managing risk does not qualify for hedge accounting, changes in the estimated fair value of the derivative are reported in net unrealized gains (losses) included in our consolidated statements of operations.

Hedge Accounting

To qualify for hedge accounting, at the inception of the hedging relationship, we formally document the risk management objective and strategy for undertaking the hedging transaction, as well as the designation of the hedge.

We have qualifying net investment in foreign operation (“NIFO”) hedges. We recognize changes in the estimated fair value of the hedging derivatives within OCI, consistent with the translation adjustment for the hedged net investment in the foreign operation.

Our documentation sets forth how the hedging instrument is expected to hedge the designated risks related to the hedged item and also sets forth the method that will be used to retrospectively and prospectively assess the hedging instrument’s effectiveness. A derivative designated as a hedging instrument must be assessed as being highly effective in offsetting the designated risk of the hedged item. Hedge effectiveness is formally assessed at inception and at least quarterly throughout the life of the designated hedging relationship. Assessments of hedge effectiveness are also subject to interpretation and estimation and different interpretations or estimates may have a material effect on the amount reported in net income.

When hedge accounting is discontinued pursuant to a NIFO hedge (due to a revaluation, payment of a dividend or the disposal of our investment in a foreign operation), the derivative continues to be carried on the balance sheet at its estimated fair value. Deferred gains and losses recorded in OCI pursuant to a discontinued NIFO hedge are recognized immediately in net foreign exchange losses (gains) in our consolidated statements of operations.

Embedded Derivatives

We are party to certain reinsurance agreements that have embedded derivatives. We also have embedded derivatives on our convertible bond portfolio, recorded within fixed maturities, trading on the consolidated balance sheets. We assess each identified embedded derivative to determine whether it is required to be bifurcated. The embedded derivative is bifurcated from the host contract and accounted for as a freestanding derivative if:

- the combined instrument is not accounted for in its entirety at estimated fair value with changes in estimated fair value recorded in net income;
- the terms of the embedded derivative are not clearly and closely related to the economic characteristics of the host contract; and
- a separate instrument with the same terms as the embedded derivative would qualify as a derivative instrument.

Such embedded derivatives are carried on the consolidated balance sheet at estimated fair value with the host contract and changes in their estimated fair value are generally reported within net unrealized gains (losses).

Derivative Strategies

We are exposed to various risks relating to our ongoing business operations, including interest rate, foreign currency exchange rate, credit and equity price risks. We use a variety of strategies to manage these risks, including the use of derivatives.

Derivatives are financial instruments with values derived from interest rates, foreign currency exchange rates, credit spreads and/or other financial indices. The types of derivatives we use include swaps and forwards.

Foreign currency derivatives

We use foreign currency exchange rate derivatives, including foreign currency forwards, to reduce the risk from fluctuations in foreign currency exchange rates associated with our assets and liabilities denominated in foreign currencies. We also use foreign currency derivatives to hedge the foreign currency exchange rate risk associated with certain of our net investments in foreign operations.

In a foreign currency forward transaction, we agree with another party to deliver a specified amount of an identified currency at a specified future date. The price is agreed upon at the time of the contract and payment for such a contract is made at the specified future date. We utilize foreign currency forwards in fair value, NIFO hedges and nonqualifying hedging relationships.

Interest rate derivatives

We use interest rate derivatives, specifically interest rate swaps, to reduce our exposure to changes in interest rates.

Interest rate swaps are used by us primarily to reduce market risks from changes in interest rates and to alter interest rate exposure arising from mismatches between assets and liabilities (duration mismatches). In an interest rate swap, we agree with another party to exchange, at specified intervals, the difference between fixed rate and floating rate interest amounts as calculated by reference to an agreed notional amount. We utilize interest rate swaps in nonqualifying hedging relationships.

In February 2023, we entered into a two-month forward starting receive fixed, pay floating interest rate swap with a notional value of $800 million to partially mitigate the risk that interest rates could decrease prior to our receipt of the cash consideration for the QBE LPT transaction. Following the expiration of the forward period in April 2023, we took delivery of a three-year receive fixed, pay floating interest rate swap. The notional value of the swap was subsequently partially unwound as the consideration received was invested. The swap was fully unwound in July 2023. As of December 31, 2023 and 2022, we had no interest rate swaps.

The following table presents the gross notional amounts and estimated fair values of our derivatives recorded within other assets and other liabilities on the consolidated balance sheets as of December 31, 2023 and 2022:

	2023			2022		
		Fair Value [1]			Fair Value [1]	
	Gross Notional Amount	Assets	Liabilities	Gross Notional Amount	Assets	Liabilities
	(in millions of U.S. dollars)					
Derivatives designated as hedging instruments						
Foreign currency forward contracts	$ 424	$ 1	$ 6	$ 442	$ 1	$ 11
Derivatives not designated as hedging instruments						
Foreign currency forward contracts	313	3	3	244	5	1
Others	14	—	—	7	—	—
Total	$ 751	$ 4	$ 9	$ 693	$ 6	$ 12

[1] Refer to Note 14 for additional information regarding the fair value of our derivatives.

The following table presents the net gains and losses relating to our derivative instruments for the years ended December 31, 2023, 2022 and 2021:

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	Location of gain (loss) recognized on derivatives	Amount of Net Gains (Losses)		
		2023	2022	2021
		(in millions of U.S. dollars)		
Derivatives designated as hedging instruments				
Foreign currency forward contracts	Accumulated other comprehensive income (loss)	$ (15)	$ 50	$ 24
Derivatives not designated as hedging instruments				
Foreign currency forward contracts	Net foreign exchange gains (losses)	9	(10)	(4)
Interest rate swap	Net unrealized gains (losses)	7	—	—
Others	Net unrealized gains (losses)	(2)	—	—

9. REINSURANCE BALANCES RECOVERABLE ON PAID AND UNPAID LOSSES

Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying liability for losses and LAE. We report our reinsurance balances recoverable on paid and unpaid losses net of an allowance for estimated uncollectible amounts.

Our allowance for estimated uncollectible reinsurance is derived based on various data sources, multiple key inputs and forecast scenarios. These include the duration of the collection period, credit quality, changes in reinsurer credit standing, default rates specific to the individual reinsurer, the geographical location of the reinsurer, contractual disputes with reinsurers over individual contentious claims, contract language or coverage issues, industry analyst reports and consensus economic forecasts.

To determine the allowance for estimated uncollectible reinsurance, we use the PD and LGD methodology whereby each reinsurer is allocated an appropriate PD percentage based on the expected payout duration by portfolio. This PD percentage is then multiplied by an appropriate LGD percentage to arrive at an overall credit allowance percentage which is then applied to the reinsurance balance recoverable for each reinsurer, net of any specific bad debt provisions, collateral or other contract related offsets, to arrive at the overall allowance for estimated uncollectible reinsurance by reinsurer.

Amounts deemed to be uncollectible, including amounts due from known insolvent reinsurers, are written off against the allowance.

Changes in the allowance, as well as any subsequent collections of amounts previously written off, are reported as part of the net incurred losses and LAE in our consolidated statements of operations.

On an ongoing basis, we also evaluate and monitor the credit risk of our reinsurers, including those under voluntary schemes of arrangement, to minimize our exposure to significant losses from potential insolvencies.

The following tables provide the total reinsurance balances recoverable on paid and unpaid losses.

	December 31, 2023	December 31, 2022
	(in millions of U.S. dollars)	
Recoverable from reinsurers on unpaid:		
Outstanding losses and IBNR	$ 836	$ 1,075
ULAE	5	6
Fair value adjustments - acquired companies	(5)	(6)
Fair value adjustments - fair value option	(62)	(79)
Total reinsurance reserves recoverable	774	996
Paid losses recoverable	183	135
Total	$ 957	$ 1,131
Reconciliation to Consolidated Balance Sheet:		
Reinsurance balances recoverable on paid and unpaid losses	$ 740	$ 856
Reinsurance balances recoverable on paid and unpaid losses - fair value option	217	275
Total	$ 957	$ 1,131

Certain of our subsidiaries and assumed portfolios, prior to acquisition, used retrocessional agreements to reduce their exposure to the risk of (re)insurance assumed.

The fair value adjustments, determined on acquisition of (re)insurance subsidiaries, are based on the estimated timing of loss and LAE recoveries and an assumed interest rate equivalent to a risk free rate for securities with similar duration to the acquired reinsurance balances recoverable on paid and unpaid losses plus a spread for credit risk, and are amortized over the estimated recovery period, as adjusted for accelerations in timing of payments as a result of commutation settlements[35].

[35]The determination of the fair value adjustments on the retroactive reinsurance contracts for which we have elected the fair value option is described in Note 14.

The decrease in reinsurance balances on paid and unpaid losses from December 31, 2022 to December 31, 2023 was primarily due to cash collections, adverse ceded development and foreign exchange movement.

Top Ten Reinsurers

	December 31, 2023			December 31, 2022		
	Number	Total ($)	%	Number	Total ($)	%
	(in millions of U.S. dollars, except for number of top 10 reinsurers)					
Information regarding top ten reinsurers:						
Top 10 reinsurers rated A- or better	8	$ 436		8	$ 578	
Top 10 non-rated reinsurers:						
Due from a U.S. state backed reinsurer that is supported by assessments on active auto writers operating within the state		149			171	
Due from a U.S. Workers' Compensation Reinsurance Pool that is secured through an allocation to insurers actively writing workers' compensation in the covered state		42			43	
Total top 10 non-rated reinsurers	2	191		2	214	
Total top 10 reinsurers		627	65.5 %		792	70.0 %
Other reinsurers > $1 million		316	33.0 %		319	28.2 %
Other reinsurers < $1 million		14	1.5 %		20	1.8 %
Total		$ 957	100.0 %		$ 1,131	100.0 %
Single reinsurers that represent 10% or more of total reinsurance balance recoverables as of December 31, 2023 and 2022:						
Lloyd's Syndicates [1]		$ 135			$ 193	
Michigan Catastrophic Claims Association[2]		$ 149			$ 171	

[1] Lloyd's Syndicates are rated AA- by Standard & Poor's and A by A.M. Best.

[2] U.S. state backed reinsurer that is supported by assessments on active auto writers operating within the state.

The table below provides a reconciliation of the beginning and ending allowance for estimated uncollectible reinsurance balances for the years ended December 31, 2023 and 2022:

	2023	2022
	(in millions of U.S. dollars)	
Allowance for estimated uncollectible reinsurance, beginning of year	$ 131	$ 136
Effect of exchange rate movement	1	1
Current period change in the allowance	2	(6)
Recoveries collected	(3)	—
Allowance for estimated uncollectible reinsurance, end of year	$ 131	$ 131

10. DEFERRED CHARGE ASSETS AND DEFERRED GAIN LIABILITIES

If, at the inception of a retroactive reinsurance contract, the estimated liabilities for losses and LAE exceed the premiums received, a deferred charge asset (“DCA”) is recorded for this difference. In contrast, if the premiums received are in excess of the estimated undiscounted ultimate losses payable, a deferred gain liability (“DGL”) is recorded.

The consideration that we charge the ceding companies under retroactive reinsurance contracts may be lower than our estimate of losses and LAE liabilities as these liabilities may not be settled for many years. Our contractual counterparties (cedants) settle the consideration upon inception of the contract and we invest the consideration received over an extended period of time, thereby generating investment income. As a result, we expect to generate profits from these retroactive reinsurance contracts when taking into account the consideration received and expected investment income, less contractual obligations and expenses.

We amortize the originating DCA balances over the estimated claim payment period of the related contracts with the amortization adjusted prospectively at each reporting period to reflect new estimates of the pattern and timing of remaining losses and LAE payments. We present the amortization of our DCAs and DGLs as a separate line item in our consolidated statements of operations.

When liabilities for losses and LAE are extinguished through commutations and policy buybacks, they are removed from our estimates for the remaining loss and LAE payments, and this will generally result in an acceleration of the amortization of the DCAs.

DCAs are assessed at each reporting period for impairment and if the asset is determined to be impaired, then it is written down in the period in which the determination is made with that write down reflected in earnings as a component of net incurred losses and LAE. For the years ended December 31, 2023, 2022 and 2021 we completed our assessment for impairment of deferred charge assets and concluded that there had been no impairment of our carried deferred charge asset balances.

For each reinsurance contact where a DCA has been recorded we assess for impairment at each reporting period by determining the rate of return that we are required to earn on the invested assets to ensure that all cashflows arising from the assumed liabilities are met in full over the projected remaining payout period. This required rate of return is compared against the modeled rate of return, the weighted average portfolio yield and the actual annualized rate of return in order to identify indicators that would lead us to record an impairment of the DCA.

Change in net DCA Amortization

Effective December 31, 2022, we voluntarily changed our accounting policy for calculating the amortization of our DCAs. Previously, any change in ultimate losses on the contracts with a recognized DCA would result in the recognition of an adjustment to the DCA, as if the adjusted reserves had existed upon inception of the contract. We will no longer adjust the DCA for these events.

We continue to amortize the originating DCA balances over the estimated claim payment period of the related contracts with the amortization adjusted prospectively at each reporting period to reflect new estimates of the pattern and timing of remaining losses and LAE payments. Previously, the amortization of our DCAs and DGLs was included in net incurred losses and LAE. We now present the amortization of our DCAs and DGLs as a separate line item in our consolidated statements of operations.

We made the change in accounting policy because the primary basis for accepting consideration that is lower than the estimate of losses and LAE liabilities assumed is due to the time value of money, inclusive of our expectation of generating investment income, rather than expectations of changes in ultimate losses on the contracts.

We believe that the change in policy improves the usefulness of our financial statements as the changes in amortization of the DCA will no longer offset the loss developments, which allows the insurance loss developments to be recognized consistently through our consolidated statement of operations regardless of whether the contract resulted in a DCA at inception.

We have retrospectively applied this change in accounting policy to all applicable prior period information presented herein as required. As of January 1, 2020, the cumulative effect of this change resulted in a $158 million increase to retained

earnings, which is reflected as a cumulative change in accounting principle in the consolidated statements of changes in shareholders' equity.

The following tables provide a summary of the effect of the change in accounting policy on our 2022 and previously reported consolidated financial statements:

Consolidated Balance Sheets

	As of December 31, 2022		
	As Computed Under Previous Method	Effect of Accounting Change	As Reported Under New Method
	(in millions of U.S. dollars)		
Deferred charge assets	$ 268	$ 390	$ 658
Retained earnings	4,016	390	4,406

Consolidated Statements of Operations

	Year Ended December 31, 2022		
	As Computed Under Previous Method	Effect of Accounting Change	As Reported Under New Method
	(in millions of U.S. dollars, except per share data)		
Net incurred losses and LAE:			
Prior Period	$ (513)	$ (243)	$ (756)
Total net incurred losses and loss adjustment expenses	(465)	(243)	(708)
Amortization of net deferred charge assets	—	80	80
Total expenses	(12)	(163)	(175)
NET LOSS FROM CONTINUING OPERATIONS	(1,108)	163	(945)
NET LOSS ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	$ (1,069)	163	(906)
	$ —		
Loss per ordinary share attributable to Enstar:			
Basic	$ (62.13)	$ 9.48	$ (52.65)
Diluted	$ (62.13)	$ 9.48	$ (52.65)

	Year Ended December 31, 2021		
	As previously reported	Adjustment	As adjusted
	(in millions of U.S. dollars, except per share data)		
Net incurred losses and LAE:			
Prior period	$ (283)	$ (120)	$ (403)
Total net incurred losses and loss adjustment expenses	(111)	(120)	(231)
Amortization of net deferred charge assets	—	55	55
Total expenses	367	(65)	302
NET INCOME FROM CONTINUING OPERATIONS	488	65	553
NET INCOME ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	$ 437	$ 65	$ 502
Earnings per ordinary share attributable to Enstar:			
Basic	$ 22.05	$ 3.28	$ 25.33
Diluted	$ 21.71	$ 3.23	$ 24.94

Consolidated Statements of Comprehensive Income

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	Year Ended December 31, 2022			Year Ended December 31, 2021		
	As Computed Under Previous Method	Effect of Accounting Change	As Reported Under New Method	As previously reported	Adjustment	As adjusted
	(in millions of U.S. dollars)					
NET (LOSS) INCOME	$ (1,108)	$ 163	$ (945)	$ 488	$ 65	$ 553
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO ENSTAR	$ (1,319)	$ 163	$ (1,156)	$ 375	$ 65	$ 440

Consolidated Statements of Changes in Shareholders' Equity

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	As Computed Under Previous Method	Effect of Accounting Change	As Reported Under New Method	As previously reported	Adjustment	As adjusted
	(in millions of U.S. dollars)					
Retained Earnings						
Balance, beginning of year	$ 5,085	$ 227	$ 5,312	$ 4,647	$ 162	$ 4,809
Net (loss) income	(1,108)	163	(945)	488	65	553
Balance, end of year	$ 4,016	$ 390	$ 4,406	$ 5,085	$ 227	$ 5,312

Consolidated Statements of Cash Flows

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	As Computed Under Previous Method	Effect of Accounting Change	As Reported Under New Method	As previously reported	Adjustment	As adjusted
	(in millions of U.S. dollars)					
Net (loss) income	$ (1,108)	$ 163	$ (945)	$ 488	$ 65	$ 553
Adjustments to reconcile net (loss) income to cash flows provided by operating activities:						
Amortization of net deferred charge assets	$ —	$ 80	$ 80	$ —	$ 55	$ 55
Other operating assets and liabilities[1]	$ (174)	$ (243)	$ (417)	$ 838	$ (120)	$ 718

(1) As previously reported changes in other operating assets and liabilities for the year ended December 31, 2021 includes changes in premiums receivable of $324 million.

The following tables provide a summary of the effect of the change in accounting policy on our 2022 and previously reported consolidated reconciliation of beginning and ending liability for losses and LAE:

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	As Computed Under Previous Method	Effect of Accounting Change	As Reported Under New Method	As previously reported	Adjustment	As adjusted
	(in millions of U.S. dollars)					
DCAs on retroactive reinsurance	$ (371)	$ 371	$ —	$ (219)	$ 219	$ —
Net balance as of January 1	11,555	371	11,926	8,709	219	8,928
Net incurred losses and LAE:						
Prior periods:						
Amortization of DCAs	243	(243)	—	120	(120)	—
Total prior periods	(513)	(243)	(756)	(283)	(120)	(403)
Total net incurred losses and LAE	(465)	(243)	(708)	(111)	(120)	(231)
Other changes:						
Acquired business[2]	—	—	—	1,098	29	1,127
Assumed business[1]	2,520	140	2,660	3,445	254	3,699
Ceded business[3]	—	—	—	(92)	(11)	(103)
Total other changes	2,333	140	2,473	4,388	272	4,660
Net balance as of December 31	11,743	268	12,011	11,555	371	11,926
DCAs on retroactive reinsurance	$ 268	$ (268)	$ —	$ 371	$ (371)	$ —

(1) 2022 and 2021 assumed business is net of DCAs of $140 million and $254 million, respectively.

(2) 2021 acquired business included $257 million of loss reserves which are deemed to effectively settle balances relating to pre-existing relationships, the latter comprising of $286 million of reinsurance recoverables, partially offset by a DGL of $29 million, carried by two of our reinsurance subsidiaries. The impact of the DGL has been adjusted in the above table.

(3) 2021 ceded business is net of DGLs of $11 million.

Additionally, all relevant notes to the financial statements have been updated for impacts of the change in accounting policy.

Deferred Charge Assets and Deferred Gain Liabilities

The following table presents a reconciliation of the deferred charge assets and deferred gain liabilities for the years ended December 31, 2023, 2022 and 2021:

	2023			2022			2021		
	DCA	DGL	Net	DCA	DGL	Net	DCA	DGL	Net
	(in millions of U.S. dollars)								
Beginning carrying value	$ 658	$ —	$ 658	$ 599	$ 1	$ 598	$ 401	$ 20	$ 381
New business	179	—	179	140	—	140	254	11	243
Realized on acquisition	—	—	—	—	—	—	—	(29)	29
Amortization	(106)	—	(106)	(81)	(1)	(80)	(56)	(1)	(55)
Ending carrying value	$ 731	$ —	$ 731	$ 658	$ —	$ 658	$ 599	$ 1	$ 598

11. LOSSES AND LOSS ADJUSTMENT EXPENSES

The liability for losses and LAE, also referred to as loss reserves, represents our gross estimates before reinsurance for unpaid reported losses (Outstanding Loss Reserves, or "OLR") and includes losses that have been incurred but not yet reported ("IBNR") using actuarial methods. We recognize an asset for the portion of the liability that we expect to recover from reinsurers. LAE reserves include allocated LAE ("ALAE") and unallocated LAE ("ULAE"). ALAE are linked to the settlement of an individual claim or loss, whereas ULAE are based on our estimates of future costs to administer the claims. IBNR includes amounts for unreported claims, development on known claims and reopened claims.

Our loss reserves cover multiple lines of business, including asbestos, environmental, general casualty, workers' compensation, marine, aviation and transit, construction defect, professional indemnity/directors and officers, motor, property and other non-life lines of business.

The liability for losses and LAE includes reserves for unpaid reported losses and losses incurred but not reported ("IBNR").

We establish reserves for unpaid reported losses and LAE based on reports from brokers, ceding companies and insureds and these represent the estimated ultimate cost of events or conditions that have been reported to or specifically identified by us.

The reserves for IBNR losses are established by us based on actuarially determined estimates of ultimate losses and LAE. Inherent in the estimate of ultimate losses and LAE are expected trends in claim severity and frequency, historical loss experience, industry statistics and other factors which may vary significantly as claims are settled.

These estimates are reviewed regularly and are subject to the impact of future changes in the factors noted above as well as economic conditions including the impact of inflation, legal and judicial developments, and medical cost trends.

Any subsequent remeasurement of our reserves will be recorded in net income in the period in which they become known and reflected as part of the net increase or reduction in the estimates of ultimate losses included within net incurred losses and LAE in the consolidated statements of operations.

Prior period development ("PPD") arises from changes to loss estimates recognized in the current calendar year that relate to loss reserves established in previous calendar years.

Our estimates, at inception and on an ongoing basis, do not include an estimate for potential future commutations and policy buybacks. Commutations and policy buybacks are often unique and circumstance-based, and each commutation or policy buyback is separately negotiated. Therefore, the successful execution of one commutation or policy buyback does not necessarily impact the likelihood of other commutations or policy buybacks occurring in the future.

Commutations and policy buybacks provide an opportunity for us to exit exposures to certain policies and insureds generally at a discount to our estimate of the ultimate liability and provide us with the ability to eliminate exposure to further losses which can be beneficial to us as they legally extinguish liabilities in full, reducing the potential for future adverse loss development and future claims handling costs.

Commutations of acquired companies’ exposures have the effect of accelerating the payout of claims compared to the probability-weighted ranges of actuarially projected cash flows that we applied when estimating the fair values of assets and liabilities at the time of acquisition.

Commutations are only executed directly with (re)insureds and any changes in ultimate losses are recognized upon the execution of a commutation or policy buyback with the (re)insured.

Any material acceleration of payout together with the impact of any material loss reserve savings in any period will also accelerate the amortization of any associated fair value adjustments in that period.

Our (re)insurance subsidiaries also establish provisions for unallocated loss adjustment expenses ("ULAE") for LAE relating to run-off costs for the estimated duration of the run-off, such as internal claim management or associated operational support costs, which are included in the liability for losses and LAE. These provisions are assessed at each reporting date, and provisions relating to future periods are adjusted to reflect any changes in estimates of the periodic run-off costs or the duration of the run-off, including the impact of any acceleration of the run-off period that

may be caused by commutations. Provisions relating to the current period together with any adjustment to future run-off provisions are included in net incurred losses and LAE in the consolidated statements of operations.

Fair Value Option

We have elected to apply the fair value option for certain reinsurance contracts including, loss portfolio transfers ("LPTs") and reinsurance to close ("RITC") transactions. This is an irrevocable election that applies to all balances under the reinsurance contract, including reinsurance balances recoverable on paid and unpaid losses and the liability for losses and LAE. The primary reason for electing the fair value option was to reduce the earnings volatility created by carrying the liabilities for losses and LAE at cost and the assets supporting those liabilities at fair value. During 2017 and 2018, we elected the fair value option on select new business and classified the supporting portfolio investments as trading securities, whereby all changes in fair value were recorded in the statements of operations. Commencing in 2019, we discontinued electing the fair value option on new business in order to better align with our evolving investment objectives.

We use an internal model to calculate the fair value of the liability for losses and LAE and the reinsurance balances recoverable on paid and unpaid losses. The nominal amounts related to reinsurance balances recoverable on paid and unpaid losses and the liability for losses and LAE are inputs in our internal model. These liabilities are included in losses and LAE, at fair value on the consolidated balance sheets, and the changes in the liability are included in net incurred losses and LAE on the consolidated statements of operations.

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The table below provides a consolidated reconciliation of the beginning and ending liability for losses and LAE.

	2023	2022	2021
	(in millions of U.S. dollars)		
Balance as of January 1	**$ 13,007**	**$ 13,258**	**$ 10,593**
Losses and LAE relating to SGL No.1 [1]	—	—	255
Reinsurance reserves recoverable [2]	(996)	(1,332)	(1,830)
Reinsurance reserves recoverable relating to SGL No. 1 [1]	—	—	(90)
Net balance as of January 1	**12,011**	**11,926**	**8,928**
Net incurred losses and LAE:			
Current period:			
Increase in estimates of net ultimate losses	28	46	168
Increase in provisions for ULAE	2	2	4
Total current period	30	48	172
Prior periods:			
Reduction in estimates of net ultimate losses	(157)	(403)	(281)
Reduction in provisions for ULAE	(69)	(135)	(63)
Amortization of fair value adjustments [3]	17	(18)	16
Changes in fair value - fair value option [4]	78	(200)	(75)
Total prior periods	(131)	(756)	(403)
Total net incurred losses and LAE	**(101)**	**(708)**	**(231)**
Net paid losses:			
Current period	—	(3)	(29)
Prior periods	(2,467)	(1,677)	(1,402)
Total net paid losses	**(2,467)**	**(1,680)**	**(1,431)**
Other changes:			
Effect of exchange rate movement	87	(187)	(63)
Change in net liability for losses and LAE at fair value - Instrument-specific credit risk	(21)	—	—
Acquired business [5]	—	—	1,127
Assumed business	2,215	2,660	3,699
Ceded business [6]	(139)	—	(103)
Total other changes	**2,142**	**2,473**	**4,660**
Net balance as of December 31	**11,585**	**12,011**	**11,926**
Reinsurance reserves recoverable [2]	774	996	1,332
Balance as of December 31	**$ 12,359**	**$ 13,007**	**$ 13,258**
Reconciliation to Consolidated Balance Sheet:			
Loss and loss adjustment expenses	$ 11,196	$ 11,721	
Loss and loss adjustment expenses, at fair value	1,163	1,286	
Total	**$ 12,359**	**$ 13,007**	

[1] This balance represents our participation in Atrium's Syndicate 609 relating to the 2020 and prior underwriting years, which was no longer eliminated on our consolidated financial statements following the completion of the Exchange Transaction on January 1, 2021.

[2] Excludes paid losses recoverable.

[3] 2022 amortization of fair value adjustments includes accelerated amortization of $33 million representing the remaining risk margin fair value adjustment liability originally recorded upon acquisition of the Enhanzed Re catastrophe reinsurance business. The liability was released following the commutation of the catastrophe business back to Allianz.

[4] Comprises discount rate and risk margin components.

[5] 2021 acquired business of $1.1 billion includes $842 million of third party loss reserves and $257 million of loss reserves which are deemed to effectively settle balances relating to pre-existing relationships, the latter comprising of $286 million of reinsurance recoverables carried by two

of our reinsurance subsidiaries. These pre-existing relationships were fair valued at $271 million in accordance with the acquisition method of accounting.

(6) 2023 ceded business represents the settlement of our participation in Atrium's Syndicate 609 relating to the 2020 and prior underwriting years, comprised of losses and LAE expenses of $173 million, net of reinsurance reserves recoverable of $34 million.

Prior Period Development ("PPD")

Reduction in Estimates of Net Ultimate Losses

The following table summarizes the (reductions) increases in estimates of net ultimate losses related to prior years by segment and line of business:

	2023	2022	2021
	(in millions of U.S. dollars)		
Run-off segment:			
Asbestos	$ 23	$ (14)	$ (16)
Environmental	(1)	(6)	7
General casualty	127	57	116
Workers' compensation	(200)	(318)	(234)
Marine, aviation and transit	(2)	(56)	(47)
Construction defect	17	(25)	(33)
Professional indemnity/Directors and Officers	(11)	(10)	(31)
Motor	(28)	74	43
Property	(68)	(35)	(45)
All Other	(14)	(22)	(37)
Total Run-off segment	(157)	(355)	(277)
Total Assumed Life segment	—	(52)	—
Total Legacy Underwriting segment	—	4	(4)
Total	$ (157)	$ (403)	$ (281)

2023: The reduction in estimates of net ultimate losses of $157 million related to prior periods was driven by development in the following Run-off segment lines of business:

- **Workers' Compensation** - The workers' compensation line of business experienced $200 million of favorable development, most notably in our 2018, 2019 and 2021 acquisition years, as a result of continued favorable incurred development driven by:
  - lower severity trends on certain existing claims;
  - reduced levels of expected frequency of claims for excess workers' compensation; and
  - favorable claim settlements, including accelerated and favorable claim settlement patterns on certain portfolios.
- **Property** - The property line of business experienced $68 million of favorable development, most notably in the 2022 acquisition year, as a result of continued favorable claims experience.
- **General Casualty** - The experience in the general casualty reserves was adverse by $127 million. This was driven by higher average incurred severities as compared to assumptions, most notably in our 2019 and 2020 acquisition years.
  - Our 2020 acquisition year general casualty liabilities experienced additional claim reporting latency and unexpected increased severity on a small number of large New York Labor Law claims which resulted in increased loss estimates.
  - Our 2019 acquisition year ADC general casualty liabilities showed ground up adverse development which has resulted in higher loss estimates.

2022: The reduction in estimates of net ultimate losses of $403 million related to prior periods was primarily driven by development in the following Run-off segment lines of business:

- **Workers' Compensation** - The workers' compensation line of business experienced $318 million of favorable development, most notably in our 2017 and 2019 to 2021 acquisition years, as a result of:
  - lower severity trends on certain existing claims;
  - reduced levels of expected frequency of claims for excess workers' compensation;
  - favorable claim settlements, including accelerated and favorable claim settlement patterns on certain portfolios; and
  - an ADC contract where the cedants have experienced continued favorable ground-up performance.

  During 2022, we also completed 15 commutations that resulted in a net reduction of ultimate losses of $11 million in our workers' compensation line of business.
- **Motor** - The experience in the motor line was adverse by $74 million due to higher-than-expected claims severity relating to our 2020 acquisition year.
- **General Casualty** - The experience in the general casualty reserves was adverse by $57 million, including adverse development on an LPT portfolio from our 2020 acquisition year, partially offset by favorable development on certain of our 2019 and 2021 ADC contracts. Notably,
  - Our 2020 acquisition year general casualty liabilities experienced additional claim reporting latency and unexpected increased severity on a small number of large New York Labor Law claims which resulted in increased loss estimates.
  - Our 2019 and 2021 acquisition year ADC general casualty liabilities show a continued pattern of ground up favorable development which has resulted in lower estimates of our reserves for these exposures.
- **Marine, Aviation and Transit** - The marine, aviation and transit line of business experienced a $56 million reduction in estimates of net ultimate losses due to favorable experience across a variety of claim types of favorable development as a result of favorable experience across a variety of claim types, related to the 2014, 2018 and 2019 acquisition years.

Our Assumed Life segment also experienced favorable claim activity on our 2021 acquisition year catastrophe business. During 2022, we commuted back to Allianz the catastrophe reinsurance business originally ceded to Enhanzed Re by Allianz and recognized a favorable commutation gain of $59 million, of which $26 million contributed to a favorable reduction in estimates of net ultimate losses. The remaining $33 million represented the accelerated amortization of the remaining fair value adjustment liability and is included within amortization of fair value adjustments.

2021: The reduction in estimates of net ultimate losses of $281 million related to prior periods was primarily driven by development in the following Run-off segment lines of business:

- **Workers' Compensation** - The workers' compensation line of business experienced a $234 million favorable development as a result of reduced claims activity and favorable settlements on open claims in 2011 & prior accident years in one portfolio as well as recent 2015 - 2018 accident years on another.

  During 2021, we also completed 15 commutations that resulted in a net reduction of ultimate losses of $10 million in our workers' compensation line of business.
- **General Casualty** - The experience in the general casualty reserves was adverse by $116 million. This was partially due to an increase in opioid exposure from our 2020 acquisition year and increased expectations of latent claims and a lengthening of the payment pattern related to our 2019 acquisition year.

  During 2021, we also completed 18 commutations that resulted in a net reduction of ultimate losses of $2 million in our general casualty line of business.
- **Marine, Aviation and Transit** - The marine, aviation and transit line of business experienced a $47 million reduction in estimates of net ultimate losses due to favorable experience across a variety of claim types.

During 2021, we also completed 4 commutations that resulted in a net increase of ultimate losses of $1 million in our marine, aviation and transit line of business.

- **Motor** - The experience in the motor line was adverse by $43 million due to higher-than-expected claims severity relating to our 2020 acquisition year.

Reduction in Provisions for ULAE

During 2023, 2022 and 2021, the favorable reduction in provisions for ULAE was driven by ULAE provision adjustments from our run-off operations, due to the corresponding reductions in loss reserves and the associated cost of managing such liabilities, which favorably impacted PPD. The reduction in provisions for ULAE in 2023 was partially offset by an increase of $21 million as a result of assuming active claims control on a 2022 LPT agreement with Argo.

Changes in Fair Value - Fair Value Option

During 2023, PPD was adversely impacted by changes in the fair value of liabilities for which we previously elected the fair value option of $78 million, which was primarily driven by an increase in the average payout period of the underlying liabilities and a decrease in global corporate bond yields.

During 2022 and 2021, decreases in the fair value of liabilities for which we have elected the fair value option of $200 million and $75 million, respectively, were primarily driven by an increase in corporate bond yields, which favorably impacted PPD.

Reconciliation of the Net Liability for Losses and LAE, Prior to the Provision for Bad debt to the Gross Liability for Losses and LAE included in the Consolidated Balance Sheet

The table below presents the reconciliation of the loss development tables disclosed further below to the liability for losses and LAE in the consolidated balance sheet. Loss development tables that we presented are those that are most significant to our financial statements.

	December 31, 2023				
	Net Liability for Losses and LAE, Prior to Provision for Bad Debt	Provision for Bad Debt	Net Liability for Losses and LAE	Reinsurance Recoverable on Liabilities for Losses and LAE	Gross Liabilities for Losses and LAE
	(in millions of U.S. dollars)				
Presented in the loss development tables:					
Run-off segment:					
Asbestos	$ 1,499	$ 18	$ 1,517	$ 59	$ 1,576
General casualty	4,061	7	4,068	102	4,170
Workers' compensation	1,740	1	1,741	201	1,942
Professional indemnity/Directors and Officers	1,984	1	1,985	124	2,109
Motor	653	2	655	173	828
Excluded from the loss development tables:					
Run-off segment:					
Environmental	299	3	302	10	312
Marine, aviation and transit	315	2	317	43	360
Construction defect	317	—	317	—	317
Property	244	1	245	93	338
Other	407	3	410	31	441
Total Run-off segment OLR and IBNR	11,519	38	11,557	836	12,393
ULAE	381	—	381	5	386
Fair value adjustments - acquired companies	(107)	—	(107)	(5)	(112)
Fair value adjustments - fair value option	(246)	—	(246)	(62)	(308)
Total	**$ 11,547**	**$ 38**	**$ 11,585**	**$ 774**	**$ 12,359**

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Loss Development Information

Methodology for Establishing Reserves (Excluding Asbestos and Environmental Claims)

We perform our analysis of loss reserves and IBNR by each portfolio that we have acquired. Exposures for each portfolio are separated into homogenous reserving classes, generally lines of business, within each portfolio. Each reserving class contains either direct insurance or assumed reinsurance reserves and groups of relatively similar types of risks and exposures and lines of business written.

Based upon the exposure characteristics and the nature of available data for each individual reserving class, we select loss development extrapolation methods to calculate an estimate of ultimate losses.

We establish our recorded reserves as an estimate of unpaid losses for each class primarily by utilizing actuarial expertise and projection methods. The actuarial methodologies are selected after consideration of exposure characteristics, data limitations, and strengths and weaknesses of each method applied.

We use generally accepted actuarial methodologies to estimate ultimate losses and LAE, including:

- **Cumulative Reported and Paid Loss Development Methods:** The Cumulative Reported (Case Incurred) Loss Development method estimates ultimate losses by multiplying cumulative reported losses (paid losses plus case reserves) by a cumulative development factor.

  Historical "age-to-age" loss development factors (“LDFs”) are calculated to measure the relative development of an accident year from one maturity point to the next. Age-to-age LDFs are then selected based on these historical factors. The selected age-to-age LDFs are used to project the ultimate losses.

  The Cumulative Paid Loss Development Method is mechanically identical to the Cumulative Reported Loss Development Method described above, but the paid method does not rely on case reserves or claim reporting patterns in making projections.

- **Incremental Reported and Paid Loss Development Methods:** Incremental incurred and paid analyses are performed in cases where cumulative data is not available. The concept of the incremental loss development methods is similar to the cumulative loss development methods described above, in that the pattern of historical paid or incurred losses is used to project the remaining future development.

- **IBNR-to-Case Outstanding Method:** This method requires the estimation of consistent cumulative paid and reported (case) incurred loss development patterns and age-to-ultimate LDFs, either from data that is specific to the segment being analyzed or from applicable benchmark or industry data. These patterns imply a specific expected relationship between IBNR, including both development on known claims (bulk reserve) and losses on true late reported claims, and reported case incurred losses.

- **Bornhuetter-Ferguson Expected Loss Projection Reported and Paid Methods:** The Bornhuetter-Ferguson Expected Loss Projection method produces expected unreported losses by multiplying the expected losses, which are based on initial selected ultimate loss ratios by year, by the unreported percentage. The unreported percentage is calculated as one minus the reciprocal of the selected cumulative incurred LDFs. Finally, the expected unreported losses are added to the current reported losses to produce ultimate losses.

  The calculations underlying the Bornhuetter-Ferguson Expected Loss Projection method based on paid loss data are similar to the Bornhuetter-Ferguson calculations based on reported losses, with the exception that paid losses and unpaid percentages replace reported losses and unreported percentages.

- **Reserve Run-off Method:** This method first projects the future values of case reserves for all underwriting years to future ages of development by selecting a run-off pattern of case reserves based on the observed run-off ratios at each age of development. Once the ratios have been selected, they are used to project the future values of case reserves.

  A paid on reserve factor is selected in a similar way. The ratios of the observed amounts paid during each development period to the respective case reserves at the beginning of the periods are used to estimate how much will be paid on the case reserves during each development period. These paid on reserve factors are then applied to the case reserve amounts that were projected during the first phase of this method. A summation of the resulting paid amounts yields an estimate of the liability.

We also consider additional information, such as, but not limited to, changes in the legal, regulatory and judicial environment; medical cost trends and general inflation; and adjust the estimate of ultimate losses as deemed necessary.

Paid-to-date losses are then deducted from the estimate of ultimate losses and LAE to arrive at an estimated total loss reserve, and reported outstanding case reserves are then deducted from estimated total loss reserves to calculate the estimated IBNR reserve.

These estimates are reviewed regularly and, as experience develops and new information becomes known, the reserves are adjusted as necessary. We generally perform a full review of each portfolio annually and additionally we perform interim reviews quarterly to ascertain whether changes to claims paid or case reserve amounts have varied from our expectations developed during the last annual reserve review. In this event, we consider the timing and magnitude of the actual versus expected development and may record an interim adjustment to our recorded reserves.

Asbestos and Environmental Reserving Methodologies

The ultimate losses from A&E claims cannot be estimated using traditional actuarial reserving methods that extrapolate losses to an ultimate basis using loss development, and therefore use alternative projection methods. Claims are spread across multiple policy years, generally from 1985 and prior, based on the still evolving case law in each jurisdiction, making historical development patterns unreliable to forecast the future claim payments.

As such, we estimate IBNR reserves for each of our portfolios with A&E exposures separately using the following methodologies:

- **Paid Survival Ratio Method:** In this method, our historical calendar year payments are examined to determine an expected future annual average payment amount. This amount is multiplied by an expected number of future payment years to estimate a reserve.

  Trends in calendar year payment activity are considered when selecting an expected future annual average payment amount (which is derived from an expected paid survival ratio) and accepted industry benchmarks are used in determining an expected number of future payment years.
- **Paid Market Share Method:** In this method, our estimated market share is applied to the industry estimated unpaid losses or estimate of industry ultimate losses. The ratio of our historical calendar year payments to industry historical calendar year payments is examined to estimate our market share. This ratio is then applied to the estimate of industry unpaid losses or estimate of industry ultimate losses.
- **Reserve-to-Paid Method:** In this method, the ratio of estimated industry reserves to industry paid-to-date losses is multiplied by our paid-to-date losses to estimate our reserves.
- **IBNR - Case Ratio Method:** In this method, the ratio of estimated industry IBNR reserves to industry case reserves is multiplied by our case reserves to estimate our IBNR reserves.
- **Ultimate-to-Incurred Method:** In this method, the ratio of estimated industry ultimate losses to industry incurred-to-date losses is applied to our incurred-to-date losses to estimate our IBNR reserves.
- **Decay Factor Method:** In this method, a decay factor is directly applied to our payment data to estimate future payments. The decay factors were selected based on a review of our own decays and industry decays.
- **Asbestos Ground-up Exposure Analysis Using Frequency-Severity Method:** This method is used when we have policy and claim data at the defendant or claimant level. In a frequency-severity method there are two components that need to be estimated, namely, (1) the number of claims that will ultimately be settled with payment and (2) the severity of these claims including legal costs.

  The estimate of future settled claims is based on the historical claim filing rates, historical claim dismissal rates, current pending claims and epidemiological forecasts of asbestos disease incident for future claim filings.

The net liability for unpaid losses and LAE as of December 31, 2023 and 2022 included $1.8 billion and $2.0 billion, respectively, which represented an estimate of the net ultimate liability for A&E claims. The gross liability for such claims as of December 31, 2023 and 2022 was $1.9 billion and $2.0 billion, respectively.

The decreases on a net and gross basis, respectively, in 2023 were primarily due to net paid losses during the year.

Disclosures of Incurred and Paid Loss Development, IBNR, Claims Counts and Payout Percentages

The loss development tables set forth our historic incurred and paid loss development through December 31, 2023, net of reinsurance, as well as the cumulative number of reported claims, IBNR balances, and other supplementary information for our segment lines of business with material net losses and LAE balances as of December 31, 2023.

The following factors are relevant to the loss development information presented in the tables below:

- **Level of Disaggregation:** In addition to accident year, we have disaggregated the information in the loss development tables by segment, line of business and acquisition year. We have presented only the last 10 years of portfolio acquisitions as we believe that the current activity on the preceding acquisition years is not meaningful. We have presented only our Run-off segment as we retain no net economic interest in the activity of our Legacy Underwriting segment. We have not presented empty rows where we did not acquire any business for that combination of line of business, acquisition and accident year.

  We present acquisition year information so that the impact of take-on positions from acquired and assumed business (as described below) is additionally separated and provides a consistent trend of the development of our ultimate loss reserves.

- **StarStone International:** Effective January 1, 2021, StarStone International (an active underwriting business we had discontinued) reserves totaling $955 million were transferred from the Legacy Underwriting segment to the Run-off segment.

  As such, on a prospective basis we have separately presented the Starstone International loss development tables on a standalone basis from the date of acquisition (April 2014). Additionally, the loss development information for StarStone International has been included in the Run-off segment loss development tables as an acquisition in 2021. In both instances, we have aligned the StarStone International lines of business with the Run-off segment lines of business.

- **Cessions to Enhanzed Re:** As a result of the Step Acquisition of Enhanzed Re, the Run-off segment business previously ceded to Enhanzed Re became subject to elimination upon consolidation. As such, the loss development disclosures presented for the Run-off segment have been restated to exclude the historical incurred and paid loss development related to these cessions.

- **Acquired and Assumed Business:** Acquired and assumed net reserves arising from business acquisitions and retroactive reinsurance agreements are included in the loss development tables on a prospective basis as the loss reserves are effectively re-underwritten at the date that they are acquired or assumed.

  We believe that the historical loss development prior to our acquisition is not relevant with respect to our own experience managing these acquired loss reserves. Furthermore, the information required to prepare the loss development disclosures on a retrospective basis is not always available to us or reliable.

- **Commutations and Policy Buybacks:** The loss development tables include the net incurred effect of agreeing a commutation or policy buyback in the year in which the commutation or policy buyback is contractually agreed and the related settlement in the year in which it is paid or received.

  We do not recast prior years to remove commuted or bought back claims, since this practice would eliminate any historical favorable or adverse development we may have experienced on the commuted loss and LAE reserves.

- **Net Liabilities for Losses and LAE and Net Paid Losses and LAE:** The loss development tables include reported case reserves and IBNR liabilities as well as cumulative paid losses, both of which include ALAE and are net of reinsurance recoveries.

  The loss development tables exclude ULAE and fair value adjustments related to both business acquisitions and retroactive reinsurance agreements for which we have elected the fair value option.

- **PPD:** PPD included in the loss development tables is calculated as follows: i) for acquisition years 2022 and prior, subtract the 2022 calendar year net cumulative incurred losses and ALAE from the 2023 calendar year for all accident years excluding 2023; and ii) add the result of subtracting the 2023 acquisition year net reserves acquired from the 2023 net cumulative incurred losses and ALE for all accident year excluding 2023.

- **Foreign Exchange:** The loss development tables exclude the impact of foreign exchange rates. Historical amounts are disclosed on a constant-currency basis, which is achieved by using constant foreign exchange rates between years in the loss development tables, and translating prior year amounts denominated in currencies other than the U.S. dollar, which is our reporting currency, using the closing exchange rates as of December 31, 2023.
- **Reported Claim Counts:** Reported claim counts are included in the loss development tables on a cumulative basis. We measure claim frequency information on an individual claim count basis as follows:
  - The claim frequency information includes direct and assumed open and closed claims at the claimant level. Reported claims that are closed without a payment are included within our cumulative number of reported claims because we typically incur claim adjustment expenses on them prior to their closure.
  - The claim count numbers exclude counts related to claims within policy deductibles where the insured is responsible for the payment of losses within the deductible layer.
  - Individual claim counts related to certain assumed reinsurance contracts such as excess-of-loss and quota share treaties are not available to us, and the losses arising from these treaties have been treated as single claims for the purposes of determining claim counts. Therefore, each treaty year within the reinsurance contract is deemed a single claim because the detailed underlying individual claim information is generally not reported to us by our cedants.
  - For certain insurance facilities and business produced or managed by managing general agents, coverholders and third party administrators where the underlying claims data is reported to us in an aggregated format, the information necessary to provide cumulative claims frequency is not available. In such cases, we typically record a “block” claim in our system.

  Our reported claim frequency information is subject to the following inherent limitations when analyzing our loss experience and severity:
  - Claim counts are presented only on a reported and not on an ultimate basis. Reported claim counts include open claims which have outstanding reserves but excludes claim counts that may relate to IBNR. As such the reported claims are consistent with reported losses, which can be calculated by subtracting IBNR losses from incurred losses. However, the reported claim counts are inconsistent with the losses in the incurred loss development tables, which include IBNR losses, and to losses in the paid loss development tables, which exclude outstanding reserves.
  - Reported claim counts have not been adjusted for ceded reinsurance, which may distort any measures of frequency or severity.
  - For lines of business that have a mix of primary and excess layer exposures, such as our general casualty and workers’ compensation lines of business, the reported claim counts may fluctuate from period to period between exposure layers, thereby distorting any measure of frequency and severity.
  - The use of our reported claim frequency information to project ultimate loss payouts by disaggregated disclosure category or line of business may not be as meaningful as claim count information related to individual contracts at a more granular level.
- **Annual Percentage Payout:** Annual percentage payout disclosures are based on the payout of claims by age, net of reinsurance. Claim age reflects the number of years that have lapsed since the original acquisition to the date the claim is paid, or in the case of StarStone International, the number of years that have lapsed since the claim’s accident year to the date the claims is paid.

  There may be occasions where, due to our claims management strategies (including commutations and policy buybacks) or due to the timing of claims payments relative to the associated recovery, the cash received from reinsurance recoveries is greater than the cash paid out to our claimants, (i.e. a net recovery rather than a net payout for a particular calendar year), thereby resulting in a negative annual percentage payout for that calendar year.
- **Supplemental Information:** The information related to net incurred and paid loss development for all calendar years preceding the year ended December 31, 2023, as well as 2013 and prior accident year and all acquisition

year information (including net acquired reserves), and the related historical average claims payout percentage disclosure is unaudited and is presented as supplementary information.

Run-off Segment
Asbestos

Acquisition Year	Accident Year	Net Acquired Reserves	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31								Year Ended December 31, 2023	As of December 31, 2023	
			2016	2017	2018	2019	2020	2021	2022	2023	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)											
		Unaudited											
2016	2013 and Prior	$ 507	$ 506	$ 565	$ 563	$ 582	$ 632	$ 635	$ 635	$ 635	$ —	$ 154	2,118
2017	2013 and Prior	886		816	761	799	810	791	777	797	20	438	6,458
2018	2013 and Prior	54			49	46	3	1	—	(1)	(1)	2	31
2019	2013 and Prior	366				367	354	356	355	356	1	92	1,291
2021	2013 and Prior	386						386	385	385	—	152	2,059
	Grand Total	$ 2,199								$ 2,172	$ 20	$ 838	11,957
Net cumulative paid losses and ALAE (from table below)										(834)			
2014 to 2023 acquisition years - net liabilities for losses and ALAE										1,338			
2013 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years										161	3		
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years										$ 1,499	$ 23		

Run-off Segment
Asbestos

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31							
		2016	2017	2018	2019	2020	2021	2022	2023
		(in millions of U.S. dollars, except cumulative number of claims)							
		Unaudited							
2016	2013 and Prior	20	71	124	183	228	268	299	332
2017	2013 and Prior		18	50	85	124	165	203	249
2018	2013 and Prior			(1)	(3)	(2)	(2)	(2)	(2)
2019	2013 and Prior				4	45	89	135	170
2021	2013 and Prior						(1)	52	85
	Grand Total								$ 834

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Run-off Segment
Asbestos

	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Acquisition Year				**Unaudited**				
2016	3.15 %	8.03 %	8.35 %	9.29 %	7.09 %	6.30 %	4.88 %	5.20 %
2017	2.26 %	4.02 %	4.39 %	4.89 %	5.14 %	4.77 %	5.77 %	
2018	100.00 %	200.00 %	(100.00)%	— %	— %	— %		
2019	1.12 %	11.52 %	12.36 %	12.92 %	9.83 %			
2021	(0.26)%	13.77 %	8.57 %					

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Run-off Segment
General Casualty

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2023	As of December 31, 2023	
			2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
		Unaudited													
2014	2013 and Prior	$ 57	$ 76	$ 81	$ 83	$ 81	$ 79	$ 80	$ 87	$ 77	$ 76	$ 74	$ (2)	$ 2	957
2014	2014	—	1	1	—	—	1	1	2	1	1	1	—	—	3
2014	2015	—		—	—	—	—	—	—	—	—	—	—	—	2
2014	2016	—			—	—	—	—	—	—	—	—	—	—	1
2014	2017	—				—	—	—	—	—	—	—	—	—	1
	Total	57	77	82	83	81	80	81	89	78	77	75	(2)	2	964
2015	2013 and Prior	130		91	96	99	96	92	94	95	96	94	(2)	—	5,617
2015	2014	33		20	23	27	29	45	38	38	40	42	2	1	1,167
2015	2015	4		10	9	9	11	16	21	18	19	18	(1)	2	1,345
2015	2016	—			2	2	2	2	3	5	5	5	—	1	250
2015	2017	—				—	—	—	—	—	—	—	—	—	37
2015	2018	—					2	1	1	1	1	1	—	1	12
2015	2019	—						2	2	2	2	2	—	2	1
2015	2020	—							2	2	2	2	—	2	—
2015	2021	—								1	1	1	—	1	—
	Total	167		121	130	137	140	158	161	162	166	165	(1)	10	8,429
2016	2013 and Prior	(1)			4	9	8	8	6	5	4	4	—	—	1,787
	Total	(1)			4	9	8	8	6	5	4	4	—	—	1,787
2017	2013 and Prior	200				177	161	145	141	139	136	133	(3)	1	405
	Total	200				177	161	145	141	139	136	133	(3)	1	405
2018	2013 and Prior	178					152	142	135	136	138	138	—	10	51,769
2018	2014	50					49	47	43	46	47	49	2	4	2,147
2018	2015	91					91	96	92	93	100	113	13	—	3,152
2018	2016	63					63	81	83	83	90	91	1	4	3,366
2018	2017	38					41	42	49	52	50	47	(3)	5	1,037
2018	2018	40					40	41	39	36	34	42	8	1	641
2018	2019	—						7	6	7	7	7	—	—	8
2018	2020	—							—	—	—	—	—	—	1
2018	2021	—								—	—	—	—	—	1
2018	2022	—									—	—	—	—	1
	Total	460					436	456	447	453	466	487	21	24	62,123
2019	2013 and Prior	34						30	31	38	31	34	3	12	3,196
2019	2014	24						20	17	29	18	23	5	15	771
2019	2015	71						64	60	68	56	76	20	28	1,329
2019	2016	34						33	31	37	40	51	11	32	2,688
2019	2017	40						48	48	59	74	88	14	40	1,933
2019	2018	49						49	50	54	52	68	16	44	405
2019	2019	—						1	2	2	2	2	—	—	249
2019	2020	—							—	—	—	—	—	—	148
2019	2021	—								—	—	1	1	—	82
2019	2022	—									—	—	—	—	56
2019	2023	—										—		—	7

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General Casualty

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2023	As of December 31, 2023	
			2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
		Unaudited													
	Total	252						245	239	287	273	343	70	171	10,864
2020[1]	2013 and Prior	49							45	41	48	47	(1)	4	404
2020[1]	2014	33							36	34	51	56	5	7	248
2020[1]	2015	62							63	53	67	75	8	17	362
2020[1]	2016	69							71	70	94	111	17	24	484
2020[1]	2017	52							47	55	71	83	12	28	542
2020[1]	2018	59							56	47	62	71	9	14	366
2020[1]	2019	109							108	99	88	104	16	41	511
2020[1]	2020	84							83	94	83	58	(25)	33	551
	Total	517							509	493	564	605	41	168	3,468
2021	2013 and Prior	206								211	199	271	72	253	10,858
2021	2014	66								64	61	78	17	63	5,145
2021	2015	137								140	131	129	(2)	90	7,295
2021	2016	193								203	197	198	1	145	7,915
2021	2017	296								305	325	337	12	207	6,729
2021	2018	376								371	414	353	(61)	263	5,791
2021	2019	423								427	479	449	(30)	323	4,727
2021	2020	60								75	42	47	5	6	898
2021	2021	—								1	—	1	1	—	183
2021	2022	—									—	—	—	—	137
2021	2023	—										—		—	25
	Total	1,757								1,797	1,848	1,863	15	1,350	49,703
2022[1]	2013 and Prior	625							137	115	442	351	(91)	50	23,029
2022[1]	2014	188							55	43	140	142	2	12	6,330
2022[1]	2015	258							80	65	172	154	(18)	39	6,020
2022[1]	2016	310							75	102	70	219	149	90	6,012
2022[1]	2017	351							91	98	218	234	16	71	8,101
2022[1]	2018	388							84	97	403	285	(118)	102	8,810
2022[1]	2019	440							94	136	460	498	38	127	8,984
2022[1]	2020	—							—	—	—	(10)	(10)	2	86
2022[1]	2021	—								—	—	—	—	—	19
2022[1]	2022	—									—	—	—	—	13
2022[1]	2023	—										1		2	13
	Total	2,560							616	656	1,905	1,874	(32)	495	67,417
2023	2013 and Prior	84										86	2	2	105,148
2023	2014	10										14	4	5	43,842
2023	2015	15										15	—	4	38,404
2023	2016	21										23	2	7	36,346
2023	2017	41										39	(2)	12	34,482
2023	2018	55										56	1	15	31,525
2023	2019	94										111	17	41	14,566
2023	2020	122										125	3	79	3,742
2023	2021	71										66	(5)	56	4

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Run-off Segment
General Casualty

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31									Year Ended December 31, 2023	As of December 31, 2023		
			2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
		Unaudited													
2023	2022	16										12	(4)	13	1
	Total	529										547	18	234	308,060
	Grand Total	$ 6,498										$ 6,096	$ 127	$ 2,455	513,220

Net cumulative paid losses and ALAE (from table below)	(2,116)	
2014 to 2023 acquisition years - net liabilities for losses and ALAE	3,980	
2013 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	81	—
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	$ 4,061	$ 127

(1) In 2022, we entered into a LPT agreement with Aspen, which absorbed the Aspen ADC agreement we entered into in 2020. As such, we have reclassified the net reserves acquired in acquisition year 2020 and the net cumulative incurred losses and allocated loss adjustment expenses recorded through December 31, 2022 to acquisition year 2022.

Run-off Segment
General Casualty

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31									
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
		(in millions of U.S. dollars, except cumulative number of claims)									
		Unaudited									
2014	2013 and Prior	$ 34	$ 37	$ 45	$ 47	$ 51	$ 55	$ 56	$ 59	$ 65	$ 66
2014	2014	—	—	—	—	1	1	1	1	1	1
	Total	34	37	45	47	52	56	57	60	66	67
2015	2013 and Prior		26	37	50	64	74	80	84	87	92
2015	2014		3	7	15	20	28	32	32	34	37
2015	2015		1	1	2	6	12	14	14	18	18
2015	2016			—	—	—	1	1	2	4	5
	Total		30	45	67	90	115	127	132	143	152
2016	2013 and Prior			1	2	2	3	4	3	4	3
	Total			1	2	2	3	4	3	4	3
2017	2013 and Prior				34	67	87	100	106	112	117
	Total				34	67	87	100	106	112	117
2018	2013 and Prior					17	43	66	79	89	96
2018	2014					4	15	22	29	33	36
2018	2015					17	32	45	60	69	92
2018	2016					11	33	47	57	67	79
2018	2017					—	12	24	32	37	44
2018	2018					—	9	17	26	30	38
2018	2019						2	3	6	6	7
	Total					49	146	224	289	331	392
2019	2013 and Prior						7	10	11	13	13

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General Casualty

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31									
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
		(in millions of U.S. dollars, except cumulative number of claims)									
		Unaudited									
2019	2014						4	2	3	1	2
2019	2015						3	12	15	24	32
2019	2016						(2)	(1)	(1)	3	5
2019	2017						7	10	14	16	17
2019	2018						1	3	4	5	4
2019	2019						—	1	1	1	1
	Total						20	37	47	63	74
2020	2013 and Prior							4	12	30	37
2020	2014							6	15	35	49
2020	2015							11	21	37	51
2020	2016							10	35	53	74
2020	2017							4	24	39	50
2020	2018							—	17	33	56
2020	2019							—	19	33	61
2020	2020							2	9	20	23
	Total							37	152	280	401
2021	2013 and Prior								2	6	13
2021	2014								2	11	15
2021	2015								9	18	30
2021	2016								16	24	37
2021	2017								24	51	77
2021	2018								6	44	65
2021	2019								3	26	41
2021	2020								9	17	21
	Total								71	197	299
2022	2013 and Prior									20	68
2022	2014									7	38
2022	2015									8	35
2022	2016									9	43
2022	2017									11	51
2022	2018									10	47
2022	2019									12	243
2022	2020									—	5
2022	2023										2
	Total									77	532
2023	2013 and Prior										6
2023	2014										3
2023	2015										3
2023	2016										7
2023	2017										4
2023	2018										17
2023	2019										24
2023	2020										13
2023	2021										2

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Run-off Segment
General Casualty

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31									
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
		(in millions of U.S. dollars, except cumulative number of claims)									
		Unaudited									
	Total										79
	Grand Total										$ 2,116

Run-off Segment
General Casualty

Year of Acquisition	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Unaudited									
2014	45.33 %	4.00 %	10.67 %	2.67 %	6.67 %	5.33 %	1.33 %	4.00 %	8.00 %	1.33 %
2015	18.18 %	9.09 %	13.33 %	13.94 %	15.15 %	7.27 %	3.03 %	6.67 %	5.45 %	
2016	25.00 %	25.00 %	— %	25.00 %	25.00 %	(25.00)%	25.00 %	(25.00)%		
2017	25.56 %	24.81 %	15.04 %	9.77 %	4.51 %	4.51 %	3.76 %			
2018	10.06 %	19.92 %	16.02 %	13.35 %	8.62 %	12.53 %				
2019	5.83 %	4.96 %	2.92 %	4.66 %	3.21 %					
2020	6.12 %	19.01 %	21.16 %	20.00 %						
2021	3.81 %	6.76 %	5.48 %							
2022	4.11 %	24.28 %								
2023	14.44 %									

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Run-off Segment
Workers' Compensation

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31									Year Ended December 31, 2023	As of December 31, 2023	
			2015	2016	2017	2018	2019	2020	2021	2022	2023	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)												
		Unaudited												
2015	2013 and Prior	$ 1,298	$ 1,180	$ 871	$ 817	$ 771	$ 729	$ 715	$ 699	$ 696	$ 685	$ (11)	$ 35	14,183
2015	2014	84	89	84	84	81	80	82	83	82	83	1	—	3,956
2015	2015	7	22	16	15	15	14	15	14	14	14	—	1	5,280
2015	2016	—		1	1	1	1	1	1	—	—	—	—	10,722
2015	2017	—			—	—	—	—	—	—	—	—	—	2,251
2015	2018	—				—	—	—	—	—	—	—	—	10
	Total	1,389	1,291	972	917	868	824	813	797	792	782	(10)	36	36,402
2016	2013 and Prior	466		466	434	471	457	399	392	389	388	(1)	13	10,533
	Total	466		466	434	471	457	399	392	389	388	(1)	13	10,533
2017	2013 and Prior	145			104	112	117	110	104	84	79	(5)	10	21
	Total	145			104	112	117	110	104	84	79	(5)	10	21
2018	2013 and Prior	244				233	226	220	224	209	199	(10)	48	6,896
2018	2014	62				63	57	53	51	52	49	(3)	8	1,517
2018	2015	37				37	33	32	30	29	26	(3)	5	1,438
2018	2016	44				45	40	39	40	37	35	(2)	8	1,281
2018	2017	53				55	49	47	47	46	43	(3)	9	1,132
2018	2018	65				65	60	60	55	56	48	(8)	7	975
2018	2019	—					21	21	21	21	20	(1)	—	124
2018	2020	—						—	—	—	—	—	—	2
2018	2021	—							—	—	—	—	—	1
	Total	505				498	486	472	468	450	420	(30)	85	13,366
2019	2013 and Prior	30					27	27	41	39	36	(3)	19	13,904
2019	2014	35					37	37	31	31	29	(2)	14	3,240
2019	2015	55					54	54	44	42	39	(3)	20	4,260
2019	2016	82					82	83	61	57	53	(4)	22	5,040
2019	2017	87					88	90	66	62	57	(5)	28	2,432
2019	2018	119					119	119	82	71	63	(8)	37	372
2019	2019	—					—	—	—	—	—	—	—	14
2019	2020	—						—	—	—	—	—	—	3
2019	2021	—							—	—	—	—	—	1
	Total	408					407	410	325	302	277	(25)	140	29,266
2020	2013 and Prior	208						121	105	90	92	2	23	8
2020	2014	—						—	1	1	—	(1)	—	16
2020	2015	2						2	2	1	1	—	—	56
2020	2016	3						3	3	3	2	(1)	—	131
2020	2017	2						2	2	1	1	—	—	129
2020	2018	10						10	8	8	7	(1)	1	335
2020	2019	32						32	26	26	26	—	3	677
2020	2020	32						33	26	28	29	1	3	1,225
	Total	289						203	173	158	158	—	30	2,577
2021	2013 and Prior	1,031							966	783	676	(107)	148	20,978
2021	2014	13							14	15	14	(1)	6	2,148

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Run-off Segment
Workers' Compensation

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31									Year Ended December 31, 2023	As of December 31, 2023	
			2015	2016	2017	2018	2019	2020	2021	2022	2023	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)												
		Unaudited												
2021	2015	43							35	30	34	4	13	3,553
2021	2016	55							54	49	45	(4)	17	3,919
2021	2017	46							46	42	36	(6)	14	5,941
2021	2018	66							64	55	54	(1)	25	5,287
2021	2019	46							47	42	41	(1)	11	5,126
2021	2020	46							56	55	54	(1)	4	6,451
2021	2021	—							23	19	21	2	5	4,121
2021	2022	—								3	3	—	—	26
2021	2023	—									—	—	—	1
	Total	1,346							1,305	1,093	978	(115)	243	57,551
2022	2013 and Prior	3								4	1	(3)	—	4,328
2022	2014	2								3	1	(2)	—	650
2022	2015	3								5	3	(2)	—	304
2022	2016	2								1	3	2	—	239
2022	2017	5								5	3	(2)	(1)	240
2022	2018	11								9	9	—	5	356
2022	2019	18								11	6	(5)	—	518
	Total	44								38	26	(12)	4	6,635
	Grand Total	$ 4,592									$ 3,108	$ (198)	$ 561	$ 156,351

Net cumulative paid losses and ALAE (from table below)	(1,501)	
2014 to 2023 acquisition years - net liabilities for losses and ALAE	1,607	
2013 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	133	(2)
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	$ 1,740	$ (200)

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Run-off Segment
Workers' Compensation

Net cumulative paid losses and allocated loss adjustment expenses
For the years ended December 31

Acquisition Year	Accident Year	2015	2016	2017	2018	2019	2020	2021	2022	2023
		(in millions of U.S. dollars, except cumulative number of claims)								
		Unaudited								
2015	2013 and Prior	89	206	290	355	401	432	463	477	502
2015	2014	18	38	54	67	75	78	79	79	81
2015	2015	3	8	10	11	12	12	12	13	13
	Total	110	252	354	433	488	522	554	569	596
2016	2013 and Prior		41	76	104	143	175	198	216	237
	Total		41	76	104	143	175	198	216	237
2017	2013 and Prior			26	33	46	57	61	53	56
	Total			26	33	46	57	61	53	56
2018	2013 and Prior				5	29	52	61	74	92
2018	2014				3	14	21	28	32	37
2018	2015				1	3	8	11	14	18
2018	2016				—	5	8	13	16	21
2018	2017				—	7	10	12	16	24
2018	2018				—	29	34	36	37	39
2018	2019					13	16	16	16	19
	Total				9	100	149	177	205	250
2019	2013 and Prior					1	1	1	1	1
2019	2014					2	3	4	4	4
2019	2015					3	4	4	4	4
2019	2016					5	9	10	11	12
2019	2017					2	4	5	7	8
2019	2018					1	1	1	1	1
	Total					14	22	25	28	30
2020	2013 and Prior						2	10	14	22
2020	2016						—	1	1	2
2020	2017						—	1	1	1
2020	2018						—	1	4	4
2020	2019						1	10	15	19
2020	2020						1	10	18	23
	Total						4	33	53	71
2021	2013 and Prior							16	54	105
2021	2014							2	3	5
2021	2015							3	8	12
2021	2016							5	14	18
2021	2017							7	13	17
2021	2018							6	13	19
2021	2019							8	16	21
2021	2020							23	37	43
2021	2021							4	10	13
	Total							74	168	253
2022	2013 and Prior								—	1

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Run-off Segment
Workers' Compensation

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31								
		2015	2016	2017	2018	2019	2020	2021	2022	2023
		(in millions of U.S. dollars, except cumulative number of claims)								
		Unaudited								
2022	2015								—	1
2022	2016								—	1
2022	2017								—	2
2022	2018								—	3
	Total								—	8
	Grand Total									$ 1,501

Run-off Segment
Workers' Compensation

Year of Acquisition	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance								
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
	Unaudited								
2015	14.07 %	18.16 %	13.04 %	10.10 %	7.03 %	4.35 %	4.09 %	1.92 %	3.45 %
2016	10.57 %	9.02 %	7.22 %	10.05 %	8.25 %	5.93 %	4.64 %	5.41 %	
2017	32.91 %	8.86 %	16.46 %	13.92 %	5.06 %	(10.13)%	3.80 %		
2018	2.14 %	21.67 %	11.67 %	6.67 %	6.67 %	10.71 %			
2019	5.05 %	2.89 %	1.08 %	1.08 %	0.72 %				
2020	2.53 %	18.35 %	12.66 %	11.39 %					
2021	7.57 %	9.61 %	8.69 %						
2022	— %	30.77 %							

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Run-off Segment
Professional Indemnity / Directors and Officers

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2023	As of December 31, 2023	
			2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
		Unaudited													
2014	2013 and Prior	$ 103	$ 102	$ 136	$ 123	$ 125	$ 120	$ 113	$ 110	$ 111	$ 111	$ 110	$ (1)	$ 4	5,553
2014	2014	—	7	5	5	4	6	5	5	9	10	10	—	1	549
2014	2015	—		—	6	9	8	6	6	2	2	2	—	—	76
2014	2016	—			—	—	—	—	—	—	—	—	—	—	18
2014	2017	—				—	—	—	—	—	—	—	—	—	24
2014	2018	—					—	—	—	—	—	—	—	—	13
2014	2019	—						—	—	—	—	—	—	—	5
2014	2020	—							—	—	—	—	—	—	5
2014	2021	—								—	—	—	—	—	3
	Total	103	109	141	134	138	134	124	121	122	123	122	(1)	5	6,246
2016	2013 and Prior	119			115	118	117	104	102	98	95	85	(10)	(7)	3,010
	Total	119			115	118	117	104	102	98	95	85	(10)	(7)	3,010
2018	2013 and Prior	354					355	309	306	299	281	264	(17)	14	65,999
2018	2014	69					63	66	65	64	69	73	4	3	3,688
2018	2015	49					63	70	70	57	61	47	(14)	(7)	3,831
2018	2016	16					36	40	55	71	76	87	11	9	2,186
2018	2017	1					3	7	8	11	12	28	16	4	200
2018	2018	—					—	1	1	1	1	1	—	—	14
2018	2019	—						—	—	—	—	—	—	—	8
2018	2020	—							—	—	1	1	—	—	24
2018	2021	—								—	—	—	—	—	3
2018	2022	—									—	—	—	—	1
	Total	489					520	493	505	503	501	501	—	23	75,954
2019	2013 and Prior	86						69	57	56	52	70	18	6	14,338
2019	2014	44						28	26	23	25	24	(1)	1	3,923
2019	2015	64						61	36	35	34	28	(6)	(2)	4,652
2019	2016	15						37	47	56	49	42	(7)	3	5,425
2019	2017	6						19	35	38	42	43	1	5	3,150
2019	2018	—						4	4	4	4	(4)	(8)	1	385
2019	2019	—						2	1	2	2	2	—	—	64
2019	2020	—							—	—	—	—	—	—	41
2019	2021	—								—	—	—	—	—	7
2019	2022	—									—	—	—	—	11
2019	2023	—										—		—	8
	Total	215						220	206	214	208	205	(3)	14	32,004
2020 [1]	2013 and Prior	1							1	1	1	1	—	—	11
2020 [1]	2014	—							—	—	—	—	—	—	3
2020 [1]	2015	1							1	1	—	—	—	—	3
2020 [1]	2016	—							—	—	—	—	—	—	8
2020 [1]	2017	1							1	1	(1)	(1)	—	—	42
2020 [1]	2018	13							13	14	12	12	—	1	123
2020 [1]	2019	32							32	21	31	32	1	4	157

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Run-off Segment
Professional Indemnity / Directors and Officers

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2023	As of December 31, 2023	
			2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
		Unaudited													
2020 [1]	2020	35							35	37	32	32	—	2	163
	Total	83							83	75	75	76	1	7	510
2021	2013 and Prior	82								92	71	31	(40)	8	7,451
2021	2014	21								22	20	18	(2)	9	1,927
2021	2015	43								46	34	26	(8)	12	2,553
2021	2016	45								45	38	34	(4)	19	2,362
2021	2017	74								67	67	64	(3)	24	3,084
2021	2018	142								133	120	112	(8)	44	3,368
2021	2019	176								162	186	176	(10)	79	3,507
2021	2020	48								40	27	19	(8)	10	872
2021	2021	—								10	10	16	6	10	243
2021	2022	—									2	10	8	8	62
2021	2023	—										—		—	3
	Total	631								617	575	506	(69)	223	25,432
2022 [1]	2013 and Prior	38							13	28	92	48	(44)	6	2,066
2022 [1]	2014	31							12	11	25	20	(5)	2	904
2022 [1]	2015	47							16	16	33	56	23	1	1,436
2022 [1]	2016	45							16	26	20	46	26	21	2,700
2022 [1]	2017	91							16	25	55	56	1	12	3,482
2022 [1]	2018	85							13	24	108	108	—	48	4,165
2022 [1]	2019	181							68	35	110	139	29	48	5,348
2022 [1]	2020	—							—	—	—	—	—	—	44
2022 [1]	2021	—								—	—	—	—	—	15
2022 [1]	2022	—									—	—	—	—	17
2022 [1]	2023	—										—	—	—	19
	Total	518							154	165	443	473	30	138	20,196
2023	2013 and Prior	135										189	54	30	62,529
2023	2014	34										39	5	2	2,056
2023	2015	43										64	21	20	2,629
2023	2016	128										128	—	50	4,451
2023	2017	260										287	27	101	5,528
2023	2018	218										164	(54)	20	5,142
2023	2019	169										172	3	87	3,887
2023	2020	229										217	(12)	133	2,087
2023	2021	27										25	(2)	27	199
2023	2022	3										3	—	3	31
2023	2023	—										—		—	7
	Total	1,246										1,288	42	473	88,546
	Grand Total	$ 3,404										$ 3,256	$ (10)	$ 876	251,898
Net cumulative paid losses and ALAE (from table below)												(1,284)			
2014 to 2023 acquisition years - net liabilities for losses and ALAE												1,972			

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Run-off Segment
Professional Indemnity / Directors and Officers

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2023	As of December 31, 2023	
			2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
		Unaudited													
2013 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years												12	(1)		
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years												$ 1,984	$ (11)		

(1) In 2022, we entered into a LPT agreement with Aspen, which absorbed the Aspen ADC agreement we entered into in 2020. As such, we have reclassified the net reserves acquired in acquisition year 2020 and the net cumulative incurred losses and allocated loss adjustment expenses recorded through December 31, 2022 to acquisition year 2022.

Run-off Segment
Professional Indemnity / Directors and Officers

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31									
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
		(in millions of U.S. dollars, except cumulative number of claims)									
		Unaudited									
2014	2013 and Prior	39	64	78	90	92	92	94	95	96	98
2014	2014	—	—	2	2	3	3	3	3	4	9
2014	2015		—	—	1	2	2	2	2	2	2
	Total	39	64	80	93	97	97	99	100	102	109
2016	2013 and Prior			9	20	32	29	33	41	44	53
	Total			9	20	32	29	33	41	44	53
2018	2013 and Prior					57	95	84	105	136	156
2018	2014					12	26	40	50	57	60
2018	2015					17	21	28	24	24	19
2018	2016					8	24	39	47	61	71
2018	2017					—	2	5	9	10	25
2018	2018					—	1	1	1	1	1
	Total					94	169	197	236	289	332
2019	2013 and Prior						8	11	20	22	38
2019	2014						5	5	12	14	17
2019	2015						10	8	10	12	14
2019	2016						9	21	28	38	33
2019	2017						3	14	16	27	40
2019	2018						1	1	3	4	(3)
2019	2019						—	—	1	2	2
	Total						36	60	90	119	141
2020	2013 and Prior							1	1	1	1
2020	2017							—	(1)	—	(1)
2020	2018							—	4	9	10
2020	2019							—	9	21	27
2020	2020							1	8	17	29
	Total							2	21	48	66
2021	2013 and Prior								3	3	17
2021	2014								—	2	6
2021	2015								2	4	11
2021	2016								2	6	13
2021	2017								2	15	27
2021	2018								7	38	50
2021	2019								3	43	54
2021	2020								2	3	4
2021	2021								1	2	5
	Total								22	116	187
2022	2013 and Prior									43	19
2022	2014									1	13
2022	2015									2	17
2022	2016									1	13
2022	2017									2	16

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Run-off Segment
Professional Indemnity / Directors and Officers

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31									
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
		(in millions of U.S. dollars, except cumulative number of claims)									
		Unaudited									
2022	2018									1	41
2022	2019									3	56
	Total									53	175
2023	2013 and Prior										40
2023	2014										10
2023	2015										2
2023	2016										16
2023	2017										56
2023	2018										48
2023	2019										13
2023	2020										40
2023	2021										(4)
	Total										221
	Grand Total										$ 1,284

Run-off Segment
Professional Indemnity/Directors & Officers

Year of Acquisition	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Unaudited									
2014	31.97 %	20.49 %	13.11 %	10.66 %	3.28 %	— %	1.64 %	0.82 %	1.64 %	5.74 %
2016	10.59 %	12.94 %	14.12 %	(3.53)%	4.71 %	9.41 %	3.53 %	10.59 %		
2018	18.76 %	14.97 %	5.59 %	7.78 %	10.58 %	8.58 %				
2019	17.56 %	11.71 %	14.63 %	14.15 %	10.73 %					
2020	2.63 %	25.00 %	35.53 %	23.68 %						
2021	4.35 %	18.58 %	14.03 %							
2022	11.21 %	25.79 %								
2023	17.16 %									

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Run-off Segment
Motor

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2023	As of December 31, 2023	
			2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
		Unaudited													
2014	2013 and Prior	$ 33	$ 39	$ 42	$ 42	$ 42	$ 43	$ 44	$ 44	$ 42	$ 42	$ 42	$ —	$ —	2,126
2014	2014	—	—	—	—	1	1	1	1	1	1	1	—	—	5
2014	2015	—		—	—	—	—	—	—	—	—	—	—	—	1
2014	2016	—			—	—	—	—	—	—	—	—	—	—	1
2014	2017	—				—	—	—	—	—	—	—	—	—	1
	Total	33	39	42	42	43	44	45	45	43	43	43	—	—	2,134
2015	2013 and Prior	51		61	63	65	63	63	63	63	63	63	—	1	1,132
2015	2014	8		12	13	12	13	12	12	12	11	11	—	—	668
2015	2015	4		7	6	8	8	8	8	8	8	8	—	—	1,385
2015	2016	—			1	—	—	—	—	—	—	1	1	—	229
2015	2017	—				—	—	—	—	—	—	—	—	—	14
2015	2018	—					—	—	—	—	—	—	—	—	5
	Total	63		80	83	85	84	83	83	83	82	83	1	1	3,433
2017	2013 and Prior	19				27	20	19	23	29	26	30	4	—	124
2017	2014	2				2	2	2	2	2	2	2	—	—	26
2017	2015	1				1	2	1	1	1	1	1	—	—	15
2017	2016	—				—	—	1	1	1	1	1	—	—	4
	Total	22				30	24	23	27	33	30	34	4	—	169
2018	2013 and Prior	190					158	172	166	165	161	164	3	6	4,956
2018	2014	115					100	88	84	77	84	88	4	5	802
2018	2015	122					112	118	113	109	116	114	(2)	6	1,041
2018	2016	105					103	108	102	100	101	103	2	2	637
2018	2017	101					102	98	102	102	103	103	—	2	104
2018	2018	181					181	158	160	161	167	166	(1)	5	29
2018	2019	—						39	39	40	44	43	(1)	—	42
	Total	814					756	781	766	754	776	781	5	26	7,611
2019	2013 and Prior	20						22	20	20	18	19	1	1	3,605
	Total	20						22	20	20	18	19	1	1	3,605
2020	2015	2							3	3	3	3	—	—	19
2020	2016	49							42	49	51	51	—	1	221
2020	2017	154							186	215	231	232	1	8	1,167
2020	2018	250							397	415	469	454	(15)	23	2,395
	Total	455							628	682	754	740	(14)	32	3,802
2021	2013 and Prior	12								11	6	2	(4)	2	2,160
2021	2014	6								6	3	3	—	1	911
2021	2015	7								4	(1)	(1)	—	1	821
2021	2016	6								5	2	3	1	1	795
2021	2017	5								4	2	2	—	1	591
2021	2018	6								7	5	6	1	3	1
2021	2019	8								10	8	19	11	4	1
2021	2020	5								6	4	6	2	2	1
	Total	55								53	29	40	11	15	5,281

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Motor

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2023	As of December 31, 2023	
			2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
		Unaudited													
2022	2013 and Prior	—									—	—	—	—	23,610
2022	2014	1									1	—	(1)	—	6,143
2022	2015	2									2	—	(2)	—	6,321
2022	2016	3									3	1	(2)	—	5,052
2022	2017	2									2	1	(1)	—	5,371
2022	2018	8									8	1	(7)	—	5,672
2022	2019	—									—	5	5	1	5,775
	Total	16									16	8	(8)	1	57,944
2023	2013 and Prior	267										267	—	58	148
2023	2014	2										2	—	—	76
2023	2015	4										4	—	—	81
2023	2016	8										11	3	—	151
2023	2017	18										10	(8)	1	270
2023	2018	21										17	(4)	2	492
2023	2019	30										28	(2)	2	690
2023	2020	52										40	(12)	5	1,125
2023	2021	51										49	(2)	5	2,050
	Total	453										428	(25)	73	5,083
	Grand Total	$ 1,931										$ 2,176	$ (25)	$ 149	89,062

Net cumulative paid losses and ALAE (from table below)	(1,541)	
2014 to 2023 acquisition years - net liabilities for losses and ALAE	635	
2013 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	18	(3)
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	$ 653	$ (28)

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Run-off Segment
Motor

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31									
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
		(in millions of U.S. dollars, except cumulative number of claims)									
		Unaudited									
2014	2013 and Prior	$ 19	$ 34	$ 38	$ 40	$ 42	$ 42	$ 42	$ 42	$ 43	$ 42
2014	2014	—	—	—	1	1	1	1	1	1	1
	Total	19	34	38	41	43	43	43	43	44	43
2015	2013 and Prior		25	36	43	47	50	52	53	54	55
2015	2014		4	8	9	11	11	11	12	12	12
2015	2015		3	4	6	7	7	8	8	8	8
	Total		32	48	58	65	68	71	73	74	75
2017	2013 and Prior				12	15	18	20	21	24	27
2017	2014				—	—	1	1	2	2	1
2017	2015				—	—	1	1	1	1	1
2017	2016				—	—	1	1	1	1	1
	Total				12	15	21	23	25	28	30
2018	2013 and Prior					32	71	88	106	114	118
2018	2014					22	48	57	61	69	71
2018	2015					19	57	79	86	95	104
2018	2016					6	43	65	76	85	90
2018	2017					—	48	73	83	92	98
2018	2018					—	87	120	136	149	159
2018	2019						22	30	36	40	42
	Total					79	376	512	584	644	682
2019	2013 and Prior						—	1	4	5	5
	Total						—	1	4	5	5
2020	2015							2	3	3	3
2020	2016							25	40	45	48
2020	2017							69	148	196	215
2020	2018							110	247	353	409
	Total							206	438	597	675
2021	2015								—	(2)	(3)
	Total								—	(2)	(3)
2022	2019									—	2
	Total									—	2
2023	2013 and Prior										2
2023	2016										3
2023	2017										2
2023	2018										3
2023	2019										7
2023	2020										7
2023	2021										8
	Total										32
	Grand Total										$ 1,541

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Run-off Segment
Motor

	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Year of Acquisition	Unaudited									
2014	44.19 %	34.88 %	9.30 %	6.98 %	4.65 %	— %	— %	— %	2.33 %	(2.33)%
2015	38.55 %	19.28 %	12.05 %	8.43 %	3.61 %	3.61 %	2.41 %	1.20 %	1.20 %	
2017	35.29 %	8.82 %	17.65 %	5.88 %	5.88 %	8.82 %	5.88 %			
2018	10.12 %	38.03 %	17.41 %	9.22 %	7.68 %	4.87 %				
2019	— %	5.26 %	15.79 %	5.26 %	— %					
2020	27.84 %	31.35 %	21.49 %	10.54 %						
2021	— %	(5.00)%	(2.50)%							
2022	— %	25.00 %								
2023	7.48 %									

StarStone International

As described above, the loss development information for StarStone International has been included in the Run-off segment loss development tables above as an acquisition in 2021 and also presented separately on a standalone basis from the date of acquisition (April 2014) below.

StarStone International

General Casualty

Net Cumulative Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	For The Years Ended December 31, 2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	For The Year Ended December 31, 2023 PPD	As of December 31, 2023 IBNR[1]	Cumulative Number of Claims
	(in millions of U.S. dollars, except cumulative number of claims)												
	(unaudited)												
2013 and Prior	$ 69	$ 63	$ 69	$ 65	$ 73	$ 76	$ 76	$ 77	$ 77	$ 79	$ 2	$ 5	9,496
2014	41	42	41	41	41	47	45	43	44	44	—	1	4,365
2015		52	53	55	62	70	67	68	73	74	1	2	4,037
2016			55	54	80	103	98	106	103	104	1	9	4,225
2017				60	94	132	141	150	160	174	14	20	4,194
2018					41	47	50	45	56	52	(4)	24	3,005
2019						10	11	16	16	18	2	1	1,925
2020							31	48	34	40	6	4	897
2021								1	—	1	1	—	183
2022									—	—		—	137
2023										—	—	—	25
									Total	$ 586	$ 23	$ 66	32,489

[1] Total of IBNR plus expected development on reported losses.

Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	For The Years Ended December 31, 2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	(unaudited)									
2013 and Prior	$ 18	$ 33	$ 47	$ 51	$ 64	$ 69	$ 71	$ 71	$ 73	$ 73
2014	3	9	16	23	28	30	32	34	41	43
2015		3	10	21	31	45	48	55	62	69
2016			1	15	32	52	64	78	82	86
2017				3	23	61	97	118	129	142
2018					2	6	17	21	29	37
2019						1	4	5	7	12
2020							1	9	17	21
									Total	$ 483
Total outstanding liabilities for unpaid losses and ALAE, net of reinsurance										$ 103

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The reconciliation of incurred and paid loss development to the liability for unpaid losses and LAE as presented in the tables above for the year ended December 31, 2023 is set forth below:

	2023
	(in millions of U.S. dollars)
Liabilities for unpaid losses and allocated LAE, net of reinsurance	$ 103
Reinsurance recoverable on unpaid losses	12
Gross liability for unpaid losses and LAE before unallocated loss adjustment expenses and fair value adjustments	$ 115

The following is unaudited supplementary information for average annual historical duration of claims:

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
General Casualty	6.03 %	13.92 %	16.67 %	12.90 %	16.22 %	8.35 %	5.57 %	4.46 %	9.30 %	2.27 %

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StarStone International

Workers' Compensation

Net Cumulative Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	For The Years Ended December 31, 2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	For The Year Ended December 31, 2023 PPD	As of December 31, 2023 IBNR[1]	Cumulative Number of Claims
	(in millions of U.S. dollars, except cumulative number of claims) (unaudited)												
2013 and Prior	$ 102	$ 102	$ 102	$ 102	$ 102	$ 102	$ 103	$ 103	$ 103	$ 103	$ —	$ —	7,951
2014	14	17	17	15	16	16	15	15	16	15	(1)	—	1,994
2015		42	44	40	39	38	37	36	36	35	(1)	—	3,327
2016			55	53	53	56	52	52	52	51	(1)	—	3,499
2017				41	42	38	41	40	39	35	(4)	2	3,175
2018					37	37	38	38	37	36	(1)	2	4,005
2019						17	23	26	26	29	3	2	4,302
2020							30	40	35	35	—	2	3,234
2021								8	4	5	1	2	191
2022									3	3	—	—	26
2023										—		—	1
										$ 347	$ (4)	$ 10	31,705

[1] Total of IBNR plus expected development on reported losses.

Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	For The Years Ended December 31, 2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	(unaudited)									
2013 and Prior	$ 100	$ 101	$ 101	$ 101	$ 102	$ 102	$ 102	$ 102	$ 102	$ 102
2014	2	7	10	11	13	13	14	14	14	14
2015		5	17	26	30	32	33	33	34	34
2016			8	25	36	43	45	47	49	50
2017				6	17	28	32	34	35	33
2018					14	22	27	30	32	34
2019						3	18	20	22	23
2020							5	20	27	29
2021								—	1	2
										$ 321
Total outstanding liabilities for unpaid losses and ALAE, net of reinsurance										$ 26

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The reconciliation of incurred and paid loss development to the liability for unpaid losses and LAE as presented in the tables above for the year ended December 31, 2023 is set forth below:

	2023
	(in millions of U.S. dollars)
Liabilities for unpaid losses and allocated LAE, net of reinsurance	$ 26
Reinsurance recoverable on unpaid losses	—
Gross liability for unpaid losses and LAE before ULAE and fair value adjustments	$ 26

The following is unaudited supplementary information for average annual historical duration of claims:

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Workers Compensation	27.63 %	31.27 %	17.72 %	8.02 %	5.52 %	2.53 %	0.97 %	1.20 %	— %	— %

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StarStone International

Professional Indemnity / Directors and Officers

Net Cumulative Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	For The Years Ended December 31, 2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	For The Year Ended December 31, 2023 PPD	As of December 31, 2023 IBNR[1]	Cumulative Number of Claims
	(in millions of U.S. dollars, except cumulative number of claims)												
	(unaudited)												
2013 and Prior	$ 38	$ 32	$ 31	$ 29	$ 36	$ 43	$ 45	$ 50	$ 48	$ 45	$ (3)	$ 5	3,019
2014	21	21	20	22	19	23	22	23	23	21	(2)	3	937
2015		20	26	26	29	29	32	34	32	32	—	3	1,184
2016			27	26	27	26	23	24	25	22	(3)	3	842
2017				31	42	37	32	29	27	21	(6)	2	997
2018					31	33	35	37	40	35	(5)	1	1,173
2019						21	27	28	31	24	(7)	8	1,256
2020							33	28	27	19	(8)	10	872
2021								10	10	16	6	10	243
2022									2	10	8	8	62
2023										—		—	3
										$ 245	$ (20)	$ 53	10,588

[1] Total of IBNR plus expected development on reported losses.

Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	For The Years Ended December 31, 2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	(unaudited)									
2013 and Prior	$ 14	$ 17	$ 22	$ 22	$ 29	$ 31	$ 33	$ 32	$ 32	$ 33
2014	—	3	5	9	13	14	14	14	16	16
2015		2	7	12	15	18	22	22	23	24
2016			1	7	13	15	18	18	18	18
2017				2	11	16	20	20	20	21
2018					3	9	14	19	28	30
2019						—	4	6	11	11
2020							—	2	3	4
2021								1	2	5
2022									—	—
										$ 162
Total outstanding liabilities for unpaid losses and ALAE, net of reinsurance										$ 83

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The reconciliation of incurred and paid loss development to the liability for unpaid losses and LAE as presented in the tables above for the year ended December 31, 2023 is set forth below:

	2023
	(in millions of U.S. dollars)
Liabilities for unpaid losses and allocated LAE, net of reinsurance	$ 83
Reinsurance recoverable on unpaid losses	7
Gross liability for unpaid losses and LAE before ULAE and fair value adjustments	$ 90

The following is unaudited supplementary information for average annual historical duration of claims:

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Professional Indemnity / Directors and Officers	11.04 %	19.30 %	14.89 %	12.12 %	11.90 %	4.57 %	1.84 %	0.23 %	4.22 %	1.11 %

12. FUTURE POLICYHOLDER BENEFITS

The provision for future policyholder benefits includes provisions for life contingent liabilities assumed as well as other policy benefits for insureds. The future policyholder benefits are equal to the present value of the future benefits payments and related expenses less the present value of future net premiums.

As of December 31, 2023 and 2022, we had future policyholder benefit liabilities of $0 and $821 million, respectively. The decrease of $821 million was due to the novation of the reinsurance of a closed block of life annuity policies, which is described further below.

We adopted ASU 2018-12 effective January 1, 2023 using the modified retrospective transition approach, with a transition date of September 1, 2021. This is the date that we acquired Enhanzed Re through the Step Acquisition and consolidated Enhanzed Re's existing assets and liabilities, including all of our future policyholder benefit contracts. The effects of the adoption as of the transition date and through December 31, 2021 were not material, primarily due to the overall consistency of the interest rate assumption that was previously established based on investment yields (net of related investment expenses) expected as of September 1, 2021 compared to the upper-medium grade fixed-income instrument yield, as applied under ASU 2018-12, as of the same dates.

The assumed liabilities for future policyholder benefits are comprised primarily of in-payment annuity contract liabilities, which are classified as limited-payment contracts. The balances of and changes in liability for future policyholder benefits is as follows:

	December 31,	
	2023	2022
	(in millions of U.S. dollars)	
Beginning Balance [1]	$ 821	$ 1,502
Interest accretion and other policyholder benefit expenses	—	25
Benefits paid	(6)	(56)
Recapture of assumed liabilities by ceding company	—	(34)
Terminations (surrenders)	—	(15)
Effect of exchange rate movement	13	(223)
Derecognition [2]	(828)	—
Effect of changes in discount rate	—	(363)
Other	—	(15)
Balance as of December 31	$ —	$ 821

[1] The liability for future policyholder benefits as of January 1, 2022 has not been adjusted for the impact of adopting ASU 2018-12 given the proximity of the acquisition of a controlling interest in Enhanzed Re on September 1, 2021, in which we recorded the liabilities at fair value in accordance with purchase accounting requirements. The corresponding balance as of September 30, 2021 would be the amount recorded as of December 31, 2021 given our one quarter reporting lag for Enhanzed Re. Furthermore, the effect of remeasuring the liabilities using an upper medium grade fixed-income instrument yield in this one month period were inconsequential.

[2] In November 2022, we completed a novation of the reinsurance of a closed block of life annuity policies, which was recorded in our first quarter 2023 results due to a one quarter reporting lag. See below for additional information.

For the year ended December 31, 2022, we recognized $17 million of gross premiums. There were no gross premiums recognized for the year ended December 31, 2023.

As required by the adoption of ASU 2018-12, discount rate assumptions associated with liability remeasurement are updated at each reporting period to reflect the current upper-medium grade fixed-income instrument yield, with changes in the interest rate from inception to current period reported through accumulated other comprehensive loss.

We designed a discount rate methodology to incorporate the currency and duration characteristics of the liabilities. For interest accretion, interest rates are fixed at inception. Significant assumptions to the calculation of future policyholder benefits also include mortality, mortality improvement, and timing of cash flow payments. The

assumptions are reviewed at least annually. During 2022, we undertook a review of all significant assumptions and did not make any changes to the mortality, mortality improvement, or timing of cash flow payments as actual experience was materially consistent with established assumptions for the same date. Accordingly, there was no effect of changes in the liability relating to changes in cash flow assumptions. In addition, the effects of actual variances from expected policyholder behavior experience were not material for the years ended December 31, 2023 and 2022.

The undiscounted expected future net benefit payments as of December 31, 2022 were $1.3 billion. The weighted-average duration of the liability, interest accretion rate and interest rate for discounting the liability for future policyholder benefits as of December 31, 2022 was 9.8 years, 0.7% and 4.1%, respectively.

Novation of Future Policyholder Benefits

In November 2022, Enhanzed Re completed a novation of the reinsurance of a closed block of life annuity policies to Monument Re Limited, a subsidiary of Monument Insurance Group Limited ("Monument Re"). We settled the life liabilities and the related assets at carrying value in return for cash consideration of $94 million as of the closing date and recorded other income of $275 million. This amount consists of a reclassification adjustment of the component of AOCI related to the unlocking of the discount rate assumption from the adoption of ASU 2018-12 into net income. Our net income attributable to Enstar was reduced by the amount attributable to Allianz's 24.9% noncontrolling interest in Enhanzed Re at the time of the transaction and our other income recorded was subject to deferral as profits emerge from the underlying novated business, which is generally over the expected settlement period of the life annuity policies, to account for our preexisting 20% ownership interest in Monument Re.

The following table illustrates the calculation of the gain as of the closing date of the novation:

	(in millions of U.S. dollars)
Calculation of carrying value as of transaction closing:	
Funds held - directly managed and other assumed reinsurance recoverables	$ 973
Future policyholder benefits	(828)
Other assumed reinsurance liabilities	(12)
Carrying value of net assets	$ 133
Calculation of gain on novation (recorded in first quarter 2023):	
Cash consideration received	$ 94
Less: carrying value of net assets	(133)
Add: reclassification of remeasurement of future policyholder benefits from AOCI and NCI [1]	363
Amount deferred relating to 20% ownership interest in Monument Re [2]	(49)
Gain on novation [3]	275
Net income attributable to noncontrolling interest	(81)
Gain on novation attributable to Enstar [4]	$ 194

[1] Comprised of $273 million from AOCI and $90 million from NCI.

[2] Calculated as 20% of the net Enstar transaction gain of $243 million (representing $324 million, consisting of the $39 million loss when comparing cash consideration to carrying value plus the $363 million reclassification benefit, less Allianz's 24.9% share equal to $81 million).

[3] Recognized in other income in our consolidated statements of operations.

[4] Recognized in net income in our consolidated statements of operations.

During the year ended December 31, 2023, we amortized $2 million into other income relating to the portion of the gain that was deferred to account for our preexisting ownership interest in Monument Re and the total gain on novation attributable to Enstar was $196 million. The deferred gain will be amortized over the expected settlement period of the transferred life annuity policies, which is projected to be 50 years, with the majority of benefit payments occurring in the earlier years.

13. DEFENDANT ASBESTOS AND ENVIRONMENTAL LIABILITIES

Defendant asbestos and environmental liabilities ("defendant A&E liabilities") on our consolidated balance sheets include amounts for indemnity and defense costs for pending and future asbestos-related claims, determined using standard actuarial techniques for asbestos-related exposures.

We acquired DCo and Morse TEC in 2016 and 2019, respectively. These companies hold liabilities associated with personal injury asbestos claims and environmental claims arising from their legacy manufacturing operations. DCo and Morse TEC continue to process asbestos personal injury claims.

Defendant A&E liabilities also include amounts for environmental liabilities, associated with the acquired companies' properties, relating to estimated clean-up costs associated with the DCo’s and Morse TEC’s former operations based on engineering reports.

Changes to our estimate of these liabilities are recorded to other income (expense) within the consolidated statements of operations in the period that our estimate is adjusted.

Amounts billed to and due from insurers providing coverage for our defendant A&E liabilities are calculated in accordance with the terms of the individual insurance contracts.

Insurance balances recoverable on our consolidated balance sheets include estimated insurance recoveries relating to our defendant asbestos liabilities. The recorded asset represents our assessment of the capacity of the insurance agreements to indemnify our subsidiaries for the anticipated defense and loss payments for pending claims and projected future claims.

The recognition of these recoveries is based on an assessment of the right to recover under the respective contracts and on the financial strength of the insurers. The recorded asset does not represent the limits of our insurance coverage, but rather the amount we would expect to recover if the accrued and projected loss and defense costs were paid in full.

On an ongoing basis, we evaluate and monitor the credit risk related to our insurers and an allowance for estimated uncollectible insurance balances recoverable on our defendant A&E liabilities ("allowance for estimated uncollectible insurance") is established for amounts considered potentially uncollectible. To determine the allowance for estimated uncollectible reinsurance, we use the PD and LGD methodology whereby each reinsurer is allocated an appropriate PD percentage based on the expected payout duration by portfolio. This PD percentage is then multiplied by an appropriate LGD percentage to arrive at an overall credit allowance percentage which is then applied to the reinsurance balance recoverable for each reinsurer, net of any specific bad debt provisions, collateral or other contract related offsets, to arrive at the overall allowance for estimated uncollectible reinsurance by reinsurer.

Amounts deemed to be uncollectible, including amounts due from known insolvent insurers, are written off against the allowance.

Changes in the allowance, as well as any subsequent collections of amounts previously written off, are reported as part of other income (expense) in our consolidated statements of operations.

Included within insurance balances recoverable and defendant A&E liabilities are the fair value adjustments that were initially recognized upon acquisition. These fair value adjustments are amortized in proportion to the actual payout of claims and recoveries.

The carrying value of the defendant A&E liabilities, insurance recoveries, future estimated expenses and the fair value adjustments related to DCo and Morse TEC as of December 31, 2023 and 2022 was as follows:

	2023	2022
	(in millions of U.S. dollars)	
Defendant A&E liabilities:		
Defendant asbestos liabilities	$ 734	$ 786
Defendant environmental liabilities	10	10
Estimated future expenses	33	35
Fair value adjustments	(210)	(224)
Defendant A&E liabilities	567	607
Insurance balances recoverable:		
Insurance recoveries related to defendant asbestos liabilities (net of allowance: 2023 - $5; 2022 - $5)	217	224
Fair value adjustments	(45)	(47)
Insurance balances recoverable	172	177
Net liabilities relating to defendant A&E exposures	$ 395	$ 430

Methodologies for determining liabilities

Defendant Asbestos Liabilities

We review, on an ongoing basis, our own experience in handling asbestos-related claims and trends affecting asbestos-related claims in the U.S. tort system generally, for the purposes of assessing the value of pending asbestos-related claims and the number and value of those that may be asserted in the future, as well as potential recoveries from our insurance carriers with respect to such claims and defense costs.

The actuarial analysis for these asbestos-related exposures utilizes data resulting from claim experience, including input from national coordinating counsel and local counsel, and includes the development of an estimate of the potential value of asbestos-related claims asserted but not yet resolved as well as the number and potential value of asbestos-related claims not yet asserted.

In developing the estimate of liability for potential future claims, the actuarial methods project the potential number of future claims based on our historical claim filings and health studies. The actuarial methods also utilize assumptions based on our historical proportion of claims resolved without payment, historical claim resolution costs for those claims that result in a payment, and historical defense costs. The liabilities are estimated by using pending and projected future claim filings, projected payments rates, average claim resolution amounts and an estimate for defense costs, which is derived based on assumptions relating to defense costs to indemnity cost ratios. We utilize judgment when determining the assumptions related to projected future claims filings, projected payment rates and estimated defense costs.

We determine, based on the factors described above, including the actuarial analysis, that their best estimate of the aggregate liability both for asbestos-related claims asserted but not yet resolved and potential asbestos-related claims not yet asserted, including estimated defense costs, was $734 million and $786 million as of December 31, 2023 and 2022, respectively.

The table below provides a consolidated reconciliation of the beginning and ending liability for defendant A&E liabilities for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
	(in millions of U.S. dollars)		
Balance as of January 1	**$ 607**	**$ 638**	**$ 706**
Insurance balances recoverable	(177)	(213)	(250)
Net balance as of January 1	**430**	**425**	**456**
Amounts recorded in other expense (income):			
Increase (reduction) in estimate of net ultimate liabilities	1	(2)	(38)
Reduction in estimated future expenses	(2)	(1)	(5)
Amortization of fair value adjustments	13	7	16
Total other expense (income)	**12**	**4**	**(27)**
Total net (paid claims) recoveries	**(47)**	**1**	**(4)**
Net balance as of December 31	**395**	**430**	**425**
Insurance balances recoverable	172	177	213
Balance as of December 31	**$ 567**	**$ 607**	**$ 638**

Total other expense from our defendant A&E liabilities was $12 million for the year ended December 31, 2023, primarily due to the amortization of fair value adjustments.

Total other expense was $4 million for the year ended December 31, 2022, primarily due to the amortization of fair value adjustments and partially offset by favorable changes in the estimate of liabilities and future expenses.

Total other income was $27 million for the year ended December 31, 2021, driven by a reduction in the actuarially estimated ultimate net liabilities as a result of a decline in mesothelioma filings.

Defendant Environmental Liabilities

As a result of our acquisition of DCo and Morse TEC, we have been identified by the United States Environmental Protection Agency and certain U.S. state environmental agencies and private parties as potentially responsible parties ("PRP") at various hazardous waste disposal sites under the Comprehensive Environmental Response, Compensation and Liability Act ("Superfund") and equivalent U.S. state laws.

The PRPs may currently be liable for the cost of clean-up and other remedial activities at 26 such sites. Responsibility for clean-up and other remedial activities at a Superfund site is typically shared among PRPs based on an allocation formula.

We have a liability for defendant environmental liabilities of $10 million and $10 million as of December 31, 2023 and 2022, respectively. The estimate for defendant environmental liabilities is based on information available to us, including an estimate of the allocation of liability among PRPs, the probability that other PRPs will pay the cost apportioned to them, currently available information from PRPs and/or federal or state environmental agencies concerning the scope of contamination and estimated remediation and consulting costs, and remediation alternatives.

Allowance for Estimated Uncollectible Insurance Balances Recoverable on Defendant Asbestos Liabilities

We maintained a beginning and ending allowance for estimated uncollectible insurance balances related to our defendant asbestos liabilities of $5 million for the years ended December 31, 2023 and 2022.

During the years ended December 31, 2023 and 2022, we did not have any new provisions, write-offs charged against the allowance for estimated uncollectible insurance or any recoveries of amounts previously written off.

We did not have significant non-disputed past due balances receivable from our insurers related to our defendant asbestos liabilities, that were older than one year for any of the periods presented. Any balances that are part of ongoing legal activity are estimated to be recovered at the level of our recorded asset which is consistent with our legal advice and past collection experience.

14. FAIR VALUE MEASUREMENTS

Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants. We use a fair value hierarchy that gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. The hierarchy is broken down into three levels as follows:

- Level 1 - Valuations based on unadjusted quoted prices in active markets that we have the ability to access for identical assets or liabilities. Valuation adjustments and block discounts are not applied to Level 1 instruments.
- Level 2 - Valuations based on quoted prices in active markets for similar assets or liabilities, quoted prices for identical assets or liabilities in inactive markets, or significant inputs that are observable (e.g. interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.
- Level 3 - Valuations based on unobservable inputs where there is little or no market activity. Unadjusted third party pricing sources or management's assumptions and internal valuation models may be used to determine the fair values.

In addition, certain of our other investments are measured at fair value using net asset value ("NAV") per share (or its equivalent) as a practical expedient and have not been classified within the fair value hierarchy above.

We have categorized our assets and liabilities that are recorded at fair value on a recurring basis among levels based on the observability of inputs, or at fair value using NAV per share (or its equivalent) as follows:

	December 31, 2023				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Based on NAV as Practical Expedient	Total Fair Value
	(in millions of U.S. dollars)				
Investments:					
Short-term and Fixed maturities:					
U.S. government and agency	$ —	$ 326	$ —	$ —	$ 326
U.K. government	—	72	—	—	72
Other government	—	391	—	—	391
Corporate	—	4,119	12	—	4,131
Municipal	—	142	—	—	142
Residential mortgage-backed	—	487	—	—	487
Commercial mortgage-backed	—	841	—	—	841
Asset-backed	—	873	11	—	884
	—	7,251	23	—	7,274
Funds held [1]	58	2,342	40	102	2,542
Equities:					
Publicly traded equity investments	243	31	1	—	275
Exchange-traded funds	82	—	—	—	82
Privately held equity investments	—	—	299	45	344
	325	31	300	45	701
Other investments:					
Hedge funds	—	—	—	491	491
Fixed income funds	—	53	—	552	605
Equity funds	—	4	—	—	4
Private equity funds	—	—	—	1,617	1,617
CLO equities	—	60	—	—	60
CLO equity funds	—	—	—	182	182
Private credit funds	—	183	—	442	625
Real estate fund	—	—	—	269	269
	—	300	—	3,553	3,853
Total Investments	$ 383	$ 9,924	$ 363	$ 3,700	$ 14,370
Reinsurance balances recoverable on paid and unpaid losses:	$ —	$ —	$ 217	$ —	$ 217
Other Assets:					
Derivatives qualifying as hedging	$ —	$ 1	$ —	$ —	$ 1
Derivatives not qualifying as hedges	—	3	—	—	3
Derivative instruments	$ —	$ 4	$ —	$ —	$ 4
Losses and LAE:	$ —	$ —	$ 1,163	$ —	$ 1,163
Other Liabilities:					
Derivatives qualifying as hedging	$ —	$ 6	$ —	$ —	$ 6
Derivatives not qualifying as hedges	—	3	—	—	3
Derivative instruments	$ —	$ 9	$ —	$ —	$ 9

[1] The difference in the amount of funds held shown at fair value and the funds held shown in our consolidated balance sheet relates to the $2.7 billion of funds held by reinsured companies carried at amortized cost.

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	December 31, 2022				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Based on NAV as Practical Expedient	Total Fair Value
	(in millions of U.S. dollars)				
Investments:					
Short-term and Fixed maturities:					
U.S. government and agency	$ —	$ 388	$ —	$ —	$ 388
U.K government	—	78	—	—	78
Other government	—	319	—	—	319
Corporate	—	4,607	—	—	4,607
Municipal	—	158	—	—	158
Residential mortgage-backed	—	439	—	—	439
Commercial mortgage-backed	—	819	—	—	819
Asset-backed	—	837	—	—	837
	—	7,645	—	—	7,645
Funds held [1]	—	2,040	44	—	2,084
Equities:					
Publicly traded equity investments	351	34	—	—	385
Exchange-traded funds	507	—	—	—	507
Privately held equity investments	—	—	319	39	358
	858	34	319	39	1,250
Other investments:					
Hedge funds	—	—	—	549	549
Fixed income funds	—	90	—	457	547
Equity funds	—	3	—	—	3
Private equity funds	—	—	—	1,282	1,282
CLO equities	—	148	—	—	148
CLO equity funds	—	—	—	203	203
Private credit funds	—	—	—	362	362
Real estate fund	—	—	—	202	202
	—	241	—	3,055	3,296
Total Investments	$ 858	$ 9,960	$ 363	$ 3,094	$ 14,275
Reinsurance balances recoverable on paid and unpaid losses:	$ —	$ —	$ 275	$ —	$ 275
Other Assets:					
Derivatives qualifying as hedging	$ —	$ 1	$ —	$ —	$ 1
Derivatives not qualifying as hedges	—	5	—	—	5
Derivative instruments	$ —	$ 6	$ —	$ —	$ 6
Losses and LAE:	$ —	$ —	$ 1,286	$ —	$ 1,286
Other Liabilities:					
Derivatives qualifying as hedging	$ —	$ 11	$ —	$ —	$ 11
Derivatives not qualifying as hedges	—	1	—	—	1
Derivative instruments	$ —	$ 12	$ —	$ —	$ 12

[1] The difference in the amount of funds held shown at fair value and the funds held shown in our consolidated balance sheet relates to the $3.5 billion of funds held by reinsured companies carried at amortized cost.

Valuation Methodologies of Financial Instruments Measured at Fair Value

Short-term and Fixed Maturities

The fair values for all securities in the short-term and fixed maturities and funds held - directly managed portfolios are obtained or validated from independent pricing services either directly or through our accounting service provider or investment managers.

We record the unadjusted price and validate this price through a process that includes, but is not limited to:

i. comparison of prices against alternative pricing sources;

ii. quantitative analysis (e.g. comparing the quarterly return for each managed portfolio to its target benchmark);

iii. evaluation of methodologies used by external parties to estimate fair value, including a review of the inputs used for pricing; and

iv. comparing the price to our knowledge of the current investment market.

Our internal price validation procedures and review of fair value methodology documentation provided by independent pricing services have not historically resulted in adjustment in the prices obtained from the pricing service.

The independent pricing services used by our service providers obtain actual transaction prices for securities that have quoted prices in active markets. Where we utilize single unadjusted broker-dealer quotes, they are generally provided by market makers or broker-dealers who are recognized as market participants in the markets for which they are providing the quotes.

For determining the fair value of securities that are not actively traded, in general, pricing services use "matrix pricing" in which the independent pricing service uses observable market inputs including, but not limited to, reported trades, benchmark yields, broker-dealer quotes, interest rates, prepayment speeds, default rates and other such inputs as are available from market sources to determine a reasonable fair value.

The following describes the techniques generally used to determine the fair value of our short-term and fixed maturities by asset class, including the investments underlying the funds held - directly managed.

- **U.S. and non-U.S. government and agency securities** consist of securities issued by the U.S. Treasury and mortgage pass-through agencies such as the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and other agencies, or consist of bonds issued by non-U.S. governments and agencies along with supranational organizations. The significant inputs used to determine the fair value of these securities include the spread above the risk-free yield curve, reported trades and broker-dealer quotes. These are considered to be observable market inputs and, therefore, the fair values of these securities are classified as Level 2.
- **Corporate securities** consist primarily of investment-grade debt of a wide variety of corporate issuers and industries. The fair values of these securities are determined using the spread above the risk-free yield curve, reported trades, broker-dealer quotes, benchmark yields, and industry and market indicators. These are considered observable market inputs and, therefore, the fair values of these securities are classified as Level 2. Certain private placement investments classified within Corporate are valued using prices obtained from external managers using independent valuation agents and the valuation inputs used are considered unobservable with no active market at the measurement date. As a result, these private placement investments are classified as Level 3.
- **Municipal securities** consist primarily of bonds issued by U.S.-domiciled state and municipal entities. The fair values of these securities are determined using the spread above the risk-free yield curve, reported trades, broker-dealer quotes and benchmark yields. These are considered observable market inputs and therefore the fair values of these securities are classified as Level 2.
- **Asset-backed and commercial and residential mortgage-backed securities** consist primarily of investment-grade bonds backed by pools of loans with a variety of underlying collateral. Residential and commercial mortgage-backed securities include both agency and non-agency originated securities. The significant inputs used to determine the fair value of these securities include the spread above the risk-free yield curve, reported trades, benchmark yields, prepayment speeds and default rates. These are considered observable market

inputs and therefore the fair value of these securities are classified as Level 2. Certain private placement investments classified within Asset-backed are valued using prices obtained from external managers using independent valuation agents and the valuation inputs used are considered unobservable with no active market at the measurement date. As a result, these private placement investments are classified as Level 3.

Equities

Our investments in equities consist of a combination of publicly traded and privately held investments. Our publicly traded equity investments in common and preferred stocks predominantly trade on major exchanges and are managed by our external advisors. Our exchange-traded funds also trade on major exchanges.

Our publicly traded equities are widely diversified and there is no significant concentration in any specific industry. We use an internationally recognized pricing service to estimate the fair value of our publicly traded equities and exchange-traded funds. We have categorized the majority of our publicly traded equity investments, other than preferred stock, and our exchange-traded funds as Level 1 investments because the fair values of these investments are based on unadjusted quoted prices in active markets for identical assets. Two equity securities trade in an inactive market and, as a result have been classified as Level 2. The fair value estimates of our investments in publicly traded preferred stock are based on observable market data and, as a result, have been categorized as Level 2. Certain private placement investments classified within Equities are valued using prices obtained from external managers using independent valuation agents and the valuation inputs used are considered unobservable with no active market at the measurement date. As a result, these private placement investments are classified as Level 3.

Our privately held equity investments in common and preferred stocks are direct investments in companies that we believe offer attractive risk adjusted returns and/or offer other strategic advantages. Each investment may have its own unique terms and conditions and there may be restrictions on disposals. The market for these investments is illiquid and there is no active market. For the majority of these we use a combination of cost, internal models and reported values from co-investors/managers to calculate the fair value of the privately held equity investments. The fair value estimates of these are based on unobservable market data so have been categorized as Level 3. We also have one direct investment in the equity of a privately held business development company which values its underlying investments using NAV as a practical expedient; therefore, the investment has not been categorized within the fair value hierarchy.

Other investments, at fair value

We have ongoing due diligence processes with respect to the other investments carried at fair value in which we invest, including active discussions with managers of the investments. These processes are designed to assist us in assessing the quality of information provided by, or on behalf of, each fund and in determining whether such information continues to be reliable or whether further review is warranted.

Certain funds do not provide full transparency of their underlying holdings; however, we obtain the audited financial statements for funds annually and review the audited results relative to the net asset values provided by the managers, and regularly review and discuss the fund performance with the fund managers to corroborate the reasonableness of the reported NAV.

The use of NAV as an estimate of the fair value for investments in certain entities that calculate NAV is a permitted practical expedient. Due to the time lag in the NAV reported by certain fund managers we adjust the valuation for capital calls and distributions. Other investments measured at fair value using NAV as a practical expedient have not been classified in the fair value hierarchy. Other investments for which we do not use NAV as a practical expedient have been valued using prices from independent pricing services and investment managers.

The following describes the techniques generally used to determine the fair value of our other investments.

- For our investments in hedge funds, private equity funds, CLO equity funds, private credit funds and the real estate debt fund, we primarily measure fair value by obtaining the most recently available NAV as advised by the external fund manager or third-party administrator. The fair values of these investments are measured using the NAV as a practical expedient and therefore have not been categorized within the fair value hierarchy.
- Our investments in fixed income funds and equity funds are valued based on a combination of prices from independent pricing services, external fund managers or third-party administrators. For the publicly available

prices we have classified the investments as Level 2. For the non-publicly available prices we are using NAV as a practical expedient and therefore these have not been categorized within the fair value hierarchy.

- We measure the fair value of our direct investment in CLO equities based on valuations provided by independent pricing services. The fair values measured using prices provided by independent pricing services have been classified as Level 2.

Insurance Contracts - Fair Value Option

The Company uses an internal model to calculate the fair value of the liability for losses and LAE and reinsurance balances recoverable on paid and unpaid losses for certain retroactive reinsurance contracts where we have elected the fair value option.

The fair value was calculated as the aggregate of discounted cash flows plus a risk margin. The discounted cash flow approach uses:

i. estimated nominal cash flows based upon an appropriate payment pattern developed in accordance with actuarial methods; and

ii. a discount rate based upon a high quality rated corporate bond yield plus a credit spread for non-performance risk.

The model uses corporate bond rates across the yield curve depending on the estimated timing of the future cash flows and specific to the currency of the risk.

The risk margin was calculated using the present value of the cost of capital. The cost of capital approach uses:

i. projected capital requirements;

ii. multiplied by the risk cost of capital representing the return required for non-hedgeable risk based upon the weighted average cost of capital less investment income; and

iii. discounted using the weighted average cost of capital.

Derivative Instruments

The fair values of our derivative instruments are classified as Level 2. The fair values are based upon prices in active markets for identical contracts.

Funds Held by Reinsured Companies

The fair value of the embedded derivative representing the contractually agreed variable return on the funds held by reinsured companies associated with the Aspen LPT transaction is classified as Level 3 and is calculated using an internal model.

The fair value is calculated as the difference between:

i. the present value of all future expected interest payments based on the full crediting rate, calculated using a Monte Carlo simulation model; and

ii. the present value of all future expected interest payments based on the base crediting rate, calculated using a discounted cash flow model.

The Monte Carlo simulation model uses:

i. a continuous forward risk-free rate commensurate with the crediting interest rate period (observable); and

ii. an estimated historical volatility rate based upon the annualized standard deviation of daily log returns observed on a portfolio replicating the Aspen investment portfolio over a period commensurate with the crediting rate period (unobservable).

The discounted cash flow model uses:

i. estimated expected loss payments based upon an appropriate payment pattern developed in accordance with standard actuarial techniques (unobservable);

ii. a risk-free rate based on U.S. treasury rates as of the valuation date (observable); and

iii. a credit spread based upon the historical option adjusted spread of the Aspen publicly traded corporate debt instrument (observable).

Level 3 Measurements and Changes in Leveling

Transfers into or out of levels are recorded at their fair values as of the end of the reporting period, consistent with the date of determination of fair value.

Investments

The following table present a reconciliation of the beginning and ending balances for all our equity investments and fixed maturity investments measured at fair value on a recurring basis using Level 3 inputs during the years ended December 31, 2023 and 2022:

	2023					2022	
	Fixed Maturities		Equity Investments				
	Corporate	Asset-backed	Privately-held Equities	Publicly traded equity investments	Total	Privately-held Equities	Total
	(in millions of U.S. dollars)						
Beginning fair value	$ —	$ —	$ 294	$ —	$ 294	$ 347	$ 347
Purchases	—	—	2	—	2	5	5
Sales	—	—	(48)	—	(48)	(15)	(15)
Total net unrealized gains (losses) [1]	—	—	26	—	26	(43)	(43)
Transfer into Level 3 from Level 2	12	11	—	1	24	—	—
Reclassification from non-recurring to recurring	—	—	25	—	25	—	—
Ending fair value	$ 12	$ 11	$ 299	$ 1	$ 323	$ 294	$ 294

[1] Net unrealized (losses) gains included in our consolidated statements of operations is equal to the change in unrealized gains (losses) relating to assets held at the end of the reporting period.

Net unrealized (losses) gains related to Level 3 assets in the table above are included in net unrealized gains (losses) in our consolidated statements of operations.

Valuations Techniques and Inputs

The table below presents the quantitative information related to the fair value measurements for our fixed maturity and equity investments measured at fair value on a recurring basis using Level 3 inputs:

Qualitative Information about Level 3 Fair Value Measurements

Valuation Techniques	Fair Value as of December 31, 2023 (in millions of U.S. dollars)	Unobservable Input	Range (Average) [1]
Fixed maturities			
Corporate			
Discounted cash flow	$ 12	YTM Illiquidity premium Credit risk premium	5.53% - 9.43% 0.88% - 3.13% 2.82% - 4.48%
Asset-backed			
Discounted cash flow	11	WAL Trade date spread differential	1.70 - 4.74 (0.03)% - 0.33%
Total fixed maturities	$ 23		
Privately held equity investments			
Guideline company methodology; Option pricing model	$ 181	P/BV multiple P/BV (excluding AOCI) multiple Expected term	1.50x - 1.9x 1.4x -1.5x 1-3 years
Guideline companies method	54	P/BV multiple Price/2024 earnings LTM Enterprise Value/ EBITDA multiples	1.5x - 1.7x 7.7x - 8.9x 12x - 13x
Guideline companies method; Earnings	30	LTM EV/Revenue multiples Multiple on earnings	2.5x - 3x 5x
Dividend discount model	34	Discount rate	8.5%
	299		
Publicly traded equity investments			
Discounted cash flow	1	Implied total yield	8.62%
Total equity investments	$ 300		

[1] The average represents the arithmetic average of the inputs and is not weighted by the relative fair value.

As of December 31, 2023, we elected to change the measurement of a privately held equity investment to recurring fair value measurements that was previously accounted for under the measurement alternative. We used a dividend discount model as the valuation technique to fair value the $34 million privately held equity investment, which is an industry standard approach. The unobservable input to the dividend discount model has been identified and disclosed in the table above.

Funds Held by Reinsured Companies - Embedded Derivative

As described in Note 7, we have an embedded derivative in relation to the Aspen LPT transaction to account for the fair value of the full crediting rate we expect to earn on the funds withheld received as consideration.

The following table presents a reconciliation of the beginning and ending balances for the embedded derivative measured at fair value on a recurring basis using Level 3 inputs during the year ended December 31, 2023 and 2022:

	2023	2022
	(in millions of U.S. dollars)	
Beginning fair value	$ 44	$ —
Initial recognition	—	27
Net unrealized gains	13	17
Partial settlement	(17)	—
Ending fair value	$ 40	$ 44

Net unrealized gains in the table above are included in net unrealized gains (losses) in our consolidated statements

of operations.

Valuations Techniques and Inputs

The table below presents the quantitative information related to the fair value measurements for the embedded derivative on our funds held by reinsured companies measured at fair value on a recurring basis using Level 3 inputs:

Qualitative Information about Level 3 Fair Value Measurements

Valuation Techniques	Fair Value as of December 31, 2023 (in millions of U.S. dollars)	Unobservable Input	Average
Monte Carlo simulation model; Discounted cash flow analysis	$ 40	Volatility rate; Expected Loss Payments	6.98% $651 million

Insurance Contracts - Fair Value Option

The following table presents a reconciliation of the beginning and ending balances for all insurance contracts measured at fair value on a recurring basis using Level 3 inputs during the years ended December 31, 2023 and 2022:

	2023			2022		
	Liability for losses and LAE	Reinsurance balances recoverable on paid and unpaid losses	Net	Liability for losses and LAE	Reinsurance balances recoverable on paid and unpaid losses	Net
	(in millions of U.S. dollars)					
Beginning fair value	$ 1,286	$ 275	$ 1,011	$ 1,989	$ 432	$ 1,557
Incurred losses and LAE:						
Increase (reduction) in estimates of ultimate losses	21	(20)	41	(79)	(29)	(50)
Reduction in provisions for ULAE	(11)	—	(11)	(18)	—	(18)
Change in fair value	100	22	78	(247)	(47)	(200)
Total incurred losses and LAE	110	2	108	(344)	(76)	(268)
Paid losses	(247)	(59)	(188)	(245)	(65)	(180)
Change in net liability for losses and LAE at fair value - Instrument-specific credit risk	(27)	(6)	(21)	—	—	—
Effect of exchange rate movements	41	5	36	(114)	(16)	(98)
Ending fair value	$ 1,163	$ 217	$ 946	$ 1,286	$ 275	$ 1,011

The following table presents the components of the net change in fair value for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
	(in millions of U.S. dollars)		
Changes in fair value due to changes in:			
Average payout	$ 32	$ 40	$ 22
Corporate bond yield	18	(219)	(97)
Credit spread for non-performance	21	(21)	—
Weighted cost of capital	7	—	—
Change in fair value	$ 78	$ (200)	$ (75)

Changes in the fair value due to changes in average payout and corporate bond yields are included in net incurred losses and loss adjustment expenses in our consolidated statements of operations. Changes in the fair value due to changes in credit spread for instrument-specific credit risk are classified to other comprehensive income.

Valuations Techniques and Inputs

Below is a summary of the quantitative information regarding the significant observable and unobservable inputs used in the internal model to determine fair value on a recurring basis as of December 31, 2023 and 2022:

		2023	2022
Valuation Technique	**Unobservable (U) and Observable (O) Inputs**	**Weighted Average**	**Weighted Average**
Internal model	Corporate bond yield (O)	A rated	A rated
Internal model	Credit spread for Instrument-specific credit risk (U)	0.65%	0.65%
Internal model	Risk cost of capital (U)	5.60%	5.10%
Internal model	Weighted average cost of capital (U)	8.75%	8.25%
Internal model	Average payout - liability (U)	8.12 years	7.89 years
Internal model	Average payout - reinsurance balances recoverable on paid and unpaid losses (U)	8.35 years	7.71 years

The fair value of the liability for losses and LAE and reinsurance balances recoverable on paid and unpaid losses may increase or decrease due to changes in the corporate bond rate, the credit spread for non-performance risk, the risk cost of capital, the weighted average cost of capital and the estimated payment pattern.

In addition, the estimate of the capital required to support the liabilities is based upon current industry standards for capital adequacy.

Disclosure of Fair Values for Financial Instruments Carried at Cost

Senior and Subordinated Notes

The following table presents the fair values of our Senior and Subordinated Notes carried at amortized cost:

	December 31, 2023	
	Amortized Cost	**Fair Value**
	(in millions of U.S. dollars)	
4.95% Senior Notes due 2029	$ 496	$ 488
3.10% Senior Notes due 2031	496	408
Total Senior Notes	$ 992	$ 896
5.75% Junior Subordinated Notes due 2040	$ 345	$ 331
5.50% Junior Subordinated Notes due 2042	494	425
Total Junior Subordinated Notes	$ 839	$ 756

The fair value of our Senior Notes and our Subordinated Notes was based on observable market pricing from a third party pricing service.

Both the Senior and Subordinated Notes are classified as Level 2.

Insurance Contracts

Disclosure of fair value of amounts relating to insurance contracts is not required, except those for which we elected the fair value option, as described above.

Remaining Financial Assets and Liabilities

Our remaining financial assets and liabilities were generally carried at cost or amortized cost, which due to their short-term nature approximates fair value as of December 31, 2023 and 2022.

15. VARIABLE INTEREST ENTITIES

We have investments in certain limited partnership funds which are deemed to be variable interest entities ("VIEs") and which are included in other investments at the reported NAV. The activities of these VIEs are generally limited to holding investments and our involvement in these entities is passive in nature. We consolidate all VIEs in which we are considered to be the primary beneficiary.

Determining whether to consolidate a VIE may require judgment in assessing (i) whether an entity is a VIE, and (ii) if we are the entity's primary beneficiary and thus required to consolidate the entity. To determine if we are the primary beneficiary of a VIE, we evaluate whether we have (i) the power to direct the activities that most significantly impact the VIE's economic performance, and (ii) the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE.

Our evaluation includes identification of the activities that most significantly impact the VIE's economic performance and an assessment of our ability to direct those activities based on governance provisions, contractual arrangements to provide or receive certain services, funding commitments and other applicable agreements and circumstances. Our assessment of whether we are the primary beneficiary of our VIEs requires significant assumptions and judgment.

GCM Fund

In July 2022, we entered into an agreement to become a limited partner of GCM Blue Sails Infrastructure Offshore Opportunities Fund, L.P. ("GCM Fund"), with an initial commitment of $150 million. At that time, we performed an assessment and concluded that as a result of being a limited partner and having no substantive kick-out or participating rights, the GCM Fund is a VIE. We also concluded that we are the primary beneficiary, as our 99.5% economic interest in the GCM Fund is disproportionately greater than our lack of stated power to direct the activities of the GCM Fund that will most significantly impact the GCM Fund's economic performance. As a result, we have consolidated the results of the GCM Fund. There was no gain or loss recognized on consolidation.

We have elected to recognize the results of the GCM Fund on a one quarter lag due to anticipated delays in obtaining timely financial information. As of December 31, 2023, $72 million of the initial commitment has been called. The carrying amounts of the assets and liabilities of the GCM Fund are presented within existing captions on our consolidated balance sheets as of December 31, 2023 and 2022. Net investment income, changes in the fair value of assets and liabilities of the GCM Fund and management fees will be presented within existing captions in the consolidated statements of operations.

We recognized net unrealized gains on other investments of $6 million and $0 million for the years ended December 31, 2023 and 2022, respectively.

Our exposure to risk of loss is limited to the amount of our investment, in accordance with the limited partnership agreement. We have not committed to provide any financial support to the general partner of the GCM Fund. In addition, we have not committed to provide any additional financial support to the GCM Fund in excess of previously funded capital commitments and all undistributed profits and income.

The assets of Enstar are not available to the creditors of the GCM Fund.

InRe Fund

During 2021, we redeemed an aggregate of $2.7 billion and completed the liquidation of our investment in the InRe Fund.

On April 1, 2021, we obtained control of the InRe Fund following redemption by the general partner, an affiliate of Hillhouse Group, of all of its outstanding ownership interests and the termination of its investment management activities. From that date we had both full ownership of the InRe Fund and the power to direct its activities, which led to our determination to consolidate the InRe Fund.

Prior to consolidation, our investment in the InRe Fund was recorded at fair value using the NAV as a practical expedient, with any changes included within net unrealized gains in the consolidated statements of operations. Thus, there was no gain or loss upon consolidation.

During the year ended December 31, 2021 we recognized net investment expenses for the InRe Fund of $13 million and net realized losses of $58 million (as all investments were redeemed and liquidated during the year subsequent to consolidation).

During the year ended December 31, 2021, our consolidated statements of cash flows included net operating cash flows of $2.1 billion attributed to the InRe Fund driven by net sales of trading securities, partially offset by net payments to cover securities sold short, and net investing cash flows of $574 million resulting from the initial consolidation of the InRe Fund's cash and restricted cash balances.

Summarized Financial Information

Prior to consolidating the InRe Fund, total income, expenses and net income (including Enstar's and Hillhouse's combined interests) for the three months ended March 31, 2021 was $311 million, $19 million and $292 million, respectively. Enstar recognized $77 million of net unrealized gains from its allocated share of total net income for the three months ended March 31, 2021.

Nonconsolidated VIEs

The tables below present the fair value of our investments in nonconsolidated VIEs as well as our maximum exposure to loss associated with these VIEs:

As of December 31, 2023	Fair Value	Unfunded Commitments	Maximum Exposure to Loss
		(in millions of U.S. dollars)	
Equities			
Publicly traded equity investment in common stock	$ 55	$ —	$ 55
Privately held equity	34	—	34
Total	89	—	89
Other investments			
Hedge funds	$ 491	$ —	$ 491
Fixed income funds	147	35	182
Private equity funds	1,262	667	1,929
CLO equity funds	182	—	182
Private credit funds	349	242	591
Real estate funds	121	139	260
Total	$ 2,552	$ 1,083	$ 3,635
Total investments in nonconsolidated VIEs	$ 2,641	$ 1,083	$ 3,724

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As of December 31, 2022	Fair Value	Unfunded Commitments	Maximum Exposure to Loss
	(in millions of U.S. dollars)		
Equities			
Publicly traded equity investment in common stock	$ 52	$ —	$ 52
Privately held equity	25	—	25
Total	$ 77	$ —	$ 77
Other investments			
Hedge funds	$ 549	$ —	$ 549
Fixed income funds	277	33	310
Private equity funds	1,210	911	2,121
CLO equity funds	203	—	203
Private credit funds	79	149	228
Real estate funds	203	529	732
Total	$ 2,521	$ 1,622	$ 4,143
Total investments in nonconsolidated VIEs	$ 2,598	$ 1,622	$ 4,220

16. PREMIUMS WRITTEN AND EARNED

Premiums written related to prospective risk policies are earned on a pro-rata basis over the period of the related coverage. Reinsurance premiums on prospective risks are recorded at the inception of the policy, are based upon contractual terms and, for certain business, are estimated based on underlying contracts or from information provided by insureds and/or brokers.

Changes in reinsurance premium estimates for prospective risks are recorded as premiums written in the period in which they are determined.

Certain contracts are retrospectively rated and provide for a final adjustment to the premium based on the final settlement of all losses. Premiums on such contracts are adjusted based upon contractual terms, and management judgment is involved with respect to the estimate of the amount of losses that we expect to incur. These adjustments to the premium are recognized at the time loss thresholds specified in the contract are exceeded and are earned over the coverage period, or are earned immediately if the period of risk coverage has passed.

The following tables provide a summary of net premiums written and earned for the years ended December 31, 2023, 2022 and 2021:

	2023		2022		2021	
	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
	(in millions of U.S. dollars)					
Total gross	$ 101	$ 49	$ 25	$ 97	$ 106	$ 373
Total ceded	(5)	(6)	(13)	(31)	(44)	(128)
Total net	$ 96	$ 43	$ 12	$ 66	$ 62	$ 245

Gross premiums written for the year ended December 31, 2023 increased by $76 million from 2022, primarily due to the fourth quarter 2023 transaction with AIG. Gross premiums written for the year ended December 31, 2022 decreased by $81 million from 2021, primary due to our strategic exit from our active underwriting platforms beginning in 2020.

17. GOODWILL

Goodwill represents the future economic benefits arising from net assets acquired in a business combination that are not individually identified and recognized.

Goodwill is calculated as the excess of the cost of the acquired entity over the estimated fair value of such assets acquired and liabilities assumed. Goodwill is tested for impairment at least annually or more frequently if events or circumstances, such as adverse changes in the business climate, indicate that there may be justification for conducting an interim test. We perform our annual goodwill impairment testing during the fourth quarter based upon data as of December 31.

If the goodwill asset is determined to be impaired it is written down in the period in which the determination is made.

We have goodwill of $63 million as of December 31, 2023 and 2022 that was included within other assets in the consolidated balance sheets. There were no changes in this balance for each of the three years ended December 31, 2023, 2022 and 2021. We have no other intangible assets in any of the periods presented within these financial statements.

We test goodwill for impairment by performing a qualitative assessment test. The qualitative impairment assessment is an assessment of historical information and relevant current events and circumstances, including economic, industry and market considerations, to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. As a result of performing these procedures we determined that goodwill was not impaired as of December 31, 2023.

18. DEBT OBLIGATIONS AND CREDIT FACILITIES

We utilize debt financing and credit facilities primarily for funding acquisitions and significant new business, investment activities and, from time to time, for general corporate purposes.

Our debt obligations were as follows:

Facility	Origination [1]	Term	Principal	December 31, 2023 (Unamortized Cost) / Fair Value Adjustments	December 31, 2023 Carrying Value	December 31, 2022 (Unamortized Cost) / Fair Value Adjustments	December 31, 2022 Carrying Value
				(in millions of U.S. dollars)			
4.95% Senior Notes due 2029	May 2019	10 years	500	(4)	496	(4)	496
3.10% Senior Notes due 2031	August 2021	10 years	500	(4)	496	(5)	495
Total Senior Notes					992		991
5.75% Junior Subordinated Notes due 2040	August 2020	20 years	350	(5)	345	(5)	345
5.50% Junior Subordinated Notes due 2042	January 2022	20 years	500	(6)	494	(7)	493
Total Junior Subordinated Notes					839		838
EGL Revolving Credit Facility	May 2023	5 years			—		—
Total debt obligations					$ 1,831		$ 1,829

[1] Origination date on EGL Revolving Credit Facility represents the date of the most recent amendment and restatement.

The table below provides a summary of the total interest expense for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
	(in millions of U.S. dollars)		
Interest expense on debt obligations	$ 88	$ 93	$ 68
Amortization of debt issuance costs	2	2	1
Gain on extinguishment	—	(6)	—
Total interest expense	$ 90	$ 89	$ 69

Senior Notes

The Senior Notes are effectively subordinated to all of our secured indebtedness to the extent of the value of the assets securing such indebtedness, and structurally subordinated to all liabilities of our subsidiaries, including claims of policyholders. The Senior Notes are also contractually subordinated to claims of policyholders.

We may repurchase the 2029 Senior Notes and 2031 Senior Notes at any time prior to the date which is three months and six months, respectively, prior to maturity, subject to the payment of a make-whole premium. After such respective date, we may repurchase the 2029 Senior Notes and the 2031 Senior Notes at a purchase price equal to 100% of the outstanding principal amount, plus accrued and unpaid interest. In each case, any such repurchases are also subject to satisfying certain regulatory requirements.

Subordinated Notes

The Junior Subordinated Notes are unsecured junior subordinated obligations of Enstar Finance LLC (“Enstar Finance”). The Junior Subordinated Notes are fully and unconditionally guaranteed by us on an unsecured and junior subordinated basis. These debt securities of Enstar Finance are effectively subordinated to the obligations of our other subsidiaries.

The 2040 Junior Subordinated Notes bear interest (i) during the initial five-year period ending August 30, 2025, at a fixed rate per annum of 5.75% and (ii) during each five-year reset period thereafter beginning September 1, 2025, at a fixed rate per annum equal to the five-year U.S. treasury rate calculated as of two business days prior to the

beginning of such five-year period plus 5.468%.

The 2042 Junior Subordinated Notes bear interest (i) during the initial five-year period ending January 14, 2027, at a fixed rate per annum of 5.50% and (ii) during each five-year reset period thereafter beginning January 15, 2027, at a fixed rate per annum equal to the five-year U.S. treasury rate calculated as of two business days prior to the beginning of such five-year period plus 4.006%.

The Junior Subordinated Notes are exclusively the obligations of Enstar Finance and us, to the extent of the guarantee, and are not guaranteed by any of our other subsidiaries, which are separate and distinct legal entities and, except for Enstar Finance, have no obligation, contingent or otherwise, to pay holders any amounts due on the Junior Subordinated Notes or to make any funds available for payment on the Junior Subordinated Notes, whether by dividends, loans or other payments.

Generally, if an event of default occurs, the trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Junior Subordinated Notes may declare the principal and accrued and unpaid interest on all of the then outstanding Junior Subordinated Notes to be due and payable immediately.

Subject to certain threshold regulatory requirements and during certain time periods, Enstar Finance may repurchase the Junior Subordinated Notes, in whole or in part, at any time, at a repurchase price equal to at least 100% of the principal amount, plus accrued and unpaid interest.

Maturities

As of December 31, 2023, there are no outstanding debt obligations that will become due in each of the next five years. Our debt of $1.9 billion upon maturity becomes due in periods beyond five years from December 31, 2023.

Revolving Credit Facility

In May 2023, we and certain of our subsidiaries, as borrowers and guarantors, amended and restated our existing revolving credit agreement. The amendment increased the total commitments under the revolving credit facility from $600 million to $800 million and extended the expiry date to May 30, 2028. We may request additional commitments under the facility by up to an aggregate amount of $200 million, which the existing lenders, in their discretion, or new lenders, may provide. Under the amended facility, we may borrow revolving loans or request the issuance of syndicated or fronted letters of credit, in each case on a senior, unsecured basis.

Pricing under the facility will continue to be based on a per annum rate comprising a reference rate determined based on the type and currency of loan we borrow plus a margin that varies based on changes to our long term senior unsecured debt ratings assigned by S&P or Fitch (the “Debt Ratings”). The applicable reference rate is an adjusted forward-looking term rate based on the Secured Overnight Financing Rate (“Adjusted Term SOFR”) for loans denominated in U.S. dollars, a rate based on the Sterling Overnight Index Average for loans denominated in British pounds sterling, an adjusted rate based on the Euro Interbank Offered Rate for loans denominated in euros and a rate equal to the highest of the Prime Rate, an adjusted rate based on the Federal Funds Effective Rate and Adjusted Term SOFR (for a one-month period) for swingline loans. We pay letter of credit fees based on the average daily aggregate stated amount of outstanding letters of credit and the Debt Ratings. In addition, we pay commitment fees based on the average daily unused amount of the commitments and the Debt Ratings. If an event of default occurs, the interest rate will increase and the agent may, and at the request of the required lenders shall, terminate lender commitments and demand early repayment of any outstanding amounts borrowed (or cash collateralization of a percentage excess of the amount of outstanding letters of credit issued) under the facility.

Financial and business covenants imposed on us in relation to the amended facility include certain limitations on indebtedness and guarantees, liens, mergers, consolidations and other fundamental changes, and dispositions. Generally, the financial covenants require us to maintain a gearing ratio of consolidated financial indebtedness to total capitalization of not greater than 0.35 to 1.0 and to maintain a consolidated net worth of not less than the aggregate of (i) $4.3 billion, plus (ii) 50% of net income available for distribution to ordinary shareholders at any time after June 30, 2022 (excluding net unrealized gains or losses on investments), plus (iii) 50% of the proceeds of any issuance of ordinary shares made after June 30, 2022. In addition, we must maintain eligible capital in excess of the enhanced capital requirement imposed by the Bermuda Monetary Authority pursuant to the Insurance (Group Supervision) Rules 2011 of Bermuda. As of December 31, 2023, we are in compliance with the covenants of the EGL Revolving Credit Facility.

As of December 31, 2023, we had no borrowings outstanding and therefore had $800 million of available unutilized capacity under our unsecured revolving credit agreement.

Credit and Deposit Facilities

We utilize unsecured and secured letters of credit ("LOCs") and a deposit facility to support certain of our (re)insurance performance obligations. We also utilize unsecured LOCs to support the regulatory capital requirements of certain of our subsidiaries.

Our credit and deposit facilities were as follows:

			Aggregate Amount Issued / Requested as Deposits / Face Amount	
	Commitment	Additional Commitments Available [1]	December 31, 2023	December 31, 2022
	(in millions of U.S. dollars)			
$275 million FAL LOC Facility [2]	$ 275	$ 75	$ 150	$ 135
$90 million FAL Deposit Facility [2]	90	10	90	90
$346 million LOC Facility	346	—	346	365
$100 million LOC Facility	100	—	100	100
$120 million LOC Facility	120	60	74	97
$23 million LOC Facility [3]	23	—	23	—
$800 million Syndicated LOC Facility	800	—	655	625
$1 million LOC Facility	1	—	1	—
$100 million Bermuda LOC Facility [4]	100	—	100	100
$100 million Bermuda LOC Facility [4]	100	—	100	100
$100 million Bermuda LOC Facility [4]	100	—	100	100
£32 million United Kingdom LOC Facility [3]	£ 32	£ —	$ 41	$ 39

[1] We may request additional commitments under the facility in an aggregate amount not to exceed this amount.

[2] The FAL LOC facility will expire on September 30, 2024, with an option to extend the termination date to September 30, 2025. The FAL Deposit Facility will expire on July 21, 2025. Under the FAL Deposit facility, a third-party lender deposits a requested market valuation amount of eligible securities into Lloyd's on behalf of our Lloyd's corporate member. As of December 31, 2023 and December 31, 2022, our combined FAL comprised cash and investments of $483 million (including $94 million provided under the FAL Deposit Facility) and $455 million (including $90 million provided under the FAL Deposit Facility), respectively, and unsecured LOCs of $150 million and $135 million, respectively.

[3] The LOC issued under this facility qualifies as Ancillary Own Funds capital for one of our U.K. regulated subsidiaries.

[4] The LOC issued under this facility qualifies as Eligible Capital for one of our Bermuda regulated subsidiaries.

We also utilize secured operating LOCs. As of December 31, 2023 and 2022, the total balance of such secured operating LOCs issued and outstanding was $67 million and $83 million, respectively.

19. NONCONTROLLING INTERESTS

We have both redeemable noncontrolling interests ("RNCI") and noncontrolling interests ("NCI") on our consolidated balance sheets.

We have contracted with certain parties holding noncontrolling interests in certain of our subsidiaries. These contracts provided certain redemption rights to the holders, which may be settled in our own shares or cash or a combination of cash and shares, at our option.

RNCI with redemption features that are not solely within our control is classified within temporary equity in the consolidated balance sheets and carried at their redemption value, which is fair value. Any change in the fair value is recognized through additional paid in capital as if the balance sheet date was also the redemption date.

NCI, which is carried at book value, does not have redemption features and is classified within equity in the consolidated balance sheets.

Redeemable Noncontrolling Interests

In December 2023, we entered into a Purchase Agreement with Trident V Funds and Dowling Capital Partners (together, the “RNCI Holders”) to purchase their remaining equity interest in StarStone Specialty Holdings Limited (“SSHL”). We paid total consideration of $182 million in exchange for acquiring the 41.0% interest in SSHL, comprised as follows:

	2023
	(in millions of U.S. dollars)
Cash	$ 119
Remaining ownership interest in Northshore (13.5%)	48
Settlement of existing loan receivable	15
Total consideration paid	182
Less: carrying value of RNCI	(185)
Gain on redemption of RNCI	$ 3

The transaction was completed on December 22, 2023. Following the completion of the transaction, SSHL became a wholly-owned subsidiary and we no longer have a direct or indirect ownership interest in Atrium. We have recognized the gain on redemption of RNCI within APIC.

The following is a reconciliation of the beginning and ending carrying amount of the equity attributable to the RNCI for the years ended December 31, 2023 and 2022:

	2023	2022
	(in millions of U.S. dollars)	
Balance as of January 1	$ 168	$ 179
Net income (losses) attributable to RNCI	15	(5)
Change in unrealized gains (losses) on AFS investments attributable to RNCI	2	(6)
Change in redemption value of RNCI	(3)	—
Redemption of RNCI	(182)	—
Balance as of December 31	$ —	$ 168

Noncontrolling Interests

As of December 31, 2023 and 2022, we had $113 million and $186 million, respectively, of noncontrolling interests primarily related to external interests in three (December 31, 2022: three) of our subsidiaries.

In December 2022, Enhanzed Re repurchased the entire 24.9% ownership interest Allianz held in Enhanzed Re for $175 million. We recorded the impact of reclassifying the carrying value of the NCI acquired to Enstar shareholders’ equity in our first quarter 2023 results, as we report the results of Enhanzed Re on a one quarter reporting lag.

A reconciliation of the beginning and ending carrying amount of the equity attributable to NCI is included in the consolidated statements of changes in shareholder's equity.

20. SHAREHOLDERS' EQUITY

As of December 31, 2023 and 2022, our authorized share capital was as follows:

Authorized share capital	Par Value Per Share	Number of Shares 2023	Number of Shares 2022
Ordinary shares ("Voting Ordinary Shares") and Non-voting convertible ordinary shares ("Non-Voting Ordinary Shares")	$ 1.00	111,000,000	111,000,000
Preferred shares	$ 1.00	45,000,000	45,000,000

Ordinary Shares

The following is a reconciliation of our beginning and ending ordinary shares for the years ended December 31, 2023, 2022 and 2021:

	Voting Ordinary Shares	Non-Voting Convertible Ordinary Series C Shares	Non-Voting Convertible Ordinary Series E Shares	Total Ordinary Shares
Balance as of January 1, 2021	18,575,550	2,599,672	910,010	22,085,232
Shares issued [1]	59,447	—	—	59,447
Shares repurchased [2]	(2,009,135)	(1,496,321)	(505,239)	(4,010,695)
Warrant exercise [3]	—	89,590	—	89,590
Balance as of December 31, 2021	16,625,862	1,192,941	404,771	18,223,574
Shares issued [1]	62,056	—	—	62,056
Shares repurchased [2]	(697,580)	—	—	(697,580)
Balance as of December 31, 2022	15,990,338	1,192,941	404,771	17,588,050
Shares issued [1]	48,082	—	—	48,082
Shares repurchased [2]	(841,735)	(1,192,941)	(404,771)	(2,439,447)
Balance as of December 31, 2023	15,196,685	—	—	15,196,685

[1] Ordinary Shares issued in relation to share-based compensation plan awards and the Employee Share Purchase Plan.

[2] Ordinary Shares that we have repurchased are subject to immediate retirement, resulting in a reduction to the number of Ordinary Shares issued and outstanding.

[3] Warrants to acquire 175,901 Series C Non-Voting Ordinary Shares for an exercise price of $115.00 per share were exercised on a non-cash basis during the year ended December 31, 2021, which resulted in a total of 89,590 Series C Non-Voting Ordinary Shares being issued in the year.

Voting Ordinary Shares

Each voting ordinary share entitles the holder thereof to one vote.

Share Repurchase Programs

There were no voting ordinary shares repurchased under a share repurchase program for the year ended December 31, 2023.

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The following table presents our ordinary shares repurchased under our share repurchase programs for the year ended December 31, 2022:

	2022		
	Ordinary shares repurchased	Average price per ordinary share	Aggregate price
	(in millions of U.S. dollars, except for share data)		
2021 Repurchase Program [1]	227,383	$ 257.02	$ 58
2022 Repurchase Program [2]	470,197	$ 222.74	105
Total share repurchases under repurchase programs	697,580	$ 233.92	$ 163

[1] Our Board approved an ordinary share repurchase program in November 2021 (as subsequently amended, the “2021 Repurchase Program”), not to exceed $100 million in aggregate. During the year ended December 31, 2021, we repurchased 167,617 ordinary shares at an average price per share of $241.13, for an aggregate price of $40 million. The 2021 Repurchase Program was fully utilized as of April 2022.

[2] In May 2022, our Board authorized the repurchase of up to $200 million of our ordinary shares (the “2022 Repurchase Program”), originally effective through May 5, 2023, of which $95 million had been utilized as of December 31, 2022. In February 2023, our Board authorized the repurchase of an additional $105 million of our ordinary shares under the 2022 Repurchase Program and extended the effective date through February 23, 2024. In March 23, 2023, the 2022 Repurchase Program was terminated following the repurchase of our non-voting convertible ordinary shares as described below.

In May 2022, we entered into two share repurchase agreements in relation to our 2022 Repurchase Program. The first was with Trident Public Equity LP, an affiliate of Stone Point, to repurchase 89,790 of our ordinary shares for an aggregate price of $20 million. The second was with an unaffiliated institutional shareholder, to repurchase 380,407 shares for an aggregate price of $85 million. Both transactions were priced at $222.74 per share, representing a 5% discount to the closing price of our ordinary shares on the NASDAQ stock market on May 9, 2022.

Strategic Share Repurchases

In November 2023, we repurchased 791,735 of our voting ordinary shares held by Canada Pension Plan Investment Board (“CPP Investments”) and its affiliate, and 50,000 of our voting ordinary shares held by the Trident V funds managed by Stone Point Capital LLC (“the Trident V Funds”), for a total of $191 million in aggregate. The transactions were executed at a price per share of $227.18, representing a 5% discount to the trailing 10-day volume weighted average price of our voting ordinary shares as of the close of business on November 3, 2023.

In March 2023, we repurchased 1,597,712 of our non-voting convertible ordinary shares held by CPP Investments for an aggregate $341 million, representing a price per share of $213.13 and a 5% discount to the trailing 10-day volume weighted average price of our voting ordinary shares as at the agreed March 2023 measurement date. The shares comprised all of our outstanding Series C and Series E non-voting ordinary shares.

In July 2021, we repurchased 3,749,400 of our ordinary shares, comprising (a) 1,747,840 of our voting ordinary shares, (b) 1,496,321 of our Series C non-voting ordinary shares, and (c) 505,239 of our Series E non-voting ordinary shares, held by funds managed by Hillhouse Group (the “Hillhouse Funds”), a related party, for a price of $234.52 per share, totaling $879 million in aggregate. The shares represented the Hillhouse Funds' entire interest in Enstar, which constituted 16.9% of our total ordinary shares and 9.4% of our voting ordinary shares.

Joint Share Ownership Plan

In January 2020, 565,630 voting ordinary shares were issued to the trustee of the Enstar Group Limited Employee Benefit Trust (the "EB Trust"). Voting rights in respect of shares held in the EB Trust have been contractually waived. We have consolidated the EB Trust, and shares held in the EB Trust are classified like treasury shares as contra-equity in our consolidated balance sheet. The EB Trust supports awards made under our Joint Share Ownership Plan[36].

Preferred Shares

Series C Preferred Shares

As of December 31, 2023, there were 388,571 Series C participating non-voting perpetual preferred shares ("Series C Preferred Shares") issued and held by one of our wholly-owned subsidiaries.

[36] As described in Note 22.

The Series C Preferred Shares:

i. upon liquidation, dissolution or winding up of the Company, entitle their holders to a preference over holders of our ordinary voting and non-voting shares of an amount equal to $0.001 per share with respect to surplus assets; and

ii. are non-voting except in certain limited circumstances.

The Series C Preferred shares have dividend rights equal to those of the ordinary voting shares, subject to certain limitations and in an amount determined by a "participation rate" that is generally reflective of the reduction in the number of Series C Preferred Shares issued in exchange for the previously outstanding Series A shares.

The Series C Preferred Shares otherwise rank on parity with the ordinary voting and non-voting shares, and they rank senior to each other class or series of share capital, unless the terms of any such class or series shall expressly provide otherwise.

Series D Preferred Shares

In June 2018, the Company raised $400 million of gross proceeds through the public offering of 16,000 shares of its 7.00% non-cumulative fixed-to-floating rate Series D perpetual preferred shares ("Series D Preferred Shares") (equivalent to 16,000,000 depositary shares, each of which represents a 1/1,000th interest in a Series D Preferred Share), $1.00 par value and $25,000 liquidation preference per share (equivalent to $25.00 per depositary share). The depositary shares are listed and trade under the "ESGRP" ticker symbol on the NASDAQ Global Select Market.

The Series D Preferred Shares are not redeemable prior to September 1, 2028, except in specified circumstances as described in the prospectus supplement relating to the offering. On and after September 1, 2028, the Series D Preferred Shares, represented by the depositary shares, will be redeemable at the Company’s option, in whole or from time to time in part, at a redemption price equal to $25,000 per Series D Preferred Share (equivalent to $25.00 per depositary share), plus any declared and unpaid dividends.

Series E Preferred Shares

On November 2018, the Company raised $110 million of gross proceeds through the public offering of 4,400 shares of its 7.00% fixed rate non-cumulative Series E perpetual preferred shares ("Series E Preferred Shares") (equivalent to 4,400,000 depositary shares, each of which represents a 1/1,000th interest in a Series E Preferred Share), $1.00 par value and $25,000 liquidation preference per share (equivalent to $25.00 per depositary share). The depositary shares are listed and trade under the "ESGRO" ticker symbol on the NASDAQ Global Select Market.

The Series E Preferred Shares are not redeemable prior to March 1, 2024, except in specified circumstances as described in the prospectus supplement relating to the offering. On and after March 1, 2024, the Series E Preferred Shares, represented by the depositary shares, will be redeemable at the Company’s option, in whole or from time to time in part, at a redemption price equal to $25,000 per Series E Preferred Share (equivalent to $25.00 per depositary share), plus any declared and unpaid dividends.

Dividends on Preferred Shares

Holders of Series D and Series E Preferred Shares are entitled to receive, only when, as and if declared, non-cumulative cash dividends, paid quarterly in arrears on the 1st day of March, June, September and December of each year, of 7.00% per annum.

Commencing on September 1, 2028, the Series D Preferred Shares will convert to a floating rate basis and dividends will be payable on a non-cumulative basis, when, as and if declared, at an alternative reference rate (with spread adjustment) to three-month LIBOR, as determined by the calculation agent consistent with accepted market practice, plus 4.015% per annum. Dividends that are not declared will not accumulate and will not be payable.

For the years ended December 31, 2023, 2022 and 2021, we declared and paid dividends on Series D Preferred Shares of $28 million and on Series E Preferred Shares of $8 million.

Any payment of dividends must be approved by our Board. Our ability to pay dividends is subject to certain restrictions[37].

[37] As described in Note 25.

Accumulated Other Comprehensive Income

The following table presents details about the tax effects allocated to each component of other comprehensive income (loss):

	2023			2022			2021		
	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
	(in millions of U.S. dollars)								
Unrealized (losses) gains on fixed income securities, AFS arising during the year	$ 150	$ 4	$ 154	$ (689)	$ 8	$ (681)	$ (112)	$ 6	$ (106)
Reclassification adjustment for change in allowance for credit losses recognized in net income	(11)	—	(11)	28	—	28	10	—	10
Reclassification adjustment for net realized (gains) losses included in net income	76	(1)	75	83	(2)	81	(7)	1	(6)
Change in currency translation adjustment	3	—	3	—	—	—	2	—	2
Remeasurement of future policyholder benefits - change in interest rate	—	—	—	363	—	363	—	—	—
Reclassification adjustment for remeasurement of future policyholder benefits included in net income	(363)	—	(363)	—	—	—	—	—	—
Change in net liability for losses and LAE at fair value - Instrument-specific credit risk	20	—	20	—	—	—	—	—	—
Other	—	—	—	(2)	—	(2)	2	—	2
Other comprehensive (loss) income	**$ (125)**	**$ 3**	**$ (122)**	**$ (217)**	**$ 6**	**$ (211)**	**$ (105)**	**$ 7**	**$ (98)**

The following table presents details amounts reclassified from AOCI:

Details about AOCI components	2023	2022	2021	Affected Line Item in Statement where Net Income are presented
	(in millions of U.S. dollars)			
Unrealized (losses) gains on fixed maturities, AFS	$ (65)	$ (111)	$ (6)	Net unrealized (losses) gains
	(65)	(111)	(6)	Total before tax
	1	2	(1)	Income tax expense
	(64)	(109)	(7)	Net of tax
Other	—	2	—	General and administrative expenses
Remeasurement of future policyholder benefits	363	—	—	Other income
Total reclassifications for the period, net of tax	**$ 299**	**$ (107)**	**$ (7)**	Net of tax

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Changes in Ownership of Consolidated Subsidiaries

The following table summarizes changes in the ownership interest in consolidated subsidiaries for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
	(in millions of U.S. dollars)		
Net income (loss) attributable to Enstar ordinary shareholders	$ 1,082	$ (906)	$ 502
Transfers from noncontrolling and redeemable noncontrolling interests:			
Increase in Enstar's additional paid-in capital for purchase of noncontrolling interest and redeemable noncontrolling interests [1]	18	—	—
Change from net income (loss) attributable to Enstar ordinary shareholders and net transfers from noncontrolling and redeemable noncontrolling interests	$ 1,100	$ (906)	$ 502

[1] The transfer from the noncontrolling interests and redeemable noncontrolling interests for the year ended December 31, 2023 relates to the repurchase of the entire 24.9% ownership interest Allianz held in Enhanzed Re recorded in the first quarter of 2023 and the repurchase of the remaining 41.0% ownership interest the RNCI Holders held in SSHL recorded in the fourth quarter of 2023, respectively.

21. EARNINGS PER SHARE

Basic earnings per share is based on the weighted average number of ordinary shares outstanding and excludes potentially dilutive securities such as restricted shares, restricted share units, warrants, options and convertible securities.

Diluted earnings per share is based on the weighted average number of ordinary and ordinary share equivalents outstanding calculated using the treasury stock method for all potentially dilutive securities. When the effect of dilutive securities would be anti-dilutive, these securities are excluded from the calculation of diluted earnings per share.

The following table sets forth the computation of basic and diluted net income per ordinary share:

	2023	2022	2021
Numerator:	**(in millions of U.S. dollars, except share data)**		
Earnings (loss) per share attributable to Enstar ordinary shareholders:			
Net income (loss) attributable to Enstar ordinary shareholders	$ 1,082	$ (906)	$ 502
Denominator:			
Weighted-average ordinary shares outstanding — basic [1]	15,631,770	17,207,229	19,821,259
Effect of dilutive securities:			
Share-based compensation plans [2]	170,848	115,901	225,213
Warrants [3]	—	—	80,659
Weighted-average ordinary shares outstanding — diluted [4]	15,802,618	17,323,130	20,127,131
Earnings (loss) per share attributable to Enstar ordinary shareholders:			
Basic	$ 69.22	$ (52.65)	$ 25.33
Diluted [4]	$ 68.47	$ (52.65)	$ 24.94

[1] Weighted-average ordinary shares for basic earnings per share includes ordinary shares (voting and non-voting), but excludes ordinary shares held in the Enstar Group Limited Employee Benefit Trust (the "EB Trust") in respect of Joint Share Ownership Plan ("JSOP") awards, which, as a result of us consolidating the EB trust, are classified as treasury shares.

[2] Share-based dilutive securities include restricted shares, restricted share units, and performance share units. Certain share-based compensation awards were excluded from the calculation for the years ended December 31, 2023, 2022 and 2021 because they were anti-dilutive.

[3] Warrants to acquire 175,901 Series C Non-Voting Ordinary Shares for an exercise price of $115.00 per share were exercised on a non-cash basis during the year ended December 31, 2021, which resulted in a total of 89,590 Series C Non-Voting Ordinary Shares being issued in the year. As of December 31, 2021, there were no warrants outstanding following the exercise described. The warrants presented in the table above are a weighted-average of the warrants outstanding for the year.

[4] During a period of loss, the basic weighted-average ordinary shares outstanding is used in the denominator of the diluted loss per ordinary share computation as the effect of including potentially dilutive securities would be anti-dilutive, as it would decrease the loss per share.

22. SHARE-BASED COMPENSATION

We use three types of share-based compensation arrangements: (i) restricted shares, restricted share units (“RSUs”) and performance share units ("PSUs"), (ii) joint share ownership program ("JSOP"), and (iii) shares issued under our employee share purchase plans. Our share-based compensation awards qualify for equity classification. We issue new shares once the awards have vested.

For equity-classified awards, the fair value of the compensation cost is measured at the grant date and is expensed over the service period of the award within general and administrative expenses in the consolidated statements of operations. Expenses for the PSU awards are adjusted for changes in the performance multiplier on the award. We recognize forfeitures as they occur.

The 2016 Equity Incentive Plan is our primary share-based compensation plan. We also maintain other share-based compensation plans as discussed below.

The table below provides a summary of the compensation costs for all of our share-based compensation plans for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
	(in millions of U.S. dollars)		
Share-based compensation plans:			
Restricted shares and restricted share units	$ 12	$ 10	$ 7
Performance share units	8	(8)	13
Joint share ownership plan expense	6	8	5
Other share-based compensation plans	4	—	3
Total share-based compensation	$ 30	$ 10	$ 28

We recognized negative compensation costs on our performance share units for the year ended December 31, 2022 as a result of reducing the estimated performance multiplier on certain of our previously granted awards.

The associated tax benefit recorded to income tax benefit (expense) in the consolidated statements of operations was $3 million for the year ended December 31, 2023, less than $1 million for the year ended December 31, 2022 and $3 million for the year ended December 31, 2021.

Shares authorized for issuance as of December 31, 2023 were as follows:

	Authorized
2016 Equity Incentive Plan	1,739,654
Employee Share Repurchase Plan	200,000

Restricted Shares and Restricted Share Units

Restricted shares and restricted share units are service awards that typically vest over three years. These awards are share-settled and are recorded in additional paid-in capital on the consolidated balance sheets. The fair value of these awards is measured by multiplying the number of shares subject to the award by the closing price of our ordinary shares on the grant date and expensed over the service period.

The following table summarizes the activity related to restricted shares and restricted share awards during 2023:

	Number of Shares	Weighted-Average Share Price
Nonvested — January 1	114,134	$228.75
Granted	61,967	224.54
Vested	(39,094)	198.72
Forfeited	(6,194)	239.01
Nonvested — December 31	130,813	235.25

The unrecognized compensation cost related to our unvested restricted share and restricted share unit awards as of December 31, 2023 was $17 million. This cost is recognizable over the next 1.6 years, which is the weighted average contractual life.

Performance Share Units ("PSUs")

PSUs are share-settled and vest following the end of the three-year performance period. The fair value of these awards is measured by multiplying the number of shares subject to the award by the closing price of our ordinary shares on the grant date and considering any performance related adjustments. The number of shares to vest will be determined by a performance adjustment based on either:

i. the change in fully diluted book value per share ("FDBVPS") over three years; or

ii. average annual non-GAAP operating income return on equity, excluding StarStone Group for the 2020 grant year only.

Performance Share Units based on FDBVPS

The following table summarizes the awards granted, the vested and unvested PSU awards at December 31, 2023, and the performance criteria and associated performance multipliers at various levels of achievement.

	Inception-to-date Activity Roll-forward					Performance Criteria: Change in FDBVPS (3 year)				Performance Multiplier Levels Per Award Agreements			
Grant Year	PSUs Granted at Target	Forfeited	Estimated Change in Multiplier	Vested	Unvested at December 31, 2023	Threshold	Target	Target +	Maximum	Threshold	Target	Target +	Maximum
2020	22,591	(8,607)	(12,656)	(1,328)	—	25.0 %	32.5 %	N/A	40.0 %	60.0 %	100.0 %	N/A	150.0 %
2020	52,948	—	(52,948)	—	—	33.1 %	36.8 %	44.3 %	52.1 %	50.0 %	100.0 %	150.0 %	200.0 %
2021	14,429	(3,144)	(10,640)	(645)	—	25.0 %	32.5 %	N/A	40.0 %	60.0 %	100.0 %	N/A	150.0 %
2022	15,120	(1,685)	(13,244)	(191)	—	16.6 %	22.6 %	N/A	28.6 %	60.0 %	100.0 %	N/A	150.0 %
2023	37,797	(136)	34,835	(29)	72,467	21.4 %	42.7 %	N/A	64.1 %	50.0 %	100.0 %	N/A	200.0 %
	142,885	(13,572)	(54,653)	(2,193)	72,467								

For each type of PSU based on FDBVPS, a change in the FDBVPS Performance Criteria at each of Threshold, Target and Maximum will result in the application of the respective Threshold, Target and Maximum Performance Multiplier and a settlement of awards at that level. In addition, for the 2020 FDBVPS Type II award, a change in the FDBVPS Performance Criteria at "Target +" will result in the application of the "Target +" Performance Multiplier. For the 2021, 2022, and 2023 awards, the impact of the Bermuda deferred tax benefit of $205 million has been excluded from the calculation.Straight-line interpolation applies within these ranges, and no settlement occurs if the increase in FDBVPS is less than the Threshold.

Performance Share Units based on Average Annual Non-GAAP Operating Income Return on Equity ("Operating ROE")

The following table summarizes the awards granted, the vested and unvested units at December 31, 2023, and the performance criteria and associated performance multipliers at various levels of achievement.

	Inception-to-date Activity Roll-forward					Performance Criteria: Average Annual Operating ROE			Performance Multiplier Levels Per Award Agreements		
Grant Year	PSUs Granted at Target	Forfeited	Estimated Change in Multiplier	Vested	Unvested at December 31, 2023	Threshold	Target	Maximum	Threshold	Target	Maximum
2020	22,560	(8,511)	6,373	(20,422)	—	9.6 %	12.0 %	14.4 %	60.0 %	100.0 %	150.0 %
2021	14,401	(2,846)	(3,637)	(939)	6,979	9.6 %	12.0 %	14.4 %	60.0 %	100.0 %	150.0 %
2022	15,080	(1,629)	(2,888)	(242)	10,321	8.0 %	10.5 %	13.0 %	60.0 %	100.0 %	150.0 %
2023	37,728	(135)	(2,597)	(29)	34,967	7.3 %	14.6 %	21.9 %	50.0 %	100.0 %	200.0 %
	89,769	(13,121)	(2,749)	(21,632)	52,267						

For the 2020 and 2021 awards Annual Operating ROE is calculated based on the non-GAAP adjusted operating income return on opening shareholder's equity after adjusting opening shareholder’s equity for share repurchases on a weighted average basis. Starstone is excluded from the calculation for the 2020 grant year only. Average Annual Operating ROE is the sum of the three individual year annual operating ROE %'s divided by three.

For the 2022 and 2023 awards, Annual Operating ROE is calculated based on the non-GAAP adjusted operating income (loss) attributable to Enstar ordinary shareholders divided by adjusted opening Enstar ordinary

shareholders' equity adjusted for the impact of share repurchases on a weighted average basis. Average Annual Operating ROE is the sum of the three individual year annual operating ROE %'s divided by three. For the 2021, 2022, and 2023 awards, the impact of the Bermuda deferred tax benefit of $205 million has been excluded from the calculation.

Straight-line interpolation applies within these ranges and no settlement occurs if the Average Annual Operating ROE is less than the Threshold.

Performance Multipliers

For expense purposes we assume a Target vesting at the initial time of award. At the end of each reporting period, we estimate the expected performance multiplier, as shown in the table below:

Award Description	2023	2022	2021
2020 FDBVPS Type I (32.5% Target Change)	0.0%	0.0%	150.0%
2020 Average Operating ROE	150.0%	150.0%	150.0%
2020 FDBVPS Type II (36.8% Target Change)	0.0%	0.0%	150.0%
2021 FDBVPS	0.0%	0.0%	100.0%
2021 Average Operating ROE	65.7%	100.0%	100.0%
2022 FDBVPS	0.0%	100.0%	N/A
2022 Average Operating ROE	78.1%	100.0%	N/A
2023 FDBVPS	192.6%	N/A	N/A
2023 Average Operating ROE	93.1%	N/A	N/A

The unrecognized compensation cost related to our unvested PSU share awards as of December 31, 2023 was $17 million. This cost is recognizable over the next 2.0 years, which is the weighted average contractual life.

Roll-forward of Performance Share Units

The following table summarizes the activity related to PSUs during 2023:

	Number of Shares	Weighted-Average Share Price
Nonvested — January 1	60,070	$216.15
Granted	75,525	222.80
Change in performance multiplier	13,353	171.14
Vested	(19,708)	132.50
Forfeited	(4,506)	245.15
Nonvested — December 31	124,734	227.45

Joint Share Ownership Plan

Under the JSOP, we have the ability to make equity awards to our U.K.-based staff through which a recipient acquires jointly held interests in a set number of our voting ordinary shares together with the independent trustee of the EB Trust at fair market value, pursuant to the terms of a joint ownership agreement. Voting rights in respect of shares held in the EB Trust are contractually waived. Shares held in the EB Trust are classified as treasury shares.

In January 2020, a JSOP award comprising 565,630 underlying voting ordinary shares was made to our Chief Executive Officer ("CEO") which cliff-vests upon the vesting date. The value of the award at vesting, if any, is determined based on the price of our voting ordinary shares appreciating above a certain threshold between the date of grant and the vesting date.

If the higher of the closing price per share on the vesting date and the 10-day volume weighted average price per share for the ten consecutive trading days ending on the vesting date (each, the "Market Price") is equal to or greater than the hurdle price, the award will have a value equal to the Market Price, less $205.89, multiplied by 565,630. If the Market Price is less than the hurdle price on such date, the award will have no value. In addition, 20.0% of the award is subject to a performance condition based on growth in FDBVPS over a five year period starting January 1, 2020.

The accounting for stock-settled JSOP awards is similar to options, whereby the grant date fair value of $14 million is expensed over the life of the award. To determine the grant date fair value of $24.13 per share, we utilized a Monte-Carlo valuation model with the following assumptions:

	2020
Weighted-average volatility	18.7 %
Weighted-average risk-free interest rate	1.6 %
Dividend yield	0.0 %

On July 1, 2022, the terms of the JSOP award made to our CEO were amended to extend the vesting date of the award from January 20, 2023 to January 20, 2025. The amendment preserved the compound annual growth used to determine the hurdle price that must be achieved in order for the JSOP award to vest, which resulted in an increase to the hurdle price from $266.00 to $315.53. A corresponding extension was made to the term of the performance condition based on growth in FDBVPS from December 31, 2022 to December 31, 2024. All other terms of the award remained the same.

The incremental fair value of the amended award on July 1, 2022 was $15 million, or $27.25 per share, which will be expensed over the remaining life of the award commencing from July 1, 2022. To determine the incremental fair value of the amended award, we utilized a Monte-Carlo valuation model with the following assumptions:

	2022
Weighted-average volatility	35.2 %
Weighted-average risk-free interest rate	2.8 %
Dividend yield	0.0 %

The total unrecognized compensation cost related to our unvested JSOP share awards as of December 31, 2023 was $6 million. This cost is recognizable over the next 1.1 years, which is the weighted average contractual life.

Other share-based compensation plans

Deferred Compensation and Ordinary Share Plan for Non-Employee Directors

The number of units credited to the accounts of non-employee directors for the years ended December 31, 2023, 2022 and 2021 under the Enstar Group Limited Deferred Compensation and Ordinary Share Plan for Non-Employee Directors (the "Deferred Compensation Plan") were 6,936, 6,438 and 5,092, respectively.

Employee Share Purchase Plan

We provide an Employee Share Purchase Plan ("ESPP") whereby eligible employees may purchase Enstar shares at a 15.0% discount to market price, in an amount of share value limited to the lower of $21,250 or 15.0% of the employee's base salary. The 15.0% discount is expensed as compensation cost. The number of shares issued to employees under the ESPP for the years ended December 31, 2023, 2022 and 2021 were 8,276, 9,025 and 9,432, respectively.

23. INCOME TAXATION

Enstar is incorporated under the laws of Bermuda and is not required to pay taxes in Bermuda based upon income or capital gains under the Exempted Undertakings Tax Protection Act of 1996. However in December 2023, the Government of Bermuda enacted the Corporate Income Tax Act 2023 (the "Act"), which amended the Bermuda Exempted Undertakings Tax Protection Act of 1966. The Act introduces a 15% corporate income tax on Bermuda businesses that are part of an In Scope Multinational Enterprise Group ("MNE Group"), effective for tax years beginning on or after January 1, 2025. An MNE Group is an In Scope MNE Group if, with respect to any fiscal year beginning on or after January 1, 2025, the MNE Group had annual revenue of €750 million or more in the consolidated financial statements for at least two of the four fiscal years immediately preceding such fiscal year. Based on annual revenue in our consolidated financial statements, we will be an In Scope MNE Group commencing with the tax year beginning on January 1, 2025.

The ETA allows Bermuda subject entities to establish tax basis in the assets and liabilities of such Bermuda entities (as of September 30, 2023 (the "Basis Valuation Date")) using fair values which results in deductible and taxable temporary differences which are reflected as deferred income tax assets and liabilities in the financial statements. For each asset and liability subject to the adjustment, the amount of the adjustment would generally be the difference, as of the Basis Adjustment Valuation Date, between each asset/liability's fair market value and the carrying value of the item in the entity's consolidated financial statements.

In accordance with ASC 740, effects of changes in tax laws are required to be recognized in the period in which the law is enacted, regardless of the effective date. The application of the ETA resulted in our recognition of net deferred tax assets of $205 million in 2023. We have not recorded a valuation allowance against these deferred tax assets as of December 31, 2023. In addition, because of the Act's enactment, we have recognized a deferred tax charge related to the remeasurement of deferred taxes on unrealized gains on AFS securities recorded in OCI, due to the change in income tax rate.

The incremental financial statement impact related to the Act was as follows:

	2023 (in millions of U.S. dollars)
Provision for income tax (benefit) expense	
Economic Transition Adjustment	$ (221)
Effect of change in income tax rate on the net change in unrealized gains (losses) on AFS securities recorded in OCI since the Basis Valuation Date	16
Total provision for income tax (benefit) expense	$ (205)

We have foreign operating subsidiaries and branch operations principally located in the U.S., U.K., Continental Europe and Australia that are subject to federal, foreign, state and local taxes in those jurisdictions. The undistributed earnings from our foreign subsidiaries will be indefinitely reinvested in those jurisdictions where the undistributed earnings were earned.

Deferred tax liabilities have not been accrued with respect to the undistributed earnings of our foreign subsidiaries. Generally, when earnings are distributed as dividends, withholding taxes may be imposed by the jurisdiction of the paying subsidiary. For our U.S. subsidiaries, we have not currently accrued any withholding taxes with respect to unremitted earnings because, solely for U.S. Federal income tax purposes, there are no accumulated positive earnings and profits that could be subject to U.S. dividend withholding tax. For our U.K. subsidiaries, there are no withholding taxes imposed as a matter of U.K. domestic tax law. For our other foreign subsidiaries, an insignificant amount of earnings is indefinitely reinvested; however, it would not be practicable to compute the related amounts of withholding taxes due to a variety of factors, including the amount, timing and manner of any repatriation. Because we operate in many jurisdictions, our net income are subject to risk due to changing tax laws and tax rates around the world. The current, rapidly changing economic environment may increase the likelihood of substantial changes to tax laws in the jurisdictions in which we operate.

Income Tax Expense

The following table presents income (loss) before income taxes by jurisdiction, including income (losses) from equity method investments, for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
	(in millions of U.S. dollars)		
Domestic (Bermuda)	$ 1,046	$ (710)	$ 430
Foreign	(78)	(247)	150
Income (loss) before income taxes, including income (losses) from equity method investments	$ 968	$ (957)	$ 580

The following table presents our current and deferred income tax (benefit) expense attributable to continuing operations by jurisdiction for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
	(in millions of U.S. dollars)		
Current:			
Domestic (Bermuda)	$ —	$ —	$ —
Foreign	6	—	6
	6	—	6
Deferred:			
Domestic (Bermuda)	(205)	—	—
Foreign	(51)	(12)	21
	(256)	(12)	21
Total income tax (benefit) expense attributable to continuing operations	$ (250)	$ (12)	$ 27

The actual effective income tax rate differs from the statutory rate of 0 percent under Bermuda law applied to income (loss) before income taxes, including income (losses) from equity method investments for the years ended December 31, 2023, 2022 and 2021 as shown in the following reconciliation:

	2023	2022	2021
	(in millions of U.S. dollars)		
Income (loss) before income taxes	$ 968	$ (957)	$ 580
Bermuda income taxes at statutory rate	0.0 %	0.0 %	0.0 %
Foreign income tax rate differential	(2.0)%	4.6 %	5.4 %
Economic Transition Adjustment [1]	(22.8)%	0.0 %	0.0 %
Change in valuation allowance	(1.6)%	(3.9)%	1.6 %
Effect of change in income tax rate	1.4 %	0.1 %	(1.2)%
Other	(0.8)%	0.5 %	(1.1)%
Effective income tax rate	(25.8)%	1.3 %	4.7 %

[1] For the year ended December 31, 2023, we recorded a deferred tax benefit of $221 million associated with certain Bermuda Constituent Entities anticipated to remain within the ETA.

Our effective tax rate is generally driven by the geographical distribution of our income (loss) before income taxes between our taxable and non-taxable jurisdictions.

Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities (included in other assets and other liabilities, respectively, in the consolidated balance sheets) reflect the tax effect of the differences between the financial statement carrying amount and the income tax bases of assets and liabilities.

Significant components of the deferred tax assets and deferred tax liabilities as of December 31, 2023 and 2022 were as follows:

	2023	2022
	(in millions of U.S. dollars)	
Deferred tax assets:		
Net operating loss carryforwards	$ 204	$ 214
Capital loss carryforwards	7	3
Insurance reserves	192	14
Unearned premiums	8	—
Provisions for bad debt	3	3
Defendant A&E liabilities	86	94
Fair value of investments	2	40
Lloyd's underwriting result in future periods	21	5
Fair value of financial instruments	35	—
Other deferred tax assets	29	18
Deferred tax assets	587	391
Valuation allowance	(156)	(181)
Deferred tax assets, net of valuation allowance	431	210
Deferred tax liabilities:		
Fair value and other basis differences	(32)	(62)
Other deferred tax liabilities	(7)	(7)
Deferred tax liabilities	(39)	(69)
Net deferred tax asset	$ 392	$ 141

Net Deferred Tax Asset (Liability) Balance by Major Jurisdiction

	Net Deferred Tax Asset	
	2023	2022
	(in millions of U.S. dollars)	
Australia	$ 4	$ 4
Bermuda	205	—
United States	191	164
United Kingdom	(8)	(27)
Total	$ 392	$ 141

Net Operating, Capital Loss and Foreign Tax Credit Carryforwards

As of December 31, 2023, we had net operating loss carryforwards that could be available to offset future taxable income, as follows:

Tax Jurisdiction	Loss Carryforwards	Tax effect	Expiration
		(in millions of U.S. dollars)	
Net Operating Loss Carryforwards:			
United States - Net operating loss	$ 470	$ 98	2028-2042
United States - Net operating loss	74	16	Indefinitely
United Kingdom	271	68	Indefinitely
Luxembourg	34	9	2035-2036
Other	66	13	Indefinitely
Capital Loss Carryforwards:			
United States - Capital Loss	32	7	2027-2028

The U.S. and U.K. net operating loss carryforwards are also subject to certain utilization limitations and have been considered in management's assessment of valuation allowance.

Foreign Tax Credit Carryforwards:

As of December 31, 2023, we had foreign tax credit carryforwards available for tax purposes, as follows:

Tax Jurisdiction	Tax effect	Expiration
	(in millions of U.S. dollars)	
United Kingdom	$ 8	Indefinitely

Assessment of Valuation Allowance on Deferred Tax Assets

As of December 31, 2023 and 2022, we had deferred tax asset valuation allowances of $156 million and $181 million, respectively, related to foreign subsidiaries. We recorded a net decrease of $25 million in our deferred tax valuation allowance for the year ended December 31, 2023. This is primarily due to a $27 million partial valuation allowance release and utilization of $5 million of deferred tax assets in the U.S. jurisdiction. In the U.K. and EU jurisdictions, a $16 million increase was recorded primarily due to the losses for which a tax benefit was not recognized for the period. The remaining $9 million of valuation allowance release relates to a reduction in deferred tax assets associated with decreases in unrealized losses on investment securities reported in AOCI in the U.S. and U.K. jurisdictions.

The realization of deferred tax assets is dependent on generating sufficient taxable income in future periods in which the tax benefits are deductible or creditable. The amount of the deferred tax asset considered realizable, however, could be adjusted in the future if estimates of future taxable income change.

Income taxes are determined and assessed jurisdictionally by legal entity or by filing group. Certain jurisdictions require or allow combined or consolidated tax filings. We have estimated the future taxable income of our foreign subsidiaries and provided a valuation allowance in respect of those assets where we do not expect to realize a benefit. We have considered all available evidence using a “more likely than not” standard in determining the amount of the valuation allowance. We considered the following evidence:

i. net income or losses in recent years;

ii. the future sustainability and likelihood of positive net income of our subsidiaries;

iii. the carryforward periods of tax losses including the effect of reversing temporary differences; and

iv. tax planning strategies.

In making our determination, the assumptions used in determining future taxable income require significant judgment and any changes in these assumptions could have an impact on net income.

Unrecognized Tax Benefits

During the years ended December 31, 2023, 2022 and 2021, there were no unrecognized tax benefits. There were no accruals for the payment of interest and penalties related to income taxes as of each of December 31, 2023, 2022 and 2021.

Open Tax Years

Our operating subsidiaries may be subject to examination by various tax authorities and may have different statutes of limitations expiration dates. Taxing authorities may propose adjustments to our income taxes.

Listed below are the tax years that remain subject to examination by a major tax jurisdiction as of December 31, 2023:

Major Tax Jurisdiction	Open Tax Years
United States	2020-2023
United Kingdom	2021-2023

24. RELATED PARTY TRANSACTIONS

The following tables summarize our related party balances and transactions. Additional details about the nature of our relationships and transactions are included further below.

As of December 31, 2023	Stone Point[1]	Monument	AmTrust	Citco	Core Specialty	Other
	(in millions of U.S. dollars)					
Assets						
Fixed maturities, trading, at fair value	$ 69	$ —	$ —	$ —	$ —	$ —
Fixed maturities, AFS, at fair value	428	—	—	—	—	—
Equities, at fair value	136	—	181	—	—	—
Funds held	—	—	—	—	19	—
Other investments, at fair value	446	—	—	—	—	1,602
Equity method investments	—	95	—	—	225	14
Total investments	1,079	95	181	—	244	1,616
Cash and cash equivalents	19	—	—	—	—	—
Other assets	—	—	—	20	9	—
Liabilities						
Losses and LAE	—	—	—	—	192	—
Net assets	$ 1,098	$ 95	$ 181	$ 20	$ 61	$ 1,616

[1] As of December 31, 2023, we had unfunded commitments of $156 million to other investments and $12 million to privately held equity investments managed by Stone Point and its affiliated entities.

As of December 31, 2022	Stone Point	Northshore	Monument	AmTrust	Citco	Core Specialty	Other
	(in millions of U.S. dollars)						
Assets							
Short-term investments, AFS, at fair value	$ 1	$ 11	$ —	$ —	$ —	$ —	$ —
Fixed maturities, trading, at fair value	85	148	—	—	—	—	—
Fixed maturities, AFS, at fair value	447	—	—	—	—	—	—
Equities, at fair value	148	37	—	190	—	—	—
Funds held	—	31	—	—	—	25	—
Other investments, at fair value	467	14	—	—	—	—	1,918
Equity method investments	—	—	110	—	60	211	16
Total investments	1,148	241	110	190	60	236	1,934
Cash and cash equivalents	37	20	—	—	—	—	—
Restricted cash and cash equivalents	—	2	—	—	—	—	—
Reinsurance balances recoverable on paid and unpaid losses	—	36	—	—	—	2	—
Other assets	—	21	—	—	—	5	—
Liabilities							
Losses and LAE	—	183	—	—	—	334	—
Insurance and reinsurance balances payable	—	22	—	—	—	11	—
Other liabilities	—	76	—	—	—	—	—
Net assets (liabilities)	$ 1,185	$ 39	$ 110	$ 190	$ 60	$ (102)	$ 1,934
Redeemable noncontrolling interest	$ 161	$ —	$ —	$ —	$ —	$ —	$ —

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	2023						
	Stone Point	Northshore [1]	Monument	AmTrust	Citco	Core Specialty	Other
	(in millions of U.S. dollars)						
Net premiums earned	$ —	$ —	$ —	$ —	$ —	$ (5)	$ —
Net investment income	13	—	—	6	—	1	6
Net unrealized losses	46	(11)	—	(9)	—	—	113
Other income	—	—	—	—	—	—	—
	59	(11)	—	(3)	—	(4)	119
Net incurred losses and LAE	—	(2)	—	—	—	(21)	—
	—	(2)	—	—	—	(21)	—
(Losses) income from equity method investments	—	—	(10)	—	9	14	—
Total net income (loss)	$ 59	$ (9)	$ (10)	$ (3)	$ 9	$ 31	$ 119

[1] Northshore ceased to be a related party in December 2023, following the completion of the RNCI redemption.

	2022						
	Stone Point	Northshore	Monument	AmTrust	Citco	Core Specialty	Other
	(in millions of U.S. dollars)						
Net premiums earned	$ —	$ 9	$ —	$ —	$ —	$ 2	$ —
Net investment income (expense)	16	10	—	6	—	—	4
Net unrealized gains (losses)	(80)	(10)	—	(34)	—	—	(64)
Other (expense) income	—	1	—	—	—	9	—
	(64)	10	—	(28)	—	11	(60)
Net incurred losses and LAE	—	10	—	—	—	(16)	—
	—	10	—	—	—	(16)	—
(Losses) income from equity method investments	—	—	(65)	—	5	(14)	—
Total net (loss) income	$ (64)	$ —	$ (65)	$ (28)	$ 5	$ 13	$ (60)

	2021									
	Stone Point	Hillhouse [1]	AnglePoint HK [2]	Northshore	Monument	AmTrust	Citco	Enhanzed Re [3]	Core Specialty	Other
	(in millions of U.S. dollars)									
Net premiums earned	$ —	$ —	$ —	$ 58	$ —	$ —	$ —	$ (2)	$ 8	$ —
Net investment income (expense)	21	—	(13)	3	—	6	—	(4)	—	3
Net realized gains	—	77	—	—	—	—	—	—	—	—
Net unrealized gains (losses)	83	20	(69)	—	—	(6)	—	—	—	136
Other (expense) income	—	—	—	(15)	—	—	—	2	15	—
	104	97	(82)	46	—	—	—	(4)	23	139
Net incurred losses and LAE	—	—	—	18	—	—	—	—	(32)	—
Acquisition costs	—	—	—	13	—	—	—	(1)	(6)	—
General and administrative expenses	—	—	—	10	—	—	—	—	—	—
	—	—	—	41	—	—	—	(1)	(38)	—
Income (losses) from equity method investments	—	—	—	—	14	—	4	82	(6)	—
Total net income (loss)	$ 104	$ 97	$ (82)	$ 5	$ 14	$ —	$ 4	$ 79	$ 55	$ 139

[1] Includes earnings from our direct investment in the InRe Fund, which was managed by AnglePoint Cayman through March 31, 2021, and the impact of a $100 million deduction from amounts due to affiliates of Hillhouse Group from the InRe Fund, which had the effect of increasing our NAV in the InRe Fund in February 2021. Hillhouse Group ceased to be a related party in July 2021.

[2] Includes earnings from our direct investment in the InRe Fund, which was managed by AnglePoint HK from April 2021 to October 2021, and another fund managed by AnglePoint HK. For the year ended December 31, 2021, we incurred management and performance fees of $16 million in relation to the InRe Fund, which consisted of a $10 million minimum performance fee and operating expense reimbursements of $6 million. These fees were deducted from the AnglePoint HK funds' reported net asset values and recorded as net investment expenses in the consolidated statements of operations. AnglePoint HK ceased to be a related party subsequent to December 31, 2021.

[3] Following completion of the Step Acquisition and related consolidation, Enhanzed Re ceased to be a related party on September 1, 2021.

Stone Point

In November 2023, we repurchased voting ordinary shares held by Trident V Funds managed by Stone Point Capital LLC[38]. In November 2023, our Chief Executive Officer, Dominic Silvester, agreed to acquire 45,000 of our voting ordinary shares held by the Trident Public Equity LP for a price of $10 million.

In May 2022, we entered into a share purchase agreement with an affiliate of Stone Point[39].

As of December 31, 2023, investment funds managed by Stone Point own 1,451,196 of our voting ordinary shares, which constitutes 9.5% of our outstanding voting ordinary shares. James D. Carey, president of Stone Point, is a member of our Board.

In December 2023, we agreed to purchase from investment funds managed by Stone Point their remaining 39.3% interest in our subsidiary SSHL, in exchange for cash consideration, settlement of an existing loan receivable and our remaining interest in Northshore[40,41]. As of December 31, 2023 and December 31, 2022, the RNCI on our balance sheet relating to these co-investment transactions was $0 million and $161 million, respectively.

We have made various investments in funds and separate accounts managed by Stone Point or affiliates of Stone Point, and we have also made direct investments in entities affiliated with Stone Point. Where we have made an

[38] Refer to Note 20 for further details.

[39] Refer to Note 20 for further details.

[40] Refer to Note 6 for a description of transactions impacting Stone Point's interests in SSHL and Northshore that occurred during 2021 and 2020.

[41] Refer to Note 19 for further details.

investment in a fund, the manager of such fund generally charges certain fees to the fund, which are deducted from the net asset value.

We also have certain co-investments alongside Stone Point and its affiliates, including our investment in AmTrust, described below, Mitchell TopCo Holdings, the parent company of Mitchell International ("Mitchell"), and Genex Services in which we have invested $25 million and account for as a privately held equity investment. Mitchell provides third-party outsourcing managed care services to one of our subsidiaries in the ordinary course of its business.

CPP Investments

We completed two share repurchase transactions with CPP Investments in 2023. In March 2023, we repurchased all of our outstanding Series C and Series E non-voting convertible ordinary shares held by CPP Investments, and in November 2023, we repurchased voting ordinary shares held by CPP Investments and its affiliate[42].

Hillhouse Group

In July 2021, we repurchased the Hillhouse Funds' (as defined below) entire equity interest in Enstar, and as a result the Hillhouse Group (as defined below) ceased to be a related party[43].

We have historically made significant direct investments in funds (the "Hillhouse Funds") managed by Hillhouse Capital Management, Ltd. and Hillhouse Capital Advisors, Ltd. (together, "Hillhouse Group") and AnglePoint Asset Management Ltd., an affiliate of Hillhouse Group ("AnglePoint Cayman"). From February 2017 to February 2021, Jie Liu, a partner of AnglePoint HK (as defined below), served on our Board.

In February 2021, we entered into a Termination and Release Agreement (the "TRA") with the InRe Fund, Hillhouse Group, AnglePoint Cayman, AnglePoint Asset Management Limited ("AnglePoint HK"), and InRe Fund GP, Ltd. pursuant to which we agreed to terminate certain relationships with Hillhouse and its affiliates, primarily with respect to the InRe Fund.

AnglePoint Cayman previously received sub-advisory services with respect to the InRe Fund from its affiliate, AnglePoint HK, an investment advisory company licensed by the Securities and Futures Commission in Hong Kong. Pursuant to the TRA, we acquired an option to buy AnglePoint HK, which we also had the right to assign to a third-party. In April 2021, we entered into a Designation Agreement with Jie Liu (the "Designation Agreement"), pursuant to which we designated Mr. Liu, an AnglePoint HK partner, as the purchaser of AnglePoint HK, and he acquired the company from an affiliate of Hillhouse Group on the same day. AnglePoint Cayman simultaneously assigned its investment management agreement with the InRe Fund to AnglePoint HK, at which point AnglePoint HK became a related party.

As a result of the terms of the Designation Agreement, the InRe Fund qualified as a VIE and was consolidated effective April 1, 2021. During the fourth quarter of 2021, we completed the liquidation of our investment in the InRe Fund[44].

On September 1, 2021, we completed the purchase of the Hillhouse Group's entire 27.7% interest in Enhanzed Re for a purchase price of $217 million[45].

AnglePoint HK

In October 2021, we terminated our investment management agreement with AnglePoint HK, the InRe Fund and the general partner of the InRe Fund, and placed the InRe Fund into an orderly liquidation. As of December 31, 2021, AnglePoint HK ceased to be a related party.

Northshore

In December 2023, our remaining equity interest in Northshore comprised a portion of the consideration we paid to our RNCI holders in exchange for acquiring the remaining equity interest in SSHL[46]. As of December 22, 2023, Northshore ceased to be a related party.

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[42] Refer to Note 20 for further details.

[43] Refer to Note 20 for transactions involving Hillhouse Group, which included the exercise of warrants in the first quarter of 2021 and our repurchase of our ordinary shares held by funds managed by Hillhouse Group in the third quarter of 2021.

[44] Refer to Note 15 for further details.

[45] Refer to Note 5 for further details.

[46] Refer to Note 19 for further details.

Following the completion of the Exchange Transaction[47] on January 1, 2021, our equity interest in Northshore, the holding company that owns Atrium and Arden, was reduced to 13.8% from 54.1%. We have accounted for our residual equity interest in Northshore as an investment in a privately held equity security at fair value.

Concurrent with the closing of the Exchange Transaction:

- Arden entered into an LPT retrocession agreement with one of our majority owned subsidiaries, through which Arden fully reinsured its run-off portfolio with total liabilities of $19 million to our majority owned subsidiary, in exchange for a retrocession consideration of an equal amount.

  Arden retained the premium under a funds held arrangement, to secure the payment obligations of our majority owned subsidiary.

- One of our wholly-owned subsidiaries entered in a TSA to provide certain transitional services to Northshore. The TSA was terminated in November 2022.

- SGL No.1 ceased its provision of underwriting capacity on Syndicate 609. We continued to report SGL No. 1's 25% gross share of the 2020 and prior underwriting years of Syndicate 609 through the year ended December 31, 2022. In 2023, the 2020 underwriting year completed an RITC into a successor year, at which point the existing contractual arrangements were settled.

  Historically, there was no net retention for Enstar on Atrium's 2020 and prior underwriting years as the business was contractually transferred to the Atrium entities that were divested in the Exchange Transaction.

Monument Re

As of December 31, 2023, we own 20.0% of the common shares of Monument Re and 13.7% of its preferred shares. As of December 31, 2023, a fund managed by Stone Point owns 11.2% of Monument Re’s preferred shares.

In November 2022, we closed a transaction with Monument Re to novate our reinsurance closed block of life annuity policies written by Enhanzed Re[48]. A portion of the net gain on novation will be subject to deferral to account for our existing ownership interest in Monument Re. The final impact of the novation was reflected in our first quarter 2023 results, as we report the results of Enhanzed Re on a one quarter reporting lag.

We have accounted for our investment in the common and preferred shares of Monument Re as an equity method investment.

AmTrust

As of December 31, 2023 and 2022, we own 8.7% of the equity interest in Evergreen Parent L.P. ("Evergreen") and Trident Pine Acquisition LP ("Trident Pine") owns 22.6%. Evergreen owns all of the equity interest in AmTrust Financial Services, Inc. (“AmTrust"). Trident Pine is an entity owned by private equity funds managed by Stone Point.

We have accounted for our investment in the shares of AmTrust as an investment in a privately held equity security at fair value.

Citco

During the fourth quarter of 2023, we divested our equity ownership in the common shares of HH CTCO Holdings Limited and recorded a $5 million gain in our consolidated statements of operations.

As of December 31, 2022, we owned 31.9% of the common shares in HH CTCO Holdings Limited, which in turn owns 15.4% of the convertible preferred shares, amounting to a 6.2% interest in the total equity of Citco III Limited ("Citco"). As of December 31, 2022, Trident owned 3.4% interest in Citco.

We have accounted for our indirect investment in the shares of Citco as an equity method investment.

[47] Refer to Note 6 for further details on the Exchange Transaction.

[48] Refer to Note 27 for further information.

Enhanzed Re

In September 2021 we repurchased the Hillhouse Group's entire 27.7% interest in Enhanzed Re for a purchase price of $217 million, assumed its remaining outstanding capital commitment to Enhanzed Re of $40 million, and increased our equity interests in Enhanzed Re from 47.4% to 75.1%[49]. Upon closing, we consolidated Enhanzed Re (previously accounted for as an equity method investment) and as a result, it ceased to be a related party.

Core Specialty

We account for our investment in the common shares of Core Specialty as an equity method investment on a one quarter lag.

We also have a LPT and ADC reinsurance agreement and an ASA between certain of our subsidiaries and StarStone U.S. and Core Specialty. The TSA was terminated in November 2022.

Furthermore, there are existing reinsurance agreements whereby (i) certain of our subsidiaries provide reinsurance protection to StarStone U.S. and (ii) StarStone U.S. provides reinsurance protection to certain of our subsidiaries. These arrangements remain in place.

Other

We also have certain other investments, including investments in limited partnerships and partnership-like limited liability companies, that had we not elected the fair value option would otherwise be accounted for as equity method investments[50]. We have disclosed our investments in these entities on an aggregated basis as they are individually immaterial.

[49] Refer to Note 5 for further information regarding the Step Acquisition of Enhanzed Re.

[50] Refer to Note 7 for further information regarding our other investments, including summarized financial information of our equity method investees, including those for which the fair value option was elected.

25. DIVIDEND RESTRICTIONS AND STATUTORY FINANCIAL INFORMATION

Parent Company Dividend Restrictions

There were no significant restrictions on the Parent Company's ability to pay dividends from retained earnings as of December 31, 2023. Bermuda law permits the payment of dividends if:

i) we are not, or would not be after payment, unable to pay our liabilities as they become due; and

ii) the realizable value of our assets is in excess of our liabilities after taking such payment into account.

We have not historically declared a dividend on our ordinary shares. The issuance of our Series D and E Preferred Shares have resulted in the declaration of dividends. Holders of Series D and Series E Preferred Shares are entitled to receive, only when, as and if declared, non-cumulative cash dividends, paid quarterly in arrears on the 1st day of March, June, September and December of each year of 7.0% per annum[51].

The Bermuda Monetary Authority ("BMA") acts as group supervisor to Enstar. On an annual basis, we are required to file group statutory financial statements, a group statutory financial return, a group capital and solvency return, audited group financial statements and a Group Solvency Self-Assessment ("GSSA") with the BMA. The GSSA is designed to document our perspective on the capital resources necessary to achieve our business strategies and remain solvent, and to provide the BMA with insights on our risk management, governance procedures and documentation related to this process. We are required to maintain available group statutory capital and surplus in an amount that is at least equal to the group enhanced capital requirement (“ECR”). The BMA has also established a group target capital level equal to 120% of the group ECR. We are in compliance with these requirements.

Our ability to pay dividends to our shareholders is dependent upon the ability of our (re)insurance subsidiaries to distribute capital and pay dividends to us. Our (re)insurance subsidiaries are subject to certain regulatory restrictions on the distribution of capital and payment of dividends in the jurisdictions in which they operate, as described below. The restrictions are generally based on net income or levels of capital and surplus as determined in accordance with the relevant statutory accounting practices. Failure of these subsidiaries to meet their applicable regulatory requirements could result in restrictions on any distributions of capital or retained earnings or stricter regulatory oversight of the subsidiaries.

Our ability to pay dividends and make other forms of distributions may also be limited by repayment obligations and financial covenants in our outstanding loan facility agreements.

Subsidiary Statutory Financial Information and Dividend Restrictions

Our (re)insurance subsidiaries prepare their statutory financial statements in accordance with statutory accounting practices prescribed or permitted by local regulators. Statutory and local accounting differs from U.S. GAAP, including in the treatment of investments, acquisition costs and deferred income taxes, amongst other items.

The statutory capital and surplus amounts as of December 31, 2023 and 2022 and statutory net income (loss) amounts for the years ended December 31, 2023, 2022 and 2021 for our (re)insurance subsidiaries based in Bermuda, the United Kingdom, the United States, Australia and Continental Europe are summarized in the table below which includes information relating to acquisitions from the year of acquisition:

	Statutory Capital and Surplus						
	Required		Actual		Statutory Income (Loss)		
	2023	2022	2023	2022	2023	2022	2021
	(in millions of U.S. dollars)						
Bermuda	$ 3,265	$ 3,031	$ 7,003	$ 5,833	$ 1,395	$ (710)	$ 524
U.K.	575	619	971	848	42	(11)	163
U.S.	162	161	426	434	19	(58)	23
Australia	9	10	39	35	3	(1)	2
Europe	49	53	193	188	(6)	(30)	(2)

[51] Refer to Note 20 for details regarding dividends on preferred shares.

As of December 31, 2023, the total amount of net assets of our consolidated subsidiaries that were restricted was $4.1 billion.

Certain material aspects of these laws and regulations as they relate to solvency, dividends and capital and surplus are summarized below.

Bermuda

Our Bermuda-based (re)insurance subsidiaries are registered under the Insurance Act 1978 of Bermuda and related regulations, as amended (the "Insurance Act"). The Insurance Act imposes certain solvency and liquidity standards and auditing and reporting requirements and grants the BMA powers to supervise, investigate, require information and the production of documents and intervene in the affairs of insurance companies.

The Insurance Act requires that our Bermuda-based (re)insurance subsidiaries maintain certain solvency and liquidity standards. The minimum liquidity ratio requires that the value of relevant assets not be less than 75% of the amount of relevant liabilities. The minimum solvency margin, which varies depending on the class of the insurer, is determined as a percentage of either net reserves for losses and LAE or premiums. Our Bermuda subsidiaries with commercial insurance licenses are required to maintain a minimum statutory capital and surplus (Enhanced Capital Requirement or "ECR") at least equal to the greater of a minimum solvency margin or the Bermuda Solvency Capital Requirement ("BSCR"). The BSCR is calculated based on a standardized risk-based capital model as provided by the BMA.

Each of our regulated Bermuda subsidiaries would be prohibited from declaring or paying any dividends if it were in breach of its minimum solvency margin or liquidity ratio or if the declaration or payment of such dividends would cause it to fail to meet such margin or ratio. In addition, each of our regulated Bermuda subsidiaries is prohibited, without the prior approval of the BMA, from reducing by 15% or more its total statutory capital, or from reducing by 25% or more its total statutory capital and surplus, as set out in its previous year’s statutory financial statements. Our Bermuda (re)insurance companies that are in run-off are required to seek BMA approval for any dividends or distributions.

As of December 31, 2023 and 2022, our Bermuda-based (re)insurance subsidiaries exceeded applicable minimum solvency and liquidity requirements. The Bermuda (re)insurance subsidiaries in aggregate exceeded minimum solvency requirements by $3.7 billion as of December 31, 2023 (2022: $2.8 billion) and were in compliance with their liquidity requirements.

United Kingdom

U.K. Insurance Companies (non-Lloyd's)

Our U.K. based insurance subsidiaries are regulated by the U.K. Prudential Regulatory Authority (the "PRA") and the Financial Conduct Authority (the "FCA", together with the PRA, the "U.K. Regulator").

Our U.K.-based insurance subsidiaries are required to maintain adequate financial resources in accordance with the requirements of the U.K. Regulator. Insurers must comply with a Solvency Capital Requirement ("SCR"), which is calculated using either the Solvency II standard formula or a bespoke internal model. Our non-Lloyd's U.K. companies use the standard formula for determining compliance with the SCR.

The calculation of the minimum capital resources requirements in any particular case depends on, among other things, the type and amount of insurance business written and claims paid by the insurance company. As of December 31, 2023 and 2022, all of our U.K. insurance subsidiaries maintained capital in excess of the minimum capital resources requirements and complied with the relevant U.K. Regulator requirements. Our U.K.-based insurance subsidiaries, including our Lloyd's Syndicates described below, in aggregate, maintained capital in excess of the minimum capital resources requirements by $396 million and $229 million as of December 31, 2023 and 2022, respectively.

The U.K. Regulator’s rules require our U.K. insurance subsidiaries to obtain regulatory approval for any proposed or actual payment of a dividend. The U.K. Regulator uses the SCR, among other tests, when assessing requests to make distributions.

Lloyd's

As of December 31, 2023, we participated in the Lloyd's market through our interests in Syndicate 2008, a syndicate that has permission to underwrite RITC business and other run-off or discontinued business type transactions with other Lloyd's syndicates.

We participated on the syndicate through a single, wholly owned Lloyd's managing agent, Enstar Managing Agency Limited.

The underwriting capacity of a corporate member of Lloyd's must be supported by providing FAL in the form of cash, securities, letters of credit or other approved capital instrument in satisfaction of its capital requirement[52]. The amount of the FAL is assessed quarterly and is determined by Lloyd's in accordance with applicable capital adequacy rules. To release their capital, Lloyd's members are usually required to have transferred their liabilities through an approved RITC, such as those offered by Syndicate 2008.

Business plans, including maximum underwriting capacity, for Lloyd's syndicates require annual approval by the Lloyd's Franchise Board, which may require changes to any business plan or additional capital to support underwriting plans.

The Lloyd's market has applied the Solvency II internal model under Lloyd's supervision, and our Lloyd's operations are required to meet Solvency II standards. The Society of Lloyd's has received approval from the PRA to use its bespoke internal model under the Solvency II regime.

Lloyd's approval is required before any person can acquire control of a Lloyd's managing agent or Lloyd's corporate member.

United States

Our U.S. Run-off (re)insurance subsidiaries are subject to the insurance laws and regulations of the states in which they are domiciled, licensed and/or eligible to conduct business. These laws restrict the amount of dividends the subsidiaries can pay to us. The restrictions are generally based on statutory net income and/or certain levels of statutory surplus as determined in accordance with the relevant statutory accounting requirements of the individual domiciliary states or states in which any of the (re)insurance subsidiaries are commercially domiciled. Generally, prior regulatory approval must be obtained before an insurer may make a distribution above a specified level.

The U.S. (re)insurance subsidiaries are also required to maintain minimum levels of solvency and liquidity as determined by law, and to comply with Risk-Based Capital ("RBC") requirements and licensing rules as specified by the National Association of Insurance Commissioners ("NAIC"). RBC is used to evaluate the adequacy of capital and surplus maintained by our U.S. (re)insurance subsidiaries in relation to three major risk areas associated with: (i) asset risk; (ii) insurance risk and (iii) other risks. For all of our U.S. (re)insurance subsidiaries, with the exception of one subsidiary which has a permitted accounting practice to treat an adverse development cover reinsurance agreement as prospective reinsurance, there are no prescribed or permitted statutory accounting practices that differ significantly from the statutory accounting principles established by NAIC.

As of December 31, 2023, all of our U.S. non-life (re)insurance subsidiaries exceeded their required levels of RBC. On an aggregate basis, our U.S. non-life (re)insurance subsidiaries exceeded their minimum levels of RBC as of December 31, 2023 by $264 million (2022: $273 million).

Australia

The Company's Australian insurance subsidiary is regulated and subject to prudential supervision by the Australian Prudential Regulation Authority ("APRA"). APRA is the primary regulatory body responsible for regulating compliance with the Insurance Act 1973. APRA's prudential standards require that all insurers maintain and meet prescribed capital adequacy requirements designed to ensure that insurers to meet their insurance obligations under a wide range of scenarios.

A run-off insurer must obtain APRA's written consent prior to making any capital releases, including any payment of dividends, not from current year profits. The Company's insurance subsidiary must provide APRA a valuation prepared by its Appointed Actuary that demonstrates that the tangible assets of the insurer, after the proposed capital reduction, are sufficient to cover its insurance liabilities to a 99.5% probability of sufficiency.

[52] As described in Note 7.

Europe

Our Liechtenstein insurance subsidiary (StarStone Insurance SE) is regulated by the Liechtenstein Financial Market Authority ("FMA") pursuant to the Liechtenstein Insurance Supervisory Act. This subsidiary is obligated to maintain a minimum solvency margin based on the Solvency II regulations. As of December 31, 2023, this subsidiary exceeded the Solvency II requirements by $118 million (2022: $111 million). The amount of dividends that this subsidiary is permitted to distribute is restricted to freely distributable reserves, which consist of retained earnings, the current year profit and legal reserves. Any dividend exceeding the current year profit requires the FMA's approval. Solvency and capital requirements for this subsidiary are based on the Solvency II framework and must continue to be met following any distribution.

Our Belgian insurance subsidiary files financial statements and returns with the National Bank of Belgium. This subsidiary was in compliance with its solvency and capital requirements under Solvency II.

26. COMMITMENTS AND CONTINGENCIES

Concentration of Credit Risk

We believe that there are no significant concentrations of credit risk associated with our cash and cash equivalents, fixed maturities, or other investments. Our cash and investments are managed pursuant to guidelines that follow prudent standards of diversification and liquidity, and limit the allowable holdings of a single issue and issuers. We are also subject to custodial credit risk on our investments, which we manage by diversifying our holdings amongst large financial institutions that are highly regulated.

We have exposure to credit risk on certain of our assets pledged to ceding companies under insurance contracts. In addition, we are potentially exposed should any insurance intermediaries be unable to fulfill their contractual obligations with respect to payments of balances owed to and by us.

Credit risk exists in relation to (re)insurance balances recoverable on paid and unpaid losses. We remain liable to the extent that counterparties do not meet their contractual obligations and, therefore, we evaluate and monitor concentration of credit risk among our (re)insurers.

We are also subject to credit risk in relation to funds held by reinsured companies. Under funds held arrangements, the reinsured company has retained funds that would otherwise have been remitted to our reinsurance subsidiaries. The funds are not typically placed into trust or subject to other security arrangements. However, we generally have the contractual ability to offset any shortfall in the payment of the funds held balances with amounts owed by us.

As of December 31, 2023, concentrations of funds held balances with reinsurance counterparties that individually exceeded 10% of shareholders' equity totaled $4.8 billion (December 31, 2022: $5.0 billion) in aggregate.

We limit the amount of credit exposure to any one counterparty and none of our counterparty credit exposures, excluding U.S. government instruments and the reinsurance counterparties noted above, exceeded 10% of shareholders' equity as of December 31, 2023. As of December 31, 2023 our credit exposure to the U.S. government and agency instruments was $932 million (December 31, 2022: $945 million).

Legal Proceedings

We are, from time to time, involved in various legal proceedings in the ordinary course of business, including litigation and arbitration regarding claims. Estimated losses relating to claims arising in the ordinary course of business, including the anticipated outcome of any pending arbitration or litigation, are included in the liability for losses and LAE in our consolidated balance sheets. In addition to claims litigation, we may be subject to other lawsuits and regulatory actions in the normal course of business, which may involve, among other things, allegations of underwriting errors or omissions, employment claims or regulatory activity. We do not believe that the resolution of any currently pending legal proceedings, either individually or taken as a whole, will have a material effect on our business, results of operations or financial condition. We anticipate that, similar to the rest of the (re)insurance industry, we will continue to be subject to litigation and arbitration proceedings in the ordinary course of business, including litigation generally related to the scope of coverage with respect to A&E and other claims.

Unfunded Investment Commitments

As of December 31, 2023, we had unfunded commitments of $1.7 billion to other investments, $48 million to fixed maturities and $12 million to privately held equity.

Guarantees

As of December 31, 2023 and 2022, parental guarantees supporting reinsurance obligations, defendant A&E liabilities, subsidiary capital support arrangements and credit facilities were $2.3 billion and $2.4 billion respectively. We also guarantee the 2040 and 2042 Junior Subordinated Notes, which have an aggregate principal amount of $850 million[53] as of December 31, 2023 and 2022.

[53] As described in Note 18.

SCHEDULE I

ENSTAR GROUP LIMITED

SUMMARY OF INVESTMENTS OTHER THAN INVESTMENTS IN RELATED PARTIES[54]

As of December 31, 2023

(Expressed in millions of U.S. Dollars)

Type of investment	Cost [1]	Fair Value	Amount at which shown in the balance sheet
Short-term and fixed maturities — Trading:			
U.S. government and agency	$ 75	$ 76	$ 76
U.K. government	28	21	21
Other government	165	144	144
Corporate	1,525	1,343	1,343
Municipal	54	49	49
Residential mortgage-backed	59	55	55
Commercial mortgage-backed	128	119	119
Asset-backed	76	75	75
Total	2,110	1,882	1,882
Short-term and fixed maturities — AFS:			
U.S. government and agency	268	250	250
U.K. government	49	51	51
Other government	250	247	247
Corporate	2,914	2,654	2,654
Municipal	107	93	93
Residential mortgage-backed	466	432	432
Commercial mortgage-backed	702	652	652
Asset-backed	520	516	516
Total	5,276	4,895	4,895
Funds held	5,298	5,232	5,232
Equities	246	384	384
Other investments, at fair value	1,805	1,805	1,805
Total	$ 14,735	$ 14,198	$ 14,198

[1] Original cost of fixed maturities is reduced by repayments and adjusted for amortization of premiums or accretion of discounts.

Reconciliation to balance sheet	Short-term and fixed maturities - Trading	Short-term and fixed maturities - AFS	Funds held	Equities	Other Investments
	(in millions of U.S. dollars)				
Fair value of investments, other than investments in related parties	$ 1,882	$ 4,895	5,232	$ 384	$ 1,805
Investments in related parties:					
Affiliates of Stone Point	69	428		63	446
Co-investor with Stone Point				73	
AmTrust				181	
Core Specialty			19		
Other [1]					1,602
Total per balance sheet	$ 1,951	$ 5,323	$ 5,251	$ 701	$ 3,853

[1] Comprised of investments in limited partnerships and partnership-like limited liability companies, that had we not elected the fair value option would otherwise be accounted for as equity method investments.

[54] Refer to Note 24 in our consolidated financial statements.

SCHEDULE II

ENSTAR GROUP LIMITED

CONDENSED FINANCIAL INFORMATION OF REGISTRANT

Balance Sheets - Parent Company Only

As of December 31, 2023 and 2022

	2023	2022
	(in millions of U.S. dollars, except share data)	
ASSETS		
Equities, at fair value (cost: 2023 - $0; 2022 - $273)	$ —	$ 286
Cash and cash equivalents	6	15
Balances due from subsidiaries	12	193
Investments in subsidiaries	7,454	6,003
Other assets	42	8
TOTAL ASSETS	$ 7,514	$ 6,505
LIABILITIES		
Debt obligations	$ 992	$ 991
Balances due to subsidiaries	966	515
Other liabilities	21	25
TOTAL LIABILITIES	1,979	1,531
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Ordinary shares (par value $1 each, issued and outstanding 2023: 15,196,685; 2022: 17,588,050):		
Voting Ordinary Shares (issued and outstanding 2023: 15,196,685; 2021: 15,990,338)	15	16
Non-voting convertible ordinary Series C Shares (issued and outstanding 2023: 0 and 2022: 1,192,941)	—	1
Non-voting convertible ordinary Series E Shares (issued and outstanding 2023: 0 and 2022: 404,771)	—	—
Preferred Shares:		
Series C Preferred Shares (issued and held in treasury 2023 and 2022: 388,571)	—	—
Series D Preferred Shares (issued and outstanding 2023 and 2022: 16,000; liquidation preference $400)	400	400
Series E Preferred Shares (issued and outstanding 2023 and 2022: 4,400; liquidation preference $110)	110	110
Treasury shares, at cost (Series C Preferred Shares 2023 and 2022: 388,571)	(422)	(422)
Joint Share Ownership Plan (voting ordinary shares, held in trust 2023 and 2022: 565,630)	(1)	(1)
Additional paid-in capital	579	766
Accumulated other comprehensive loss	(336)	(302)
Retained earnings	5,190	4,406
Total Enstar Group Limited Shareholders' Equity	5,535	4,974
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 7,514	$ 6,505

See accompanying notes to the Condensed Financial Information of Registrant

SCHEDULE II

ENSTAR GROUP LIMITED

CONDENSED FINANCIAL INFORMATION OF REGISTRANT - CONTINUED

Statements of Operations - Parent Company Only

For the Years Ended December 31, 2023, 2022 and 2021

	2023	2022	2021
	(in millions of U.S. dollars)		
REVENUES			
Net investment income	$ 12	$ 2	$ —
Net unrealized gains	16	13	—
Total revenues	28	15	—
EXPENSES			
General and administrative expenses	34	24	41
Interest expense	80	70	54
Net foreign exchange losses	5	3	3
Total expenses	119	97	98
NET LOSS BEFORE EQUITY IN UNDISTRIBUTED INCOME OF SUBSIDIARIES	(91)	(82)	(98)
Income tax benefit	31	—	—
Equity in undistributed income (losses) of subsidiaries	1,178	(788)	636
NET INCOME (LOSS)	1,118	(870)	538
Dividends on preferred shares	(36)	(36)	(36)
NET INCOME (LOSS) ATTRIBUTABLE TO ENSTAR GROUP LIMITED ORDINARY SHAREHOLDERS	$ 1,082	$ (906)	$ 502

See accompanying notes to the Condensed Financial Information of Registrant

Statements of Comprehensive Income - Parent Company Only

For the Years Ended December 31, 2023, 2022 and 2021

	2023	2022	2021
	(in millions of U.S. dollars)		
NET INCOME (LOSS)	$ 1,118	$ (870)	$ 538
Other comprehensive (loss) income relating to subsidiaries, net of tax	(34)	(286)	(98)
COMPREHENSIVE INCOME (LOSS)	$ 1,084	$ (1,156)	$ 440

See accompanying notes to the Condensed Financial Information of Registrant

SCHEDULE II

ENSTAR GROUP LIMITED

CONDENSED FINANCIAL INFORMATION OF REGISTRANT - CONTINUED

Statements of Cash Flows - Parent Company Only

For the Years Ended December 31, 2023, 2022 and 2021

	2023	2022	2021
	(in millions of U.S. dollars)		
OPERATING ACTIVITIES:			
Net cash flows provided by (used in) operating activities	$ 496	$ 87	$ (72)
INVESTING ACTIVITIES:			
Dividends and return of capital from subsidiaries	—	14	675
Contributions to subsidiaries	—	(102)	—
Net cash flows (used in) provided by investing activities	—	(88)	675
FINANCING ACTIVITIES:			
Dividends on preferred shares	(36)	(36)	(36)
Repurchase of shares	(531)	(163)	(942)
Repayment of loans	—	(302)	(429)
Receipt of loans	62	445	868
Net cash flows used in financing activities	(505)	(56)	(539)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(9)	(57)	64
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	15	72	8
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 6	$ 15	$ 72

See accompanying notes to the Condensed Financial Information of Registrant

Notes to the Condensed Financial Information of Registrant

The Condensed Financial Information of Registrant should be read in conjunction with our consolidated financial statements and the accompanying notes thereto included in Part II - Item 8 of this Annual Report on Form 10-K. Our wholly-owned and majority owned subsidiaries are recorded based upon our proportionate share of our subsidiaries' net assets (similar to presenting them on the equity method).

Net investment income relates to interest on loans to subsidiaries. For the years ended December 31, 2023, 2022, and 2021, interest paid was $40 million, $47 million, and $41 million, respectively.

Investing activities in the Condensed Statements of Cash Flows primarily represents the flow of funds to and from subsidiaries to provide cash on hand to fund business acquisitions and significant new business.

There were no non-cash activities during the years ended December 31, 2023 and 2021. Non-Cash investing activities during the year ended December 31, 2022 consisted of $600 million for dividends and return of capital from subsidiaries, representing an intercompany transfer of equity securities at book value and an increase in balances due from subsidiaries (resulting in a decrease in investments in subsidiaries).

As of December 31, 2023 and 2022, parental guarantees supporting reinsurance obligations, defendant A&E liabilities, subsidiary capital support arrangements and credit facilities were $2.3 billion and $2.4 billion. In addition, as of December 31, 2023, we also guarantee the Junior Subordinated Notes issued in 2020 and 2022 for an aggregate principal amount of $850 million (December 31, 2022: $850 million).

As of December 31, 2023 and 2022, retained earnings were $5.2 billion and $4.4 billion, respectively, an increase of $784 million. This increase was attributable to the net income of $1.1 billion, partially offset by retirement of certain acquired common shares.

SCHEDULE III

ENSTAR GROUP LIMITED

SUPPLEMENTARY INSURANCE INFORMATION

(Expressed in millions of U.S. Dollars)

	As of December 31,				Year ended December 31,					
	Deferred Acquisition Costs	Reserves for Losses and Loss Adjustment Expenses	Unearned Premiums	Policy Benefits for Life and Annuity Contracts [1]	Net Premiums Earned	Net Investment Income	Losses and Loss Expenses and Policy Benefits	Acquisition Costs	Other Operating Expenses	Net Premiums Written
2023										
Run-off	$ 4	$ 12,779	$ 171	$ —	$ 43	$ —	$ (196)	$ 10	$ 177	$ 96
Assumed Life	—	—	—	—	—	—	—	—	—	—
Investments	—	—	—	—	—	647	—	—	43	—
Legacy Underwriting	—	—	—	—	—	—	—	—	—	—
Corporate & Other	—	(420)	—	—	—	—	95	—	149	—
Total	$ 4	$ 12,359	$ 171	$ —	$ 43	$ 647	$ (101)	$ 10	$ 369	$ 96
2022										
Run-off	$ 7	$ 13,337	$ 114	$ —	$ 40	$ —	$ (442)	$ 22	$ 143	$ (4)
Assumed Life	—	—	—	821	17	—	(30)	—	7	12
Investments	—	—	—	—	—	445	—	—	37	—
Legacy Underwriting	—	173	—	—	9	10	7	1	2	4
Corporate & Other	—	(503)	—	—	—	—	(218)	—	142	—
Total	$ 7	$ 13,007	$ 114	$ 821	$ 66	$ 455	$ (683)	$ 23	$ 331	$ 12
2021										
Run-off	$ 14	$ 13,117	$ 171	$ —	$ 182	$ —	$ (194)	$ 44	$ 188	$ 35
Assumed Life	—	181	5	1,502	5	—	(2)	—	1	3
Investments	—	—	—	—	—	309	—	—	37	—
Legacy Underwriting	2	215	12	—	58	3	20	13	10	24
Corporate & Other	—	(255)	—	—	—	—	(58)	—	131	—
Total	$ 16	$ 13,258	$ 188	$ 1,502	$ 245	$ 312	$ (234)	$ 57	$ 367	$ 62

[1] The liability for future policyholder benefits as of January 1, 2023 has been adjusted by $363 million for the impact of adopting ASU 2018-12 due to the effect of remeasuring the liabilities using an upper medium grade fixed-income instrument yield.

SCHEDULE IV

ENSTAR GROUP LIMITED

REINSURANCE

For the Years Ended December 31, 2023, 2022 and 2021

(Expressed in millions of U.S. Dollars)

	Gross	Ceded to Other Companies	Assumed from Other Companies	Net Amount	Percentage of Amount Assumed to Net
2023					
Premiums earned:					
Property and casualty	$ 47	$ (6)	$ 2	$ 43	4.7 %
Total premiums earned	$ 47	$ (6)	$ 2	$ 43	
2022					
Premiums earned:					
Property and casualty	62	(31)	18	49	36.7 %
Future policyholder benefits	—	—	17	17	100.0 %
Total premiums earned	$ 62	$ (31)	$ 35	$ 66	
2021					
Premiums earned:					
Property and casualty	295	(128)	75	242	31.0 %
Future policyholder benefits	—	—	3	3	100.0 %
Total premiums earned	$ 295	$ (128)	$ 78	$ 245	

SCHEDULE V

ENSTAR GROUP LIMITED

VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended December 31, 2023, 2022 and 2021

(Expressed in millions of U.S. Dollars)

	Balance at Beginning of Year	Charged to costs and expenses	Charged to other accounts	Deductions [1]	Balance at End of Year
December 31, 2023					
Reinsurance balances recoverable on paid and unpaid losses:					
Allowance for estimated uncollectible reinsurance	$ 131	$ —	$ 3	$ (3)	$ 131
Insurance balances recoverable:					
Allowance for estimated uncollectible insurance	5	—	—	—	5
Valuation allowance for deferred tax assets	181	16	—	(41)	156
December 31, 2022					
Reinsurance balances recoverable on paid and unpaid losses:					
Allowance for estimated uncollectible reinsurance	$ 136	$ —	$ (5)	$ —	$ 131
Insurance balances recoverable:					
Allowance for estimated uncollectible insurance	5	—	—	—	5
Valuation allowance for deferred tax assets	129	52	—	—	181
December 31, 2021					
Reinsurance balances recoverable on paid and unpaid losses:					
Allowance for estimated uncollectible reinsurance	$ 137	$ —	$ 1	$ (2)	$ 136
Insurance balances recoverable:					
Allowance for estimated uncollectible insurance	5	—	—	—	5
Valuation allowance for deferred tax assets	118	12	—	(1)	129

[1] Credited to the related asset account.

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SCHEDULE VI

ENSTAR GROUP LIMITED

SUPPLEMENTARY INFORMATION CONCERNING PROPERTY/CASUALTY INSURANCE OPERATIONS

As of and for the years ended December 31, 2023, 2022 and 2021

(Expressed in millions of U.S. Dollars)

	As of December 31,			Year ended December 31,						
Affiliation with Registrant	Deferred Acquisition Costs	Reserves for Unpaid Losses and Loss Adjustment Expenses	Unearned Premiums	Net Premiums Earned	Net Investment Income	Net Losses and Loss Expenses Incurred: Current Period	Net Losses and Loss Expenses Incurred: Prior Periods	Net Paid Losses and Loss Expenses	Amortization of Deferred Acquisition Costs	Net Premiums Written
Consolidated Subsidiaries										
2023	$ 4	$ 12,359	$ 171	$ 43	$ 647	$ 30	$ (131)	$ (2,467)	$ 10	$ 96
2022	7	13,007	114	49	455	48	(756)	(1,680)	23	—
2021	16	13,258	188	242	312	172	(403)	(1,431)	57	59

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of December 31, 2023. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that we maintained effective disclosure controls and procedures to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management’s Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of our internal control over financial reporting as of December 31, 2023, based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework (2013). Based on that evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2023.

The effectiveness of the Company’s internal control over financial reporting as of December 31, 2023 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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ITEM 9B. OTHER INFORMATION

During the three months ended December 31, 2023, none of our directors or officers adopted, modified or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” as such terms are defined under Item 408 of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

All information required by Items 10, 11, 12, 13 and 14 of this Annual Report on Form 10-K is incorporated by reference from the definitive proxy statement for our 2024 Annual General Meeting of Shareholders that will be filed with the SEC not later than 120 days after the close of the fiscal year ended December 31, 2023 pursuant to Regulation 14A.

ITEM 11. EXECUTIVE COMPENSATION

See Item 10 herein.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

See Item 10 herein.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

See Item 10 herein.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

See Item 10 herein.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements and Financial Statement Schedules: see Item 8 in Part II of this report.

(b) Exhibits: see accompanying exhibit index that precedes the signature page of this report.

ITEM 16. FORM 10-K SUMMARY

Omitted at Company's option.

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EXHIBIT INDEX

Exhibit No.	Description
3.1	Memorandum of Association of Enstar Group Limited (incorporated by reference to Exhibit 3.1 to the Company's Form 10-K/A filed on May 2, 2011).
3.2	Sixth Amended and Restated Bye-Laws of Enstar Group Limited (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed on June 15, 2021).
3.3	Certificate of Designations of Series C Participating Non-Voting Perpetual Preferred Stock of Enstar Group Limited, dated as of June 13, 2016 (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed on June 17, 2016).
3.4	Certificate of Designations of Series D Perpetual Non-Cumulative Preferred Shares of Enstar Group Limited, dated as of June 27, 2018 (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on June 27, 2018).
3.5	Certificate of Designations of Series E Perpetual Non-Cumulative Preferred Shares of Enstar Group Limited, dated as of November 21, 2018 (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on November 21, 2018).
4.1	Senior Indenture, dated as of March 10, 2017, between Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on March 10, 2017).
4.2	First Supplemental Indenture, dated as of March 10, 2017, between Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on March 10, 2017).
4.3	Second Supplemental Indenture, dated as of March 26, 2019, between Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on March 26, 2019).
4.4	Third Supplemental Indenture, dated as of May 28, 2019, between Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on May 28, 2019).
4.5	Fourth Supplemental Indenture, dated as of August 24, 2021, between Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on August 24, 2021).
4.6	Junior Subordinated Indenture, dated as of August 26, 2020, among Enstar Finance LLC, Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to exhibit 4.1 to the Company's Form 8-K filed on August 26, 2020).
4.7	First Supplemental Indenture, dated as of August 26, 2020, among Enstar Finance LLC, Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on August 26, 2020).
4.8	Second Supplemental Indenture dated as of January 14, 2022, among Enstar Finance LLC, Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on January 14, 2022).
4.9	Deposit Agreement, dated as of June 27, 2018, between Enstar Group Limited and American Stock Transfer (incorporated by reference to Exhibit 4.3 to the Company's Form 8-K filed on June 27, 2018).
4.10	Deposit Agreement, dated as of November 21, 2018, between Enstar Group Limited and American Stock Transfer (incorporated by reference to Exhibit 4.3 to the Company's Form 8-K filed on November 21, 2018).
4.11	Description of Securities (incorporated by reference to Exhibit 4.7 to the Company's Form 10-K filed on February 27, 2020).

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Exhibit Index

10.1	Registration Rights Agreement, dated as of January 31, 2007, by and among Castlewood Holdings Limited, Trident II, L.P., Marsh & McLennan Capital Professionals Fund, L.P., Marsh & McLennan Employees' Securities Company, L.P., Dominic F. Silvester, J. Christopher Flowers, and other parties thereto set forth on the Schedule of Shareholders attached thereto (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K12B filed on January 31, 2007).
10.2	Registration Rights Agreement, dated as of April 20, 2011, by and among Enstar Group Limited, GSCP VI AIV Navi, Ltd., GSCP VI Offshore Navi, Ltd., GSCP VI Parallel AIV Navi, Ltd., GSCP VI Employee Navi, Ltd., and GSCP VI GmbH Navi, L.P. (incorporated by reference to Exhibit 99.3 to the Company's Form 8-K filed on April 21, 2011).
10.3	Registration Rights Agreement, dated April 1, 2014, among Enstar Group Limited, FR XI Offshore AIV, L.P., First Reserve Fund XII, L.P., FR XII A Parallel Vehicle L.P., FR Torus Co-Investment, L.P. and Corsair Specialty Investors, L.P. (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on April 4, 2014).
10.4	Form of Waiver Agreement (incorporated herein by reference to Exhibit 4.7 to the Company's Form S-3 filed on October 10, 2017).
10.5+	Form of Director Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Company's Form S-3 (No. 333-151461) initially filed on June 5, 2008).
10.6+	Amended and Restated Employment Agreement, dated July 1, 2022, between Enstar Group Limited and Dominic F. Silvester (incorporated by reference to Exhibit 10.3 to the Company's Form 8-K filed on July 6, 2022).
10.7+	Amended and Restated Employment Agreement, dated as of January 21, 2020, by and between Enstar Group Limited and Paul J. O'Shea (incorporated by reference to Exhibit 10.3 to the Company's Form 8-K filed on January 27, 2020).
10.8+	Letter Agreement, dated July 6, 2022, between Enstar Group Limited and Paul O'Shea (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on July 6, 2022).
10.9+	Amended and Restated Employment Agreement, dated January 21, 2020, by and between Enstar Group Limited and Orla M. Gregory (incorporated by reference to Exhibit 10.4 to the Company's Form 8-K filed on January 27, 2020).
10.10+	Amendment No. 1 to Amended and Restated Employment Agreement, dated September 16, 2021, by and between Enstar Group Limited and Orla M. Gregory (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on September 21, 2021).
10.11+	Amendment No. 2 to the Amended and Restated Employment Agreement, dated July 1, 2022, between Enstar Group Limited and Orla Gregory (incorporated by reference to Exhibit 10.4 to the Company's Form 8-K filed on July 6, 2022).
10.12+	Amendment No. 3 to the Amended and Restated Employment Agreement, dated March 21, 2023, by and between Enstar Group Limited and Orla Gregory (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K/A filed on March 24, 2023).
10.13+	Employment Agreement, dated January 8, 2018, by and between Enstar Group Limited and Paul M.J. Brockman (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on May 8, 2019).
10.14+	Amendment No. 1 to the Employment Agreement, dated March 21, 2023, by and between Enstar (US), Inc. and Paul Brockman (incorporated by reference to Exhibit 10.3 to the Company's Form 8-K/A filed on March 24, 2023).
10.15+	Employment Agreement, dated September 9, 2016, by and between Enstar Group Limited and Nazar Alobaidat (incorporated by reference to Exhibit 10.13 to the Company's Form 10-K filed on February 27, 2020).
10.16+	Employment Agreement, dated March 21, 2023, by and between Enstar (US), Inc. and Matthew Kirk (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K/A filed on March 24, 2023).
10.17+	Employment Agreement, dated July 1, 2019, by and between Enstar (US), Inc. and David Ni (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed on May 4, 2023).

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10.18+	Amendment No. 1 to Employment Agreement, dated February 4, 2022, by and between Enstar (US), Inc. and David Ni (incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q filed on May 4, 2023).
10.19+	Enstar Group Limited Deferred Compensation and Ordinary Share Plan for Non-Employee Directors, effective as of June 5, 2007 (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on June 11, 2007).
10.20+	Amended and Restated Enstar Group Limited Deferred Compensation and Ordinary Share Plan for Non-Employee Directors, effective as of January 1, 2015 (incorporated by reference to Exhibit 10.13 to the Company's Form 10-K filed on March 2, 2015).
10.21+	Form of Non-Employee Director Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.32 to the Company's Form 10-K filed on March 2, 2015).
10.22*+	Form of Non-Employee Director Restricted Stock Award Agreement.
10.23*+	Form of Non-Employee Director Restricted Share Unit Award Agreement.
10.24+	Castlewood Holdings Limited 2006 Equity Incentive Plan (incorporated by reference to Exhibit 10.11 to the proxy statement/prospectus that forms a part of the Company's Form S-4 declared effective December 15, 2006).
10.25+	First Amendment to Castlewood Holdings Limited 2006 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on April 6, 2007).
10.26+	Form of Stock Appreciation Right Award Agreement pursuant to the 2006 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 to the Company's Form 10-Q filed on August 11, 2014).
10.27+	Enstar Group Limited Amended and Restated 2016 Equity Incentive Plan, as amended (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on June 1, 2022).
10.28+	Form of Restricted Stock Award Agreement under the Enstar Group Limited 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on August 5, 2016).
10.29+	Form of Performance Stock Unit Award Agreement (3-Year Cycle) (2020) under the Enstar Group Limited 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 to the Company's Form 8-K filed on January 27, 2020).
10.30+	Form of Performance Stock Unit Award Agreement (Annual Cycle) (2020) under the Enstar Group Limited 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.29 to the Company's Form 10-K filed on February 27, 2020).
10.31+	Form of Restricted Stock Unit Award Agreement (2020) under the Enstar Group Limited 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.30 to the Company's Form 10-K filed on February 27, 2020).
10.32+	Form of Performance Stock Unit Award Agreement (2021) under the Enstar Group Limited 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on May 7, 2021).
10.33+	Joint Share Ownership Agreement, dated January 21, 2020, by and among Enstar Group Limited, Dominic F. Silvester and Zedra Trust Company, as trustee (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on January 27, 2020).
10.34+	Deed of Amendment and Restatement to the Joint Ownership Agreement, dated July 1, 2022, between Enstar Group Limited, Dominic F. Silvester and Zedra Trust Company (Guernsey) Limited, as trustee (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on July 6, 2022).
10.35+	Enstar Group Limited Amended and Restated Employee Share Purchase Plan (incorporated by reference to Exhibit 10.4 to the Company's Form 10-Q filed on November 8, 2016).
10.36+	Enstar Group Limited 2022-2024 Annual Incentive Compensation Program (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on November 9, 2021).
10.37♦	Amended and Restated Revolving Credit Agreement, dated as of May 30, 2023, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, Wells Fargo Bank, National Association and each of the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on June 1, 2023).

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10.38♦	Amended and Restated Letter of Credit Facility Agreement, dated as of July 28, 2023, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, The Bank of Nova Scotia and each of the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on August 2, 2023).
10.39♦	Termination and Release Agreement, dated as of February 21, 2021, by and among Enstar Group Limited and certain of its subsidiaries and Hillhouse Capital Management, Ltd. and certain of its affiliates (incorporated by reference to Exhibit 10.50 to the Company's Form 10-K filed on March 1, 2021).
10.40	Purchase Agreement dated as of July 15, 2021 by and among Enstar Group Limited, HHLR Fund, L.P., YHG Investment, L.P. and Hillhouse Fund III, L.P. (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on July 15, 2021).
10.41	Purchase Agreement dated as of July 15, 2021 by and among Cavello Bay Reinsurance Limited and HH ENZ Holdings, Ltd. (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on July 15, 2021).
10.42	Purchase Agreement, dated as of May 10, 2022, by and between Trident Public Equity LP and Enstar Group Limited (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on May 11, 2022).
10.43	Purchase Agreement, dated March 23, 2023, between Enstar Group Limited and Canada Pension Plan Investment Board (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on March 28, 2023).
10.44♦	Purchase Agreement, dated as of November 7, 2023, by and among Enstar Group Limited, Canada Pension Plan Investment Board, and CPPIB Epsilon Ontario Limited Partnership (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on November 13, 2023).
10.45♦	Purchase Agreement, dated as of November 7, 2023, by and between Enstar Group Limited and Trident Public Equity L.P. (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on November 13, 2023).
10.46	Shareholder Rights Agreement, dated as of November 8, 2023, by and among Enstar Group Limited, Elk Evergreen Investments, LLC and Elk Cypress Investments, LLC (incorporated by reference to Exhibit 10.3 to the Company's Form 8-K filed on November 13, 2023).
10.47	Registration Rights Agreement, dated as of November 8, 2023, by and among Enstar Group Limited, Elk Evergreen Investments, LLC and Elk Cypress Investments, LLC (incorporated by reference to Exhibit 10.4 to the Company's Form 8-K filed on November 13, 2023).
10.48♦	Purchase Agreement, dated as of December 20, 2023, by and among Kenmare Holdings Ltd., Trident V, L.P., Trident V Parallel Fund, L.P., Trident V Professionals Fund, L.P., Dowling Capital Partners I, L.P., and Capital City Partners, LLC (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on December 22, 2023).
21.1*	List of Subsidiaries.
22.1*	List of Subsidiary Issuers of Guaranteed Securities.
23.1*	Consent of PricewaterhouseCoopers LLP.
23.2*	Consent of KPMG Audit Limited.
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1*	Enstar Group Limited Policy for the Recovery of Erroneously Awarded Compensation.

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101*	Inline XBRL Document Set for the consolidated financial statements and accompanying notes in Part II, Item 8 of this Annual Report on Form 10-K.
104*	The cover page from the Company's Annual Report on Form 10-K, formatted as Inline XBRL (included in Exhibit 101).

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* filed herewith

** furnished herewith

\+ denotes management contract or compensatory arrangement

♦ certain of the schedules and similar attachments are not filed but Enstar Group Limited undertakes to furnish a copy of the schedules or similar attachments to the SEC upon request

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on February 22, 2024.

ENSTAR GROUP LIMITED

By: /S/ DOMINIC F. SILVESTER
Dominic F. Silvester
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 22, 2024.

Signature	Title
/s/ ROBERT J. CAMPBELL Robert J. Campbell	Chairman and Director
/s/ DOMINIC F. SILVESTER Dominic F. Silvester	Chief Executive Officer and Director
/s/ MATTHEW KIRK Matthew Kirk	Chief Financial Officer (signing in his capacity as Principal Financial Officer)
/s/ GIRISH RAMANATHAN Girish Ramanathan	Chief Accounting Officer (signing in his capacity as Principal Accounting Officer)
/s/ ORLA GREGORY Orla Gregory	President and Director
/s/ B. FREDERICK BECKER B. Frederick Becker	Director
/s/ SHARON A. BEESLEY Sharon A. Beesley	Director
/s/ JAMES D. CAREY James D. Carey	Director
/s/ SUSAN L. CROSS Susan L. Cross	Director
/s/ HANS-PETER GERHARDT Hans-Peter Gerhardt	Director
/s/ MYRON HENDRY Myron Hendry	Director
/s/ Paul O'Shea Paul O'Shea	Director
/s/ HITESH PATEL Hitesh Patel	Director
/s/ POUL A. WINSLOW Poul A. Winslow	Director

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2022

Commission File Number 001-33289

ENSTAR GROUP LIMITED

(Exact name of Registrant as specified in its charter)

BERMUDA	**N/A**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Windsor Place, 3rd Floor, 22 Queen Street, Hamilton HM JX, Bermuda

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: **(441) 292-3645**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Ordinary shares, par value $1.00 per share	ESGR	The NASDAQ Stock Market LLC
Depositary Shares, Each Representing a 1/1,000th Interest in a 7.00% Fixed-to-Floating Rate Perpetual Non-Cumulative Preferred Share, Series D, Par Value $1.00 Per Share	ESGRP	The NASDAQ Stock Market LLC
Depositary Shares, Each Representing a 1/1,000th Interest in a 7.00% Perpetual Non-Cumulative Preferred Share, Series E, Par Value $1.00 Per Share	ESGRO	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates as of June 30, 2022 was $2.1 billion based on the closing price of $213.98 per ordinary share on the NASDAQ Stock Market on that date. Shares held by officers and directors of the registrant and their affiliated entities have been excluded from this computation. Such exclusion is not intended, nor shall it be deemed, to be an admission that such persons are affiliates of the registrant.

As of February 27, 2023, the registrant had outstanding 15,999,691 voting ordinary shares and 1,597,712 non-voting convertible ordinary shares, each par value $1.00 per share.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A relating to its 2023 annual general meeting of shareholders are incorporated by reference in Part III of this Form 10-K

Enstar Group Limited

Annual Report on Form 10-K

For the Year Ended December 31, 2022

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GLOSSARY OF KEY TERMS

A&E	Asbestos and environmental
Accident year	The annual calendar accounting period in which loss events occurred, regardless of when the losses are actually reported, recorded or paid.
Acquisition costs	Costs that are directly related to the successful efforts of acquiring new insurance contracts or renewing existing insurance contracts, and which principally consist of incremental costs such as: commissions, brokerage expenses, premium taxes and other fees incurred at the time that a contract or policy is issued
ADC	Adverse development cover – A retrospective reinsurance arrangement that will insure losses in excess of an established reserve and provide protection up to a contractually agreed amount.
Adjusted BVPS	Adjusted book value per ordinary share - Non-GAAP financial measure calculated by dividing Enstar ordinary shareholders' equity, adjusted to add the proceeds from the assumed exercise of warrants, by the number of ordinary shares outstanding, adjusted for the exercise of warrants and equity awards granted and not yet vested. See "Non-GAAP Financial Measures" in Item 7 for reconciliation.
Adjusted RLE	Adjusted run-off liability earnings - Non-GAAP financial measure calculated by dividing adjusted prior period development by average adjusted net loss reserves. See "Non-GAAP Financial Measures" in Item 7 for reconciliation.
Adjusted ROE	Adjusted return on equity - Non-GAAP financial measure calculated by dividing adjusted operating income (loss) attributable to Enstar ordinary shareholders by adjusted opening Enstar ordinary shareholders' equity. See "Non-GAAP Financial Measures" in Item 7 for reconciliation.
Adjusted TIR	Adjusted total investment return - Non-GAAP financial measure calculated by dividing adjusted total investment return by average adjusted total investable assets. See "Non-GAAP Financial Measures" in Item 7 for reconciliation.
AFS	Available-for-sale
Allianz	Allianz SE, former joint venture partner in Enhanzed Re
AmTrust	AmTrust Financial Services, Inc.
Annualized	Calculation of the quarterly result or year-to-date result multiplied by four and then divided by the number of quarters elapsed within the applicable year-to-date period.
AOCI	Accumulated other comprehensive income (loss)
APRA	Australian Prudential Regulation Authority
Arden	Arden Reinsurance Company Ltd.
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Atrium	Atrium Underwriting Group Limited and its subsidiaries
BMA	Bermuda Monetary Authority
BSCR	Bermuda Solvency Capital Requirement
BVPS	Book value per ordinary share - GAAP financial measure calculated by dividing Enstar ordinary shareholders' equity by the number of ordinary shares outstanding.
Cavello	Cavello Bay Reinsurance Limited
CISSA	Commercial Insurer's Solvency Self-Assessment
Citco	Citco III Limited
CLO	Collateralized loan obligation
CNA	Continental Casualty Company
Commutation	An agreement that provides for the complete discharge of all obligations between the parties under a particular reinsurance contract for an agreed upon up-front fee
Core Specialty	Core Specialty Insurance Holdings, Inc.
DAC	Deferred acquisition costs
DCo	DCo, LLC

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Defendant A&E liabilities	Defendant asbestos and environmental liabilities - Non-insurance liabilities relating to amounts for indemnity and defense costs for pending and future claims, as well as amounts for environmental liabilities associated with our properties
DCA	Deferred charge asset - The amount by which estimated ultimate losses payable exceed the premium consideration received at the inception of a retroactive reinsurance agreement
Dowling Funds	Dowling Capital Partners I, L.P. and Capital City Partners LLC
EB Trust	The Enstar Group Limited Employee Benefit Trust
ECR	Enhanced capital requirement
EGL	Enstar Group Limited
EMAL	Enstar Managing Agency Limited
Enhanzed Re	Enhanzed Reinsurance Ltd.
Enstar	Enstar Group Limited and its consolidated subsidiaries
Enstar Finance	Enstar Finance LLC
Exchange Transaction	The exchange of a portion of our indirect interest in Northshore for all of the Trident V Funds' indirect interest in StarStone U.S.
FAL	Funds at Lloyd's - A deposit in the form of cash, securities, letters of credit or other approved capital instrument that satisfies the capital requirement to support the Lloyd's syndicate underwriting capacity
FCA	U.K. Financial Conduct Authority
Fixed Income assets	Short-term and fixed maturity investments classified as trading and AFS, funds held-directly managed, cash and cash equivalents, including restricted cash and cash equivalents, and funds held by reinsured companies
Fixed income securities	Short-term and fixed maturity investments classified as trading and AFS, and fixed maturity investments included within funds held-directly managed
Funds held	The account created with premium due to the reinsurer pursuant to the reinsurance agreement, the balance of which is credited with investment income and losses paid are deducted
Funds held by reinsured companies	Funds held, as described above, where we receive a fixed crediting rate
Funds held - directly managed	Funds held, as described above, where we receive the actual underlying investment portfolio return
Future policyholder benefits	The provision recorded on the balance sheet relating to life reinsurance contracts, which are based on the present value of anticipated future cash flows and mortality rates
Gate or side-pocket	A gate is the ability to deny or delay a redemption request, whereas a side-pocket is a designated account for which the investor loses its redemption rights.
Group	Companies of Enstar Group Limited
GSSA	Group Solvency Self-Assessment
Hillhouse Group	Hillhouse Capital Management, Ltd. and Hillhouse Capital Advisors, Ltd.
IBNR	Incurred but not reported - In addition to unreported claims, may include provisions for the possibility that reported claims may settle for amounts that differ from the established case reserves as well as the potential for closed claims to re-open. These provisions are shown net of reinsurance balances recoverable
Inigo	Inigo Limited
InRe Fund	InRe Fund, L.P.
Investable assets	The sum of total investments, cash and cash equivalents, restricted cash and cash equivalents and funds held
JSOP	Joint Share Ownership Program
LAE	Loss adjustment expenses
LDTI	Long duration targeted improvements accounting standard (ASU 2018-12 - Targeted improvement to the Accounting for Long-Duration Contracts)
Lloyd's	This term may refer to either the society of individual and corporate underwriting members that pool and spread risks as members of one or more syndicates, or the Corporation of Lloyd's, which regulates and provides support services to the Lloyd's market

LOC	Letters of credit
LPT	Loss Portfolio Transfer - Retroactive reinsurance transaction in which loss obligations that are already incurred are ceded to a reinsurer, subject to any stipulated limits
Monument Re	Monument Insurance Group Limited
Morse TEC	Morse TEC LLC
NAIC	National Association of Insurance Commissioners
NAV	Net asset value
NCI	Noncontrolling interest
New business	Material transactions, other than business acquisitions, which generally take the form of reinsurance or direct business transfers
North Bay	North Bay Holdings Limited
Northshore	Northshore Holdings Limited
Novation	The substitution of a new contract in place of an old one.
OCI	Other comprehensive income
OLR	Outstanding loss reserves - Provisions for claims that have been reported and accrued but are unpaid at the balance sheet date
Other Investments	Equities, other investments, equity method investments, and the remainder of funds held-directly managed
Parent Company	Enstar Group Limited and not any of its consolidated subsidiaries
Policy buy-back	Similar to a commutation, for direct insurance contracts
pp	Percentage points - Numerical difference between two percentages
PPD	Prior period development - Changes to loss estimates recognized in the current calendar year that relate to loss reserves established in previous calendar years
PRA	U.K. Prudential Regulation Authority
Private equity funds	Investments in limited partnerships and limited liability companies
PSU	Performance share units
Range of Outcomes	The range of gross loss and LAE reserves implied by the various methodologies used by each of our (re)insurance subsidiaries
RBC	Risk-based capital
Reinsurance to close (RITC)	A business transaction to transfer estimated future liabilities attached to a given year of account of a Lloyd's syndicate into a later year of account of either the same or different Lloyd's syndicate in return for a premium
Reserves for losses and LAE	Management's best estimate of the ultimate cost of settling losses as of the balance sheet date. This includes OLR and IBNR
Retroactive reinsurance	Contracts that provide indemnification for losses and LAE with respect to past loss events
RLE	Run-off liability earnings – GAAP-based financial measure calculated by dividing prior period development by average net loss reserves
RNCI	Redeemable noncontrolling interest
ROE	Return on equity - GAAP-based financial measure calculated by dividing net earnings (loss) attributable to Enstar ordinary shareholders by opening Enstar ordinary shareholders' equity
Run-off	A line of business that has been classified as discontinued by the insurer that initially underwrote the given risk
Run-off portfolio	A group of insurance policies classified as run-off
SCR	Solvency Capital Requirement
SEC	U.S. Securities and Exchange Commission
SGL No. 1	SGL No. 1 Limited
SISE	StarStone Insurance SE
SSHL	StarStone Specialty Holdings Limited
StarStone Group	StarStone U.S. Holdings, Inc. and its subsidiaries and StarStone International
StarStone International	StarStone's non-U.S. operations

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GLOSSARY OF DEFINED TERMS

StarStone U.S.	StarStone U.S. Holdings, Inc. and its subsidiaries
Step Acquisition	The purchase of the entire equity interest of an affiliate of Hillhouse Capital Management Ltd and Hillhouse Capital Advisors, Ltd. in Enhanzed Re
Stone Point	Stone Point Capital LLC
SUL	StarStone Underwriting Limited
TIR	Total investment return - GAAP financial measure calculated by dividing total investment return recognized in earnings for the applicable period by average total investable assets
Trident V Funds	Trident V, L.P., Trident V Parallel Fund, L.P. and Trident V Professionals Fund, L.P.
TSA	Transition Services Agreement
2020 Repurchase Program	An ordinary share repurchase program adopted by our Board of Directors in March 2020, for the purpose of repurchasing a limited number of our ordinary shares, not to exceed $150 million in aggregate. This plan was terminated in July 2021.
2021 Repurchase Program	An ordinary share repurchase program adopted by our Board of Directors in November 2021, which was effective through November 30, 2022. Under this program, we were able to repurchase a limited number of our ordinary shares, not to exceed $100 million in aggregate. We fully utilized the plan as of April 2022.
2022 Repurchase Program	An ordinary share repurchase program adopted by our Board of Directors in May 2022, for the purpose of repurchasing a limited number of our ordinary shares, not to exceed $200 million in aggregate. The program is effective through May 5, 2023.
U.K. Regulator	The FCA together with the PRA
U.S. GAAP	Accounting principles generally accepted in the United States of America
ULAE	Unallocated loss adjustment expenses - Loss adjustment expenses relating to run-off costs for the estimated payout of the run-off, such as internal claim management or associated operational support costs
Unearned premium reserve	The unexpired portion of policy premiums that will be earned over the remaining term of the insurance contract
VIE	Variable interest entity

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This annual report and the documents incorporated by reference herein contain statements that constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, with respect to our financial condition, results of operations, business strategies, operating efficiencies, competitive positions, growth opportunities, plans and objectives of our management, as well as the markets for our securities and the reinsurance sectors in general.

Statements that include words such as "estimate," "project," "plan," "intend," "expect," "anticipate," "believe," "would," "should," "could," "seek," "may" and similar statements of a future or forward-looking nature identify forward-looking statements for purposes of the federal securities laws or otherwise.

All forward-looking statements are necessarily estimates or expectations, and not statements of historical fact, reflecting the best judgment of our management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements.

These forward looking statements should, therefore, be considered in light of various important risk factors, including those set forth in this annual report and the documents incorporated by reference herein, which could cause actual results to differ materially from those suggested by the forward-looking statements. These risk factors include:

- the adequacy of our loss reserves and the need to adjust such reserves as claims develop over time, including due to the impact of emerging claim and coverage issues and disputes that could impact reserve adequacy;
- risks relating to our acquisitions, including our ability to evaluate opportunities, successfully price acquisitions, address operational challenges, support our planned growth and assimilate acquired portfolios and companies into our internal control system in order to maintain effective internal controls, provide reliable financial reports and prevent fraud;
- increased competitive pressures, including increased competition in the market for acquisitions of run-off business;
- risks relating to our ability to obtain regulatory approvals, including the timing, terms and conditions of any such approvals, and to satisfy other closing conditions in connection with our acquisition agreements, which could affect our ability to complete acquisitions;
- risks relating to the variability of statutory capital requirements and the risk that we may require additional capital in the future, which may not be available or may be available only on unfavorable terms;
- the risk that our reinsurance subsidiaries may not be able to provide the required collateral to ceding companies pursuant to their reinsurance contracts, including through the use of letters of credit;
- risks relating to the availability and collectability of our ceded reinsurance;
- the ability of our subsidiaries to distribute funds to us and the resulting impact on our liquidity;
- losses due to foreign currency exchange rate fluctuations;
- risks relating to climate change and its potential impact on the returns from our run-off business and our investments;
- the risk that the value of our investment portfolios and the investment income that we receive from these portfolios may decline materially as a result of market fluctuations and economic conditions, including those related to interest rates, credit spreads and equity prices (including the risk that we may realize losses related to declines in the value of our investments portfolios if we elect to, or are required to, sell investments with unrealized losses);
- risks relating to our ability to structure our investments in a manner that recognizes our liquidity needs;
- risks relating to our strategic investments in alternative asset classes and joint ventures, which are illiquid and may be volatile;

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- risks relating to our ability to accurately value our investments, which requires methodologies, estimates and assumptions that can be highly subjective, and the inaccuracy of which could adversely affect our financial condition;
- risks relating to the complex regulatory environment in which we operate, including that ongoing or future industry regulatory developments will disrupt our business, affect the ability of our subsidiaries to operate in the ordinary course or to make distributions to us, or mandate changes in industry practices in ways that increase our costs, decrease our revenues or require us to alter aspects of the way we do business;
- loss of key personnel;
- operational risks, including cybersecurity events, external hazards, human failures or other difficulties with our information technology systems that could disrupt our business or result in the loss of critical and confidential information, increased costs;
- tax, regulatory or legal restrictions or limitations applicable to us or the (re)insurance business generally;
- changes in tax laws or regulations applicable to us or our subsidiaries, or the risk that we or one of our non-U.S. subsidiaries become subject to significant, or significantly increased, income taxes in the United States or elsewhere; and
- risks relating to the ownership of our shares resulting from certain provisions of our bye-laws and our status as a Bermuda company.

The risk factors listed above should not be construed as exhaustive and should be read in conjunction with the Risk Factors that are included in Item 1A below. We undertake no obligation to publicly update or review any forward-looking statement, whether to reflect any change in our expectations with regard thereto, or as a result of new information, future developments or otherwise, except as required by law.

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PART I

ITEM 1. BUSINESS

Overview

Enstar Group Limited ("Enstar") is a leading global (re)insurance group that offers capital release solutions through our network of group companies. We seek to create value by managing (re)insurance companies and portfolios of (re)insurance and other liability business in run-off and striving to generate an attractive risk-adjusted return from our investment portfolio. In this report, the terms "Enstar," the “Company," "us," and "we" are used interchangeably to describe Enstar and our subsidiary companies.

We acquire legacy liabilities and (re)insurance reserves from companies and provide retroactive reinsurance coverage for portfolios of (re)insurance business, primarily via loss portfolio transfer contracts (“LPTs”). Additionally, we provide reinsurance contracts to other (re)insurers to mitigate some of their risk of future adverse development (an adverse development cover, or “ADC”) on insurance risks relating to prior accident years.

A run-off portfolio is a group of insurance policies generally described by the accident year, line of business and jurisdiction that an insurer that initially underwrote the risks seeks to exit, or put into run-off. The facts and circumstances underlying an insurer’s or company's (seller's) decision to put a portfolio into run-off or seek ADC contracts varies. Usually, the portfolios of risks have become inconsistent with the seller’s core competencies, provide unwanted exposure to a particular risk or segment of the market and/or absorb capital that the seller may wish to deploy elsewhere. These portfolios of risks are often associated with potentially large exposures and lengthy time periods before resolution of the last remaining insured claims, resulting in uncertainty to the (re)insurer covering those risks. An owner of a company with direct exposure to asbestos and environmental liabilities may wish to dispose of their exposure to such liabilities for similar reasons.

We seek to obtain claims resolutions and settlements on the actual and potentially valid claims within each portfolio quickly, where feasible, to avoid lengthy and continuing defense costs. If we are successful at settling claims or otherwise manage the expected value of the losses for less than our carried reserves, we recognize favorable prior period development within our net incurred loss and loss adjustment expenses. Similarly, we may experience adverse development on the carried reserves if the projected costs of claims exceeds our estimates. We include the net development as a component of our performance, or run-off liability earnings (“RLE”).

Our claims handling responsibilities and authorities can vary from contract to contract. Generally, we seek to obtain direct claims management authority over our LPT’s and passive claims monitoring, oversight and influence over our ADC portfolios, where our counterparty would typically benefit from our experience with managing similar claims. We may also seek to commute acquired reinsurance contracts and buy back underlying insurance policies, where appropriate.

We receive premium for our retroactive reinsurance solutions and invest these funds to generate investment earnings. We negotiate the investment class, fixed income duration and minimum asset quality needed for each portfolio with the ceding company as these investments are typically pledged as collateral within the reinsurance contract. For our remaining investments we decide within our investment allocation strategy the asset types, risk, liquidity and expected returns.

The substantial majority of our acquisitions have been in the run-off business, which generally includes property and casualty, workers’ compensation, asbestos and environmental (“A&E”), professional indemnity, directors and officers, construction defect, motor, marine, aviation and transit, and other closed and discontinued blocks of business.

115 Transactions Completed Since 2000

$35.1 billion* Total Liabilities Acquired Since 2000

9%[1] & 10%[2] Increase in Book Value Per Ordinary Share

10%[1] & 10%[2] Return on Equity

[1] Three year average (2020 - 2022)

[2] Five year average (2018 - 2022)

*Total liabilities acquired includes gross loss reserves and defendant A&E liabilities.

Our Strategy

Leverage Management's Extensive Experience and Industry Relationships

We leverage our senior managements' skills and experience to solidify our position as a leading run-off acquirer with a demonstrated ability to identify and execute growth opportunities.

Engage in Disciplined Acquisition Practices

When assessing potential acquisition targets, we carefully analyze risk exposures, claims practices, reserves and our return requirements as part of our detailed due diligence process. We value opportunities that include risk exposures and other characteristics that we have had prior experience managing.

Manage Claims and Re(insurance) Contracts Professionally, Expeditiously, and Cost-Effectively

We aim to generate RLE by drawing on in-house expertise and trusted third-party relationships to dispose of claims efficiently, paying valid claims on a timely basis, and relying on policy terms and exclusions where applicable, and litigation when necessary, to defend against paying invalid claims.

Using detailed claims analysis and actuarial projections, we seek to negotiate with policyholders and reinsurers with a goal of settling existing (re)insurance liabilities and monetizing (re)insurance assets in a cost efficient manner.

Prudently Manage Investments and Capital

We strive to achieve attractive risk-adjusted returns, while growing profitability and generating long-term growth in shareholder value.

2022 Strategic Developments

Substantially Unwound Enhanzed Re's Reinsurance Transactions

- In August 2022, Enhanzed Reinsurance Ltd. ("Enhanzed Re") entered into a Master Agreement with Cavello Bay Reinsurance Limited ("Cavello"), a wholly-owned subsidiary of Enstar, and Allianz SE ("Allianz"). Pursuant to the Master Agreement, Enhanzed Re, Cavello and Allianz agreed to a series of transactions that allowed us to unwind the Enhanzed Re reinsurance transactions in an orderly manner.
- The transactions included (i) commuting or novating all of the reinsurance contracts written by Enhanzed Re, (ii) repaying the $70 million, in aggregate principle, of subordinated notes issued by Enhanzed Re to an affiliate of Allianz, and (iii) distributing Enhanzed Re's excess capital to Cavello and Allianz in accordance with their respective equity ownership in Enhanzed Re.
- As of December 31, 2022, all of the transactions were complete, and the impact of transactions completed in the third quarter of 2022 (primarily the commutation of the catastrophe reinsurance with Allianz) have been recorded in our 2022 results, while the impact of transactions completed in the fourth quarter of 2022 (primarily the novation of reinsurance of closed block life annuity policies with Monument) will be reflected in our first quarter 2023 results, as we report the results of Enhanzed Re on a one quarter lag.
- Given our rationalization of the Enhanzed Re reinsurance business, we renamed our Enhanzed Re segment as the Assumed Life segment during the third quarter of 2022. We may leverage this segment for any future potential assumed life business transactions if and when they occur.

Our Business

We acquire run-off and other (re)insurance reserves using retroactive reinsurance contracts where we are paid premium consideration to reinsure, up to a specified limit, underlying policies issued by other insurers who have written these risks in prior accident years. On closing a transaction, the premium we receive is not recognized as income, nor are the liabilities we acquire recognized as net incurred losses. These items are recorded to the balance sheet with any subsequent changes to the value of ultimate losses and liabilities recorded in the consolidated statements of earnings.

In addition, any difference between premium and losses recognized upon initial recognition of a transaction, is recorded as a deferred charge asset ("DCA") or deferred gain liability ("DGL") which is subsequently amortized.[1]

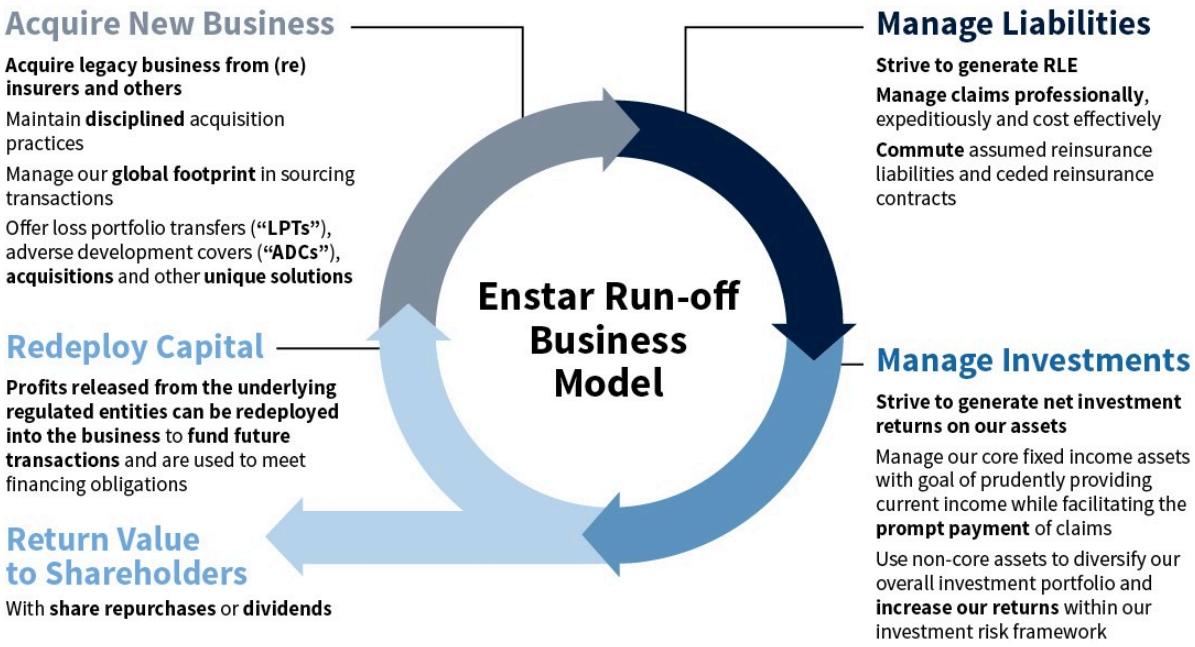
We acquire (re)insurance companies and legacy manufacturing companies with direct exposure to asbestos and environmental liabilities ("defendant A&E liabilities"), which are either in run-off or can be placed into run-off following our acquisition. We receive investment returns from the investment of the assets acquired with these companies that we use to settle the liabilities acquired, which may take many years to complete.

We establish our best estimate of the liabilities we assume based upon actuarial analyses of the claims data provided to us by the counterparties, our review of claims files and reinsurance assets, our analysis of claim trends and other data supplied as part of our due diligence.

Accordingly, at the time we enter the arrangements, we do not reflect the potential impact of our claims management strategies as we have no assurance that our efforts will be successful nor how any development may emerge. Similarly, we do not recognize reductions for any potential settlements or commutations that we have not executed as we do not solely control any such outcome.

We strive to generate attractive investment returns and favorable prior period development from our active claims management and/or claims management influence, via our involvement in and oversight rights over the loss portfolios. Our favorable or adverse outcomes are recorded as prior period development ("PPD") within net incurred losses and loss adjustment expenses ("LAE"). We record changes to the value of our defendant A&E liabilities within other income.

As a result, the traditional (re)insurance underwriting ratios (loss ratios and combined ratios) are not relevant to us. Net earned premiums are not a significant source of revenue and current period net incurred losses and LAE from those premiums are not a significant source of losses for our Run-off segment. Our ability to generate favorable RLE or avoid unfavorable RLE from our management of acquired portfolios can vary. RLE may be recognized shortly after acquisition of the new portfolio, or may not appear for many years, if at all.



[1] This is further described in Note 2 to our consolidated financial statements.

1 Acquire New Business

Sourcing

We leverage our industry relationships and our position as an experienced run-off specialist, together with our footprint in the major (re)insurance hubs, to source new business opportunities. We engage directly with companies and/or their representative brokers to bid for and negotiate new transactions.

Solutions

Our Run-off business offers a variety of capital release solutions, including but not limited to:



LPTs: We offer LPTs in situations where our clients wish to divest themselves of a portfolio of insurance business. In such instances, we are able to retroactively reinsure against deterioration of the portfolio of loss reserves, subject to any stipulated limits. In the Lloyd's market, we provide similar solutions through reinsurance to close ("RITC") transactions.

ADCs: In situations where our clients are concerned about loss deterioration on selected books of business, we offer ADCs whereby we reinsure certain losses in excess of our clients' established reserves, up to a pre-determined limit.

Acquisitions: Where our clients or potential clients want to dispose of a company in run-off, we may purchase the company. Such a transaction is beneficial to the seller because it enables them to monetize their investment in that company.

Pricing

We evaluate each opportunity presented by carefully reviewing and analyzing the portfolio's risk exposures, claim practices, capital and reserve requirements and outstanding claims. This initial analysis allows us to determine whether the opportunity aligns with our strategy and targeted return thresholds.

If we decide to pursue an opportunity, we price it based on certain assumptions, including: our ability to apply our core competencies to negotiate with (re)insureds, resolve valid claims, manage the investments associated with the portfolio and otherwise manage the nature of the risks posed by the business or portfolio.

LPTs and ADCs: Using actuarial analysis and our view of the exposure assumed, we determine the premium consideration that we charge the ceding companies under retroactive reinsurance contracts.

This premium is generally lower than the undiscounted estimated ultimate losses payable at inception due to the time value of money, in recognition that we will earn an investment return on the assets which support the payment of insurance claims in the future.

Acquisitions: In order to price the acquisition of a company in run-off, we estimate the fair value of assets and liabilities acquired based on actuarial analyses and our views of the exposures assumed.

The fair value of the company may be lower than its book value based upon the risks assumed, the time value of money as applied to its liabilities and to our client no longer having to manage the company.

2 Manage Liabilities

Non-Life Run-off

There is a period over which the reserve liabilities associated with LPTs, ADCs, acquisitions and other similar transactions are extinguished, as described below:

- At take-on: upon integrating the acquired company or portfolio we record our best estimate of the value of loss reserves. We then implement our plan to manage the book and its exposures that we gathered during the course of the acquisition process.
- Subsequent to take-on: in the proceeding years, we develop a deeper understanding of the claims portfolio from a reserving perspective and employ our claims management strategies in order to generate RLE.

After applying our claims management strategies for a period of time, there are generally reduced opportunities remaining to achieve RLE. At that point, our goal is to continue to manage costs and generate investment returns as we run off the remaining reserves in an orderly manner.

Both the A&E losses and LAE and defendant A&E liabilities have much longer expected claims settlement periods than our general casualty books of business, and therefore the period over which their reserve liabilities are extinguished tends to be significantly longer than other lines of business.

The strategies we employ to manage our acquired companies and portfolios of business in run-off include:

Claims Management: Integral to our success is our ability to analyze, administer, and settle claims while managing related expenses. We work with seasoned and well-trained claims professionals, along with claims reporting and control procedures, in all of our claims units. Our claims management processes also include leveraging our extensive relationships and developed protocols to manage outside counsel and other third parties more efficiently to reduce expenses.

For certain lines of business, we have entered into agreements with third-party administrators to manage and pay claims on our subsidiaries' behalf and advise with respect to case reserves. These agreements generally set forth the duties of the third-party administrators, limits of authority, indemnification language designed for our protection and various procedures relating to compliance with laws and regulations. The agreements clearly define our claims handling guidelines, and we provide active oversight and monitoring to manage these administrators on an ongoing basis in order to ensure the third-party administrators are operating in accordance with our expectations.

Commutations and Policy Buybacks: Where possible, we negotiate with third-party (re)insureds to commute their (re)insurance agreement (sometimes called policy buybacks for direct insurance) for an agreed upon up-front payment by us.

Commutations and policy buybacks provide us with an opportunity to exit exposures to certain policies and (re)insureds generally at a discount to the ultimate liability. Commutations can reduce the duration, administrative burden and ultimately the future cost we face as we manage the run-off of the claims and the amount of regulatory capital we are required to maintain.

In certain lines of business and jurisdictions, such as direct workers' compensation insurance, commutations and policy buyback opportunities are not typically available, and our strategy with respect to these businesses is to derive value through efficient and effective claims management.

Reinsurance Recoverables: We manage reinsurance recoverables by working with reinsurers, brokers and professional advisors to achieve fair and prompt payment of reinsured claims, and we take appropriate legal action to secure recoverables when necessary. Where appropriate we negotiate commutations with our reinsurers by securing a lump sum settlement in complete satisfaction of the reinsurer's past, present and future liability in respect of such claims.

Life Run-off

Our subsidiary Enhanzed Re, is a Bermuda-based Class 4 and Class E reinsurer, which, prior to the November 2022 novation to Monument Re, reinsured a closed block of life annuity policies from Allianz SE (“Allianz”), who retained direct claims management and operational responsibilities.

We may leverage this segment for any future potential assumed life business transactions if and when they occur, and our objective for this business is to reinsure products that focus on longevity and investment risks.

We seek to deliver returns by taking advantage of the relative diversification benefits on our composite capital structure and the capital adjusted return profile of this business relative to our current run-off business.

Seasonality

We complete most of our loss reserve studies in the fourth quarter of each year and, as a result, we tend to record the largest movements, both favorable or adverse, to net incurred losses and LAE in these periods. However, we also monitor the progression of claims and claims settlements in the earlier interim periods and may adjust our reserves if, and when, we deem it appropriate.

3 Manage Investments

We manage our investments to obtain attractive risk adjusted returns while maintaining prudent diversification of assets and operating within the constraints of a regulated global (re)insurance group. We also consider the liquidity requirements and duration of our claims and contract liabilities.

We have a group-wide investment policy and group mandate, which applies to our consolidated investment portfolio and all subsidiary cash and investment portfolios.

Our investment policy:

- Outlines our investment objectives and constraints;
- Prescribes permitted asset class limits and strategies;
- Establishes risk tolerance limits; and
- Establishes appropriate governance.

Our investment policy also includes constraints that impact our asset allocation and external asset manager selection.

In pursuing our investment objectives, we typically allocate to asset classes with varying risk-return profiles that fall into two classifications: core assets and non-core assets.


Investable Assets
(in billions of U.S. dollars)
$19.5
$4.9
$14.6
$21.7
$5.0
$16.7
2022
2021
Fixed income assets
Other investments

Core Asset Strategy: Our core assets investment portfolio is predominantly invested in investment grade fixed income securities that are duration and currency optimized and matched against the expected payment of loss reserves in accordance with our contractual obligations with our counterparty insurers and as prescribed in statutory liquidity and solvency regulations. Our goal with these securities is to meet the expected maturity to support prompt payment of the claims, whilst maximizing investment income.

Our fixed income assets include U.S. government and agency investments, highly rated sovereign and supranational investments, high-grade corporate investments as well as mortgage-backed and asset-backed investments.

Non-Core Asset Strategy: Our goal with our non-core assets investment portfolio is to provide diversification and increased return. Our non-core assets typically include below-investment grade fixed income securities and bank loans, public equity securities, hedge funds, private equity funds, fixed income funds, collateralized loan obligation ("CLO") equities, real estate funds, private credit funds and equity method investments.

Our core assets, or fixed income assets, include short-term and fixed maturity investments classified as trading and available-for-sale ("AFS"), funds-held directly managed, cash and cash equivalents, and funds held by reinsured companies.

Our non-core assets, or other investments, include equities and equity method investments.

The allocation and composition of our non-core assets may vary, depending on risk appetite, current market conditions and the assessment of relative value between asset classes.

We believe our non-core investments provide diversification in our overall investment portfolio, because historically and generally they have low correlation with our fixed income assets, thereby providing an opportunity for improved risk-adjusted rates of return while minimizing downside risk over the long term. The returns of our non-core investments may be volatile, and we may experience significant unrealized gains or losses in a particular quarter or year. Regulatory, rating agency, our internal risk appetite and other factors may limit our capacity to hold non-core assets.

Portfolio Allocation: Our portfolio is diversified across several core and non-core asset classes and targets attractive risk adjusted returns, while taking into account regulatory, capital, risk, and other relevant considerations. We periodically review the performance of the portfolio and reallocate assets to take advantage of opportunities in the market. This asset rebalancing is periodically reviewed by our Board Investment Committee.

Asset Manager Selection: Our investment portfolio is managed by external managers through the execution of investment management agreements and investment guidelines. We hold regular discussions with our managers to monitor investment performance.

Performance and Compliance Monitoring: Our investment management agreements and guidelines with external asset managers include performance benchmarks. The benchmarks take various factors into consideration, including duration, currency, asset class, geography, sector, credit quality and other relevant metrics that impact performance.

An investment compliance report for the aggregate investment policy is prepared for our Board Investment Committee on a quarterly basis in arrears. The Board Investment Committee and our subsidiary boards are responsible for ensuring that investment compliance guidelines proposed are aligned to our stated risk appetite.

4 Redeploy Capital

Our regulated subsidiaries and group are subject to capital requirements, which require us to hold additional assets to mitigate the risk of insufficient funds to fulfill our insurance obligations in adverse economic or operational circumstances. Amounts beyond our internal capital levels are available for us to redeploy.

As we settle our liabilities, we reduce our required capital and any excess capital may be redeployed into the business for further acquisitions. We believe that the best investment is in our business, by funding future transactions and meeting our financing obligations. In addition, we may choose to add value by returning funds to shareholders in the form of share repurchases or dividends. To date, we have not declared any dividends on our ordinary shares.

Competition

Our Run-off segment competes in the global insurance market with domestic and international reinsurance companies to acquire and manage (re)insurance companies in run-off and portfolios of (re)insurance business in run-off. The Run-off space has seen several new entrants to the market over the recent years which has increased competition in the overall market.

We compete with different companies depending upon the size of the portfolio losses being contemplated and the location of the insurer or insurance risks.

The acquisition and management of companies and portfolios in run-off is highly competitive, and driven by several factors, including proposed acquisition price, operational reputation, and financial resources including new capital and alternative forms of capital entering the markets.

We have established long-term and continuing business relationships throughout the (re)insurance industry, which can be a significant competitive advantage for us. Additionally, we believe that we are competitive on price and have a reputational ability to complete and manage transactions.

Our Organization

Segments[2]

We report the results of our operations through four reportable segments:

- Run-off: consists of our acquired property and casualty and other (re)insurance business.
- Assumed Life: consists of life and catastrophe business that we assumed via the acquisition of the controlling interest in Enhanzed Reinsurance, Ltd. (“Enhanzed Re”).
- Investments: consists of our investment activities and the performance of our investment portfolio, excluding those investable assets attributable to our Legacy Underwriting segment.
- Legacy Underwriting: consists of businesses that we have exited via the sale of the majority of our interest.

In addition, our corporate and other activities, which do not qualify as an operating segment, include income and expense items that are not directly attributable to our reportable segments.

Major Operating Subsidiaries

Our (re)insurance business is regulated and requires licenses to operate in each relevant jurisdiction. Our major operating insurance subsidiaries and their regulatory domiciles are listed below:

Regulated Company	Jurisdiction	% of Net Loss Reserves as of December 31, 2022
Clarendon National Insurance Company Fletcher Reinsurance Company Yosemite Insurance Company	United States	7%
Cavello Bay Reinsurance Limited Fitzwilliam Insurance Limited StarStone Insurance Bermuda Limited	Bermuda	82%
SGL No.1 Limited Mercantile Indemnity Company Limited River Thames Insurance Company Limited	United Kingdom	11%
Gordian Runoff Limited StarStone Insurance SE	Other	—%
		100%

[2] For further information on our reportable segments, refer to “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations by Segment” and Note 3 to our consolidated financial statements.

Human Capital Resources

As of December 31, 2022, we had 792 employees, as compared to 832 employees as of December 31, 2021.

We seek to attract, retain and develop a diverse and specialized workforce that supports our culture, target operating model and business performance. We do this by applying the following strategies:

- Making use of a range of hiring channels and approaches and incorporating a total reward offering that includes market competitive salaries, an annual bonus plan as well as comprehensive benefits to protect employee health, wellness and financial security.
- Promoting alignment of interests with investors through the use of an employee share purchase plan and long-term equity-based incentives.
- Encouraging our employees to periodically review development areas with their managers to identify appropriate learning opportunities to better equip our work force with the skills necessary for near- and long-term success. We offer an array of professional development programs and initiatives to support our employees' career aspirations and enhance our leadership and management capabilities—creating a pipeline of talent able to deliver on our long-term strategic objectives and developing a skilled workforce with succession capabilities. For example, we provide all of our employees access to a digital platform containing learning resources designed to support their role and career.

In addition, strengthening our succession planning is a key priority for us across all levels. We have made a significant investment in establishing and developing programs for managers, functional heads and group executives designed to enhance leadership and management capabilities across our senior management team. For example, in 2022 we established our Group Executive Leadership Program, which is designed to support individuals at the executive level. We also offer programs to regional executives and other potential successors throughout the organization.

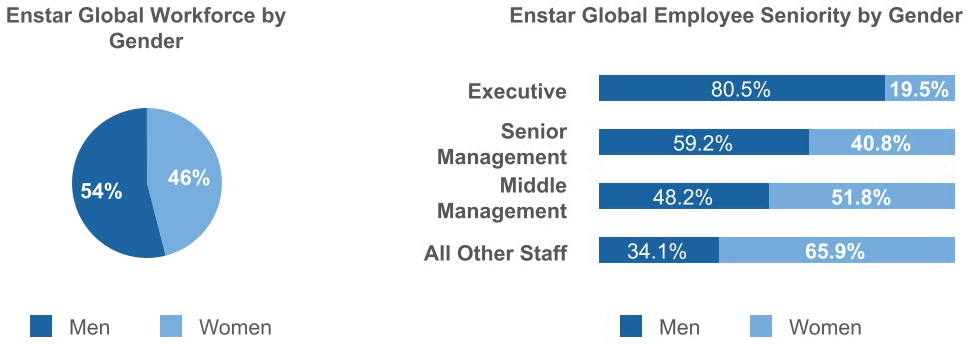
Diversity, Equity and Inclusion

We also understand the importance of diversity in our work force and our diversity, equity and inclusion (“DE&I”) vision is to create a diverse and inclusive workplace, where everyone feels that they belong and where diversity is celebrated. Over the past year we increased our focus on DE&I, which included:

- Creating a global DE&I steering and action group, chaired by our Chief Risk Officer and comprising senior stakeholders from around the business, which is responsible for agreeing the DE&I strategy and periodically monitoring progress.
- Enhancing our ‘Employee Value Proposition’ by designing and launching our external ‘Enstar Careers’ website, which allows us to clearly articulate the nature of both our business and our working environment.
- Launching a summer internship program, hosted by offices in the U.S., the U.K. and Bermuda, and welcoming a diverse group of individuals to undertake a mix of industry training, departmental experience and personal development activities.

To measure our progress, we use a variety of human capital measures in managing our business, including workforce demographics and diversity metrics, attrition and retention metrics and hiring metrics. We continue to build and expand on the range of metrics we produce as we continue to work towards our DE&I vision.

As of December 31, 2022, our gender metrics on a global scale were as follows:



We are committed to fostering a culture that treats all employees fairly and with respect, promotes inclusivity and diversity, and provides equal opportunities for professional development and merit-based advancement. We adhere to these values by following a Board Diversity Policy and Group Diversity, Equity and Inclusion Policy. We intend to continue conducting human capital management activities, including recruitment, career development and advancement, role design and compensation in a manner reflective of our commitment to diversity and inclusion.

Employee Wellbeing

We also recognize the importance of our employees as individuals and the role we can play in promoting their wellbeing. Our wellbeing strategy is now well defined across three pillars of core focus, which includes:

- Emotional and social: we offer an Employee Assistance Program, which provides a professional and confidential service that covers a broad range of topics, both personal and work-related.
- Physical: our benefits coverage includes a range of centrally provided and individually tailored health-related insurance packages, alongside a number of additional benefits and initiatives. For example, we provide access to a wellbeing platform that offers a range of benefits and tools and hosts Enstar's health initiatives and challenges, such as our Global Step Challenge held in June 2022. We also offer an Enstar Wellness allowance, enabling an annual reimbursement of expenses that support mental or physical wellness, and various other provisions such as annual health assessments and virtual medical consultation programs.
- Financial: we run a number of activities to support the financial wellbeing of our people, which includes offering access to financial advisors, benefit webinars and other financial assistance facilities.

Our employee engagement, diversity and inclusion results are a clear indication of both our efforts and successes in managing and supporting our employees. For the past two years our rating index has been in the upper quartile of the financial services benchmark resulting in Enstar being awarded the People Insight 'Outstanding Place to Work 2022' award, which less than 10% of participants receive.

Enterprise Risk Management

Effective enterprise risk management (“ERM”) and oversight is a top priority for our management and Boards of Directors (both at the parent company and subsidiary levels). We aim to ensure that we have engaged in highly comprehensive risk management framework to identify, measure, manage, monitor and report on risks that affect the achievement of our strategic, operational and financial objectives.

We believe that an effective ERM framework is crucial to maintaining the strength of Enstar and our (re)insurance companies (our "Group") and enhancing our operations. These include our business strategy and objectives, capital management decision making, operations and processes, financial performance and financial reporting, regulatory compliance, reputation with key stakeholders and business continuity planning. Through our ERM framework, we aim to embed considerations of risk through all aspects of our business.

Risk Management Strategy

The Group’s Risk Management Strategy has been designed to help meet our core objectives, which is to:

- engage in highly disciplined and risk based, acquisition, management and (re)insurance practices across a diverse portfolio of loss reserves;
- seek investment risk where it is adequately rewarded;
- maintain loss reserving risk in line with risk appetite;
- minimize capital, liquidity, credit, operational and regulatory risks; and
- promote the consideration of Environmental (specifically, climate change effects), Social and Governance (“ESG”) risks in the strategies, business planning and other operational processes.

These strategies are pursued through the use of appropriate controls, governance structures and highly skilled teams effectively working together.

Our risk management strategy is embedded across the organization by promoting a strong culture of risk awareness. This is evidenced through our day-to-day approach to managing our business. In particular, risk matters are regularly discussed at management and Board meetings, providing challenge and considering opportunities against risks being assessed and managed.

The goal of our risk management strategy is to enable the proactive, pragmatic management of risks arising in day-to-day operations, primarily through the implementation and maintenance of an effective ERM framework to ensure a robust control environment.

Risk Appetite

The Risk Appetite Framework in place at both the Group and its regulated subsidiaries monitors risk taking throughout the business by linking business strategy and planning with available capital and risk. It is designed to consider material risks, protect the Group and its subsidiaries from unacceptable levels of loss, compliance failures and/or adverse reputational impacts and support the wider strategic decision-making process.

A qualitative risk appetite statement is set for each material risk to represent the amount of risk the Board is willing to accept, which is supported by quantitative tolerances (such as minimum capital required). The qualitative risk appetite statements and supporting quantitative tolerances are reviewed and approved by the Board annually. Subsidiary companies’ risk appetite and tolerances are reviewed against their specific risk profiles and strategy and approved by the local Board(s), and are reviewed annually to ensure that subsidiary risk appetite does not in the aggregate exceed the aggregate Group Risk Appetite Framework.

Accountability for the implementation, monitoring and oversight of our risk appetite is aligned with individual corporate executives and monitored and maintained by the Risk Management function. Risk tolerance levels are monitored and deviations from pre-established levels are reported in order to facilitate responsive action. On a quarterly basis, risk tolerances are reported by the assigned first line business owner to Risk Management who collate, review and provide

challenge and aggregate tolerances. Individual tolerances are rated ‘Red’, ‘Amber’ or ‘Green’ relative to pre-defined thresholds. As determined by the Board or Risk Committee, the Risk Appetite

Framework and tolerance(s) may be reviewed/updated outside of the annual review cycle in the event of a material change in risk profile.

Risk Governance and Culture

The Board of Directors actively oversees the management of risks to which the Group is exposed in a variety of ways. To ensure comprehensive oversight, the Company has an EGL Risk Committee, as well as Group and jurisdictional Management Risk Committees comprised of executive and/or senior management responsible for the management of key risks. These committees are supported by representatives from our Risk & Compliance and Internal Audit functions as appropriate.

The Group, supported by the wider ERM Framework, promotes a strong risk culture through a rigorous hiring process for employees, performing an annual Compensation Risk Assessment, ensuring employee understanding and compliance with the Employee Code of Conduct, and by promoting employee risk awareness of compliance and IT security matters through training.

Risk Ownership, Accountability and Assurance

We maintain the traditional Three Lines Model (Management, Risk & Compliance and Internal Audit) to delineate accountabilities and establish a ‘check and balance’ management of risks across the Group. The Three Lines Model has been selected to allow for clear ownership and accountability of risks, and independent assurance that these have been considered appropriately via our Internal Audit function. This model also allows for a clear assignment of risk management responsibilities across all Group activities and helps communicate the approach to risk management throughout the organization.

The Risk Management function, headed by the Group Chief Risk Officer (“CRO”), is responsible for both designing and operationalizing the various components of the ERM Framework throughout the Group. To ensure independence, the CRO reports to our CEO and has direct access to the Chairperson of the EGL Risk Committee. Our CRO obtains expertise from other functions / subject matter experts, as appropriate, to provide coverage over key risk areas.

The Group and its subsidiaries have internal controls in place, designed to manage risks to acceptable levels and the effectiveness of controls is regularly considered in managing and balancing risk and appetite. These are implemented within each line of defense.

Entity Level Management

At the operating subsidiary level, risks relating to our individual (re)insurance subsidiaries are also overseen by the subsidiary boards of directors, risk committees and other committees, and management teams, consistent with applicable regulatory requirements and our overall ERM framework that is embedded at local levels and throughout the business.

Emerging Risks

As part of our ERM Framework, we maintain an Emerging Risk Framework, which sets out the minimum standards by which emerging risks are identified, analyzed, evaluated, treated and reported on. Pursuant to this framework, the Management Risk Committees and our Group Risk Committee continually monitor emerging risks and oversee changes to our ERM Framework to react to these risks, where appropriate. Emerging risks are defined as "risks which may develop or which already exist but are difficult to quantify." They are marked by a high degree of uncertainty, and may or may not fall within the categories outlined above under "Risk Categories." While emerging risks are not fully understood or explicitly considered within the day-to-day operation of our business due to the lack of quantifiable data, we expect that the potential impacts of these risks may crystallize over time and therefore merit additional analysis, monitoring, evaluation and, when appropriate, management of the emerging risk. See "Item 1A. Risk Factors" for further detail on these risks.

Regulation

Overview

The business of (re)insurance is regulated in most countries, although the degree and type of regulation varies from one jurisdiction to another. Our material operations are in Bermuda, the United Kingdom, the United States, Australia and several Continental European countries. We are subject to extensive regulation under the applicable statutes in these countries and any others in which we operate. In addition, the Bermuda Monetary Authority (“BMA”) acts as group supervisor of our Group.

We may become subject in the future to regulation in new jurisdictions or additional regulations in existing jurisdictions depending on the location and nature of any companies acquired and the volume and location of business being transacted by our existing companies.

Group Supervision

The BMA’s group supervision objective is to provide a coordinated approach to the regulation of an insurance group and its supervisory and capital requirements. Bermuda has been recognized by the U.S. National Association of Insurance Commissioners (“NAIC”) as a qualified jurisdiction, and the E.U. recognizes Bermuda's full equivalence under Solvency II.

As our Group supervisor, the BMA performs a number of functions including: (i) coordinating the gathering and dissemination of information for other regulatory authorities; (ii) carrying out a supervisory review and assessment of our Group; (iii) carrying out an assessment of our Group's compliance with the rules on solvency, risk concentration, intra-group transactions and appropriate governance procedures; (iv) planning and coordinating, through regular meetings with other authorities, supervisory activities in respect of our Group; (v) coordinating any enforcement action that may need to be taken against our Group or any Group members; and (vi) coordinating meetings of colleges of supervisors in order to facilitate the carrying out of these functions. Cavello Bay Reinsurance Limited (“Cavello”) serves as our Group’s Designated Insurer. As Designated Insurer, Cavello is required to facilitate compliance by our Group with the insurance solvency and supervision rules.

On an annual basis, the Group is required to file Group statutory financial statements, a Group statutory financial return, a Group capital and solvency return, audited Group financial statements, a Group Solvency Self-Assessment (“GSSA”), and a financial condition report with the BMA. The GSSA is designed to document our perspective on the capital resources necessary to achieve our business strategies and remain solvent, and to provide the BMA with insights on our risk management, governance procedures and documentation. In addition, the Group is required to file a quarterly financial return with the BMA.

We are required to maintain available Group statutory capital and surplus in an amount that is at least equal to the group enhanced capital requirement (“ECR”). The BMA has also established a group target capital level equal to 120% of the Group ECR.

The BMA also maintains supervision over the controllers of all Bermuda registered insurers, and accordingly, any person who, directly or indirectly, becomes a holder of at least 10% of our ordinary shares must notify the BMA in writing within 45 days of becoming such a holder (or ceasing to be such a holder). The BMA may object to such a person and require the holder to reduce its holding of ordinary shares and direct, among other things, that voting rights attaching to the ordinary shares shall not be exercisable.

Bermuda Operations

BMA Insurance Regulation

The Insurance Act 1978 of Bermuda and related regulations, as amended (together, the "Insurance Act"), regulate the (re)insurance business of our operating subsidiaries in Bermuda. The Insurance Act imposes certain solvency and liquidity standards and auditing and reporting requirements and grants the BMA powers to supervise, investigate, require information and the production of documents and intervene in the affairs of (re)insurance companies.

Significant requirements pertaining to our regulated Bermuda subsidiaries vary depending on the class in which our company is registered, but generally include the appointment of a principal representative in Bermuda, the

appointment of an independent auditor, the appointment of an approved loss reserve specialist to opine on the statutory technical provisions of our insurance reserves, the filing of annual statutory and either U.S generally accepted accounting principles (“U.S. GAAP”) based consolidated or condensed financial statements, the filing of annual statutory financial returns, the filing of quarterly financial returns, compliance with group solvency and supervision rules, and compliance with the Insurance Code of Conduct (relating to corporate governance, risk management and internal controls).

Our regulated Bermuda subsidiaries must also comply with a minimum liquidity ratio and minimum solvency margin. The minimum liquidity ratio requires that the value of relevant assets must not be less than 75% of the amount of relevant liabilities. The minimum solvency margin, which varies depending on the class of the insurer, is determined as a percentage of either net reserves for losses and LAE or premiums. Each of our regulated Bermuda-domiciled insurers is also subject to an ECR determined pursuant to a risk-based capital measure and are required to file a Commercial Insurer’s Solvency Self-Assessment (“CISSA”), and a financial condition report with the BMA. As of December 31, 2022, each of our Bermuda-based (re)insurance subsidiaries exceeded their respective minimum solvency and liquidity requirements.

Each of our regulated Bermuda subsidiaries would be prohibited from declaring or paying any dividends if it were in breach of its minimum solvency margin or liquidity ratio or if the declaration or payment of such dividends would cause it to fail to meet such margin or ratio. In addition, each of our regulated Bermuda subsidiaries is prohibited, without the prior approval of the BMA, from reducing by 15% or more its total statutory capital, or from reducing by 25% of more its total statutory capital and surplus, as set out in its previous year’s statutory financial statements. Our Bermuda (re)insurance companies that are in run-off are required to seek BMA approval for any dividends or distributions.

Economic Substance Act

Under the provisions of the Economic Substance Act 2018 (the "ESA"), any Bermuda-registered entity engaged in a “relevant activity” (which includes insurance business and holding entity activities) must maintain a substantial economic presence in Bermuda. To the extent that the ESA applies to our entities registered in Bermuda, we are required to demonstrate compliance with economic substance requirements by filing an annual economic substance declaration with the Registrar of Companies in Bermuda.

U.K. Operations

PRA and FCA Regulation

Our U.K.-based insurance subsidiaries consist of wholly-owned run-off companies. These subsidiaries are authorized and regulated by the U.K. Prudential Regulation Authority (the "PRA"), and are also regulated by the Financial Conduct Authority (the "FCA", together with the PRA, the "U.K. Regulator"). Our U.K. run-off subsidiaries may not underwrite new business without the approval of the U.K. Regulator.

Our U.K.-based insurance subsidiaries are required to maintain adequate financial resources in accordance with the requirements of the U.K. Regulator. The calculation of the minimum capital resources requirements in any particular case depends on, among other things, the type and amount of insurance business written and claims paid by the insurance company. As of December 31, 2022, each of our U.K.-based insurance subsidiaries maintained capital in excess of the minimum capital resources requirements.

The Solvency II framework sets out requirements on capital adequacy and risk management for insurers. To the extent that Solvency II was already adopted by U.K. legislation, it remains in force post-Brexit. Insurers must comply with a Solvency Capital Requirement ("SCR"), which is calculated using either the Solvency II standard formula or a bespoke internal model. Our non-Lloyd's U.K. companies use the standard formula. It remains to be seen to what extent the U.K. will depart from the requirements of Solvency II post-Brexit in any new U.K. legislation that may be introduced.

The U.K. Regulator’s rules require our U.K. insurance subsidiaries to obtain regulatory approval for any proposed or actual payment of a dividend. The U.K. Regulator uses the SCR, among other tests, when assessing requests to make distributions.

Under the Financial Services and Markets Act of 2000 ("FSMA"), any company or individual (together with its concert parties) proposing to directly or indirectly acquire "control" over a U.K. authorized insurance company (which is generally defined as acquiring 10% or more of the shares or voting power in a U.K. authorized insurance company or its parent company) must seek prior approval of the U.K. Regulator of its intention to do so. A person

who is already deemed to have "control" will require prior regulatory approval if the person increases the level of "control" beyond 20%, 30% and 50%.

Lloyd's Regulation

We participate in the Lloyd's market through our interests in: (i) Syndicate 2008, a syndicate that has permission to underwrite RITC business and other run-off or discontinued business type transactions with other Lloyd's Syndicates; (ii) Syndicate 1301 (2020 and prior underwriting years), which is managed by Enstar Managing Agency Limited ("EMAL") (EMAL also serves as managing agent for Syndicate 2008); and (iii) Atrium's Syndicate 609 (2020 and prior underwriting years), which is managed by Atrium Underwriters Limited, a Lloyd's managing agent.

Our Lloyd's operations are subject to authorization and regulation by the U.K. Regulator and compliance with the Lloyd's Act(s) and Byelaws and regulations, as well as the applicable provisions of the FSMA. The Council of Lloyd's has wide discretionary powers to regulate its members, and its exercise of these powers might affect the return on an investment of the corporate member in a given underwriting year. This discretion includes the ability to assess up to 3% of a member's underwriting capacity in any one year as a Central Fund contribution.

The underwriting capacity of a corporate member of Lloyd's must be supported by providing a deposit (referred to as "Funds at Lloyd's" or "FAL") in the form of cash, securities, letters of credit or other approved capital instrument in satisfaction of its capital requirement. The amount of the FAL is assessed quarterly and is determined by Lloyd's in accordance with applicable capital adequacy rules. To release their capital, Lloyd's members are usually required to have transferred their liabilities through an approved RITC, such as those offered by Syndicate 2008.

Business plans, including maximum underwriting capacity, for Lloyd's syndicates require annual approval by the Lloyd's Franchise Board, which may require changes to any business plan or additional capital to support underwriting plans.

The Lloyd's market has applied the Solvency II internal model under Lloyd's supervision, and our Lloyd's operations are required to meet Solvency II standards. The Society of Lloyd's has received approval from the PRA to use its bespoke internal model under the Solvency II regime.

Lloyd's approval is required before any person can acquire control of a Lloyd's managing agent or Lloyd's corporate member.

U.S.

Our U.S. (re)insurance subsidiaries are subject to extensive governmental regulation and supervision by the states in which they are domiciled, licensed and/or eligible to conduct business. We currently have wholly-owned subsidiary U.S. insurers and reinsurers domiciled in Texas, Missouri and Oklahoma and minority owned affiliates in Pennsylvania, Delaware, New Jersey and Illinois.

Our U.S. insurers are generally required to maintain minimum levels of solvency and liquidity as determined by law, and to comply with risk-based capital requirements and licensing rules. Insurers having less statutory surplus than required by the risk-based capital calculation will be subject to varying degrees of regulatory action. If any of our U.S. insurers were to have risk-based capital levels that are below required levels, they would be subject to increased regulatory scrutiny and control by their domestic and possibly other insurance regulators. As of December 31, 2022, all of our U.S. insurers exceeded their required levels of risk-based capital.

Applicable insurance laws also limit the amount of dividends or other distributions our U.S. insurers can pay to us. The insurance regulatory limitations on dividends are generally based on statutory net income and/or certain levels of statutory surplus as determined by the insurer's state or states of domicile and approval must be obtained before an insurer may pay a dividend or make a distribution above these thresholds.

All states have enacted legislation regulating insurance holding company systems that requires each insurance company in the system to register with the insurance department of its state of domicile and furnish information concerning the operations of companies within the holding company system that may materially affect the operations, management or financial condition of the insurers within the system. The NAIC's Insurance Holding Company System Regulatory Act and associated regulations provide regulators with tools to evaluate risks to an insurance company within the insurance holding company system. They impose extensive informational requirements on parents and other affiliates of licensed insurers with the purpose of protecting them from enterprise risk, including requiring an annual enterprise risk report by the ultimate controlling person of the insurers identifying

the material risks within the insurance holding company system that could pose enterprise risk to the insurers and requiring a person divesting its controlling interest to make a confidential advance notice filing.

The NAIC's Risk Management and Own Risk and Solvency Assessment Model Act requires insurers to maintain a risk management framework and establishes a legal requirement for insurers or their insurance group to conduct an Own Risk and Solvency Assessment ("ORSA") in accordance with the NAIC's ORSA Guidance Manual. The ORSA Model Act subjects our insurance subsidiaries to ORSA requirements if certain premium thresholds are exceeded. Where applicable, we must regularly conduct an ORSA consistent with the ORSA Model Act, including undertaking an internal risk management review no less often than annually and preparing a summary report assessing the adequacy of risk management and capital in light of our insurers' current and future business plans.

The NAIC's Corporate Governance Annual Disclosure ("CGAD") Model Act and Regulation requires the annual filing of a disclosure describing the insurance group's corporate governance structure, policies, and practices. The Model Act and Regulation have been adopted in most of the states in which we have insurers domiciled. There are no premium thresholds for CGAD.

Before a person can acquire control of a domestic insurer or any person controlling such insurer, prior written approval must be obtained from the insurance commissioner of the state in which the domestic insurer is domiciled and, under certain circumstances, from insurance commissioners in other jurisdictions. Generally, state statutes and regulations provide that "control" over a domestic insurer or person controlling a domestic insurer is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, 10% or more of the voting securities or securities convertible into voting securities of the domestic insurer or of a person who controls the domestic insurer.

Australia

Our Australian regulated insurance entity is subject to prudential supervision by the Australian Prudential Regulation Authority ("APRA"). APRA is the primary regulatory body responsible for regulating compliance with the Insurance Act 1973. APRA has issued prudential standards that apply to general insurers in relation to capital adequacy (under a wide range of scenarios), the holding of assets in Australia, risk management, business continuity management, reinsurance management, outsourcing, audit and actuarial reporting and valuation, the transfer and amalgamation of insurance businesses, governance, and the fit and proper assessment of the insurer's responsible persons.

APRA also prescribes prudential standards on risk management and governance. Our Australian regulated insurance entity is compliant with these requirements.

An insurer must obtain APRA's written consent prior to making any capital releases, including any payment of dividends in excess of current year earnings. Our insurance subsidiary must provide APRA with a valuation prepared by an appointed actuary that demonstrates that the tangible assets of the insurer, after the proposed capital release, are sufficient to cover its insurance liabilities to a 99.5% level of sufficiency of capital before APRA will consent to a capital release or dividend above the prescribed limit.

Under the Financial Sector (Shareholdings) Act 1998, the interest of an individual shareholder or a group of associated shareholders in an insurer is generally limited to a 15% "stake" of the insurer. A person's stake is the aggregate of the person's voting power and the voting power of the person's associates. A higher percentage limit may be approved by the Treasurer of the Commonwealth of Australia on national interest grounds. Any shareholder of Enstar with a "stake" greater than 15% has received approval to hold that stake from the Treasurer of the Commonwealth of Australia.

Europe

We have subsidiaries in Belgium, as well as StarStone Insurance SE ("SISE"), a Liechtenstein-based company that is regulated by the Financial Markets Authority. Our subsidiaries and branches in European jurisdictions are regulated in their respective home countries. As of January 1, 2023, the UK branch of SISE is also regulated by the UK Regulator following the expiration of the applicable Brexit transitional provisions. The application of the Solvency II framework across such European jurisdictions generally results in a uniform approach to regulation. Typically, such regulation is for the protection of policyholders and ceding insurance companies rather than shareholders. Regulatory authorities generally have broad

supervisory and administrative powers over such matters as licenses, standards of solvency including minimum capital and surplus requirements, investments, reporting requirements

relating to capital structure, ownership, financial condition and general business operations, special reporting and prior approval requirements with respect to certain transactions among affiliates, reserves for unpaid losses and LAE, reinsurance, dividends and other distributions to shareholders, periodic examinations and annual and other report filings.

Available Information About Enstar

Our website is http://www.enstargroup.com. We make available free of charge, through our Investor Relations section of our website, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to these reports, as soon as reasonably practicable after the material is electronically filed with or otherwise furnished to the U.S. Securities and Exchange Commission (the "SEC").

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports are also available on the SEC’s website at http://www.sec.gov.

In addition, copies of our Code of Conduct and the governing charters for the Audit, Compensation, Executive, Investment, Nominating and Governance, and Risk Committees of our Board of Directors are available free of charge through our Corporate Governance section of our website.

The information contained on our website is not included as a part of, or incorporated by reference into, this filing.

ITEM 1A. RISK FACTORS

Any of the following risk factors could cause our actual results to differ materially from historical or anticipated results. These risks and uncertainties are not the only ones we face. There may be additional risks that we currently consider not to be material or of which we are not currently aware, and any of these risks could cause our actual results to differ materially from historical or anticipated results.

You should carefully consider these risks along with the other information included in this document, including the matters addressed above under "Cautionary Note Regarding Forward-Looking Statements" before investing in any of our securities. We may amend, supplement or add to the risk factors described below from time to time in future reports filed with the SEC.

We have categorized our risk factors into the following areas:

- Risks Relating to our Run-off Business
- Risks Relating to Taxation
- Risks Relating to Liquidity and Capital Resources
- Risks Relating to our Investments
- Risks Relating to Laws and Regulations
- Risks Relating to our Operations
- Risks Relating to Ownership of our Shares

Risks Relating to our Run-off Business

Inadequate loss reserves could reduce our net earnings and capital surplus, which could have a materially adverse impact on our results of operations and financial condition.

We are required to maintain a best estimate of reserves to cover the estimated ultimate liability for losses and LAE for both reported and unreported incurred claims. As of December 31, 2022, gross reserves for losses and LAE reported on our balance sheet were $13.0 billion. The process of establishing these reserves includes a significant level of judgment. As a result, these reserves are only estimates of what we expect the settlement and administration of claims will cost based on facts and circumstances known to us, as well as actuarial methodologies, historical industry loss ratio experience, loss development patterns, estimates of future trends and developments and other variable factors such as inflation. For example, while we monitor and adjust our reserves for the expected impact of inflation, the inherent uncertainties and inherent judgments that surround the estimation process make it so that we cannot be certain that our ultimate losses will not exceed our recorded estimates of losses and LAE.

We cannot be certain that ultimate losses will not exceed our recorded estimates of losses and LAE because of the uncertainties and inherent judgements that surround the estimation process (which are discussed in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates - Losses and Loss Adjustment Expenses"). As a result, actual losses and LAE paid will deviate, perhaps substantially, from the reserve estimates reflected in our financial statements due to legal, judicial, social or other factors. If our reserves are insufficient to cover our actual losses and LAE, we would have to augment our reserves and incur a charge to our earnings. Such a charge could be material and would reduce our net earnings and capital and surplus. Further, our success is dependent upon our ability to accurately assess the reserves associated with our existing businesses and the business that we will acquire in the future.

In our Run-off business, loss reserves include A&E liabilities of $2.0 billion as of December 31, 2022. We also hold defendant liabilities associated with personal injury A&E claims from acquired companies with legacy manufacturing businesses. As of December 31, 2022, defendant A&E liabilities reported on our balance sheet were $607 million. Ultimate values for A&E claims cannot be estimated using traditional reserving techniques, and there are significant uncertainties in estimating losses for these claims. Factors contributing to the uncertainty include long waiting periods, reporting delays and difficulties identifying contamination sources and allocating damage liability. Developed case law and adequate claim

history do not always exist for A&E claims, and changes in the legal and tort environment affect the development of such claims.

In addition, evolving industry practices and legal, judicial, social, and environmental conditions may result in unexpected claims and coverage issues that could adversely affect the adequacy of our loss reserves by extending coverage beyond the envisioned scope of insurance policies and reinsurance contracts, or by increasing the number or size of claims. Our exposure to these uncertainties could be exacerbated by an increase in insurance and reinsurance contract disputes, arbitration and litigation, as well as social and economic inflation trends, including expanded theories of liability and higher jury awards. For example, in areas such as mass tort litigation, we continue to see damages awarded that far exceed the economic damages of the claimant. Increasingly, the handling of insurance claims can also lead to bad faith or other forms of extra-contractual damages. These trends may not become apparent until long after we have acquired or assumed the affected insurance policies.

We may not be able to sustain our growth through acquisitions.

We pursue growth through financially beneficial acquisitions of companies and portfolios of (re)insurance business. Because the execution of our claims management strategies and associated payments result in the reduction of our loss reserves and LAE over time, we must continually acquire an adequate amount of run-off business that aligns with our strategic objectives to grow liabilities and assets under management. However, the acquisition of suitable run-off business is highly competitive and driven by many factors, including proposed acquisition price, reputation, collateral arrangements, and financial resources. Competitors continue to enter the insurance run-off space, and as a result, we may be unable to consummate acquisition transactions at acceptable prices and on acceptable terms, or at all, which could hinder our future growth.

The evaluation and negotiation of potential run-off acquisitions, as well as the integration of acquired businesses or portfolios in run-off, can be complex and costly and requires substantial management resources. Once we have signed a definitive agreement to acquire a business or portfolio, conditions to closing, such as obtaining regulatory or shareholder approvals, must be met prior to completing the acquisition. These and other closing conditions may not be satisfied, or may cause a material delay in the anticipated timing of closing. Such a failure or delay could result in significant expense, diversion of time and resources, reputational damage, litigation and a failure to realize the anticipated benefits of an acquisition, all of which could materially adversely impact our business, financial condition and results of operations.

Our acquisitions could involve additional risks that we may not be able to identify during the due diligence process, such as losses from unanticipated litigation, levels of covered claims or other liabilities and exposures, an inability to generate sufficient investment income and other revenue to offset acquisition costs and other financial exposures. Further, our counterparties may breach their representations and warranties and/or be unable or unwilling to meet their contractual obligations to us.

We may not be able to realize the anticipated benefits of acquisitions, which may result in underperformance relative to our expectations and have a material adverse effect on our business, financial condition or results of operations.

To achieve positive operating results from an acquisition, we must first price the transaction on favorable terms relative to the risks posed, and then we must successfully manage the acquired reserves and investments. Unlike traditional insurers and reinsurers, our companies and loss portfolios no longer underwrite new policies or collect underwriting premiums, and their stated provisions for losses and LAE may not be sufficient to cover future losses and the cost of run-off. Failure to successfully manage such reserves, including by effectively managing claims, collecting from insurers or reinsurers, controlling expenses and generating positive investment returns in line with our pricing assumptions, could result in us having to cover losses sustained with capital, which would materially and adversely impact our ability to grow our business and may result in material losses.

Further, the acquisitions we have made and expect to make in the future may pose operational challenges that expose us to risks relating to:

- the value of liabilities assumed being greater than expected;
- the value of assets or our anticipated return on assets being lower than expected or diminishing for reasons including credit defaults, changes in interest rates, declines in market value, inflation or delays in implementation of our intended investment strategies;
- funding cash flow shortages that may occur if anticipated revenues are not realized or are delayed, if expenses are greater than anticipated, or if assets are not liquid;

- integrating financial and operational reporting systems and internal controls of acquired businesses, including compliance with Section 404 of the Sarbanes-Oxley Act of 2002 and our reporting requirements under the Exchange Act;
- leveraging our existing capabilities and expertise into the business acquired and establishing synergies within our organization;
- funding increased capital needs and overhead expenses;
- integrating technology platforms and managing any increased cybersecurity risk;
- the timely transfer and integrity of data needed to manage acquired business;
- obtaining and retaining management personnel required for expanded operations;
- fluctuating foreign currency exchange rates relating to the assets and liabilities we may acquire;
- goodwill and intangible asset impairment charges; and
- complying with applicable laws and regulations.

If we are unable to address some or all of these challenges, our acquisitions may underperform relative to our expectations and our business may be materially and adversely affected.

Climate change may have an adverse impact on the returns from our run-off business as well as our investments, which could have an adverse effect on our results of operations or financial condition.

Our core focus is on acquiring and managing reinsurance companies and portfolios of reinsurance business in run-off, and as such climate change presents unique risks to our business stemming from insurance liabilities we acquire and the assets that back those liabilities. As we acquire liabilities, there is a risk that our current practices and processes do not successfully identify and/or price the risks arising from climate change, which could result in actual returns deviating adversely from those assumed when the transaction was priced. In addition, the disruption caused by changes in technology, governments and regulation as part of a societal transition to a lower carbon emitting economy could expose our investment portfolio to a loss of value in the near term and long term. For example, a swift, adverse repricing of carbon-intensive financial assets could expose our investments to losses in the near term and in the long term if the transition to a lower carbon-emitting economy is associated with increased production costs. Additionally, achieving any sustainability goals and commitments that we may set for ourselves in the future, or be required to meet, such as net zero greenhouse gas emissions, will require efforts that could significantly increase our costs of operations.

Risks Relating to Taxation

U.S. tax reform legislation, various international tax transparency and economic substance initiatives, and possible future tax reform legislation and regulations could materially affect us and our shareholders.

The Organization for Economic Co-operation and Development ("OECD") Pillar II initiative proposes a global minimum tax rate of 15% amongst its 142 member nations and other adopting countries. On December 20, 2021, the OECD released the final model rules on Pillar II (the “Model Rules”), which nations can adopt into local legislation to implement Pillar II on a global basis.

Three components of the Model Rules, the Income Inclusion Rule (“IIR”), the Under-Taxed Profit Rule (“UTPR”), and the Qualified Domestic Minimum Top up Tax (“QDMTT”) could potentially be applicable to our operations:

- The IIR establishes a global minimum tax in the jurisdiction of the parent company of a multinational enterprise (“MNE”). There is no current indication that Bermuda intends full implementation of the Model Rules.
- The UTPR, allows a portion of an MNE’s global profits with an effective tax rate below the 15% minimum rate to be taxed by other jurisdictions through an allocation model based on headcount and fixed tangible assets. The Model Rules give flexibility to allow jurisdictions several mechanisms to collect global profits. This includes directly taxing allocated income, reduction in any allowance for equity or by imputing deemed income.
- The Model Rules also propose that jurisdictions consider implementing a 15% QDMTT, which could qualify in substitution to the IIR, and could preclude other jurisdictions from utilizing the UTPR for taxing local profits.

The OECD is targeting the implementation of the IIR by 2024, and UTPR by 2025.

On July 20, 2022, the UK government released draft legislation to implement the IIR for accounting periods beginning on or after December 31, 2023.

On November 17, 2022, the UK announced its intention to legislate a QDMTT and it is expected that other jurisdictions may follow suit in the coming year.

On December 15, 2022, the European Union ("EU") member states unanimously adopted the Minimum Tax Directive, which provides guidance for enacting national legislation for the IIR and UTPR. The IIR will be applicable in EU member states for fiscal years starting on or after December 31, 2023, and the UTPR for fiscal years starting on or after December 31, 2024.

How Pillar II impacts our operations will heavily depend on how these rules are ultimately transposed into the local legislation of countries we operate in. Specifically, the planned adoption of the UTPR in the U.K. could have a material impact on our net earnings, which is dependent on how the UTPR is ultimately legislated in the U.K. We continue to monitor legislative changes as it relates to Pillar II and believe that the earliest material impact to the Company will be in 2025.

We might incur unexpected U.S., U.K., Australia, or other tax liabilities if companies in our group that are incorporated outside those jurisdictions are determined to be carrying on a trade or business in such jurisdictions.

We are currently not subject to tax in Bermuda. Under the Exempted Undertakings Tax Protection Act 1996, we have assurance that any legislation imposing an income, capital, or similar tax before March 31, 2035, will not apply to us. Given limitations imposed under this assurance, we cannot be certain that we will not be subject to tax after March 31, 2035. If our Bermuda profits are subject to tax in Bermuda or any other jurisdiction, this could have a material adverse impact on our business operations. Furthermore, a number of our subsidiaries are companies formed under the laws of Bermuda or other jurisdictions that do not impose income taxes, and it is our contemplation that these companies will not incur substantial income tax liabilities from their operations. Because the operations of these companies generally involve, or relate to, the insurance or reinsurance of risks that arise in higher tax jurisdictions, such as the United States, the United Kingdom and Australia, it is possible that the taxing authorities in those jurisdictions may assert that the activities of one or more of these companies creates a sufficient nexus in that jurisdiction to subject the company to income tax in such jurisdiction. There are uncertainties in how the relevant rules apply to insurance businesses, and in our eligibility for favorable treatment under applicable tax treaties. Accordingly, it is possible that our tax liabilities could be adversely impacted, which could reduce our net earnings.

U.S. persons who own our ordinary shares might become subject to adverse U.S. tax consequences as a result of "related person insurance income," if any, of our non-U.S. insurance company subsidiaries.

For any of our wholly-owned non-U.S. insurance company subsidiaries, if (1) U.S. persons are treated as owning 25% or more of our shares, (2) the related person insurance income ("RPII") of that subsidiary were to equal or exceed 20% of its gross insurance income in any taxable year, and (3) direct or indirect insureds of that subsidiary (and persons related to such insureds) own (or are treated as owning) 20% or more of the voting power or value of our shares, then a U.S. person who owns our shares directly, or indirectly through non-U.S. entities, on the last day of the taxable year would be required to include in income for U.S. federal income tax purposes that person's pro rata share of the RPII of such a non-U.S. insurance company for the entire taxable year, whether or not any such amounts are actually distributed. While proposed regulations put forth by the United States Department of Treasury and Internal Revenue Service on January 24, 2022 may change some of the ownership thresholds needed to qualify into RPII, we believe that some of the income thresholds above are not likely to be met. However, we cannot assure you that this will be the case. Accordingly, it is possible that a direct or indirect United States shareholder could be required to include amounts in its income in respect to RPII in any taxable year if the proposed regulations are finalized in their current form. We believe that these proposed changes would not affect the gross income threshold described above. These proposed regulations were subject to a 90-day comment period that ended on April 25, 2022. Comments submitted to these proposed regulations requested changes to the proposed regulations to ask that structures such as Enstar's not be subject to these rules. If these proposed regulations are finalized as proposed, they would be effective for tax years ending on or after January 25, 2022. Whether they will be finalized as proposed remains unclear.

Risks Relating to Liquidity and Capital Resources

The amount of statutory capital that we must hold in order to maintain our credit ratings and meet certain regulatory requirements can vary significantly and is sensitive to several factors.

Statutory capital requirements for our insurance subsidiaries are prescribed by the applicable insurance regulators in the jurisdictions in which we operate. Insurance regulators have established risk-based capital adequacy measures, such as the Bermuda Solvency Capital Requirement ("BSCR") in Bermuda and the Solvency II regime in the European Union and United Kingdom, which provide minimum solvency and liquidity requirements for insurance companies. The amount of capital that we and/or our insurance subsidiaries are required to hold may increase or decrease depending on a variety of factors including the amount of statutory income or losses generated by our insurance subsidiaries (which is sensitive to equity market and credit market conditions), the amount of statutory capital needed to support future growth through acquisitions, changes in the value of investments, the deterioration of market conditions due to global events, changes in interest rates and foreign currency exchange rates, as well as changes to the relevant regulatory capital adequacy measures and frameworks. Our overall liquidity and credit ratings are significantly influenced by the level of statutory capital and surplus in our insurance subsidiaries. If statutory capital requirements increase or if our insurance subsidiaries' solvency decreases, our subsidiaries would be required to hold more capital, and our ability to obtain distributions from these subsidiaries could be limited. If we fail to maintain adequate statutory capital, regulators may restrict our activities and prohibit us and our subsidiaries from completing acquisitions without raising additional capital. Additionally, if our BSCR falls below certain levels, it could trigger counterparty recapture rights and/or additional collateral requirements in certain of our reinsurance agreements.

We may require additional capital liquidity in the future that may not be available or may only be available on unfavorable terms.

Our future capital requirements depend on many factors, including acquisition and investment activity, our ability to manage the run-off of our assumed liabilities, our ability to establish reserves at levels sufficient to cover losses, and our obligations to satisfy applicable statutory capital requirements. We may need to raise additional capital and liquidity through equity or debt financings. Our ability to secure this financing may be affected by a number of factors, including volatility in the global financial markets, new or incremental tightening in the credit markets, low liquidity and the strength of our capital position and operating results. In addition, an unfavorable change or downgrade of our issuer credit ratings will increase the interest rate or other fees charged under our debt facilities and will make it more expensive for us to access capital markets. Any equity or debt financing, if available at all, may be on terms that are not favorable to us, and could limit our strategic, financial and operational flexibility, including as a result of the need to dedicate a greater portion of our cash flows from operations to preferred share dividends and interest and principal payments on our debt financing and to comply with more burdensome covenant restrictions from our various debt and letter of credit facilities.

In addition, we may not achieve the desired regulatory capital treatment for any potential issuance of debt or equity securities due to solvency capital eligibility requirements under the Bermuda Insurance (Group Supervision) Rules 2011 (the "Group Supervision Rules") to which we are subject. For example, our outstanding preferred shares and junior subordinated notes qualify as Tier 2 capital and our outstanding senior notes qualify as Tier 3 capital, in accordance with the Group Supervision Rules. For these instruments to continue to receive the intended regulatory capital treatment, their terms must reflect the criteria contained in the Group Supervision Rules and any amendments thereto. If the BMA applies any changes to the Group Supervision Rules governing eligible capital such that our outstanding preferred shares and notes no longer receive their intended capital treatment under the Group Supervision Rules, we may be unable to maintain adequate regulatory capital. If we cannot obtain adequate capital or regulatory credit, our business, results of operations and financial condition could be adversely affected by, among other things, our inability to finance future acquisitions.

Our reinsurance subsidiaries are often required to provide collateral to ceding companies pursuant to their reinsurance contracts. Their ability to conduct business could be significantly and negatively affected if they are unable to do so or if any letters of credit posted as collateral cannot be renewed or are drawn upon by a ceding company.

Our reinsurance subsidiaries are often required to post collateral in the form of letters of credit, trust funds or other assets to provide security for their reinsurance obligations and to provide ceding companies with statutory credit for such reinsurance. If our reinsurance subsidiaries are unable to post the required collateral or the cost of providing

such collateral materially increases, their operations could be significantly and negatively affected, which in turn could limit our ability to complete new reinsurance transactions on favorable terms or at all, which could negatively impact our business, financial condition and results of operations. Depending on multiple factors, our reinsurance subsidiaries may not be able to secure letters of credit to satisfy requirements to post collateral in support of their reinsurance obligations. If our reinsurance subsidiaries cannot post collateral in the form of letters of credit, then our reinsurance subsidiaries will have to post substitute collateral in the form of trust funds or other assets, limiting our ability to invest (and consequently reducing investment income from) such assets and constraining our liquidity, which could negatively impact our business, financial condition and results of operations. In addition, if the beneficiary of any letter of credit draws funds against the letter of credit, we would be obligated to immediately reimburse the bank that issued the letter of credit the amount of such drawn funds, which could increase our indebtedness and negatively affect our liquidity and financial condition.

Reinsurers may not satisfy their obligations to our reinsurance subsidiaries, which could result in significant losses or liquidity issues for us.

Our reinsurance subsidiaries are subject to credit risk with respect to their reinsurers because the transfer of risk to a reinsurer does not relieve our subsidiaries of their liability to the underlying insured. Reinsurance companies may be negatively impacted or downgraded during difficult financial and economic conditions. In addition, reinsurers may be unwilling to pay our subsidiaries even though they are able to do so, or disputes may arise regarding payment obligations. The failure of one or more of our subsidiaries' reinsurers to honor their obligations in a timely fashion may affect our cash flows and liquidity, reduce our net earnings or cause us to incur a significant loss. Disputes with our reinsurers may also result in unforeseen expenses relating to litigation or arbitration proceedings. A reinsurer's inability or unwillingness to honor its obligations may negate the intended risk-reducing impact of our reinsurance.

Exposure to reinsurers who represent meaningful percentages of our total reinsurance balances recoverable on paid and unpaid losses may increase the risks described above. For information on reinsurance balances recoverable on paid and unpaid losses, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Reinsurance Balances Recoverable on Paid and Unpaid Losses."

We are dependent on the ability of our subsidiaries to distribute funds to us.

We are a holding company and therefore we are dependent on distributions of funds from our operating subsidiaries to fund acquisitions, fulfill normal course financial obligations, including payments on our outstanding notes, and pay dividends to our shareholders, including holders of our preferred shares and, in turn, the related depositary shares. The ability of our reinsurance subsidiaries to make distributions to us may be limited by various business considerations and applicable insurance laws and regulations in jurisdictions in which we operate (which are described in "Item 1. Business - Regulation"). The ability of our subsidiaries to make distributions to us may also be restricted by, among other things, other applicable laws and regulations and the terms of our debt obligations and our subsidiaries' debt obligations. If our subsidiaries are restricted from making distributions to us, we may be unable to maintain adequate liquidity to fund acquisitions or fulfill our financial obligations.

Fluctuations in currency exchange rates may cause us to experience losses.

We maintain a portion of our investments, insurance liabilities and insurance assets denominated in currencies other than U.S. dollars. Consequently, we and our subsidiaries may experience foreign exchange losses, which could adversely affect our results of operations. Our reporting currency in our consolidated financial statements is U.S. dollars, therefore, fluctuations in exchange rates used to convert other currencies used by our subsidiaries, particularly Australian dollars, Canadian dollars, British pounds and Euros, into U.S. dollars will impact our reported financial condition, results of operations and cash flows from year to year.

Risks Relating to our Investments

The value of our investment portfolios and the investment income that we receive from these portfolios may decline materially as a result of market fluctuations and economic conditions.

We derive a significant portion of our income from our invested assets, which consist primarily of investments in fixed income securities. The value of our investments in fixed income securities will generally increase or decrease with changes

in interest rates and credit spreads. Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors

beyond our control. A rise in interest rates would, all else being equal (i.e., no movement in credit spreads), increase net unrealized losses, which would decline over time as each security approaches maturity. Conversely, a decline in interest rates, all else being equal, would increase net unrealized gains, which would decline over time as each security approaches maturity. Additionally, new investments of cash or the reinvestment of proceeds from sales of securities would be invested at the prevailing interest rates for each security, thereby increasing or decreasing net investment income on those proceeds. The fair market value of fixed income securities can also decrease as a result of a deterioration of the credit quality of those securities. Any perceived decrease in credit quality may cause credit spreads to widen, all else being equal, and this would result in an increase in net unrealized losses, which would decline over time as each security approaches maturity, assuming it does not default. A deterioration of credit quality on our fixed income securities may result in a preference to liquidate these securities in the financial markets. If we liquidate these securities during a period of deteriorating credit conditions, we may realize a significant loss. Although we attempt to take measures to manage the risks of investing in changing interest rate environments, we may not be able to mitigate interest rate sensitivity effectively. For example, as a result of central bank efforts to combat high inflation, interest rates increased dramatically, which contributed to the $1.6 billion of net unrealized losses on our fixed income securities (recorded through the income statement and other comprehensive income) for the year ended December 31, 2022. Additionally, declining market conditions or a perceived decrease in credit quality may cause issuers of the fixed income securities in which we invest to default on their obligations. In addition, we hold public company equity securities. Net investment income and net realized and unrealized gains or losses from our fixed income securities and equity securities could vary materially from expectations depending on general market conditions. For example, we may incur impairment charges resulting from revaluations of debt and equity securities and other investments. Increased volatility in the financial markets and overall economic uncertainty would increase the risk that the actual amounts realized in the future on our financial instruments could differ significantly from the fair values currently assigned to them.

Some of our fixed income securities, such as mortgage-based and other asset-backed securities, carry prepayment risk, or the risk that principal will be returned more rapidly or slowly than expected, as a result of interest rate fluctuations. When interest rates decline, consumers tend to make prepayments on their mortgages (often through refinancing), causing us to be repaid more quickly than we might have originally anticipated, meaning that our opportunities to reinvest these proceeds back into the investment markets may be at reduced interest rates (with the converse being true in a rising interest rate environment). Mortgage-backed and other asset-backed securities are also subject to default risk on the underlying securitized mortgages, which would decrease the value of our investments.

The changes in the market value of our securities that are classified as trading or AFS are reflected in our financial statements. Credit losses on our fixed income securities, AFS are recognized through an allowance account, which is also reflected in our financial statements. As a result, a decline in the value of the securities in our investment portfolios may materially reduce our net income and shareholders' equity, and may cause us to incur a significant loss. For more information on our investment portfolios, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Investable Assets."

Our investments in alternative investments, strategic investments in joint ventures and/or entities accounted for using the equity method may be illiquid and volatile in terms of value and returns.

In addition to fixed income securities, we have invested, and may continue to invest, in alternative investments such as hedge funds, fixed income funds, public equity funds, private equity funds and co-investments, CLO equities, CLO equity funds, real estate funds and other alternative investments. In addition, we have invested, and we may continue to make significant investments, in joint ventures and/or entities accounted for using the equity method that we do not control, which may limit our ability to take actions that could protect or increase the value of our investment. These and other similar investments may be illiquid due to restrictions on sales, transfers and redemption terms, may have different, more significant risk characteristics than our investments in fixed income securities and may also have significantly more volatile values and returns, all of which could negatively affect the market value of our investments, our investment income, and our overall portfolio liquidity. Alternative or "other" investments may not meet regulatory admissibility requirements or may result in increased regulatory capital charges to our insurance subsidiaries that hold these investments, which could limit those subsidiaries' ability to pay dividends and make capital distributions to us and, consequently, negatively impact our liquidity. For more information on our alternative investments, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Investable Assets."

The valuation of our investments may include methodologies, estimations and assumptions that are subject to differing interpretations and could result in changes to investment valuations that may materially adversely affect our financial condition or results of operations.

Fixed maturity and alternative investments, such as hedge funds, fixed income funds, public equity funds, private equity funds and co-investments, CLO equities, CLO equity funds, real estate funds, private credit funds, and infrastructure funds and co-investments represent the majority of our total cash and invested assets. These investments are reported at fair value on our consolidated balance sheet. Fair value prices for all trading and AFS securities in the fixed maturities portfolio are independently provided by our investment accounting service providers, investment managers, fund administrators, and investment custodians, each of which utilize internationally recognized independent pricing services. We record the unadjusted price provided by our investment accounting service providers, managers or custodians. Fair value for our alternative investments is estimated based primarily on the most recently reported net asset values reported by the fund manager. Additionally, for some strategic investments for which we have elected the fair value option, our valuations of these investments are based on internal valuation models and methodologies that are subject to estimates and judgements that can vary from quarter to quarter.

These valuation procedures involve estimates and judgments, and during periods of market disruptions (such as periods of significantly volatile interest rate changes, rapidly widening credit spreads or illiquidity), it may be difficult to value certain of our securities if trading becomes less frequent or market data becomes less observable. In addition, there may be certain asset classes that are now in active markets with significant observable data that become illiquid due to changes in the financial environment. In these cases, the valuation of a greater number of securities in our investment portfolio may require more subjectivity and management judgment. As a result, valuations may include inputs and assumptions that are less observable or require greater estimation as well as valuation methods that are more sophisticated or require greater estimation, which may result in valuations greater than the value at which the investments could ultimately be sold. Further, rapidly changing and unpredictable credit and equity market conditions could materially affect the valuation of securities carried at fair value as reported within our consolidated financial statements and the period-to-period changes in value could vary significantly. Decreases in value could have a material adverse effect on our financial condition and results of operations.

The nature of our liquidity demands and the structure of our investment portfolios may adversely affect the performance of our investment portfolio and financial results, as well as our investing flexibility.

We strive to structure the duration of our investments in a manner that recognizes our liquidity needs to satisfy future liabilities. Because of the unpredictable nature of losses and associated collateral provisions that may arise under the reinsurance policies issued by certain of our subsidiaries and as a result of our opportunistic commutation strategy, our liquidity needs can be substantial and may arise at any time. In that regard, we attempt to correlate the maturity and duration of our investment portfolio to our general liability profile. If we are unsuccessful in managing our investment portfolio within the context of this strategy, we may be forced to liquidate our investments at times and at prices that are not optimal, and we may have difficulty liquidating some of our alternative investments due to restrictions on sales, transfers and redemption terms. This could have a material adverse effect on the performance of our investment portfolio. Alternatively, we may experience a different investment income yield if the asset duration is shorter than our liability duration profile which could negatively impact our earnings.

We have many individual portfolios of cash and investments from our acquired companies and portfolios. Each investment portfolio has its own regulatory admissibility requirements, and each run-off entity is likely to have negative operating and financing cash flows due to commutation activity, claims settlements and capital distributions. These factors reduce our overall investing flexibility.

Risks Relating to Laws and Regulations

Insurance laws and regulations can restrict our ability to operate, and any failure to comply with these laws and regulations, or any investigations, inquiries or demands by government authorities, may have a material adverse effect on our business.

We are subject to the insurance laws and regulations in a number of jurisdictions worldwide. Existing laws and regulations, among other things, limit the amount of dividends and capital that can be paid to us by our reinsurance subsidiaries,

prescribe solvency and capital adequacy standards, impose restrictions on the amount and type of investments that can be held to meet solvency and capital adequacy requirements, require the maintenance of

reserve liabilities, and require pre-approval of acquisitions, reinsurance transactions and certain affiliate transactions. Failure to comply with these laws and regulations or to maintain appropriate authorizations, licenses, and/or exemptions under applicable laws and regulations may cause governmental authorities to preclude or suspend our insurance or reinsurance subsidiaries from carrying on some or all of their activities, place one or more of them into rehabilitation or liquidation proceedings, impose monetary penalties or other sanctions on them or our affiliates, or commence insurance company delinquency proceedings against our insurance or reinsurance subsidiaries. The application of these laws and regulations by various governmental authorities may affect our liquidity and restrict our ability to expand our business operations through acquisitions or to pay dividends on our ordinary or preferred shares. Furthermore, compliance with legal and regulatory requirements is likely to result in significant expenses, which could have a negative impact on our profitability. To further understand these regulatory requirements, see "Item 1. Business - Regulation."

We believe it is likely there will continue to be regulatory intervention in our industry in the future, and these initiatives could adversely affect our business. Additional laws and regulations have been and may continue to be enacted that may have adverse effects on our operations, financial condition, statutory capital adequacy, and liquidity. For example, in many of the jurisdictions in which we operate, including Bermuda, there are increased regulations relating to group supervision though cooperation and coordination among insurance regulators regardless of an individual company's domiciliary jurisdiction. The BMA acts as our Group supervisor, as described in "Item 1. Business – Regulation." We cannot predict the exact nature, timing or scope of these initiatives; however, we believe it is likely there will continue to be increased regulatory intervention in our industry in the future, and these initiatives could adversely affect our business.

Solvency II, the E.U. directive covering the capital adequacy, risk management and regulatory reporting for insurers, requires significant resources to ensure compliance by our European Economic Area ("EEA") companies. Additionally, if our non-EEA subsidiaries engage in insurance or reinsurance business in the EEA, additional capital requirements may be imposed for such companies to continue to insure or reinsure EEA-domiciled risk or cedants if their regulatory regime is not deemed to have Solvency II equivalence. Bermuda has gained Solvency II equivalence, and our Bermuda reinsurers are subject to requirements in line with a Solvency II framework. Continued compliance with Solvency II and similar laws and regulations will result in additional costs for us.

Our U.K.-based insurance and reinsurance subsidiaries consist of wholly-owned run-off companies that are authorized and regulated by the U.K. Regulator. Our U.K. run-off subsidiaries may not underwrite new business without the approval of the U.K. Regulator. In addition, our Lloyd's operations are subject to authorization and regulation by the U.K. Regulator and compliance with the Lloyd's Act(s) and Bylaws and regulations, as well as the applicable provisions of the FSMA. The Council of Lloyd's has wide discretionary powers to regulate its members, and its exercise of these powers might affect the return on an investment of the corporate member in a given underwriting year. Business plans, including maximum underwriting capacity, for Lloyd's syndicates require annual approval by the Lloyd's Franchise Board. Continued compliance with the rules of the PRA, Lloyd's and similar regulators will result in additional costs for us.

Our business is subject to laws and regulations relating to sanctions and foreign corrupt practices, the violation of which could adversely affect our financial condition and results of operations.

We are legally required to comply with all applicable economic sanctions, anti-bribery, anti-corruption and anti-money laundering laws and regulations of the jurisdictions in which we operate. U.S. laws and regulations applicable to our U.S. subsidiaries include the economic trade sanctions laws and regulations administered by the Treasury's Office of Foreign Assets Control, as well as certain laws administered by the U.S. Department of State. New sanction regimes may be initiated, or existing sanctions expanded, at any time, which can impact our business activities. In addition, our companies are subject to the U.S. Foreign Corrupt Practices Act and other anti-bribery laws such as the Bermuda Bribery Act and the U.K. Bribery Act that generally bar corrupt payments or unreasonable gifts to foreign governments or officials. Although we have policies and controls in place that are designed to ensure compliance with these laws and regulations, it is possible that an employee or intermediary could fail to comply with applicable laws and regulations. In such event, we could be exposed to civil penalties, criminal penalties and other sanctions, including fines or other punitive actions. Such civil or criminal penalties, sanctions, fines or other punitive actions, and the possibility of resulting damage to our business and/or reputation, could have a material adverse effect on our financial condition and results of operations.

Risks Relating to our Operations

We are dependent on our executive officers, directors and other key personnel and the loss of any of these individuals could adversely affect our business.

Our success depends on the ability of our senior management and other key employees to implement our strategy and operate our business. For example, our ability to source run-off acquisitions is critical to our business, and is in part dependent on the relationships of our senior management and other key personnel. The loss of their services or the services of other key personnel, or the loss of the services of or our relationships with any of our directors, could have a material adverse effect on our business.

Some of our directors, large shareholders and their affiliates have interests and/or other involvement with entities that can create conflicts of interest through related party transactions.

We have participated in transactions, investments and investment management arrangements in which one or more of our directors, large shareholders or their affiliates has an interest, and we may continue to do so in the future. Refer to Note 23 to our consolidated financial statements for further disclosure on these arrangements. In addition, some of our directors, large shareholders or their affiliates from time to time have ownership interests or other involvement with entities that compete against us or otherwise have interests that could, at times, be considered potentially adverse to us, either in the pursuit of acquisition targets, investments or in our business operations. The interests of our directors, large shareholders or their affiliates in related party transactions or competitive businesses may create the potential for, or result in, conflicts of interests.

Cybersecurity events or other difficulties with our information technology systems could disrupt our business, result in the loss of critical and confidential information, increased costs, and adversely impact our reputation and results of operations.

We rely heavily on the successful, uninterrupted functioning of our information technology systems, as well as those of any outsourced service providers, including third-party administrators and investment managers. We rely on these systems to securely and accurately process, store, and transmit confidential and other data in connection with our critical operational functions such as paying claims, performing actuarial and other modeling, pricing, quoting and processing policies, cash and investment management, acquisition analysis, financial reporting and other necessary support functions. Our information may also be exposed to the risk of a data breach or cyber-security incident through a breach or failure of our systems or a breach or failure of the systems of third parties where we rely on such parties for outsourced functions or services. A failure of our information technology systems or those of our third-party service providers could materially impact our ability to perform the critical functions described above, affect the confidentiality, availability or integrity of our proprietary information and expose us to litigation and increase our administrative expenses.

Computer viruses, cyber-attacks, phishing scams and other external hazards, as well as any internal process or employee failures, could expose our information technology systems to security breaches that may cause critical data to be corrupted or confidential or proprietary information to be exposed, cause system disruptions or shut-downs, or expose us to financial fraud. In addition to our own information, we receive and may be responsible for protecting confidential or personal information of ceding companies, policyholders, employees, and other third parties, which could also be compromised in the event of a security breach. In addition, many of our employees work remotely, and we are therefore more dependent on our information technology systems and the continued access by our employees and service providers to reliable and secure internet and telecommunications systems. If these systems do not function effectively or are disrupted due to heightened demand, cybersecurity attacks and data security incidents, or for any other related reason, it would negatively impact our ability to settle claims efficiently, complete acquisitions, integrate our acquired businesses, manage our investments, or otherwise conduct our business.

Although we utilize numerous controls, protections and risk management strategies to attempt to mitigate these risks, and management has not detected a material cyber-security incident to date, the sophistication and volume of these security threats continues to increase. In addition, the escalation of geopolitical tensions, such as those caused by the Russian invasion of Ukraine, could result in heightened cybersecurity threats. We may not have the technical expertise or resources to successfully prevent every data breach or cyber-security incident. The potential consequences of a data breach or cyber-security incident could include claims against us, significant reputational damage to our company, damage to our business as a result of disclosure of proprietary information, and regulatory action against us, which may include fines and penalties. Such an incident could cause us to lose business and

commit resources, management time and money to remediate these breaches and notify aggrieved parties, any of which in turn could have an adverse impact on our business. We may also experience increasing costs associated with implementing and maintaining adequate safeguards against these types of incidents and attacks.

In addition, the information security and data privacy regulatory environment is increasingly demanding. We are subject to numerous laws and regulations in multiple jurisdictions governing the protection of the personal and confidential information of our clients and/or employees, including in relation to medical records and financial information. These laws and regulations are rapidly expanding, increasing in complexity and sometimes conflict between jurisdictions. For example, the E.U. General Data Protection Regulation ("GDPR") creates rights for individuals to control their personal data and sets forth the requirements with which companies handling the personal data of E.U.-based data subjects have to comply (regardless of whether such data handling involves E.U.-based operations). We are also subject to the GDPR through our handling of the personal data of E.U.-based subjects in connection with our ordinary course operations. If any person, including any of our employees or those with whom we share such information, negligently disregards or intentionally breaches our established controls with respect to our client data, or otherwise mismanages or misappropriates that data, we could be subject to significant monetary damages, regulatory enforcement actions, fines and/or criminal prosecution in one or more jurisdictions, including as a result of a violation of the GDPR.

If outsourced providers such as third-party administrators, investment managers or other service providers were to breach their obligations to us, our business and results of operations could be adversely affected.

We outsource certain business functions to third-party providers, and these providers may not perform as anticipated or may fail to adhere to their obligations to us. For example, certain of our subsidiaries rely on relationships with a number of third-party administrators under contracts pursuant to which these third-party administrators manage and pay claims on our subsidiaries' behalf and advise with respect to case reserves. In these relationships, we rely on controls incorporated in the provisions of the administration agreement, as well as on the administrator's internal controls, to manage the claims process within our prescribed parameters. We also rely on external investment managers to provide services pursuant to the terms of our investment management agreements, including following established investment guidelines. Although we monitor these administrators and investment managers on an ongoing basis, we do not control them, and our service providers could exceed their authorities or otherwise breach their obligations to us, which, if material, could adversely affect our business and results of operations. For example, a third-party investment manager may breach our investment guidelines and expose us to risk beyond our prescribed tolerances, which could have an immediate negative financial impact. We may also be negatively impacted if third-party administrators mishandle claims, fail to administer claims effectively or efficiently, fail to maintain accurate books and records, or fail to comply with laws or regulations.

Risks Relating to Ownership of our Shares

The market price for our securities may experience volatility, which could cause a potential loss of value to our investors, and our ordinary shares are thinly traded, so the market value of our ordinary shares may decline if large numbers of shares are sold.

The market price for our ordinary shares and for the depositary shares representing our preferred shares may fluctuate substantially and could cause investment losses due to a number of factors. Such factors could include: announcements with respect to a specific acquisition or investment; changes in the value of our assets; our financial condition, performance and prospects; changes in projected inflation and interest rates; changes in general conditions in the economy and the insurance industry; economic, financial, geopolitical, regulatory or judicial events that affect us or the financial markets generally; changes in management; and adverse press or news announcements. For the depositary shares representing our preferred shares, such factors could also include: whether dividends have been declared on the preferred shares; whether the ratings on such depositary shares provided by any ratings agency have changed; changes in our credit ratings; our total outstanding indebtedness; the level, direction and volatility of market interest rates generally; and the market for similar securities.

Our ordinary shares have in the past been, and may continue to be, thinly traded, and significant sales could adversely affect the market price for our ordinary shares and impair our ability to raise capital through offerings of our equity securities.

A few significant shareholders may influence or control the direction of our business. If the ownership of our ordinary shares continues to be highly concentrated, it may limit the ability of other shareholders to influence significant corporate decisions.

The interests of certain significant shareholders, including those that may be affiliated with members of our Board of Directors (our "Board"), may not be fully aligned with those of other shareholders, which could lead to a strategy that is not in such other shareholders' best interests. As of December 31, 2022, the Canadian Pension Plan Investment Board ("CPPIB"), funds managed by Stone Point Capital LLC and its affiliates, Beck Mack & Oliver, and three of Enstar's executive officers (collectively) directly beneficially owned 9.4%, 9.7%, 4.3% and 5.6%, respectively, of our outstanding voting ordinary shares. CPPIB directly owns additional non-voting ordinary shares that, together with its voting shares, represented an economic interest of 17.2% as of December 31, 2022. In addition, CPPIB Epsilon Ontario Trust, an affiliate of CPPIB, is the general partner CPPIB Epsilon Ontario Limited Partnership, which indirectly beneficially owns 4.6% of our outstanding voting ordinary shares. Although they do not act as a group, these shareholders may exercise significant influence over matters requiring shareholder approval, and their concentrated holdings may delay or deter possible changes in control of Enstar, which may reduce the market price of our ordinary shares.

Some aspects of our corporate structure and certain regulatory limitations may discourage third-party takeovers and other transactions or prevent the removal of our Board and management.

Some provisions of our bye-laws have the effect of making more difficult or discouraging unsolicited takeover bids from third parties or preventing the removal of our current board of directors and management. For example, our bye-laws contain restrictions on the ability of shareholders to (i) nominate persons to serve as directors, (ii) remove directors, (iii) submit resolutions to a shareholder vote, and (iv) request special general meetings. Also, a merger or amalgamation would have to be approved by three-fourths of our voting ordinary shares to take effect. In addition, our Board may limit a shareholder's exercise of voting rights or to register a transfer of ordinary shares where it deems it necessary to do so to avoid adverse tax, legal or regulatory consequences. Our Board may also decline to register a transfer of shares unless all applicable consents, authorizations, permissions or approvals of any governmental body or agency in Bermuda and other applicable jurisdictions required to be obtained prior to such transfer shall have been obtained. We also have the authority under our bye-laws to reasonably request information from any shareholder for the purpose of determining whether a shareholder's voting rights are to be limited pursuant to the bye-laws, and if a shareholder is unable to do so, we may eliminate the shareholder's voting rights.

Insurance laws and regulations in the jurisdictions in which our insurance or reinsurance subsidiaries operate require prior notices or regulatory approval of changes in control of an insurer or its holding company. Different jurisdictions define changes in control differently, and generally any purchaser of 10% or more of the vote or value of our ordinary shares could become subject to regulation and be required to file certain notices and reports with the applicable insurance authorities. These laws and the aspects of our corporate structure outlined above may discourage potential acquisition proposals or prevent the removal of members of our Board and management and may delay, deter or prevent a change in control of us. To the extent these provisions discourage takeover attempts, they may deprive shareholders of opportunities to realize takeover premiums for their shares or may depress the market price of the shares.

Bermuda Law differs from the laws in effect in the United States. Shareholders who own our shares may have more difficulty protecting their interests than shareholders of a U.S. corporation.

We are organized under the laws of Bermuda, and as a result our shareholders may have more difficulty protecting their interests than shareholders of a U.S corporation. For example:

- class actions and derivative actions are generally not available to shareholders under Bermuda law;
- under Bermuda law, only shareholders holding collectively 5% or more of our outstanding ordinary shares or groups of shareholders numbering 100 or more are entitled to propose a resolution at our general meeting;
- a substantial portion of our assets and certain of our directors and officers and their assets are located outside of the United States and as a result investors may have difficulty (i) effecting service of process within the United States or (ii) recovering against us or these directors and officers on judgments of U.S. courts;
- no claim may be brought in Bermuda against us or our directors and officers for violations of U.S. federal securities laws, as such laws do not have force of law in Bermuda;

- there is no treaty in effect between the United States and Bermuda providing for the enforcement of judgments of U.S. courts, and there are grounds upon which Bermuda courts may not enforce judgments of U.S. courts; and
- some remedies available under the laws of U.S. jurisdictions, including U.S. federal securities laws, may be prohibited in Bermuda courts as contrary to Bermuda's public policy.

Certain regulatory and other constraints may limit our ability to pay dividends on our securities, and dividends on our preferred shares are non-cumulative.

We do not currently intend to pay a cash dividend on our ordinary shares. If our Board decided to commence a dividend program in the future, we are subject to significant regulatory and other constraints that affect our ability to pay dividends and make other distributions on our ordinary and preferred shares. For example, under the Bermuda Companies Act, we may declare or pay a dividend or distribution out of contributed surplus only if we have reasonable grounds to believe that we are, and would after the payment be, able to meet our liabilities as they become due or that the realizable value of our assets would thereby not be less than our liabilities. In addition, as described above under "Risks Relating to Liquidity and Capital Resources," we are a holding company that is dependent upon distributions from our operating subsidiaries for liquidity, which may not be available.

Dividends on our preferred shares are non-cumulative and payable only out of available funds under Bermuda law. If our Board (or a duly authorized committee thereof) does not authorize and declare a dividend for any dividend period, holders of our preferred shares and, in turn, the depositary shares representing preferred shares, would not be entitled to receive any such dividend, and such unpaid dividend will not accrue and will not be payable at any time. We will have no obligation to pay dividends for a dividend period on or after the dividend payment date for such period if our Board has not declared such dividend before the related dividend payment date, whether or not dividends are declared for any subsequent dividend period with respect to any outstanding preferred shares and/or our ordinary shares.

Our ordinary and preferred shares are subordinate to our existing and future indebtedness and our ordinary shares rank junior to our outstanding preferred shares.

Our preferred shares are equity interests and do not constitute indebtedness. As such, our preferred shares, in addition to our ordinary shares, will rank junior to all of our indebtedness and other non-equity claims with respect to assets available to satisfy our claims, including in our liquidation. Our preferred shares are also contractually subordinated in right of payment to all obligations of our subsidiaries, including all existing and future policyholder obligations of our subsidiaries. Additionally, neither our ordinary shares nor our preferred shares represent an interest in any of our subsidiaries, and accordingly, are structurally subordinated to all obligations of our subsidiaries. Further, in the event of our liquidation, winding up or dissolution, our ordinary shares rank junior to our outstanding preferred shares. In such an event, there may not be sufficient assets remaining after payments to holders of our outstanding preferred shares to ensure payments to holders of our ordinary shares.

There is no limitation on our issuance of securities that rank equally with or senior to the preferred shares.

We may issue, without limitation, (1) additional depositary shares representing additional preferred shares that would form part of one of the series of depositary shares representing our outstanding preferred shares, and (2) additional series of securities that rank equally with or senior to the outstanding preferred shares. The issuance of additional preferred shares on par with or senior to the outstanding preferred shares would dilute the interests of the holders of our preferred shares, and any issuance of preferred shares senior to our outstanding preferred shares or of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on our preferred shares, or to make payments to holders of our ordinary shares from remaining assets of the Company, in the event of a liquidation, dissolution or winding-up of Enstar.

The voting rights of holders of our preferred shares and, in turn, the depositary shares representing our preferred shares are limited.

Holders of our outstanding preferred shares and, in turn, the depositary shares representing the preferred shares have no voting rights with respect to matters that generally require the approval of voting shareholders. In addition, if dividends on any of our outstanding preferred shares have not been declared or paid for the equivalent of six dividend payments, whether or not for consecutive dividend periods, holders of the outstanding preferred shares and, in turn, the depositary shares, will, subject to the terms and conditions contained in the certificates of designation governing the preferred shares, be entitled to vote for the election of two additional directors to our Board. The holders shall be divested of the foregoing voting rights if and when dividends for at least four dividend

periods, whether or not consecutive, following a nonpayment event have been paid in full (or declared and a sum sufficient for such payment shall have been set aside). In addition, holders of the depositary shares must act through the depositary to exercise any voting rights in respect of the preferred shares. Although each depositary share is entitled to 1/1,000th of a vote, the depositary can vote only whole preferred shares. While the depositary will vote the maximum number of whole preferred shares in accordance with the instructions it receives, any remaining votes of holders of the depositary shares will not be voted.

We have no obligation to maintain any listing of the depositary shares representing our outstanding preferred shares.

Although the depositary shares representing our outstanding preferred shares are listed on NASDAQ, such listings may not provide significant liquidity, and transaction costs in any secondary market could be high. The difference between bid and ask prices in any secondary market could be substantial. As a result, holders of depositary shares representing our preferred shares (which do not have a maturity date) may be required to bear the financial risks of an investment in the depositary shares representing preferred shares for an indefinite period. In addition, we undertake no obligation, and expressly disclaim any obligation, to maintain the listing of the depositary shares representing our preferred shares on NASDAQ or any other stock exchange. If we elect to discontinue the listing at any time or the depositary shares representing the preferred shares otherwise are not listed on an applicable stock exchange, the dividends paid after the delisting would not constitute qualified dividend income for U.S. federal income tax purposes (as dividends paid by a Bermuda corporation are qualified dividend income only if the stock with respect to which the dividends are paid is readily tradable on an established securities market in the United States).

A classification of the depositary shares representing our preferred shares by the National Association of Insurance Commissioners may impact U.S. insurance companies that purchase our preferred shares.

The NAIC may, in its discretion, classify securities in U.S. insurers' portfolios as debt, preferred equity or common equity instruments. The NAIC's written guidelines for classifying securities as debt, preferred equity or common equity include subjective factors that require the relevant NAIC examiner to exercise substantial judgment. There is therefore a risk that the depositary shares representing our preferred shares may be classified by the NAIC as common equity instead of preferred equity. The NAIC classification determines the amount of risk-based capital ("RBC") charges incurred by insurance companies in connection with an investment in a security. Securities classified as common equity by the NAIC carry RBC charges that can be significantly higher than the RBC requirement for debt or preferred equity. Therefore, any classification of the depositary shares representing our preferred shares as common equity may adversely affect U.S. insurance companies that hold depositary shares representing our preferred shares. In addition, a determination by the NAIC to classify the depositary shares representing our preferred shares as common equity may adversely impact the trading of the depositary shares representing our preferred shares in the secondary market.

Our preferred shares are subject to our rights of redemption.

Our preferred shares are redeemable pursuant to the terms set forth in the certificate of designations governing such series. Whenever we redeem preferred shares held by the depositary, the depositary will, as of the same redemption date, redeem the number of depositary shares representing preferred shares so redeemed. We have no obligation to redeem or repurchase the preferred shares under any circumstances. If the preferred shares are redeemed by us, you may not be able to reinvest the redemption proceeds in a comparable security at a similar return on your investment.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

We renew and enter into new leases in the ordinary course of our business. We lease office space in Hamilton, Bermuda, where our principal executive office is located. We also lease office space in a number of U.S. states, the United Kingdom, Australia and several Continental European countries. We believe that this office space is sufficient for us to conduct our current operations for the foreseeable future, although in connection with future acquisitions from time to time, we may expand to different locations or increase space to support any such growth.

ITEM 3. LEGAL PROCEEDINGS

For a discussion of legal proceedings, see Note 25 in the notes to our consolidated financial statements, which is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Number of Holders

Our ordinary voting shares are listed on the NASDAQ Global Select Market under the symbol "ESGR." There is no established trading market for our non-voting ordinary shares. On February 27, 2023, there were 1,196 shareholders of record of our voting ordinary shares and one shareholder of record of our non-voting ordinary shares. This is not the number of beneficial owners of our voting ordinary shares as some shares are held in "street name" by brokers and others on behalf of individual owners.

Dividend Information

Historically, we have not declared a dividend on our ordinary shares. Our strategy is to retain earnings and invest distributions from our operating subsidiaries into our business. However, we may re-evaluate this strategy from time to time based on overall market conditions and other factors. Any payment of dividends must be approved by our Board. Furthermore, our ability to pay dividends is subject to certain restrictions.[3,4]

Issuer Purchases of Equity Securities

The following table provides information about ordinary shares acquired by the Company during the three months ended December 31, 2022.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [(1)]	Maximum Number (or Dollar Value) of Shares that May Yet be Purchased Under the Program[(1)]
				(in millions of U.S. dollars)
Beginning dollar amount available to be repurchased				$ 95
October 1, 2022 - October 31, 2022	—	$ —	—	—
November 1, 2022 - November 30, 2022	—	$ —	—	—
December 1, 2022 - December 31, 2022	—	$ —	—	—
	—		—	$ 95

[(1)] In May 2022, our Board authorized the repurchase of up to $200 million of our ordinary shares (the "2022 Repurchase Program"), which is effective through May 5, 2023. As of December 31, 2022, the remaining capacity under the 2022 Repurchase Program was $95 million.

[3] Described in Note 24 to our consolidated financial statements, which is incorporated herein by reference.

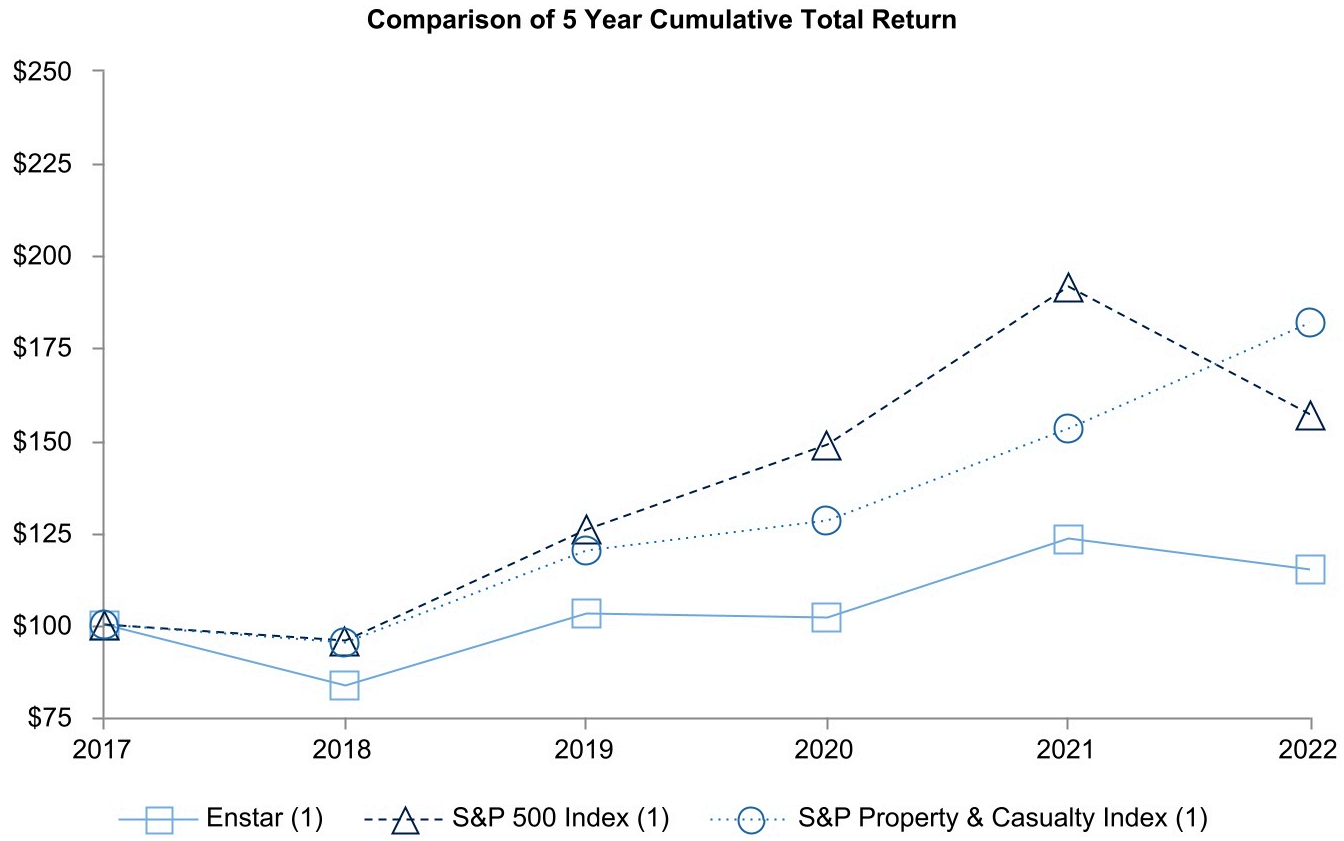
[4] For information on dividends on our preferred shares refer to Note 19 to our consolidated financial statements.

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Performance Graph

The following performance graph compares the cumulative total return on our ordinary shares with the cumulative total return on the S&P 500 Index and the S&P Property & Casualty Insurance Index for the period that commenced December 31, 2017 and ended on December 31, 2022.

The performance graph shows the value as of December 31 of each calendar year of $100 invested on December 31, 2017 in our ordinary shares, and the indices listed above, assuming the reinvestment of dividends. Returns have been weighted to reflect relative market capitalization. This information is not necessarily indicative of future returns.



	Indexed Returns (2) for Years Ended December 31,					
	2017	**2018**	**2019**	**2020**	**2021**	**2022**
Enstar (1)	100.00	83.47	103.04	102.06	123.33	115.09
S&P 500 Index (1)	100.00	95.62	125.72	148.85	191.58	156.88
S&P Property & Casualty Index (1)	100.00	95.31	119.97	128.31	153.05	181.93

(1) Source: S&P Global Market Intelligence

(2) $100 invested on December 31, 2017 in stock or index, including reinvestment of dividends.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report.

Some of the information contained in this discussion and analysis or included elsewhere in this annual report, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks, uncertainties and assumptions. Our actual results and the timing of events could differ materially from those anticipated by these forward-looking statements as a result of many factors, including those discussed under "Cautionary Statement Regarding Forward-Looking Statements", "Item 1A. Risk Factors" and elsewhere in this annual report.

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Operational Highlights

Our consolidated results for the year ended December 31, 2022 reflect our continued progress on providing capital release solutions to our clients by acquiring and managing their run-off portfolios.

During 2022 we:

Assumed $3.9 billion of Loss Reserves from Run-off Transactions, including $3.1 billion from Aspen

- In May 2022, we completed a loss portfolio transfer ("LPT") transaction with Aspen Insurance Holdings Limited ("Aspen") with respect to $3.1 billion of net loss reserves, subject to a limit of $3.6 billion. Our existing ADC with Aspen, which had acquired reserves of $782 million and closed in June 2020, was absorbed into this LPT.

  As a result of this LPT transaction, we assumed an incremental $1.9 billion of net loss reserves with a diverse mix of property, liability and specialty lines of business, in exchange for incremental premium of $1.8 billion[5], and assumed claims control.

- In August 2022, we closed a LPT transaction with Probitas Managing Agency Limited ("Probitas") and assumed $61 million of net loss reserves with respect to the 2018 and prior year of account exposures of Probitas' managed Syndicate 1492 which cover general liability and financial risks underwritten worldwide. The LPT converted into a reinsurance to close ("RITC") effective January 1, 2023 following regulatory approvals.

- In November 2022, we closed a LPT transaction with a wholly owned subsidiary of Argo Group International Holdings, Ltd. ("Argo") covering a number of its direct U.S. casualty insurance portfolios, including construction, for accident years 2011 to 2019.

  At closing, we assumed $718 million of Argo's net loss reserves in exchange for premium of $631 million, and recorded $93 million of DCA.

Substantially Completed the Unwind of Enhanzed Re's Reinsurance Transactions

- In June 2022, Enhanzed Re paid a $200 million dividend, of which $150 million was retained by the Company, and $50 million was paid to Allianz SE ("Allianz") in respect of its ownership interest in Enhanzed Re.

- Following the completion of our strategic review of Enhanzed Re earlier this year, in August 2022, we entered into a Master Agreement with Allianz through which we agreed to a series of transactions[6] that allowed us to unwind the Enhanzed Re reinsurance transactions in an orderly manner.

- Enhanzed Re completed and recognized the following transactions during the year ended December 31, 2022:
  - Commuted the catastrophe reinsurance business with Allianz, resulting in the recognition of a favorable commutation gain of $59 million; and
  - Repaid the $70 million, in aggregate principal, of subordinated notes issued by Enhanzed Re to an affiliate of Allianz.

- In November 2022, Enhanzed Re completed a novation of the reinsurance closed block of life annuity policies to Monument Re Limited ("Monument Re"). We settled the life liabilities and the related assets at carrying value in return for cash consideration as of the closing date. As at September 30, 2022, the carrying value of the life liabilities and related assets was $1.2 billion and $980 million, respectively, which would be recorded as $328 million[7] of other income if measured as of this date.
  - Our net earnings attributable to Enstar will be reduced by the amount attributable to Allianz's 24.9% noncontrolling interest in Enhanzed Re at the time of the transaction and a portion of our other income recorded will be subject to deferral over the expected settlement period for the life annuity policies to

[5] Refer to "New Business" section for further details.

[6] Refer to Note 1 to our consolidated financial statements for further details.

[7]The $328 million of other income will consist of the gain or loss on the novation transaction and the impact of the realization of AOCI relating to the adoption of the LDTI standard which was retrospectively applied as of the January 1, 2023 adoption date. Refer to Note 2 to our consolidated financial statements for further details.

account for our pre-existing 20% ownership interest in Monument Re, resulting in an expected overall increase in our first quarter 2023 net earnings of $197 million from the novation.

  - Activity for the period from October 1, 2022 to November 7, 2022 will impact the amount of other income and net earnings recorded.

- On December 28, 2022, Enhanzed Re repurchased the entire 24.9% ownership interest Allianz held in Enhanzed Re for $174 million. The purchase price will be subject to a post-closing adjustment based on the final net book value of Enhanzed Re as of December 31, 2022. Following the completion of this transaction, Enhanzed Re became a wholly-owned subsidiary of Enstar.
- The final impact of the novation and the share repurchase will be reflected in our first quarter 2023 results, as we report the results of Enhanzed Re on a one quarter reporting lag.

Executed Capital Transactions

- We completed a $500 million junior subordinated notes offering in January 2022, the net proceeds of which were primarily used to fund the payment at maturity of the outstanding $280 million aggregate principal amount of our senior notes, which matured in March 2022.
- We repurchased 697,580 voting ordinary shares during the year ended December 31, 2022 for an aggregate $163 million, representing an average price per share of $233.92. During the year ended December 31, 2022, we utilized $105 million of the $200 million authorized under the 2022 Repurchase Program and the remaining $59 million authorized under the 2021 Repurchase Program to repurchase our ordinary shares. There were no share repurchases during the three months ended December 31, 2022.

Consolidated Results of Operations - For the Years Ended December 31, 2022, 2021 and 2020

Primary GAAP Financial Measures

We use the following GAAP measures to manage the company and monitor our performance:

- Net earnings and net earnings attributable to Enstar ordinary shareholders, which collectively provide a measure of our performance focusing on underwriting, investment and expense results;
- Comprehensive income attributable to Enstar, which provides a measure of the total return, including unrealized investment gains and losses on investments, as well as other elements of other comprehensive income;
- Book value per share ("BVPS"), which we use to measure the value of our company over time;
- Return on equity ("ROE"), which measures our profitability by dividing our earnings attributable to the company by our shareholders' equity;
- Total investment return ("TIR"), which measures the rate of return we obtain, both realized and unrealized, on our investments; and
- Run-off liability earnings ("RLE") and RLE %, which measure both the dollar amount of prior period development we achieve on managing our acquired portfolios (RLE) and the percentage rate of return we obtain on managing our run-off liabilities by dividing our prior period net incurred losses and LAE by our average net loss reserves (RLE %).

We amended our calculation of TIR to include the unrealized gains (losses), net of reclassification adjustments and excluding foreign exchange on our AFS securities, included within other comprehensive income ("OCI"). We believe this represents a better measure of "total" investment return, and eliminates the discrepancy between the numerator and denominator, whereby the fair value of AFS securities includes any unrealized gains (losses) in AOCI. The change in the calculation was applied to all periods presented herein.

Effective December 31, 2022, we voluntarily changed our accounting policy for calculating the amortization of our DCAs and retrospectively applied this change to all applicable prior period financial statement information. As of January 1, 2020, the cumulative effect of this change resulted in a $158 million increase to retained earnings. The favorable impacts to net earnings for the years ended December 31, 2022, 2021 and 2020 were $163 million, $65 million and $4 million, respectively.

We regard DCA as an adjustment to the liabilities that we acquire and record at book value. As a result, DCA reflects the time value of money difference between the premium received and liabilities recorded. As a result of the change:

- We no longer adjust DCA amortization as if any change in ultimates losses were known on inception; and
- We have removed DCA amortization from our measures of RLE and RLE % as we now view DCA as a separate overall cost of the acquisition of the contract. The change in the calculation was applied to all prior periods presented herein.

Further information on this change in accounting principle can be found in Note 2 and Note 9 to our consolidated financial statements.

The following table sets forth certain consolidated financial information for the years ended December 31, 2022, 2021 and 2020:

	Year Ended December 31,				
	2022	2021	$ / pp Change	2020	$ / pp Change
	(in millions of U.S. dollars)				
Underwriting Results					
Net premiums earned	$ 66	$ 245	$ (179)	$ 572	$ (327)
Net incurred losses and LAE					
Current period	48	172	(124)	405	(233)
Prior Period	(756)	(403)	(353)	(32)	(371)
Total net incurred losses and LAE	(708)	(231)	(477)	373	(604)
Policyholder benefit expenses	25	(3)	28	—	(3)
Amortization of net deferred charge assets	80	55	25	39	16
Acquisition costs	23	57	(34)	171	(114)
Investment Results					
Net investment income	$ 455	$ 312	143	$ 303	9
Net realized (losses) gains	(135)	(61)	(74)	19	(80)
Net unrealized (losses) gains	(1,479)	178	(1,657)	1,623	(1,445)
(Loss) earnings from equity method investments	(74)	93	(167)	239	(146)
General and administrative expenses	$ 331	$ 367	(36)	$ 502	(135)
NET (LOSS) EARNINGS	$ (945)	$ 553	(1,498)	$ 1,731	(1,178)
NET (LOSS) EARNINGS ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	$ (906)	$ 502	(1,408)	$ 1,723	(1,221)
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO ENSTAR	$ (1,429)	$ 440	(1,869)	$ 1,832	(1,392)
GAAP measures:					
BVPS	$ 246.20	$ 329.20	$ (83.00)	$ 293.97	$ 35.23
ROE	(15.6)%	7.9 %	(23.5) pp	38.4 %	(30.5) pp
RLE %	6.3 %	3.9 %	2.4 pp	0.4 %	3.5 pp
TIR %	(9.0)%	2.0 %	(11.0) pp	14.6 %	(12.6) pp
Non-GAAP measures:					
Adjusted BVPS*	$ 243.09	$ 323.43	$ (80.34)	$ 288.56	$ 34.87
Adjusted ROE*	(1.1)%	10.1 %	(11.2) pp	41.9 %	(31.8) pp
Adjusted RLE % *	3.9 %	3.6 %	0.3 pp	3.5 %	0.1 pp
Adjusted TIR %*	(0.2)%	3.6 %	(3.8) pp	12.4 %	(8.8) pp

pp - Percentage point(s)

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

Overall Results

Year Ended December 31, 2022 versus 2021:

Net loss attributable to Enstar ordinary shareholders was $906 million for the year ended December 31, 2022, which compares to net income of $502 million from 2021, as a result of:

- Negative investment results (sum of net investment income, net realized (losses) gains, net unrealized (losses) gains and (loss) earnings for equity method investments) of $1.2 billion compared to favorable investment results of $522 million for the year ended December 31, 2021, primarily driven by:

- Net realized and unrealized losses of $1.6 billion, primarily related to fixed income assets, for the year ended December 31, 2022, compared to net gains of $117 million for the year ended December 31, 2021. Rising interest rates across U.S., U.K. and European markets, in addition to widening investment grade credit spreads led to the net losses on our fixed income securities, and global equity market declines and widening high yield and leveraged loan credit spreads led to the net losses on our other investments, including equities.
- Losses from equity method investments of $74 million compared to earnings of $93 million for the year ended December 31, 2021 further contributed to the decrease in our earned investment returns, primarily as a result of recognizing a $52 million other-than-temporary impairment relating to the carrying value of one of our equity method investments and consolidating Enhanzed Re effective September 1, 2021. Prior to that date, the results of Enhanzed Re were recorded in earnings from equity method investments within the Investments segment. Our earnings relating to Enhanzed Re prior to the consolidation in 2021 were $82 million.
- This was partially offset by an increase in net investment income of $143 million due to investment of new premium, reinvestment of maturing investments at higher yields and fixed income securities with floating rates which reset at higher rates of interest income.

- A net gain on purchase and sales of subsidiaries of $73 million in 2021, primarily driven by the bargain purchase gain recognized on the step acquisition of Enhanzed Re and a net gain on sales of subsidiaries of $26 million.
- Lower net earned premiums of $179 million, partially due to placing our Starstone International business into run-off in mid-2020.

This was partially offset by:

- Reduced total expenses of $477 million as a result of the combination of:
  - Reductions of $124 million in current period net incurred losses and LAE and $34 million in acquisition costs as a result of largely exiting or placing into run-off our active underwriting platforms, including StarStone International;
  - An increase in favorable development in net incurred losses and LAE for prior periods of $353 million, primarily driven by a change in fair value of our 2017 and 2018 portfolios where we elected the fair value option and reductions in estimates of net ultimate losses. This resulted in RLE of 6.3% in 2022 in comparison to RLE of 3.9% in 2021; in addition to
  - A reduction of $36 million in general and administrative expenses primarily driven by reductions to long-term incentive plan costs and a decrease in IT costs as a result of reduced project activity, partially offset by the absence of a proportional reduction in accrued performance-based costs which were recorded in the comparative period.

The above factors contributed to our 2022 net loss of $945 million as compared to 2021 net earnings of $553 million.

Comprehensive loss attributable to Enstar was $1.4 billion for the year ended December 31, 2022, as compared to comprehensive income of $440 million for the year ended December 31, 2021. The variance was primarily due to an increase in unrealized losses on our fixed income securities, AFS, as a result of rising interest rates. The unrealized losses on our fixed income securities, AFS, combined with our investment results, contributed to an unfavorable TIR of (9.0)% in 2022, in comparison to a TIR of 2.0% in 2021.

BVPS decreased by 25.2% primarily as a result of comprehensive loss attributable to Enstar of $1.4 billion.

As a result of the current period net loss and comprehensive loss attributable to Enstar described above, our ROE decreased by 23.5 pp.

Year Ended December 31, 2021 versus 2020:

Net earnings attributable to Enstar ordinary shareholders decreased by $1.2 billion from $1.7 billion in 2020 to $502 million in 2021, as a result of:

- Reduced investment results of $1.7 billion, driven by significant outperformance by our investments in 2020, during which period we had net unrealized gains of $1.6 billion not repeated in 2021. In 2021, we redeemed and liquidated the InRe Fund, which provided $1.2 billion of unrealized gains in 2020, and our other investments, including equities, were impacted by reduced U.S. and Chinese equity market returns combined with rising interest rates.
- Lower net premiums earned of $327 million, primarily relating to our legacy underwriting business which we exited in 2020. In 2021, we continued to earn premium from our Run-off segment relating to our AmTrust RITC transactions and StarStone International business, which was put into run-off effective June 2020 and transferred to the Run-off segment effective January 1, 2021.
- Decreased other income of $98 million, primarily from reduced favorable experience with our defendant A&E liabilities.

This was partially offset by:

- The net gain on purchase and sales of subsidiaries of $73 million, which was driven by a bargain purchase gain associated with our step acquisition of Enhanzed Re.
- Reduced total expenses of $858 million as a result of the combination of:
  - the exit of our legacy underwriting businesses resulting in a reduction of $349 million in current period net incurred losses and LAE, $138 million in acquisition costs and $148 million in general and administrative costs within the Legacy Underwriting segment; in addition to
  - an increase in favorable development in net incurred losses and LAE of $371 million, primarily driven by a change in fair value of our 2017 and 2018 portfolios where we elected the fair value option. This improved our RLE to 3.9% in 2021 compared to 0.4% in 2020.

The reductions in income and operating expenses described above resulted in a $1.2 billion decrease in net earnings from $1.7 billion to $553 million.

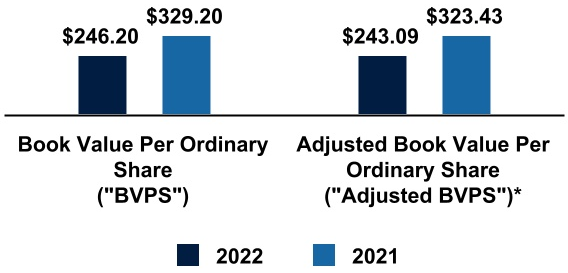
Comprehensive income attributable to Enstar decreased by $1.4 billion from $1.8 billion in 2020 to $440 million in 2021 due an increase in unrealized losses on our fixed income securities, AFS as a result of rising interest rates. The unrealized losses on our fixed income securities, AFS, combined with the unfavorable movement in our investment results, contributed to our TIR of 2.0% for 2021 which was significantly lower than our TIR of 14.6% for 2020.

BVPS increased by 12.0% as a result of repurchasing 18.6% of our ordinary shares at a 24.0% discount to book value, combined with comprehensive income attributable to Enstar of $440 million for 2021.

Overall, our ROE decreased by 30.5 pp.

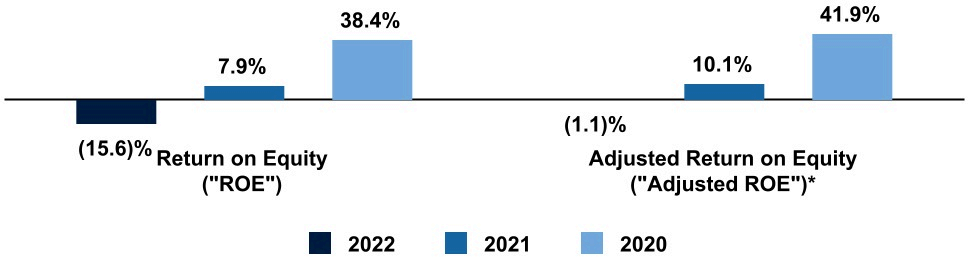
Overall Measures of Performance

BVPS and Adjusted BVPS*



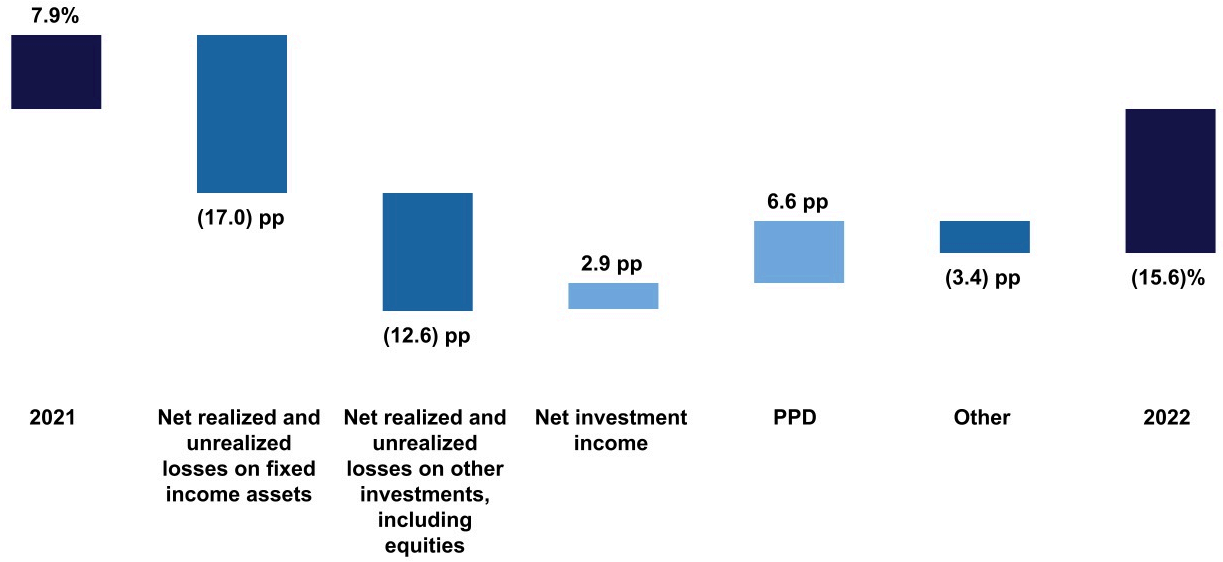
BVPS and Adjusted BVPS* decreased by 25.2% and 24.8%, respectively, from December 31, 2021 to December 31, 2022, primarily due to realized and unrealized investment losses of $1.8 billion (recorded through the income statement and other comprehensive income) for the year ended December 31, 2022.

ROE and Adjusted ROE*



2022 versus 2021

ROE decreased by 23.5 pp primarily due to the components in the following diagram:

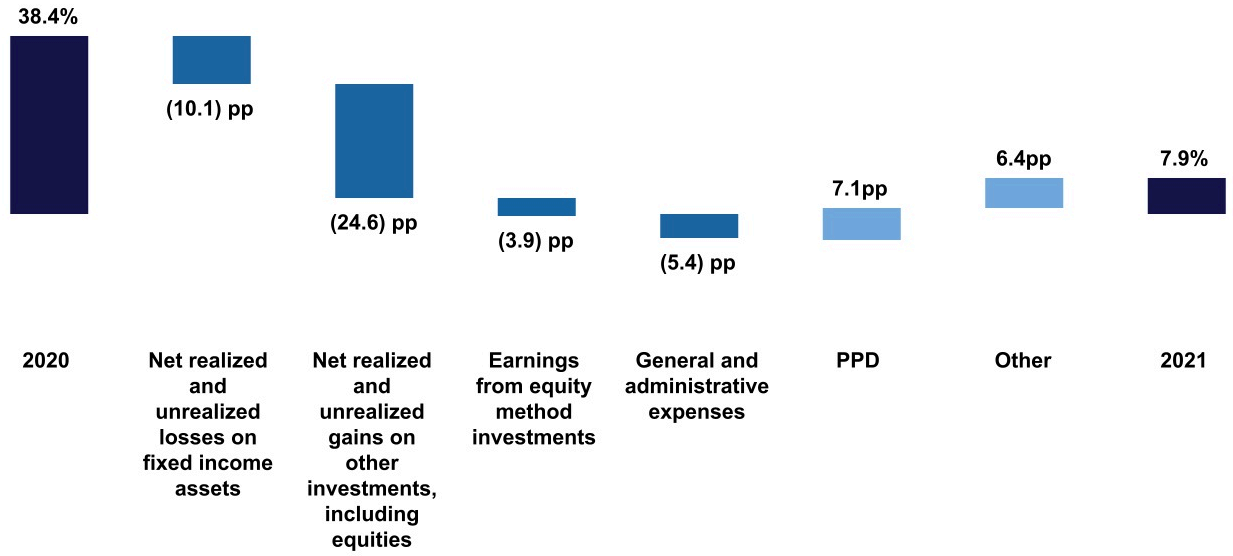


Adjusted ROE* decreased by 11.2 pp, as it excludes the impact of net realized and unrealized losses on fixed income securities.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

2021 versus 2020

ROE decreased by 30.5 pp primarily due to the components in the following diagram:



Adjusted ROE* decreased by 31.8 pp, as the impact of excluding the favorable change in the interest rate components of the valuation of liabilities for which we have elected the fair value option offset the exclusion of the unfavorable impact of net realized and unrealized losses on fixed income securities.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

We discuss the results of our operations by aggregating certain captions from our consolidated statements of earnings, as we believe it provides a more meaningful view of our results and eliminates repetition that would arise if captions were discussed on an individual basis.

In order to facilitate discussion, we have grouped the following captions:

- **Underwriting results**: includes net premiums earned, net incurred losses and LAE, policyholder benefit expenses and acquisition costs.
- **Investment results**: includes net investment income, net realized (losses) gains, net unrealized (losses) gains (recorded through the income statement and other comprehensive income) and (losses) earnings from equity method investments.
- **General and administrative results**: includes general and administrative expenses.

Underwriting Results

Our strategy is focused on effectively managing (re)insurance portfolios underwritten in previous years that we assume through our provision of capital release solutions and acquisition of portfolios and businesses in run-off.

Although we have largely exited our active underwriting platforms, we still record net premiums earned and the associated current period net incurred losses and LAE and acquisition costs as a result of the run-off of unearned premiums from transactions completed in recent years.

Premiums earned in the Run-off segment are generally offset by the related current period net incurred losses and LAE and acquisition costs.

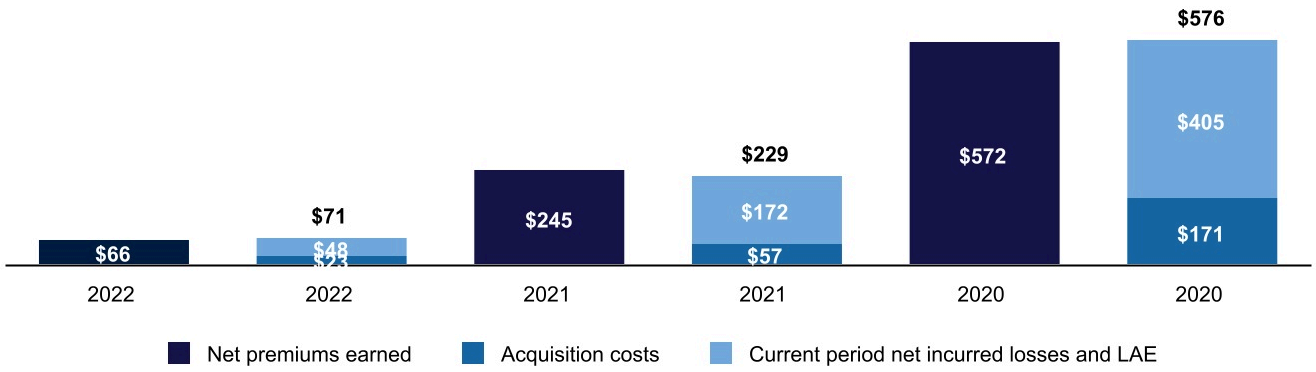
The components of underwriting results for the years ended December 31, 2022, 2021 and 2020 are as follows:

	2022					2021				
	Run-off	Assumed Life	Legacy Underwriting	Corporate and other	Total	Run-off	Assumed Life	Legacy Underwriting	Corporate and other	Total
	(in millions of U.S. dollars)									
Net premiums earned	$ 40	$ 17	$ 9	$ —	$ 66	$ 182	$ 5	$ 58	$ —	$ 245
Net incurred losses and LAE:										
Current period	44	—	4	—	48	144	2	26	—	172
Prior periods	(486)	(55)	3	(218)	(756)	(338)	—	(6)	(59)	(403)
Total net incurred losses and LAE	(442)	(55)	7	(218)	(708)	(194)	2	20	(59)	(231)
Policyholder benefit expenses	—	25	—	—	25	—	(4)	—	1	(3)
Acquisition costs	22	—	1	—	23	44	—	13	—	57
Underwriting results	$ 460	$ 47	$ 1	$ 218	$ 726	$ 332	$ 7	$ 25	$ 58	$ 422

	2020			
	Run-off	Legacy Underwriting	Corporate and other	Total
	(in millions of U.S. dollars)			
Net premiums earned	$ 59	$ 513	$ —	$ 572
Net incurred losses and LAE:				
Current period	30	375	—	405
Prior periods	(175)	(4)	147	(32)
Total net incurred losses and LAE	(145)	371	147	373
Acquisition costs	20	151	—	$ 171
Underwriting results	$ 184	$ (9)	$ (147)	$ 28

Current Period

The current period underwriting results from our (re)insurance operations include net earned premiums that have been declining as a result of our transition away from active underwriting activities.



The reductions in net premiums earned and current period net incurred losses and LAE were driven by reduced levels of activity arising from our exit of our active underwriting platforms beginning in 2020.

For the year ended December 31, 2022, we earned premium from our StarStone International business and from our Assumed Life segment. In comparison, our 2021 and 2020 earned premium was primarily driven by StarStone International and AmTrust RITC business, which was entered into in 2019.

Prior Periods - RLE

The following tables summarize RLE, RLE %, Adjusted RLE* and Adjusted RLE %* by acquisition year for the years ended December 31, 2022, 2021 and 2020, which management believes is useful in measuring and monitoring performance of our claims management activity on the portfolios that we have acquired. This permits comparability between acquisition years of different loss reserve volumes.

Refer to the table below for a summary of RLE and Adjusted RLE* for the year ended December 31, 2022:

	2022					
	RLE			Adjusted RLE*		
Acquisition Year	RLE / PPD	Average net loss reserves	RLE %	Adjusted RLE / PPD*	Average adjusted net loss reserves*	Adj RLE* %
	(in millions of U.S. dollars)					
2012 and prior	$ 15	$ 549	2.7 %	$ 27	$ 615	4.4 %
2013	(1)	186	(0.5)%	2	41	4.9 %
2014	30	765	3.9 %	15	82	18.3 %
2015	12	312	3.8 %	13	319	4.1 %
2016	14	731	1.9 %	22	808	2.7 %
2017	183	745	24.6 %	30	905	3.3 %
2018	58	913	6.4 %	19	985	1.9 %
2019	59	1,156	5.1 %	54	1,685	3.2 %
2020	(120)	719	(16.7)%	(120)	720	(16.7)%
2021	435	3,861	11.3 %	356	4,443	8.0 %
2022	71	2,032		71	2,033	
Total	$ 756	$ 11,969	6.3 %	$ 489	$ 12,636	3.9 %

2022:

Our RLE % was positively impacted by a net reduction in estimates of net ultimate losses of $403 million, a reduction of $200 million in the fair value of liabilities for which we have elected the fair value option and a $135 million reduction in provisions for ULAE.

We recorded:

Favorable RLE of $160 million in acquisition years 2019 and 2021 on our ADC contracts where our cedants have experienced continued favorable ground-up performance.

Favorable RLE in the 2017 acquisition year was driven predominantly by a reduction in the fair value of liabilities for which we have elected the fair value option.

Favorable RLE in the 2018 acquisition year was driven by favorable claims activity from major claims reviews on our professional indemnity/directors and officers and marine, aviation and transit lines of business for our Lloyd's syndicate books combined with a reduction in the fair value of liabilities where we have elected the fair value option.

Favorable RLE in the 2019 acquisition year was driven by continued favorable experience in an ADC contract.

Unfavorable RLE in the 2020 acquisition year was adversely impacted by general casualty liabilities where we experienced additional claim reporting latency and unexpected increased severity on a small number of large New York Labor Law claims, which resulted in increased overall ultimate loss estimates on one portfolio. In addition, we experienced higher than expected claims severity, primarily on older liabilities, and slower than expected claim settlement rates related to our ride share motor portfolio. This was partially offset by favorable development on other portfolios.

Favorable RLE in the 2021 acquisition year was driven by continued favorable experience in our workers' compensation portfolios, which benefited from lower severity trends on certain existing claims, reduced levels of expected frequency of claims for excess workers' compensation risks, favorable claim settlements, and accelerated and favorable claim settlement patterns on certain portfolios. In addition, we recorded favorable development on an ADC contract where the cedants have experienced continued favorable ground-up performance. We also recorded favorable claim activity on the Assumed Life segment catastrophe book, combined with the recognition of a gain on commutation of the catastrophe reinsurance business of $59 million.

Favorable RLE in the 2022 acquisition year was primarily driven by a portfolio where our initial estimate of claims handling costs (or ULAE) were reduced, as we achieved better than expected current and future cost economies of scale on this transaction.

Our Adjusted RLE %* was positively impacted by the net reduction in estimates of net ultimate losses relating to the Run-off segment, as described above. It excludes the impact of the changes in the discount rate upon the fair value of liabilities where we have elected the fair value option and the amortization of fair value adjustments relating to purchased subsidiaries.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

Refer to the table below for a summary of RLE and Adjusted RLE* for the year ended December 31, 2021:

	2021					
	RLE			Adjusted RLE*		
Acquisition Year	RLE / PPD	Average net loss reserves	RLE %	Adjusted RLE / PPD*	Average adjusted net loss reserves*	Adjusted RLE* %
	(in millions of U.S. dollars)					
2012 and prior	$ 34	$ 558	6.1 %	$ 39	$ 633	6.2 %
2013	9	133	6.8 %	3	58	5.2 %
2014	25	945	2.6 %	30	102	29.4 %
2015	21	370	5.7 %	22	378	5.8 %
2016	10	815	1.2 %	8	894	0.9 %
2017	89	1,006	8.8 %	34	1,069	3.2 %
2018	45	1,208	3.7 %	38	1,237	3.1 %
2019	47	1,320	3.6 %	92	1,871	4.9 %
2020	(27)	1,845	(1.5)%	(27)	1,845	(1.5)%
2021	150	2,144	7.0 %	142	2,368	6.0 %
Total	$ 403	$ 10,344	3.9 %	$ 381	$ 10,455	3.6 %

2021:

Overall, RLE % and Adjusted RLE* % were primarily driven by net favorable actual claims experience compared with our expected claims trends. This was notable in the 2012 and prior, 2017 and 2018 acquisition years.

RLE was positively impacted by a net reduction in estimates of net ultimate losses of $281 million, a reduction of $75 million in the fair value of liabilities for which we have elected the fair value option and a $63 million reduction in provisions for ULAE.

Adjusted RLE* excludes the impact of the changes in the discount rate upon the fair value of liabilities where we have elected the fair value option, the impact of changes in ULAE and the amortization of fair value adjustments relating to purchased subsidiaries.

Other notable events within our acquisition years were:

Adjusted RLE* for our 2019 acquisition year had lower than expected asbestos related claim frequency related to our defendant A&E liabilities. RLE and RLE % does not include the impact of changes to our defendant A&E liabilities.

Our 2020 acquisition year had adverse development on our motor book offset by favorable development in other portfolios relating to the 2018 and 2019 accident years.

Acquisition year 2021 experienced favorable claim activity in our professional indemnity/directors and officers and motor lines of business relative to expectations at take-on.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

Refer to the table below for a summary of RLE and Adjusted RLE* for the year ended December 31, 2020:

	2020					
	RLE			Adjusted RLE*		
Acquisition Year	RLE / PPD	Average net loss reserves	RLE %	Adjusted RLE / PPD*	Average adjusted net loss reserves*	Adjusted RLE* %
	(in millions of U.S. dollars)					
2012 and prior	$ 44	$ 674	6.5 %	$ 51	$ 756	6.7 %
2013	16	$ 174	9.2 %	9	73	12.3 %
2014	1	1,064	0.1 %	3	111	2.7 %
2015	20	451	4.4 %	21	463	4.5 %
2016	21	915	2.3 %	36	999	3.6 %
2017	(50)	1,108	(4.5)%	39	1,178	3.3 %
2018	18	1,459	1.2 %	69	1,504	4.6 %
2019	33	1,495	2.2 %	130	2,034	6.4 %
2020	(71)	1,011	(7.0)%	(71)	1,011	(7.0)%
Total	$ 32	$ 8,351	0.4 %	$ 287	$ 8,129	3.5 %

2020:

Overall, RLE % and Adjusted RLE* % were primarily driven by a mix of favorable and unfavorable actual claims experience compared with our expected claims trends. Our experience was notably favorable in our 2012 and prior, 2016, 2017 and 2018 acquisition years, offset by adverse development in our 2020 acquisition year as detailed below.

RLE was adversely impacted by an increase of $119 million in 2020 relating to the change in the discount rate component of the fair value of liabilities for which we have elected the fair value option in the 2017 and 2018 acquisition years as a result of decreases in interest rates, which was offset by a net reduction in estimates of net ultimate losses of $130 million and a $49 million reduction in provisions for ULAE.

Other notable events within our acquisition years were:

Adjusted RLE* for our 2016 and 2019 acquisition years were favorably impacted by lower than expected asbestos related claim frequency related to our defendant A&E liabilities. RLE and RLE % does not include the impact of changes to our defendant A&E liabilities.

Our 2017 and 2018 acquisition years had favorable development on losses relating primarily to older accident years on asbestos related claims and reduced asbestos related claim frequency, partially offset by the adverse impact on RLE % of changes in the discount rate component of the fair value of liabilities for which we have elected the fair value option.

Our 2020 acquisition year was driven by adverse development on the motor book, offset by favorable development in other portfolios relating to older accident years.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

Investment Results

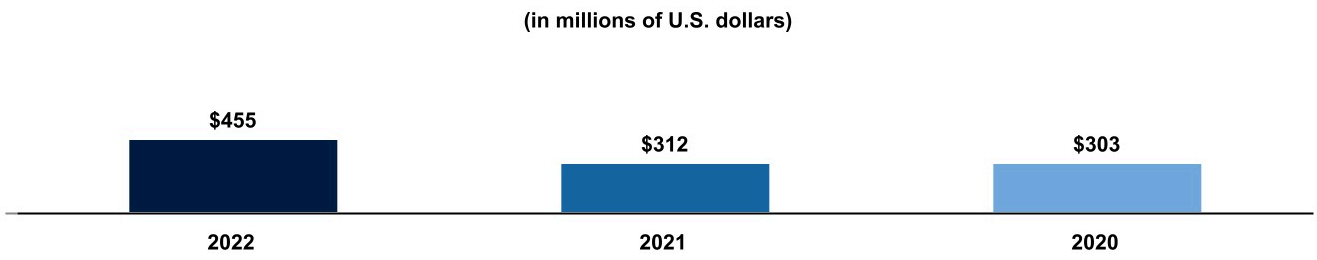
We strive to structure our investment holdings and the duration of our investments in a manner that recognizes our liquidity needs, including our obligation to pay losses and future policyholder benefit expenses.

The components of our investment results split between our fixed income assets (which includes our short-term and fixed maturity investments classified as trading and AFS, funds held-directly managed, cash and cash equivalents, including restricted cash and cash equivalents, and funds held by reinsured companies, collectively our “Fixed Income” assets) and other investments (which includes equities and equity method investments, collectively our “Other Investments”) for the years ended December 31, 2022, 2021 and 2020 are as follows:

	2022			2021			2020		
	Fixed Income	Other Investments	Total	Fixed Income	Other Investments	Total	Fixed Income	Other Investments	Total
	(in millions of U.S. dollars)								
Net investment income	$ 373	$ 82	$ 455	$ 239	$ 73	$ 312	$ 256	$ 47	$ 303
Net realized (losses) gains	(111)	(24)	(135)	(4)	(57)	(61)	18	1	19
Net unrealized (losses) gains	(1,070)	(409)	(1,479)	(206)	384	178	288	1,335	1,623
Earnings (losses) from equity method investments	—	(74)	(74)	—	93	93	—	239	239
Other comprehensive income:									
Unrealized (losses) gains on fixed income securities, AFS, net of reclassification adjustments excluding foreign exchange	(570)	—	(570)	(100)	—	(100)	70	—	70
TIR ($)	$ (1,378)	$ (425)	$ (1,803)	$ (71)	$ 493	$ 422	$ 632	$ 1,622	$ 2,254
TIR %	(9.3)%	(8.2)%	(9.0)%	(0.5)%	8.8 %	2.0 %	5.7 %	36.9 %	14.6 %
Adjusted TIR %*	2.3 %	(8.2)%	(0.2)%	1.6 %	8.8 %	3.6 %	2.4 %	36.9 %	12.4 %

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

Net Investment Income



2022 versus 2021: Net investment income increased primarily due to:

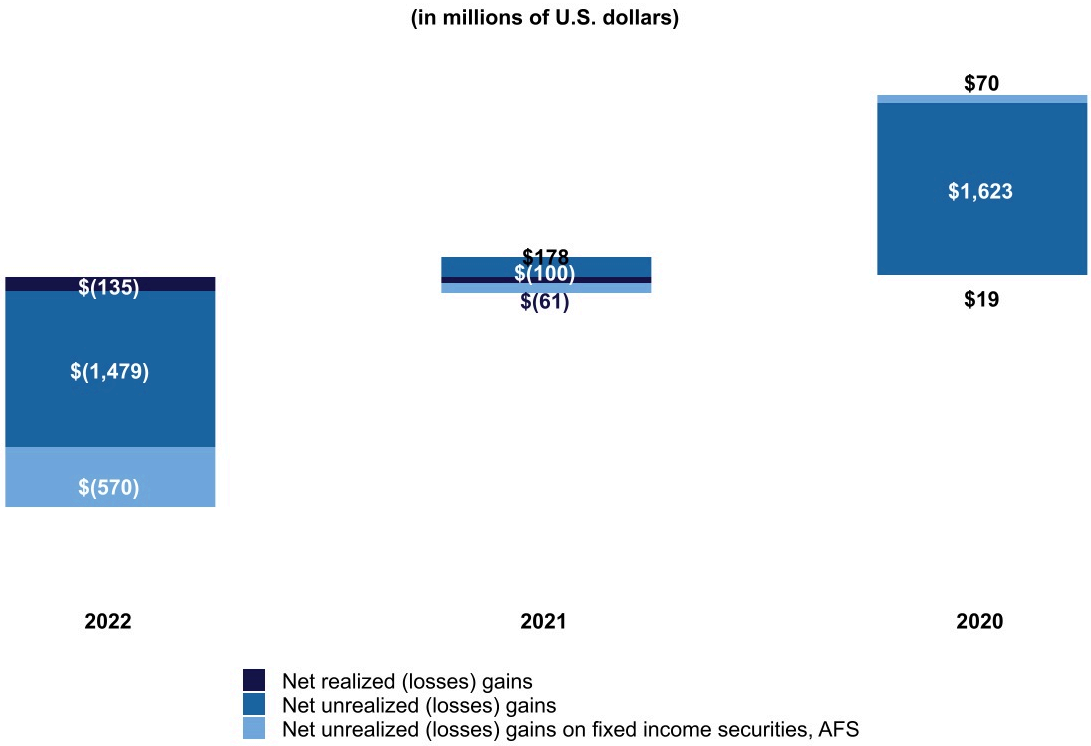
- an increase in our average aggregate fixed income assets of $1.2 billion due to new business acquired during 2022 and late 2021; and
- an increase in our book yield of 63 basis points due to a combination of investment of new premium and reinvestment of fixed income securities at higher yields and the impact of rising short-term interest rates on the $2.9 billion of our fixed income securities that are subject to floating interest rates. Our floating rate investments generated increased net investment income of $59 million, which equates to an increase of 195 basis points on those investments in comparison to the prior year.

2021 versus 2020: Net investment income increased primarily due to:

- an increase in our average aggregate fixed income assets of $4.2 billion due to new business during 2021; partially offset by

- a decrease in the investment yield primarily due to time required to invest premium from 2021 transactions.

Net Realized and Unrealized (Losses) Gains included in Comprehensive Income



2022 versus 2021: The negative variance of $2.2 billion when comparing net realized and unrealized losses in 2022 to net realized losses and net unrealized gains in 2021 was the result of:

- an increase in net realized and unrealized losses on fixed income assets, including OCI of $1.4 billion, primarily driven by more than 270 basis points of rising interest rates across U.S., U.K. and European markets, in addition to widening of investment-grade credit spreads through 2022; and
- net realized and unrealized losses on other investments, including equities, of $433 million compared to net gains of $327 million in 2021. The unfavorable variance of $760 million was primarily driven by:
  - losses from our public equities, fixed income funds, CLO equities and hedge funds in 2022, largely as a result of global equity market declines and the widening of high yield and leveraged loan credit spreads; in comparison to
  - net realized and unrealized gains recognized in 2021 in our fixed income funds, public equity, private equity CLO equities, private debt and real estate holdings, driven by the tightening of high yield and loan spreads and rallies in global equity markets.

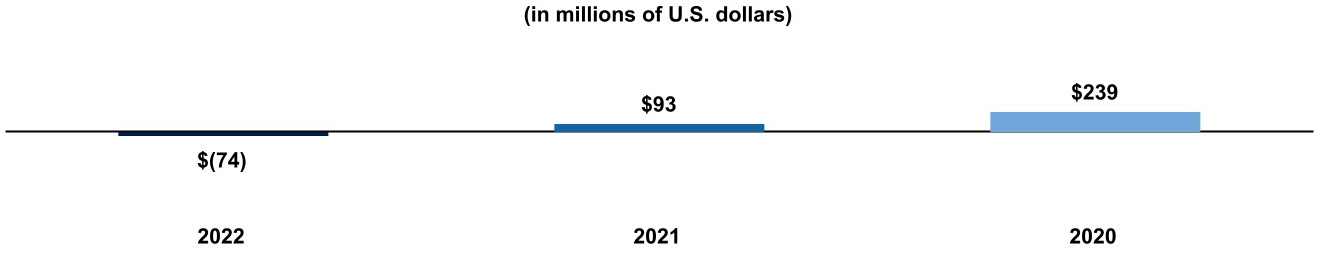
2021 versus 2020: Net realized and unrealized gains decreased primarily due to:

- net realized and unrealized losses on fixed income assets, including OCI of $310 million in 2021 compared to net realized annualized gains, including OCI of $376 million in the prior year, a negative variance of $686 million, which was primarily driven by rising interest rates across U.S., U.K. and European markets, partially offset by a tightening in credit spreads; and
- a decrease in net realized and unrealized gains on other investments, including equities, of $1.0 billion or 75.5%, from the prior year. This was primarily driven by:
  - net realized and unrealized losses of $58 million in the InRe Fund primarily due to the deterioration of global and Chinese equity markets through the second half of 2021, including Chinese American Depository Receipts (“ADRs”), to which the fund had exposure; partially offset by

- net realized and unrealized gains of $327 million in our public equity, private equity and CLO equities, driven by tightening of high yield and loan spreads and rallies in global equity markets.
- This was in comparison to net realized and unrealized gains of $1.3 billion recognized in 2020, mainly driven by unrealized gains of $1.2 billion relating to the InRe Fund.

Earnings (losses) from equity method investments

Effective September 1, 2021, Enhanzed Re was consolidated by us[8]. Prior to that date, the results of Enhanzed Re were recorded in earnings (losses) from equity method investments on a one quarter lag.



2022 versus 2021: The negative variance of $167 million when comparing losses in 2022 from equity method investments to earnings in 2021 was primarily due to:

- our acquisition of the controlling interest in and subsequent consolidation of Enhanzed Re in 2021 (which included $82 million of equity method earnings prior to its consolidation in September 2021); and
- recognizing a $52 million other-than-temporary impairment to the carrying value of one of our equity method investments.

The consolidated net loss from Enhanzed Re was $235 million for the year ended December 31, 2022, driven by unrealized investment losses which compared to the $82 million from Enhanzed Re that was included in equity method investment earnings in 2021.

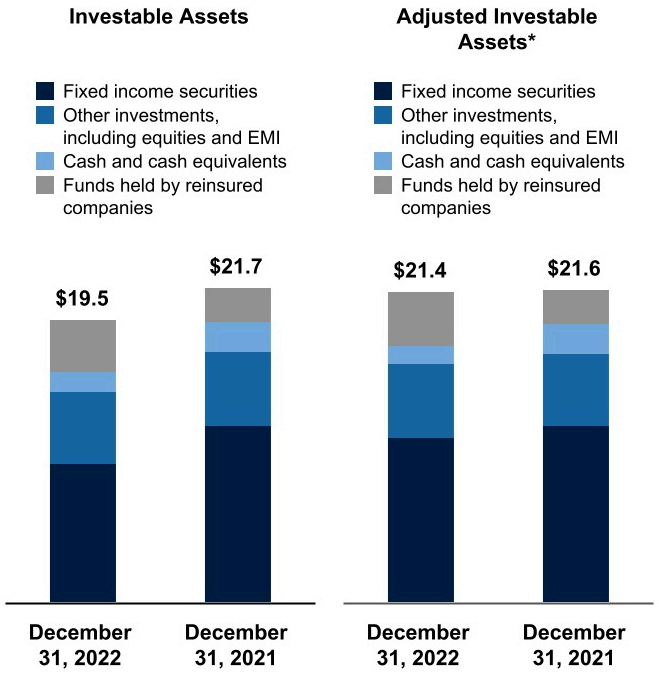
2021 versus 2020: Earnings from equity method investments decreased, primarily due to:

- a reduction in Enhanzed Re earnings, primarily driven by catastrophe losses from the European storms, German floods and worsening of COVID-19 claims sustained in the second quarter of 2021 for which our share of losses was $35 million, partially offset by significant net realized and unrealized gains on investments in the last quarter of 2020; and
- a reduction in Monument Re earnings as a result of a decrease in bargain purchase gains relative to the comparative period.

[8] Refer to Note 4 to the consolidated financial statements for further information.

Investable Assets

The below charts are in billions of U.S. dollars



- Investable assets decreased by 10.0% from December 31, 2021 to December 31, 2022, primarily due to a decline in the carrying value of our fixed income assets and other investments, including equities, and due to assets used to support net paid losses, partially offset by assets assumed from new transactions during the year.
- Adjusted investable assets* decreased by 1.2% from December 31, 2021 to December 31, 2022, as a result of a decline in the carrying value of our other investments, including equities, and the impact of net paid losses, partially offset by assets assumed from new transactions during the year.
- Cash and cash equivalents decreased by $762 million from December 31, 2021 to December 31, 2022, primarily as a result of the redeployment of a portion of the InRe Fund redemptions to other investments, including equities.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measures.

Duration and average credit rating

The fair value, duration and average credit rating by segment is as follows:

	2022			2021		
Segment	**Fair Value ($) [1]**	**Average Duration (in years) [2]**	**Average Credit Rating [3]**	**Fair Value ($) [1]**	**Average Duration (in years) [2]**	**Average Credit Rating [3]**
Investments						
Run-off	$ 9,871	4.02	A+	$ 12,680	4.54	A+
Assumed Life	908	8.90	A-	1,454	14.62	A-
Total - Investments	10,779	4.44	A+	14,134	5.69	A+
Legacy Underwriting	179	2.26	AA-	212	2.37	AA-
Total	**$ 10,958**	**4.40**	**A+**	**$ 14,346**	**5.72**	**A+**

[1] The fair value of our fixed income securities and cash and cash equivalents by segment does not include the carrying value of cash and cash equivalents within our funds held-directly managed portfolios.

[2] The average duration calculation includes cash and cash equivalents, short-term investments and fixed income securities, as well as the fixed income securities and cash and cash equivalents within our funds held-directly managed portfolios.

[3] The average credit ratings calculation includes cash and cash equivalents, short-term investments, fixed income securities and the fixed income securities within our funds held - directly managed portfolios.

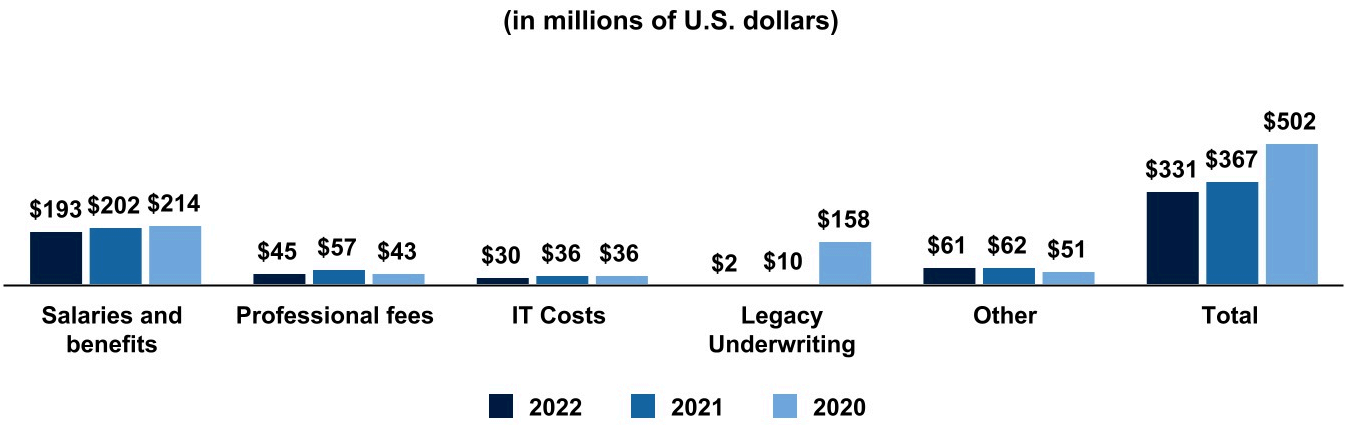
The overall decrease in the balance of our fixed income securities and cash and cash equivalents of $3.4 billion for the year ended December 31, 2022 was driven by the redeployment of a portion of the InRe Fund redemptions from cash and cash equivalents to other investments, including equities, the recognition of net unrealized losses on our fixed income securities as described above and the impact of net paid losses.

As of both December 31, 2022 and 2021, our fixed income securities and cash and cash equivalents had an average credit quality rating of A+ .

As of December 31, 2022 and 2021, our fixed income securities that were non-investment grade (i.e. rated lower than BBB- and non-rated securities) comprised 6.5% and 5.6% of our total fixed income securities portfolio,

respectively. The increase in non-investment grade fixed income securities was driven by the redeployment of a portion of the InRe Fund redemptions to higher-yielding fixed income securities during the year.

General and administrative expenses



2022 to 2021: The $36 million decrease in general and administrative expenses was driven by reductions in professional fees and salaries and benefits expenses, driven by a reduction in variable incentive plan results. This was partially offset by an increase in accrued short term incentives.

2021 to 2020: The $135 million decrease in general and administrative expenses was primarily driven by the decision to place StarStone International in run-off and the sale of Atrium. There was an additional decrease in salaries and benefits expenses due to reductions in performance-based salaries and benefits costs and lower headcount.

New Business

We define new business as material transactions, which generally take the form of reinsurance or direct business transfers, or business acquisitions.

When we acquire new business through reinsurance or direct business transfers, the liabilities we assume typically exceed the fair value of the assets we receive. This is generally due to the future earnings expected on the assets.

The difference between the liabilities assumed and the assets acquired is recorded as a DCA or DGL, which is then amortized over the expected settlement period. As such, the performance of the new business is assessed over time by comparing the net of investment income, loss reserve development and amortization of the DCA or DGL.

The table below sets forth a summary of new business that we have completed between January 1, 2022 and December 31, 2022:

Transaction	Total Assets Assumed	DCA [1]	Total Assets from Transactions	Total Liabilities from Transactions	Type of Transaction	Remaining Limit upon Acquisition	Line of Business	Jurisdiction
	(in millions of U.S. dollars)							
Aspen [2]	$ 1,824	$ 47	$ 1,871	$ 1,871	LPT	$ 537	Property, liability and specialty lines	U.S., U.K. and Europe
Probitas	60	1	61	61	LPT[3]	No limit	General casualty, financial and property lines	U.K. and international
Argo [4]	631	93	724	724	LPT	$ 66	General casualty, construction defect, and professional indemnity lines	U.S.
Total 2022	$ 2,515	$ 141	$ 2,656	$ 2,656				

[1] Where the estimated ultimate losses payable exceed the premium consideration received at the inception of the agreement, a DCA is recorded.

[2] We agreed to assume $3.1 billion of net loss reserves, subject to a limit of $3.6 billion. Pursuant to terms of the contract, the amount of net loss reserves assumed, in addition to the premium consideration provided in the LPT agreement, were adjusted for the original ADC cash premium of $770 million as well as claims paid between October 1, 2021 and May 20, 2022 and other contractual obligations totaling $394 million.

[3] The LPT converted into a RITC transaction effective January 1, 2023, following regulatory approval.

[4] The amount of net loss reserves assumed were adjusted for claims paid between January 1, 2022 and October 31, 2022. Total liabilities assumed is comprised of $718 million of net loss reserves and $6 million of other liabilities.

Non-GAAP Financial Measures

In addition to our key financial measures presented in accordance with GAAP, we present other non-GAAP financial measures that we use to manage our business, compare our performance against prior periods and against our peers, and as performance measures in our incentive compensation program.

These non-GAAP financial measures provide an additional view of our operational performance over the long-term and provide the opportunity to analyze our results in a way that is more aligned with the manner in which our management measures our underlying performance.

The presentation of these non-GAAP financial measures, which may be defined and calculated differently by other companies, is used to enhance the understanding of certain aspects of our financial performance. It is not meant to be considered in isolation, superior to, or as a substitute for the directly comparable financial measures prepared in accordance with GAAP.

Some of the adjustments reflected in our non-GAAP measures are recurring items, such as the exclusion of adjustments to net realized and unrealized (gains)/losses on fixed income securities recognized in our income statement, the fair value of certain of our loss reserve liabilities for which we have elected the fair value option, and the amortization of fair value adjustments.

Management makes these adjustments in assessing our performance so that the changes in fair value due to interest rate movements, which are applied to some but not all of our assets and liabilities as a result of preexisting accounting elections, do not impair comparability across reporting periods.

It is important for the readers of our periodic filings to understand that these items will recur from period to period.

However, we exclude these items for the purpose of presenting a comparable view across reporting periods of the impact of our underlying claims management and investment without the effect of interest rate fluctuations on assets that we anticipate to hold to maturity and non-cash changes to the fair value of our reserves.

Similarly, our non-GAAP measures reflect the exclusion of certain items that we deem to be nonrecurring, unusual or infrequent when the nature of the charge or gain is such that it is not reasonably likely that such item may recur within two years, nor was there a similar charge or gain in the preceding two years. This includes adjustments related to bargain purchase gains on acquisitions of businesses, net gains or losses on sales of subsidiaries, net assets of held for sale or disposed subsidiaries classified as discontinued operations, and other items that we separately disclose.

We have changed our non-GAAP measures in 2022 as follows:

- The opening GAAP balances of our 2021 and 2020 Adjusted BVPS*, Adjusted ROE* and Adjusted RLE* measures have been retrospectively adjusted for a change in accounting principle[9].
- We no longer remove ULAE from our Adjusted RLE and RLE % calculations as our estimate of future claims handling costs is connected to our claims settlement strategies and outcomes and the RLE measures now reflect the direct and indirect performance of the management of our liabilities.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

[9] Refer to the “Consolidated Results of Operations” section for a more detailed description of the change in accounting principle.

The results and GAAP reconciliations for these measures are set forth after the following table, which presents more information on each non-GAAP measure.

Non-GAAP Measure	Definition	Purpose of Non-GAAP Measure over GAAP Measure
Adjusted book value per ordinary share	Total Enstar ordinary shareholders' equity Divided by Number of ordinary shares outstanding, adjusted for: *-the ultimate effect of any dilutive securities on the number of ordinary shares outstanding*	Increases the number of ordinary shares to reflect the exercise of equity awards granted but not yet vested as, over the long term, this presents both management and investors with a more economically accurate measure of the realizable value of shareholder returns by factoring in the impact of share dilution. We use this non-GAAP measure in our incentive compensation program.
Adjusted return on equity (%)	Adjusted operating income (loss) attributable to Enstar ordinary shareholders divided by adjusted opening Enstar ordinary shareholder's equity	Calculating the operating income (loss) as a percentage of our adjusted opening Enstar ordinary shareholders' equity provides a more consistent measure of the performance of our business by enabling comparison between the financial periods presented.
Adjusted operating income (loss) attributable to Enstar ordinary shareholders (*numerator)*	Net earnings (loss) attributable to Enstar ordinary shareholders, adjusted for: *-net realized and unrealized (gains) losses on fixed maturity investments and funds held-directly managed,* *-change in fair value of insurance contracts for which we have elected the fair value option [(1)],* *-amortization of fair value adjustments,* *-net gain/loss on purchase and sales of subsidiaries (if any),* *-net earnings from discontinued operations (if any),* *-tax effects of adjustments, and* *-adjustments attributable to noncontrolling interests*	We eliminate the impact of net realized and unrealized (gains) losses on fixed maturity investments and funds-held directly managed and the change in fair value of insurance contracts for which we have elected the fair value option, as: • we typically hold most of our fixed income securities until the earlier of maturity or the time that they are used to fund any settlement of related liabilities which are generally recorded at cost; and • removing the fair value option improves comparability since there are limited acquisition years for which we elected the fair value option. Therefore, we believe that excluding their impact on our earnings improves comparability of our core operational performance across periods. We include fair value adjustments as non-GAAP adjustments to the adjusted operating income (loss) attributable to Enstar ordinary shareholders as they are non-cash charges that are not reflective of the impact of our claims management strategies on our loss portfolios. We eliminate the net gain (loss) on the purchase and sales of subsidiaries and net earnings from discontinued operations, as these items are not indicative of our ongoing operations. We use this non-GAAP measure in our incentive compensation program.
Adjusted opening Enstar ordinary shareholders' equity (*denominator)*	Opening Enstar ordinary shareholders' equity, less: *-net unrealized gains (losses) on fixed maturity investments and funds held-directly managed,* *-fair value of insurance contracts for which we have elected the fair value option [(1)],* *-fair value adjustments, and* *-net assets of held for sale or disposed subsidiaries classified as discontinued operations (if any)*	

Non-GAAP Measure	Definition	Purpose of Non-GAAP Measure over GAAP Measure
Adjusted run-off liability earnings (%)	Adjusted PPD divided by average adjusted net loss reserves	Calculating the RLE as a percentage of our adjusted average net loss reserves provides a more meaningful and comparable measurement of the impact of our claims management strategies on our loss portfolios across acquisition years and also to our overall financial periods.
Adjusted prior period development *(numerator)*	Prior period net incurred losses and LAE, adjusted to: *Remove[3]:* -Legacy Underwriting *and* Assumed Life *operations,* *-amortization of fair value adjustments,* *-change in fair value of insurance contracts for which we have elected the fair value option [1], and* *Add:* *-the reduction/(increase) in estimates of net ultimate liabilities and reduction in estimated future expenses of our defendant A&E liabilities.*	We use this measure to evaluate the impact of our claims management strategies because it provides visibility into our ability to settle our claims obligations for amounts less than our initial estimate at the point of acquiring the obligations. The following components of periodic recurring net incurred losses and LAE and net loss reserves are not considered key components of our claims management performance for the following reasons: • The results of our Legacy Underwriting segment have been economically transferred to a third party primarily through use of reinsurance and a Capacity Lease Agreement[2]; as such, the results are not a relevant contribution to Adjusted RLE, which is designed to analyze the impact of our claims management strategies; • The results of our Assumed Life segment relate only to our exposure to active property catastrophe business; as this business is not in run-off, the results are not a relevant contribution to Adjusted RLE; • The change in fair value of insurance contracts for which we have elected the fair value option[1] has been removed to support comparability between the two acquisition years for which we elected the fair value option in reserves assumed and the acquisition years for which we did not make this election (specifically, this election was only made in the 2017 and 2018 acquisition years and the election of such option is irrevocable); and • The amortization of fair value adjustments are non-cash charges that obscure our trends on a consistent basis.
Adjusted net loss reserves *(denominator)*	Net losses and LAE, adjusted to: *Remove[3]:* -Legacy Underwriting *and* Assumed Life *net loss reserves,* *-current period net loss reserves,* *-net fair value adjustments associated with the acquisition of companies,* *-the fair value adjustments for contracts for which we have elected the fair value option [1] and* *Add:* *-net nominal defendant A&E liability exposures and estimated future expenses*	We include our performance in managing claims and estimated future expenses on our defendant A&E liabilities because such performance is relevant to assessing our claims management strategies even though such liabilities are not included within the loss reserves. We use this measure to assess the performance of our claim strategies and part of the performance assessment of our past acquisitions.
Adjusted total investment return (%)	Adjusted total investment return (dollars) recognized in earnings for the applicable period divided by period average adjusted total investable assets.	Provides a key measure of the return generated on the capital held in the business and is reflective of our investment strategy. Provides a consistent measure of investment returns as a percentage of all assets generating investment returns. We adjust our investment returns to eliminate the impact of the change in fair value of fixed income securities (both credit spreads and interest rates), as we typically hold most of these investments until the earlier of maturity or used to fund any settlement of related liabilities which are generally recorded at cost.
Adjusted total investment return ($) (*numerator*)	Total investment return (dollars), adjusted for: *-net realized and unrealized (gains) losses on fixed maturity investments and funds held-directly managed; and* *-unrealized (gains) losses on fixed income securities, AFS included within OCI, net of reclassification adjustments and excluding foreign exchange.*	
Adjusted average aggregate total investable assets (*denominator*)	Total average investable assets, adjusted for: *-net unrealized (gains) losses on fixed income securities, AFS included within AOCI* *-net unrealized (gains) losses on fixed income securities, trading*	

(1) Comprises the discount rate and risk margin components.

(2) As described in Note 5 to our consolidated financial statements.

(3) Effective for 2022, we are no longer excluding ULAE as it relates to our losses and LAE liabilities and are now including estimated future expenses as it relates to our defendant A&E liabilities in the calculation of Adjusted RLE*, as these provisions are related to our insurance liabilities and

contribute to our claims management performance. The comparative periods in 2021 and 2020 have been adjusted accordingly.

Reconciliation of GAAP to Non-GAAP Measures

The table below presents a reconciliation of BVPS to Adjusted BVPS* as of December 31, 2022, 2021 and 2020:

	2022			2021			2020		
	Equity [1]	Ordinary Shares	Per Share Amount	Equity [1]	Ordinary Shares	Per Share Amount	Equity [1]	Ordinary Shares	Per Share Amount
	(in millions of U.S. dollars, except share and per share data)								
Book value per ordinary share	$ 4,191	17,022,420	$ 246.20	$ 5,813	17,657,944	$ 329.20	$ 6,326	21,519,602	$ 293.97
Non-GAAP adjustment:									
Share-based compensation plans		218,171			315,205			298,095	
Warrants	—	—		—	—		20	175,901	
Adjusted book value per ordinary share*	$ 4,191	17,240,591	$ 243.09	$ 5,813	17,973,149	$ 323.43	$ 6,346	21,993,598	$ 288.56

[1] Equity comprises Enstar ordinary shareholders' equity, which is calculated as Enstar shareholders' equity less preferred shares ($510 million as of each of December 31, 2022, 2021 and 2020), prior to any non-GAAP adjustments.

*Non-GAAP measure.

The table below presents a reconciliation of ROE to Adjusted ROE* for the years ended December 31, 2022, 2021 and 2020:

	2022			2021			2020		
	Net (loss) earnings [1]	Opening equity [1]	(Adj) ROE	Net (loss) earnings [1]	Opening equity [1]	(Adj) ROE	Net (loss) earnings [1]	Opening equity [1]	(Adj) ROE
	(in millions of U.S. dollars)								
Net (loss) earnings/Opening equity/ROE [1]	$ (906)	$ 5,813	(15.6)%	$ 502	$ 6,326	7.9 %	$ 1,723	$ 4,490	38.4 %
Non-GAAP adjustments:									
Net realized and unrealized losses (gains) on fixed maturity investments and funds held - directly managed / Unrealized (losses) gains on fixed maturity investments and funds held - directly managed [2]	1,181	(89)		210	(560)		(306)	(277)	
Change in fair value of insurance contracts for which we have elected the fair value option / Fair value of insurance contracts for which we have elected the fair value option [3]	(200)	(107)		(75)	(33)		119	(130)	
Amortization of fair value adjustments / Fair value adjustments	(18)	(106)		16	(128)		27	(152)	
Net gain on purchase and sales of subsidiaries	—	—		(73)	—		(3)	—	
Net earnings from discontinued operations / Net assets of entities classified as held for sale and discontinued operations	—	—		—	—		(16)	(266)	
Tax effects of adjustments [4]	(7)	—		(21)	—		23	—	
Adjustments attributable to noncontrolling interest [5]	(111)	—		6	—		13	109	
Adjusted net (loss) earnings/Adjusted opening equity/Adjusted ROE*	$ (61)	$ 5,511	(1.1)%	$ 565	$ 5,605	10.1 %	$ 1,580	$ 3,774	41.9 %

[1] Net (loss) earnings comprises net (loss) earnings attributable to Enstar ordinary shareholders, prior to any non-GAAP adjustments. Opening equity comprises Enstar ordinary shareholders' equity, which is calculated as opening Enstar shareholders' equity less preferred shares ($510 million as of each of December 31, 2021, 2020 and 2019), prior to any non-GAAP adjustments.

[2] Represents the net realized and unrealized gains and losses related to fixed income securities. Our fixed income securities are held directly on our balance sheet and also within the "Funds held - directly managed" balance[10].

[10] Refer to Note 6 to our consolidated financial statements for further details on our net realized and unrealized gains and losses.

(3) Comprises the discount rate and risk margin components.

(4) Represents an aggregation of the tax expense or benefit associated with the specific country to which the pre-tax adjustment relates, calculated at the applicable jurisdictional tax rate.

(5) Represents the impact of the adjustments on the net earnings (loss) attributable to noncontrolling interest associated with the specific subsidiaries to which the adjustments relate.

*Non-GAAP measure.

The below tables present a reconciliation of PPD to Adjusted PPD* and RLE to Adjusted RLE*:

	Year Ended	As at December 31,			Year Ended
	2022	2022	2021	2022	2022
	PPD	Net loss reserves	Net loss reserves	Average net loss reserves	RLE %
	(in millions of U.S. dollars)				
PPD/net loss reserves/RLE	$ 756	$ 12,011	$ 11,926	$ 11,969	6.3 %
Non-GAAP Adjustments:					
Net loss reserves - current period	—	(45)	—	(23)	
Assumed Life	(55)	—	(181)	(91)	
Legacy Underwriting	3	(135)	(153)	(144)	
Amortization of fair value adjustments / Net fair value adjustments associated with the acquisition of companies	(18)	124	106	115	
Changes in fair value - fair value option / Net fair value adjustments for contracts for which we have elected the fair value option (1)	(200)	294	107	201	
Change in estimate of net ultimate liabilities - defendant A&E / Net nominal defendant A&E liabilities	2	572	573	573	
Reduction in estimated future expenses - defendant A&E / Estimated future expenses - defendant A&E	1	35	37	37	
Adjusted PPD/Adjusted net loss reserves/Adjusted RLE*	$ 489	$ 12,856	$ 12,415	$ 12,636	3.9 %

	Year Ended	As at December 31,			Year Ended
	2021	2021	2020	2021	2021
	PPD	Net loss reserves	Net loss reserves	Average net loss reserves	RLE %
	(in millions of U.S. dollars)				
PPD/net loss reserves/RLE	$ 403	$ 11,926	$ 8,763	$ 10,344	3.9 %
Non-GAAP Adjustments:					
Net loss reserves - current period	—	(143)	—	(72)	
Assumed Life	—	(179)	—	(90)	
Legacy Underwriting	(6)	(140)	(955)	(548)	
Amortization of fair value adjustments / Net fair value adjustments associated with the acquisition of companies	16	106	128	117	
Changes in fair value - fair value option / Net fair value adjustments for contracts for which we have elected the fair value option (1)	(75)	107	33	70	
Change in estimate of net ultimate liabilities - defendant A&E / Net nominal defendant A&E liabilities	38	573	615	594	
Reduction in estimated future expenses - defendant A&E / Estimated future expenses - defendant A&E	5	37	43	40	
Adjusted PPD/Adjusted net loss reserves/Adjusted RLE*	$ 381	$ 12,287	$ 8,627	$ 10,455	3.6 %

	Year Ended	As at December 31,			Year Ended
	2020	2020	2019	2020	2020
	PPD	Net loss reserves	Net loss Reserves	Average net loss reserves	RLE %
	(in millions of U.S. dollars)				
PPD/Net loss reserves/RLE	$ 32	$ 8,763	$ 7,941	$ 8,352	0.4 %
Non-GAAP Adjustments:					
Net loss reserves - current period	—	(273)	—	(137)	
Legacy Underwriting	(4)	(702)	(1,184)	(943)	
Amortization of fair value adjustments / Net fair value adjustments associated with the acquisition of companies	28	128	152	140	
Changes in fair value - fair value option / Net fair value adjustments for contracts for which we have elected the fair value option [(1)]	119	33	130	82	
Change in estimate of net ultimate liabilities - defendant A&E / Net nominal defendant A&E liabilities	103	615	561	588	
Reduction in estimated future expenses - defendant A&E / Estimated future expenses - defendant A&E	9	43	52	48	
Adjusted PPD/Adjusted net loss reserves/Adjusted RLE*	$ 287	$ 8,607	$ 7,652	$ 8,129	3.5 %

[(1)] Comprises the discount rate and risk margin components.

*Non-GAAP measure.

The table below presents a reconciliation of our TIR to our Adjusted TIR* for the years ended December 31, 2022, 2021 and 2020:

	2022			2021			2020		
	Fixed Income	Other Investments	Total	Fixed Income	Other Investments	Total	Fixed Income	Other Investments	Total
	(in millions of U.S. dollars)								
Net investment income	$ 373	$ 82	$ 455	$ 239	$ 73	$ 312	$ 256	$ 47	$ 303
Net realized (losses) gains	(111)	(24)	(135)	(4)	(57)	(61)	18	1	19
Net unrealized (losses) gains	(1,070)	(409)	(1,479)	(206)	384	178	288	1,335	1,623
Earnings from equity method investments	—	(74)	(74)	—	93	93	—	239	239
Other comprehensive income:									
Unrealized (losses) gains on fixed income securities, AFS, net of reclassification adjustments excluding foreign exchange	(570)	—	(570)	(100)	—	(100)	70	—	70
TIR ($)	$ (1,378)	$ (425)	$ (1,803)	$ (71)	$ 493	$ 422	$ 632	$ 1,622	$ 2,254
Non-GAAP adjustments:									
Net realized and unrealized losses (gains) on fixed maturity investments and funds held-directly managed	1,181	—	1,181	210	—	210	(306)	—	(306)
Unrealized (losses) gains on fixed income securities, AFS, net of reclassification adjustments excluding foreign exchange	570	—	570	100	—	100	(70)	—	(70)
Adjusted TIR ($)*	$ 373	$ (425)	$ (52)	$ 239	$ 493	$ 732	$ 256	$ 1,622	$ 1,878
Total investments	$ 9,685	$ 4,943	$ 14,628	$ 12,254	$ 5,022	$ 17,276	$ 9,319	$ 5,938	$ 15,257
Cash and cash equivalents, including restricted cash and cash equivalents	1,330	—	1,330	2,092	—	2,092	1,373	—	1,373
Funds held by reinsured companies	3,582	—	3,582	2,340	—	2,340	636	—	636
Total investable assets	$ 14,597	$ 4,943	$ 19,540	$ 16,686	$ 5,022	$ 21,708	$ 11,328	$ 5,938	$ 17,266
Average aggregate invested assets, at fair value [1]	14,891	5,188	20,079	15,250	5,590	20,840	11,046	4,397	15,443
TIR %	(9.3)%	(8.2)%	(9.0)%	(0.5)%	8.8 %	2.0 %	5.7 %	36.9 %	14.6 %
Non-GAAP adjustment:									
Net unrealized (gains) on fixed income securities, AFS included within AOCI and net unrealized (gains) on fixed income securities, trading	1,827	—	1,827	(89)	—	(89)	(560)	—	(560)
Adjusted investable assets*	$ 16,424	$ 4,943	$ 21,367	$ 16,597	$ 5,022	$ 21,619	$ 10,768	$ 5,938	$ 16,706
Adjusted average aggregate invested assets, at fair value [2]	$ 15,977	$ 5,188	$ 21,165	$ 14,971	$ 5,590	$ 20,561	$ 10,756	$ 4,397	$ 15,153
Adjusted TIR %*	2.3 %	(8.2)%	(0.2)%	1.6 %	8.8 %	3.6 %	2.4 %	36.9 %	12.4 %

[1] This amount is a five period average of the total investable assets, as presented above, and is comprised of amounts disclosed in our quarterly and annual U.S. GAAP consolidated financial statements.

[2] This amount is a five period average of the Adjusted investable assets*, as presented above.

*Non-GAAP measure.

Other Financial Measures

In addition to our non-GAAP financial measures presented above, we refer to TIR, which provides a key measure of the return generated on the capital held in the business. It is reflective of our investment strategy and it provides a consistent measure of investment returns as a percentage of all assets generating investment returns.

The following table provides the calculation of our TIR by segment for the years ended December 31, 2022, 2021 and 2020:

	2022			2021			2020		
	Investments	Legacy Underwriting	Total	Investments	Legacy Underwriting	Total	Investments	Legacy Underwriting	Total
	(in millions of U.S. dollars)								
Net investment income:									
Fixed income securities	$ 380	$ 9	$ 389	$ 273	$ 3	$ 276	$ 243	$ 25	$ 268
Cash and restricted cash	8	1	9	—	—	—	2	2	4
Other investments, including equities	82	—	82	73	—	73	39	8	47
Less: Investment expenses	(25)	—	(25)	(37)	—	(37)	(14)	(2)	(16)
Net investment income	$ 445	$ 10	$ 455	$ 309	$ 3	$ 312	$ 270	$ 33	$ 303
Net realized (losses) gains:									
Fixed income securities	$ (111)	$ —	$ (111)	$ (4)	$ —	$ (4)	$ 16	$ 2	$ 18
Other investments, including equities	(24)	—	(24)	(57)	—	(57)	1	—	1
Net realized (losses) gains	$ (135)	$ —	$ (135)	$ (61)	$ —	$ (61)	$ 17	$ 2	$ 19
Net unrealized (losses) gains:									
Fixed income securities	(1,060)	(10)	(1,070)	(203)	(3)	(206)	284	4	288
Other investments, including equities	(409)	—	(409)	384	—	384	1,327	8	1,335
Net unrealized (losses) gains	$ (1,469)	$ (10)	$ (1,479)	$ 181	$ (3)	$ 178	$ 1,611	$ 12	$ 1,623
(Losses) earnings from equity method investments	(74)	—	(74)	93	—	93	239	—	239
Other comprehensive (loss) income:									
Unrealized (losses) gains on fixed income securities, AFS, net of reclassification adjustments excluding foreign exchange	(570)	—	(570)	(100)	—	(100)	67	3	70
TIR ($)	$ (1,803)	$ —	$ (1,803)	$ 422	$ —	$ 422	$ 2,204	$ 50	$ 2,254
Fixed maturity and short-term investments, trading and AFS and funds held - directly managed	$ 9,472	$ 159	$ 9,631	$ 12,072	$ 182	$ 12,254	$ 8,669	$ 650	$ 9,319
Other assets included within funds held - directly managed	54	—	54	201	—	201	15	—	15
Equities	1,250	—	1,250	1,995	—	1,995	774	73	847
Other investments	3,282	14	3,296	2,319	14	2,333	4,146	98	4,244
Equity method investments	397	—	397	493	—	493	597	235	832
Total investments	$ 14,455	$ 173	$ 14,628	$ 17,080	$ 196	$ 17,276	$ 14,201	$ 1,056	$ 15,257
Cash and cash equivalents, including restricted cash and cash equivalents	1,310	20	1,330	2,062	30	2,092	1,112	261	1,373
Funds held by reinsured companies	3,560	22	3,582	2,306	34	2,340	554	82	636
Total investable assets	$ 19,325	$ 215	$ 19,540	$ 21,448	$ 260	$ 21,708	$ 15,867	$ 1,399	$ 17,266
Average aggregate invested assets, at fair value [1]	$ 19,861	$ 218	$ 20,079	$ 20,594	$ 246	$ 20,840	$ 13,982	$ 1,461	$ 15,443
TIR % [2]	(9.1)%	— %	(9.0)%	2.0 %	— %	2.0 %	15.8 %	3.4 %	14.6 %
Income from fixed income assets [3]	388	10	398	273	3	276	245	27	272
Average aggregate fixed income assets, at cost [3][4]	15,904	214	16,118	14,733	231	14,964	9,508	1,246	10,754
Investment book yield [5]	2.44 %	4.67 %	2.47 %	1.85 %	1.30 %	1.84 %	2.58 %	2.17 %	2.53 %

[1] This amount is a five period average of the total investable assets, as presented above, and is comprised of amounts disclosed in our quarterly and annual U.S. GAAP consolidated financial statements.

[2] Total investment return % is calculated by dividing total investment return ($) by average aggregate invested assets, at fair value.

[3] Fixed income assets include fixed income securities and cash and restricted cash, and funds held by reinsured companies.

(4) These amounts are an average of the amounts disclosed in our quarterly and annual U.S. GAAP consolidated financial statements.

(5) Investment book yield % is calculated by dividing income from fixed income assets by average aggregate fixed income assets, at cost.

Results of Operations by Segment - For the Years Ended December 31, 2022, 2021 and 2020

Our business is organized into four reportable segments: (i) Run-off; (ii) Assumed Life; (iii) Investments; and (iv) Legacy Underwriting. In addition, our corporate and other activities, which do not qualify as an operating segment, includes income and expense items that are not directly attributable to our reportable segments[11].

The following is a discussion of our results of operations by segment.

[11] For a description of our segments and our corporate and other activities, see "Item 1. Business - Operating Segments" and "Corporate and Other" below, respectively.

Run-off Segment

The following is a discussion and analysis of the results of operations for our Run-off segment.

	2022	2021	Change	2020	Change
INCOME		(in millions of U.S. dollars)			
Net premiums earned	$ 40	$ 182	$ (142)	$ 59	$ 123
Other income:					
Reduction in estimates of net ultimate defendant A&E liabilities - prior periods	2	38	(36)	103	(65)
Reduction in estimated future defendant A&E expenses	1	5	(4)	9	(4)
All other income	19	30	(11)	20	10
Total other income	22	73	(51)	132	(59)
Total income	62	255	(193)	191	64
EXPENSES					
Net incurred losses and LAE:					
Current period	44	144	(100)	30	114
Prior period	(486)	(338)	(148)	(175)	(163)
Total net incurred losses and LAE	(442)	(194)	(248)	(145)	(49)
Acquisition costs	22	44	(22)	20	24
General and administrative expenses	143	188	(45)	173	15
Total expenses	(277)	38	(315)	48	(10)
SEGMENT NET EARNINGS	$ 339	$ 217	$ 122	$ 143	$ 74

2022 versus 2021: Net earnings from our Run-off segment increased by $122 million, primarily due to:

- A $148 million increase in favorable PPD, driven by a $78 million increase in the reduction in estimates of net ultimate losses.
  - Results for the year ended December 31, 2022 were driven by favorable development of $318 million on our workers' compensation line of business as a result of favorable claim settlements, most notably in the 2017 to 2021 acquisition years. We also had favorable development of $56 million on our marine, aviation and transit lines of business relating to the 2014, 2018 and 2019 acquisition years as a result of favorable experience across a variety of claim types; partially offset by
  - Adverse development on our general casualty and motor lines of business of $57 million and $74 million, respectively, most notably impacting the 2020 acquisition year, as a result of worse than expected claims experience, adverse development on claims and higher than expected claims severity.
  - Results for the year ended December 31, 2021 were primarily related to favorable development on our workers' compensation, property and marine, aviation and transit lines of business as a result of better than expected claims experience and favorable results from actuarial reviews, partially offset by adverse development on our general casualty line of business due to an increase in opioid exposure and increased expectations of latent claims and a lengthening of the payment pattern related to our 2019 acquisition year.
- A decrease in general and administrative expenses of $45 million, primarily driven by a continued decrease in salaries and benefits and other costs following our exit of our StarStone business beginning in 2020 and a reduction in IT costs as a result of reduced project activity; partially offset by
- A reduction in other income of $51 million, primarily driven by lower favorable prior period development related to our defendant A&E liabilities; and
- Reductions in net premiums earned that were greater than the reductions in current period net incurred losses and LAE and acquisition costs, following our exit of our StarStone International business beginning in 2020.

2021 versus 2020: Net earnings from our Run-off segment increased by $74 million, primarily due to:

- Net premiums earned increased by $123 million from StarStone International business and new business transactions executed in recent periods. Net premiums earned of $182 million included $106 million of premiums from StarStone International, which was transferred into the Run-off Segment on January 1, 2021, whereas net premiums earned in 2020 were primarily related to AmTrust RITC transactions assumed in 2019.
- Net incurred losses and LAE decreased by $49 million due to a $163 million increase in favorable PPD partially offset by an increase in current period losses of $114 million due to the transfer of the StarStone International business from the Legacy Underwriting segment on January 1, 2021.
- The $163 million increase in favorable PPD primarily consists of:
  - $51 million increase in favorable development on the workers' compensation line of business in 2021 as a result of reduced claims activity, favorable settlements on open claims and the completion of commutations;
  - $105 million reduction in adverse development on the motor line of business compared to 2020. 2020 was impacted by higher than expected severity in respect of a recently assumed LPT;
  - $41 million increase in favorable development on the construction defect line of business in 2021; and
  - $82 million increase in favorable development on the property and other lines of business in 2021.

  This favorable prior period developments were partially offset by;
  - $142 million increases in prior period estimates of net ultimate losses in our general casualty line of business due to an increase in opioid exposure and greater than expected adverse development.

In addition:

- Other income decreased by $59 million primarily driven by lower favorable prior period development related to our defendant A&E liabilities; and
- Acquisition costs increased by $24 million primarily due to the transfer of StarStone International from the Legacy Underwriting segment on January 1, 2021.

Assumed Life Segment

On September 1, 2021, we purchased an additional 27.7% in Enhanzed Re, a company that was previously accounted for as an equity method investment, and increased our ownership to 75.1%. We have consolidated it as of September 1, 2021 and record the results on a one quarter lag.

On December 31, 2022, we repurchased the remaining 24.9% in Enhanzed Re from Allianz[12].

The Assumed Life segment consists of life and property aggregate excess of loss (catastrophe) business. The catastrophe business was not renewed for 2022. During the third quarter of 2022, we entered into a Master Agreement with Allianz through which we agreed to a series of transactions that will allow us to unwind Enhanzed Re in an orderly manner. For the year ended December 31, 2022 we have:

- Commuted the catastrophe reinsurance business with Allianz; and
- Closed an agreement in November 2022 to novate our reinsurance closed block of life annuity policies to Monument Re.

We expect to record the results of the novation of the life business and the acquisition of the remaining ownership interest in Enhanzed Re in the first quarter of 2023.

Given our rationalization of the Enhanzed Re reinsurance business, we renamed the segment from Enhanzed Re to Assumed Life during the third quarter of 2022. We may leverage this segment for any future potential assumed life business transactions if and when they occur.

The following is a discussion and analysis of the results of operations for our Assumed Life segment.

	2022	2021	Change
	(in millions of U.S. dollars)		
INCOME			
Net premiums earned	$ 17	$ 5	$ 12
Total income	17	5	12
EXPENSES			
Net incurred losses and LAE:			
Current period	—	2	(2)
Prior period	(55)	—	(55)
Total net incurred losses and LAE	(55)	2	(57)
Policyholder benefit expenses	25	(4)	29
General and administrative expenses	7	1	6
Total expenses	(23)	(1)	(22)
SEGMENT NET EARNINGS	$ 40	$ 6	$ 34

Overall Results

Segment earnings increased by $34 million, primarily due to:

- A decrease in net incurred losses and LAE, as a result of favorable claim activity and the recognition of a $26 million gain on commutation[13], both related to the catastrophe reinsurance business with Allianz; and
- An increase in net premiums earned on the life reinsurance business and in-force catastrophe reinsurance treaties; partially offset by
- An increase in policyholder benefit expenses.

[12] Refer to Note 26 to the consolidated financial statements for further information.

[13] We recognized a net gain on commutation of $59 million, of which $33 million related to the accelerated amortization of the risk margin fair value adjustment liability originally recorded upon acquisition of Enhanzed Re's catastrophe reinsurance business, and is included in amortization of fair value adjustments in our Corporate and Other activities.

Investments Segment

The following is a discussion and analysis of the results of operations for our Investments segment.

	2022	2021	Change	2020	Change
INCOME		(in millions of U.S. dollars)			
Net investment income:					
Fixed income securities	$ 380	$ 273	$ 107	$ 243	$ 30
Cash and restricted cash	8	—	8	2	(2)
Other investments, including equities	82	73	9	39	34
Less: Investment expenses	(25)	(37)	12	(14)	(23)
Total net investment income	445	309	136	270	39
Net realized (losses) gains:					
Fixed income securities	(111)	(4)	(107)	16	(20)
Other investments, including equities	(24)	(57)	33	1	(58)
Total net realized (losses) gains	(135)	(61)	(74)	17	(78)
Net unrealized (losses) gains:					
Fixed income securities	(1,060)	(203)	(857)	284	(487)
Other investments, including equities	(409)	384	(793)	1,327	(943)
Total net unrealized (losses) gains	(1,469)	181	(1,650)	1,611	(1,430)
Total income	(1,159)	429	(1,588)	1,898	(1,469)
EXPENSES					
General and administrative expenses	37	37	—	35	2
Total expenses	37	37	—	35	2
Earnings (losses) from equity method investments	(74)	93	(167)	239	(146)
SEGMENT NET (LOSS) EARNINGS	$ (1,270)	$ 485	$ (1,755)	$ 2,102	$ (1,617)

Overall Results

2022 versus 2021: Net loss from our Investments segment was $1.3 billion compared to net earnings of $485 million in 2021. The unfavorable movement of $1.8 billion was primarily due to:

- An increase in net realized and unrealized losses on our fixed income securities of $964 million, driven by rising interest rates and widening of investment grade credit spreads;
- Net realized and unrealized losses on our other investments, including equities, of $433 million, in comparison to gains of $327 million in 2021. The unfavorable variance of $760 million was primarily driven by negative performance from our public equities, CLO equities and hedge funds as a result of significant volatility in global equity markets and widening high yield credit spreads; and
- Losses from equity method investments of $74 million, in comparison to earnings of $93 million in 2021, primarily due to the recognition of an other-than-temporary impairment to the carrying value of one of our equity method investments and our acquisition of the controlling interest in Enhanzed Re, effective September 1, 2021. Prior to that date, the results of Enhanzed Re were recorded in earnings from equity method investments. Our consolidated net loss from Enhanzed Re for the year ended December 31, 2022 was $235 million which compared to $82 million from Enhanzed Re that was included in equity method investment earnings in 2021; partially offset by
- An increase in our net investment income of $136 million, which is primarily due to the investment of new premium and reinvestment of fixed income securities at higher yields and the impact of rising interest rates on the $2.9 billion of our fixed income securities that are subject to floating interest rates. Our floating rate

investments generated increased net investment income of $59 million, which equates to an increase of 195 basis points on those investments in comparison to 2021.

Total investment losses on the fixed income securities that support our Enhanzed Re life reinsurance business for the years ended December 31, 2022 and 2021 were $304 million and $17 million, respectively.

2021 versus 2020: Net earnings from our Investments segment decreased by $1.6 billion primarily as a result of decreases in net realized and unrealized gains of $1.5 billion. The decrease is largely a result of 2021 net realized and unrealized losses of $58 million related to the InRe Fund, in comparison to net unrealized gains of $1.2 billion in 2020, and 2021 net realized and unrealized losses on our fixed income securities of $207 million, in comparison to net realized and unrealized gains of $300 million in 2020.

Total Investments

Fixed income securities

Refer to the below tables for the fair value, duration, and credit rating of our fixed income securities by business:

	2022									
	Run-off				Assumed Life [1]					
	Fair Value	%	Duration (years) [2]	Credit Rating [2]	Fair Value	%	Duration (years) [2]	Credit Rating [2]	Total	Total %
	(in millions of U.S. dollars, except percentages)									
Fixed maturity and short-term investments, trading and AFS and funds held - directly managed										
U.S. government & agency	$ 496	5.2 %	5.9	AAA	$ —	— %	n/a	n/a	$ 496	5.2 %
U.K. government	81	0.9 %	6.5	AA-	—	— %	n/a	n/a	81	0.9 %
Other government	289	3.1 %	6.0	AA-	134	1.4 %	10.3	BBB+	423	4.5 %
Corporate	5,031	53.0 %	5.6	A-	188	2.0 %	6.7	BBB+	5,219	55.0 %
Municipal	201	2.1 %	7.9	AA-	—	— %	n/a	n/a	201	2.1 %
Residential mortgage-backed	536	5.7 %	4.6	AA+	—	— %	n/a	n/a	536	5.7 %
Commercial mortgage-backed	1,021	10.8 %	2.1	AA	—	— %	n/a	n/a	1,021	10.8 %
Asset-backed	909	9.6 %	0.5	A+	—	— %	n/a	n/a	909	9.6 %
Structured products	—	— %	n/a	n/a	586	6.2 %	9.7	A	586	6.2 %
	$ 8,564	90.4 %	4.6	A	$ 908	9.6 %	9.2	A-	$ 9,472	100.0 %

[1] Investments under the Assumed Life caption comprise those that support our life reinsurance business.

[2] The average duration and average credit rating calculations include short-term investments, fixed maturities and the fixed maturities within our funds held-directly managed portfolios at December 31, 2022 and 2021.

	2021									
	Run-off				Assumed Life [1]					
	Fair Value	%	Duration (years) [2]	Credit Rating [2]	Fair Value	%	Duration (years) [2]	Credit Rating [2]	Total	Total %
	(in millions of U.S. dollars, except percentages)									
Fixed maturity and short-term investments, trading and AFS and funds held - directly managed										
U.S. government & agency	$ 737	6.1 %	6.4	AAA	$ —	— %	n/a	n/a	$ 737	6.1 %
U.K. government	82	0.7 %	9.8	AA-	—	— %	n/a	n/a	82	0.7 %
Other government	387	3.2 %	6.8	AA	228	1.9 %	12.1	BBB	615	5.1 %
Corporate	6,532	54.1 %	6.4	A-	193	1.6 %	6.7	A-	6,725	55.7 %
Municipal	272	2.3 %	9.2	AA-	—	— %	n/a	n/a	272	2.3 %
Residential mortgage-backed	597	4.9 %	2.8	AA+	—	— %	n/a	n/a	597	4.9 %
Commercial mortgage-backed	1,074	8.9 %	3.1	AA+	—	— %	n/a	n/a	1,074	8.9 %
Asset-backed	937	7.8 %	0.3	AA-	—	— %	n/a	n/a	937	7.8 %
Structured products	—	— %	n/a	n/a	1,033	8.5 %	19.2	A-	1,033	8.5 %
Total	$ 10,618	88.0 %	5.4	A	1,454	12.0 %	16.4	A-	$ 12,072	100.0 %

[1] Investments under the Assumed Life caption comprise those that support our life reinsurance business.

[2] The average duration and average credit ratings calculation includes short-term investments, fixed maturities and the fixed maturities within our funds held - directly managed portfolios at December 31, 2022 and 2021.

The overall decrease in the balance of our fixed income securities of $2.6 billion for the year ended December 31, 2022 was primarily driven by the recognition of net unrealized losses on our fixed income securities and assets used to support net paid losses during the period, partially offset by assets assumed from net transactions during the year.

Other investments, including equities

Refer to the below table for the composition of our other investments, including equities:

	2022			2021	
	Run-off	Assumed Life	Total	Run-off	Total
	(in millions of U.S. dollars)				
Equities					
Publicly traded equities	$ 385	$ —	$ 385	$ 281	$ 281
Exchange-traded funds	507	—	507	1,342	1,342
Privately held equities	358	—	358	372	372
Total	$ 1,250	$ —	$ 1,250	$ 1,995	$ 1,995
Other investments					
Hedge funds	$ 549	$ —	$ 549	$ 291	$ 291
Fixed income funds	533	14	547	559	559
Equity funds	3	—	3	5	5
Private equity funds	1,282	—	1,282	752	752
CLO equities	148	—	148	161	161
CLO equity funds	203	—	203	207	207
Private credit funds	362	—	362	275	275
Real estate debt fund	202	—	202	69	69
Total	$ 3,282	$ 14	$ 3,296	$ 2,319	$ 2,319

Our equities decreased by $745 million and our other investments increased by $977 million compared to the prior year, primarily due to the redeployment from exchange-traded funds into various non-core asset strategies, in line with our strategic asset allocation. The balances of both equities and other investments were negatively impacted by net unrealized losses during the period.

Equity Method Investments

Refer to the below table for a summary of our equity method investments, which does not include those investments we have elected to measure under the fair value option:

	2022			2021			2020
	Ownership %	Carrying Value	Earnings (losses) from Equity Method Investments	Ownership %	Carrying Value	Earnings (losses) from Equity Method Investments	Earnings from Equity Method Investments
			(in millions of U.S. dollars)				
Enhanzed Re	— %	$ —	$ —	— %	$ —	$ 82	$ 147
Citco [1]	31.9 %	60	5	31.9 %	56	4	2
Monument Re [2]	20.0 %	110	(65)	20.0 %	194	14	88
Core Specialty	19.9 %	211	(14)	24.7 %	225	(6)	—
Other	27.0 %	16	—	27.0 %	18	(1)	2
		$ 397	$ (74)		$ 493	$ 93	$ 239

[1] We own 31.9% of the common shares in HH CTCO Holdings Limited which in turn owns 15.4% of the convertible preferred shares, amounting to a 6.2% interest in the total equity of Citco III Limited ("Citco").

[2] We own 20.0% of the common shares in Monument Re as well as preferred shares which have a fixed dividend yield and whose balance is included in the investment amount.

Carrying Value

The carrying value of our equity method investments decreased from December 31, 2021 as a result of recognizing a $52 million other-than-temporary impairment in one of our equity method investments. Unfavorable cumulative translation adjustments of $16 million due to the strengthening of the U.S. dollar against the Euro, relating primarily to our investment in Monument Re whose reporting currency is the Euro, further contributed to the decrease in the carrying value of our equity method investments for the year ended December 31, 2022.

Earnings (Losses) from Equity Method Investments

We recognized losses from equity method investments in 2022, in comparison to earnings in 2021, primarily due the other-than-temporary impairment charge and our acquisition of the controlling interest in Enhanzed Re, effective September 1, 2021. Prior to that date, the results of Enhanzed Re were recorded in earnings from equity method investments.

Our earnings from equity method investments decreased from 2020 to 2021, due to reductions in both Enhanzed Re and Monument Re earnings. The reduction in Enhanzed Re earnings was primarily driven by catastrophe losses, partially offset by significant investment gains in the last quarter of 2020. The reduction in Monument Re earnings was as a result of a decrease in bargain purchase gains in 2021 in comparison to 2020.

Legacy Underwriting Segment

The following is a discussion and analysis of the results of operations for our Legacy Underwriting segment.

	2022	2021	Change	2020	Change
INCOME		(in millions of U.S. dollars)			
Net premiums earned	$ 9	$ 58	$ (49)	$ 513	$ (455)
Net investment income	10	3	7	33	(30)
Net realized gains	—	—	—	2	(2)
Net unrealized (losses) gains	(10)	(3)	(7)	12	(15)
Other income (expenses)	1	(15)	16	27	(42)
Total income	10	43	(33)	587	(544)
EXPENSES					
Net incurred losses and LAE					
Current Period	4	26	(22)	375	(349)
Prior Period	3	(6)	9	(4)	(2)
Total net incurred losses and LAE	7	20	(13)	371	(351)
Acquisition costs	1	13	(12)	151	(138)
General and administrative expenses	2	10	(8)	158	(148)
Total expenses	10	43	(33)	680	(637)
SEGMENT (LOSS) EARNINGS	$ —	$ —	$ —	$ (93)	$ 93

Overall Results

The results for 2022 and 2021 comprise SGL No.1 Limited (“SGL No.1”)'s 25% gross share of the 2020 and prior underwriting years of Atrium's syndicate 609 whereas the results for 2020 comprise SGL No.1's 25% net share of Atrium's syndicate 609 and StarStone International, which was transferred to the Run-off segment effective January 1, 2021.

From January 1, 2021 to December 31, 2022, SGL No.1 settled its share of the 2020 and prior underwriting years for the economic benefit of Atrium, and there was no net retention by Enstar.

The contractual arrangements between SGL No. 1, Arden and Atrium relating to the remaining net loss reserve liabilities, cash, investments and other assets that support the liabilities as of December 31, 2022 will settle in 2023. As a result, we do not expect to record any transactions in the Legacy Underwriting segment in 2023.

Corporate and Other

The following is a discussion and analysis of our results of operations for our corporate and other activities.

	2022	2021	Change	2020	Change
	(in millions of U.S. dollars)				
INCOME					
Other income (expense):					
Amortization of fair value adjustments [1]	$ (7)	$ (16)	$ 9	$ (12)	$ (4)
All other income (expense)	19	—	19	(7)	7
Total other income (expense)	12	(16)	28	(19)	3
Net gain on purchase and sales of subsidiaries	—	73	(73)	3	70
Total income	12	57	(45)	(16)	73
EXPENSES					
Net incurred losses and LAE:					
Amortization of fair value adjustments	(18)	16	(34)	28	(12)
Changes in fair value - fair value option [2]	(200)	(75)	(125)	119	(194)
Total net incurred losses and LAE	(218)	(59)	(159)	147	(206)
Policyholder benefit expenses	—	1	(1)	—	1
Amortization of net deferred charge assets	80	55	25	39	16
General and administrative expenses	142	131	11	136	(5)
Total expenses	4	128	(124)	322	(194)
Interest expense	(89)	(69)	(20)	(59)	(10)
Net foreign exchange gains (losses)	15	12	3	(16)	28
Income tax benefit (expense)	12	(27)	39	(24)	(3)
Net earnings from discontinued operations, net of income taxes	—	—	—	16	(16)
Net loss (earnings) attributable to noncontrolling interests	75	(15)	90	28	(43)
Dividends on preferred shares	(36)	(36)	—	(36)	—
NET LOSS ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	$ (15)	$ (206)	$ 191	$ (429)	$ 223

[1] Amortization of fair value adjustments relates to the acquisition of DCo, LLC and Morse TEC LLC.

[2] Comprises the discount rate and risk margin components.

Overall Results

2022 versus 2021: Net loss from corporate and other activities decreased by $191 million, primarily due to:

- A change in net loss (earnings) attributable to noncontrolling interests of $90 million, as a result of net losses sustained in 2022 for those companies where there are noncontrolling interests;
- A favorable change in income tax benefit of $39 million, primarily driven by current year pre-tax losses reported in the US for which we are able to recognize a partial deferred tax asset; and
- A reduction in net incurred losses of $159 million primarily driven by:
  - A $125 million favorable change in the fair value of liabilities relating to our assumed retroactive reinsurance agreements for which we have elected the fair value option due to increases in interest rates; and
  - A $34 million favorable change in the amortization of fair value adjustments, primarily driven by the release of fair value adjustment liabilities of $33 million following the commutation of the Enhanzed Re catastrophe reserves.

This was partially offset by:

- An absence of the prior year net gain on purchase and sales of subsidiaries of $73 million, as described below.

2021 versus 2020: Net loss from corporate and other activities decreased by $223 million, primarily due to:

- A net gain recognized on the purchase and sales of subsidiaries of $73 million, which has two components: i) the $47 million gain recognized on the Step Acquisition of Enhanzed Re and ii) the net gain on sales of subsidiaries of $26 million, primarily as a result of the gain on the sale of SUL of $23 million;
- A reduction in net incurred losses of $206 million primarily driven by the change in the fair value of liabilities for which we have elected the fair value option due to increases in corporate bond yields, partially offset by tightening credit spreads for the year ended December 31, 2021, in comparison to declining interest rates partially offset by widening credit spreads for the year ended December 31, 2020.

This was partially offset by:

- An unfavorable change in net (earnings) loss attributable to noncontrolling interest of $43 million, due to higher earnings in 2021 for those companies where there is a noncontrolling interest.

Current Outlook

Run-off Outlook

Transactions

On February 16, 2023, certain of our wholly-owned subsidiaries entered into an LPT agreement with certain subsidiaries of QBE Insurance Group Limited ("QBE") relating to a diversified portfolio of business underwritten between 2020 and 2018. The LPT agreement covers ground up net loss reserves of $1.9 billion and provides an additional $900 million of development coverage. Upon completion, a portion of the portfolio currently underwritten via QBE's Lloyd's syndicates 386 and 2999 will be transferred to Enstar's Syndicate 2008.

On February 21, 2023, one of our wholly-owned subsidiaries entered into an agreement with RACQ Insurance Limited ("RACQ") to reinsure 80% of RACQ's motor vehicle Compulsory Third Party ("CTP") insurance liabilities, covering accident years 2021 and prior. RACQ will cede net reserves of AUD$360 million (USD $243 million), and our subsidiary will provide AUD$200 million (USD $135 million) of additional cover in excess of the ceded reserves.

The closing of both transactions is subject to regulatory approval and other closing conditions.

We continue to evaluate transactions in our active pipeline including LPTs, ADCs, and other transaction types including acquisitions. We seek opportunities to execute on creative and accretive transactions by offering innovative capital release solutions that enable our clients to meet their capital and risk management objectives. Should we execute additional transactions, our mix of loss reserves by line of business, asset mix and both rate and timing of earnings may be impacted in the medium term.

We expect we will invest a significant portion of premium on new transactions in fixed income securities which will deliver accretive book yields at the current elevated rates.

Seasonality

We complete most of our annual loss reserve studies in the fourth quarter of each year and, as a result, tend to record the largest movements, both favorable and adverse, to net incurred losses and LAE in this period.

In the interim periods where a reserve study has not been completed, we perform quarterly reviews to ascertain whether changes to claims paid or case reserves have varied from our expectations developed during the last annual reserve review. In this event, we consider the timing and magnitude of the actual versus expected development, and we may record an interim adjustment to our recorded reserves if, and when, warranted.

Enhanzed Re

On November 7, 2022, we completed the novation of our closed block of life business. We expect to recognize other income of $328 million, which we will record in the first quarter of 2023 as a result of the one quarter reporting lag with Enhanzed Re.

The amount of other income we will ultimately recognize will include the gain or loss on novation, activity for the period from October 1, 2022 to November 7, 2022 and the reclassification of amounts from AOCI, comprising the remeasurement adjustment to our future policyholder benefit liabilities upon adoption of the LDTI standard on January 1, 2023.

Our net earnings attributable to Enstar will be reduced by the amount attributable to Allianz's 24.9% noncontrolling interest in Enhanzed Re at the time of the transaction and a portion of our other income recorded will be subject to deferral over the expected settlement period for the life annuity policies to account for our pre-existing 20% ownership interest in Monument Re.

Investment Outlook

We expect global financial markets to remain uncertain into 2023 as a result of a potential economic recession, continued inflationary pressures, notably from the increased cost of services and a tight labor market with resultant tightening of financial conditions by global central banks, and continued geopolitical conflicts and tensions.

In 2022, we recognized significant unrealized losses on our fixed income securities, a trend that could continue, albeit with a likely less severe impact, in the event that interest rates continue to rise and/or credit spreads widen. If

we renew credit facilities in the current environment, we would likely incur a higher rate of borrowing and interest costs as a result.

We expect that unrealized losses on our fixed income securities will be recouped as these assets get closer to their maturity and the prices pull to par. We may undertake tactical repositioning of our portfolio as opportunities arise to achieve a better result, rather than waiting for certain fixed income securities to pull to par value.

Elevated interest rates can represent an opportunity for us in the medium to long term, notably;

- We hold approximately 15% of our portfolio in individual fixed income securities that have floating interest rates which, should interest rates remain elevated, we expect to be accretive to future investment income book yields. We have earned $155 million of net investment income for the year ended December 31, 2022 from our floating rate investments, which are generally indexed to LIBOR.
- Higher interest rates have provided us with the opportunity to reinvest at higher yields as our securities mature or as we invest premium received from new business.

Global equity markets are expected to remain cautious in 2023, and this, combined with our reporting lag on certain investments, will impact the valuation of our non-core risk investments. We invest in public equity, private equity and alternatives (including hedge fund investments), which may vary in the magnitude of their exposure to any potential economic recession.

Anticipations of an economic downturn, including lower earnings and lower equity multiples on equities in 2023, may further negatively impact our non-core investments but may also impact expectations of future interest rates with the resulting impact to our fixed income securities.

Despite these challenges, we remain committed to our strategic asset allocation and expect our non-core investments to provide attractive risk adjusted returns and diversification benefits over the medium to long term.

We expect to continue to benefit from our allocation to investments with inflationary pass-through components, including investments in private equity, private credit, real estate, and infrastructure asset classes and will continue to seek other attractive investment opportunities throughout 2023.

Inflation

We continue to monitor the inflationary impacts resulting from pandemic-related government stimulus and labor force supply pressures on our loss cost trends.

Our Run-off net loss reserves primarily consist of general casualty, workers' compensation and asbestos lines of business which, as long tailed lines of business, have not been significantly impacted by ongoing inflationary pressures in comparison to other lines of business, such as property and auto lines.

The currently observed and limited impact of economic inflation on our loss cost trends reflects a combination of the opportunity we have to re-price seasoned books of business and our claims management model that seeks to settle claims in an efficient and responsive manner to protect and mitigate the impact to us from adverse outcomes.

While we do not currently see any new trends in the longer term trend of social inflation on certain claims, we continue to monitor claims in difficult legislative districts, seek to actively settle claims and monitor for reserving adequacy.

Global economic policy responses to inflation have led to increases in interest rates, which, in the short term, have had a significant impact on our investments, in particular our fixed income securities. Any further rise in interest rates will have further negative impacts on our fixed income securities.

There remains uncertainty around the pace and direction of inflation, and it is unlikely that a pause in rate increases, or even a cut in rates, will occur until late 2023 or even 2024. We continue to monitor liquidity, capital and potential earnings impact of these changes but remain focused on medium to long term asset allocation decisions.

Inflation, tight labor conditions and higher service costs continue to put pressure on wages and prices, which could impact our underlying our general and administrative expenses as we remain focused on being a competitive employer in our market.

Russian Invasion of Ukraine

The Russian invasion of Ukraine and the resulting impact on global commodity markets has increased commodity inflation rates, disrupted supply chains and generated significant insurance losses. In response, many countries have established comprehensive sanctions regimes increasing both geopolitical tension between NATO and Russia and market volatility.

To quantify our exposure, we have performed an analysis of, and continue to monitor, our direct investment and underwriting risks, our acquisition pipeline and the potential for operational disruption (including disruption via our third party service providers). We have concluded that we have no significant direct impacts from this event. We continue to monitor for, and respond to, all changes in the global sanctions regime, updating our procedures accordingly.

Liquidity and Capital Resources

Overview

We believe that we have sufficient liquidity and capital resources to meet our business requirements for the next 12 months and thereafter. We aim to generate cash flows from our (re)insurance operations and investments, preserve sufficient capital for future acquisitions and new business, and develop relationships with lenders who provide borrowing capacity at competitive rates.

Liquidity and Capital Resources Highlights

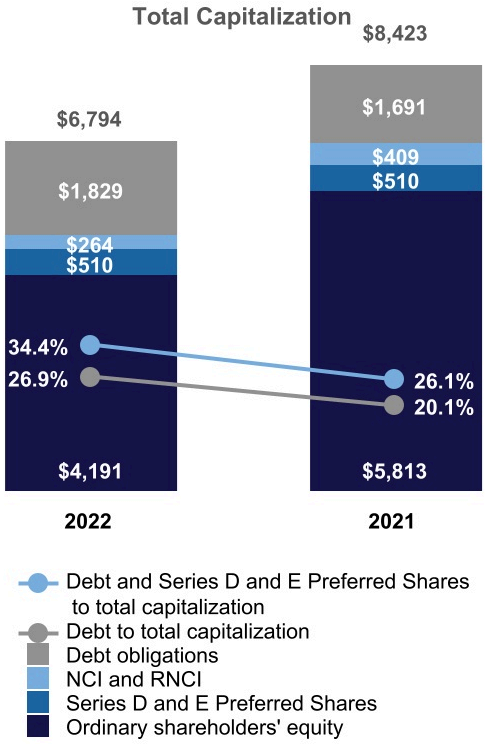
Sources of Cash During 2022:

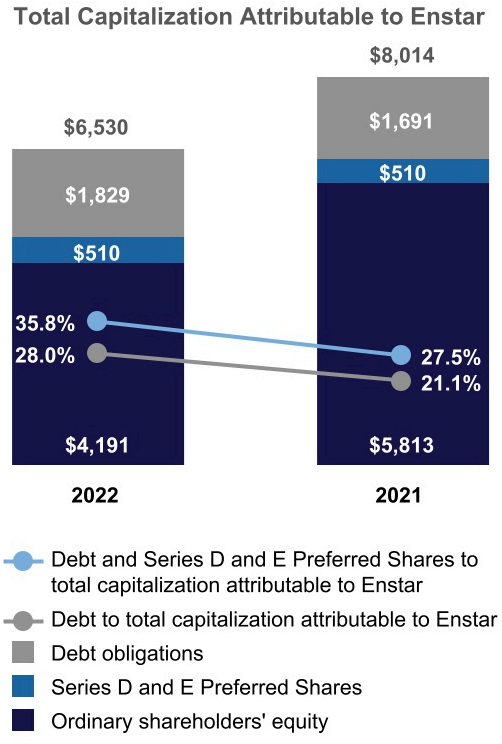
- We received cash, restricted cash and cash equivalents from new business of $140 million;
- We issued Junior Subordinated notes due 2042 of $500 million; and
- In the fourth quarter, we borrowed and fully repaid $55 million of loans under our revolving credit facility.

Uses of Cash During 2022:

- We repurchased 697,580 of our outstanding ordinary shares for an aggregate price of $163 million;
- We repaid Senior Notes due 2022 and the Enhanzed Re Subordinated notes due 2031 with aggregate principal balances totaling $350 million;
- We paid $55 million of dividends to our noncontrolling interest holders; and
- We paid $36 million of cash dividends on our Series D and E Preferred Shares.

As of December 31, 2022, we had $822 million of cash and cash equivalents, excluding restricted cash, that supports (re)insurance operations. Included in this amount was $340 million held by our foreign subsidiaries outside of Bermuda.





The decrease in total capitalization was due to the increase in realized and unrealized investment losses of $2.2 billion in 2022. On a statutory basis, which excludes the impact of unrealized investment losses and includes

discounts for loss reserves, our economic balance sheet strengthened during the year primarily due to higher interest rates.

Under the eligible capital rules of the Bermuda Monetary Authority (“BMA”), the Preferred Shares qualify as Tier 2 capital when considering the Bermuda Solvency Capital Requirements (“BSCR”).

For purposes of the financial covenants in our credit facilities, total debt excludes hybrid capital (defined as our Subordinated Notes) not exceeding 15% of total capital attributable to Enstar. As of December 31, 2022, we were in compliance with the financial covenants in our credit facilities.

Liquidity and Capital Resources of Holding Company and Subsidiaries

Holding Company Liquidity

We conduct substantially all of our operations through our subsidiaries. As such, the potential sources of liquidity to Enstar as a holding company consist of cashflows from our subsidiaries including dividends, advances and loans, and interest income on loans to our subsidiaries. We also utilize credit loan facilities, and we have issued senior notes and preferred shares and guaranteed our Junior Subordinated Notes.

As of December 31, 2022, we had $600 million of available unutilized capacity under our unsecured revolving credit agreement, which expires in August 2023, and may request additional commitments under the facility up to an additional $400 million. To date, we have not requested any additional commitments under the facility.

We use cash to fund new acquisitions of companies. We also utilize cash for our operating expenses associated with being a public company and to pay dividends on our preferred shares and interest and principal on loans from subsidiaries and debt obligations, including loans under our credit facilities, our Senior Notes and our Junior Subordinated Notes.

We may, from time to time, raise capital from the issuance of equity, debt or other securities as we continuously evaluate our strategic opportunities. We filed an automatic shelf registration statement in August 2020 with the SEC to allow us to conduct future offerings of certain securities, if desired, including debt, equity and other securities.

As we are a holding company and have no substantial operations of our own, our assets consist primarily of investments in subsidiaries and our loans and advances to subsidiaries. Dividends from our (re)insurance subsidiaries are restricted by (re)insurance laws and regulations, as described below. The ability of all of our subsidiaries to make distributions and transfers to us may also be restricted by, among other things, other applicable laws and regulations and the terms of our credit facilities and our subsidiaries' bank loans and other issued debt instruments.

Based on our group's current corporate structure with a Bermuda domiciled parent company and the jurisdictions in which we operate, if the cash and cash equivalents held by our foreign subsidiaries were to be distributed to us, as dividends or otherwise, such amount would not be subject to incremental income taxes; however, in certain circumstances withholding taxes may be imposed by some jurisdictions, including by the United States.

Based on existing tax laws, regulations and our current intentions, there were no accruals as of December 31, 2022 for any material withholding taxes on dividends or other distributions.

U.S. Finance Company Liquidity

Enstar Finance is a wholly-owned finance subsidiary under which we have issued our Junior Subordinated Notes. Similar to our holding company, Enstar Finance is dependent upon funds from other subsidiaries to pay any amounts due under the Junior Subordinated Notes in the form of distributions or loans, which may be restricted by, among other things, other applicable laws and regulations and the terms of our credit facilities and our subsidiaries’ bank loans and other issued debt instruments.

Operating Company Liquidity

We expect that our operating companies will generate sufficient liquidity, together with our existing capital base and cash and investments acquired and from new business, to meet cash requirements and to operate our business.

Sources of funds to our operating companies primarily consist of cash and investment portfolios acquired on the completion of acquisitions and new business, investment income earned, proceeds from sales and maturities of investments and collection of reinsurance recoverables. We also collect premiums and fees and commission income.

Cash balances acquired upon the purchase of (re)insurance companies are classified as cash provided by investing activities, whereas cash from new business is classified as cash provided by operating activities.

The primary uses of funds by our operating companies are claims payments, investment purchases, operating expenses and collateral requirements.

The ability of our (re)insurance subsidiaries to pay dividends and make other distributions is limited by the applicable laws and regulations of the jurisdictions in which our (re)insurance subsidiaries operate, including Bermuda, the United Kingdom, the United States, Australia and Continental Europe, which subject these subsidiaries to significant regulatory restrictions.

These laws and regulations require, among other things, certain of our (re)insurance subsidiaries to maintain minimum capital requirements and limit the amount of dividends and other payments that these subsidiaries can pay to us, which in turn may limit our ability to pay dividends and make other payments.

As of December 31, 2022, all of our (re)insurance subsidiaries' capital requirement levels were in excess of the minimum levels required.

Our subsidiaries' ability to pay dividends and make other forms of distributions may also be limited by our repayment obligations under certain of our outstanding credit facility agreements and other debt instruments. Variability in ultimate loss payments and collateral amounts required may also result in increased liquidity requirements for our subsidiaries.

Sources and Uses of Cash

Cash and cash equivalents decreased by $762 million in 2022, which was largely due to cash used in investing and financing activities of $919 million and $116 million, respectively, partially offset by cash provided by operating activities of $257 million.

Cash and cash equivalents increased by $495 million in 2021, which was largely due to cash provided by operating activities of $3.8 billion, partially offset by cash used in investing and financing activities of $2.6 billion and $737 million, respectively.

Cash and cash equivalents increased by $541 million in 2021, which was largely due to cash provided by operating and financing activities of $2.8 billion and $118 million, respectively, partially offset by cash used in investing activities of $2.3 billion.

	Analysis of Sources and Uses of Cash				
	2022	2021	2020	2022 vs 2021	2021 vs 2020
	(in millions of U.S. dollars)				
Operating Cash Flow Activities					
Net paid losses	$ (1,680)	$ (1,431)	$ (1,485)	$ (249)	$ 54
Cash acquired on completion of acquisitions and new business	140	2,015	1,558	(1,875)	457
Net sales and maturities of trading securities	991	3,111	1,653	(2,120)	1,458
Net investment income	416	357	326	59	31
Other sources (uses)	390	(251)	734	641	(985)
Net cashflows provided by operating activities	257	3,801	2,786	(3,544)	1,015
Investing Cash Flow Activities					
Net sales and maturities (purchases) of AFS securities	207	(2,148)	(1,921)	2,355	(227)
Net purchases of Other Investments	(1,132)	(580)	(380)	(552)	(200)
Impact of consolidating the opening cash and restricted cash balances of the InRe Fund	—	574	—	(574)	574
Other sources (uses)	6	(419)	(34)	425	(385)
Net cash flows used in investing activities	(919)	(2,573)	(2,335)	1,654	(238)
Financing Cash Flow Activities					
Net proceeds from loans	138	242	180	(104)	62
Preferred share dividends	(36)	(36)	(36)	—	—
Share repurchases	(163)	(942)	(26)	779	(916)
Other uses	(55)	(1)	—	(54)	(1)
Net cash flows (used in) provided by financing activities	$ (116)	$ (737)	$ 118	$ 621	$ (855)

Analysis of Sources and Uses of Cash

Operating Cash Flow Activities

2022 vs 2021: the $3.5 billion decrease in cash provided by operating activities was driven by a decrease in the net sales and maturities of trading securities of $2.1 billion, which was primarily driven by the deployment of the InRe funds, liquidated in 2021, into other investments in line with our asset allocation strategy. The decrease was further driven by a reduction in cash provided from acquisitions of new business of $1.9 billion, as a result of receiving increased non-cash consideration in 2022, including $1.9 billion of funds held by reinsured companies in relation to the Aspen LPT and $520 million of fixed income securities, AFS, in relation to the Argo LPT, in comparison to 2021. The decrease was partially offset by increases of $641 million from other sources and $59 million from net investment income received.

2021 vs 2020: the $1.0 billion increase in cash provided by operating activities was driven by an increase in the cash inflows from net sales and maturities of trading securities of $1.5 billion, which was primarily driven by the liquidation of the InRe Fund, a $457 million increase in cash, restricted cash and cash equivalents from assuming new business, and a $31 million increase in net investment income received. This was partially offset by decreases of $985 million from other sources.

Investing Cash Flow Activities

2022 vs 2021: the $1.7 billion decrease in cash used in investing activities was primarily due to net sales and maturities of fixed income securities, AFS of $207 million in 2022, in comparison to net purchases of $2.1 billion in 2021, partially offset by an increase in purchases of other investments, primarily driven by the deployment of the InRe funds, of $552 million.

2021 vs 2020: the $238 million increase in cash used in investing activities was driven by an increase in the net purchases of fixed income securities, AFS of $227 million and an increase in net purchases of other investments of $200 million, partially offset by the impact of consolidating the opening cash and restricted cash balances of the InRe Fund of $574 million, in 2021.

Financing Cash Flow Activities

2022 vs 2021: the $621 million decrease in cash used in financing activities was primarily driven by the decrease in share repurchases of $779 million, as our 2021 share repurchases were driven by strategic repurchases as described below, in addition to a decrease in the net proceeds from loans of $104 million.

2021 vs 2020: cash used in financing activities was $737 million in 2021, in comparison to cash provided by financing activities of $118 million in 2020. This was primarily due to $942 million of share repurchases in 2021, including $879 million attributable to the repurchase of Hillhouse Group's entire interest in Enstar, offsetting an increase in the net proceeds from loans of $62 million.

Debt Obligations

We utilize debt financing and loan facilities primarily for funding acquisitions and significant new business, investment activities and, from time to time, for general corporate purposes.

Our debt obligations as of December 31, 2022 and 2021 were as follows:

	Origination	Term	December 31, 2022	December 31, 2021
			(in millions of U.S. dollars)	
4.50% Senior Notes due 2022	March 2017	5 years	$ —	$ 280
4.95% Senior Notes due 2029	May 2019	10 years	496	495
3.10% Senior Notes due 2031	August 2021	10 years	495	495
Total Senior Notes			991	1,270
5.75% Junior Subordinated Notes due 2040	August 2020	20 years	345	345
5.50% Junior Subordinated Notes due 2042	January 2022	20 years	493	—
5.50% Enhanced Re's Subordinated Notes due 2031	December 2018	12.1 years	—	76
Total Subordinated Notes			838	421
Total debt obligations			$ 1,829	$ 1,691

Our debt obligations increased by $138 million from December 31, 2021, primarily due to the issuance of our 2042 Junior Subordinated Notes. This was partially offset by the repayment upon maturity of our 2022 Senior Notes using proceeds from the 2042 Junior Subordinated Notes and the repayment of Enhanced Re's 2031 Subordinated Notes in accordance with our strategic wind-down of Enhanced Re's operations.

Under the eligible capital rules of the Bermuda Monetary Authority ("BMA"), the Senior Notes qualify as Tier 3 capital and the Junior Subordinated Notes qualify as Tier 2 capital when considering the Bermuda Solvency Capital Requirements ("BSCR").

Credit Ratings

The following table presents our credit ratings as of March 1, 2023:

Credit ratings [1]	Standard and Poor's	Fitch Ratings
Long-term issuer	BBB (Outlook: Positive)	BBB+ (Outlook: Stable)
2029 Senior Notes	BBB	BBB
2031 Senior Notes	BBB-	BBB
2040 and 2042 Junior Subordinated Notes	BB+	BBB-
Series D and E Preferred Shares	BB+	BBB-

[1] Credit ratings are provided by third parties, Standard and Poor's and Fitch Ratings, and are subject to certain limitations and disclaimers. For information on these ratings, refer to the rating agencies' websites and other publications.

Agency ratings are not a recommendation to buy, sell or hold any of our securities and may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating[14].

[14] For information on risks related to our credit ratings, refer to "Item 1A. Risk Factors - Risks Relating to Liquidity and Capital Resources" and "Item 1A. Risk Factors - Risks Relating to Ownership of our Shares."

Contractual Obligations

The following table summarizes, as of December 31, 2022, our future payments under material contractual obligations and estimated payments for losses and LAE for the Run-off segment by expected payment date. The table includes only obligations that are expected to be settled in cash.

		Short-term	Long Term			
	Total	Less than 1 Year	1 - 3 years	3 - 5 years	6 - 10 years	More than 10 Years
	(in millions of U.S. dollars)					
Operating Activities						
Estimated gross reserves for losses and LAE [1]						
Asbestos	$ 1,693	$ 156	$ 290	$ 246	$ 359	$ 642
Environmental	352	42	70	54	80	106
General Casualty	4,374	751	1,015	660	1,344	604
Workers' compensation/personal accident	2,401	237	359	347	490	968
Marine, aviation and transit	505	183	163	68	53	38
Construction defect	402	96	138	43	85	40
Professional indemnity/ Directors & Officers	1,406	331	399	219	373	84
Motor	568	139	167	63	79	120
Property	546	202	193	75	58	18
Other	668	248	211	77	64	68
Total outstanding losses and IBNR	12,915	2,385	3,005	1,852	2,985	2,688
ULAE	422	82	102	61	84	93
Estimated gross reserves for losses and LAE for the Run-off segment [1]	13,337	2,467	3,107	1,913	3,069	2,781
Financing Activities						
Loan repayments (including estimated interest payments)	3,050	89	176	176	1,337	1,272
Total	$ 16,387	$ 2,556	$ 3,283	$ 2,089	$ 4,406	$ 4,053

[1] The reserves for losses and LAE represent management's estimate of the ultimate cost of settling losses. The estimation of losses is based on various complex and subjective judgments. Actual losses paid may differ, perhaps significantly, from the reserve estimates reflected in our consolidated financial statements. Similarly, the timing of payment of our estimated losses is not fixed and there may be significant changes in actual payment activity. The assumptions used in estimating the likely payments due by period are based on our historical claims payment experience and industry payment patterns, but due to the inherent uncertainty in the process of estimating the timing of such payments, there is a risk that the amounts paid in any such period can be significantly different from the amounts disclosed above. The amounts in the above table represent our estimates of known liabilities as of December 31, 2022 and do not take into account corresponding reinsurance recoverable amounts that would be due to us. Furthermore, certain of the reserves included in the consolidated financial statements as of December 31, 2022 were acquired by us and initially recorded at fair value with subsequent amortization, whereas the expected payments by period in the table above are the estimated payments at a future time and do not reflect the fair value adjustment in the amount payable.

Reserves for Losses and LAE

We generally attempt to match the duration of our investment portfolio to the duration of our general liability profile. We generally seek to maintain investment portfolios that are shorter or of equivalent duration to the liabilities in order to provide liquidity for the settlement of losses and, where possible, to avoid having to liquidate longer-dated investments. The settlement of liabilities also has the potential to accelerate the natural payout of losses and policyholder benefits, which may require additional liquidity. As of as of December 31, 2022 and 2021, the weighted average durations of our Run-off segment gross reserves for losses and LAE were 4.65 and 6.18, respectively. The decrease from 2021 was driven by shorter average payouts from new acquisitions and an increase in yield curves during the year ended December 31, 2022.

Future Policyholder Benefits

In November 2022, Enhanzed Re completed a novation of the reinsurance closed block of life annuity policies to Monument Re. We settled the life liabilities and the related assets at carrying value in return for cash consideration, and expect to record a gain on novation in our first quarter 2023 results as a result of the one quarter reporting lag[15]. Given the novation, we did not include the expected payments of the liability in the table above.

Debt Obligations

The amounts presented in this table represent Enstar's total debt obligations. Refer to the 'Debt Obligations' section above for further details.

RNCI

In addition to the contractual obligations noted in the table above, we have the right to purchase the redeemable non-controlling interest ("RNCI") related to StarStone International from the Trident V Funds and Dowling Capital Partners I, L.P. and Capital City Partners LLC (collectively, the "Dowling Funds") after March 31, 2023 (a "call right") and the RNCI holders have the right to sell their RNCI interests to us after December 31, 2022 (a "put right").

Share Repurchases and Dividends

Our strategy is to retain earnings and invest distributions from our operating subsidiaries into our business. We may choose to return value to shareholders in the form of share repurchases or dividends. For details on our share repurchase programs, refer to Note 19 to our consolidated financial statements. To date, we have not declared any dividends on our ordinary shares. We may re-evaluate this strategy from time to time based on overall market conditions and other factors.

We have 16,000 Series D Preferred Shares with an aggregate liquidation value of $400 million and 4,400 Series E Preferred Shares with an aggregate liquidation value of $110 million. The dividends on both Series of Preferred Shares are non-cumulative and may be paid quarterly in arrears, only when, as and if declared.

Any payment of common or preferred dividends must be approved by our Board. Our ability to pay ordinary and preferred dividends is subject to certain restrictions.

Off-Balance Sheet Arrangements

As of December 31, 2022, we have entered into certain investment commitments and parental guarantees[16]. We also utilize unsecured and secured letters of credit[17] ("LOCs") and a deposit facility. We do not believe it is reasonably likely that these arrangements will have a material current or future effect on our financial condition, changes in financial condition, revenues and expenses, results of operations, liquidity, cash requirements or capital resources.

	Short-term	Long Term	
	Less than 1 Year	More than 1 Year	Total
	(in millions of U.S. dollars)		
Investing Activities			
Unfunded investment commitments [(1)]	391	1,402	1,793

[(1)] Refer to Note 25 to our consolidated financial statements for further details.

[15] Refer to Note 26 to our consolidated financial statements for further details.

[16] Refer to Note 25 to our consolidated financial statements for further details.

[17] Refer to Note 17 to our consolidated financial statements for further details.

Critical Accounting Estimates

We believe the following accounting policies are most dependent on significant judgments and estimates used in the preparation of our financial statements.

Losses and LAE

Run-off

Losses and LAE liabilities represent our best estimate of the ultimate remaining liability for unpaid losses and LAE for incurred claims as of the balance sheet date. This includes provisions for claims that have been reported but are unpaid at the balance sheet date (Outstanding Loss Reserves, or "OLR") and for obligations on claims that have been incurred but not reported ("IBNR") at the balance sheet date. IBNR may also include provisions to account for the possibility that reported claims may settle for amounts that differ from the established case reserves as well as the potential for closed claims to re-open.

Establishing loss reserves can be complex and is subject to considerable uncertainty. Because a significant amount of time can lapse between our assumption of the risk, the occurrence of a loss event, the reporting of the event to us and the ultimate payment of the claim on the loss event, the liability for unpaid losses and LAE is based largely upon estimates. Certain types of exposure, typically latent health exposures such as asbestos-related claims, have inherently long reporting delays, in some cases many years, from the date a loss occurred to the manifestation and reporting of a claim and ultimately until the final settlement of the claim, and that could impact the amount of reliance we place on our actual historical data.

We use considerable judgment in the process of developing these estimates of loss reserves, which involves uncertainty in several areas, including use of actual or industry data for model inputs, and various projection assumptions and judgements depending on product lines, coverage type, or policy year. We may record additional estimates based upon our judgement as to the applicability of the facts, circumstances and external environment to each portfolio.

As of December 31, 2022 and 2021, IBNR reserves (net of reinsurance balances recoverable) accounted for $6.1 billion, or 51.3%, and $6.8 billion, or 59.4%, respectively, of our total Run-off net losses and LAE reserves, excluding ULAE[18].

Our estimate of loss reserves for each portfolio generally relies on the following key judgments:

- The degree of reliance upon historic actual claims trends or industry data for claims trends.
- Separation of each portfolio into homogenous data sets, generally by line of business, or reserving class.
- Methods used in analyzing and projecting potential reserve positions and the mix of methods selected to form an aggregate reserve position for each portfolio[19].
- Our degree of reliance or adjustment as a result of external factors such as economic conditions (inflation and unemployment statistics), legal conditions (judicial rulings in each relevant jurisdiction) and social & environmental factors (medical cost trends, changes in regulations or public health).
- Consideration of additional information such as changes in claims handling activities, third party claims operating reviews, third party actuarial reviews or changes in our reinsurance programs.

Judgments are based on numerous factors and may be revised as additional data becomes available, as new or improved methods are developed, or as laws change. This means that ultimate loss payments may differ from the losses and LAE estimate made at the balance sheet date.

In addition, key assumptions are made within each method, although the sensitivity to each assumption may vary within each method and even within each reserving class and accident year of each method. Such assumptions would include:

- Loss development factors are used to extrapolate current losses on an accident year to our full expected losses based upon judgements of historical trends on earlier accident years.

[18] For a breakdown of our Run-off gross and net losses and LAE reserves by line of business, and ULAE, as of December 31, 2022 and 2021, refer to Note 10 to our consolidated financial statements.

[19] Refer to Note 10 to our consolidated financial statements for further description of the methodologies used for establishing reserves.

- Tail factors further extrapolate our longer tailed lines where payments expected in later years or decades can be more uncertain than settlements that preceded them both in the timing and amount of cash flows. As such, lines with more expected payments in the tail are more sensitive to tail assumptions.
- Expected loss ratios are used for years where we do not yet have credible experience.
- Loss cost trend factors are used to extrapolate future loss expectations based upon observed trends.

We perform, at least annually, a formal review process of each portfolio of reserves in accordance with Actuarial Standards of Practice. These reviews may be performed using internal or independent credentialed actuaries.

In addition, we project expected paid and incurred loss development for each class of business, which is monitored on a quarterly basis. Should actual paid and incurred development differ significantly from the expected paid and incurred development, we will investigate the cause and, in conjunction with our actuaries, consider whether any adjustment to total loss reserves is required.

Adjustments resulting from changes in our estimates are recorded in the period when such adjustments are determined. The ultimate liability for losses and LAE is likely to differ from the original estimate due to a number of factors, primarily consisting of the overall claims activity occurring during any period, including the completion of commutations of assumed liabilities and ceded reinsurance receivables, policy buy-backs and general incurred claims activity.

Loss Reserving (Latent Claims)

Sensitivity to Underlying Assumptions of our Actuarial Methods

While we believe our reserve for losses and LAE at December 31, 2022 is reasonable, the estimation of these reserves is a complex process that depends on a number of factors and assumptions. As noted previously, our best estimate of our loss reserves involves considerable judgement, considering the results from a number of reserving methodologies. Therefore, these estimates are susceptible to changes in assumptions. We consider each of the following sensitivities a reasonable deviation for the key assumptions for each of our significant lines of business.

Line of Business	Net Reserves	Sensitivity	Estimated range in variation
		(in millions of U.S. Dollars)	
Asbestos	$ 1,628	+/- 10% in expected number of claims	+/- $125
		+/- 10% in average indemnity	+/- $165
General Casualty	4,254	+/- 10% in tail development factor (5+ years)	+/- $190
		+/- 1% in loss cost trend	+/- $195
Workers' Compensation	2,175	+/- 2.5% increase in medical inflation	+/- $455
Professional Indemnity/Directors and Officers	1,250	+/- 2.5% in loss cost trend	+/- $105
Motor	377	+/- 2.5% in loss cost trend	+/- $35

Asbestos – Reserve estimates for this line are subject to greater variability than reserves for more traditional exposures. Claims are spread across multiple policy years based on the still evolving case law in various jurisdictions and inconsistent court decisions and judicial interpretations, making historical development patterns unreliable to forecast the future claim payments. A key consideration in setting our asbestos reserves is the volume of future claim filings, and the average indemnity of those claims.

General Casualty – This is a long tail class of business with long reporting and paid developing factors, and we generally use a combination of reserving methodologies on this line. Because of the long tail nature, the reserves are susceptible to variation in loss development factors and loss cost trends that may develop over an extended period of time over multiple accident years. A key assumption in setting our general casualty reserves is the provision for claim payments in the tail.

Workers' Compensation – We generally use a combination of loss development and expected loss ratio methods due to the long tail nature of this line. A portion of our workers' compensation reserves cover medical expense for future treatments of injured workers. Given the long development patterns associated with workers' compensation business, these claims are exposed to medical inflation.

Professional Indemnity/Directors and Officers – Due to the nature of this line, there is increased uncertainty in the number and severity of claims, which results in an expectation of high volatility and uncertainty in loss trends.

Motor - This business is generally more short tail in nature, and the majority of the claims are resolved within a few years of occurrence. A key component in estimating motor reserves is the severity of claims.

Asbestos Claims

A number of our subsidiaries, and counterparties who underwrote the insurance policy portfolios we assumed, have exposure to bodily injury claims from alleged exposure to asbestos.

- The United States asbestos exposure arises mainly from general liability insurance policies underwritten prior to 1986, which our subsidiaries or counterparties either wrote directly, on a primary or excess basis, or as reinsurance.
- Our United Kingdom asbestos exposures emanate from Employers' Liability insurance policies written in 2005 and prior.

Asbestos bodily injury claims differ from other bodily injury claims due to the long latency period for asbestos, which often triggers a policyholder's coverage over multiple policy periods. The long latency period, combined with the lack of clear judicial precedent with respect to coverage interpretations and expanded theories of liability, increases the uncertainty of the asbestos claim reserve estimates.

As of December 31, 2022 and 2021, the net loss reserves for asbestos-related claims comprised 13.6% and 16.7%, respectively, of total Run-off net reserves for losses and LAE liabilities excluding ULAE. In addition as of December 31, 2022 and 2021, we also had $786 million and $826 million of defendant asbestos liabilities, respectively[20] .

Environmental Claims

Our subsidiaries and counterparties who underwrote the insurance policy portfolios we assumed have exposure to environmental claims from general liability insurance policies written prior to the mid-1980s, that were not specifically written to cover damage to the environment from gradual releases of pollutants. Similar to asbestos, there is additional uncertainty with respect to environmental reserves as compared to other general liability exposures. This added uncertainty is due to the multiple policy periods and allocation of claims to policy years, number of solvent potentially responsible parties at any site, ultimate cost of the remediation, the number of ultimate sites and changes to judicial precedence.

As of December 31, 2022 and 2021, the net loss reserves for environmental pollution-related claims comprised 2.8% and 3.2%, respectively, of total Run-off net reserves for losses and LAE excluding ULAE. In addition, we also have $10 million and $11 million as of December 31, 2022 and 2021, respectively, of direct environmental liabilities[21].

Asbestos and Environmental Reserving

The ultimate losses from A&E claims cannot be estimated using traditional actuarial reserving methods that extrapolate losses to an ultimate basis using loss development, and therefore we use alternative projection methods. Claims are spread across multiple policy years based on the still evolving case law in each jurisdiction, making historical development patterns unreliable to forecast the future claim payments. Our estimate of loss reserves for A&E claims relies on the following key factors and judgements:

- The degree of reliance or adjustment based on the legal and social environment, to which these liabilities are particularly sensitive. The current legal environment and the impact of specific settlements that may be used as precedents to settle future claims are key with these types of claims.
- The degree of reliance upon actual claims data and trends or industry data for claims trends.
- Methods used in analyzing and projecting potential reserve positions and the mix of methods selected to form an aggregate reserve position for each portfolio[22].

Judgements are based on numerous factors and may be revised as additional data becomes available, as new or improved methods are developed, or as laws change. This means that ultimate loss payments may differ from the losses and LAE estimate made at the balance sheet date.

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[20] As described in Note 12 in our consolidated financial statements.

[21] As described in Note 12 in our consolidated financial statements.

[22] Refer to Note 10 in our consolidated financial statements, for further description of the methodologies used for establishing reserves.

Key assumptions are made within each method, although the sensitivity to each assumption may vary within each method and even within each reserving class and accident year of each method. When the asbestos exposure analysis (frequency and severity) method is applied, such assumptions would include:

- Trends with respect to average claim indemnity, which are used to extrapolate future claim costs.
- Trends in claim filing patterns, which will be used to estimate the number of future claims.

We also use a combination of additional actuarial methods, including the paid survival ratio, paid market share, decay factor, and other methods to periodically reevaluate the continued reasonableness of recorded loss reserves.

Change in Reserve Assumptions

Changes in reserve estimates can be driven by updated experience and by changes in assumptions. These are linked as updated information leads to changes in assumptions. We have estimated what portion of changes in ultimate losses from acquisition years 2013 to 2022 are attributable to experience and what portion are attributable to assumptions.

Line of Business	Change in Ultimate Losses	Change due to Experience	Change due to Assumptions
Asbestos	(0.7)%	(0.5)%	(0.2)%
General Casualty	2.1 %	(0.1)%	2.2 %
Workers' Compensation	(7.6)%	(5.2)%	(2.4)%
Professional Indemnity/Directors and Officers	1.4 %	(0.1)%	1.5 %
Motor	4.0 %	1.1 %	2.9 %

Defendant asbestos and environmental liabilities

Defendant A&E liabilities on our consolidated balance sheets include amounts for indemnity and defense costs for pending and future claims, determined using standard actuarial techniques for asbestos-related exposures. Defendant A&E liabilities also include amounts for environmental liabilities associated with our properties. These are non-insurance liabilities since they are held by non-insurance subsidiaries and are presented separately on our consolidated balance sheets. These reserves will be sensitive to similar industry trends and assumptions as observed in our A&E reserves as described under the Loss and LAE section above, specifically claim trends and indemnity. However, we use utilize different methodologies to estimate the defendant A&E liabilities as compared to our loss reserves[23].

Key drivers for this estimate are the amount of future claim filings and average indemnity, which are key indicators of the amount of liabilities. The table below provides sensitivities of these drivers for defendant A&E.

Net Liability	Sensitivity	Estimated Range in Variation
	(in millions of U.S. Dollars)	
$572	+/- 10% in expected number of claims	+/- $45
	+/- 10% in average indemnity	+/- $55

Change in Liability Assumptions

Similar to reserves, changes in defendant A&E liabilities can be driven by updated experience and by changes in assumptions. These are linked as updated information leads to changes in assumptions. We have estimated what portion of changes in the liabilities are attributable to experience and what portion are attributable to assumptions[24].

Change in Total Liability	Change due to Experience	Change due to Assumptions
	(in millions of U.S. Dollars)	
$(2)	$(2)	$—

[23] As described in Note 12 in our consolidated financial statements.

[24] For information on our defendant A&E liabilities, refer to Note 2 and Note 12 in our consolidated financial statements.

Valuation Allowances on Deferred Tax Assets

At each balance sheet date, we assess the need to establish a valuation allowance that reduces deferred tax assets (including those generated from operations as well as those acquired in business combinations) when it is more likely than not that all, or some portion, of the deferred tax assets will not be realized.

The determination of the need for a valuation allowance is based on all available information including

- projections of future taxable income;
- our forecast of future taxable income considers several factors, including actual net earnings in recent years, future sustainability and likelihood of positive earnings; and
- tax planning strategies.

Projections of future taxable income incorporate assumptions of future business and operations that may differ from actual experience.

If our assumptions and estimates that resulted in our forecast of future taxable income prove to be incorrect, an additional valuation allowance could become necessary, which could have a material adverse effect on our financial condition.

From 2021 to 2022, we had an increase in our valuation allowance of $52 million, driven mostly by increase in our DTA associated with unrealized investment losses and net operating loss carryforwards in the U.S. and U.K. jurisdictions as we do not make a hold to recovery assertion on unrealized losses. In assessing the recoverability of the DTA, we consider forecasts of future income for our U.S. business using assumptions about future macroeconomic and company specific conditions and events. While our forecasts of future taxable income have remained consistent, these forecasts are judgmental and involve a level of uncertainty, such that a 10% decrease to forecasted future income could increase the valuation allowance by up to 8% or $15 million[25].

Level 3 Fair Value Measurements

Level 3 Investments

We measure fair value using a standard hierarchy based on the quality of inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 3 fair value measurements are based on unobservable inputs where there is little or no market activity. We utilize unadjusted third party pricing sources and internal valuation models to determine these fair values. Our assessment of the significance of these unobservable inputs to the fair value measurement requires judgement.

Our Level 3 investments consist primarily of privately held equity securities, and we value these securities using observable and unobservable inputs. While the observable inputs are based on readily available market data, the unobservable inputs involve increased uncertainty and judgement in their selection and application. Key drivers of the valuation are the peer multiple and the expected term (in years). The peer multiple is calculated from a group of peer companies and that multiple is then applied to the invested company as a key input to calculate the value. The expected term is used in the option pricing model as a key input to calculate the value of the privately held equity securities. The option pricing model is only used for one investment which has a more complex securities structure that includes different liquidation preferences for each security class. We consider the following sensitivity a reasonable deviation for this key input:

Sensitivity		Investments	Estimated Range in Variation
		(in millions of U.S. dollars)	
+/- 10% peer multiple	$	294	+/- $29
+/- 3 year exit term	$	190	+/- $22

[25] For information on valuation allowances on deferred tax assets, refer to "Income Taxes" within Note 2 in our consolidated financial statements.

Fair Value Option - Insurance Contracts

We have elected to apply the fair value option for certain LPT reinsurance transactions that originated in 2017 and 2018. This is an irrevocable election that applies to all balances under the insurance contract, including reinsurance recoverable and the liability for losses and LAE.

The fair value of the liability for losses and LAE and reinsurance recoverable under these contracts is presented separately in our consolidated balance sheet as of December 31, 2022 and 2021. Changes in the fair value of the liability for losses and LAE and reinsurance balances recoverable on paid and unpaid losses are included in net incurred losses and LAE in our consolidated statement of operations.

We use an internal model to calculate the fair value of the liability for losses and LAE and reinsurance recoverable asset for certain retroactive reinsurance contracts where we have elected the fair value option.

The fair value is calculated as the aggregate of discounted cash flows plus a risk margin.

The discounted cash flow approach uses:

i. estimated nominal cash flows based upon an appropriate payment pattern developed in accordance with actuarial methods and

ii. a discount rate based upon high quality rated corporate bond yields plus a credit spread for non-performance risk. The model uses corporate bond rates across the yield curve depending on the estimated timing of the future cash flows and specific to the currency of the risk.

The risk margin was calculated using the present value of the cost of capital. The cost of capital approach uses

i. projected capital requirements,

ii. multiplied by the risk cost of capital representing the return required for non-hedgeable risk based upon the weighted average cost of capital less investment income, and

iii. discounted using the weighted average cost of capital.

The fair value model uses a combination of observable and unobservable inputs in its use and application. While the observable inputs are based on readily available market data, the unobservable inputs involve increased uncertainty and judgement in their selection and application. Specifically, the risk margin calculated is dependent on the following inputs:

a. Yield curve using high quality rated corporate bond rates across different currencies, notably the British Pound, US dollar, and the Euro.

b. Weighted average cost of capital (“WACC”), which represents a proxy for the industry cost of capital, and is calculated utilizing various inputs.

c. Average payout of the liabilities, which reflects the timing of expected future claim payments.

We consider the following sensitivity a reasonable deviation for these key assumptions[26]:

Net Fair Value Liabilities		Sensitivity	Estimated Range in Variation
		(in millions of U.S. dollars)	
$	1,011	+/- 50bps WACC	+/- $5
$	1,011	+/- 1 year in average payout	+/- $35
$	1,011	+/- 50bps yield curve	+/- $25

While the yield curve is an observable input since it is based on readily determinable corporate bond rates, it generally has the biggest impact to the fair value in a given year apart from changes in loss estimates. At year-end 2022, there was a $219 million decrease in the liability due to an increase in the yield curve along with a $21 million decrease in the liability due to a 0.45% increase in the credit spread for non-performance risk as credit spreads have widened with the increase in yield curve.

The WACC remained unchanged from 2020 to 2022.

[26]The observable and unobservable inputs used in the model are further described in Note 13 in our consolidated financial statements.

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The average payout of the liability is adjusted every period to reflect actual net payments during the period and expected future payments, and any acceleration or deceleration of the estimated payment pattern will impact the average payout that would result in an impact to the value of the liability.

During 2022, there was an acceleration in the payment pattern, which decreased the average payout and resulted in a $2 million increase to the liability.

Recently Issued Accounting Pronouncements Not Yet Adopted[27]

In August 2018, Financial Accounting Standards Board (“FASB”) issued ASU 2018-12, Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts.

The amendments are intended to improve the existing recognition, measurement, presentation, and disclosure requirements for long-duration contracts issued by an insurance entity, and will require more frequent updating of assumptions and a standardized discount rate for the future policy benefit liability.

Companies are required to apply the guidance as of and record transition adjustments from January 1, 2021 through to the date the standard is adopted, at which point the measurement impact is recognized. We will adopt ASU 2018-12 effective January 1, 2023.

ITEM 6. RESERVED

[27] See Note 2 to the consolidated financial statements for a more detailed discussion of ASU 2018-12, as well as newly adopted accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following risk management discussion and the estimated amounts generated from the sensitivity analysis presented are forward-looking statements of market risk assuming certain market conditions occur. Future results may differ materially from these estimated results due to, among other things, actual developments in the global financial markets, changes in the composition of our investment portfolio or changes in our business strategies. The results of the analysis we use to assess and mitigate risk are not projections of future events or losses. See "Cautionary Statement Regarding Forward-Looking Statements" for additional information regarding our forward-looking statements.

We are principally exposed to four types of market risk: interest rate risk; credit risk; equity price risk and foreign currency risk. Our policies to address these risks in 2022 are not materially different than those used in 2021, and based on our current knowledge and expectations, we do not currently anticipate significant changes in our market risk exposures or in how we will manage those exposures in future reporting periods. However, due to the ongoing uncertainty and volatility in financial markets as a result of continued inflationary pressure, ongoing disruptions and decoupling of supply chains, geopolitical conflicts and tensions and various governmental responses thereto, we expect interest rates, credit spreads and global equity markets to remain volatile in the near-term. Furthermore, inflation and tightening of financial conditions by global central banks have increased the risk of defaults across many industries. As a result, we continue to closely monitor market risk during this time.

Interest Rate and Credit Spread Risk

Interest rate risk is the price sensitivity of a security to changes in interest rates. Credit spread risk is the price sensitivity of a security to changes in credit spreads. Our investment portfolio and funds held - directly managed includes fixed maturity and short-term investments, whose fair values will fluctuate with changes in interest rates and credit spreads. We attempt to maintain adequate liquidity in our fixed income securities portfolio with a strategy designed to emphasize the preservation of our invested assets and provide sufficient liquidity for the prompt payment of claims, contract liabilities and future policyholder benefits, as well as for settlement of commutation payments. We also monitor the duration and structure of our investment portfolio.

The following tables, presented on a consolidated, Run-off and Legacy Underwriting business and Assumed Life business basis, summarize the aggregate hypothetical change in fair value from an immediate parallel shift in the treasury yield curve, assuming credit spreads remain constant in our fixed maturity and short-term investments portfolio classified as trading and AFS, our funds held directly managed portfolio and our fixed income funds and our fixed income exchange-traded funds, and excludes investments classified as held-for-sale:

	Consolidated				
	Interest Rate Shift in Basis Points				
As of December 31, 2022	**-100**	**-50**	**—**	**+50**	**+100**
	(in millions of U.S. dollars)				
Total Market Value [1]	$ 10,794	$ 10,513	$ 10,246	$ 9,993	$ 9,755
Market Value Change from Base	5.3 %	2.6 %	—	(2.5)%	(4.8)%
Change in Unrealized Value	$ 548	$ 267	$ —	$ (253)	$ (491)
As of December 31, 2021	**-100**	**-50**	**—**	**+50**	**+100**
Total Market Value [1]	$ 14,601	$ 14,182	$ 13,796	$ 13,438	$ 13,099
Market Value Change from Base	5.8 %	2.8 %	—	(2.6)%	(5.1)%
Change in Unrealized Value	$ 805	$ 386	$ —	$ (358)	$ (697)

[1] Excludes equity exchange-traded funds of $439 million and $373 million for the years ended December 31, 2022 and 2021, respectively, which are included in the Equity Price Risk section below.

	Run-off and Legacy Underwriting				
	Interest Rate Shift in Basis Points				
As of December 31, 2022	**-100**	**-50**	**—**	**+50**	**+100**
	(in millions of U.S. dollars)				
Total Market Value [1]	$ 9,773	$ 9,550	$ 9,338	$ 9,136	$ 8,945
Market Value Change from Base	4.7 %	2.3 %	— %	(2.2)%	(4.2)%
Change in Unrealized Value	$ 435	$ 212	$ —	$ (202)	$ (393)
As of December 31, 2021	**-100**	**-50**	**—**	**+50**	**+100**
Total Market Value [1]	$ 12,959	$ 12,638	$ 12,342	$ 12,066	$ 11,803
Market Value Change from Base	5.0 %	2.4 %	— %	(2.2)%	(4.4)%
Change in Unrealized Value	$ 617	$ 296	$ —	$ (276)	$ (539)

[1] Excludes equity exchange-traded funds of $439 million and $373 million as of December 31, 2022 and December 31, 2021, respectively, which are included in the Equity Price Risk section below.

	Assumed Life				
	Interest Rate Shift in Basis Points				
As of December 31, 2022	**-100**	**-50**	**—**	**+50**	**+100**
	(in millions of U.S. dollars)				
Total Market Value	$ 1,021	$ 963	$ 908	$ 857	$ 810
Market Value Change from Base	12.4 %	6.1 %	— %	(5.6)%	(10.8)%
Change in Unrealized Value	$ 113	$ 55	$ —	$ (51)	$ (98)
As of December 31, 2021	**-100**	**-50**	**—**	**+50**	**+100**
Total Market Value	$ 1,642	$ 1,544	$ 1,454	$ 1,372	$ 1,296
Market Value Change from Base	12.9 %	6.2 %	— %	(5.6)%	(10.9)%
Change in Unrealized Value	$ 188	$ 90	$ —	$ (82)	$ (158)

Actual shifts in interest rates may not change by the same magnitude across the maturity spectrum or on an individual security and, as a result, the impact on the fair value of our fixed maturity securities, short-term investments, funds held - directly managed, fixed income funds and fixed income exchange-traded funds may be materially different from the resulting change in value indicated in the tables above.

The following tables, presented on a consolidated, Run-off and Legacy Underwriting business and Assumed Life business basis, summarize the aggregate hypothetical change in fair value from an immediate parallel shift in credit spreads assuming interest rates remain fixed, in our fixed maturity and short-term investments portfolio classified as trading and AFS, our funds held directly managed portfolio, our fixed income funds and our fixed income exchange-traded funds, and excludes investments classified as held-for-sale:

	Credit Spread Shift in Basis Points				
As of December 31, 2022	**-100**	**-50**	**—**	**+50**	**+100**
	(in millions of U.S. dollars)				
Total Market Value [1]	$ 10,797	$ 10,515	$ 10,246	$ 9,991	$ 9,749
Market Value Change from Base	5.4 %	2.6 %	—	(2.5)%	(4.9)%
Change in Unrealized Value	$ 551	$ 269	$ —	$ (255)	$ (497)
As of December 31, 2021	**-100**	**-50**	**—**	**+50**	**+100**
Total Market Value [1]	$ 14,560	$ 14,166	$ 13,796	$ 13,448	$ 13,119
Market Value Change from Base	5.5 %	2.7 %	—	(2.5)%	(4.9)%
Change in Unrealized Value	$ 764	$ 370	$ —	$ (348)	$ (677)

[1] Excludes equity exchange-traded funds of $439 million and $373 million for the years ended December 31, 2022 and December 31, 2021, respectively, which are included in the Equity Price Risk section below.

	Run-off and Legacy Underwriting				
	Credit Spread Shift in Basis Points				
As at December 31, 2022	**-100**	**-50**	**—**	**+50**	**+100**
	(in millions of U.S. dollars)				
Total Market Value [1]	$ 9,771	$ 9,550	$ 9,338	$ 9,136	$ 8,943
Market Value Change from Base	4.6 %	2.3 %	— %	(2.2)%	(4.2)%
Change in Unrealized Value	$ 433	$ 212	$ —	$ (202)	$ (395)
As at December 31, 2021	**-100**	**-50**	**—**	**+50**	**+100**
Total Market Value [1]	$ 12,935	$ 12,630	$ 12,342	$ 12,070	$ 11,811
Market Value Change from Base	4.8 %	2.3 %	— %	(2.2)%	(4.3)%
Change in Unrealized Value	$ 593	$ 288	$ —	$ (272)	$ (531)

[1] Excludes equity exchange-traded funds of $439 million and $373 million as of December 31, 2022 and December 31, 2021, respectively, which are included in the Equity Price Risk section below.

	Assumed Life				
	Credit Spread Shift in Basis Points				
As at December 31, 2022	**-100**	**-50**	**—**	**+50**	**+100**
	(in millions of U.S. dollars)				
Total Market Value	$ 1,026	$ 965	$ 908	$ 855	$ 806
Market Value Change from Base	13.0 %	6.3 %	— %	(5.8)%	(11.2)%
Change in Unrealized Value	$ 118	$ 57	$ —	$ (53)	$ (102)
As at December 31, 2021	**-100**	**-50**	**—**	**+50**	**+100**
Total Market Value	$ 1,625	$ 1,536	$ 1,454	$ 1,378	$ 1,308
Market Value Change from Base	11.8 %	5.6 %	— %	(5.2)%	(10.0)%
Change in Unrealized Value	$ 171	$ 82	$ —	$ (76)	$ (146)

Credit Risk

Credit risk relates to the uncertainty of a counterparty's ability to make timely payments in accordance with contractual terms of the instrument or contract. We are exposed to direct credit risk primarily within our portfolios of fixed maturity and short-term investments, through customers, brokers and reinsurers in the form of premiums receivable and reinsurance balances recoverable on paid and unpaid losses, respectively, and through ceding companies who retain premium owed to us as collateral for the payment of claims, each as discussed below.

Fixed Maturity and Short-Term Investments

As a holder of $9.6 billion of fixed maturity and short-term investments, we also have exposure to credit risk as a result of investment ratings downgrades or issuer defaults. In an effort to mitigate this risk, our investment portfolio consists primarily of investment grade-rated, liquid, fixed maturity investments of short-to-medium duration. At December 31, 2022, 36.9% of our fixed maturity and short-term investment portfolio was rated AA or higher by a major rating agency (December 31, 2021: 38.6%) with 6.5% rated lower than BBB- or non-rated (December 31, 2021: 5.6%). The portfolio as a whole, including cash, restricted cash, fixed maturity and short term investments and funds held - directly managed, had an average credit quality rating of A+ as of December 31, 2022 (December 31, 2021: A+). In addition, we manage our portfolio pursuant to guidelines that follow what we believe are prudent standards of diversification. The guidelines limit the allowable holdings of a single issue and issuers and, as a result, we believe we do not have significant concentrations of credit risk.

A summary of our fixed maturity and short-term investments by credit rating is as follows:

Credit rating	2022	2021	Change
AAA	23.3 %	23.5 %	(0.2)%
AA	13.6 %	15.1 %	(1.5)%
A	33.4 %	30.2 %	3.2 %
BBB	23.2 %	25.6 %	(2.4)%
Non-investment grade	6.0 %	5.3 %	0.7 %
Not rated	0.5 %	0.3 %	0.2 %
Total	100.0 %	100.0 %	
Average credit rating	A+	A+	

Reinsurance Balances Recoverable on Paid and Unpaid Losses

We have exposure to credit risk as it relates to our reinsurance balances recoverable on paid and unpaid losses. Our (re)insurance subsidiaries remain liable to the extent that retrocessionaires do not meet their contractual obligations and, therefore, we evaluate and monitor concentration of credit risk among our reinsurers[28].

Funds Held

Under funds held arrangements, the reinsured company has retained funds that would otherwise have been remitted to our reinsurance subsidiaries. The funds held balance is credited with investment income and losses payable are deducted. We are subject to credit risk if the reinsured company is unable to honor the value of the funds held balances, such as in the event of insolvency. Our funds held are shown under two categories on the consolidated balance sheets, where funds held upon which we receive the underlying portfolio investment returns are shown as "Funds held - directly managed", and funds held where we receive a fixed crediting rate or other contractually agreed return are shown as "Funds held by reinsured companies". Both types of funds held are subject to credit risk. We routinely monitor the creditworthiness of reinsured companies with whom we have funds held arrangements. As of December 31, 2022, we had funds held concentrations to reinsured companies exceeding 10% of shareholders' equity of $5.0 billion (December 31, 2021: $4.4 billion) in aggregate. However, we generally have the contractual ability to offset any shortfall in the payment of the funds held balances with amounts owed by us to the reinsured for losses payable and other amounts contractually due.

Equity Price Risk

Our portfolio of equity investments, excluding our fixed income exchange-traded funds but including the equity funds, has exposure to equity price risk, which is the risk of potential loss in fair value resulting from adverse changes in stock prices. Our fixed income exchange-traded funds are excluded from the below analysis and have been included within the interest rate and credit spread risk analysis above, as these exchange-traded funds are part of our fixed income investment strategy and are backed by fixed income instruments. The following table summarizes the aggregate hypothetical change in fair value from a 10% decline in the overall market prices of our equities at risk:

	2022	2021	Change
	(in millions of U.S. dollars)		
Publicly traded equity investments in common and preferred stocks	$ 385	$ 281	$ 104
Privately held equity investments in common and preferred stocks	358	372	(14)
Private equity funds	1,282	752	530
Equity funds	3	5	(2)
Equity exchange traded funds	439	373	66
Fair value of equities at risk	$ 2,467	$ 1,783	$ 684
Impact of 10% decline in fair value	$ 247	$ 178	$ 69

[28] A discussion of our reinsurance balances recoverable on paid and unpaid losses is in Note 8 in our consolidated financial statements.

Hedge Funds

As of December 31, 2022, we had investments of $549 million (December 31, 2021: $291 million) in hedge funds, included within our other investments, at fair value, that have exposure to interest rate, credit spread, and equity price risk given the underlying assets in those funds.

As of December 31, 2022 and 2021, the impact of a 10% decline in the fair value of these investments would have been $55 million and $29 million, respectively.

Convertible Bonds

As of December 31, 2022, we had investments of $233 million (December 31, 2021: $223 million) in convertible bonds, included within our fixed income portfolio, that have exposure to equity price risk given the embedded derivatives in those investments.

As of December 31, 2022, a 10% decline in the underlying equity prices would result in a $8 million (December 31, 2021: $11 million) decline in the fair value of these investments. The sensitivity of the convertible bonds to interest rate and credit spread shocks have been included in the interest rate and credit spread analysis above.

Foreign Currency Risk

The table below summarizes our net exposures as of December 31, 2022 and 2021 to foreign currencies:

	AUD	CAD	EUR	GBP	Other	Total
	(in millions of U.S. dollars)					
As of December 31, 2022						
Total net foreign currency exposure	$ 17	$ 7	$ (314)	$ 96	$ 29	$ (164)
Pre-tax impact of a 10% movement in USD[(1)]	$ 2	$ 1	$ (31)	$ 10	$ 3	$ (16)
As of December 31, 2021						
Total net foreign currency exposure	$ (6)	$ (10)	$ 15	$ 16	$ (3)	$ 12
Pre-tax impact of a 10% movement in USD[(1)]	$ (1)	$ (1)	$ 2	$ 2	$ —	$ 1

(1) Assumes 10% change in U.S. dollar relative to other currencies.

Through our subsidiaries located in various jurisdictions, we conduct our (re)insurance operations in a variety of non-U.S. currencies. We have the following exposures to foreign currency risk:

- Transaction Risk: The functional currency for the majority of our subsidiaries is the U.S. dollar. Within these entities, any fluctuations in foreign currency exchange rates relative to the U.S. dollar has a direct impact on the valuation of our assets and liabilities denominated in other currencies. All changes in foreign exchange rates, with the exception of non-U.S. dollar AFS investments, are recognized in our consolidated statements of earnings. Changes in foreign exchange rates relating to non-U.S. dollar AFS investments are recorded in AOCI in shareholders' equity. Our subsidiaries with non-U.S. dollar functional currencies are also exposed to fluctuations in foreign currency exchange rates relative to their own functional currency.
- Translation Risk: We have net investments in certain European, British, and Australian subsidiaries whose functional currencies are the Euro, British pound and Australian dollar, respectively. The foreign exchange gain or loss resulting from the translation of their financial statements from their respective functional currency into U.S. dollars is recorded in the cumulative translation adjustment account, which is a component of AOCI in shareholders' equity.

Our foreign currency policy is to broadly manage, where possible, our foreign currency risk by:

- Seeking to match our liabilities under (re)insurance policies that are payable in foreign currencies with assets that are denominated in such currencies, subject to regulatory constraints.
- Selectively utilizing foreign currency forward contracts to mitigate foreign currency risk.

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We use foreign currency forward exchange rate contracts to manage foreign currency risk. To the extent our foreign currency exposure is not matched or hedged, we may experience foreign exchange losses or gains, which would be reflected in our consolidated results of operations and financial condition.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Schedules other than those listed above are omitted as they are not applicable or the information has been included in the consolidated financial statements, notes thereto, or elsewhere herein.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Enstar Group Limited

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheet of Enstar Group Limited and its subsidiaries (the "Company") as of December 31, 2022, and the related consolidated statements of earnings, of comprehensive income, of changes in shareholders' equity, and of cash flows for the year then ended, including the related notes and schedules of summary of investments other than investments in related parties (Schedule I) as of December 31, 2022, condensed financial information of registrant (Schedule II), supplementary insurance information (Schedule III), and supplemental information concerning property/casualty insurance operations (Schedule VI) as of December 31, 2022 and for the year then ended, and reinsurance (Schedule IV) and valuation and qualifying accounts (Schedule V) for the year ended December 31, 2022 listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Notes 2(b) and 9 to the consolidated financial statements, the Company changed the manner in which it accounts for the amortization of deferred charge assets and deferred gain liabilities in 2022.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audit. 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audit of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the

transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance

with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

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

Valuation of losses and loss adjustment expenses (including those at fair value)

As described in Notes 2, 10 and 13 to the consolidated financial statements, the Company has $11.7 billion of liabilities for losses and loss adjustment expenses and $1.3 billion of liabilities for losses and loss adjustment expenses, at fair value, as of December 31, 2022. The liability for losses and loss adjustment expenses, also referred to as loss reserves, represents management's gross estimates before reinsurance for unpaid reported losses and includes losses that have been incurred but not yet reported using actuarial methods. Management performs an analysis of loss reserves by each portfolio that the Company has acquired. Exposures are separated into homogenous reserving classes, generally lines of business, within each portfolio. As disclosed by management, considerable judgment is used in the process of developing estimates of loss reserves, which involves uncertainty in several areas, including use of actual or industry data for model inputs, and various projection assumptions and judgments depending on product lines, coverage type, or policy year. Several actuarial methods may be used in analyzing and projecting potential reserve positions, and a mix of methods may be considered to form an aggregate reserve position for each portfolio. For loss reserves reported at fair value, the fair value is calculated as the aggregate of discounted cash flow plus a risk margin. The discounted cash flow approach uses estimated nominal cash flows based upon a payment pattern developed in accordance with actuarial methods and a discount rate based upon a high quality rated corporate bond yield plus a credit spread for non-performance risk. Key assumptions are made within each actuarial method, including loss development factors and expected loss ratios. In addition, in developing loss reserves for insurance claims with asbestos and environmental exposures, traditional actuarial methods cannot be used and therefore alternative actuarial methods are employed by management, including the asbestos ground-up exposure analysis (frequency-severity) method. Management uses a combination of additional actuarial methods, including the paid survival ratio, paid market share, and decay factor, among others, to periodically reevaluate the continued reasonableness of recorded loss reserves for these exposures. These methods involve the use of assumptions relating to expected future annual average payment amounts, paid survival ratios, estimated market share, and decay factors. Judgment is applied by management in evaluating the mix of methods selected to form an aggregate reserve position for each portfolio.

The principal considerations for our determination that performing procedures relating to the valuation of losses and loss adjustment expenses (including those at fair value) is a critical audit matter are (i) the significant judgment by management when developing the estimate of loss reserves, (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's significant assumptions related to the loss development factors, expected loss ratios, and selected aggregate reserve position for each portfolio for non-asbestos and environmental loss reserves, and expected future annual average payment amounts, paid survival ratios, estimated market share, decay factors, and the mix of methods selected to form an aggregate reserve position for asbestos and environmental loss reserves, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of loss reserves, including controls over the development of significant assumptions. These procedures also included, among others (i) the involvement of professionals with specialized skill and knowledge to assist in developing an independent estimate of loss reserves, by reserving class, on a test

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basis, and (ii) comparing the independent estimate to management's actuarial determined reserves to evaluate the reasonableness of management's estimate. Developing the independent estimate involved, on a test basis (i) independently developing the significant assumptions using actual historical data and loss development patterns, as well as industry data and other benchmarks, for the respective reserving classes, and (ii) testing the completeness and accuracy of data provided by management. For certain other reserving classes, professionals with specialized skill and knowledge were used to assist in testing management's process on a sample basis. Testing management's process included evaluating the reasonableness of the significant assumptions, the appropriateness of the actuarial methods used, and testing the completeness and accuracy of data used by management.

Valuation of defendant asbestos liabilities

As described in Notes 2 and 12 to the consolidated financial statements, the Company has $607 million of defendant asbestos and environmental liabilities as of December 31, 2022, substantially all of which consists of defendant asbestos liabilities. Defendant asbestos liabilities include amounts for indemnity and defense costs for pending and future asbestos-related claims, determined by management using actuarial methods. The actuarial methods utilize data resulting from claims experience and include the development of estimates of the potential value of asbestos-related claims asserted but not yet resolved, as well as the number and potential value of asbestos-related claims not yet asserted. In developing the estimate of liability for potential future claims, the actuarial methods project the potential number of future claims based on historical claim filings and health studies. The actuarial methods also utilize assumptions based on the Company's historical proportion of claims resolved without payment, historical claim resolution costs for those claims that result in a payment, and historical defense costs. The liabilities are estimated by management using pending and projected future claim filings, projected payment rates, average claim resolution amounts, and estimated defense costs, which are derived based on assumptions relating to defense cost to indemnity cost ratios. Management utilizes judgment when determining the assumptions related to projected future claim filings, projected payment rates, and estimated defense costs.

The principal considerations for our determination that performing procedures relating to the valuation of defendant asbestos liabilities is a critical audit matter are (i) the significant judgment by management when developing the estimate of the liability, (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's significant assumptions related to future claim filings, average claim resolution amounts, and defense cost to indemnity cost ratios, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of defendant asbestos liabilities, including controls over the development of significant assumptions. These procedures also included, among others, the involvement of professionals with specialized skill and knowledge to assist in testing management's process relating to the valuation of defendant asbestos liabilities, which included evaluating the reasonableness of the significant assumptions and the appropriateness of the actuarial methods used. Testing management's process also included testing the completeness and accuracy of data used by management on a sample basis.

/s/ PricewaterhouseCoopers LLP

New York, New York

March 1, 2023

We have served as the Company's auditor since 2022.

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors

Enstar Group Limited:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Enstar Group Limited and subsidiaries (the Company) as of December 31, 2021, the related consolidated statements of earnings, comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2021, and the related notes and financial statement schedules I to VI (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

Change in Accounting Principle

As discussed in Notes 2(b) and 9 to the consolidated financial statements, the Company has elected to change its method of accounting for deferred charge assets as of January 1, 2020.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

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

Assessment of the estimate of loss reserves and asbestos and environmental liabilities

As discussed in Notes 1, 2(e), 2 (g), 10 and 12 to the consolidated financial statements, the Company has recorded a liability for loss and loss adjustment expenses (loss reserves) and defendant asbestos and environmental liabilities (asbestos and environmental liabilities) of $11,269 million and $638 million, respectively, as of December 31, 2021. Loss reserves include an amount determined from reported claims and an amount, based on historical loss experience and industry statistics, for losses incurred but not reported. Asbestos and environmental liabilities include amounts for indemnity and defense costs for pending and future claims, as well as estimated clean-up costs based on engineering reports. The Company establishes loss reserves and asbestos and environmental liabilities primarily based on actuarially determined estimates of ultimate losses and loss adjustment expenses, with the assistance of actuarial specialists.

We identified the assessment of the estimate of loss reserves and asbestos and environmental liabilities as a critical audit matter. The evaluation of the estimate of loss reserves involved a high degree of auditor judgment due to the inherent uncertainty that exists in the losses incurred but not yet reported amounts, the outcome of coverage disputes on certain lines of business, and the significant amount of time that can lapse between the

assumption of risk and ultimate payment of the claim. The evaluation of the estimate of asbestos and environmental liabilities involved a high degree of auditor judgment due to the inherent uncertainty that exists in estimating the number and potential value of claims asserted, but not yet resolved and claims not yet asserted. The key assumptions used in the estimation process for loss reserves included loss development factors, expected loss ratios, and expected trends in claim frequency and severity. The key assumptions used in the estimation process for asbestos and environmental liabilities included expected trends in claim frequency and severity. Specialized skills and knowledge were required to evaluate the actuarial methodologies and the key assumptions used to estimate loss reserves and asbestos and environmental liabilities.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's process to estimate the loss reserves and asbestos and environmental liabilities. This included controls over the assumptions listed above and actuarial methodologies used in the estimation of loss reserves and asbestos and environmental liabilities. We involved actuarial professionals with specialized skills and knowledge, who assisted in:

- comparing the methodologies and assumptions used by the Company in estimating loss reserves and asbestos and environmental liabilities with generally accepted actuarial methodologies;
- evaluating assumptions for loss development factors, expected loss ratios, and expected trends in claim frequency and severity used in the estimation process of loss reserves by comparing them to historical results and industry trends;
- evaluating assumptions for expected trends in claim frequency and severity used in the estimation process of asbestos and environmental liabilities by comparing them to historical results and industry trends;
- developing an independent actuarial estimate of loss reserves and asbestos and environmental liabilities for selected lines of business;
- examining the Company's internal or independent external actuarial analyses for the remaining lines of business by 1) analyzing claims development in the current year; and 2) evaluating changes in methodologies and assumptions from the prior year;
- assessing the movement of the recorded loss reserves within the Company's range of actuarially determined reserves; and
- assessing the movement of the recorded asbestos and environmental liabilities within the Company's range of actuarially determined reserves.

Liability for loss and loss adjustment expenses, fair value

As discussed in Notes 1, 2(e), 10 and 13 to the consolidated financial statements, the Company used a discounted cash flow approach to estimate the liability for loss and loss adjustment expenses, fair value. The discounted cash flow approach uses estimated nominal cash flows based on a payment pattern developed in accordance with standard actuarial techniques. Nominal loss reserves include an amount determined from reported claims and an amount, based on historical loss experience and industry statistics, for losses incurred but not reported. The Company establishes nominal loss reserves primarily based on actuarially determined estimates of ultimate loss and loss adjustment expenses, with the assistance of actuarial specialists. The Company has recorded a liability for loss and loss adjustment expenses, fair value (loss reserves at fair value) of $1,989 million as of December 31, 2021.

We identified the assessment of loss reserves at fair value as a critical audit matter. The evaluation of the estimate of nominal loss reserves involved a high degree of auditor judgment due to the inherent uncertainty that exists in the losses incurred but not yet reported amounts, the outcome of coverage disputes on certain lines of business, and the significant amount of time that can lapse between the assumption of risk and ultimate payment of the claim. The key assumptions used in the estimation process included loss development factors and expected trends in claim frequency and severity. Specialized skills and knowledge were required to 1) evaluate the actuarial methodologies and certain assumptions used to estimate nominal loss reserves; and 2) evaluate the projected payout, including timing and amount of the nominal cash flows used in the fair value estimate.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's process to estimate nominal loss reserves. This included controls over the assumptions and actuarial methodologies used in the 1) estimation of nominal loss reserves; and 2) the estimation of the projected payout, including timing and

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amount of the nominal cash flows used to develop the fair value. We involved actuarial professionals with specialized skills and knowledge, who assisted in:

- comparing the methodologies and assumptions used by the Company in estimating nominal loss reserves with generally accepted actuarial methodologies;
- comparing assumptions for loss development factors and expected trends in claim frequency and severity to historical results and industry trends;
- developing an independent actuarial estimate of nominal loss reserves for selected lines of business;
- examining the Company's internal and independent external actuarial analyses for the remaining lines of business by 1) analyzing claims development in the current year; and 2) evaluating changes in methodologies and assumptions from the prior year;
- evaluating the Company's overall nominal loss reserves and assessing the movement of nominal loss reserves within the Company's range of actuarially determined reserves;
- evaluating the projected payout, including timing, and amount of the nominal cash flows used to develop the fair value, by developing an independent projected payout for selected lines of business; and
- examining the Company's projected payout for the remaining lines of business by evaluating changes in the timing of the nominal cash flows from the prior year and evaluating changes in methodologies and assumptions from the prior year.

/s/ KPMG Audit Limited

KPMG Audit Limited

We served as the Company's auditor from 2012 to 2022.

Hamilton, Bermuda

February 24, 2022, except as to changes to deferred charge assets as described in Notes 2(b) and 9, which is as of March 1, 2023.

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ENSTAR GROUP LIMITED
CONSOLIDATED BALANCE SHEETS
As of December 31, 2022 and 2021

	2022	2021
	(expressed in millions of U.S. dollars, except share data)	
ASSETS		
Short-term investments, trading, at fair value	$ 14	$ 6
Short-term investments, available-for-sale, at fair value (amortized cost: 2022 — $37; 2021 — $34)	38	34
Fixed maturity securities, trading, at fair value	2,370	3,756
Fixed maturity securities, available-for-sale, at fair value (amortized cost: 2022 — $5,871; 2021 — $5,689; net of allowance: 2022 — $33; 2021 — $10)	5,223	5,652
Funds held - directly managed, at fair value	2,040	3,007
Equity securities, at fair value (cost: 2022 — $1,357; 2021 — $1,831)	1,250	1,995
Other investments, at fair value (includes $3 in 2022 of consolidated variable interest entities)	3,296	2,333
Equity method investments	397	493
Total investments (*Note 6* and *(Note 13)*	14,628	17,276
Cash and cash equivalents	822	1,646
Restricted cash and cash equivalents	508	446
Reinsurance balances recoverable on paid and unpaid losses (net of allowance: 2022 — $131; 2021 — $136) *(Note 8)*	856	1,085
Reinsurance balances recoverable on paid and unpaid losses, at fair value (*Note 8* and *(Note 13)*	275	432
Insurance balances recoverable (net of allowance: 2022 — $5; 2021 — $5) *(Note 12)*	177	213
Funds held by reinsured companies *(Note 6)*	3,582	2,340
Net deferred charge assets *(Note 9)*	658	598
Other assets	648	620
TOTAL ASSETS	$ 22,154	$ 24,656
LIABILITIES		
Losses and loss adjustment expenses *(Note 10)*	$ 11,721	$ 11,269
Losses and loss adjustment expenses, at fair value *(Note 10)* *and* *(Note 13)*	1,286	1,989
Future policyholder benefits *(Note 11)*	1,184	1,502
Defendant asbestos and environmental liabilities *(Note 12)*	607	638
Insurance and reinsurance balances payable	100	254
Debt obligations *(Note 17)*	1,829	1,691
Other liabilities	462	581
TOTAL LIABILITIES	17,189	17,924
COMMITMENTS AND CONTINGENCIES *(Note 25)*		
REDEEMABLE NONCONTROLLING INTERESTS *(Note 18)*	168	179
SHAREHOLDERS' EQUITY *(Note 19)*		
Ordinary Shares (par value $1 each, issued and outstanding 2022: 17,588,050; 2021: 18,223,574):		
Voting Ordinary Shares (issued and outstanding 2022: 15,990,338; 2021: 16,625,862)	16	17
Non-voting convertible ordinary Series C Shares (issued and outstanding 2022: 1,192,941; 2021: 1,192,941)	1	1
Non-voting convertible ordinary Series E Shares (issued and outstanding 2022: 404,771 and 2021: 404,771)	—	—
Preferred Shares:		
Series C Preferred Shares (issued and held in treasury 2022 and 2021: 388,571)	—	—
Series D Preferred Shares (issued and outstanding 2022 and 2021: 16,000; liquidation preference $400)	400	400
Series E Preferred Shares (issued and outstanding 2022 and 2021: 4,400; liquidation preference $110)	110	110
Treasury shares, at cost (Series C Preferred Shares 2022 and 2021: 388,571)	(422)	(422)
Joint Share Ownership Plan (voting ordinary shares, held in trust 2022 and 2021: 565,630)	(1)	(1)
Additional paid-in capital	766	922
Accumulated other comprehensive loss	(575)	(16)
Retained earnings	4,406	5,312
Total Enstar Shareholders' Equity	4,701	6,323
Noncontrolling interests *(Note 18)*	96	230
TOTAL SHAREHOLDERS' EQUITY	4,797	6,553
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND SHAREHOLDERS' EQUITY	$ 22,154	$ 24,656

See accompanying notes to the consolidated financial statements

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ENSTAR GROUP LIMITED
CONSOLIDATED STATEMENTS OF EARNINGS
For the Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
	(expressed in millions of U.S. dollars, except share and per share data)		
INCOME			
Net premiums earned	$ 66	$ 245	$ 572
Net investment income	455	312	303
Net realized (losses) gains	(135)	(61)	19
Net unrealized (losses) gains	(1,479)	178	1,623
Other income	35	42	140
Net gain on purchase and sales of subsidiaries	—	73	3
Total income	(1,058)	789	2,660
EXPENSES			
Net incurred losses and loss adjustment expenses			
Current Period	48	172	405
Prior Period	(756)	(403)	(32)
Total net incurred losses and loss adjustment expenses	(708)	(231)	373
Policyholder benefit expenses	25	(3)	—
Amortization of net deferred charge assets	80	55	39
Acquisition costs	23	57	171
General and administrative expenses	331	367	502
Interest expense	89	69	59
Net foreign exchange (gains) losses	(15)	(12)	16
Total expenses	(175)	302	1,160
(LOSS) EARNINGS BEFORE INCOME TAXES	(883)	487	1,500
Income tax benefit (expense)	12	(27)	(24)
(Losses) earnings from equity method investments	(74)	93	239
NET (LOSS) EARNINGS FROM CONTINUING OPERATIONS	(945)	553	1,715
Net earnings from discontinued operations, net of income taxes	—	—	16
NET (LOSS) EARNINGS	(945)	553	1,731
Net loss (earnings) attributable to noncontrolling interest	75	(15)	28
NET (LOSS) EARNINGS ATTRIBUTABLE TO ENSTAR	(870)	538	1,759
Dividends on preferred shares	(36)	(36)	(36)
NET (LOSS) EARNINGS ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	$ (906)	$ 502	$ 1,723
(Loss) earnings per ordinary share attributable to Enstar:			
Basic:			
Net (loss) earnings from continuing operations	$ (52.65)	$ 25.33	$ 79.60
Net earnings from discontinued operations	—	—	0.35
Net (loss) earnings per ordinary share	$ (52.65)	$ 25.33	$ 79.95
Diluted:			
Net (loss) earnings from continuing operations	$ (52.65)	$ 24.94	$ 78.62
Net earnings from discontinued operations	—	—	0.35
Net (loss) earnings per ordinary share	$ (52.65)	$ 24.94	$ 78.97
Weighted average ordinary shares outstanding:			
Basic	17,207,229	19,821,259	21,551,408
Diluted	17,323,130	20,127,131	21,818,294

See accompanying notes to the consolidated financial statements

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ENSTAR GROUP LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
	(expressed in millions of U.S. dollars)		
NET (LOSS) EARNINGS	$ (945)	$ 553	$ 1,731
Other comprehensive (loss) income, net of income taxes:			
Unrealized (losses) gains on fixed maturity available-for-sale investments arising during the year	(681)	(106)	105
Reclassification adjustment for change in allowance for credit losses recognized in net (loss) earnings	28	10	(1)
Reclassification adjustment for net realized losses (gains) included in net (loss) earnings	81	(6)	(18)
Reclassification to net (loss) earnings on disposal of subsidiary	—	—	(12)
Unrealized (losses) gains arising during the year, net of reclassification adjustments	(572)	(102)	74
Change in currency translation adjustment	—	2	(2)
Other	(2)	2	1
Total other comprehensive (loss) income	(574)	(98)	73
Comprehensive (loss) income	(1,519)	455	1,804
Comprehensive loss (income) attributable to noncontrolling interest	90	(15)	28
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO ENSTAR	$ (1,429)	$ 440	$ 1,832

See accompanying notes to the consolidated financial statements

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ENSTAR GROUP LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
	(expressed in millions of U.S. dollars)		
Share Capital — Voting Ordinary Shares			
Balance, beginning of year	$ 17	$ 19	$ 18
Issue of shares	—	—	1
Shares repurchased	(1)	(2)	—
Balance, end of year	$ 16	$ 17	$ 19
Share Capital — Non-Voting Convertible Ordinary Series C Shares			
Balance, beginning of year	$ 1	$ 3	$ 3
Shares repurchased	—	(2)	—
Balance, end of year	$ 1	$ 1	$ 3
Share Capital — Non-Voting Convertible Ordinary Series E Shares			
Balance, beginning of year	$ —	$ 1	$ 1
Shares repurchased	—	(1)	—
Balance, end of year	$ —	$ —	$ 1
Share Capital - Series C Convertible Participating Non-Voting Preferred Shares			
Balance, beginning and end of year	$ —	$ —	$ —
Share Capital - Series D Preferred Shares			
Balance, beginning and end of year	$ 400	$ 400	$ 400
Share Capital - Series E Preferred Shares			
Balance, beginning and end of year	$ 110	$ 110	$ 110
Treasury Shares (Series C Preferred Shares)			
Balance, beginning and end of year	$ (422)	$ (422)	$ (422)
Joint Share Ownership Plan — Voting Ordinary Shares, Held in Trust			
Balance, beginning of year	$ (1)	$ (1)	$ —
Issue of shares	—	—	(1)
Balance, end of year	$ (1)	$ (1)	$ (1)
Additional Paid-in Capital			
Balance, beginning of year	$ 922	$ 1,836	$ 1,837
Repurchase of voting ordinary shares	(4)	(3)	(1)
Shares repurchased	(162)	(937)	(26)
Amortization of share-based compensation	10	26	26
Balance, end of year	$ 766	$ 922	$ 1,836
Accumulated Other Comprehensive (Loss) Income			
Balance, beginning of year	$ (16)	$ 81	$ 7
Cumulative currency translation adjustment			
Balance, beginning of year	9	8	9
Change in currency translation adjustment	—	1	(1)
Balance, end of year	9	9	8
Defined benefit pension liability			
Balance, beginning of year	2	—	(1)
Change in defined benefit pension liability	(2)	2	1
Balance, end of year	—	2	—
Unrealized (losses) gains on available-for-sale investments			
Balance, beginning of year	(27)	73	(1)
Change in unrealized (losses) gains on available-for-sale investments	(557)	(100)	74
Balance, end of year	(584)	(27)	73
Balance, end of year	$ (575)	$ (16)	$ 81
Retained Earnings			
Balance, beginning of year	$ 5,312	$ 4,809	$ 2,888
Net (loss) earnings	(945)	553	1,731
Net loss (earnings) attributable to noncontrolling interests	75	(15)	28
Dividends on preferred shares	(36)	(36)	(36)
Change in redemption value of redeemable noncontrolling interests	—	1	46
Cumulative effect of change in accounting principle - amortization of deferred charge assets (*Note 9*)	—	—	158
Cumulative effect of change in accounting principle - expected credit losses [1]	—	—	(6)
Balance, end of year	$ 4,406	$ 5,312	$ 4,809
Noncontrolling Interests (excludes redeemable noncontrolling interests)			
Balance, beginning of year	$ 230	$ 14	$ 14
Increase due to acquisition	—	219	—
Dividends paid	(55)	(1)	—
Net loss attributable to noncontrolling interests	(70)	(1)	—
Change in unrealized losses on available-for-sale investments attributable to noncontrolling interests	(9)	(1)	—
Balance, end of year	$ 96	$ 230	$ 14
Total Shareholders' Equity	$ 4,797	$ 6,553	$ 6,850

[1] Represents the impact of adopting ASU 2016-13 - *Financial Instruments - Credit Losses*.

See accompanying notes to the consolidated financial statements

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ENSTAR GROUP LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
	(expressed in millions of U.S. dollars)		
OPERATING ACTIVITIES:			
Net (loss) earnings	$ (945)	$ 553	$ 1,731
Net earnings from discontinued operations, net of income taxes	—	—	(16)
Adjustments to reconcile net (loss) earnings to cash flows provided by operating activities:			
Realized losses (gains) on sale of investments	135	61	(19)
Unrealized losses (gains) on investments	1,479	(178)	(1,623)
Depreciation and other amortization	49	74	59
Amortization of net deferred charge assets	80	55	39
Losses (earnings) from equity method investments	74	(93)	(239)
Sales and maturities of trading securities	2,840	6,175	3,792
Purchases of trading securities	(1,849)	(3,064)	(2,139)
Payments to cover securities sold short	—	(1,156)	—
Proceeds from securities sold short	—	534	—
Net payments for derivative contracts	—	(94)	—
Net gain on purchase and sales of subsidiaries	—	(73)	(3)
Other	13	30	26
Changes in:			
Reinsurance balances recoverable on paid and unpaid losses	375	248	52
Funds held by reinsured companies	(1,241)	(1,491)	(192)
Losses and loss adjustment expenses	(151)	1,870	1,003
Defendant asbestos and environmental liabilities	(31)	(68)	(141)
Insurance and reinsurance balances payable	(154)	(300)	87
Other operating assets and liabilities	(417)	718	369
Net cash flows provided by operating activities	257	3,801	2,786
INVESTING ACTIVITIES:			
Acquisition, net of cash acquired	$ —	$ (206)	$ —
Sales of subsidiaries, net of cash previously held	—	(214)	(14)
Sales and maturities of available-for-sale securities	2,502	3,085	2,260
Purchase of available-for-sale securities	(2,295)	(5,233)	(4,181)
Purchase of other investments	(1,552)	(910)	(975)
Proceeds from other investments	420	330	595
Other investing activities	6	1	(20)
Consolidation of the InRe Fund opening cash and restricted cash balances (*Note 14*)	—	574	—
Net cash flows used in investing activities	(919)	(2,573)	(2,335)
FINANCING ACTIVITIES:			
Dividends on preferred shares	$ (36)	$ (36)	$ (36)
Dividends paid to noncontrolling interests	(55)	(1)	—
Repurchase of shares	(163)	(942)	(26)
Issuance of debt, net of issuance costs	494	816	859
Repayment of debt	(356)	(574)	(679)
Net cash flows (used in) provided by financing activities	(116)	(737)	118
DISCONTINUED OPERATIONS CASH FLOWS:			
Net cash flows provided by operating activities	—	—	108
Net cash flows used in investing activities	—	—	(130)
Net cash flows from discontinued operations	—	—	(22)

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EFFECT OF EXCHANGE RATE CHANGES ON FOREIGN CURRENCY CASH, CASH EQUIVALENTS AND RESTRICTED CASH	16	4	(6)
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(762)	495	541
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	2,092	1,373	971
NET CHANGE IN CASH OF BUSINESSES HELD-FOR-SALE	—	224	(139)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	$ 1,330	$ 2,092	$ 1,373
Supplemental Cash Flow Information:			
Income taxes paid, net of refunds	$ 3	$ 10	$ 25
Interest paid	$ 86	$ 64	$ 51
Reconciliation to Consolidated Balance Sheets:			
Cash and cash equivalents	$ 822	$ 1,646	$ 901
Restricted cash and cash equivalents	508	446	472
Cash, cash equivalents and restricted cash	$ 1,330	$ 2,092	$ 1,373
Non-cash investing activities:			
Receipt of AFS debt securities as consideration in exchange for assumption of liabilities	$ 508	$ —	$ —
Removal of equity method investment relating to acquisition of a subsidiary	—	(412)	—
Receipt of other investments as consideration	—	52	—
Contributions to other investments [1]	—	(481)	—
Redemption of other investments [1]	—	381	—
Reduction in investment fees [1]	—	100	—
Purchase of equity method investment through acquisition of subsidiary	—	—	(235)
Non-cash financing activities [2]:			
Distributions to redeemable noncontrolling interests	—	(202)	—
Increase in noncontrolling interests due to the acquisition of a subsidiary	—	(219)	—
Third-party capital withdrawal from the InRe Fund through transfer of trading security	—	(61)	—

(1) The contributions to other investments was fully funded through the redemption of other investments and the reduction in investment fees.

(2) Our non-cash financing activities for the year ended December 31, 2021 included the issuance of 89,590 shares following the exercise of 175,901 warrants on a non-cash basis.

See accompanying notes to the consolidated financial statements

ENSTAR GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022, 2021 and 2020
1. BASIS OF PRESENTATION

Enstar Group Limited ("Enstar") is a leading global (re)insurance group that offers innovative capital release solutions through its network of group companies in Bermuda, the United States, the United Kingdom, Continental Europe and Australia. Our core focus is acquiring and managing (re)insurance companies and portfolios of (re)insurance business in run-off.

Our voting ordinary shares are listed on the NASDAQ Global Select Market under the ticker symbol "ESGR". Unless the context indicates otherwise, the terms "Enstar," "we," "us" or "our" mean Enstar Group Limited and its consolidated subsidiaries and the term "Parent Company" means Enstar Group Limited and not any of its consolidated subsidiaries.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). All intercompany accounts and transactions have been eliminated. Certain comparative information has been reclassified to conform to the current presentation.

Enhanzed Re

Our majority owned subsidiary, Enhanzed Reinsurance Ltd. ("Enhanzed Re"), is included in the consolidated financial statements reported on a one quarter lag. The effect on our consolidated financial condition and results of operations of all material events occurring at Enhanzed Re through December 31, 2022 has been considered for adjustment and/or disclosure.

In August 2022, Enhanzed Re entered into a Master Agreement with Cavello Bay Reinsurance Limited (“Cavello”), a wholly-owned subsidiary of Enstar, and Allianz SE (“Allianz”). Pursuant to the Master Agreement, Enhanzed Re, Cavello and Allianz agreed to a series of transactions[29] that allowed us to unwind Enhanzed Re’s operations in an orderly manner. The transactions included (i) commuting or novating all of the reinsurance contracts written by Enhanzed Re, (ii) repaying the $70 million of subordinated notes issued by Enhanzed Re to an affiliate of Allianz, and (iii) distributing Enhanzed Re’s excess capital to Cavello and Allianz in accordance with their respective equity ownership. As of December 31, 2022, all of the transactions were complete, and the impact of transactions completed in the fourth quarter 2022 will be reflected in our first quarter 2023 results, as a result of the one quarter reporting lag.

Use of Estimates, Risks and Uncertainties

The preparation of financial statements in accordance with U.S. GAAP requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The estimation of unpaid claim liabilities at any given point in time is subject to a high degree of uncertainty for a number of reasons. A significant amount of time can lapse between the assumption of risk, the occurrence of a loss event, the reporting of the event to an (re)insurance company and the ultimate payment of the claim on the loss event. Certain estimates for unpaid claim liabilities involve considerable uncertainty due to significant coverage litigation and it can be unclear whether past claim experience will be representative of future claim experience.

We are subject to economic factors such as interest rates, inflation, foreign exchange rates, adverse reserve developments, regulation, tax policy changes, political risks and other market risks that can impact our strategy, operations, and results.

[29] Refer to Note 10, Note 17 and Note 26 for additional details regarding completed transactions.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Retroactive Reinsurance Contracts

Retroactive reinsurance contracts provide indemnification for losses and loss adjustment expenses ("LAE") with respect to past loss events. We do not record any income or expense on recognition of the contracts assets and liabilities. Any subsequent remeasurement of the value of liabilities is recorded to net incurred losses and LAE within the consolidated statements of earnings.

(b) Deferred Charge Assets and Deferred Gain Liabilities

If, at the inception of a retroactive reinsurance contract, the estimated liabilities for losses and LAE exceed the premiums received, a deferred charge asset (“DCA”) is recorded for this difference. In contrast, if the premiums received are in excess of the estimated undiscounted ultimate losses payable, a deferred gain liability (“DGL”) is recorded. In addition, for retrocessions of losses and LAE reserves that we have assumed through retroactive reinsurance contracts where the retroceded liabilities exceed the retrocession premiums paid, we record a DGL.

The premium consideration that we charge the ceding companies under retroactive reinsurance contracts may be lower than our estimate of losses and LAE liabilities as these liabilities may not be settled for many years. Our contractual counterparties (cedants) settle the premium consideration upon inception of the contract and we invest the premium received over an extended period of time, thereby generating investment income. As a result, we expect to generate profits from these retroactive reinsurance contracts when taking into account the premium received and expected investment income, less contractual obligations and expenses.

Effective December 31, 2022, we voluntarily changed our accounting policy for calculating the amortization of our DCAs and DGLs. Previously, any change in ultimate losses on the contracts with a recognized DCA or DGL would result in the recognition of an adjustment to the DCA or DGL, as if the adjusted reserves had existed upon inception of the contract. We will no longer adjust the DCAs or DGLs for these events.

We continue to amortize the originating DCA balances over the estimated claim payment period of the related contracts with the amortization adjusted at each reporting period to reflect new estimates of the pattern and timing of remaining loss and LAE payments. Previously, the amortization of our DCAs and DGLs was included in net incurred losses and LAE. We now present the amortization of our DCAs and DGLs as a separate line item in our consolidated statements of earnings.

Refer to Note 9 for additional information.

When liabilities for losses and LAE are extinguished through commutations and policy buybacks, they are removed from our estimates for the remaining loss and LAE payments, and this will generally result in an acceleration of the amortization of the DCAs.

DCAs are assessed at each reporting period for impairment and if the asset is determined to be impaired, then it is written down in the period in which the determination is made with that write down reflected in earnings as a component of net incurred losses and LAE.

For each reinsurance contact where a DCA has been recorded we assess for impairment at each reporting period by determining the rate of return that we are required to earn on the invested assets to ensure that all cashflows arising from the assumed liabilities are met in full over the projected remaining payout period. This required rate of return is compared against the modeled rate of return, the weighted average portfolio yield and the actual annualized rate of return in order to identify indicators that would lead us to record an impairment of the DCA.

(c) Short-duration Insurance Contracts

Premiums written

Premiums written related to prospective risk policies are earned on a pro-rata basis over the period of the related coverage. Reinsurance premiums on prospective risks are recorded at the inception of the policy, are based upon contractual terms and, for certain business, are estimated based on underlying contracts or from information provided by insureds and/or brokers.

Changes in reinsurance premium estimates for prospective risks are recorded as premiums written in the period in which they are determined.

Certain contracts are retrospectively rated and provide for a final adjustment to the premium based on the final settlement of all losses. Premiums on such contracts are adjusted based upon contractual terms, and management judgment is involved with respect to the estimate of the amount of losses that we expect to incur. These adjustments to the premium are recognized at the time loss thresholds specified in the contract are exceeded and are earned over the coverage period, or are earned immediately if the period of risk coverage has passed.

Unearned Premium Reserves and Premiums Receivable

Unearned premium reserves, included within other liabilities on the consolidated balance sheets, represent the unexpired portion of policy premiums. For retrospectively rated contracts as well as those contracts whose written premium amounts are recorded based on premium estimates at inception, changes to accrued premiums arising from changes to these estimates are reflected as changes in premium balances receivable where appropriate.

Premiums receivable are reported net of an allowance for expected credit losses as appropriate. The allowance is based upon our ongoing review of amounts outstanding, historical loss data, including delinquencies and write-offs, current and forecasted economic conditions and other relevant factors. The credit risk on our premiums receivable balances is substantially reduced where we have the ability to cancel the underlying policy if the policyholder does not pay the related premium.

(d) Acquisition Costs

Acquisition costs, consisting principally of incremental costs including, commissions and brokerage expenses and certain premium taxes and fees incurred at the time a contract or policy is issued and which are directly related to the successful efforts of acquiring new insurance contracts or renewing existing insurance contracts, are deferred and amortized over the period in which the related premiums are earned.

Deferred acquisition costs (“DAC”), recorded within other assets on the consolidated balance sheets, are limited to their estimated realizable value by line of business based on the related unearned premiums, anticipated claims and claim expenses and anticipated investment income.

A premium deficiency occurs if the sum of anticipated losses and LAE exceed unearned premiums, DAC and anticipated investment income. A premium deficiency is initially recognized by charging any DAC to expense to the extent required in order to eliminate the deficiency. If the premium deficiency exceeds the DAC, then a liability is accrued for the excess deficiency.

(e) Losses and LAE

The liability for losses and LAE includes reserves for unpaid reported losses and losses incurred but not reported ("IBNR").

We establish reserves for unpaid reported losses and LAE based on reports from brokers, ceding companies and insureds and these represent the estimated ultimate cost of events or conditions that have been reported to or specifically identified by us.

The reserves for IBNR losses are established by us based on actuarially determined estimates of ultimate losses and LAE. Inherent in the estimate of ultimate losses and LAE are expected trends in claim severity and frequency, historical loss experience, industry statistics and other factors which may vary significantly as claims are settled.

These estimates are reviewed regularly and are subject to the impact of future changes in the factors noted above as well as economic conditions including the impact of inflation, legal and judicial developments, and medical cost trends.

Any subsequent remeasurement of our reserves will be recorded in earnings in the period in which they become known and reflected as part of the net increase or reduction in the estimates of ultimate losses included within net incurred losses and LAE in the consolidated statements of earnings.

Prior period development ("PPD") arises from changes to loss estimates recognized in the current calendar year that relate to loss reserves established in previous calendar years.

Our estimates, at inception and on an ongoing basis, do not include an estimate for potential future commutations and policy buybacks. Commutations and policy buybacks are often unique and circumstance-based, and each commutation or policy buyback is separately negotiated. Therefore, the successful execution of one commutation or

policy buyback does not necessarily impact the likelihood of other commutations or policy buybacks occurring in the future.

Commutations and policy buybacks provide an opportunity for us to exit exposures to certain policies and insureds generally at a discount to our estimate of the ultimate liability and provide us with the ability to eliminate exposure to further losses which can be beneficial to us as they legally extinguish liabilities in full, reducing the potential for future adverse loss development and future claims handling costs.

Commutations of acquired companies' exposures have the effect of accelerating the payout of claims compared to the probability-weighted ranges of actuarially projected cash flows that we applied when estimating the fair values of assets and liabilities at the time of acquisition.

Commutations are only executed directly with (re)insureds and any changes in ultimate losses are recognized upon the execution of a commutation or policy buyback with the (re)insured.

Any material acceleration of payout together with the impact of any material loss reserve savings in any period will also accelerate the amortization of any associated fair value adjustments in that period.

Our (re)insurance subsidiaries also establish provisions for unallocated loss adjustment expenses ("ULAE") for LAE relating to run-off costs for the estimated duration of the run-off, such as internal claim management or associated operational support costs, which are included in the liability for losses and LAE. These provisions are assessed at each reporting date, and provisions relating to future periods are adjusted to reflect any changes in estimates of the periodic run-off costs or the duration of the run-off, including the impact of any acceleration of the run-off period that may be caused by commutations. Provisions relating to the current period together with any adjustment to future run-off provisions are included in net incurred losses and LAE in the consolidated statements of earnings.

Fair Value Option

We have elected to apply the fair value option for certain reinsurance contracts including, loss portfolio transfers ("LPTs") and reinsurance to close ("RITC") transactions. This is an irrevocable election that applies to all balances under the reinsurance contract, including reinsurance balances recoverable on paid and unpaid losses and the liability for losses and LAE.

We use an internal model to calculate the fair value of the liability for losses and LAE and the reinsurance balances recoverable on paid and unpaid losses. The nominal amounts related to reinsurance balances recoverable on paid and unpaid losses and the liability for losses and LAE are inputs in our internal model. These liabilities are included in losses and LAE, at fair value on the consolidated balance sheets, and the changes in the liability are included in net incurred losses and LAE on the consolidated statements of earnings.

(f) Future Policyholder Benefits

Our life reinsurance contracts include traditional single payment premium immediate annuities, life contingent deferred annuities, and whole life reversion annuity policies all possessing significant mortality risk in the form of longevity risk.

Future policyholder benefit provisions are established based on the present value of anticipated future cash flows, which includes judgments over estimates of mortality rates, investment yields, policy expenses, and other assumptions by reference to cedants' historical data, regional mortality tables, industry standards, and other available information sources as may be reasonably available. These estimates include provisions for adverse deviation.

These assumptions are locked in at contract inception or assumption and are only unlocked and modified if it is deemed that the provision for future policyholder benefits are insufficient. The actual versus anticipated experience of the assumptions are reviewed periodically. The effects of changes in assumptions are recorded to the consolidated statements of earnings as adjustments in the period in which the assumptions are unlocked and changes are made.

The consideration received for life reinsurance contracts is calculated as the fair value of the assets received net of commissions, brokerage, or fronting fees.

(g) Defendant Asbestos and Environmental Liabilities

Defendant asbestos and environmental liabilities ("defendant A&E liabilities") on our consolidated balance sheets include amounts for indemnity and defense costs for pending and future asbestos-related claims, determined using standard actuarial techniques for asbestos-related exposures.

Defendant A&E liabilities also include amounts for environmental liabilities, associated with the acquired companies' properties, relating to estimated clean-up costs associated with the acquired companies' former operations based on engineering reports.

Changes to our estimate of these liabilities are recorded to other income (expense) within the consolidated statements of earnings in the period that our estimate is adjusted.

(h) Reinsurance Balances Recoverable on Paid and Unpaid Losses

Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying liability for losses and LAE. We report our reinsurance balances recoverable on paid and unpaid losses net of an allowance for estimated uncollectible amounts.

Our allowance for estimated uncollectible reinsurance is derived based on various data sources, multiple key inputs and forecast scenarios. These include the duration of the collection period, credit quality, changes in reinsurer credit standing, default rates specific to the individual reinsurer, the geographical location of the reinsurer, contractual disputes with reinsurers over individual contentious claims, contract language or coverage issues, industry analyst reports and consensus economic forecasts.

To determine the allowance for estimated uncollectible reinsurance, we use the probability of default ("PD") and loss given default ("LGD") methodology whereby each reinsurer is allocated an appropriate PD percentage based on the expected payout duration by portfolio. This PD percentage is then multiplied by an appropriate LGD percentage to arrive at an overall credit allowance percentage which is then applied to the reinsurance balance recoverable for each reinsurer, net of any specific bad debt provisions, collateral or other contract related offsets, to arrive at the overall allowance for estimated uncollectible reinsurance by reinsurer.

Amounts deemed to be uncollectible, including amounts due from known insolvent reinsurers, are written off against the allowance.

Changes in the allowance, as well as any subsequent collections of amounts previously written off, are reported as part of the net incurred losses and LAE in our consolidated statements of earnings.

On an ongoing basis, we also evaluate and monitor the credit risk of our reinsurers, including those under voluntary schemes of arrangement, to minimize our exposure to significant losses from potential insolvencies.

(i) Insurance Balances Recoverable

Amounts billed to and due from insurers providing coverage for our defendant A&E liabilities are calculated in accordance with the terms of the individual insurance contracts.

On an ongoing basis, we evaluate and monitor the credit risk related to our insurers and an allowance for estimated uncollectible insurance balances recoverable on our defendant A&E liabilities ("allowance for estimated uncollectible insurance") is established for amounts considered potentially uncollectible. To determine the allowance for estimated uncollectible insurance, we use the inputs and methodologies as described in (h) Reinsurance Balances Recoverable on Paid and Unpaid Losses above.

Amounts deemed to be uncollectible, including amounts due from known insolvent insurers, are written off against the allowance.

Changes in the allowance, as well as any subsequent collections of amounts previously written off, are reported as part of other income (expense) in our consolidated statements of earnings.

(j) Investments, Cash and Cash Equivalents

Cash and cash equivalents

Cash equivalents includes money market funds, fixed interest deposits and all highly liquid debt instruments purchased with an original maturity of three months or less.

Short-term investments and fixed maturity investments

Short-term investments comprise investments with a maturity greater than three months up to one year from the date of purchase. Fixed maturities comprise investments with a maturity of greater than one year from the date of purchase.

Short-term and fixed maturity investments classified as trading are carried at fair value, with realized and unrealized gains and losses included in net earnings and reported as net unrealized gains and losses.

Short-term and fixed maturity investments classified as available-for-sale ("AFS") are carried at fair value, with unrealized gains and losses excluded from net earnings and reported as a separate component of accumulated other comprehensive income (loss) ("AOCI"). Realized gains and losses on sales of investments classified as AFS are recognized in the consolidated statements of earnings.

The costs of short-term and fixed maturity investments are adjusted for amortization of premiums and accretion of discounts, recognized using the effective yield method and included in net investment income. For mortgage-backed and asset-backed investments, and any other holdings for which there is a prepayment risk, prepayment assumptions are evaluated and reviewed on a regular basis.

Investment purchases and sales are recorded on a trade-date basis. Realized gains and losses on the sale of investments are based upon specific identification of the cost of investments.

Allowance for Credit Losses

Each reporting period we identify any credit losses on our investment portfolios not measured at fair value through net earnings. Credit losses on our fixed income securities, AFS are recognized through an allowance account which is deducted from the amortized cost basis of the security, with the net carrying value of the security presented on the consolidated balance sheet at the amount expected to be collected.

To calculate the amount of the credit loss, we compare the present value of the expected future cash flows with the amortized cost basis of the fixed income securities, AFS, with the amount of the credit loss recognized being limited to the excess of the amortized cost basis over the fair value of the fixed income securities, AFS, effectively creating a “fair value floor”.

For our fixed income securities, AFS that we do not intend to sell or for which it is more likely than not that we will not be required to sell before an anticipated recovery in value, we separate the credit loss component of any unrealized losses from the amount related to all other factors and record the credit loss component in net realized gains (losses) in our consolidated statements of earnings. The unrealized losses related to non-credit factors is recorded in other comprehensive income. The allowance for credit losses account is adjusted for any additional credit losses, write-offs and subsequent recoveries and is reflected in our consolidated statements of earnings.

For our fixed income securities, AFS where we record a credit loss, a determination is made as to the cause of the credit loss and whether we expect a recovery in the fair value of the security. For our fixed income securities, AFS where we expect a recovery in fair value, the constant effective yield method is utilized, and the investment is amortized to par.

For our fixed income securities, AFS that we intend to sell or for which it is more likely than not that we will be required to sell before an anticipated recovery in fair value, the full amount of the unrealized loss is included in net realized gains (losses). The new cost basis of the investment is the previous amortized cost basis less the credit loss recognized in net realized gains (losses). The new cost basis is not adjusted for any subsequent recoveries in fair value.

Our allowance for credit losses is derived based on various data sources, multiple key inputs and forecast scenarios. These include default rates specific to the individual security, vintage of the security, geography of the issuer of the security, industry analyst reports, credit ratings and consensus economic forecasts.

To determine the credit losses on our fixed income securities, AFS, we use the PD and LGD methodology through a third-party proprietary tool which calculates the expected credit losses based on a discounted cash flow method. The tool uses effective interest rates to discount the expected cash flows associated with each AFS security to determine its fair value, which is then compared with its amortized cost basis to derive the credit loss on the security.

The methodology and inputs used to determine the credit loss by security type are as follows:

- **Corporate and government securities:** Expected cashflows are derived that are specific to each security. The PD is based on a quantitative model that converts agency ratings to term structures that vary by country, industry and the state of the credit cycle. This is used along with macroeconomic forecasts to produce scenario conditioned PDs. The LGD is based on default studies provided by a third party which we use along with macroeconomic forecasts to produce scenario conditioned LGDs.
- **Municipal securities:** Expected cash flows are derived that are specific to each security. The PD model produces scenario conditioned PD output over the lifetime of the municipal security. These PDs are based on key macroeconomic and instrument specific risk factors. The LGD is derived based on a model which uses assumptions specific to the municipal securities.

  For corporate, government and municipal securities, we use an explicit reversion and a three year forecast period, which we consider to be a reasonable duration during which an economic forecast could continue to be reliable.
- **Asset-backed, commercial and residential mortgaged-backed securities:** Expected cash flows are derived that are specific to each security. The PD and LGD for each security is based on a quantitative model that generates scenario conditioned PD and LGD term structures based on the underlying collateral type, waterfall and other trustee information. This model also considers prepayments. For these security types, there is no explicit reversion and the forecasts are deemed reasonable and supportable over the life of the portfolio.

We report the investment income accrued on our fixed income securities, AFS within other assets and therefore separately from the underlying fixed income securities, AFS. Due to the short-term period during which accrued investment income remains unpaid, which is typically six months or less since the coupon on our debt securities is paid semi-annually or more frequently, we elected not to establish an allowance for credit losses on our accrued investment income balances. Accrued investment income is written off through net realized gains (losses) at the time the issuer of the debt security defaults or is expected to default on payments.

Uncollectible fixed income securities are written off when we determine that no additional payments of principal or interest will be received.

Equity Securities

We hold investments in publicly traded equities, exchange-traded funds and privately held equities. Unless we have elected the measurement alternative, our equity investments are carried at fair value with realized and unrealized gains and losses included in net earnings and recorded as net realized and unrealized gains and losses, respectively.

We may elect to measure a privately held equity without a readily determinable fair value that does not qualify for the practical expedient to estimate fair value at its cost less impairment, if any.

Other investments, at fair value

Other investments include investments in limited partnerships and limited liability companies (collectively "private equity funds") and hedge funds, fixed income funds, equity funds, private credit funds, real estate funds, collateralized loan obligation ("CLO") equities and CLO equity funds that carry their investments at fair value and CLO equities.

We have elected the fair value option for certain of our other investments that would otherwise be accounted for as an equity method investment. The primary reason for electing the fair value option is because we believe this measurement basis is consistent with the applicable accounting guidance used by the investment funds themselves.

Our other investments are stated at fair value, which ordinarily will be the most recently reported net asset value ("NAV") as advised by the fund manager or administrator. The NAV is based on the fund manager's or administrator's valuation of the underlying holdings in accordance with the fund's governing documents. Many of our fund investments publish NAVs on a daily basis and provide daily liquidity while others report on a monthly or quarterly basis. Unrealized gains and losses on other investments are included in net earnings and reported as net unrealized gains and losses.

Equity method investments

Investments that we do not consolidate but in which we have significant influence over the operating and financial policies of the investee are classified as equity method investments and are accounted for using the equity method of accounting unless we have elected the fair value option.

In applying the equity method of accounting, investments are initially recorded at cost and are subsequently adjusted based on the Company's proportionate share of net income or loss of the investee, net of any distributions received from the investee.

We typically record our proportionate share of an investee's net income or loss on a quarter lag in line with the timing of when they report their financial information to us. Any adjustments made to the carrying value of our equity method investees are based on the most recently available financial information from the investees.

Changes in the carrying value of such investments are recorded in our consolidated statements of earnings as earnings (losses) from equity method investments. Any decline in the value of our equity method investments considered by management to be other-than-temporary is reflected in our consolidated statements of earnings in the period in which it is determined.

(k) Variable interest entities

We have investments in certain limited partnership funds which are deemed to be variable interest entities (“VIEs”) and which are included in other investments at the reported NAV.

Determining whether to consolidate a VIE may require judgment in assessing (i) whether an entity is a VIE, and (ii) if we are the entity’s primary beneficiary and thus required to consolidate the entity. To determine if we are the primary beneficiary of a VIE, we evaluate whether we have (i) the power to direct the activities that most significantly impact the VIE’s economic performance, and (ii) the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE.

Our evaluation includes identification of the activities that most significantly impact the VIE’s economic performance and an assessment of our ability to direct those activities based on governance provisions, contractual arrangements to provide or receive certain services, funding commitments and other applicable agreements and circumstances. Our assessment of whether we are the primary beneficiary of our VIEs requires significant assumptions and judgment.

(l) Funds Held

Under funds held arrangements, the reinsured company has retained funds that would otherwise have been remitted to us. The funds balance is credited with investment income and losses paid are deducted.

Funds held are shown under two categories on the consolidated balance sheets, funds held where we receive the underlying portfolio economics are shown as "Funds held - directly managed", and funds held where we receive a fixed crediting rate or other contractually agreed return are shown as "Funds held by reinsured companies". Where we receive a contractually agreed return, we evaluate whether we are required to recognize an embedded derivative.

Funds held by reinsured companies are carried at cost and any embedded derivative is carried at fair value.

Funds held - directly managed, are carried at fair value because it represents the aggregate of funds held at cost and the value of an embedded derivative. The embedded derivative relates to our contractual right to receive the return on the underlying investment portfolio and the performance risk of the individual assets supporting the reinsurance contract.

We include the estimated fair value of these embedded derivatives in the consolidated balance sheets with the host contract in order to reflect the expected settlement of these features with the host contract.

The investment returns on both categories of funds held are recognized in net investment income and net realized and unrealized gains (losses), respectively. The change in the fair value of the embedded derivative is included in net unrealized gains (losses).

(m) Foreign Exchange

Our reporting currency is the U.S. dollar. Assets and liabilities of certain of our subsidiaries and equity method investees whose functional currency is not the U.S. dollar are translated at period end exchange rates. Revenues

and expenses of such foreign entities are translated at average exchange rates during the year. The effect of the currency translation adjustments for these foreign entities is included in AOCI.

Other foreign currency assets and liabilities that are considered monetary items are translated at exchange rates in effect at the balance sheet date. Foreign currency revenues and expenses are translated either at transaction date exchange rates or using an appropriately weighted average exchange rate for the reporting period. These exchange gains and losses are recognized in net foreign exchange gains (losses) in our consolidated statements of earnings.

(n) Share-based Compensation

We use three types of share-based compensation arrangements: (i) restricted shares, restricted share units (“RSUs”) and performance share units ("PSUs"), (ii) joint share ownership program ("JSOP"), and (iii) shares issued under our employee share purchase plans. Our share-based compensation awards qualify for equity classification. We issue new shares once the awards have vested.

For equity-classified awards, the fair value of the compensation cost is measured at the grant date and is expensed over the service period of the award within general and administrative expenses in the consolidated statements of earnings. Expenses for the PSU awards are adjusted for changes in the performance multiplier on the award. We recognize forfeitures as they occur.

(o) Derivative Instruments

We use derivative instruments in our risk management strategies and investment operations. Derivatives, with the exception of embedded derivatives, are recorded on a trade-date basis and carried at fair value within other assets or other liabilities in the consolidated balance sheets.

Embedded derivatives are generally presented with the host contract in the consolidated balance sheets. The corresponding host contract is accounted for according to the accounting guidance applicable for that instrument. Our convertible bond portfolio, recorded within fixed maturity securities, trading and AFS on the consolidated balance sheets, and certain of our funds held arrangements (as described above) contain embedded derivatives.

Changes in the fair value as well as realized gains or losses on derivative instruments are recognized in net earnings if they are not designated as qualifying hedging instruments or if the criteria for establishing a perfectly effective designated hedging relationship for our net investment hedges has not been met. However, if a designated net investment hedge is deemed to be perfectly effective, then we recognize the changes in the fair value of the underlying hedging instrument in AOCI until the application of hedge accounting is discontinued. Any cumulative gains or losses arising on designated net investment hedges are deferred in AOCI until the cumulative translation adjustment from the underlying hedged net investment is recognized in net earnings due to a disposal, deconsolidation or substantial liquidation.

(p) Income Taxes

Certain of our subsidiaries and branches operate in jurisdictions where they are subject to taxation. Current and deferred tax expense or benefit is allocated to net earnings (loss), or, in certain cases, to discontinued operations or other comprehensive income (loss). Current tax is recognized and measured using enacted tax laws and rates applicable in the relevant jurisdiction in the period in which the income tax is accrued or realized. Deferred taxes are provided for temporary differences between the carrying amount of assets and liabilities used in the financial statements and the tax basis used in the various jurisdictional tax returns. When our assessment indicates that all or some portion of deferred tax assets will not be realized, a valuation allowance is recorded against the deferred tax assets to reduce the assets to an amount more likely than not to be realized.

We recognize the benefit relating to tax positions only where the position is more likely than not to be sustained assuming examination by tax authorities. A recognized tax benefit is measured as the largest amount that is greater than 50 percent likely of being realized upon settlement. A liability or other adjustment is recognized for any tax benefit (along with any interest and penalty, if applicable) claimed in a tax return in excess of the amount allowed to be recognized in the financial statements under U.S. GAAP. Any changes in amounts recognized are recorded in the period in which they are determined in our consolidated statements of earnings.

(q) Earnings Per Share

Basic earnings per share is based on the weighted average number of ordinary shares outstanding and excludes potentially dilutive securities such as restricted shares, restricted share units, warrants, options and convertible securities.

Diluted earnings per share is based on the weighted average number of ordinary and ordinary share equivalents outstanding calculated using the treasury stock method for all potentially dilutive securities. When the effect of dilutive securities would be anti-dilutive, these securities are excluded from the calculation of diluted earnings per share.

(r) Acquisitions and Goodwill

We record business acquisition assets and liabilities at their estimated fair value. The fair values of each of the acquired (re)insurance assets and liabilities are derived from probability-weighted ranges of the associated projected cash flows, based on actuarially prepared information and our run-off strategy.

Our run-off strategy is expected to be different from the seller's, who generally do not specialize in running off (re)insurance liabilities.

The key assumptions used by us in the valuation of acquired companies are (i) the projected payout, timing and amount of claims liabilities; (ii) the related projected timing and amount of reinsurance collections; (iii) an appropriate discount rate, which is applied to determine the present value of the future cash flows; (iv) the estimated unallocated LAE to be incurred over the life of the run-off; (v) the impact of any accelerated run-off strategy; and (vi) an appropriate risk margin.

The difference between the nominal carrying values of the acquired reinsurance liabilities and assets as of the acquisition date and their fair value is recorded as a fair value adjustment ("FVA") on the consolidated balance sheet. The FVA is amortized over the estimated payout period of the acquired outstanding losses and LAE and reinsurance balances recoverable. We carry unamortized FVA balances on the following consolidated balance sheet captions: losses and loss adjustment expenses, defendant asbestos and environmental liabilities and reinsurance balances recoverable on paid and unpaid losses.

To the extent the actual payout experience after the acquisition is materially faster or slower than anticipated at the time of the acquisition as a result of, (i) our active claims management strategies, which include commutations and policy buybacks, (ii) an adjustment to the estimated ultimate loss reserves, (iii) changes in bad debt provisions, or (iv) changes in estimates of future run-off costs following accelerated payouts, then the amortization of the FVA is adjusted to reflect such changes.

The difference between the fair value of net assets acquired and the purchase price is recorded as goodwill and included as an asset on the consolidated balance sheet or as a gain from bargain purchase in the consolidated statements of earnings. Goodwill is established initially upon acquisition and assessed at least annually for impairment. If the goodwill asset is determined to be impaired it is written down in the period in which the determination is made.

(s) Redeemable Noncontrolling Interests

We have contracted with certain parties holding noncontrolling interests in certain of our subsidiaries. These contracts provide certain redemption rights to the holders, which may be settled in our own shares or cash or a combination of cash and shares, at our option.

Redeemable noncontrolling interests with redemption features that are not solely within our control are classified within temporary equity in the consolidated balance sheets and carried at their redemption value, which is fair value. Any change in the fair value is recognized through retained earnings as if the balance sheet date was also the redemption date.

(t) Held-for-sale Business and Discontinued Operations

We report a business as held-for-sale when certain criteria are met, which include (i) management has either approved the sale or is in the process of obtaining approval to sell the business and is committed to a formal plan to sell the business, (ii) the business is available for immediate sale in its present condition, (iii) the business is being actively marketed for sale at a price that is reasonable in relation to its current fair value, and (iv) the sale is anticipated to occur within the next 12 months, among other specified criteria.

A business classified as held-for-sale is recorded at the lower of its carrying amount or estimated fair value less costs to sell. If the carrying amount of the business exceeds its estimated fair value, a loss is recognized. Assets and liabilities related to the business classified as held-for-sale are separately reported in our consolidated balance sheets beginning in the period in which the business is classified as held-for-sale.

Disposals that represent strategic shifts that have or will have a major effect on our operations and financial results are reported as discontinued operations which requires the restatement of the comparatives reflected on our consolidated financial statements. In addition, transactions with discontinued operations are not eliminated on consolidation and any transactions that were previously eliminated on consolidation but which will continue with the discontinued operations are restated for all periods presented and reflected within continuing operations in our consolidated financial statements.

New Accounting Standards Adopted in 2022

ASU 2021-04 - Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity - Classified Written Call Options

In May 2021, the FASB issued ASU 2021-04 which requires issuers to account for modifications or exchanges of freestanding equity-classified written call options that remain equity classified after the modification or exchange based on the economic substance of the modification or exchange. Under the ASU, an issuer considers the facts and circumstances of a modification or exchange and accounts for the resulting change in fair value of the written call option based on whether the transaction was done to issue equity, to issue or modify debt, or for other reasons. The guidance clarifies that to the extent applicable, issuers should first reference other GAAP to account for the effect of a modification. If other GAAP is not applicable, the guidance clarifies whether to account for the modification or exchange as either (i) an adjustment to equity, or (ii) an expense.

The adoption of ASU 2021-04 did not have an impact on our consolidated financial statements and disclosures.

Recently Issued Accounting Pronouncements Not Yet Adopted

ASU 2018-12 - Targeted Improvement to the Accounting for Long-Duration Contracts

In August 2018, the FASB issued ASU 2018-12 and subsequently issued ASUs 2019-09 and 2020-11 serving to defer the effective date of implementation. These updates:

- Require at least annual review of assumptions used to determine the provision for future policyholder benefits with the recognition of any resulting re-measurement gains or losses, excluding those related to discount rate changes, in the consolidated statement of earnings;
- Use upper-medium grade fixed-income instrument discount rates to discount future cash flows with the impact of these changes recognized in other comprehensive income; and
- Introduce new disclosure requirements around the provisions for future policyholder benefits, policyholder account balances, market risk benefits, separate account liabilities, and DAC, which includes information about significant inputs, judgments, assumptions and methods used in measurement.

These amendments are effective for interim and annual reporting periods beginning after December 15, 2022. Early adoption is permitted and certain provisions of the update are required to be adopted on a fully retrospective basis, while others may be adopted on a modified retrospective basis.

We will adopt ASU 2018-12 effective January 1, 2023 using the modified retrospective transition approach, with a transition date of September 1, 2021. This is the date that we acquired Enhanzed Re through a step acquisition and consolidated Enhanzed Re’s existing assets and liabilities, including all of our future policyholder benefit contracts. We do not anticipate that the adoption of this standard will have a material impact on our shareholders’ equity as of the transition date.

We have estimated the impact of remeasuring the discount rate assumptions applied to our future policyholder benefits using an upper-medium grade fixed-income instrument yield for each reporting period from transition to December 31, 2022. We anticipate that the adoption of ASU 2018-12 as of January 1, 2023 will result in an increase to AOCI of between $340 million and $380 million. The impact of remeasuring our future policyholder benefits from September 1, 2021 to December 31, 2022 is primarily driven by a change in the discount rate assumption, which

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reflected increases in interest rates during 2022. This impact to AOCI will be reclassified to earnings upon the novation of the Enhanzed Re life business that will be included in the first quarter 2023 financial statements.

Adopting ASU 2018-12 will also require us to expand our future policyholder benefit disclosures.

3. SEGMENT INFORMATION

Our segment structure aligns with how our chief operating decision maker ("CODM"), our Chief Executive Officer, views our business, assesses performance and allocates resources to our business components. Our business is organized into four reportable segments:

- **Run-off:** consists of our acquired property and casualty and other (re)insurance business, including our defendant asbestos and environmental (“A&E”) businesses and StarStone International (from January 1, 2021) following our decision to place it into an orderly run-off.

  Our primary objective of the Run-off segment is to recognize favorable prior period development in our net incurred losses and LAE (run-off liability earnings or “RLE”) over time by settling claims in a timely, cost efficient manner using our claims management expertise, including settling claims for lower than outstanding ultimate loss estimates and implementation of reinsurance and commutation strategies.

  The Run-off segment results comprises net premiums earned, other income, net incurred losses and LAE, acquisition costs and general and administrative expenses.

- **Assumed Life:** The Assumed Life segment includes Enhanzed Re’s life and property aggregate excess of loss (catastrophe) business.

  In 2021, we ceased accepting any new catastrophe reinsurance business and, in 2022, we completed a series of commutation and novation agreements which ceased any continuing reinsurance obligations for this segment. Given our rationalization of the Enhanzed Re reinsurance business[30], we have renamed the segment from Enhanzed Re to Assumed Life in 2022. We may leverage this segment for any future potential assumed life business transactions if and when they occur. Our primary objective of the Assumed Life segment is to reinsure products that focus on longevity and investment risks.

  The Assumed Life segment results comprises net premiums earned, net incurred losses and LAE, policyholder benefit expenses, acquisition costs and general and administrative expenses.

- **Investments:** consists of our investment activities and the performance of our investment portfolio, excluding those investable assets attributable to our Legacy Underwriting segment.

  Our primary objective of the Investments segment is to obtain the highest possible risk and capital adjusted returns while maintaining prudent diversification of assets and operating within the constraints of a global regulated (re)insurance company. We additionally consider the liquidity requirements and duration of our claims, policyholder benefits and contract liabilities.

  The Investments segment results comprises net investment income, net realized gains (losses), net unrealized gains (losses), general and administrative expenses and earnings from equity method investments.

- **Legacy Underwriting:** consists of businesses that we have either, in the case of Atrium, exited via the sale of the majority of our interest in or, in the case of StarStone International (included in the Legacy Underwriting Segment through December 31, 2020), placed into run-off.

  Prior to January 1, 2021, this segment comprised SGL No. 1 Limited (“SGL No. 1”)'s 25% net share of Atrium's Syndicate 609 business at Lloyd's and StarStone International. From January 1, 2021, this segment comprises SGL No.1's 25% gross share of the 2020 and prior underwriting years of Atrium's Syndicate 609 at Lloyd's, offset by the contractual transfer of the results of that business to the Atrium entities that were divested in an exchange transaction (the “Exchange Transaction”)[31]. There is no net retention for Enstar on Atrium's 2020 and prior underwriting years.

  The Legacy Underwriting segment results comprises net premiums earned, net investment income, net realized gains (losses), net unrealized gains (losses), other income (expense), net incurred losses and LAE, acquisition costs and general and administrative expenses.

Management measures segment performance based on segment income (loss). Segment income (loss) is derived by including certain items from total income and net earnings (loss) attributable to Enstar ordinary shareholders, as

[30] Refer to Note 1 for additional details.

[31] Refer to Note 5 for a discussion of the Exchange Transaction.

defined above. Income and expense items that are not directly attributable to our reportable segments are included within our corporate and other activities, which do not qualify as an operating segment. These include,

a. holding company income and expenses,

b. the amortization of net DCAs on retroactive reinsurance contracts,

c. the amortization of fair value adjustments associated with the acquisition of companies,

d. changes in the discount rate and risk margin components of the fair value of assets and liabilities related to our assumed retroactive reinsurance contracts for which we have elected the fair value option,

e. corporate expenses not allocated to our reportable segments,

f. debt servicing costs,

g. net foreign exchange gains (losses),

h. gains (losses) arising on the purchases and sales of subsidiaries (if any),

i. income tax benefit (expense),

j. net earnings (losses) from discontinued operations, net of income tax (if any),

k. net (earnings) loss attributable to noncontrolling interest, and

l. preferred share dividends.

Items b, c and d above form part of corporate and other activities as the CODM evaluates the performance of the Run-off and Legacy Underwriting segments without consideration of these amounts.

Expenses that are directly attributable to our four reportable segments are disclosed under those segments while non-direct expenses, as well as costs related to shared services that are not directly attributable to our reportable segments, are allocated to our reportable segments as well as to our corporate and other activities, on the basis of the actual or proportion of benefit derived from the services provided.

Our assets are reviewed on a consolidated basis by management for decision making purposes since they support business operations across all of our four reportable segments as well as our corporate and other activities. We do not allocate assets to our reportable segments with the exception of reinsurance balances recoverable on paid and unpaid losses and goodwill that are directly attributable to our reportable segments.

The following tables set forth select consolidated statement of earnings results by segment for the years ended December 31, 2022, 2021, and 2020:

	2022	2021	2020
	(in millions of U.S. dollars)		
Income			
Run-off	$ 62	$ 255	$ 191
Assumed Life	17	5	—
Investments	(1,159)	429	1,898
Legacy Underwriting	10	43	587
Subtotal	**(1,070)**	**732**	**2,676**
Corporate and other	12	57	(16)
Total income	**$ (1,058)**	**$ 789**	**$ 2,660**
(Losses) earnings from equity method investments			
Investments	**$ (74)**	**$ 93**	**$ 239**
Segment net (loss) earnings			
Run-off	$ 339	$ 217	$ 143
Assumed Life	40	6	—
Investments	(1,270)	485	2,102
Legacy Underwriting	—	—	(93)
Total segment net (loss) earnings	**(891)**	**708**	**2,152**
Corporate and other:			
Other income (expense) [1]	12	(16)	(19)
Net gain on purchase and sale of subsidiaries	—	73	3
Net incurred losses and LAE [2]	218	59	(147)
Policyholder benefit expenses	—	(1)	—
Amortization of net deferred charge assets	(80)	(55)	(39)
General and administrative expenses	(142)	(131)	(136)
Interest expense	(89)	(69)	(59)
Net foreign exchange gains (losses)	15	12	(16)
Income tax benefit (expense)	12	(27)	(24)
Net earnings from discontinued operations, net of income tax	—	—	16
Net loss (earnings) attributable to noncontrolling interest	75	(15)	28
Dividends on preferred shares	(36)	(36)	(36)
Total - Corporate and other	**(15)**	**(206)**	**(429)**
Net (loss) earnings attributable to Enstar Ordinary Shareholders	**$ (906)**	**$ 502**	**$ 1,723**

[1] Other income (expense) for corporate and other activities includes the amortization of fair value adjustments associated with the acquisition of DCo, LLC ("Dco") and Morse TEC LLC ("Morse TEC").

[2] Net incurred losses and LAE for corporate and other activities includes the fair value adjustments associated with the acquisition of companies and the changes in the discount rate and risk margin components of the fair value of assets and liabilities related to our assumed retroactive reinsurance contracts for which we have elected the fair value option.

Gross Premiums Written by Geographical Area

The following table summarizes our gross premiums written by geographical region, which is based upon the location of the subsidiaries underwriting the policies, respectively, for the years ended December 31, 2022, 2021 and 2020.

	2022							
	Run-off		Assumed Life		Legacy Underwriting		Total	
	Total	%	Total	%	Total	%	Total	%
	(In millions of U.S. dollars, except percentages)							
United States	$ 3	60.0 %	$ —	— %	$ 8	100.0 %	$ 11	44.0 %
United Kingdom[1]	(7)	(140.0)%	—	— %	—	— %	(7)	(28.0)%
Europe	1	20.0 %	12	100.0 %	—	— %	13	52.0 %
Asia	8	160.0 %	—	— %	—	0.0 %	8	32.0 %
Rest of World	—	— %	—	— %	—	0.0 %	—	— %
Total	$ 5	100.0 %	$ 12	100.0 %	$ 8	100.0 %	$ 25	100.0 %

(1) Gross premiums written were negative for Run-off segment business located in the U.K., primarily as a result of an agreement made between one of our subsidiaries and a cedant to return premiums written.

	2021							
	Run-off		Assumed Life		Legacy Underwriting		Total	
	Total	%	Total	%	Total	%	Total	%
	(In millions of U.S. dollars, except percentages)							
United States	$ 14	27.5 %	$ —	— %	$ 25	48.1 %	$ 39	36.9 %
United Kingdom	15	29.4 %	—	— %	4	7.7 %	19	17.9 %
Europe	9	17.6 %	3	100.0 %	5	9.6 %	17	16.0 %
Asia	6	11.8 %	—	— %	2	3.8 %	8	7.5 %
Rest of World	7	13.7 %	—	— %	16	30.8 %	23	21.7 %
Total	$ 51	100.0 %	$ 3	100.0 %	$ 52	100.0 %	$ 106	100.0 %

	2020					
	Run-off		Legacy Underwriting		Total	
	Total	%	Total	%	Total	%
	(In millions of U.S. dollars, except percentages)					
United States	$ 5	100.0 %	$ 178	32.5 %	$ 183	33.2 %
United Kingdom	—	— %	119	21.8 %	119	21.6 %
Europe	1	20.0 %	82	15.0 %	83	15.0 %
Asia	—	— %	68	12.4 %	68	12.3 %
Rest of World	(1)	(20.0)%	100	18.3 %	99	17.9 %
Total	$ 5	100.0 %	$ 547	100.0 %	$ 552	100.0 %

4. BUSINESS ACQUISITIONS

Enhanzed Re

On September 1, 2021, we completed the purchase of the entire 27.7% equity interest in Enhanzed Re held by an affiliate of Hillhouse Group for cash consideration of $217 million and assumed the Hillhouse Group's affiliate's remaining outstanding capital commitment to Enhanzed Re of $40 million (the "Step Acquisition").

Following the completion of the Step Acquisition, our equity interest in Enhanzed Re increased from 47.4% to 75.1%. Effective September 1, 2021, we consolidated Enhanzed Re (previously accounted for as an equity method investment) and eliminated any intercompany transactions and balances between us and Enhanzed Re.

On December 28, 2022, Enhanzed Re acquired Allianz SE's ("Allianz")[32] remaining 24.9% interest for $174 million, the impact of which will be reflected in our first quarter 2023 results as a result of reporting the results of Enhanzed Re on a one quarter lag.

The following table represents the fair value of net assets acquired, inclusive of the net effect of settlement of pre-existing relationships, as of September 1, 2021:

	Fair Value of Net Assets Acquired, Before Settlement of Pre-existing Relationships	Net Effect of Settlement of Pre-existing Relationships	Net Effect of Step Acquisition
	(in millions of U.S. dollars)		
ASSETS			
Fixed maturities, trading, at fair value	$ 49	$ —	$ 49
Funds held - directly managed	2,576	(304)	2,272
Equities, at fair value	855	—	855
Other investments, at fair value	14	—	14
Total investments	3,494	(304)	3,190
Cash and cash equivalents	11	—	11
Funds held by reinsured companies	214	—	214
Other assets	8	—	8
TOTAL ASSETS	$ 3,727	$ (304)	$ 3,423
LIABILITIES			
Losses and LAE	$ 1,113	$ (271)	$ 842
Future policyholder benefits	1,539	—	1,539
Debt obligations	76	—	76
Insurance and reinsurance balances payable	102	(6)	96
Other liabilities	16	(7)	9
TOTAL LIABILITIES	2,846	(284)	2,562
NET ASSETS ACQUIRED AT FAIR VALUE	$ 881	$ (20)	$ 861
Less:			
Cash consideration paid to Hillhouse Group affiliate			$ 217
Fair value of previously held equity method investment			418
Fair value of noncontrolling interest			219
Adjustment for the fair value of pre-existing relationships			(20)
Total purchase price			834
Bargain purchase gain			$ 27

[32] Refer to Note 26 for further information.

During the third quarter of 2021, we recognized a total gain on the Step Acquisition of $47 million, which was recorded in net gain on purchase and sales of subsidiaries in our consolidated statements of earnings, and consisted of a bargain purchase gain, a gain on remeasurement of our previously held equity investment to fair value and a gain on settlement of pre-existing relationships.

We recognized a bargain purchase gain of $27 million for the year ended December 31, 2021 as the fair value of the interest in the net assets acquired exceeded the total purchase price. The bargain purchase gain was attributable to the negotiation process with Hillhouse Group and the resulting cash consideration paid was based on 90% of Enhanzed Re's total shareholders' equity as of June 30, 2021 which was less than the fair value of the net assets acquired.

In accordance with the acquisition method of accounting, we remeasured our previously held equity method investment in Enhanzed Re to fair value. The fair value of the previously held equity method investment and noncontrolling interest was calculated as the fair value of Enhanzed Re's total net assets multiplied by the respective ownership percentages. These fair value measurements are based on significant inputs not observable in the market and thus represent Level 3 measurements. We also considered guideline market transactions, and the implied multiple from those transactions corroborated the results of the fair value estimate.

At the time of the transaction, we held contractual pre-existing relationships with Enhanzed Re, consisting of quota share reinsurance contracts and an agreement to act as the insurance manager for Enhanzed Re. The pre-existing relationships were deemed to be effectively settled at fair value on the acquisition date.

We record Enhanzed Re's results on a one quarter lag. The table below summarizes the results of Enhanzed Re's operations, which are included in our consolidated statement of earnings from September 1, 2021, the date of acquisition, to December 31, 2021:

	September 1 to December 31, 2021 [1]
	(in millions of U.S. dollars)
Total income	$ (17)
Net loss	(19)
Net loss attributable to Enstar ordinary shareholders	(15)

[1] Excludes earnings from our previously held equity method investment in Enhanzed Re[33].

Supplemental Pro Forma Financial Information (Unaudited)

The following selected unaudited pro forma financial information is a summary of our combined results with Enhanzed Re, giving effect to the Step Acquisition as if it had occurred on January 1, 2020. The unaudited pro forma financial information presented below is for informational purposes only and is not necessarily indicative of the results that would have been achieved if the Step Acquisition had taken place on January 1, 2020, nor is it indicative of future results.

	2021	2020
	(in millions of U.S. dollars)	
Total income	$ 1,071	$ 3,070
Net earnings	494	1,942
Net earnings attributable to Enstar	445	1,892
Net earnings attributable to Enstar ordinary shareholders	409	1,856

The unaudited pro forma financial information is presented on a fully consolidated basis. Aside from a pro forma adjustment made to recognize the gain on the Step Acquisition as of January 1, 2020, there were no further non-recurring pro forma adjustments recorded.

[33] Refer to Note 23 for further information.

5. DIVESTITURES, HELD-FOR-SALE BUSINESSES AND DISCONTINUED OPERATIONS

The following table provides a summary of the net gain on sales of subsidiaries which was recorded in net gain on purchase and sales of subsidiaries included in our consolidated statements of earnings for the years ended December 31, 2021 and 2020:

	2021	2020
	(in millions of U.S. dollars)	
Atrium	$ (8)	$ —
SUL	23	—
Other	11	3
Net gain on sales of subsidiaries	$ 26	$ 3

Atrium Exchange Transaction

In 2020 and 2021 we executed a series of transactions to exit our direct investment in active underwriting businesses. We completed these transaction with our co-investors and connected parties, Trident V, L.P., Trident V Parallel Fund, L.P. and Trident V Professionals Fund, L.P. (collectively, the "Trident V Funds"), managed by StonePoint Capital LLC (“Stone Point”) and Dowling Capital Partners I, L.P. and Capital City Partners LLC (collectively, the "Dowling Funds").

In November 2020, we sold our majority interest in StarStone U.S. to Core Specialty, a newly formed entity.

In January 2021, we acquired the Trident V Fund’s interest in Core Specialty in exchange for a portion of our indirect interest in Northshore (the holding company of Atrium and Arden), and subsequently deconsolidated Northshore. As of December 31, 2022, we hold a 13.8% interest in Northshore and a 19.9% interest in Core Specialty.

Through our wholly owned subsidiary, SGL No. 1, a Lloyd’s corporate member, we provided 25% of the underwriting capacity on the 2017 to 2020 underwriting years of Atrium's Syndicate 609 at Lloyd’s. In conjunction with the completion of the Exchange Transaction, SGL No.1 ceased its provision of underwriting capacity on Syndicate 609 for future underwriting years.

SGL No.1 was obligated to support underwriting capacity on Syndicate 609 through the provision of Funds at Lloyd’s (“FAL”), and settled its share of the 2020 and prior underwriting years for the economic benefit of Atrium via reinsurance agreements with Arden and a Syndicate 609 Capacity Lease Agreement with Atrium 5 Limited, a UK domiciled subsidiary of Atrium through December 31, 2022.

As a result of these contractual arrangements, the net loss reserve liabilities, cash, investments and other assets that support those liabilities, will be settled by: i) the distribution of SGL No.1’s share of the Syndicate 609 result; ii) the settlement of the net payable or receivable position on the reinsurance agreement with Arden; and iii) the required settlement, if any, of the Syndicate 609 Capacity Lease Agreement payable, which will occur in 2023.

Balances due from (due to) under these contractual arrangements as of December 31, 2022 and 2021 were as follows:

	2022	2021
	(in millions of U.S. dollars)	
Distribution of SGL No.1 share of Syndicate 609 results	$ 21	$ 34
Due to Arden under reinsurance agreement	(10)	(22)
Due to Atrium 5 Limited under Capacity Lease Agreement	(11)	(12)
Net balances with Northshore Group	$ —	$ —

As of December 31, 2022, we carried gross loss reserves of $173 million (2021: $215 million), reinsurance recoverables of $35 million (2021: $62 million) and net assets required to support the net insurance liabilities of $138 million (2021: $152 million).

For the years ended December 31, 2022 and 2021, there was no retention by Enstar of the net results of Atrium's 2020 and prior underwriting years as the business was contractually transferred to the Atrium entities that were divested in the Exchange Transaction.

Recapitalization of StarStone U.S. and Discontinued Operations

On November 30, 2020, we completed the sale and recapitalization of StarStone U.S. through the sale of StarStone U.S. to Core Specialty. We received consideration of $282 million in the form of common shares of Core Specialty and cash.

The StarStone U.S. business qualified as a discontinued operation. The following table summarizes the components of net earnings (loss) from discontinued operations, net of income taxes, related to StarStone U.S., on the consolidated statements of earnings for the year ended December 31, 2020:

	2020 (in millions of U.S. dollars)
INCOME	
Net premiums earned	$ 291
Net investment income	13
Net realized gains	4
Net unrealized gains	2
	310
EXPENSES	
Net incurred losses and LAE	192
Acquisition costs	58
General and administrative expenses	60
Interest expense	2
	312
LOSS BEFORE INCOME TAXES	(2)
Income tax benefit	2
NET EARNINGS FROM DISCONTINUED OPERATIONS, NET OF INCOME TAXES, BEFORE GAIN ON SALE	$ —
DISPOSAL	
Consideration received	$ 282
Less: Carrying value of subsidiary	(278)
Add: Net realized gains on AFS securities and cumulative currency translation adjustments previously recognized in AOCI	12
Gain on sale of subsidiary	$ 16
NET EARNINGS FROM DISCONTINUED OPERATIONS, NET OF INCOME TAXES	$ 16
Net (earnings) from discontinued operations attributable to noncontrolling interest	(9)
NET EARNINGS FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	$ 7

Continuing Involvement

Following the completion of the sale of StarStone U.S. to Core Specialty on November 30, 2020, our continuing involvement with StarStone U.S comprised of the following transactions:

LPT and ADC reinsurance agreement

In connection with the sale of StarStone U.S. to Core Specialty, one of our insurance subsidiaries entered into an LPT and ADC reinsurance agreement with StarStone U.S. pursuant to which we reinsured all of the net loss reserves of StarStone U.S. in respect of premium earned prior to October 31, 2020.

Our subsidiary's obligations to StarStone U.S. under the LPT and ADC reinsurance agreement are guaranteed by the Parent Company. The LPT and ADC reinsurance agreement between our subsidiary and StarStone U.S. will continue in force until such time as our liability with respect to the assumed total net loss reserves terminates.

Concurrent with the closing of the LPT and ADC reinsurance agreement, one of our wholly-owned subsidiaries entered into an Administrative Services Agreement ("ASA") with StarStone U.S., through which it was appointed as an independent contractor to provide certain administrative services covering the business we assumed from StarStone U.S. through the LPT and ADC reinsurance agreement. This ASA became effective on November 30, 2020 and will continue in force (subject to certain limited exceptions) until such time as the LPT and ADC reinsurance agreement terminates.

In addition, concurrent with the sale of StarStone U.S. to Core Specialty, one of our wholly-owned subsidiaries entered into a Transition Services Agreement ("TSA") with Core Specialty to provide certain transitional services relating to the StarStone U.S. businesses. The TSA was terminated in November 2022.

Reinsurance transactions previously eliminated on consolidation

The table below presents a summary of the total income and expenses which have been recognized within our continuing operations relating to transactions, primarily reinsurances, between StarStone U.S. and us:

	2022	2021	2020
	(in millions of U.S. dollars)		
Total income [1]	$ —	$ (1)	$ 12
Total expenses [1]	18	20	(16)
Net (loss) earnings	$ (18)	$ (21)	$ 28

[1] For the year ended December 31, 2021, negative total income was driven by a premium adjustment. For the year ended December 31, 2020, negative total expenses were driven by favorable loss development on the losses and LAE reserves ceded by StarStone U.S. to our subsidiaries.

Cash flows

The cash (outflows) inflows between our subsidiaries and StarStone U.S. for the years ended December 31, 2022, 2021 and 2020 were $(129) million, $(102) million and $99 million, respectively.

Equity method investment

Our investment in the common shares of Core Specialty, which is included in equity method investments on our consolidated balance sheets, was $211 million as of December 31, 2022 (2021: $225 million).

During the year ended December 31, 2022, our proportionate share of loss on our investment in Core Specialty was $14 million (2021: $6 million), which is included within earnings from equity method investments in our consolidated statement of earnings and is recorded on a quarter lag.

Run-off of StarStone International (non-U.S.)

In June 2020, we placed StarStone International into an orderly run-off (the "StarStone International Run-Off"). The results of StarStone International are included within continuing operations.

In March 2021, we sold StarStone Underwriting Limited ("SUL"), a Lloyd's managing agency, together with the right to operate Lloyd's Syndicate 1301 for the 2021 and future years of account, to Inigo Limited ("Inigo"), in exchange for shares in Inigo and cash. We recognized a gain on the sale of $23 million. In addition, we committed to invest up to $27 million in Inigo.

As of December 31, 2022, our investment in Inigo, which is accounted for as a privately held equity investment and carried at fair value, was $40 million (2021: $43 million), and we have funded $22 million of our capital commitment, with $5 million yet to be called by Inigo.

6. INVESTMENTS

We hold:

i. trading portfolios of short-term and fixed maturity investments and equities, carried at fair value;
ii. AFS portfolios of short-term and fixed maturity investments, carried at fair value;
iii. other investments carried at fair value;
iv. equity method investments; and
v. funds held - directly managed, carried at fair value.

Short-term and Fixed Maturity Investments

Asset Types

The fair values of the underlying asset categories comprising our short-term and fixed maturity investments classified as trading and AFS and the fixed maturity investments included within our funds held - directly managed balance were as follows as of December 31, 2022 and 2021:

	2022					
	Short-term investments, trading	Short-term investments, AFS	Fixed maturities, trading	Fixed maturities, AFS	Fixed maturities, funds held - directly managed	Total
	(in millions of U.S. dollars)					
U.S. government and agency	$ 14	$ 10	$ 64	$ 300	$ 128	$ 516
U.K. government	—	3	42	33	4	82
Other government	—	—	188	131	143	462
Corporate [1]	—	25	1,594	2,988	679	5,286
Municipal	—	—	59	99	53	211
Residential mortgage-backed	—	—	77	362	113	552
Commercial mortgage-backed	—	—	191	628	203	1,022
Asset-backed	—	—	155	682	77	914
Structured products	—	—	—	—	586	586
Total fixed maturity and short-term investments	$ 14	$ 38	$ 2,370	$ 5,223	$ 1,986	$ 9,631

[1] Includes convertible bonds of $233 million, which includes embedded derivatives of $34 million.

	2021					
	Short-term investments, trading	Short-term investments, AFS	Fixed maturities, trading	Fixed maturities, AFS	Fixed maturities, funds held - directly managed	Total
	(in millions of U.S. dollars)					
U.S. government and agency	$ 3	$ 25	$ 102	$ 434	$ 183	$ 747
U.K. government	—	—	73	10	—	83
Other government	3	—	285	128	247	663
Corporate [1]	—	8	2,660	3,350	796	6,814
Municipal	—	—	85	128	73	286
Residential mortgage-backed	—	—	104	391	115	610
Commercial mortgage-backed	—	—	250	562	262	1,074
Asset-backed	—	1	197	649	97	944
Structured products	—	—	—	—	1,033	1,033
Total fixed maturity and short-term investments	$ 6	$ 34	$ 3,756	$ 5,652	$ 2,806	$ 12,254

[1] Includes convertible bonds of $223 million, which includes embedded derivatives of $43 million.

Included within residential and commercial mortgage-backed securities as of December 31, 2022 were securities issued by U.S. governmental agencies with a fair value of $429 million (as of December 31, 2021: $460 million).

The fair value of fixed maturities, trading and fixed maturities, AFS, which have been non-income producing for the twelve months preceding December 31, 2022 was $8 million and $25 million, respectively.

Contractual Maturities

The contractual maturities of our short-term and fixed maturity investments, classified as trading and AFS, and the fixed maturity investments included within our funds held - directly managed balance are shown below. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

As of December 31, 2022	Amortized Cost	Fair Value	% of Total Fair Value
	(in millions of U.S. dollars)		
One year or less	$ 343	$ 334	3.5 %
More than one year through five years	3,103	2,826	29.3 %
More than five years through ten years	2,351	1,952	20.3 %
More than ten years	2,981	2,031	21.1 %
Residential mortgage-backed	613	552	5.7 %
Commercial mortgage-backed	1,115	1,022	10.6 %
Asset-backed	952	914	9.5 %
	$ 11,458	$ 9,631	100.0 %

Unrealized Gains and Losses on AFS Short-Term and Fixed Maturity Investments

The amortized cost, unrealized gains and losses, allowance for credit losses and fair values of our short-term and fixed maturity investments classified as AFS as of December 31, 2022 and 2021 were as follows:

			Gross Unrealized Losses		
As of December 31, 2022	Amortized Cost	Gross Unrealized Gains	Non-Credit Related Losses	Allowance for Credit Losses	Fair Value
			(in millions of U.S. dollars)		
U.S. government and agency	$ 338	$ —	$ (28)	$ —	$ 310
U.K. government	36	2	(2)	—	36
Other government	146	1	(15)	(1)	131
Corporate	3,466	7	(428)	(32)	3,013
Municipal	120	1	(22)	—	99
Residential mortgage-backed	407	—	(45)	—	362
Commercial mortgage-backed	689	2	(63)	—	628
Asset-backed	706	1	(25)	—	682
	$ 5,908	$ 14	$ (628)	$ (33)	$ 5,261

As of December 31, 2021	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses		Fair Value
			Non-Credit Related Losses	Allowance for Credit Losses	
	(in millions of U.S. dollars)				
U.S. government and agency	$ 463	$ 1	$ (5)	$ —	$ 459
U.K. government	10	—	—	—	10
Other government	127	2	(1)	—	128
Corporate	3,384	29	(45)	(10)	3,358
Municipal	129	1	(2)	—	128
Residential mortgage-backed	394	1	(4)	—	391
Commercial mortgage-backed	566	3	(7)	—	562
Asset-backed	650	1	(1)	—	650
	$ 5,723	$ 38	$ (65)	$ (10)	$ 5,686

Gross Unrealized Losses on AFS Short-term and Fixed Maturity Investments

The following table summarizes our short-term and fixed maturity investments classified as AFS that were in a gross unrealized loss position, for which an allowance for credit losses has not been recorded, as of December 31, 2022 and 2021:

As of December 31, 2022	12 Months or Greater		Less Than 12 Months		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(in millions of U.S. dollars)					
U.S. government and agency	$ 188	$ (19)	$ 112	$ (9)	$ 300	$ (28)
U.K. government	1	—	10	(2)	11	(2)
Other government	25	(4)	89	(11)	114	(15)
Corporate	1,261	(246)	1,542	(182)	2,803	(428)
Municipal	58	(14)	32	(8)	90	(22)
Residential mortgage-backed	185	(35)	154	(10)	339	(45)
Commercial mortgage-backed	277	(43)	275	(20)	552	(63)
Asset-backed	186	(10)	357	(15)	543	(25)
Total short-term and fixed maturity investments	$ 2,181	$ (371)	$ 2,571	$ (257)	$ 4,752	$ (628)

As of December 31, 2021	12 Months or Greater		Less Than 12 Months		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(in millions of U.S. dollars)					
U.S. government and agency	$ 22	$ (1)	$ 373	$ (4)	$ 395	$ (5)
U.K. government	—	—	5	—	5	—
Other government	—	—	46	(1)	46	(1)
Corporate	11	—	1,545	(19)	1,556	(19)
Municipal	—	—	77	(2)	77	(2)
Residential mortgage-backed	6	—	315	(4)	321	(4)
Commercial mortgage-backed	21	(1)	419	(6)	440	(7)
Asset-backed	—	—	516	(1)	516	(1)
Total short-term and fixed maturity investments	$ 60	$ (2)	$ 3,296	$ (37)	$ 3,356	$ (39)

As of December 31, 2022 and 2021, the number of securities classified as AFS in an unrealized loss position for which an allowance for credit loss is not recorded was 2,935 and 2,930, respectively. Of these securities, the number of securities that had been in an unrealized loss position for twelve months or longer was 1,155 and 93, respectively.

The contractual terms of a majority of these investments do not permit the issuers to settle the securities at a price less than the amortized cost basis of the security. While interest rates have increased and credit spreads have widened, and in certain cases credit ratings were downgraded, we currently do not expect the issuers of these fixed income securities to settle them at a price less than their amortized cost basis and therefore it is expected that we will recover the entire amortized cost basis of each security. Furthermore, we do not intend to sell the securities that are currently in an unrealized loss position, and it is also not more likely than not that we will be required to sell the securities before the recovery of their amortized cost bases.

Allowance for Credit Losses on AFS Fixed Maturity Investments

The following table provides a reconciliation of the beginning and ending allowance for credit losses on our AFS debt securities:

	December 31, 2022			December 31, 2021	
	Other government	Corporate	Total	Corporate	Total
	(in millions of U.S. dollars)				
Allowance for credit losses, beginning of year	$ —	$ (10)	$ (10)	$ —	$ —
Allowances for credit losses on securities for which credit losses were not previously recorded	—	(31)	(31)	(16)	(16)
Reductions for securities sold during the year	—	5	5	—	—
(Increase) decrease to the allowance for credit losses on securities that had an allowance recorded in the previous period	(1)	4	3	6	6
Allowance for credit losses, end of year	$ (1)	$ (32)	$ (33)	$ (10)	$ (10)

During the years ended December 31, 2022 and 2021, we did not have any write-offs charged against the allowance for credit losses or any recoveries of amounts previously written-off.

Equity Investments

The following table summarizes our equity investments as of December 31, 2022 and 2021:

	2022	2021
	(in millions of U.S. dollars)	
Publicly traded equity investments in common and preferred stocks	$ 385	$ 281
Exchange-traded funds	507	1,342
Privately held equity investments in common and preferred stocks	358	372
	$ 1,250	$ 1,995

Equity investments include publicly traded common and preferred stocks, exchange-traded funds and privately held common and preferred stocks. Our publicly traded equity investments in common and preferred stocks predominantly trade on major exchanges and are managed by our external advisors. Our investments in exchange-traded funds also trade on major exchanges.

Our privately held equity investments in common and preferred stocks are direct investments in companies that we believe offer attractive risk adjusted returns and/or offer other strategic advantages. Each investment may have its own unique terms and conditions and there may be restrictions on disposals. There is no active market for these investments[34].

Other Investments, at fair value

The following table summarizes our other investments carried at fair value as of December 31, 2022 and 2021:

	2022	2021
	(in millions of U.S. dollars)	
Hedge funds	$ 549	$ 291
Fixed income funds	547	573
Private equity funds	1,282	752
Private credit funds	362	275
Equity funds	3	5
CLO equity funds	203	207
CLO equities	148	161
Real estate funds	202	69
	$ 3,296	$ 2,333

The following is a description of the nature of each of these investment categories:

- Hedge funds invest in fixed income, equity and other investments.
- Fixed income funds comprise a number of positions in diversified fixed income funds that are managed by third-party managers. Underlying investments vary from high-grade corporate bonds to non-investment grade senior secured loans and bonds, in both liquid and illiquid markets. The liquid fixed income funds have regularly published prices.
- Private equity funds include primary, secondaries diversified by asset classes, regional vintage and sectors and direct co-investment opportunities.
- Private credit funds invest in direct senior or collateralized loans.
- Equity funds invest primarily in public equities.
- CLO equity funds invest primarily in the equity tranches of term-financed securitizations of diversified pools of corporate bank loans.

[34] Refer to Note 23 for further information on certain privately held equity investments.

- CLO equities comprise investments in the equity tranches of term-financed securitizations of diversified pools of corporate bank loans.
- Real estate funds comprise of real estate funds that invest primarily in commercial real estate equity.

Other investments, including equities measured at fair value using NAV as a practical expedient

We use NAV as a practical expedient to fair value certain of our other investments, including equities. Due to a lag in the valuations of certain funds reported by the managers, we may record changes in valuation with up to a three-month lag[35]. We regularly review and discuss fund performance with the fund managers to corroborate the reasonableness of the reported net asset values and to assess whether any events have occurred within the lag period that would affect the valuation of the investments.

Certain of our other investments are subject to restrictions on redemptions and sales that are determined by the governing documents, which limits our ability to liquidate those investments. These restrictions may include lock-ups, redemption gates, restricted share classes or side pockets, restrictions on the frequency of redemption and notice periods. A gate is the ability to deny or delay a redemption request, whereas a side-pocket is a designated account for which the investor loses its redemption rights.

Certain of our other investments may not have any restrictions governing their sale, but there is no active market and no guarantee that we will be able to execute a sale in a timely manner. In addition, even if these investments are not eligible for redemption or sales are restricted, we may still receive income distributions from those other investments.

The table below details the estimated period by which proceeds would be received if we had provided notice of our intent to redeem or initiated a sales process as of December 31, 2022 for our investments measured at fair value using NAV as a practical expedient:

	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Not Eligible/ Restricted	Total	Redemption Frequency
	(in millions of U.S. dollars)						
Equities							
Privately held equity investments	$ —	$ —	$ —	$ —	$ 39	$ 39	N/A
Other investments							
Hedge funds	$ 549	$ —	$ —	$ —	$ —	$ 549	Monthly to Bi-annually
Fixed income funds	395	—	—	—	62	457	Daily to Quarterly
Private equity funds	—	57	—	—	1,225	1,282	Quarterly for unrestricted amount
Private credit funds	—	—	—	—	362	362	N/A
CLO equity funds	174	28		—	1	203	Quarterly to Bi-annually
Real estate funds	—	—	—	—	202	202	N/A
	$ 1,118	$ 85	$ —	$ —	$ 1,891	$ 3,094	

As of December 31, 2022, $60 million of our investments were subject to gates or side-pockets.

[35] The valuation of our other investments is described in Note 13.

Equity Method Investments

The table below shows our equity method investments as of December 31, 2022 and 2021:

	2022		2021	
	Ownership %	Carrying Value	Ownership %	Carrying Value
		(in millions of U.S. dollars)		
Citco [1]	31.9 %	60	31.9 %	56
Monument Re [2]	20.0 %	110	20.0 %	194
Core Specialty	19.9 %	211	24.7 %	225
Other	27.0 %	16	27.0%	18
		$ 397		$ 493

[1] We own 31.9% of the common shares in HH CTCO Holdings Limited which in turn owns 15.4% of the convertible preferred shares, amounting to a 6.2% interest in the total equity of Citco III Limited ("Citco").

[2] We own 20.0% of the common shares in Monument Re as well as different classes of preferred shares which have fixed dividend yields and whose balances are included in the Investment amount (2022 losses include an other-than-temporary impairment charge).

Summarized Financial Information

The following is the aggregated summarized financial information of our equity method investees that meet the significance disclosure requirement, including those for which the fair value option was elected and would otherwise be accounted for as an equity method investment, and may be presented on a lag due to the availability of financial information from the investee:

	2022	2021
	(in millions of U.S. dollars)	
Balance Sheet		
Total assets	$ 51,278	$ 45,741
Total liabilities	39,496	33,858

	2022	2021	2020
	(in millions of U.S. dollars)		
Operating Results[1]			
Total income	$ 6,524	$ 9,190	$ 6,093
Total expenses	6,885	8,098	5,234
Net (loss) income	$ (361)	$ 1,092	$ 859

[1] Refer to Note 14 for the summarized operating results of our equity method investment in the InRe Fund for the three months ended March 31, 2021 and the year ended December 31, 2020, prior to our consolidation of the InRe Fund on April 1, 2021

The following table presents the carrying value by ownership percentage of our equity method investees, including those for which the fair value option was elected:

	2022		2021	
	Equity Method Investments	Fair Value Option	Equity Method Investments	Fair Value Option
		(in millions of U.S. dollars)		
Ownership percentage				
100%	$ —	$ —	$ —	$ —
20%-99%	186	1,096	493	828
3%-19%	211	809	—	749
Total	$ 397	$ 1,905	$ 493	$ 1,577

Funds Held

Funds Held - Directly Managed

The following table summarizes the components of the funds held - directly managed as of December 31, 2022 and 2021:

	2022	2021
	(in millions of U.S. dollars)	
Short-term and fixed maturity investments, trading	$ 1,986	$ 2,806
Cash and cash equivalents	41	188
Other assets	13	13
	$ 2,040	$ 3,007

The following table summarizes the short-term and fixed maturity investment components of funds held - directly managed as of December 31, 2022 and 2021:

	2022	2021
	(in millions of U.S. dollars)	
Short-term and fixed maturity investments, at amortized cost	$ 2,765	$ 2,815
Net unrealized gains (losses):		
Change in fair value - embedded derivative accounting	(572)	14
Change in fair value [(1)]	(207)	(23)
Short-term and fixed maturity investments within funds held - directly managed, at fair value	$ 1,986	$ 2,806

[(1)] Is clearly and closely related to the host contract.

Refer to the sections above for details of the short-term and fixed maturity investments within our funds held - directly managed portfolios.

Funds Held by Reinsured Companies

As of December 31, 2022 and 2021, we had funds held by reinsured companies of $3.6 billion and $2.3 billion, respectively. The increase from December 31, 2021 was primarily driven by the LPT transaction with Aspen.

Pursuant to the terms of the Aspen LPT transaction, in addition to earning a fixed crediting rate (“base crediting rate”) on the funds withheld balance we received as premium consideration, as of October 1, 2022 and through September 30, 2025 we will also receive a variable return based on the performance of Aspen’s investments (together, the “full crediting rate”).

The nature of the arrangement results in an embedded derivative, which represents the fair value of the amount by which all future interest payments on the funds withheld balance made at the full crediting rate are expected to exceed all future interest payments made on the funds withheld balance at the base crediting rate. The fair value of the embedded derivative as of December 31, 2022 was $44 million.

	2022
	(in millions of U.S. dollars)
Fund held by reinsurance companies, at amortized cost	$ 3,538
Initial recognition of embedded derivative	27
Net unrealized gains:	
Change in fair value - embedded derivative	17
Funds held by reinsured companies, at fair value	$ 3,582

Net Investment Income

Major categories of net investment income for the years ended December 31, 2022, 2021 and 2020 are summarized as follows:

	2022	2021	2020
	(in millions of U.S. dollars)		
Fixed maturity investments	$ 237	$ 191	$ 199
Short-term investments and cash and cash equivalents	10	—	5
Funds held by reinsured companies	100	57	34
Funds held – directly managed	51	28	34
Investment income from fixed maturities and cash and cash equivalents	398	276	272
Equity investments	39	32	20
Other investments[1]	43	41	27
Investment income from equities and other investments	82	73	47
Gross investment income	480	349	319
Investment expenses	(25)	(37)	(16)
Net investment income	$ 455	$ 312	$ 303

[1] Effective April 1, 2021, the InRe Fund was consolidated by us and subsequently liquidated by December 31, 2021. Refer to Note 14 for additional information. Prior to April 1, 2021, all income or loss from the InRe Fund was determined by the change in net asset value (NAV) of our holdings in the fund, which was included within net realized and unrealized gains (losses) from other investments.

Net Realized and Unrealized Gains (Losses)

Components of net realized and unrealized gains (losses) for the years ended December 31, 2022, 2021 and 2020 were as follows:

	2022	2021	2020
	(in millions of U.S. dollars)		
Net realized gains on sale:			
Gross realized gains on fixed maturity securities, AFS	$ 6	$ 19	$ 26
Gross realized losses on fixed maturity securities, AFS	(89)	(13)	(8)
Increase in allowance for expected credit losses on fixed maturity securities, AFS	(28)	(10)	—
Net (losses) gains recognized on equity securities sold during the period	(21)	9	1
Other investments [1]	—	66	—
Net realized investment gains on investment derivatives	(3)	(132)	—
Total net realized (losses) gains on sale	$ (135)	$ (61)	$ 19
Net unrealized (losses) gains:			
Fixed maturity securities, trading	(503)	(144)	228
Fixed maturity securities in funds held - directly managed	(567)	(62)	60
Net unrealized (losses) gains recognized on equity securities still held at the reporting date	(269)	146	(2)
Other investments [1]	(125)	259	1,336
Investment derivatives	(15)	(21)	1
Total net unrealized (losses) gains	$ (1,479)	$ 178	$ 1,623

[1] Effective April 1, 2021, the InRe Fund was consolidated by us and subsequently liquidated by December 31, 2021. Refer to Note 14 for additional information. Prior to April 1, 2021, all income or loss from the InRe Fund was determined by the change in net asset value (NAV) of our holdings in the fund, which was included within net realized and unrealized gains (losses) from other investments.

The gross realized gains and losses on AFS investments included in the table above resulted from sales of $2.1 billion, $2.5 billion and $2.0 billion for the years ended December 31, 2022, 2021 and 2020, respectively.

Reconciliation to the Consolidated Statements of Comprehensive Income

The following table provides a reconciliation of the gross realized gains and losses and credit recoveries (losses) on our AFS fixed maturity debt securities that arose during the years ended December 31, 2022, 2021 and 2020 within our continuing and discontinued operations and the offsetting reclassification adjustments included within our consolidated statements of comprehensive income:

	2022	2021	2020
	(in millions of U.S. dollars)		
Included within continuing operations:			
Gross realized gains on fixed maturity securities, AFS	$ 6	$ 19	$ 26
Gross realized losses on fixed maturity securities, AFS	(89)	(13)	(8)
Tax effect	2	—	(1)
Included within discontinued operations:			
Gross realized gains on fixed maturity securities, AFS	—	—	1
Total reclassification adjustment for net realized gains (losses) included in net earnings	$ (81)	$ 6	$ 18
Included within continuing operations:			
Credit losses on fixed maturity securities, AFS	$ (28)	$ (10)	$ —
Included within discontinued operations:			
Credit recoveries on fixed maturity securities, AFS	$ —	$ —	$ 1
Total reclassification adjustment for change in allowance for credit losses recognized in net earnings	$ (28)	$ (10)	$ 1

Restricted Assets

We utilize trust accounts to collateralize business with our (re)insurance counterparties. We are also required to maintain investments and cash and cash equivalents on deposit with regulatory authorities and Lloyd's to support our (re)insurance operations. The investments and cash and cash equivalents on deposit are available to settle (re)insurance liabilities. Collateral generally takes the form of assets held in trust, letters of credit or funds held. The assets used as collateral are primarily highly rated fixed maturity securities. The carrying value of our restricted assets, including restricted cash of $508 million and $446 million, as of December 31, 2022 and 2021, respectively, was as follows:

	2022	2021
	(in millions of U.S. dollars)	
Collateral in trust for third party agreements	$ 5,343	$ 6,100
Assets on deposit with regulatory authorities	159	196
Collateral for secured letter of credit facilities	82	94
FAL [1]	365	431
	$ 5,949	$ 6,821

[1] Our businesses included two Lloyd's syndicates as at December 31, 2022 and 2021. Lloyd's determines the required capital principally through the annual business plan of each syndicate. This capital is referred to as FAL and will be drawn upon in the event that a syndicate has a loss that cannot be funded from other sources. We also utilize unsecured letters of credit for FAL, as described in Note 17.

7. DERIVATIVES AND HEDGING INSTRUMENTS

We use derivative instruments in our risk management strategies and investment operations.

Foreign currency forward exchange rate contracts are used in qualifying hedging relationships to hedge the foreign currency exchange rate risk associated with certain of our net investments in foreign operations.

We also utilize foreign currency forward contracts in non-qualifying hedging relationships as part of our overall foreign currency risk management strategy or to obtain exposure to a particular financial market, as well as for yield enhancement and collectively managing credit and duration risk.

From time to time we may also utilize credit default swaps to both hedge and replicate credit exposure and government bond futures contracts for interest rate management.

The following table presents the gross notional amounts and estimated fair values of our derivatives recorded within other assets and other liabilities on the consolidated balance sheets as of December 31, 2022 and 2021:

	2022			2021		
		Fair Value			Fair Value	
	Gross Notional Amount	Assets	Liabilities	Gross Notional Amount	Assets	Liabilities
	(in millions of U.S. dollars)					
Derivatives designated as hedging instruments						
Foreign currency forward contracts	$ 442	$ 1	$ 11	$ 618	$ —	$ 7
Derivatives not designated as hedging instruments						
Foreign currency forward contracts	244	5	1	498	2	—
Others	7	—	—	17	—	10
Total	$ 693	$ 6	$ 12	$ 1,133	$ 2	$ 17

The following table presents the net gains and losses deferred in the cumulative translation adjustment account, which is a component of AOCI in shareholders' equity, relating to our qualifying hedges and the net gains and losses included in earnings relating to our non-qualifying hedges for the years ended December 31, 2022, 2021 and 2020:

	Amount of Gains (Losses)		
	2022	2021	2020
	(in millions of U.S. dollars)		
Derivatives designated as hedging instruments			
Foreign currency forward contracts	$ 50	$ 24	$ (30)
Derivatives not designated as hedging instruments			
Foreign currency forward contracts	(10)	(4)	(2)

8. REINSURANCE BALANCES RECOVERABLE ON PAID AND UNPAID LOSSES

The following tables provide the total reinsurance balances recoverable on paid and unpaid losses.

	December 31, 2022	December 31, 2021
	(in millions of U.S. dollars)	
Recoverable from reinsurers on unpaid:		
Outstanding losses and IBNR	$ 1,075	$ 1,367
ULAE	6	7
Fair value adjustments - acquired companies	(6)	(8)
Fair value adjustments - fair value option	(79)	(34)
Total reinsurance reserves recoverable	996	1,332
Paid losses recoverable	135	185
Total	$ 1,131	$ 1,517
Reconciliation to Consolidated Balance Sheet:		
Reinsurance balances recoverable on paid and unpaid losses	$ 856	$ 1,085
Reinsurance balances recoverable on paid and unpaid losses - fair value option	275	432
Total	$ 1,131	$ 1,517

Certain of our subsidiaries and assumed portfolios, prior to acquisition, used retrocessional agreements to reduce their exposure to the risk of (re)insurance assumed.

The fair value adjustments, determined on acquisition of (re)insurance subsidiaries, are based on the estimated timing of loss and LAE recoveries and an assumed interest rate equivalent to a risk free rate for securities with similar duration to the acquired reinsurance balances recoverable on paid and unpaid losses plus a spread for credit risk, and are amortized over the estimated recovery period, as adjusted for accelerations in timing of payments as a result of commutation settlements[36].

As of December 31, 2022 and 2021, we had reinsurance balances recoverable on paid and unpaid losses of $1.1 billion and $1.5 billion, respectively. The decrease of $386 million was primarily due to cash collections, adverse ceded development and foreign exchange movement.

Top Ten Reinsurers

	December 31, 2022		December 31, 2021	
	Total	%	Total	%
	(in millions of U.S. dollars)			
Top 10 reinsurers	$ 792	70.0 %	$ 1,002	66.1 %
Other reinsurers > $1 million	319	28.2 %	491	32.4 %
Other reinsurers < $1 million	20	1.8 %	24	1.5 %
Total	$ 1,131	100.0 %	$ 1,517	100.0 %

[36]The determination of the fair value adjustments on the retroactive reinsurance contracts for which we have elected the fair value option is described in Note 13.

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	December 31, 2022	December 31, 2021
	(in millions of U.S. dollars)	
Information regarding top ten reinsurers:		
Number of top 10 reinsurers rated A- or better	8	8
Number of top 10 non-rated reinsurers [1]	2	2
Reinsurers rated A- or better in top 10	$ 578	$ 747
Non-rated reinsurers in top 10 [1]	214	255
Total top 10 reinsurance recoverables	$ 792	$ 1,002
Single reinsurers that represent 10% or more of total reinsurance balance recoverables as of December 31, 2022 and 2021:		
Lloyd's Syndicates [2]	$ 193	$ 256
Michigan Catastrophic Claims Association[3]	$ 171	$ 210

[1] The reinsurance balances recoverable from non-rated top 10 reinsurers was comprised of:

- $171 million and $210 million as of December 31, 2022 and December 31, 2021 respectively, due from a U.S. state backed reinsurer that is supported by assessments on active auto writers operating within the state;
- $43 million and $45 million as of December 31, 2022 and December 31, 2021 due from a U.S. Workers' Compensation Reinsurance Pool that is secured through an allocation to insurers actively writing workers' compensation in the covered state;

[2] Lloyd's Syndicates are rated A+ by Standard & Poor's and A by A.M. Best.

[3] U.S. state backed reinsurer that is supported by assessments on active auto writers operating within the state.

The table below provides a reconciliation of the beginning and ending allowance for estimated uncollectible reinsurance balances for the years ended December 31, 2022 and 2021:

	2022	2021
	(in millions of U.S. dollars)	
Allowance for estimated uncollectible reinsurance, beginning of year	$ 136	$ 137
Effect of exchange rate movement	1	—
Current period change in the allowance	(6)	1
Recoveries collected	—	(2)
Allowance for estimated uncollectible reinsurance, end of year	$ 131	$ 136

9. DEFERRED CHARGE ASSETS AND DEFERRED GAIN LIABILITIES

Change in net DCA Amortization

Effective December 31, 2022, we voluntarily changed our accounting policy for calculating the amortization of our DCAs. Previously, any change in ultimate losses on the contracts with a recognized DCA would result in the recognition of an adjustment to the DCA, as if the adjusted reserves had existed upon inception of the contract. We will no longer adjust the DCA for these events.

We continue to amortize the originating DCA balances over the estimated claim payment period of the related contracts with the amortization adjusted at each reporting period to reflect new estimates of the pattern and timing of remaining losses and LAE payments. Previously, the amortization of our DCAs and DGLs was included in net incurred losses and LAE. We now present the amortization of our DCAs and DGLs as a separate line item in our consolidated statements of earnings.

We will continue to assess the DCA for impairment and record any adjustments in the period evaluated.

We made the change in accounting policy because the primary basis for accepting premium consideration that is lower than the estimate of losses and LAE liabilities assumed is due to the time value of money, inclusive of our expectation of generating investment income, rather than expectations of changes in ultimate losses on the contracts.

We believe that the change in policy improves the usefulness of our financial statements as the changes in amortization of the DCA will no longer offset the loss developments, which allows the insurance loss developments to be recognized consistently through our consolidated statement of earnings regardless of whether the contract resulted in a DCA at inception.

We have retrospectively applied this change in accounting policy to all applicable prior period information presented herein as required. As of January 1, 2020, the cumulative effect of this change resulted in a $158 million increase to retained earnings, which is reflected as a cumulative change in accounting principle in the consolidated statements of changes in shareholders' equity.

The following tables provide a summary of the effect of the change in accounting policy on our 2022 and previously reported consolidated financial statements:

Consolidated Balance Sheets

	As of December 31, 2022		
	As Computed Under Previous Method	Effect of Accounting Change	As Reported Under New Method
	(in millions of U.S. dollars)		
Deferred charge assets	$ 268	$ 390	$ 658
Retained earnings	4,016	390	4,406

	As of December 31, 2021		
	As Previously Reported	Adjustment	As Adjusted
	(in millions of U.S. dollars)		
Deferred charge assets	$ 371	$ 227	$ 598
Retained earnings	5,085	227	5,312

Consolidated Statements of Earnings

	Year Ended December 31, 2022		
	As Computed Under Previous Method	Effect of Accounting Change	As Reported Under New Method
	(in millions of U.S. dollars, except per share data)		
Net incurred losses and LAE:			
Prior Period	$ (513)	$ (243)	$ (756)
Total net incurred losses and loss adjustment expenses	(465)	(243)	(708)
Amortization of net deferred charge assets	—	80	80
Total expenses	(12)	(163)	(175)
NET LOSS FROM CONTINUING OPERATIONS	(1,108)	163	(945)
NET LOSS ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	$ (1,069)	$ 163	$ (906)
Loss per ordinary share attributable to Enstar:			
Basic	$ (62.13)	$ 9.48	$ (52.65)
Diluted	$ (62.13)	$ 9.48	$ (52.65)

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	As previously reported	Adjustment	As adjusted	As previously reported	Adjustment	As adjusted
	(in millions of U.S. dollars, except per share data)					
Net incurred losses and LAE:						
Prior period	$ (283)	$ (120)	$ (403)	$ 11	$ (43)	$ (32)
Total net incurred losses and loss adjustment expenses	(111)	(120)	(231)	416	(43)	373
Amortization of net deferred charge assets	—	55	55	—	39	39
Total expenses	367	(65)	302	1,164	(4)	1,160
NET EARNINGS FROM CONTINUING OPERATIONS	488	65	553	1,711	4	1,715
NET EARNINGS ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	$ 437	$ 65	$ 502	$ 1,719	$ 4	$ 1,723
Earnings per ordinary share attributable to Enstar:						
Basic:						
Net earnings from continuing operations	$ 22.05	$ 3.28	$ 25.33	$ 79.43	$ 0.17	$ 79.60
Net earnings from discontinued operations	—	—	—	0.35	—	0.35
Net earnings per ordinary share	$ 22.05	$ 3.28	$ 25.33	$ 79.78	$ 0.17	$ 79.95
Diluted:						
Net earnings from continuing operations	$ 21.71	$ 3.23	$ 24.94	$ 78.45	$ 0.17	$ 78.62
Net earnings from discontinued operations	—	—	—	0.35	—	0.35
Net earnings per ordinary share	$ 21.71	$ 3.23	$ 24.94	$ 78.80	$ 0.17	$ 78.97

Consolidated Statements of Comprehensive Income

	Year Ended December 31, 2022		
	As Computed Under Previous Method	Effect of Accounting Change	As Reported Under New Method
	(in millions of U.S. dollars)		
NET LOSS	$ (1,108)	$ 163	$ (945)
COMPREHENSIVE LOSS ATTRIBUTABLE TO ENSTAR	$ (1,592)	$ 163	$ (1,429)

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	As previously reported	Adjustment	As adjusted	As previously reported	Adjustment	As adjusted
	(in millions of U.S. dollars)					
NET EARNINGS	$ 488	$ 65	$ 553	$ 1,727	$ 4	$ 1,731
COMPREHENSIVE INCOME ATTRIBUTABLE TO ENSTAR	$ 375	$ 65	$ 440	$ 1,828	$ 4	$ 1,832

Consolidated Statements of Changes in Shareholders' Equity

	Year Ended December 31, 2022		
	As Computed Under Previous Method	Effect of Accounting Change	As Reported Under New Method
	(in millions of U.S. dollars)		
Retained Earnings			
Balance, beginning of year	$ 5,085	$ 227	$ 5,312
Net earnings	(1,108)	163	(945)
Balance, end of year	$ 4,016	$ 390	$ 4,406

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	As previously reported	Adjustment	As adjusted	As previously reported	Adjustment	As adjusted
	(in millions of U.S. dollars)					
Retained Earnings						
Balance, beginning of year	$ 4,647	$ 162	$ 4,809	$ 2,888	$ —	$ 2,888
Net earnings	488	65	553	1,727	4	1,731
Cumulative effect of change in accounting principle	—	—	—	(6)	158	152
Balance, end of year	$ 5,085	$ 227	$ 5,312	$ 4,647	$ 162	$ 4,809

Consolidated Statements of Cash Flows

	Year Ended December 31, 2022		
	As Computed Under Previous Method	Effect of Accounting Change	As Reported Under New Method
	(in millions of U.S. dollars)		
Net loss	$ (1,108)	$ 163	$ (945)
Adjustments to reconcile net earnings to cash flows provided by operating activities:			
Amortization of net deferred charge assets	$ —	$ 80	$ 80
Other operating assets and liabilities	$ (174)	$ (243)	$ (417)

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	As previously reported	Adjustment	As adjusted	As previously reported	Adjustment	As adjusted
	(in millions of U.S. dollars)					
Net earnings	$ 488	$ 65	$ 553	$ 1,727	$ 4	$ 1,731
Adjustments to reconcile net earnings to cash flows provided by operating activities:						
Amortization of net deferred charge assets	$ —	$ 55	$ 55	$ —	$ 39	$ 39
Other operating assets and liabilities[1]	$ 838	$ (120)	$ 718	$ 412	$ (43)	$ 369

[1] As previously reported changes in other operating assets and liabilities for the years ended December 31, 2021 and 2020 includes changes in premiums receivable of $324 million and $23 million, respectively.

The following tables provide a summary of the effect of the change in accounting policy on our 2022 and previously reported consolidated reconciliation of beginning and ending liability for losses and LAE:

	Year Ended December 31, 2022		
	As Computed Under Previous Method	Effect of Accounting Change	As Reported Under New Method
	(in millions of U.S. dollars)		
DCAs on retroactive reinsurance	$ (371)	$ 371	$ —
Net balance as of January 1	11,555	371	11,926
Net incurred losses and LAE:			
Prior periods:			
Amortization of DCAs	243	(243)	—
Total prior periods	(513)	(243)	(756)
Total net incurred losses and LAE	(465)	(243)	(708)
Other changes:			
Assumed business[1]	2,520	140	2,660
Total other changes	2,333	140	2,473
Net balance as of December 31	11,743	268	12,011
DCAs on retroactive reinsurance	$ 268	$ (268)	$ —

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	As previously reported	Adjustment	As adjusted	As previously reported	Adjustment	As adjusted
	(in millions of U.S. dollars)					
DCAs on retroactive reinsurance	$ (219)	$ 219	$ —	$ (260)	$ 260	$ —
Net balance as of January 1	8,709	219	8,928	7,679	260	7,939
Net incurred losses and LAE:						
Prior periods:						
Amortization of DCAs	120	(120)	—	43	(43)	—
Total prior periods	(283)	(120)	(403)	11	(43)	(32)
Total net incurred losses and LAE	(111)	(120)	(231)	416	(43)	373
Other changes:						
Effect of exchange rate movement	—	—	—	120	(1)	119
Acquired business[2]	1,098	29	1,127	—	—	—
Assumed business[1]	3,445	254	3,699	2,186	12	2,198
Ceded business[3]	(92)	(11)	(103)	(155)	(9)	(164)
Total other changes	4,388	272	4,660	1,934	2	1,936
Net balance as of December 31	11,555	371	11,926	8,544	219	8,763
DCAs on retroactive reinsurance	$ 371	$ (371)	$ —	$ 219	$ (219)	$ —

(1) 2022, 2021 and 2020 assumed business is net of DCAs of $140 million, $254 million and $12 million, respectively.

(2) 2021 acquired business included $257 million of loss reserves which are deemed to effectively settle balances relating to pre-existing relationships, the latter comprising of $286 million of reinsurance recoverables, partially offset by a DGL of $29 million, carried by two of our reinsurance subsidiaries. The impact of the DGL has been adjusted in the above table.

(3) 2021 and 2020 ceded business is net of DGLs of $11 million and $9 million, respectively.

Additionally, all relevant notes to the financial statements have been updated for impacts of the change in accounting policy.

Deferred Charge Assets and Deferred Gain Liabilities

The following table presents a reconciliation of the deferred charge assets and deferred gain liabilities for the years ended December 31, 2022, 2021 and 2020:

	2022			2021			2020		
	DCA	DGL	Net	DCA	DGL	Net	DCA	DGL	Net
	(in millions of U.S. dollars)								
Beginning carrying value	$ 599	$ 1	$ 598	$ 401	$ 20	$ 381	$ 430	$ 13	$ 417
Recorded during the year	140	—	140	254	11	243	12	9	3
Realized on acquisition	—	—	—	—	(29)	29	—	—	—
Amortization	(81)	(1)	(80)	(56)	(1)	(55)	(41)	(2)	(39)
Ending carrying value	$ 658	$ —	$ 658	$ 599	$ 1	$ 598	$ 401	$ 20	$ 381

For the years ended December 31, 2022 and 2021, we completed our assessment for impairment of deferred charge assets and concluded that there had been no impairment of our carried deferred charge asset balances.

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10. LOSSES AND LOSS ADJUSTMENT EXPENSES

The liability for losses and LAE, also referred to as loss reserves, represents our gross estimates before reinsurance for unpaid reported losses (Outstanding Loss Reserves, or "OLR") and includes losses that have been incurred but not yet reported ("IBNR") using actuarial methods. We recognize an asset for the portion of the liability that we expect to recover from reinsurers. LAE reserves include allocated LAE ("ALAE") and unallocated LAE ("ULAE"). ALAE are linked to the settlement of an individual claim or loss, whereas ULAE are based on our estimates of future costs to administer the claims. IBNR includes amounts for unreported claims, development on known claims and reopened claims.

Our loss reserves cover multiple lines of business, including asbestos, environmental, general casualty, workers' compensation, marine, aviation and transit, construction defect, professional indemnity/directors and officers, motor, property and other non-life lines of business.

The table below provides a consolidated reconciliation of the beginning and ending liability for losses and LAE.

	2022	2021	2020
	(in millions of U.S. dollars)		
Balance as of January 1	**$ 13,258**	**$ 10,593**	**$ 9,868**
Losses and LAE relating to SGL No.1 [1]	—	255	—
Reinsurance reserves recoverable [2]	(1,332)	(1,830)	(1,928)
Reinsurance reserves recoverable relating to SGL No. 1 [1]	—	(90)	—
Cumulative effect of change in accounting principle on the determination of the allowance for estimated uncollectible reinsurance balances	—	—	(1)
Net balance as of January 1	**11,926**	**8,928**	**7,939**
Net incurred losses and LAE:			
Current period:			
Increase in estimates of net ultimate losses	46	168	388
Increase in provisions for ULAE	2	4	17
Total current period	48	172	405
Prior periods:			
Reduction in estimates of net ultimate losses	(403)	(281)	(130)
Reduction in provisions for ULAE	(135)	(63)	(49)
Amortization of fair value adjustments [3]	(18)	16	28
Changes in fair value - fair value option [4]	(200)	(75)	119
Total prior periods	(756)	(403)	(32)
Total net incurred losses and LAE	**(708)**	**(231)**	**373**
Net paid losses:			
Current period	(3)	(29)	(72)
Prior periods	(1,677)	(1,402)	(1,413)
Total net paid losses	**(1,680)**	**(1,431)**	**(1,485)**
Other changes:			
Effect of exchange rate movement	(187)	(63)	119
Acquired business [5]	—	1,127	—
Assumed business	2,660	3,699	2,198
Ceded business	—	(103)	(164)
Reclassification to assets and liabilities held-for-sale	—	—	(217)
Total other changes	**2,473**	**4,660**	**1,936**
Net balance as of December 31	**12,011**	**11,926**	**8,763**
Reinsurance reserves recoverable [2]	996	1,332	1,830
Balance as of December 31	**$ 13,007**	**$ 13,258**	**$ 10,593**
Reconciliation to Consolidated Balance Sheet:			
Loss and loss adjustment expenses	$ 11,721	$ 11,269	
Loss and loss adjustment expenses, at fair value	1,286	1,989	
Total	**$ 13,007**	**$ 13,258**	

[1] This balance represents our participation in Atrium's Syndicate 609 relating to the 2020 and prior underwriting years which is no longer eliminated on our consolidated financial statements following the completion of the Exchange Transaction on January 1, 2021.

[2] Excludes paid losses recoverable.

[3] 2022 amortization of fair value adjustments includes accelerated amortization of $33 million representing the remaining risk margin fair value adjustment liability originally recorded upon acquisition of the Enhanzed Re catastrophe reinsurance business. The liability was released following the commutation of the catastrophe business back to Allianz.

[4] Comprises discount rate and risk margin components.

(5) 2021 acquired business of $1.1 billion includes $842 million of third party loss reserves and $257 million of loss reserves which are deemed to effectively settle balances relating to pre-existing relationships, the latter comprising of $286 million of reinsurance recoverables carried by two of our reinsurance subsidiaries. These pre-existing relationships were fair valued at $271 million in accordance with the acquisition method of accounting.

Prior Period Development ("PPD")

Reduction in Estimates of Net Ultimate Losses

The following table summarizes the (reductions) increases in estimates of net ultimate losses related to prior years by segment and line of business:

	2022	2021	2020
	(in millions of U.S. dollars)		
Run-off segment:			
Asbestos	$ (14)	$ (16)	$ (19)
Environmental	(6)	7	(13)
General casualty	57	116	(26)
Workers' compensation	(318)	(234)	(183)
Marine, aviation and transit	(56)	(47)	(31)
Construction defect	(25)	(33)	8
Professional indemnity/Directors and Officers	(10)	(31)	(12)
Motor	74	43	148
Property	(35)	(45)	(17)
All Other	(22)	(37)	18
Total Run-off segment	(355)	(277)	(127)
Total Assumed Life segment	(52)	—	—
Total Legacy Underwriting segment	4	(4)	(3)
Total	$ (403)	$ (281)	$ (130)

2022: The reduction in estimates of net ultimate losses of $403 million related to prior periods was primarily driven by net favorable development in the following Run-off segment lines of business:

Workers' Compensation - The workers' compensation line of business experienced $318 million of favorable development, most notably in our 2017 and 2019 to 2021 acquisition years, as a result of:

- lower severity trends on certain existing claims;
- reduced levels of expected frequency of claims for excess workers' compensation;
- favorable claim settlements, including accelerated and favorable claim settlement patterns on certain portfolios; and
- an ADC contract where the cedants have experienced continued favorable ground-up performance.

During 2022, we also completed 15 commutations that resulted in a net reduction of ultimate losses of $11 million in our workers' compensation line of business.

Motor - The experience in our motor line was adverse by $74 million due to higher than expected claims severity primarily on older liabilities and slower than expected claim settlement rates related to our 2020 acquisition year.

General Casualty - The experience in the general casualty reserves was adverse by $57 million, including adverse development on an LPT portfolio from our 2020 acquisition year, partially offset by favorable development on certain of our 2019 and 2021 ADC contracts. Notably,

- Our 2020 acquisition year general casualty liabilities experienced additional claim reporting latency and unexpected increased severity on a small number of large New York Labor Law claims which resulted in increased overall ultimate loss estimates.

- Our 2019 and 2021 acquisition year ADC general casualty liabilities show a continued pattern of ground up favorable development which has resulted in lower estimates of our reserves for these exposures.

Marine, Aviation and Transit - The marine, aviation and transit line of business experienced $56 million of favorable development as a result of favorable experience across a variety of claim types, related to the 2014, 2018 and 2019 acquisition years.

Our Assumed Life segment also experienced favorable claim activity on our 2021 acquisition year catastrophe business. During 2022, we commuted back to Allianz the catastrophe reinsurance business originally ceded to Enhanzed Re by Allianz and recognized a favorable commutation gain of $59 million, of which $26 million contributed to a favorable reduction in estimates of net ultimate losses. The remaining $33 million represented the accelerated amortization of the remaining fair value adjustment liability and is included within amortization of fair value adjustments.

2021:

The reduction in estimates of net ultimate losses of $281 million related to prior periods was primarily driven by net favorable development in the following Run-off segment lines of business:

- **Workers' Compensation** - The workers' compensation line of business experienced a $234 million favorable development as a result of reduced claims activity and favorable settlements on open claims in 2011 & prior accident years in one portfolio as well as recent 2015 - 2018 accident years on another.

  During 2021, we also completed 15 commutations that resulted in a net reduction of ultimate losses of $10 million in our workers' compensation line of business.

- **General Casualty** - The experience in the general casualty reserves was adverse by $116 million. This was partially due to an increase in opioid exposure from our 2020 acquisition year and increased expectations of latent claims and a lengthening of the payment pattern related to our 2019 acquisition year.

  During 2021, we also completed 18 commutations that resulted in a net reduction of ultimate losses of $2 million in our general casualty line of business.

- **Marine, Aviation and Transit** - The marine, aviation and transit line of business experienced a $47 million reduction in estimates of net ultimate losses due to favorable experience across a variety of claim types.

  During 2021, we also completed 4 commutations that resulted in a net increase of ultimate losses of $1 million in our marine, aviation and transit line of business.

- **Motor** - The experience in the motor line was adverse by $43 million due to higher-than-expected claims severity relating to our 2020 acquisition year.

2020: The reduction in estimates of net ultimate losses of $130 million related to prior periods was primarily driven by net favorable development in the following Run-off segment lines of business:

- **Workers' Compensation** - The workers' compensation line of business experienced a $183 million reduction in estimates of net ultimates losses as a result of favorable actual development versus expected development across nearly all of our acquired companies and assumed portfolios.

  During 2020, we paid net losses of $143 million and released case and LAE reserves of $177 million. This represents a decline in reported losses of $34 million for the year.

  As a result of the favorable claims development, we recorded a release of $149 million primarily attributed to a settlement of an outwards reinsurance agreement resulting in the reduction in gross ultimate losses inuring to our benefit.

  During 2020, we also completed 10 commutations that resulted in a net reduction of ultimate losses of $11 million in our workers' compensation line of business.

- **Motor** - The experience in the motor line was adverse by $148 million due to higher than expected severity. The case reserves were significantly strengthened when we transferred the claim handling to a new third-party administrator with specialist experience in commercial automobile exposures.

Changes in Fair Value - Fair Value Option

During 2022, 2021 and 2020, changes in the fair value of liabilities related to assumed retroactive reinsurance agreements for which we have elected the fair value option of $(200) million, $(75) million and $119 million, respectively, were primarily driven by an increase in corporate bond yields in 2022 and 2021 and narrowing credit spreads in corporate bond yields in 2020.

Reconciliation of the Net Liability for Losses and LAE, Prior to the Provision for Bad debt to the Gross Liability for Losses and LAE included in the Consolidated Balance Sheet

The table below presents the reconciliation of the loss development tables disclosed further below to the liability for losses and LAE in the consolidated balance sheet. Loss development tables that we presented are those that are most significant to our financial statements.

	December 31, 2022				
	Net Liability for Losses and LAE, Prior to Provision for Bad Debt	Provision for Bad Debt	Net Liability for Losses and LAE	Reinsurance Recoverable on Liabilities for Losses and LAE	Gross Liabilities for Losses and LAE
	(in millions of U.S. dollars)				
Presented in the loss development tables:					
Run-off segment:					
Asbestos	$ 1,608	$ 20	$ 1,628	$ 65	$ 1,693
General casualty	4,247	7	4,254	120	4,374
Workers' compensation	2,174	1	2,175	226	2,401
Professional indemnity/Directors and Officers	1,249	1	1,250	156	1,406
Motor	375	2	377	191	568
Excluded from the loss development tables:					
Run-off segment:					
Environmental	336	3	339	13	352
Marine, aviation and transit	409	2	411	94	505
Construction defect	401	—	401	1	402
Property	429	2	431	115	546
Other	604	3	607	61	668
Total Run-off segment OLR and IBNR	11,832	41	11,873	1,042	12,915
Legacy Underwriting segment OLR and IBNR	138	—	138	33	171
ULAE	418	—	418	6	424
Fair value adjustments - acquired companies	(124)	—	(124)	(6)	(130)
Fair value adjustments - fair value option	(294)	—	(294)	(79)	(373)
Total	**$ 11,970**	**$ 41**	**$ 12,011**	**$ 996**	**$ 13,007**

Loss Development Information

Methodology for Establishing Reserves (Excluding Asbestos and Environmental Claims)

We perform our analysis of loss reserves and IBNR by each portfolio that we have acquired. Exposures for each portfolio are separated into homogenous reserving classes, generally lines of business, within each portfolio. Each reserving class contains either direct insurance or assumed reinsurance reserves and groups of relatively similar types of risks and exposures and lines of business written.

Based upon the exposure characteristics and the nature of available data for each individual reserving class, we select loss development extrapolation methods to calculate an estimate of ultimate losses.

We establish our recorded reserves as an estimate of unpaid losses for each class primarily by utilizing actuarial expertise and projection methods. The actuarial methodologies are selected after consideration of exposure characteristics, data limitations, and strengths and weaknesses of each method applied.

We use generally accepted actuarial methodologies to estimate ultimate losses and LAE, including:

- **Cumulative Reported and Paid Loss Development Methods:** The Cumulative Reported (Case Incurred) Loss Development method estimates ultimate losses by multiplying cumulative reported losses (paid losses plus case reserves) by a cumulative development factor.

  Historical "age-to-age" loss development factors (“LDFs”) are calculated to measure the relative development of an accident year from one maturity point to the next. Age-to-age LDFs are then selected based on these historical factors. The selected age-to-age LDFs are used to project the ultimate losses.

  The Cumulative Paid Loss Development Method is mechanically identical to the Cumulative Reported Loss Development Method described above, but the paid method does not rely on case reserves or claim reporting patterns in making projections.

- **Incremental Reported and Paid Loss Development Methods:** Incremental incurred and paid analyses are performed in cases where cumulative data is not available. The concept of the incremental loss development methods is similar to the cumulative loss development methods described above, in that the pattern of historical paid or incurred losses is used to project the remaining future development.

- **IBNR-to-Case Outstanding Method:** This method requires the estimation of consistent cumulative paid and reported (case) incurred loss development patterns and age-to-ultimate LDFs, either from data that is specific to the segment being analyzed or from applicable benchmark or industry data. These patterns imply a specific expected relationship between IBNR, including both development on known claims (bulk reserve) and losses on true late reported claims, and reported case incurred losses.

- **Bornhuetter-Ferguson Expected Loss Projection Reported and Paid Methods:** The Bornhuetter-Ferguson Expected Loss Projection method produces expected unreported losses by multiplying the expected losses, which are based on initial selected ultimate loss ratios by year, by the unreported percentage. The unreported percentage is calculated as one minus the reciprocal of the selected cumulative incurred LDFs. Finally, the expected unreported losses are added to the current reported losses to produce ultimate losses.

  The calculations underlying the Bornhuetter-Ferguson Expected Loss Projection method based on paid loss data are similar to the Bornhuetter-Ferguson calculations based on reported losses, with the exception that paid losses and unpaid percentages replace reported losses and unreported percentages.

- **Reserve Run-off Method:** This method first projects the future values of case reserves for all underwriting years to future ages of development by selecting a run-off pattern of case reserves based on the observed run-off ratios at each age of development. Once the ratios have been selected, they are used to project the future values of case reserves.

  A paid on reserve factor is selected in a similar way. The ratios of the observed amounts paid during each development period to the respective case reserves at the beginning of the periods are used to estimate how much will be paid on the case reserves during each development period. These paid on reserve factors are then applied to the case reserve amounts that were projected during the first phase of this method. A summation of the resulting paid amounts yields an estimate of the liability.

We also consider additional information, such as, but not limited to, changes in the legal, regulatory and judicial environment; medical cost trends and general inflation; and adjust the estimate of ultimate losses as deemed necessary.

Paid-to-date losses are then deducted from the estimate of ultimate losses and LAE to arrive at an estimated total loss reserve, and reported outstanding case reserves are then deducted from estimated total loss reserves to calculate the estimated IBNR reserve.

These estimates are reviewed regularly and, as experience develops and new information becomes known, the reserves are adjusted as necessary. We generally perform a full review of each portfolio annually and additionally we perform interim reviews quarterly to ascertain whether changes to claims paid or case reserve amounts have varied from our expectations developed during the last annual reserve review. In this event, we consider the timing and magnitude of the actual versus expected development and may record an interim adjustment to our recorded reserves.

Asbestos and Environmental Reserving Methodologies

The ultimate losses from A&E claims cannot be estimated using traditional actuarial reserving methods that extrapolate losses to an ultimate basis using loss development, and therefore use alternative projection methods. Claims are spread across multiple policy years, generally from 1985 and prior, based on the still evolving case law in each jurisdiction, making historical development patterns unreliable to forecast the future claim payments.

As such, we estimate IBNR reserves for each of our portfolios with A&E exposures separately using the following methodologies:

- **Paid Survival Ratio Method:** In this method, our historical calendar year payments are examined to determine an expected future annual average payment amount. This amount is multiplied by an expected number of future payment years to estimate a reserve.

  Trends in calendar year payment activity are considered when selecting an expected future annual average payment amount (which is derived from an expected paid survival ratio) and accepted industry benchmarks are used in determining an expected number of future payment years.
- **Paid Market Share Method:** In this method, our estimated market share is applied to the industry estimated unpaid losses or estimate of industry ultimate losses. The ratio of our historical calendar year payments to industry historical calendar year payments is examined to estimate our market share. This ratio is then applied to the estimate of industry unpaid losses or estimate of industry ultimate losses.
- **Reserve-to-Paid Method:** In this method, the ratio of estimated industry reserves to industry paid-to-date losses is multiplied by our paid-to-date losses to estimate our reserves.
- **IBNR - Case Ratio Method:** In this method, the ratio of estimated industry IBNR reserves to industry case reserves is multiplied by our case reserves to estimate our IBNR reserves.
- **Ultimate-to-Incurred Method:** In this method, the ratio of estimated industry ultimate losses to industry incurred-to-date losses is applied to our incurred-to-date losses to estimate our IBNR reserves.
- **Decay Factor Method:** In this method, a decay factor is directly applied to our payment data to estimate future payments. The decay factors were selected based on a review of our own decays and industry decays.
- **Asbestos Ground-up Exposure Analysis Using Frequency-Severity Method:** This method is used when we have policy and claim data at the defendant or claimant level. In a frequency-severity method there are two components that need to be estimated, namely, (1) the number of claims that will ultimately be settled with payment and (2) the severity of these claims including legal costs.

  The estimate of future settled claims is based on the historical claim filing rates, historical claim dismissal rates, current pending claims and epidemiological forecasts of asbestos disease incident for future claim filings.

The net liability for unpaid losses and LAE as of December 31, 2022 and 2021 included $2.0 billion and $2.3 billion, respectively, which represented an estimate of the net ultimate liability for A&E claims. The gross liability for such claims as of December 31, 2022 and 2021 was $2.0 billion and $2.4 billion, respectively.

The decrease of $291 million and $313 million on a net and gross basis, respectively, in 2022 was primarily due to net paid losses during the year.

Disclosures of Incurred and Paid Loss Development, IBNR, Claims Counts and Payout Percentages

The loss development tables set forth our historic incurred and paid loss development through December 31, 2022, net of reinsurance, as well as the cumulative number of reported claims, IBNR balances, and other supplementary information for our segment lines of business with material net losses and LAE balances as of December 31, 2022.

The following factors are relevant to the loss development information presented in the tables below:

- **Level of Disaggregation:** In addition to accident year, we have disaggregated the information in the loss development tables by segment, line of business and acquisition year. We have presented only the last 10 years of portfolio acquisitions as we believe that the current activity on the preceding acquisition years is not meaningful. We have presented only our Run-off segment as we retain no net economic interest in the activity of our Legacy Underwriting

segment. We have not presented empty rows where we did not acquire any business for that combination of line of business, acquisition and accident year.

We present acquisition year information so that the impact of take-on positions from acquired and assumed business (as described below) is additionally separated and provides a consistent trend of the development of our ultimate loss reserves.

- **StarStone International:** In 2014, we acquired an active underwriting business, Starstone Group. In 2020, we sold the StarStone US business and effective January 1, 2021, StarStone International reserves totaling $955 million were transferred from the Legacy Underwriting segment to the Run-off segment.

  As such, on a prospective basis we have separately presented the Starstone International loss development tables on a standalone basis from the date of acquisition (April 2014). Additionally, the loss development information for StarStone International has been included in the Run-off segment loss development tables as an acquisition in 2021. In both instances, we have aligned the StarStone International lines of business with the Run-off segment lines of business.

- **Cessions to Enhanzed Re:** As a result of the Step Acquisition of Enhanzed Re, the Run-off segment business previously ceded to Enhanzed Re became subject to elimination upon consolidation. As such, the loss development disclosures presented for the Run-off segment have been restated to exclude the historical incurred and paid loss development related to these cessions.

- **Acquired and Assumed Business:** Acquired and assumed net reserves arising from business acquisitions and retroactive reinsurance agreements are included in the loss development tables on a prospective basis as the loss reserves are effectively re-underwritten at the date that they are acquired or assumed.

  We believe that the historical loss development prior to our acquisition is not relevant with respect to our own experience managing these acquired loss reserves. Furthermore, the information required to prepare the loss development disclosures on a retrospective basis is not always available to us or reliable.

- **Commutations and Policy Buybacks:** The loss development tables include the net incurred effect of agreeing a commutation or policy buyback in the year in which the commutation or policy buyback is contractually agreed and the related settlement in the year in which it is paid or received.

  We do not recast prior years to remove commuted or bought back claims, since this practice would eliminate any historical favorable or adverse development we may have experienced on the commuted loss and LAE reserves.

- **Net Liabilities for Losses and LAE and Net Paid Losses and LAE:** The loss development tables include reported case reserves and IBNR liabilities as well as cumulative paid losses, both of which include ALAE and are net of reinsurance recoveries.

  The loss development tables exclude ULAE, fair value adjustments related to both business acquisitions and retroactive reinsurance agreements for which we have elected the fair value option as well as DCAs.

- **PPD:** PPD included in the loss development tables is calculated as follows: i) for acquisition years 2021 and prior, subtract the 2021 calendar year net cumulative incurred losses and ALAE from the 2022 calendar year for all accident years excluding 2022; and ii) add the result of subtracting the 2022 acquisition year net reserves acquired from the 2022 net cumulative incurred losses and ALE for all accident year excluding 2022.

- **Foreign Exchange:** The loss development tables exclude the impact of foreign exchange rates. Historical amounts are disclosed on a constant-currency basis, which is achieved by using constant foreign exchange rates between years in the loss development tables, and translating prior year amounts denominated in currencies other than the U.S. dollar, which is our reporting currency, using the closing exchange rates as of December 31, 2022.

- **Reported Claim Counts:** Reported claim counts are included in the loss development tables on a cumulative basis. We measure claim frequency information on an individual claim count basis as follows:

  - The claim frequency information includes direct and assumed open and closed claims at the claimant level. Reported claims that are closed without a payment are included within our cumulative number of reported claims because we typically incur claim adjustment expenses on them prior to their closure.

  - The claim count numbers exclude counts related to claims within policy deductibles where the insured is responsible for the payment of losses within the deductible layer.

- Individual claim counts related to certain assumed reinsurance contracts such as excess-of-loss and quota share treaties are not available to us, and the losses arising from these treaties have been treated as single claims for the purposes of determining claim counts. Therefore, each treaty year within the reinsurance contract is deemed a single claim because the detailed underlying individual claim information is generally not reported to us by our cedants.
- For certain insurance facilities and business produced or managed by managing general agents, coverholders and third party administrators where the underlying claims data is reported to us in an aggregated format, the information necessary to provide cumulative claims frequency is not available. In such cases, we typically record a "block" claim in our system.

Our reported claim frequency information is subject to the following inherent limitations when analyzing our loss experience and severity:

- Claim counts are presented only on a reported and not on an ultimate basis. Reported claim counts include open claims which have outstanding reserves but excludes claim counts that may relate to IBNR. As such the reported claims are consistent with reported losses, which can be calculated by subtracting IBNR losses from incurred losses. However, the reported claim counts are inconsistent with the losses in the incurred loss development tables, which include IBNR losses, and to losses in the paid loss development tables, which exclude outstanding reserves.
- Reported claim counts have not been adjusted for ceded reinsurance, which may distort any measures of frequency or severity.
- For lines of business that have a mix of primary and excess layer exposures, such as our general casualty and workers' compensation lines of business, the reported claim counts may fluctuate from period to period between exposure layers, thereby distorting any measure of frequency and severity.
- The use of our reported claim frequency information to project ultimate loss payouts by disaggregated disclosure category or line of business may not be as meaningful as claim count information related to individual contracts at a more granular level.

- **Annual Percentage Payout:** Annual percentage payout disclosures are based on the payout of claims by age, net of reinsurance. Claim age reflects the number of years that have lapsed since the original acquisition to the date the claim is paid, or in the case of StarStone International, the number of years that have lapsed since the claim's accident year to the date the claims is paid.

  There may be occasions where, due to our claims management strategies (including commutations and policy buybacks) or due to the timing of claims payments relative to the associated recovery, the cash received from reinsurance recoveries is greater than the cash paid out to our claimants, (i.e. a net recovery rather than a net payout for a particular calendar year), thereby resulting in a negative annual percentage payout for that calendar year.
- **Supplemental Information:** The information related to net incurred and paid loss development for all calendar years preceding the year ended December 31, 2022, as well as 2012 and prior accident year and all acquisition year information (including net acquired reserves), and the related historical average claims payout percentage disclosure is unaudited and is presented as supplementary information.

Run-off Segment
Asbestos

Acquisition Year	Accident Year	Net Acquired Reserves	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2022	As of December 31, 2022	
			2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
		Unaudited													
2013	2012 and Prior	$ 14	$ 14	$ 14	$ 14	$ 14	$ 14	$ 10	$ 9	$ 10	$ 9	$ 10	$ 1	$ 6	214
2016	2012 and Prior	507				506	565	563	582	632	635	635	—	168	2,118
2017	2012 and Prior	842					774	724	760	769	751	739	(12)	442	5,996
2018	2012 and Prior	54						49	46	3	1	—	(1)	3	31
2019	2012 and Prior	366							367	354	356	355	(1)	115	1,519
2021	2012 and Prior	386									386	385	(1)	166	2,059
	Grand Total	$ 2,169										$ 2,124	$ (14)	$ 900	11,937

Net cumulative paid losses and ALAE (from table below)	(681)	
2013 to 2022 acquisition years - net liabilities for losses and ALAE	1,443	
2012 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	165	—
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	$ 1,608	$ (14)

Run-off Segment
Asbestos

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31									
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
		(in millions of U.S. dollars, except cumulative number of claims)									
		Unaudited									
2013	2012 and Prior	$ —	$ —	$ —	$ 1	$ 2	$ 2	$ 2	$ 3	$ 3	$ 4
2016	2012 and Prior				20	71	124	183	228	268	299
2017	2012 and Prior					16	48	80	118	157	193
2018	2012 and Prior						(1)	(3)	(2)	(2)	(2)
2019	2012 and Prior							4	45	89	135
2021	2012 and Prior									1	52
	Grand Total										$ 681

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	Run-off Segment Asbestos									
	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Acquisition Year	Unaudited									
2013	— %	— %	— %	10.00 %	10.00 %	— %	— %	10.00 %	— %	10.00 %
2016	3.15 %	8.03 %	8.35 %	9.29 %	7.09 %	6.30 %	4.88 %			
2017	2.17 %	4.33 %	4.33 %	5.14 %	5.28 %	4.87 %				
2018	— %	— %	— %	— %	— %					
2019	1.13 %	11.55 %	12.39 %	12.96 %						
2021	0.26 %	13.25 %								

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Run-off Segment
General Casualty

Acquisition Year	Accident Year	Net Reserves Acquired	Transfers during the year	Reclassed Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2022	As of December 31, 2022	
					2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)															
		Unaudited															
2013	2012 and Prior	78	—	78	78	77	99	98	99	101	102	107	106	106	—	3	715
2013	2013	—	—	—	2	1	1	1	1	—	—	—	—	—	—	1	—
2013	2014	—	—	—		1	—	—	—	—	—	—	—	—	—	—	—
	Total	78	—	78	80	79	100	99	100	101	102	107	106	106	—	4	715
2014	2012 and Prior	46	—	46		70	70	75	71	69	68	76	67	66	(1)	1	880
2014	2013	11	—	11		8	11	9	9	10	13	11	10	9	(1)	1	74
2014	2014	—	—	—		1	1	—	1	2	2	2	1	1	—	—	3
2014	2015	—	—	—			—	—	—	—	—	—	—	—	—	—	2
2014	2016	—	—	—				—	—	—	—	—	—	—	—	—	1
2014	2017	—	—	—					—	—	—	—	—	—	—	—	1
	Total	57	—	57		79	82	84	81	81	83	89	78	76	(2)	2	961
2015	2012 and Prior	76	—	76			62	61	63	60	57	59	59	59	—	1	4,838
2015	2013	53	—	53			29	34	36	36	35	35	36	37	1	2	781
2015	2014	33	—	33			20	23	27	29	45	38	38	39	1	3	1,166
2015	2015	4	—	4			10	9	9	11	16	21	18	19	1	2	1,345
2015	2016	—	—	—				2	2	2	2	3	5	5	—	1	250
2015	2017	—	—	—					—	—	—	—	—	—	—	—	37
2015	2018	—	—	—						2	1	1	1	1	—	1	12
2015	2019	—	—	—							2	2	2	2	—	2	1
2015	2020	—	—	—								2	2	2	—	2	—
2015	2021	—	—	—									1	1	—	1	—
	Total	166	—	166			121	129	137	140	158	161	162	165	3	15	8,430
2016	2012 and Prior	—	—	—				4	9	8	8	6	5	4	(1)	1	1,787
	Total	—	—	—				4	9	8	8	6	5	4	(1)	1	1,787
2017	2012 and Prior	197	—	197					175	158	143	139	137	135	(2)	4	353
2017	2013	1	—	1					1	—	—	—	—	—	—	—	6
	Total	198	—	198					176	158	143	139	137	135	(2)	4	359
2018	2012 and Prior	122	—	122						99	93	91	90	92	2	10	50,408
2018	2013	53	—	53						51	47	43	45	44	(1)	2	1,681
2018	2014	49	—	49						48	46	42	45	46	1	4	1,695
2018	2015	90	—	90						90	95	91	92	99	7	6	2,537
2018	2016	62	—	62						62	80	82	82	89	7	7	2,719
2018	2017	38	—	38						39	44	49	52	50	(2)	7	436
2018	2018	40	—	40						40	41	39	36	34	(2)	2	187
2018	2019	—	—	—							7	6	7	7	—	1	36
2018	2022	—	—	—										—		—	1
	Total	454	—	454						429	453	443	449	461	12	39	59,700
2019	2012 and Prior	17	—	17							15	16	16	16	—	4	2,365
2019	2013	16	—	16							14	14	21	15	(6)	8	821
2019	2014	24	—	24							20	17	29	18	(11)	15	768
2019	2015	70	—	70							63	59	67	55	(12)	27	1,305

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Run-off Segment
General Casualty

Acquisition Year	Accident Year	Net Reserves Acquired	Transfers during the year	Reclassed Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Year Ended December 31, 2022 PPD	As of December 31, 2022 IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)															
		Unaudited															
2019	2016	34	—	34							33	31	37	40	3	28	2,634
2019	2017	40	—	40							48	48	59	74	15	42	1,910
2019	2018	49	—	49							49	50	54	52	(2)	44	402
2019	2019	—	—	—							1	2	2	2	—	—	241
2019	2020	—	—	—								—	—	—	—	—	138
2019	2021	—	—	—									—	—	—	—	71
2019	2022	—	—	—										—	—	—	55
	Total	250	—	250							243	237	285	272	(13)	168	10,710
2020[1]	2012 and Prior	124	(102)	22								23	22	26	4	4	182
2020[1]	2013	61	(35)	26								21	20	22	2	5	191
2020[1]	2014	88	(55)	33								36	34	51	17	12	238
2020[1]	2015	142	(80)	62								62	53	67	14	17	347
2020[1]	2016	144	(75)	69								71	70	94	24	23	458
2020[1]	2017	143	(91)	52								47	55	72	17	26	521
2020[1]	2018	143	(84)	59								56	47	62	15	27	350
2020[1]	2019	203	(94)	109								108	99	88	(11)	49	456
2020[1]	2020	84	—	84								83	94	83	(11)	61	490
	Total	1,132	(616)	516								507	494	565	71	224	3,233
2021	2012 and Prior	156	—	156									160	152	(8)	148	1,048
2021	2013	50	—	50									51	47	(4)	42	510
2021	2014	65	—	65									64	61	(3)	50	787
2021	2015	137	—	137									140	130	(10)	108	2,480
2021	2016	192	—	192									202	197	(5)	157	3,149
2021	2017	296	—	296									305	324	19	245	2,939
2021	2018	376	—	376									371	414	43	339	3,541
2021	2019	423	—	423									427	479	52	432	2,849
2021	2020	60	—	60									74	42	(32)	11	260
2021	2021	—	—	—									1	1	—	—	146
2021	2022	—	—	—										—	—	—	73
	Total	1,755	—	1,755									1,795	1,847	52	1,532	17,782
2022[1]	2012 and Prior	278	102	380								102	90	386	6	126	16,947
2022[1]	2013	62	35	97								35	25	96	(1)	38	6,003
2022[1]	2014	75	55	130								55	43	133	3	42	6,269
2022[1]	2015	94	80	174								80	65	170	(4)	47	5,972
2022[1]	2016	155	75	230								75	102	238	8	112	6,093
2022[1]	2017	163	91	254								91	98	233	(21)	53	7,894
2022[1]	2018	214	84	298								84	97	301	3	145	8,160
2022[1]	2019	246	94	340								94	136	337	(3)	196	7,776
	Total	1,287	616	1,903								616	656	1,894	(9)	759	65,114
	Grand Total	$ 5,377	$ —	$ 5,377										$ 5,525	$ 111	$ 2,748	168,791

Net cumulative paid losses and ALAE (from table below)	(1,366)
2013 to 2022 acquisition years - net liabilities for losses and ALAE	4,159

Run-off Segment
General Casualty

Acquisition Year	Accident Year	Net Reserves Acquired	Transfers during the year	Reclassed Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Year Ended December 31, 2022 PPD	As of December 31, 2022 IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)															
		Unaudited															
2012 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years														88	(54)		
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years														$ 4,247	$ 57		

(1) During the year ended December 31, 2022, we entered into a LPT agreement with Aspen, which absorbed the Aspen ADC agreement we entered into in 2020. As such, we have reclassified the net reserves acquired in acquisition year 2020 and the net cumulative incurred losses and allocated loss adjustment expenses recorded through December 31, 2022 to acquisition year 2022.

Run-off Segment
General Casualty

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
		(in millions of U.S. dollars, except cumulative number of claims)									
		Unaudited									
2013	2012 and Prior	5	22	44	57	75	84	89	90	97	97
	Total	5	22	44	57	75	84	89	90	97	97
2014	2012 and Prior		33	36	43	45	47	48	49	52	58
2014	2013		1	1	1	1	4	7	7	7	7
2014	2014		—	—	—	—	1	1	1	1	1
	Total		34	37	44	46	52	56	57	60	66
2015	2012 and Prior			14	25	32	39	43	50	52	55
2015	2013			7	13	18	25	30	30	31	32
2015	2014			3	7	15	20	29	33	33	35
2015	2015			1	1	2	5	11	13	13	17
2015	2016				—	—	—	1	1	2	4
	Total			25	46	67	89	114	127	131	143
2016	2012 and Prior				1	2	2	3	4	3	4
	Total				1	2	2	3	4	3	4
2017	2012 and Prior					33	66	86	99	105	111
	Total					33	66	86	99	105	111
2018	2012 and Prior						8	24	35	43	52
2018	2013						9	18	30	35	37
2018	2014						4	15	22	28	32
2018	2015						17	32	44	59	68
2018	2016						11	33	47	56	66
2018	2017						—	12	24	32	37
2018	2018						—	9	17	26	30
2018	2019							2	3	6	6
	Total						49	145	222	285	328
2019	2012 and Prior							4	5	6	7

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Run-off Segment
General Casualty

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31									
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
		(in millions of U.S. dollars, except cumulative number of claims)									
		Unaudited									
2019	2013							3	5	5	6
2019	2014							4	2	3	1
2019	2015							3	12	15	24
2019	2016							(2)	(1)	(1)	3
2019	2017							7	10	14	16
2019	2018							1	3	4	5
2019	2019							—	1	1	1
	Total							20	37	47	63
2020	2012 and Prior								1	6	16
2020	2013								3	5	14
2020	2014								6	14	35
2020	2015								11	20	37
2020	2016								10	34	52
2020	2017								4	24	39
2020	2018								—	17	33
2020	2019								—	19	33
2020	2020								2	9	20
	Total								37	148	279
2021	2012 and Prior									2	3
2021	2013									1	4
2021	2014									1	11
2021	2015									8	18
2021	2016									15	23
2021	2017									24	51
2021	2018									5	44
2021	2019									3	26
2021	2020									9	17
	Total									68	197
2022	2012 and Prior										13
2022	2013										2
2022	2014										5
2022	2015										20
2022	2016										11
2022	2017										16
2022	2018										9
2022	2019										2
	Total										78
	Grand Total										$ 1,366

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Run-off Segment
General Casualty

	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Year of Acquisition					Unaudited					
2013	4.72 %	16.04 %	20.75 %	12.26 %	16.98 %	8.49 %	4.72 %	0.94 %	6.60 %	— %
2014	44.74 %	3.95 %	9.21 %	2.63 %	7.89 %	5.26 %	1.32 %	3.95 %	7.24 %	
2015	15.15 %	12.73 %	12.73 %	13.33 %	15.15 %	7.88 %	2.42 %	7.27 %		
2016	25.00 %	25.00 %	— %	25.00 %	25.00 %	(25.00)%	12.50 %			
2017	24.44 %	24.44 %	14.81 %	9.63 %	4.44 %	4.44 %				
2018	10.63 %	20.82 %	16.70 %	13.67 %	9.33 %					
2019	7.35 %	6.25 %	3.68 %	5.88 %						
2020	6.55 %	19.65 %	23.19 %							
2021	3.68 %	6.98 %								
2022	4.12 %									

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Run-off Segment
Workers' Compensation

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2022	As of December 31, 2022	
			2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
		Unaudited													
2013	2012 and Prior	$ 418	$ 427	$ 426	$ 414	$ 402	$ 387	$ 371	$ 358	$ 347	$ 346	$ 344	$ (2)	$ 5	71,115
2013	2013	(9)	90	91	89	85	82	79	80	79	78	78	—	1	5,634
2013	2014	—		4	3	3	3	2	2	2	2	2	—	—	172
	Total	409	517	521	506	490	472	452	440	428	426	424	(2)	6	76,921
2015	2012 and Prior	1,150			1,054	748	694	658	616	601	585	585	—	34	11,722
2015	2013	148			126	124	123	114	114	115	115	112	(3)	3	2,457
2015	2014	84			89	84	84	81	80	82	83	82	(1)	1	3,955
2015	2015	7			22	16	15	15	14	15	14	14	—	—	5,280
2015	2016	—				1	1	1	1	1	1	—	(1)	—	10,722
2015	2017	—					—	—	—	—	—	—	—	—	2,251
2015	2018	—						—	—	—	—	—	—	—	10
	Total	1,389			1,291	973	917	869	825	814	798	793	(5)	38	36,397
2016	2012 and Prior	466				466	434	471	457	399	392	389	(3)	14	10,533
	Total	466				466	434	471	457	399	392	389	(3)	14	10,533
2017	2012 and Prior	145					104	112	117	110	104	84	(20)	16	17
	Total	145					104	112	117	110	104	84	(20)	16	17
2018	2012 and Prior	196						185	187	186	191	177	(14)	48	2,816
2018	2013	47						47	38	33	33	32	(1)	9	851
2018	2014	62						63	57	53	51	52	1	13	1,311
2018	2015	37						37	33	32	30	29	(1)	9	1,295
2018	2016	44						45	40	39	40	37	(3)	12	1,211
2018	2017	53						54	50	47	47	46	(1)	16	1,084
2018	2018	65						65	60	60	55	56	1	14	887
2018	2019	—							21	21	21	21	—	3	383
2018	2020	—								—	—	—	—	—	1
	Total	504						496	486	471	468	450	(18)	124	9,839
2019	2012 and Prior	14							12	12	27	25	(2)	22	11,512
2019	2013	16							15	15	14	14	—	13	2,392
2019	2014	35							37	37	31	31	—	24	3,238
2019	2015	55							54	54	44	42	(2)	35	4,236
2019	2016	82							82	83	61	57	(4)	42	5,003
2019	2017	87							88	90	66	62	(4)	51	2,418
2019	2018	119							119	119	82	71	(11)	67	369
2019	2019	—							—	—	—	—	—	—	13
2019	2020	—								—	—	—	—	—	3
2019	2021	—									—	—	—	—	1
	Total	408							407	410	325	302	(23)	254	29,185
2020	2012 and Prior	208								121	105	90	(15)	26	8
2020	2014	—								—	1	1	—	—	15
2020	2015	2								2	2	1	(1)	1	56
2020	2016	3								3	3	3	—	1	129
2020	2017	2								2	2	1	(1)	—	127

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Run-off Segment
Workers' Compensation

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2022	As of December 31, 2022	
			2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
		Unaudited													
2020	2018	10								10	8	8	—	2	333
2020	2019	32								32	26	26	—	6	668
2020	2020	32								33	26	28	2	5	1,225
	Total	289								203	173	158	(15)	41	2,561
2021	2012 and Prior	993									929	756	(173)	213	12,211
2021	2013	39									38	28	(10)	18	56
2021	2014	14									15	15	—	9	66
2021	2015	43									36	30	(6)	15	201
2021	2016	56									55	49	(6)	23	324
2021	2017	46									46	42	(4)	19	2,824
2021	2018	66									64	56	(8)	27	1,362
2021	2019	47									47	43	(4)	16	2,273
2021	2020	45									55	54	(1)	8	4,685
2021	2021	—									23	18	(5)	5	4,210
2021	2022	—										3	—	3	73
	Total	1,349									1,308	1,094	(217)	356	28,285
2022	2012 and Prior	1										1	—	—	3,443
2022	2013	2										2	—	—	876
2022	2014	2										4	2	(1)	646
2022	2015	3										2	(1)	—	297
2022	2016	2										2	—	1	235
2022	2017	5										5	—	3	231
2022	2018	11										9	(2)	8	350
2022	2019	18										14	(4)	9	510
	Total	44										39	(5)	20	6,588
	Grand Total	$ 5,003										$ 3,733	$ (308)	$ 869	200,326

Net cumulative paid losses and ALAE (from table below)	(1,690)	
2013 to 2022 acquisition years - net liabilities for losses and ALAE	2,043	
2012 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	131	(10)
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	$ 2,174	$ (318)

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Run-off Segment
Workers' Compensation

Net cumulative paid losses and allocated loss adjustment expenses
For the years ended December 31

Acquisition Year	Accident Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
		(in millions of U.S. dollars, except cumulative number of claims)									
		Unaudited									
2013	2012 and Prior	111	$ 190	$ 242	$ 280	$ 291	$ 301	$ 306	$ 304	$ 310	$ 319
2013	2013	17	37	53	63	68	71	75	74	75	76
2013	2014		1	1	2	2	2	2	2	2	2
	Total	128	228	296	345	361	374	383	380	387	397
2015	2012 and Prior			61	149	214	262	299	327	356	371
2015	2013			28	56	76	93	102	105	107	106
2015	2014			18	38	54	67	75	78	79	79
2015	2015			3	8	10	11	12	12	12	13
	Total			110	251	354	433	488	522	554	569
2016	2012 and Prior				41	76	104	143	175	198	216
	Total				41	76	104	143	175	198	216
2017	2012 and Prior					26	33	46	57	61	53
	Total					26	33	46	57	61	53
2018	2012 and Prior						3	22	40	46	57
2018	2013						2	7	12	15	17
2018	2014						3	14	21	28	32
2018	2015						1	3	8	11	14
2018	2016						—	5	8	13	16
2018	2017						—	7	10	12	16
2018	2018						—	29	34	36	37
2018	2019							13	16	16	16
	Total						9	100	149	177	205
2019	2012 and Prior							1	1	1	1
2019	2014							2	3	4	4
2019	2015							3	4	4	4
2019	2016							5	9	10	11
2019	2017							2	4	5	7
2019	2018							1	1	1	1
	Total							14	22	25	28
2020	2012 and Prior								2	10	14
2020	2016								—	1	1
2020	2017								—	1	1
2020	2018								—	1	4
2020	2019								1	10	15
2020	2020								1	10	18
	Total								4	33	53
2021	2012 and Prior									15	50
2021	2013									1	5
2021	2014									3	4
2021	2015									4	8
2021	2016									5	13

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Run-off Segment
Workers' Compensation

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31									
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
		(in millions of U.S. dollars, except cumulative number of claims)									
		Unaudited									
2021	2017									7	13
2021	2018									6	12
2021	2019									9	17
2021	2020									22	37
2021	2021									4	10
	Total									76	169
	Grand Total										$ 1,690

Run-off Segment
Workers' Compensation

	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Year of Acquisition	Unaudited									
2013	30.19 %	23.58 %	16.04 %	11.56 %	3.77 %	3.07 %	2.12 %	(0.71)%	1.65 %	2.36 %
2015	13.87 %	17.78 %	12.99 %	9.96 %	6.94 %	4.29 %	4.04 %	1.89 %		
2016	10.54 %	9.00 %	7.20 %	10.03 %	8.23 %	5.91 %	4.63 %			
2017	30.95 %	8.33 %	15.48 %	13.10 %	4.76 %	(9.52)%				
2018	2.00 %	20.22 %	10.89 %	6.22 %	6.22 %					
2019	4.64 %	2.65 %	0.99 %	0.99 %						
2020	2.53 %	18.35 %	12.66 %							
2021	6.95 %	8.50 %								
2022	— %									

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Run-off Segment
Professional Indemnity / Directors and Officers

Acquisition Year	Accident Year	Net Reserves Acquired	Transfers during the year	Reclassed Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31									Year Ended December 31, 2022	As of December 31, 2022	
					2014	2015	2016	2017	2018	2019	2020	2021	2022	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)														
		Unaudited														
2014	2012 and Prior	72	—	72	60	76	69	67	67	66	64	64	65	1	4	3,921
2014	2013	32	—	32	42	59	52	56	51	45	43	44	44	—	2	1,628
2014	2014	—	—	—	7	5	4	4	5	5	4	8	9	1	1	548
2014	2015	—	—	—		—	6	8	7	5	5	2	2	—	—	76
2014	2016	—	—	—			—	—	—	—	—	—	—	—	—	18
2014	2017	—	—	—				—	—	—	—	—	—	—	—	24
2014	2018	—	—	—					—	—	—	—	—	—	—	13
2014	2019	—	—	—						—	—	—	—	—	—	5
2014	2020	—	—	—							—	—	—	—	—	5
2014	2021	—	—	—								—	—	—	—	3
	Total	104	—	104	109	140	131	135	130	121	116	118	120	2	7	6,241
2016	2012 and Prior	115	—	115			112	114	113	101	99	95	92	(3)	(4)	2,980
2016	2013	—	—	—			—	—	—	—	—	—	—	—	—	2
	Total	115	—	115			112	114	113	101	99	95	92	(3)	(4)	2,982
2018	2012 and Prior	293	—	293					288	251	234	231	211	(20)	13	62,498
2018	2013	50	—	50					56	49	62	59	59	—	4	3,388
2018	2014	67	—	67					61	64	63	62	67	5	—	3,674
2018	2015	47	—	47					61	68	68	55	59	4	7	3,800
2018	2016	16	—	16					35	39	54	70	75	5	3	2,171
2018	2017	1	—	1					3	7	8	11	12	1	—	195
2018	2018	—	—	—					—	1	1	1	1	—	—	14
2018	2019	—	—	—						—	—	—	—	—	—	8
2018	2020	—	—	—							—	—	1	1	—	23
2018	2021	—	—	—								—	—	—	—	3
	Total	474	—	474					504	479	490	489	485	(4)	27	75,774
2019	2012 and Prior	51	—	51						42	31	26	23	(3)	1	11,166
2019	2013	32	—	32						25	25	28	27	(1)	2	3,570
2019	2014	42	—	42						26	25	23	25	2	2	3,972
2019	2015	62	—	62						58	35	34	33	(1)	4	4,727
2019	2016	15	—	15						35	45	54	47	(7)	4	5,430
2019	2017	6	—	6						18	34	37	40	3	2	3,088
2019	2018	—	—	—						4	4	4	4	—	—	362
2019	2019	—	—	—						2	1	2	2	—	—	64
2019	2020	—	—	—							—	—	—	—	—	41
2019	2021	—	—	—								—	—	—	—	7
2019	2022	—	—	—									—		—	10
	Total	208	—	208						210	200	208	201	(7)	15	32,437
2020 [1]	2012 and Prior	6	(6)	—							—	—	—	—	—	6
2020 [1]	2013	8	(7)	1							1	1	1	—	—	5
2020 [1]	2014	12	(12)	—							—	—	—	—	—	3
2020 [1]	2015	17	(16)	1							1	1	—	(1)	—	3
2020 [1]	2016	16	(16)	—							—	—	—	—	—	8

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Run-off Segment
Professional Indemnity / Directors and Officers

Acquisition Year	Accident Year	Net Reserves Acquired	Transfers during the year	Reclassed Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31 2014	2015	2016	2017	2018	2019	2020	2021	2022	Year Ended December 31, 2022 PPD	As of December 31, 2022 IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)														
		Unaudited														
2020 [1]	2017	17	(16)	1							1	1	(1)	(2)	—	42
2020 [1]	2018	26	(13)	13							13	14	12	(2)	2	114
2020 [1]	2019	100	(68)	32							32	21	31	10	4	150
2020 [1]	2020	35	—	35							35	37	32	(5)	10	150
	Total	237	(154)	83							83	75	75	—	16	481
2021	2012 and Prior	56	—	56								58	44	(14)	40	4,121
2021	2013	27	—	27								34	26	(8)	19	1,037
2021	2014	20	—	20								21	19	(2)	16	1,454
2021	2015	44	—	44								47	35	(12)	24	1,702
2021	2016	46	—	46								46	38	(8)	20	2,022
2021	2017	73	—	73								66	67	1	32	3,405
2021	2018	143	—	143								133	120	(13)	61	2,993
2021	2019	176	—	176								163	186	23	104	3,171
2021	2020	47	—	47								38	26	(12)	22	150
2021	2021	—	—	—								9	9	—	6	289
2021	2022	—	—	—									1	—	1	217
	Total	632	—	632								615	571	(45)	345	20,561
2022 [1]	2012 and Prior	—	6	6							6	22	—	(6)	(5)	1,427
2022 [1]	2013	11	7	18							7	6	16	(2)	(1)	638
2022 [1]	2014	7	12	19							12	11	20	1	6	904
2022 [1]	2015	13	16	29							16	16	42	13	10	1,436
2022 [1]	2016	13	16	29							16	26	49	20	16	2,773
2022 [1]	2017	58	16	74							16	25	91	17	29	3,523
2022 [1]	2018	59	13	72							13	24	84	12	20	3,958
2022 [1]	2019	43	68	111							68	35	140	29	61	5,072
	Total	204	154	358							154	165	442	84	136	19,731
	Grand Total	$ 1,974	$ —	$ 1,974									$ 1,986	$ 27	$ 542	158,207

Net cumulative paid losses and ALAE (from table below)	(758)	
2013 to 2022 acquisition years - net liabilities for losses and ALAE	1,228	
2012 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	21	(37)
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	$ 1,249	$ (10)

[1] During the year ended December 31, 2022, we entered into a LPT agreement with Aspen, which absorbed the Aspen ADC agreement we entered into in 2020. As such, we have reclassified the net reserves acquired in acquisition year 2020 and the net cumulative incurred losses and allocated loss adjustment expenses recorded through December 31, 2022 to acquisition year 2022.

Run-off Segment
Professional Indemnity / Directors and Officers

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31								
		2014	2015	2016	2017	2018	2019	2020	2021	2022
		(in millions of U.S. dollars, except cumulative number of claims)								
		Unaudited								
2014	2012 and Prior	24	38	47	50	53	53	54	55	54
2014	2013	15	26	30	38	38	38	38	39	41
2014	2014	—	1	1	1	2	3	3	3	4
2014	2015		—	—	2	2	2	2	2	2
	Total	39	65	78	91	95	96	97	99	101
2016	2012 and Prior			9	19	30	28	32	40	43
	Total			9	19	30	28	32	40	43
2018	2012 and Prior					46	78	62	67	92
2018	2013					9	14	19	33	38
2018	2014					12	25	39	48	55
2018	2015					17	20	27	22	22
2018	2016					8	24	38	46	60
2018	2017					—	2	5	9	10
2018	2018					—	1	1	1	1
	Total					92	164	191	226	278
2019	2012 and Prior						5	7	10	6
2019	2013						3	4	9	14
2019	2014						3	5	12	14
2019	2015						10	7	9	11
2019	2016						9	21	26	36
2019	2017						3	14	16	26
2019	2018						1	1	3	4
2019	2019						—	—	1	2
	Total						34	59	86	113
2020	2013							1	1	1
2020	2017							—	(1)	—
2020	2018							—	4	9
2020	2019							—	9	21
2020	2020							1	8	17
	Total							2	21	48
2021	2012 and Prior								3	3
2021	2013								1	1
2021	2014								—	2
2021	2015								4	6
2021	2016								2	7
2021	2017								3	16
2021	2018								8	37
2021	2019								4	44
2021	2020								1	2
2021	2021								1	2
	Total								27	120
2022	2012 and Prior									—
2022	2013									1

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Run-off Segment
Professional Indemnity / Directors and Officers

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31								
		2014	2015	2016	2017	2018	2019	2020	2021	2022
		(in millions of U.S. dollars, except cumulative number of claims)								
		Unaudited								
2022	2014									4
2022	2016									8
2022	2017									22
2022	2018									1
2022	2019									19
	Total									55
	Grand Total									$ 758

Run-off Segment
Professional Indemnity/Directors & Officers

	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance								
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Year of Acquisition	Unaudited								
2014	32.50 %	21.67 %	10.83 %	10.83 %	3.33 %	0.83 %	0.83 %	1.67 %	1.67 %
2016	9.78 %	10.87 %	11.96 %	(2.17)%	4.35 %	8.70 %	3.26 %		
2018	18.97 %	14.85 %	5.57 %	7.22 %	10.72 %				
2019	16.92 %	12.44 %	13.43 %	13.43 %					
2020	2.67 %	25.33 %	36.00 %						
2021	4.73 %	16.29 %							
2022	12.44 %								

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Run-off Segment
Motor

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31									Year Ended December 31, 2022	As of December 31, 2022	
			2014	2015	2016	2017	2018	2019	2020	2021	2022	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)												
		Unaudited												
2014	2012 and Prior	24	33	35	37	36	36	38	37	36	33	(3)	(3)	1,683
2014	2013	9	6	7	6	6	6	6	6	6	9	3	3	443
2014	2014	—	—	—	—	1	1	1	1	1	1	—	—	5
2014	2015	—		—	—	—	—	—	—	—	—	—	—	1
2014	2016	—			—	—	—	—	—	—	—	—	—	1
2014	2017	—				—	—	—	—	—	—	—	—	1
	Total	33	39	42	43	43	43	45	44	43	43	—	—	2,134
2015	2012 and Prior	36		44	46	47	47	46	45	45	46	1	—	315
2015	2013	15		17	18	18	17	17	17	17	17	—	—	817
2015	2014	8		12	13	12	13	12	12	12	11	(1)	—	668
2015	2015	3		6	6	8	8	8	8	8	8	—	—	1,385
2015	2016	—			1	—	—	—	—	—	1	1	—	229
2015	2017	—				—	—	—	—	—	—	—	—	14
2015	2018	—					—	—	—	—	—	—	—	5
	Total	62		79	84	85	85	83	82	82	83	1	—	3,433
2017	2012 and Prior	19				24	20	19	22	24	25	1	1	114
2017	2013	—				—	—	1	1	1	1	—	—	5
2017	2014	2				2	2	2	2	2	2	—	—	26
2017	2015	1				1	2	1	1	1	1	—	—	15
2017	2016	—				—	—	—	—	—	2	2	—	4
	Total	22				27	24	23	26	28	31	3	1	164
2018	2012 and Prior	115					96	106	103	103	99	(4)	3	3,557
2018	2013	72					61	63	59	60	59	(1)	3	1,179
2018	2014	114					99	87	83	77	83	6	3	1,140
2018	2015	121					110	117	112	110	115	5	7	1,336
2018	2016	104					101	107	101	100	100	—	4	1,185
2018	2017	101					101	99	102	102	103	1	6	2,843
2018	2018	181					181	158	160	161	167	6	10	3,731
2018	2019	—						39	39	40	44	4	2	1,200
	Total	808					749	776	759	753	770	17	38	16,171
2019	2012 and Prior	19						21	19	19	17	(2)	—	3,594
2019	2013	—						—	—	—	—	—	—	6
	Total	19						21	19	19	17	(2)	—	3,600
2020	2015	2							3	3	3	—	—	19
2020	2016	49							42	49	51	2	2	221
2020	2017	154							186	215	231	16	18	1,165
2020	2018	250							397	415	469	54	60	2,391
	Total	455							628	682	754	72	80	3,796
2021	2012 and Prior	6								6	4	(2)	4	1,330
2021	2013	6								5	2	(3)	2	713
2021	2014	6								6	3	(3)	3	848
2021	2015	7								4	(1)	(5)	(1)	799

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Run-off Segment
Motor

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31									Year Ended December 31, 2022	As of December 31, 2022	
			2014	2015	2016	2017	2018	2019	2020	2021	2022	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)												
		Unaudited												
2021	2016	6								5	2	(3)	2	787
2021	2017	5								4	2	(2)	1	591
2021	2018	6								7	5	(2)	5	1
2021	2019	8								10	8	(2)	8	1
2021	2020	5								6	4	(2)	4	1
	Total	55								53	29	(24)	28	5,071
2022	2012 and Prior	—									—	—	—	16,157
2022	2013	—									—	—	—	7,452
2022	2014	1									1	—	—	6,141
2022	2015	2									2	—	—	6,317
2022	2016	3									3	—	—	5,046
2022	2017	2									2	—	2	5,361
2022	2018	8									8	—	1	5,652
2022	2019	—									—	—	4	5,723
	Total	16									16	—	7	57,849
	Grand Total	$ 1,470									$ 1,743	$ 67	$ 154	92,218
Net cumulative paid losses and ALAE (from table below)											(1,386)			
2013 to 2022 acquisition years - net liabilities for losses and ALAE											357			
2012 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years											18	7		
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years											$ 375	$ 74		

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Run-off Segment
Motor

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31							
		2015	2016	2017	2018	2019	2020	2021	2022
		(in millions of U.S. dollars, except cumulative number of claims)							
		Unaudited							
2014	2012 and Prior	29	33	34	36	36	36	36	36
2014	2013	5	5	6	6	6	6	6	6
2014	2014	—	—	1	1	1	1	1	1
	Total	34	38	41	43	43	43	43	43
2015	2012 and Prior	18	24	28	31	33	35	36	37
2015	2013	7	12	15	16	17	17	17	17
2015	2014	4	8	9	11	11	11	12	12
2015	2015	3	4	6	7	7	8	8	8
	Total	32	48	58	65	68	71	73	74
2017	2012 and Prior			12	15	18	20	21	23
2017	2013			—	—	—	—	—	—
2017	2014			—	—	1	1	2	2
2017	2015			—	—	1	1	1	1
2017	2016			—	—	1	1	1	1
	Total			12	15	21	23	25	27
2018	2012 and Prior				22	43	53	63	66
2018	2013				10	27	34	42	47
2018	2014				22	48	57	61	69
2018	2015				19	57	78	86	95
2018	2016				6	42	65	76	84
2018	2017				—	48	73	83	92
2018	2018				—	87	120	136	149
2018	2019					22	30	36	40
	Total				79	374	510	583	642
2019	2012 and Prior					—	1	4	5
	Total					—	1	4	5
2020	2015						2	3	3
2020	2016						25	40	45
2020	2017						69	148	196
2020	2018						110	247	353
	Total						206	438	597
2021	2015							—	(2)
	Total							—	(2)
	Grand Total								$ 1,386

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Run-off Segment
Motor

	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance								
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Year of Acquisition	Unaudited								
2014	44.19 %	34.88 %	9.30 %	6.98 %	4.65 %	— %	— %	— %	— %
2015	38.55 %	19.28 %	12.05 %	8.43 %	3.61 %	3.61 %	2.41 %	1.20 %	
2017	38.71 %	9.68 %	19.35 %	6.45 %	6.45 %	6.45 %			
2018	10.26 %	38.31 %	17.66 %	9.48 %	7.66 %				
2019	— %	5.88 %	17.65 %	5.88 %					
2020	27.32 %	30.77 %	21.09 %						
2021	— %	(6.90)%							
2022	— %								

StarStone International

As described above, the loss development information for StarStone International has been included in the Run-off segment loss development tables above as an acquisition in 2021 and also presented separately on a standalone basis from the date of acquisition (April 1, 2014) below.

StarStone International

General Casualty

Net Cumulative Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	For The Years Ended December 31, 2014	2015	2016	2017	2018	2019	2020	2021	2022	For The Year Ended December 31, 2022 PPD	As of December 31, 2022 IBNR[1]	Cumulative Number of Claims
	(in millions of U.S. dollars, except cumulative number of claims)											
	(unaudited)											
2012 and Prior	$ 31	$ 31	$ 29	$ 27	$ 34	$ 34	$ 35	$ 35	$ 35	$ —	$ 1	5,980
2013	31	28	36	35	36	39	40	41	41	—	3	3,371
2014	42	42	41	42	40	46	44	43	44	1	3	3,976
2015		52	53	55	62	70	67	68	72	4	9	3,523
2016			54	53	79	103	98	106	104	(2)	13	3,626
2017				59	95	132	141	150	159	9	24	3,646
2018					41	48	50	45	56	11	22	2,627
2019						10	11	16	16	—	7	1,684
2020							31	47	34	(13)	3	818
2021								1	1	—	—	127
2022									—	—	—	77
								Total	$ 562	$ 10	$ 85	29,455

[1] Total of IBNR plus expected development on reported losses.

Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	For The Years Ended December 31, 2014	2015	2016	2017	2018	2019	2020	2021	2022
	(unaudited)								
2012 and Prior	$ 8	$ 20	$ 23	$ 24	$ 34	$ 34	$ 34	$ 34	$ 35
2013	10	13	24	26	30	35	36	37	38
2014	3	9	17	23	28	30	32	33	41
2015		3	10	20	31	45	48	54	62
2016			1	15	32	52	65	78	82
2017				3	24	61	97	118	129
2018					2	6	17	20	29
2019						1	4	5	7
2020							1	9	17
								Total	$ 440
Total outstanding liabilities for unpaid losses and ALAE, net of reinsurance									$ 122

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The reconciliation of incurred and paid loss development to the liability for unpaid losses and LAE as presented in the tables above for the year ended December 31, 2022 is set forth below:

	2022
	(in millions of U.S. dollars)
Liabilities for unpaid losses and allocated LAE, net of reinsurance	$ 122
Reinsurance recoverable on unpaid losses	31
Gross liability for unpaid losses and LAE before unallocated loss adjustment expenses and fair value adjustments	$ 153

The following is unaudited supplementary information for average annual historical duration of claims:

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
General Casualty	3.80 %	14.21 %	18.08 %	15.51 %	11.47 %	11.08 %	5.78 %	3.96 %	6.87 %	2.65 %

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StarStone International

Workers' Compensation

Net Cumulative Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	For The Years Ended December 31, 2014	2015	2016	2017	2018	2019	2020	2021	2022	For The Year Ended December 31, 2022 PPD	As of December 31, 2022 IBNR[1]	Cumulative Number of Claims
	(in millions of U.S. dollars, except cumulative number of claims)											
	(unaudited)											
2012 and Prior	$ 100	$ 99	$ 99	$ 99	$ 100	$ 99	$ 99	$ 99	$ 100	$ 1	$ 1	3,500
2013	3	3	3	3	2	3	4	4	3	(1)	—	403
2014	15	17	17	16	16	15	15	15	15	—	1	1,478
2015		41	43	39	38	37	36	36	35	(1)	1	2,889
2016			55	52	53	55	53	53	52	(1)	2	2,921
2017				41	42	37	41	40	39	(1)	1	2,601
2018					37	37	38	38	38	—	2	3,388
2019						17	23	25	26	1	—	3,841
2020							30	40	35	(5)	5	2,813
2021								8	3	(5)	3	103
2022									3	—	3	13
									$ 349	$ (12)	$ 19	23,950

[1] Total of IBNR plus expected development on reported losses.

Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	For The Years Ended December 31, 2014	2015	2016	2017	2018	2019	2020	2021	2022
	(unaudited)								
2012 and Prior	$ 98	$ 99	$ 99	$ 99	$ 99	$ 99	$ 99	$ 99	$ 99
2013	2	2	2	2	2	2	2	2	3
2014	2	7	10	12	13	13	13	14	14
2015		5	17	25	29	32	32	33	33
2016			7	25	36	42	45	47	48
2017				6	17	27	32	34	35
2018					13	22	27	30	31
2019						3	17	20	22
2020							6	20	28
2021								—	1
									$ 314
Total outstanding liabilities for unpaid losses and ALAE, net of reinsurance									$ 35

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The reconciliation of incurred and paid loss development to the liability for unpaid losses and LAE as presented in the tables above for the year ended December 31, 2022 is set forth below:

	2022
	(in millions of U.S. dollars)
Liabilities for unpaid losses and allocated LAE, net of reinsurance	$ 35
Reinsurance recoverable on unpaid losses	7
Gross liability for unpaid losses and LAE before ULAE and fair value adjustments	$ 42

The following is unaudited supplementary information for average annual historical duration of claims:

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Workers Compensation	17.05 %	35.42 %	15.36 %	8.09 %	4.11 %	1.07 %	0.96 %	1.67 %	— %	16.67 %

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StarStone International

Professional Indemnity / Directors and Officers

Net Cumulative Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	For The Years Ended December 31, 2014	2015	2016	2017	2018	2019	2020	2021	2022	For The Year Ended December 31, 2022 PPD	As of December 31, 2022 IBNR[1]	Cumulative Number of Claims
	(in millions of U.S. dollars, except cumulative number of claims)											
	(unaudited)											
2012 and Prior	$ 18	$ 14	$ 14	$ 14	$ 19	$ 22	$ 24	$ 22	$ 22	$ —	$ 3	1,652
2013	20	16	16	14	16	20	21	27	24	(3)	4	1,346
2014	21	21	21	22	19	23	21	22	22	—	6	929
2015		20	25	26	28	29	31	33	31	(2)	4	1,175
2016			26	26	26	26	23	24	24	—	1	835
2017				30	43	38	31	28	27	(1)	2	970
2018					30	33	35	36	39	3	9	1,153
2019						20	26	28	30	2	15	1,230
2020							33	27	27	—	22	838
2021								9	9	—	6	231
2022									1	—	1	61
									$ 256	$ (1)	$ 73	10,420

[1] Total of IBNR plus expected development on reported losses.

Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	For The Years Ended December 31, 2014	2015	2016	2017	2018	2019	2020	2021	2022
	(unaudited)								
2012 and Prior	$ 10	$ 10	$ 11	$ 12	$ 18	$ 18	$ 18	$ 18	$ 18
2013	4	7	9	10	10	12	14	14	14
2014	—	3	6	9	13	14	14	14	16
2015		2	7	11	14	17	20	22	23
2016			1	7	13	15	17	17	18
2017				2	10	17	20	21	21
2018					3	9	13	19	26
2019						—	3	6	11
2020							1	2	3
2021								1	2
									$ 152
Total outstanding liabilities for unpaid losses and ALAE, net of reinsurance									$ 104

The reconciliation of incurred and paid loss development to the liability for unpaid losses and LAE as presented in the tables above for the year ended December 31, 2022 is set forth below:

	2022
	(in millions of U.S. dollars)
Liabilities for unpaid losses and allocated LAE, net of reinsurance	$ 104
Reinsurance recoverable on unpaid losses	10
Gross liability for unpaid losses and LAE before ULAE and fair value adjustments	$ 114

The following is unaudited supplementary information for average annual historical duration of claims:

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Professional Indemnity / Directors and Officers	6.76 %	16.83 %	12.66 %	10.96 %	9.51 %	6.92 %	3.79 %	2.89 %	3.03 %	— %

11. FUTURE POLICYHOLDER BENEFITS

The provision for future policyholder benefits includes provisions for life contingent liabilities assumed as well as other policy benefits for insureds. The future policyholder benefits are equal to the present value of the future benefits payments and related expenses less the present value of future net premiums.

The mortality assumptions are based on cedant historical data, regional mortality tables, and industry standards. The present value of the liabilities are discounted utilizing the discount rate derived from the yield on the assets supporting the liabilities and may include certain reinvestment assumptions. The future policyholder benefits related to traditional annuity products include provisions for adverse deviation.

The carrying value of the provision for future policyholder benefits as of December 31, 2022 and 2021 was as follows:

	2022	2021
	(in millions of U.S. dollars)	
Deferred life contingent annuities	$ 196	$ 294
Whole of life reversion annuities	127	165
In-payment annuities	861	1,043
Total	$ 1,184	$ 1,502

As of December 31, 2022 and 2021, we had future policyholder benefit liabilities of $1.2 billion and $1.5 billion, respectively. The decrease of $318 million was primarily due to foreign currency translation following the strengthening of the U.S. dollar against the Euro.

We believe that the assumptions used represent a realistic and appropriate basis for estimating the provision for future policyholder benefits as of December 31, 2022. However, these assumptions are subject to change and we regularly review and adjust our estimates and provisioning methodologies taking into account all currently known information and updated assumptions relating to unknown information.

In November 2022, we completed a novation of all of our life contingent liabilities and other policy benefits pursuant to the Master Agreement we entered into with Allianz. The impact of the novation will be reflected in our first quarter 2023 results as we report the results of Enhanzed Re on a one quarter reporting lag[37].

[37] Refer to Note 26 for further information.

12. DEFENDANT ASBESTOS AND ENVIRONMENTAL LIABILITIES

We acquired DCo and Morse TEC in 2016 and 2019, respectively. These companies hold liabilities associated with personal injury asbestos claims and environmental claims arising from their legacy manufacturing operations. DCo and Morse TEC continue to process asbestos personal injury claims.

Defendant A&E liabilities on our consolidated balance sheets include amounts for indemnity and defense costs for pending and future asbestos-related claims, determined using actuarial methods for asbestos-related exposures.

Defendant A&E liabilities also include amounts for environmental liabilities, associated with DCo's and Morse TEC's properties, relating to estimated clean-up costs associated with the acquired companies' former operations based on engineering reports.

Insurance balances recoverable on our consolidated balance sheets include estimated insurance recoveries relating to our defendant asbestos liabilities. The recorded asset represents our assessment of the capacity of the insurance agreements to indemnify our subsidiaries for the anticipated defense and loss payments for pending claims and projected future claims.

The recognition of these recoveries is based on an assessment of the right to recover under the respective contracts and on the financial strength of the insurers. The recorded asset does not represent the limits of our insurance coverage, but rather the amount we would expect to recover if the accrued and projected loss and defense costs were paid in full.

Included within insurance balances recoverable and defendant A&E liabilities are the fair value adjustments that were initially recognized upon acquisition. These fair value adjustments are amortized in proportion to the actual payout of claims and recoveries.

The carrying value of the defendant A&E liabilities, insurance recoveries, future estimated expenses and the fair value adjustments related to DCo and Morse TEC as of December 31, 2022 and 2021 was as follows:

	2022	2021
	(in millions of U.S. dollars)	
Defendant A&E liabilities:		
Defendant asbestos liabilities	$ 786	$ 826
Defendant environmental liabilities	10	11
Estimated future expenses	35	37
Fair value adjustments	(224)	(236)
Defendant A&E liabilities	607	638
Insurance balances recoverable:		
Insurance recoveries related to defendant asbestos liabilities (net of allowance: 2022 - $5; 2021 - $5)	224	264
Fair value adjustments	(47)	(51)
Insurance balances recoverable	177	213
Net liabilities relating to defendant A&E exposures	$ 430	$ 425

The table below provides a consolidated reconciliation of the beginning and ending liability for defendant A&E liabilities for the years ended December 31, 2022, 2021 and 2020:

	2022	2021	2020
	(in millions of U.S. dollars)		
Balance as of January 1	**$ 638**	**$ 706**	**$ 848**
Insurance balances recoverable	(213)	(250)	(449)
Cumulative effect of change in accounting principle on the determination of the allowance for estimated uncollectible insurance balances	—	—	3
Net balance as of January 1	**425**	**456**	**402**
Amounts recorded in other expense (income):			
Reduction in estimate of net ultimate liabilities	(2)	(38)	(103)
Reduction in estimated future expenses	(1)	(5)	(9)
Amortization of fair value adjustments	7	16	12
Total other expense (income)	**4**	**(27)**	**(100)**
Total net recoveries (paid claims)	**1**	**(4)**	**154**
Net balance as of December 31	**430**	**425**	**456**
Insurance balances recoverable	177	213	250
Balance as of December 31	**$ 607**	**$ 638**	**$ 706**

Total other expense from our defendant A&E liabilities was $4 million for the year ended December 31, 2022, primarily due to the amortization of fair value adjustments and partially offset by favorable changes in the estimate of liabilities and future expenses

Total other income was $27 million for the year ended December 31, 2021, driven by a reduction in the actuarially estimated ultimate net liabilities as a result of a decline in mesothelioma filings.

Total other income was $100 million for the year ended December 31, 2020 and was driven by a reduction in the actuarially estimated ultimate net liabilities as a result of a lower than expected number of asbestos claims filed against us, lower than expected paid indemnity and defense costs, and the net collection of disputed insurance recoveries.

Methodologies for determining liabilities

Defendant Asbestos Liabilities

We review, on an ongoing basis, our own experience in handling asbestos-related claims and trends affecting asbestos-related claims in the U.S. tort system generally, for the purposes of assessing the value of pending asbestos-related claims and the number and value of those that may be asserted in the future, as well as potential recoveries from our insurance carriers with respect to such claims and defense costs.

The actuarial analysis for these asbestos-related exposures utilizes data resulting from claim experience, including input from national coordinating counsel and local counsel, and includes the development of an estimate of the potential value of asbestos-related claims asserted but not yet resolved as well as the number and potential value of asbestos-related claims not yet asserted.

In developing the estimate of liability for potential future claims, the actuarial methods project the potential number of future claims based on our historical claim filings and health studies. The actuarial methods also utilize assumptions based on our historical proportion of claims resolved without payment, historical claim resolution costs for those claims that result in a payment, and historical defense costs. The liabilities are estimated by using pending and projected future claim filings, projected payments rates, average claim resolution amounts and an estimate for defense costs, which is derived based on assumptions relating to defense costs to indemnity cost ratios. We utilize judgment when determining the assumptions related to projected future claims filings, projected payment rates and estimated defense costs.

We determine, based on the factors described above, including the actuarial analysis, that their best estimate of the aggregate liability both for asbestos-related claims asserted but not yet resolved and potential asbestos-related

claims not yet asserted, including estimated defense costs, was $786 million and $826 million as of December 31, 2022 and 2021, respectively.

Defendant Environmental Liabilities

As a result of our acquisition of DCo and Morse TEC, we have been identified by the United States Environmental Protection Agency and certain U.S. state environmental agencies and private parties as potentially responsible parties ("PRP") at various hazardous waste disposal sites under the Comprehensive Environmental Response, Compensation and Liability Act ("Superfund") and equivalent U.S. state laws.

The PRPs may currently be liable for the cost of clean-up and other remedial activities at 27 such sites. Responsibility for clean-up and other remedial activities at a Superfund site is typically shared among PRPs based on an allocation formula.

We have a liability for defendant environmental liabilities of $10 million and $11 million as of December 31, 2022 and 2021, respectively. The estimate for defendant environmental liabilities is based on information available to us, including an estimate of the allocation of liability among PRPs, the probability that other PRPs will pay the cost apportioned to them, currently available information from PRPs and/or federal or state environmental agencies concerning the scope of contamination and estimated remediation and consulting costs, and remediation alternatives.

Allowance for Estimated Uncollectible Insurance Balances Recoverable on Defendant Asbestos Liabilities

We maintained a beginning and ending allowance for estimated uncollectible insurance balances related to our defendant asbestos liabilities of $5 million for the years ended December 31, 2022 and 2021.

During the years ended December 31, 2022 and 2021, we did not have any new provisions, write-offs charged against the allowance for estimated uncollectible insurance or any recoveries of amounts previously written off.

We did not have significant non-disputed past due balances receivable from our insurers related to our defendant asbestos liabilities, that were older than one year for any of the periods presented. Any balances that are part of ongoing legal activity are estimated to be recovered at the level of our recorded asset which is consistent with our legal advice and past collection experience.

13. FAIR VALUE MEASUREMENTS

Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants. We use a fair value hierarchy that gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. The hierarchy is broken down into three levels as follows:

- Level 1 - Valuations based on unadjusted quoted prices in active markets that we have the ability to access for identical assets or liabilities. Valuation adjustments and block discounts are not applied to Level 1 instruments.
- Level 2 - Valuations based on quoted prices in active markets for similar assets or liabilities, quoted prices for identical assets or liabilities in inactive markets, or significant inputs that are observable (e.g. interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.
- Level 3 - Valuations based on unobservable inputs where there is little or no market activity. Unadjusted third party pricing sources or management's assumptions and internal valuation models may be used to determine the fair values.

In addition, certain of our other investments are measured at fair value using net asset value ("NAV") per share (or its equivalent) as a practical expedient and have not been classified within the fair value hierarchy above.

We have categorized our assets and liabilities that are recorded at fair value on a recurring basis among levels based on the observability of inputs, or at fair value using NAV per share (or its equivalent) as follows:

	December 31, 2022				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Based on NAV as Practical Expedient	Total Fair Value
	(in millions of U.S. dollars)				
Investments:					
Short-term and Fixed maturity investments:					
U.S. government and agency	$ —	$ 516	$ —	$ —	$ 516
U.K. government	—	82	—	—	82
Other government	—	462	—	—	462
Corporate	—	5,286	—	—	5,286
Municipal	—	211	—	—	211
Residential mortgage-backed	—	552	—	—	552
Commercial mortgage-backed	—	1,022	—	—	1,022
Asset-backed	—	914	—	—	914
Structured products	—	586	—	—	586
	—	9,631	—	—	9,631
Other assets included within funds held - directly managed	—	54	—	—	54
Equities:					
Publicly traded equity investments	351	34	—	—	385
Exchange-traded funds	507	—	—	—	507
Privately held equity investments	—	—	319	39	358
	858	34	319	39	1,250
Other investments:					
Hedge funds	—	—	—	549	549
Fixed income funds	—	90	—	457	547
Equity funds	—	3	—	—	3
Private equity funds	—	—	—	1,282	1,282
CLO equities	—	148	—	—	148
CLO equity funds	—	—	—	203	203
Private credit funds	—	—	—	362	362
Real estate fund	—	—	—	202	202
	—	241	—	3,055	3,296
Total Investments	$ 858	$ 9,960	$ 319	$ 3,094	$ 14,231
Reinsurance balances recoverable on paid and unpaid losses:	$ —	$ —	$ 275	$ —	$ 275
Funds held by reinsured companies:	$ —	$ —	$ 44	$ —	$ 44
Other Assets:					
Derivatives qualifying as hedging	$ —	$ 1	$ —	$ —	$ 1
Derivatives not qualifying as hedges	—	5	—	—	5
Derivative instruments	$ —	$ 6	$ —	$ —	$ 6
Losses and LAE:	$ —	$ —	$ 1,286	$ —	$ 1,286
Other Liabilities:					
Derivatives qualifying as hedging	$ —	$ 11	$ —	$ —	$ 11
Derivatives not qualifying as hedges	—	1	—	—	1
Derivative instruments	$ —	$ 12	$ —	$ —	$ 12

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	December 31, 2021				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Based on NAV as Practical Expedient	Total Fair Value
	(in millions of U.S. dollars)				
Investments:					
Short-term and Fixed maturity investments:					
U.S. government and agency	$ —	$ 747	$ —	$ —	$ 747
U.K government	—	83	—	—	83
Other government	—	663	—	—	663
Corporate	—	6,814	—	—	6,814
Municipal	—	286	—	—	286
Residential mortgage-backed	—	610	—	—	610
Commercial mortgage-backed	—	1,074	—	—	1,074
Asset-backed	—	944	—	—	944
Structured products	—	1,033	—	—	1,033
	—	12,254	—	—	12,254
Other assets included within funds held - directly managed	—	201	—	—	201
Equities:					
Publicly traded equity investments	239	42	—	—	281
Exchange-traded funds	1,342	—	—	—	1,342
Privately held equity investments	—	—	347	25	372
	1,581	42	347	25	1,995
Other investments:					
Hedge funds	—	—	—	291	291
Fixed income funds	—	231	—	342	573
Equity funds	—	5	—	—	5
Private equity funds	—	—	—	752	752
CLO equities	—	161	—	—	161
CLO equity funds	—	—	—	207	207
Private credit funds	—	—	—	275	275
Real estate fund	—	—	—	69	69
	—	397	—	1,936	2,333
Total Investments	$ 1,581	$ 12,894	$ 347	$ 1,961	$ 16,783
Reinsurance balances recoverable on paid and unpaid losses:	$ —	$ —	$ 432	$ —	$ 432
Other Assets:					
Derivatives not qualifying as hedges	—	2	—	—	2
Derivative instruments	$ —	$ 2	$ —	$ —	$ 2
Losses and LAE:	$ —	$ —	$ 1,989	$ —	$ 1,989
Other Liabilities:					
Derivatives qualifying as hedging	$ —	$ 7	$ —	$ —	$ 7
Derivatives not qualifying as hedges	—	10	—	—	10
Derivative instruments	$ —	$ 17	$ —	$ —	$ 17

Valuation Methodologies of Financial Instruments Measured at Fair Value

Short-term and Fixed Maturity Investments

The fair values for all securities in the short-term and fixed maturity investments and funds held - directly managed portfolios are obtained or validated from independent pricing services either directly or through our accounting service provider or investment managers.

We record the unadjusted price and validate this price through a process that includes, but is not limited to:

i. comparison of prices against alternative pricing sources;

ii. quantitative analysis (e.g. comparing the quarterly return for each managed portfolio to its target benchmark);

iii. evaluation of methodologies used by external parties to estimate fair value, including a review of the inputs used for pricing; and

iv. comparing the price to our knowledge of the current investment market.

Our internal price validation procedures and review of fair value methodology documentation provided by independent pricing services have not historically resulted in adjustment in the prices obtained from the pricing service.

The independent pricing services used by our service providers obtain actual transaction prices for securities that have quoted prices in active markets. Where we utilize single unadjusted broker-dealer quotes, they are generally provided by market makers or broker-dealers who are recognized as market participants in the markets for which they are providing the quotes.

For determining the fair value of securities that are not actively traded, in general, pricing services use "matrix pricing" in which the independent pricing service uses observable market inputs including, but not limited to, reported trades, benchmark yields, broker-dealer quotes, interest rates, prepayment speeds, default rates and other such inputs as are available from market sources to determine a reasonable fair value.

The following describes the techniques generally used to determine the fair value of our short-term and fixed maturity investments by asset class, including the investments underlying the funds held - directly managed.

- **U.S. and non-U.S. government and agency securities** consist of securities issued by the U.S. Treasury and mortgage pass-through agencies such as the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and other agencies, or consist of bonds issued by non-U.S. governments and agencies along with supranational organizations. The significant inputs used to determine the fair value of these securities include the spread above the risk-free yield curve, reported trades and broker-dealer quotes. These are considered to be observable market inputs and, therefore, the fair values of these securities are classified as Level 2.
- **Corporate securities** consist primarily of investment-grade debt of a wide variety of corporate issuers and industries. The fair values of these securities are determined using the spread above the risk-free yield curve, reported trades, broker-dealer quotes, benchmark yields, and industry and market indicators. These are considered observable market inputs and, therefore, the fair values of these securities are classified as Level 2.
- **Municipal securities** consist primarily of bonds issued by U.S.-domiciled state and municipal entities. The fair values of these securities are determined using the spread above the risk-free yield curve, reported trades, broker-dealer quotes and benchmark yields. These are considered observable market inputs and therefore the fair values of these securities are classified as Level 2.
- **Asset-backed and commercial and residential mortgage-backed securities** consist primarily of investment-grade bonds backed by pools of loans with a variety of underlying collateral. Residential and commercial mortgage-backed securities include both agency and non-agency originated securities. The significant inputs used to determine the fair value of these securities include the spread above the risk-free yield curve, reported trades, benchmark yields, prepayment speeds and default rates. These are considered observable market inputs and therefore the fair value of these securities are classified as Level 2.

- **Structured products** consist of funds withheld securities which are utilized to achieve asset-liability matching requirements and to reduce our exposure to credit risk. We utilize observable benchmark yields, issue spreads, issuer credit ratings, loss given default rates, and probability of default rates to discount the future cash flows to derive the fair value of these investments. These are considered observable market inputs and, therefore, the fair values of these securities are classified as Level 2.

Equities

Our investments in equities consist of a combination of publicly traded and privately held investments. Our publicly traded equity investments in common and preferred stocks predominantly trade on major exchanges and are managed by our external advisors. Our exchange-traded funds also trade on major exchanges.

Our publicly traded equities are widely diversified and there is no significant concentration in any specific industry. We use an internationally recognized pricing service to estimate the fair value of our publicly traded equities and exchange-traded funds. We have categorized the majority of our publicly traded equity investments, other than preferred stock, and our exchange-traded funds as Level 1 investments because the fair values of these investments are based on unadjusted quoted prices in active markets for identical assets. Two equity securities trade in an inactive market and, as a result have been classified as Level 2. The fair value estimates of our investments in publicly traded preferred stock are based on observable market data and, as a result, have been categorized as Level 2.

Our privately held equity investments in common and preferred stocks are direct investments in companies that we believe offer attractive risk adjusted returns and/or offer other strategic advantages. Each investment may have its own unique terms and conditions and there may be restrictions on disposals. The market for these investments is illiquid and there is no active market. For the majority of these we use a combination of cost, internal models and reported values from co-investors/managers to calculate the fair value of the privately held equity investments. The fair value estimates of these are based on unobservable market data so have been categorized as Level 3. We also have one direct investment in the equity of a privately held business development company which values its underlying investments using NAV as a practical expedient; therefore, the investment has not been categorized within the fair value hierarchy.

Other investments, at fair value

We have ongoing due diligence processes with respect to the other investments carried at fair value in which we invest, including active discussions with managers of the investments. These processes are designed to assist us in assessing the quality of information provided by, or on behalf of, each fund and in determining whether such information continues to be reliable or whether further review is warranted.

Certain funds do not provide full transparency of their underlying holdings; however, we obtain the audited financial statements for funds annually and review the audited results relative to the net asset values provided by the managers, and regularly review and discuss the fund performance with the fund managers to corroborate the reasonableness of the reported NAV.

The use of NAV as an estimate of the fair value for investments in certain entities that calculate NAV is a permitted practical expedient. Due to the time lag in the NAV reported by certain fund managers we adjust the valuation for capital calls and distributions. Other investments measured at fair value using NAV as a practical expedient have not been classified in the fair value hierarchy. Other investments for which we do not use NAV as a practical expedient have been valued using prices from independent pricing services and investment managers.

The following describes the techniques generally used to determine the fair value of our other investments.

- For our investments in hedge funds, private equity funds, CLO equity funds, private credit funds and the real estate debt fund, we primarily measure fair value by obtaining the most recently available NAV as advised by the external fund manager or third-party administrator. The fair values of these investments are measured using the NAV as a practical expedient and therefore have not been categorized within the fair value hierarchy.
- Our investments in fixed income funds and equity funds are valued based on a combination of prices from independent pricing services, external fund managers or third-party administrators. For the publicly available prices we have classified the investments as Level 2. For the non-publicly available prices we are using NAV as a practical expedient and therefore these have not been categorized within the fair value hierarchy.

- We measure the fair value of our direct investment in CLO equities based on valuations provided by independent pricing services. The fair values measured using prices provided by independent pricing services have been classified as Level 2.

Insurance Contracts - Fair Value Option

The Company uses an internal model to calculate the fair value of the liability for losses and LAE and reinsurance balances recoverable on paid and unpaid losses for certain retroactive reinsurance contracts where we have elected the fair value option.

The fair value was calculated as the aggregate of discounted cash flows plus a risk margin. The discounted cash flow approach uses:

i. estimated nominal cash flows based upon an appropriate payment pattern developed in accordance with actuarial methods; and

ii. a discount rate based upon a high quality rated corporate bond yield plus a credit spread for non-performance risk.

The model uses corporate bond rates across the yield curve depending on the estimated timing of the future cash flows and specific to the currency of the risk.

The risk margin was calculated using the present value of the cost of capital. The cost of capital approach uses:

i. projected capital requirements;

ii. multiplied by the risk cost of capital representing the return required for non-hedgeable risk based upon the weighted average cost of capital less investment income; and

iii. discounted using the weighted average cost of capital.

Derivative Instruments

The fair values of our derivative instruments are classified as Level 2. The fair values are based upon prices in active markets for identical contracts.

Funds Held by Reinsured Companies

The fair value of the embedded derivative representing the contractually agreed variable return on the funds held by reinsured companies associated with the Aspen LPT transaction is classified as Level 3 and is calculated using an internal model.

The fair value is calculated as the difference between:

i. the present value of all future expected interest payments based on the full crediting rate, calculated using a Monte Carlo simulation model; and

ii. the present value of all future expected interest payments based on the base crediting rate, calculated using a discounted cash flow model.

The Monte Carlo simulation model uses:

i. a continuous forward risk-free rate commensurate with the crediting interest rate period (observable); and

ii. an estimated historical volatility rate based upon the annualized standard deviation of daily log returns observed on a portfolio replicating the Aspen investment portfolio over a period commensurate with the crediting rate period (unobservable).

The discounted cash flow model uses:

i. estimated expected loss payments based upon an appropriate payment pattern developed in accordance with standard actuarial techniques (unobservable);

ii. a risk-free rate based on U.S. treasury rates as of the valuation date (observable); and

iii. a credit spread based upon the historical option adjusted spread of the Aspen publicly traded corporate debt instrument (observable).

Level 3 Measurements and Changes in Leveling

Transfers into or out of levels are recorded at their fair values as of the end of the reporting period, consistent with the date of determination of fair value.

Investments

The following table present a reconciliation of the beginning and ending balances for all investments measured at fair value on a recurring basis using Level 3 inputs during the years ended December 31, 2022 and 2021:

	2022		2021		
	Privately-held Equities	Total	Privately-held Equities	Other Investments	Total
	(in millions of U.S. dollars)				
Beginning fair value	$ 347	$ 347	$ 275	$ 9	$ 284
Purchases	5	5	65	—	65
Sales	(15)	(15)	—	(9)	(9)
Total net unrealized gains (losses)	(43)	(43)	7	—	7
Ending fair value	$ 294	$ 294	$ 347	$ —	$ 347

Net unrealized gains (losses) related to Level 3 assets in the table above are included in net unrealized gains (losses) in our consolidated statements of earnings.

There were no transfers to and from Level 2 and Level 3 investments for the years ended December 31, 2022 and 2021.

Valuations Techniques and Inputs

The table below presents the quantitative information related to the fair value measurements for our privately held equity investments measured at fair value on a recurring and nonrecurring basis using Level 3 inputs:

Qualitative Information about Level 3 Fair Value Measurements

Valuation Techniques	Fair Value as of December 31, 2022	Unobservable Input	Range (Average) [1]
	(in millions of U.S. dollars)		
Recurring basis:			
Guideline company methodology; Option pricing model	$ 190	P/BV multiple P/BV (excluding AOCI) multiple Price/LTM earnings multiple Expected term	1.70-2.3x 1.6-1.7x 13.3-15.4x 1-3 years
Dividend discount model; Guideline companies method	77	Discount rate P/BV multiple Price/2023 earnings Price/2024 earnings	15.0% - 16.0% 1.4x - 2.0x 7.5x - 10.4x 6.3x - 6.5x
Guideline companies method; Earnings	27	LTM Enterprise Value/ EBITDA multiples LTM EV/Revenue multiples Multiple on earnings	11.5x - 12.5x 2.5x - 3x 5x
	294		
Non-recurring basis:			
Cost as approximation of fair value	25	Cost as approximation of fair value	
	$ 319		

[1] The average represents the arithmetic average of the inputs and is not weighted by the relative fair value.

As of December 31, 2022, the valuation techniques we used to fair value $190 million privately held equity investment includes an option pricing model, which allows for consideration of various exit options that exist within the investment. The unobservable inputs to the option pricing model have been identified and disclosed in the table above, and we no longer use a distribution waterfall to fair value the investment.

Funds Held by Reinsured Companies - Embedded Derivative

During the second quarter of 2022, we recognized an embedded derivative in relation to the Aspen LPT transaction to account for the fair value of the full crediting rate we expect to earn on the funds withheld received as premium consideration.

The following table presents a reconciliation of the beginning and ending balances for the embedded derivative measured at fair value on a recurring basis using Level 3 inputs during the year ended December 31, 2022:

	2022
	(in millions of U.S. dollars)
Beginning fair value	$ —
Initial recognition	27
Total net unrealized gains	17
Ending fair value	$ 44

Net unrealized gains in the table above are included in net unrealized gains (losses) in our consolidated statements of earnings.

Valuations Techniques and Inputs

The table below presents the quantitative information related to the fair value measurements for the embedded derivative on our funds held by reinsured companies measured at fair value on a recurring basis using Level 3 inputs:

Qualitative Information about Level 3 Fair Value Measurements

Valuation Techniques	Fair Value as of December 31, 2022 (in millions of U.S. dollars)	Unobservable Input	Average
Monte Carlo simulation model; Discounted cash flow analysis	$ 44	Volatility rate; Expected loss payments	4.86% $1.3 billion

Insurance Contracts - Fair Value Option

The following table presents a reconciliation of the beginning and ending balances for all insurance contracts measured at fair value on a recurring basis using Level 3 inputs during the years ended December 31, 2022 and 2021:

	2022			2021		
	Liability for losses and LAE	Reinsurance balances recoverable on paid and unpaid losses	Net	Liability for losses and LAE	Reinsurance balances recoverable on paid and unpaid losses	Net
	(in millions of U.S. dollars)					
Beginning fair value	$ 1,989	$ 432	$ 1,557	$ 2,453	$ 521	$ 1,932
Incurred losses and LAE:						
Reduction in estimates of ultimate losses	(79)	(29)	(50)	(59)	(6)	(53)
Reduction in unallocated LAE	(18)	—	(18)	(18)	—	(18)
Change in fair value	(247)	(47)	(200)	(88)	(13)	(75)
Total incurred losses and LAE	(344)	(76)	(268)	(165)	(19)	(146)
Paid losses	(245)	(65)	(180)	(274)	(65)	(209)
Effect of exchange rate movements	(114)	(16)	(98)	(25)	(5)	(20)
Ending fair value	$ 1,286	$ 275	$ 1,011	$ 1,989	$ 432	$ 1,557

Changes in fair value in the table above are included in net incurred losses and LAE in our consolidated statements of earnings.

The following table presents the components of the net change in fair value for the years ended December 31, 2022, 2021 and 2020:

	2022	2021	2020
	(in millions of U.S. dollars)		
Changes in fair value due to changes in:			
Average payout	$ 40	$ 22	$ 21
Corporate bond yield	(219)	(97)	96
Credit spread for non-performance	(21)	—	—
Weighted cost of capital	—	—	(5)
Risk cost of capital	—	—	7
Change in fair value	$ (200)	$ (75)	$ 119

Valuations Techniques and Inputs

Below is a summary of the quantitative information regarding the significant observable and unobservable inputs used in the internal model to determine fair value on a recurring basis as of December 31, 2022 and 2021:

		2022	2021
Valuation Technique	**Unobservable (U) and Observable (O) Inputs**	**Weighted Average**	**Weighted Average**
Internal model	Corporate bond yield (O)	A Rated	A rated
Internal model	Credit spread for non-performance risk (U)	0.65%	0.2%
Internal model	Risk cost of capital (U)	5.1%	5.1%
Internal model	Weighted average cost of capital (U)	8.25%	8.25%
Internal model	Average payout - liability (U)	7.89 years	7.95 years
Internal model	Average payout - reinsurance balances recoverable on paid and unpaid losses (U)	7.71 years	7.63 years

The fair value of the liability for losses and LAE and reinsurance balances recoverable on paid and unpaid losses may increase or decrease due to changes in the corporate bond rate, the credit spread for non-performance risk, the risk cost of capital, the weighted average cost of capital and the estimated payment pattern.

In addition, the estimate of the capital required to support the liabilities is based upon current industry standards for capital adequacy.

Disclosure of Fair Values for Financial Instruments Carried at Cost

Senior and Subordinated Notes

The following table presents the fair values of our Senior and Subordinated Notes carried at amortized cost:

	December 31, 2022	
	Amortized Cost	Fair Value
	(in millions of U.S. dollars)	
4.95% Senior Notes due 2029	$ 496	$ 457
3.10% Senior Notes due 2031	495	365
Total Senior Notes	$ 991	$ 822
5.75% Junior Subordinated Notes due 2040	$ 345	$ 312
5.50% Junior Subordinated Notes due 2042	493	401
Total Subordinated Notes	$ 838	$ 713

The fair value of our Senior Notes and our Junior Subordinated Notes due 2040 and 2042 was based on observable market pricing from a third party pricing service.

The Subordinated Notes are classified as Level 2.

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Insurance Contracts

Disclosure of fair value of amounts relating to insurance contracts is not required, except those for which we elected the fair value option, as described above.

Remaining Financial Assets and Liabilities

Our remaining financial assets and liabilities were generally carried at cost or amortized cost, which due to their short-term nature approximates fair value as of December 31, 2022 and 2021.

14. VARIABLE INTEREST ENTITIES

We have investments in certain limited partnership funds which are deemed to be variable interest entities ("VIEs"). The activities of these VIEs are generally limited to holding investments and our involvement in these entities is passive in nature. We consolidate all VIEs in which we are considered to be the primary beneficiary.

GCM Fund

In July 2022, we entered into an agreement to become a limited partner of GCM Blue Sails Infrastructure Offshore Opportunities Fund, L.P. (“GCM Fund”), with an initial commitment of $150 million. At that time, we performed an assessment and concluded that as a result of being a limited partner and having no substantive kick-out or participating rights, the GCM Fund is a VIE. We also concluded that we are the primary beneficiary, as our 99.5% economic interest in the GCM Fund is disproportionately greater than our lack of stated power to direct the activities of the GCM Fund that will most significantly impact the GCM Fund’s economic performance. As a result, we have consolidated the results of the GCM Fund. There was no gain or loss recognized on consolidation.

We have elected to recognize the results of the GCM Fund on a one quarter lag due to anticipated delays in obtaining timely financial information. As of December 31, 2022, $14 million of the initial commitment has been called. The carrying amounts of the assets and liabilities of the GCM Fund are presented within existing captions on our consolidated balance sheet as of December 31, 2022. Net investment income, changes in the fair value of assets and liabilities of the GCM Fund and management fees will be presented within existing captions in the consolidated statements of earnings. Such amounts are immaterial for the year ended December 31, 2022.

Our exposure to risk of loss is limited to the amount of our investment, in accordance with the limited partnership agreement. We have not committed to provide any financial support to the general partner of the GCM Fund. In addition, we have not committed to provide any additional financial support to the GCM Fund in excess of previously funded capital commitments and all undistributed profits and income.

The assets of Enstar are not available to the creditors of the GCM Fund.

InRe Fund

During 2021, we redeemed an aggregate of $2.7 billion and completed the liquidation of our investment in the InRe Fund.

On April 1, 2021, we obtained control of the InRe Fund following redemption by the general partner, an affiliate of Hillhouse Group, of all of its outstanding ownership interests and the termination of its investment management activities. From that date we had both full ownership of the InRe Fund and the power to direct its activities, which led to our determination to consolidate the InRe Fund.

Prior to consolidation, our investment in the InRe Fund was recorded at fair value using the NAV as a practical expedient, with any changes included within net unrealized gains in the consolidated statements of earnings. Thus, there was no gain or loss upon consolidation.

During the year ended December 31, 2021 we recognized net investment expenses for the InRe Fund of $13 million and net realized losses of $58 million (as all investments were redeemed and liquidated during the year subsequent to consolidation).

During the year ended December 31, 2020, we recognized net unrealized gains of $1.2 billion as we accounted for this investment at NAV, with all changes in NAV (which would have included all income and expenses of the InRe Fund) within net unrealized gains.

During the year ended December 31, 2021, our consolidated statements of cash flows included net operating cash flows of $2.1 billion attributed to the InRe Fund driven by net sales of trading securities, partially offset by net payments to cover securities sold short, and net investing cash flows of $574 million resulting from the initial consolidation of the InRe Fund's cash and restricted cash balances.

Summarized Financial Information

Prior to consolidating the InRe Fund, total income, expenses and net income (including Enstar’s and Hillhouse’s combined interests) for the three months ended March 31, 2021 was $311 million, $19 million and $292 million, respectively. Total

income, expenses and net income for the InRe Fund for the year ended December 31, 2020 was $1.7 billion, $31 million and $1.7 billion, respectively. Enstar recognized $77 million and $1.2 billion of net unrealized

gains from its allocated share of total net income for the three months ended March 31, 2021 and year ended December 31, 2020.

Nonconsolidated VIEs

The tables below present the fair value of our investments in nonconsolidated VIEs as well as our maximum exposure to loss associated with these VIEs:

As of December 31, 2022	Fair Value	Unfunded Commitments	Maximum Exposure to Loss
	(in millions of U.S. dollars)		
Equities			
Publicly traded equity investment in common stock	$ 52	$ —	$ 52
Privately held equity	25	—	25
Total	77	—	77
Other investments			
Hedge funds	$ 549	$ —	$ 549
Fixed income funds	277	33	310
Private equity funds	1,210	911	2,121
CLO equity funds	203	—	203
Private credit funds	79	149	228
Real estate funds	203	529	732
Total	$ 2,521	$ 1,622	$ 4,143
Total investments in nonconsolidated VIEs	$ 2,598	$ 1,622	$ 4,220

As of December 31, 2021	Fair Value	Unfunded Commitments	Maximum Exposure to Loss
	(in millions of U.S. dollars)		
Equities			
Publicly traded equity investment in common stock	$ 64	$ —	$ 64
Other investments			
Hedge fund	$ 291	$ 45	$ 336
Fixed income funds	171	36	207
Private equity funds	697	930	1,627
CLO equity funds	207	31	238
Private credit funds	14	166	180
Real estate funds	69	418	487
Total	$ 1,449	$ 1,626	$ 3,075
Total investments in nonconsolidated VIEs	$ 1,513	$ 1,626	$ 3,139

15. PREMIUMS WRITTEN AND EARNED

The following tables provide a summary of net premiums written and earned for the years ended December 31, 2022, 2021 and 2020:

	2022		2021		2020	
	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
	(in millions of U.S. dollars)					
Total						
Total gross	$ 25	$ 97	$ 106	$ 373	$ 552	$ 730
Total ceded	(13)	(31)	(44)	(128)	(119)	(158)
Total net	$ 12	$ 66	$ 62	$ 245	$ 433	$ 572

Gross premiums written for the years ended December 31, 2022 and 2021 decreased by $81 million and $446 million, respectively, primarily due to our strategic exit from our active underwriting platforms beginning in 2020.

16. GOODWILL AND INTANGIBLE ASSETS

We have goodwill of $63 million as of December 31, 2022 and 2021 that was included within other assets in the consolidated balance sheets. There were no changes in this balance for each of the three years ended December 31, 2022. We have no other intangible assets in any of the periods presented within these financial statements.

As part of our annual assessment of goodwill, we have considered the net loss attributable to Enstar ordinary shareholders for the year ended December 31, 2022, which was driven by net unrealized losses, primarily related to fixed income securities, as a result of rising interest rates and widening credit spreads. While we expect global financial markets to remain volatile into 2023, we expect that unrealized losses on our fixed maturity assets will be recouped as these assets get closer to their maturity and the prices pull to par. Therefore, we have concluded that the net loss attributable to Enstar ordinary shareholders for the year ended December 31, 2022 is not an indicator of goodwill impairment.

17. DEBT OBLIGATIONS AND CREDIT FACILITIES

We utilize debt financing and credit facilities primarily for funding acquisitions and significant new business, investment activities and, from time to time, for general corporate purposes.

Our debt obligations were as follows:

				December 31, 2022		December 31, 2021	
Facility	Origination	Term	Principal	(Unamortized Cost) / Fair Value Adjustments	Carrying Value	(Unamortized Cost) / Fair Value Adjustments	Carrying Value
				(in millions of U.S. dollars)			
4.50% Senior Notes due 2022	March 2017	5 years	$ —	$ —	$ —	$ —	$ 280
4.95% Senior Notes due 2029	May 2019	10 years	500	(4)	496	(5)	495
3.10% Senior Notes due 2031	August 2021	10 years	500	(5)	495	(5)	495
Total Senior Notes					991		1,270
5.75% Junior Subordinated Notes due 2040	August 2020	20 years	350	(5)	345	(5)	345
5.50% Junior Subordinated Notes due 2042	January 2022	20 years	500	(7)	493	—	—
5.50% Enhanzed Re's Subordinated Notes due 2031	December 2018	12.1 years	—	—	—	6	76
Total Subordinated Notes					838		421
EGL Revolving Credit Facility	August 2018	5 years			—		—
Total debt obligations					$ 1,829		$ 1,691

The table below provides a summary of the total interest expense for the years ended December 31, 2022, 2021 and 2020:

	2022	2021	2020
	(in millions of U.S. dollars)		
Interest expense on debt obligations	$ 93	$ 68	$ 58
Amortization of debt issuance costs	2	1	1
Gain on extinguishment	(6)	—	—
Total interest expense	$ 89	$ 69	$ 59

Senior Notes

The Senior Notes are effectively subordinated to all of our secured indebtedness to the extent of the value of the assets securing such indebtedness, and structurally subordinated to all liabilities of our subsidiaries, including claims of policyholders.

We may repurchase the 2029 Senior Notes and 2031 Senior Notes at any time prior to the date which is three months and six months, respectively, prior to maturity, subject to the payment of a make-whole premium. After such respective date, we may repurchase the 2029 Senior Notes and the 2031 Senior Notes at a purchase price equal to 100% of the outstanding principal amount, plus accrued and unpaid interest. In each case, any such repurchases are also subject to satisfying certain regulatory requirements.

Subordinated Notes

The 2040 Junior Subordinated Notes are unsecured junior subordinated obligations of Enstar Finance LLC (“Enstar Finance”). The 2040 Junior Subordinated Notes are fully and unconditionally guaranteed by us on an unsecured and junior subordinated basis. These debt securities of Enstar Finance are effectively subordinated to the obligations of our other subsidiaries.

The 2040 Junior Subordinated Notes bear interest (i) during the initial five-year period ending August 30, 2025, at a fixed rate per annum of 5.75% and (ii) during each five-year reset period thereafter beginning September 1, 2025, at

a fixed rate per annum equal to the five-year U.S. treasury rate calculated as of two business days prior to the beginning of such five-year period plus 5.468%.

Subject to certain threshold regulatory requirements and during certain time periods, Enstar Finance may repurchase the 2040 Junior Subordinated Notes, in whole or in part, at any time, at a repurchase price equal to at least 100% of the principal amount, plus accrued and unpaid interest.

Debt Issuance

In January 2022, our wholly-owned subsidiary, Enstar Finance, completed the issuance and sale of a series of junior subordinated notes due 2042 (the "2042 Junior Subordinated Notes") for an aggregate principal amount of $500 million. The 2042 Junior Subordinated Notes bear interest (i) during the initial five-year period ending January 14, 2027, at a fixed rate per annum of 5.50% and (ii) during each five-year reset period thereafter beginning January 15, 2027, at a fixed rate per annum equal to the five-year U.S. treasury rate calculated as of two business days prior to the beginning of such five-year period plus 4.006%.

The 2042 Junior Subordinated Notes are unsecured junior subordinated obligations of Enstar Finance, are fully and unconditionally guaranteed by us on an unsecured and junior subordinated basis, and are contractually subordinated in right of payment to the existing and future obligations of our other subsidiaries (other than Enstar Finance).

The 2042 Junior Subordinated Notes are exclusively the obligations of Enstar Finance and us, to the extent of the guarantee, and are not guaranteed by any of our other subsidiaries, which are separate and distinct legal entities and, except for Enstar Finance, have no obligation, contingent or otherwise, to pay holders any amounts due on the 2042 Junior Subordinated Notes or to make any funds available for payment on the 2042 Junior Subordinated Notes, whether by dividends, loans or other payments.

Generally, if an event of default occurs, the trustee or the holders of at least 25% in aggregate principal amount of the then outstanding 2042 Junior Subordinated Notes may declare the principal and accrued and unpaid interest on all of the then outstanding 2042 Junior Subordinated Notes to be due and payable immediately.

Subject to threshold regulatory requirements, Enstar Finance may repurchase the 2042 Junior Subordinated Notes, in whole or in part, at any time during a par call period, at a repurchase price equal to 100% of the principal amount of such notes, plus accrued and unpaid interest, and at any time not during a par call period, plus an additional "make-whole" premium.

We incurred costs of $7 million in issuing the 2042 Junior Subordinated Notes. The net proceeds of the 2042 Junior Subordinated Notes were partially used to fund the payment at maturity of the outstanding $280 million aggregate principal amount of our 2022 Senior Notes.

Debt Repayment

In September 2022, we repaid Enhanzed Re's $70 million of Subordinated Notes due 2031 that had been issued to an affiliate of Allianz. We also recognized a gain on extinguishment of $6 million as a result of accelerating the amortization of the remaining fair value adjustment, which was included within interest expense in our consolidated statements of earnings.

Maturities

As of December 31, 2022, there are no outstanding debt obligations that will become due in each of the next five years. Our debt of $1.9 billion upon maturity becomes due in periods beyond five years from December 31, 2022.

EGL Revolving Credit Facility

As of December 31, 2022, we were permitted to borrow up to an aggregate amount of $600 million under our unsecured revolving credit agreement. We may request additional commitments under the facility up to an additional $400 million, which the existing lenders in their discretion or new lenders may provide, in each case subject to the terms of the agreement. To date, we have not requested any additional commitments under the facility.

As of December 31, 2022, there was $600 million of available unutilized capacity under the facility. In the fourth quarter of 2022, we borrowed and fully repaid $55 million of loans under our revolving credit facility.

We pay interest on loans borrowed under the facility at a per annum rate comprising a reference rate determined based on the type of loan we borrow plus a margin based on our long term senior unsecured debt ratings. The applicable reference rate is adjusted base rate for base rate loans, adjusted daily Sterling Overnight Index Average ("SONIA") for SONIA loans and adjusted LIBOR or adjusted Euribor for Eurocurrency rate loans denominated in U.S. dollars or Euros, respectively. The applicable margin varies based upon changes to our long term senior unsecured debt ratings assigned by S&P or Fitch.

We pay interest quarterly for base rate loans and as frequently as monthly for SONIA loans and Eurocurrency rate loans, depending on the applicable interest period. We also pay a commitment fee based on the average daily unutilized capacity under the facility. If an event of default occurs, the interest rate may increase and the agent may, and at the request of the required lenders shall, terminate lender commitments and demand early repayment of any outstanding loans borrowed under the facility.

Credit and Deposit Facilities

We utilize unsecured and secured letters of credit ("LOCs") and a deposit facility to support certain of our (re)insurance performance obligations. We also utilize unsecured LOCs to support the regulatory capital requirements of certain of our subsidiaries.

Our credit and deposit facilities were as follows:

			Aggregate Amount Issued / Requested as Deposits / Face Amount	
	Commitment	Additional Commitments Available [1]	December 31, 2022	December 31, 2021
	(in millions of U.S. dollars)			
$275 million FAL LOC Facility [2]	$ 275	$ 75	$ 135	$ 210
$90 million FAL Deposit Facility [2]	90	10	90	90
$365 million LOC Facility	365	—	365	250
$100 million LOC Facility	100	—	100	100
$120 million LOC Facility	120	60	97	111
$800 million Syndicated LOC Facility	800	—	625	568
$65 million LOC Facility [3]	—	—	—	61
$100 million Bermuda LOC Facility [3][4]	—	—	—	100
$1 million LOC Facility	1	—	—	1
$100 million Bermuda LOC Facility [4]	100	—	100	—
$100 million Bermuda LOC Facility [4]	100	—	100	—
$100 million Bermuda LOC Facility [4]	100	—	100	—
£32.0 million United Kingdom LOC Facility [5]	£ 32	£ —	$ 39	$ 43

[1] We may request additional commitments under the facility in an aggregate amount not to exceed this amount.

[2] The FAL LOC facility will expire on September 30, 2024, with an option to extend the termination date to September 30, 2025. The FAL Deposit Facility will expire May 6, 2023. Under the FAL Deposit facility, a third-party lender deposits a requested market valuation amount of eligible securities into Lloyd's on behalf of our Lloyd's corporate member. As of December 31, 2022 and December 31, 2021, our combined FAL comprised cash and investments of $455 million (including $90 million provided under the FAL Deposit Facility) and $520 million (including $89 million provided under the FAL Deposit Facility), respectively, and unsecured LOCs of $135 million and $210 million, respectively.

[3] The LOC was terminated during the year ended December 31, 2022.

[4] The LOC issued under this facility qualifies as Eligible Capital for one of our Bermuda regulated subsidiaries.

[5] The LOC issued under this facility qualifies as Ancillary Own Funds capital for one of our U.K. regulated subsidiaries.

We also utilize secured operating LOCs. As of December 31, 2022 and 2021, the total balance of such secured operating LOCs issued and outstanding was $83 million and $85 million, respectively.

18. NONCONTROLLING INTERESTS

We have both redeemable noncontrolling interests ("RNCI") and noncontrolling interests ("NCI") on our consolidated balance sheets. RNCI with redemption features that are not solely within our control is classified within temporary equity in the consolidated balance sheets and carried at fair value. The change in fair value is recognized through retained earnings. NCI, which is carried at book value, does not have redemption features and is classified within equity in the consolidated balance sheets.

Redeemable Noncontrolling Interests

The following is a reconciliation of the beginning and ending carrying amount of the equity attributable to the RNCI for the years ended December 31, 2022 and 2021:

	2022	2021
	(in millions of U.S. dollars)	
Balance as of January 1	$ 179	$ 365
Distributions paid	—	(202)
Net (losses) earnings attributable to RNCI	(5)	16
Change in unrealized losses on AFS investments attributable to RNCI	(6)	(1)
Change in currency translation adjustments attributable to RNCI	—	2
Change in redemption value of RNCI	—	(1)
Balance as of December 31	$ 168	$ 179

The RNCI as of December 31, 2022 and 2021 relates to StarStone International.

Noncontrolling Interests

As of December 31, 2022 and 2021, we had $96 million and $230 million, respectively, of NCI primarily related to external interests in three of our subsidiaries, including Enhanzed Re. A reconciliation of the beginning and ending carrying amount of the equity attributable to NCI is included in the consolidated statements of changes in shareholder's equity.

On December 28, 2022, Enhanzed Re repurchased the entire 24.9% ownership interest Allianz held in Enhanzed Re for $174 million[38]. We will reflect the impact of reclassifying the carrying value of the NCI obtained to Enstar shareholders' equity in our first quarter 2023 results, as we report the results of Enhanzed Re on a one quarter reporting lag.

[38] Refer to Note 26 for further information.

19. SHAREHOLDERS' EQUITY

As of December 31, 2022 and 2021, our authorized share capital was 111,000,000 ordinary shares ("Voting Ordinary Shares") and non-voting convertible ordinary shares ("Non-Voting Ordinary Shares"), each of par value $1.00 per share, and 45,000,000 preferred shares of par value $1.00 per share.

Ordinary Shares

The following is a reconciliation of our beginning and ending ordinary shares for the years ended December 31, 2022, 2021 and 2020:

	Voting Ordinary Shares	Non-Voting Convertible Ordinary Series C Shares	Non-Voting Convertible Ordinary Series E Shares	Total Ordinary Shares
Balance as of January 1, 2020	18,001,823	2,599,672	910,010	21,511,505
Shares issued	752,007	—	—	752,007
Shares repurchased	(178,280)	—	—	(178,280)
Balance as of December 31, 2020	18,575,550	2,599,672	910,010	22,085,232
Shares issued	59,447	—	—	59,447
Shares repurchased	(2,009,135)	(1,496,321)	(505,239)	(4,010,695)
Warrant exercise [1]	—	89,590	—	89,590
Balance as of December 31, 2021	16,625,862	1,192,941	404,771	18,223,574
Shares issued	62,056	—	—	62,056
Shares repurchased	(697,580)	—	—	(697,580)
Balance as of December 31, 2022	15,990,338	1,192,941	404,771	17,588,050

[1] Warrants to acquire 175,901 Series C Non-Voting Ordinary Shares for an exercise price of $115.00 per share were exercised on a non-cash basis during the year ended December 31, 2021, which resulted in a total of 89,590 Series C Non-Voting Ordinary Shares being issued in the year.

Voting Ordinary Shares

Each voting ordinary share entitles the holder thereof to one vote.

Share Repurchase Programs

The following table presents our ordinary shares repurchased under our share repurchase programs for the years ended December 31, 2022 and 2021:

	2022			2021		
	Ordinary shares repurchased	Average price per ordinary share	Aggregate price	Ordinary shares repurchased	Average price per ordinary share	Aggregate price
	(in millions of U.S. dollars, except for share data)					
2020 Repurchase Program [1]	—	$ —	$ —	93,678	$ 236.42	$ 22
2021 Repurchase Program [2]	227,383	$ 257.02	58	167,617	$ 241.13	40
2022 Repurchase Program [3]	470,197	$ 222.74	105	—	$ —	—
Total share repurchases under repurchase programs	697,580	$ 233.92	$ 163	261,295	$ 239.44	63

[1] Our Board of Directors (our “Board”) approved an ordinary share repurchase program in March 2020 (the “2020 Repurchase Program”), not to exceed $150 million in aggregate. During the year ended December 31, 2020, we repurchased 178,280 ordinary shares at an average price per ordinary share of $145.87, for an aggregate price of $26 million. The 2020 Repurchase Program was terminated in July 2021.

[2] Our Board approved an ordinary share repurchase program in November 2021 (the “2021 Repurchase Program”), not to exceed $100 million in aggregate. The 2021 Repurchase Program was fully utilized as of April 2022.

(3) In May 2022, our Board authorized the repurchase of up to $200 million of our ordinary shares (the “2022 Repurchase Program”), which is effective through May 5, 2023. As of December 31, 2022, the remaining capacity under the 2022 Repurchase Program was $95 million.

In May 2022, we entered into two share repurchase agreements in relation to our 2022 Repurchase Program. The first was with Trident Public Equity LP, an affiliate of Stone Point, to repurchase 89,790 of our ordinary shares for an aggregate price of $20 million. The second was with an unaffiliated institutional shareholder, to repurchase 380,407 shares for an aggregate price of $85 million. Both transactions were priced at $222.74 per share, representing a 5% discount to the closing price of our ordinary shares on the NASDAQ stock market on May 9, 2022.

Strategic Share Repurchases

In July 2021, we repurchased 3,749,400 of our ordinary shares, comprising (a) 1,747,840 of our voting ordinary shares, (b) 1,496,321 of our Series C non-voting ordinary shares, and (c) 505,239 of our Series E non-voting ordinary shares, held by funds managed by Hillhouse Group (the “Hillhouse Funds”), a related party, for a price of $234.52 per share, totaling $879 million in aggregate. The shares represented the Hillhouse Funds' entire interest in Enstar, which constituted 16.9% of our total ordinary shares and 9.4% of our voting ordinary shares.

Joint Share Ownership Plan

In January 2020, 565,630 voting ordinary shares were issued to the trustee of the Enstar Group Limited Employee Benefit Trust (the "EB Trust"). Voting rights in respect of shares held in the EB Trust have been contractually waived. We have consolidated the EB Trust, and shares held in the EB Trust are classified like treasury shares as contra-equity in our consolidated balance sheet. The EB Trust supports awards made under our Joint Share Ownership Plan[39].

Non-Voting Ordinary Shares

Our non-voting ordinary shares comprised several different series as of December 31, 2022:

The Series C shares:

i. have all of the economic rights (including dividend rights) attaching to voting ordinary shares but are non-voting except in certain limited circumstances;

ii. will automatically convert at a one-for-one exchange ratio (subject to adjustment for share splits, dividends, recapitalizations, consolidations or similar transactions) into voting ordinary shares if the registered holder transfers them in a widely dispersed offering;

iii. may only vote on certain limited matters that would constitute a variation of class rights and as required under Bermuda law; and

iv. require the registered holders’ written consent in order to vary the rights of the shares in a significant and adverse manner.

The Series D shares are authorized, but no shares in these series are issued and outstanding. Holders of the Series C shares have the right to convert such shares, on a share-for-share basis, subject to certain adjustments, into Series D shares at their option. There is no economic difference in Series C or D shares, but there are slight differences in the conversion rights and the limited voting rights of each series.

The Series E shares have substantially the same rights as the Series C shares, except that:

i. they are convertible only into voting ordinary shares; and

ii. they may only vote as required under Bermuda law.

The Series E shares include all other non-voting ordinary shares authorized under our bye-laws but not classified as Series C or D non-voting ordinary shares.

Preferred Shares

Series C Preferred Shares

As of December 31, 2022, there were 388,571 Series C participating non-voting perpetual preferred shares ("Series C Preferred Shares") issued and held by one of our wholly-owned subsidiaries.

[39] As described in Note 21.

The Series C Preferred Shares:

i. upon liquidation, dissolution or winding up of the Company, entitle their holders to a preference over holders of our ordinary voting and non-voting shares of an amount equal to $0.001 per share with respect to surplus assets; and

ii. are non-voting except in certain limited circumstances.

The Series C Preferred shares have dividend rights equal to those of the ordinary voting shares, subject to certain limitations and in an amount determined by a "participation rate" that is generally reflective of the reduction in the number of Series C Preferred Shares issued in exchange for the previously outstanding Series A shares.

The Series C Preferred Shares otherwise rank on parity with the ordinary voting and non-voting shares, and they rank senior to each other class or series of share capital, unless the terms of any such class or series shall expressly provide otherwise.

Series D Preferred Shares

In June 2018, the Company raised $400 million of gross proceeds through the public offering of 16,000 shares of its 7.00% non-cumulative fixed-to-floating rate Series D perpetual preferred shares ("Series D Preferred Shares") (equivalent to 16,000,000 depositary shares, each of which represents a 1/1,000th interest in a Series D Preferred Share), $1.00 par value and $25,000 liquidation preference per share (equivalent to $25.00 per depositary share). The depositary shares are listed and trade under the "ESGRP" ticker symbol on the NASDAQ Global Select Market.

The Series D Preferred Shares are not redeemable prior to September 1, 2028, except in specified circumstances as described in the prospectus supplement relating to the offering. On and after September 1, 2028, the Series D Preferred Shares, represented by the depositary shares, will be redeemable at the Company’s option, in whole or from time to time in part, at a redemption price equal to $25,000 per Series D Preferred Share (equivalent to $25.00 per depositary share), plus any declared and unpaid dividends.

Series E Preferred Shares

On November 2018, the Company raised $110 million of gross proceeds through the public offering of 4,400 shares of its 7.00% fixed rate non-cumulative Series E perpetual preferred shares ("Series E Preferred Shares") (equivalent to 4,400,000 depositary shares, each of which represents a 1/1,000th interest in a Series E Preferred Share), $1.00 par value and $25,000 liquidation preference per share (equivalent to $25.00 per depositary share). The depositary shares are listed and trade under the "ESGRO" ticker symbol on the NASDAQ Global Select Market.

The Series E Preferred Shares are not redeemable prior to March 1, 2024, except in specified circumstances as described in the prospectus supplement relating to the offering. On and after March 1, 2024, the Series E Preferred Shares, represented by the depositary shares, will be redeemable at the Company’s option, in whole or from time to time in part, at a redemption price equal to $25,000 per Series E Preferred Share (equivalent to $25.00 per depositary share), plus any declared and unpaid dividends.

Dividends on Preferred Shares

Holders of Series D and Series E Preferred Shares are entitled to receive, only when, as and if declared, non-cumulative cash dividends, paid quarterly in arrears on the 1st day of March, June, September and December of each year, of 7.00% per annum.

Commencing on September 1, 2028, the Series D Preferred Shares will convert to a floating rate basis and dividends will be payable on a non-cumulative basis, when, as and if declared, at an alternative reference rate (with spread adjustment) to three-month LIBOR, as determined by the calculation agent consistent with accepted market practice, plus 4.015% per annum. Dividends that are not declared will not accumulate and will not be payable.

During the years ended December 31, 2022, 2021 and 2020, we declared and paid dividends on Series D Preferred Shares of $28 million and on Series E Preferred Shares of $8 million for all three years.

Any payment of dividends must be approved by our Board. Our ability to pay dividends is subject to certain restrictions[40].

[40] As described in Note 24.

Accumulated Other Comprehensive Income

The following table presents details about the tax effects allocated to each component of other comprehensive income (loss):

	2022			2021			2020		
	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
	(in millions of U.S. dollars)								
Unrealized (losses) gains on fixed income securities, AFS arising during the year	$ (689)	$ 8	$ (681)	$ (112)	$ 6	$ (106)	$ 116	$ (11)	$ 105
Reclassification adjustment for change in allowance for credit losses recognized in net earnings	28	—	28	10	—	10	(1)	—	(1)
Reclassification adjustment for net realized (gains) losses included in net earnings	83	(2)	81	(7)	1	(6)	(20)	2	(18)
Reclassification to earnings on disposal of subsidiary	—	—	—	—	—	—	(15)	3	(12)
Change in currency translation adjustment	—	—	—	2	—	2	(2)	—	(2)
Other	(2)	—	(2)	2	—	2	1	—	1
Other comprehensive (loss) income	**$ (580)**	**$ 6**	**$ (574)**	**$ (105)**	**$ 7**	**$ (98)**	**$ 79**	**$ (6)**	**$ 73**

The following table presents details amounts reclassified from AOCI:

Details about AOCI components	2022	2021	2020	Affected Line Item in Statement where Net Earnings are presented
	(in millions of U.S. dollars)			
Unrealized (losses) gains on fixed income securities, AFS	$ (111)	$ (6)	$ 19	Net unrealized (losses) gains
	—	—	17	Net earnings from discontinued operations
	(111)	(6)	36	Total before tax
	2	(1)	(5)	Income tax expense
	(109)	(7)	31	Net of tax
Other	2	—	—	General and administrative expenses
Total reclassifications for the period, net of tax	**$ (107)**	**$ (7)**	**$ 31**	Net of tax

20. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted net earnings per ordinary share:

	2022	2021	2020
Numerator:	**(in millions of U.S. dollars, except share data)**		
Earnings (loss) per share attributable to Enstar ordinary shareholders:			
Net (loss) earnings from continuing operations [1]	$ (906)	$ 502	$ 1,716
Net earnings from discontinued operations [2]	—	—	7
Net (loss) earnings attributable to Enstar ordinary shareholders	$ (906)	$ 502	$ 1,723
Denominator:			
Weighted-average ordinary shares outstanding — basic [3]	17,207,229	19,821,259	21,551,408
Effect of dilutive securities:			
Share-based compensation plans [4]	115,901	225,213	208,293
Warrants [5]	—	80,659	58,593
Weighted-average ordinary shares outstanding — diluted [6]	17,323,130	20,127,131	21,818,294
Earnings (loss) per share attributable to Enstar ordinary shareholders:			
Basic:			
Net (loss) earnings from continuing operations	$ (52.65)	$ 25.33	$ 79.60
Net earnings from discontinued operations	—	—	0.35
Net (loss) earnings per ordinary share	$ (52.65)	$ 25.33	$ 79.95
Diluted [6]:			
Net (loss) earnings from continuing operations	$ (52.65)	$ 24.94	$ 78.62
Net earnings from discontinued operations	—	—	0.35
Net (loss) earnings per ordinary share	$ (52.65)	$ 24.94	$ 78.97

[1] Net earnings from continuing operations attributable to Enstar ordinary shareholders equals net earnings from continuing operations, plus net (earnings) loss from continuing operations attributable to noncontrolling interest, less dividends on preferred shares.

[2] Net earnings from discontinued operations attributable to Enstar ordinary shareholders equals net earnings from discontinued operations, net of income taxes, plus net (earnings) from discontinued operations attributable to noncontrolling interest[41].

[3] Weighted-average ordinary shares for basic earnings per share includes ordinary shares (voting and non-voting) but excludes ordinary shares held in the EB Trust in respect of JSOP awards.

[4] Share-based dilutive securities include restricted shares, restricted share units, and performance share units. Certain share-based compensation awards were excluded from the calculation for the years ended December 31, 2022 and 2021 because they were anti-dilutive. The ordinary shares held in the EB Trust in respect of the JSOP awards were also excluded because they are treated as held in treasury.

[5] Warrants to acquire 175,901 Series C Non-Voting Ordinary Shares for an exercise price of $115.00 per share were exercised on a non-cash basis during the year ended December 31, 2021, which resulted in a total of 89,590 Series C Non-Voting Ordinary Shares being issued in the year. As of December 31, 2021, there were no warrants outstanding following the exercise described. The warrants presented in the table above are a weighted-average of the warrants outstanding for the year.

[6] During a period of loss, the basic weighted average ordinary shares outstanding is used in the denominator of the diluted loss per ordinary share computation as the effect of including potentially dilutive securities would be anti-dilutive.

[41] Refer to Note 5 for a breakdown.

21. SHARE-BASED COMPENSATION

The 2016 Equity Incentive Plan is our primary share-based compensation plan. We also maintain other share-based compensation plans as discussed below.

The table below provides a summary of the compensation costs for all of our share-based compensation plans for the years ended December 31, 2022, 2021 and 2020:

	2022	2021	2020
	(in millions of U.S. dollars)		
Share-based compensation plans:			
Restricted shares and restricted share units	$ 10	$ 7	$ 8
Performance share units	(8)	13	13
Joint share ownership plan expense	8	5	4
Other share-based compensation plans	—	3	3
Total share-based compensation	$ 10	$ 28	$ 28

We recognized negative compensation costs on our performance share units for the year ended December 31, 2022 as a result of reducing the estimated performance multiplier on certain of our previously granted awards.

The associated tax benefit recorded to income tax benefit (expense) in the consolidated statements of earnings was less than $1 million for the year ended December 31, 2022 and $3 million for each of the years ended December 31, 2021 and 2020.

Shares authorized for issuance as of December 31, 2022 were as follows:

	Authorized
2016 Equity Incentive Plan	1,739,654
Employee Share Repurchase Plan	200,000

Restricted Shares and Restricted Share Units

Restricted shares and restricted share units are service awards that typically vest over three years. These awards are share-settled and are recorded in additional paid-in capital on the consolidated balance sheets. The fair value of these awards is measured by multiplying the number of shares subject to the award by the closing price of our ordinary shares on the grant date and expensed over the service period.

The following table summarizes the activity related to restricted shares and restricted share awards during 2022:

	Number of Shares	Weighted-Average Share Price
Nonvested — January 1	92,658	$200.44
Granted	63,460	245.63
Vested	(40,764)	191.18
Forfeited	(1,220)	212.50
Nonvested — December 31	114,134	228.75

The unrecognized compensation cost related to our unvested restricted share and restricted share unit awards as of December 31, 2022 was $18 million. This cost is recognizable over the next 1.6 years, which is the weighted average contractual life.

Performance Share Units ("PSUs")

PSUs are share-settled and vest following the end of the three-year performance period. The fair value of these awards is measured by multiplying the number of shares subject to the award by the closing price of our ordinary shares on the grant date and considering any performance related adjustments. The number of shares to vest will be determined by a performance adjustment based on either:

i. the change in fully diluted book value per share ("FDBVPS") over three years; or

ii. average annual non-GAAP operating income return on equity, excluding StarStone Group for the 2020 and 2019 grant years only.

Performance Share Units based on FDBVPS

The following table summarizes the awards granted, the vested and unvested PSU awards at December 31, 2022, and the performance criteria and associated performance multipliers at various levels of achievement.

	Inception-to-date Activity Roll-forward					Performance Criteria: Change in FDBVPS (3 year)				Performance Multiplier Levels Per Award Agreements			
Grant Year	PSUs Granted at Target	Forfeited	Estimated Change in Multiplier	Vested	Unvested at December 31, 2022	Threshold	Target	Target +	Maximum	Threshold	Target	Target +	Maximum
2019	18,308	(3,543)	6,639	(21,404)	—	20.0 %	30.0 %	N/A	40.0 %	60.0 %	100.0 %	N/A	150.0 %
2020	22,591	(8,607)	(12,656)	(1,328)	—	25.0 %	32.5 %	N/A	40.0 %	60.0 %	100.0 %	N/A	150.0 %
2020	52,948	—	(52,948)	—	—	33.1 %	36.8 %	44.3 %	52.1 %	50.0 %	100.0 %	150.0 %	200.0 %
2021	14,429	(2,277)	(11,507)	(645)	—	25.0 %	32.5 %	N/A	40.0 %	60.0 %	100.0 %	N/A	150.0 %
2022	15,120	(267)	—	(11)	14,842	16.6 %	22.6 %	N/A	28.6 %	60.0 %	100.0 %	N/A	150.0 %
	123,396	(14,694)	(70,472)	(23,388)	14,842								

For each type of PSU based on FDBVPS, a change in the FDBVPS Performance Criteria at each of Threshold, Target and Maximum will result in the application of the respective Threshold, Target and Maximum Performance Multiplier and a settlement of awards at that level. In addition, for the 2020 FDBVPS Type II award, a change in the FDBVPS Performance Criteria at "Target +" will result in the application of the "Target +" Performance Multiplier. Straight-line interpolation applies within these ranges, and no settlement occurs if the increase in FDBVPS is less than the Threshold.

Performance Share Units based on Average Annual Non-GAAP Operating Income Return on Equity ("Operating ROE")

The following table summarizes the awards granted, the vested and unvested units at December 31, 2022, and the performance criteria and associated performance multipliers at various levels of achievement.

	Inception-to-date Activity Roll-forward					Performance Criteria: Average Annual Operating ROE			Performance Multiplier Levels Per Award Agreements		
Grant Year	PSUs Granted at Target	Forfeited	Estimated Change in Multiplier	Vested	Unvested at December 31, 2022	Threshold	Target	Maximum	Threshold	Target	Maximum
2019	18,308	(3,538)	6,616	(21,386)	—	9.6 %	12.0 %	14.4 %	60.0 %	100.0 %	150.0 %
2020	22,560	(8,511)	6,356	(1,461)	18,944	9.6 %	12.0 %	14.4 %	60.0 %	100.0 %	150.0 %
2021	14,401	(2,275)	—	(645)	11,481	9.6 %	12.0 %	14.4 %	60.0 %	100.0 %	150.0 %
2022	15,080	(250)	—	(27)	14,803	8.0 %	10.5 %	13.0 %	60.0 %	100.0 %	150.0 %
	70,349	(14,574)	12,972	(23,519)	45,228						

Annual Operating ROE is calculated based upon the non-GAAP operating income return on opening shareholder's equity, excluding StarStone for the 2020 and 2019 grant years only. Average Annual Operating ROE is the sum of the three individual year annual operating ROE %'s divided by three. An Average Annual Operating ROE of Target to Maximum or more results in a settlement of 100.0% to a maximum of 150.0% of the units granted, respectively. An Average Annual Operating ROE of Threshold to Target results in a settlement of 60.0% to 100.0%. Straight-line interpolation applies within these ranges and no settlement occurs if the Average Annual Operating ROE is less than the Threshold.

Performance Multipliers

For expense purposes we assume a Target vesting at the initial time of award. At the end of each reporting period, we estimate the expected performance multiplier, as shown in the table below:

Award Description	2022	2021	2020
2019 FDBVPS	150.0%	150.0% [1]	150.0%
2019 Average Operating ROE	150.0%	150.0% [1]	150.0%
2020 FDBVPS Type I (32.5% Target Change)	0.0%	150.0%	100.0%
2020 Average Operating ROE	150.0%	150.0%	100.0%
2020 FDBVPS Type II (36.8% Target Change)	0.0%	150.0%	100.0%
2021 FDBVPS	0.0%	100.0%	N/A
2021 Average Operating ROE	100.0%	100.0%	N/A
2022 FDBVPS	100.0%	N/A	N/A
2022 Average Operating ROE	100.0%	N/A	N/A

[1] Multipliers for the 2019 awards are the final achieved terms.

The unrecognized compensation cost related to our unvested PSU share awards as of December 31, 2022 was $7 million. This cost is recognizable over the next 0.8 years, which is the weighted average contractual life.

Roll-forward of Performance Share Units

The following table summarizes the activity related to PSUs during 2022:

	Number of Shares	Weighted-Average Share Price
Nonvested — January 1	183,092	$185.97
Granted	30,200	259.35
Change in performance multiplier	(110,452)	196.26
Vested	(40,942)	166.46
Forfeited	(1,828)	213.79
Nonvested — December 31	60,070	216.15

Joint Share Ownership Plan

Under the JSOP, we have the ability to make equity awards to our U.K.-based staff through which a recipient acquires jointly held interests in a set number of our voting ordinary shares together with the independent trustee of the EB Trust at fair market value, pursuant to the terms of a joint ownership agreement. Voting rights in respect of shares held in the EB Trust are contractually waived. Shares held in the EB Trust are classified as treasury shares.

In January 2020, a JSOP award comprising 565,630 underlying voting ordinary shares was made to our Chief Executive Officer (“CEO”) which cliff-vests upon the vesting date. The value of the award at vesting, if any, is determined based on the price of our voting ordinary shares appreciating above a certain threshold between the date of grant and the vesting date.

If the higher of the closing price per share on the vesting date and the 10-day volume weighted average price per share for the ten consecutive trading days ending on the vesting date (each, the "Market Price") is equal to or greater than the hurdle price, the award will have a value equal to the Market Price, less $205.89, multiplied by 565,630. If the Market Price is less than the hurdle price on such date, the award will have no value. In addition, 20.0% of the award is subject to a performance condition based on growth in FDBVPS over a five year period starting January 1, 2020.

The accounting for stock-settled JSOP awards is similar to options, whereby the grant date fair value of $14 million is expensed over the life of the award. To determine the grant date fair value of $24.13 per share, we utilized a Monte-Carlo valuation model with the following assumptions:

	2020
Weighted-average volatility	18.7 %
Weighted-average risk-free interest rate	1.6 %
Dividend yield	0.0 %

On July 1, 2022, the terms of the JSOP award made to our CEO were amended to extend the vesting date of the award from January 20, 2023 to January 20, 2025. The amendment preserved the compound annual growth used to determine the hurdle price that must be achieved in order for the JSOP award to vest, which resulted in an increase to the hurdle price from $266.00 to $315.53. A corresponding extension was made to the term of the performance condition based on growth in FDBVPS from December 31, 2022 to December 31, 2024. All other terms of the award remained the same.

The incremental fair value of the amended award on July 1, 2022 was $15 million, or $27.25 per share, which will be expensed over the remaining life of the award commencing from July 1, 2022. To determine the incremental fair value of the amended award, we utilized a Monte-Carlo valuation model with the following assumptions:

	2022
Weighted-average volatility	35.2 %
Weighted-average risk-free interest rate	2.8 %
Dividend yield	0.0 %

The total unrecognized compensation cost related to our unvested JSOP share awards as of December 31, 2022 was $13 million. This cost is recognizable over the next 2.1 years, which is the weighted average contractual life.

Other share-based compensation plans

Deferred Compensation and Ordinary Share Plan for Non-Employee Directors

The number of units credited to the accounts of non-employee directors for the years ended December 31, 2022, 2021 and 2020 under the Enstar Group Limited Deferred Compensation and Ordinary Share Plan for Non-Employee Directors (the "Deferred Compensation Plan") were 6,438, 5,092 and 7,204, respectively.

Employee Share Purchase Plan

We provide an Employee Share Purchase Plan ("ESPP") whereby eligible employees may purchase Enstar shares at a 15.0% discount to market price, in an amount of share value limited to the lower of $21,250 or 15.0% of the employee's base salary. The 15.0% discount is expensed as compensation cost. The number of shares issued to employees under the ESPP for the years ended December 31, 2022, 2021 and 2020 were 9,025, 9,432 and 16,914, respectively.

22. INCOME TAXATION

Enstar is incorporated under the laws of Bermuda and under Bermuda law is not required to pay taxes in Bermuda based upon income or capital gains. The Company, under the Exempted Undertakings Tax Protection Act of 1966, is protected against any legislation that may be enacted in Bermuda which would impose any tax on profits, income, or gain until March 31, 2035.

We have foreign operating subsidiaries and branch operations principally located in the United States, United Kingdom, Continental Europe and Australia that are subject to federal, foreign, state and local taxes in those jurisdictions. The undistributed earnings from our foreign subsidiaries will be indefinitely reinvested in those jurisdictions where the undistributed earnings were earned.

Deferred tax liabilities have not been accrued with respect to the undistributed earnings of our foreign subsidiaries. Generally, when earnings are distributed as dividends, withholding taxes may be imposed by the jurisdiction of the paying subsidiary. For our U.S. subsidiaries, we have not currently accrued any withholding taxes with respect to unremitted earnings because, solely for U.S. Federal income tax purposes, there are no accumulated positive earnings and profits that could be subject to U.S. dividend withholding tax. For our United Kingdom subsidiaries, there are no withholding taxes imposed as a matter of U.K. domestic tax law. For our other foreign subsidiaries, an insignificant amount of earnings is indefinitely reinvested; however, it would not be practicable to compute the related amounts of withholding taxes due to a variety of factors, including the amount, timing and manner of any repatriation. Because we operate in many jurisdictions, our net earnings are subject to risk due to changing tax laws and tax rates around the world. The current, rapidly changing economic environment may increase the likelihood of substantial changes to tax laws in the jurisdictions in which we operate.

Income Tax Expense

The following table presents (losses) earnings before income taxes by jurisdiction attributable to continuing operations, including earnings from equity method investments, for the years ended December 31, 2022, 2021 and 2020:

	2022	2021	2020
	(in millions of U.S. dollars)		
Domestic (Bermuda)	$ (710)	$ 430	$ 1,505
Foreign	(247)	150	234
Total (losses) earnings before income taxes and earnings from equity method investments attributable to continuing operations	$ (957)	$ 580	$ 1,739

The following table presents our current and deferred income tax (benefit) expense attributable to continuing operations by jurisdiction for the years ended December 31, 2022, 2021 and 2020:

	2022	2021	2020
	(in millions of U.S. dollars)		
Current:			
Domestic (Bermuda)	$ —	$ —	$ —
Foreign	—	6	15
	—	6	15
Deferred:			
Domestic (Bermuda)	—	—	—
Foreign	(12)	21	9
	(12)	21	9
Total income tax (benefit) expense attributable to continuing operations	$ (12)	$ 27	$ 24

The actual effective income tax rate differs from the statutory rate of 0 percent under Bermuda law applied to earnings attributable to continuing operations before income taxes, including earnings from equity method investments for the years ended December 31, 2022, 2021 and 2020 as shown in the following reconciliation:

	2022	2021	2020
	(in millions of U.S. dollars)		
(Losses) earnings before income taxes	$ (957)	$ 580	$ 1,739
Bermuda income taxes at statutory rate	0.0 %	0.0 %	0.0 %
Foreign income tax rate differential	4.6 %	5.4 %	1.3 %
Change in valuation allowance	(3.9)%	1.6 %	0.1 %
Effect of change in foreign income tax rate	0.1 %	(1.2)%	0.0 %
Other	0.5 %	(1.1)%	0.0 %
Effective income tax rate	1.3 %	4.7 %	1.4 %

Our effective tax rate is generally driven by the geographical distribution of our earnings before income taxes between our taxable and non-taxable jurisdictions.

Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities (included in other assets and other liabilities, respectively, in the consolidated balance sheets) reflect the tax effect of the differences between the financial statement carrying amount and the income tax bases of assets and liabilities.

Significant components of the deferred tax assets and deferred tax liabilities as of December 31, 2022 and 2021 were as follows:

	2022	2021
	(in millions of U.S. dollars)	
Deferred tax assets:		
Net operating loss carryforwards	$ 214	$ 166
Capital loss carryforwards	3	—
Insurance reserves	14	17
Provisions for bad debt	3	3
Defendant A&E liabilities	94	98
Unrealized losses on investments	40	—
Lloyd’s underwriting result in future periods	5	—
Other deferred tax assets	18	27
Deferred tax assets	391	311
Valuation allowance	(181)	(129)
Deferred tax assets, net of valuation allowance	210	182
Deferred tax liabilities:		
Unrealized gains on investments	—	(17)
Lloyd's underwriting result in future periods	—	(19)
Other deferred tax liabilities:		
Fair value and other basis differences	(62)	(17)
Other deferred tax liabilities	(7)	(6)
Total other deferred tax liabilities	(69)	(23)
Deferred tax liabilities	(69)	(59)
Net deferred tax asset	$ 141	$ 123

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Net Deferred Tax Asset (Liability) Balance by Major Jurisdiction

	Net Deferred Tax Asset	
	2022	2021
	(in millions of U.S. dollars)	
Australia	$ 4	$ 1
United States	164	151
United Kingdom	(27)	(29)
Total	141	123

Net Operating and Capital Loss Carryforwards

As of December 31, 2022, we had net operating loss carryforwards that could be available to offset future taxable income, as follows:

Tax Jurisdiction	Loss Carryforwards	Tax effect	Expiration
	(in millions of U.S. dollars)		
Net Operating Loss Carryforwards:			
United States - Net operating loss	$ 493	$ 104	2023-2042
United States - Net operating loss	68	14	Indefinitely
United Kingdom	290	72	Indefinitely
Luxembourg	33	8	2035-2036
Other	68	16	Indefinitely
Capital Loss Carryforwards:			
United States - Capital Loss	14	3	2027

The U.S. and U.K. net operating loss carryforwards are also subject to certain utilization limitations and have been considered in management's assessment of valuation allowance.

Assessment of Valuation Allowance on Deferred Tax Assets

As of December 31, 2022 and 2021, we had deferred tax asset valuation allowances of $181 million and $129 million, respectively, related to foreign subsidiaries. We recorded a net increase of $52 million in our deferred tax valuation allowance for the year ended December 31, 2022, primarily driven by an increase in deferred tax assets related to significant pre-tax unrealized investment losses reported in U.S. and U.K. jurisdictions, which management does not believe meet the “more likely than not” realization threshold.

The realization of deferred tax assets is dependent on generating sufficient taxable income in future periods in which the tax benefits are deductible or creditable. The amount of the deferred tax asset considered realizable, however, could be adjusted in the future if estimates of future taxable income change.

Income taxes are determined and assessed jurisdictionally by legal entity or by filing group. Certain jurisdictions require or allow combined or consolidated tax filings. We have estimated the future taxable income of our foreign subsidiaries and provided a valuation allowance in respect of those assets where we do not expect to realize a benefit. We have considered all available evidence using a “more likely than not” standard in determining the amount of the valuation allowance. We considered the following evidence:

i. net earnings or losses in recent years;

ii. the future sustainability and likelihood of positive net earnings of our subsidiaries;

iii. the carryforward periods of tax losses including the effect of reversing temporary differences; and

iv. tax planning strategies.

In making our determination, the assumptions used in determining future taxable income require significant judgment and any changes in these assumptions could have an impact on earnings.

U.S Tax Law Changes

In August 2022, President Biden signed the Inflation Reduction Act ("IRA" or "Act") into law. The Act includes climate and energy provisions, extends the enhanced Affordable Care Act subsidies, increases IRS enforcement funding, and allows Medicare to negotiate prescription drug prices. The IRA introduces a 15% corporate alternative minimum tax (CAMT) for corporations whose average annual adjusted financial statement income for any consecutive three-tax-year period ending after December 31, 2021 and preceding the tax year exceeds $1 billion and a 1% excise tax on stock repurchases made by publicly traded U.S. corporations. CAMT and the stock buyback tax provisions became effective on January 1, 2023 and are not expected to have a material impact on our results of operations.

Unrecognized Tax Benefits

During the years ended December 31, 2022, 2021 and 2020, there were no unrecognized tax benefits. There were no accruals for the payment of interest and penalties related to income taxes as of each of December 31, 2022, 2021 and 2020.

Open Tax Years

Our operating subsidiaries may be subject to examination by various tax authorities and may have different statutes of limitations expiration dates. Taxing authorities may propose adjustments to our income taxes.

Listed below are the tax years that remain subject to examination by a major tax jurisdiction as of December 31, 2022:

Major Tax Jurisdiction	Open Tax Years
United States	2019 to 2022
United Kingdom	2021

23. RELATED PARTY TRANSACTIONS

The following tables summarize our related party balances and transactions. Additional details about the nature of our relationships and transactions are included further below.

As of December 31, 2022	Stone Point [1]	Northshore	Monument	AmTrust	Citco	Core Specialty	Other
	(in millions of U.S. dollars)						
Assets							
Short-term investments, AFS, at fair value	$ 1	$ 11	$ —	$ —	$ —	$ —	$ —
Fixed maturities, trading, at fair value	85	148	—	—	—	—	—
Fixed maturities, AFS, at fair value	447	—	—	—	—	—	—
Equities, at fair value	148	37	—	190	—	—	—
Other investments, at fair value	467	14	—	—	—	—	1,918
Equity method investments	—	—	110	—	60	211	16
Total investments	1,148	210	110	190	60	211	1,934
Cash and cash equivalents	37	20	—	—	—	—	—
Restricted cash and cash equivalents	—	2	—	—	—	—	—
Reinsurance balances recoverable on paid and unpaid losses	—	36	—	—	—	2	—
Funds held by reinsured company	—	31	—	—	—	25	—
Other assets	—	21	—	—	—	5	—
Liabilities							
Losses and LAE	—	183	—	—	—	334	—
Insurance and reinsurance balances payable	—	22	—	—	—	11	—
Other liabilities	—	76	—	—	—	—	—
Net assets (liabilities)	$ 1,185	$ 39	$ 110	$ 190	$ 60	$ (102)	$ 1,934
Redeemable noncontrolling interest	$ 161	$ —	$ —	$ —	$ —	$ —	$ —

[1] As of December 31, 2022, we had unfunded commitments of $145 million to other investments and $13 million to privately held equity investments managed by Stone Point and its affiliated entities.

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As of December 31, 2021	Stone Point	AnglePoint HK [1]	Northshore	Monument	AmTrust	Citco	Core Specialty	Other
	(in millions of U.S. dollars)							
Assets								
Fixed maturities, trading, at fair value	$ 122	$ —	$ 180	$ —	$ —	$ —	$ —	$ —
Fixed maturities, AFS, at fair value	332	—	1	—	—	—	—	—
Equities, at fair value	153	—	37	—	224	—	—	—
Other investments, at fair value	563	9	14	—	—	—	—	1,278
Equity method investments	—	—	—	194	—	56	225	—
Total investments	1,170	9	232	194	224	56	225	1,278
Cash and cash equivalents	14	—	27	—	—	—	—	—
Restricted cash and cash equivalents	—	—	4	—	—	—	—	—
Reinsurance balances recoverable on paid and unpaid losses	—	—	63	—	—	—	2	—
Funds held by reinsured company	—	—	35	—	—	—	41	—
Other assets	—	—	28	—	—	—	13	—
Liabilities								
Losses and LAE	—	—	226	—	—	—	504	—
Insurance and reinsurance balances payable	—	—	63	—	—	—	5	—
Other liabilities	—	—	63	—	—	—	—	—
Net assets (liabilities)	$ 1,184	$ 9	$ 37	$ 194	$ 224	$ 56	$ (228)	$ 1,278
Redeemable noncontrolling interest	$ 172	$ —	$ —	$ —	$ —	$ —	$ —	$ —

[1] Subsequent to December 31, 2021, AnglePoint HK ceased to be a related party.

	2022						
	Stone Point	Northshore	Monument	AmTrust	Citco	Core Specialty	Other
	(in millions of U.S. dollars)						
Net premiums earned	$ —	$ 9	$ —	$ —	$ —	$ 2	$ —
Net investment income	16	10	—	6	—	—	4
Net realized gains	—	—	—	—	—	—	—
Net unrealized losses	(80)	(10)	—	(34)	—	—	(64)
Other income	—	1	—	—	—	9	—
	(64)	10	—	(28)	—	11	(60)
Net incurred losses and LAE	—	10	—	—	—	(16)	—
	—	10	—	—	—	(16)	—
Earnings (losses) from equity method investments	—	—	(65)	—	5	(14)	—
Total net (loss) earnings	$ (64)	$ —	$ (65)	$ (28)	$ 5	$ 13	$ (60)

	2021									
	Stone Point	Hillhouse [1]	AnglePoint HK [2]	Northshore	Monument	AmTrust	Citco	Enhanzed Re [3]	Core Specialty	Other
	(in millions of U.S. dollars)									
Net premiums earned	$ —	$ —	$ —	$ 58	$ —	$ —	$ —	$ (2)	$ 8	$ —
Net investment income (expense)	21	—	(13)	3	—	6	—	(4)	—	3
Net realized gains	—	77	—	—	—	—	—	—	—	—
Net unrealized gains (losses)	83	20	(69)	—	—	(6)	—	—	—	136
Other (expense) income	—	—	—	(15)	—	—	—	2	15	—
	104	97	(82)	46	—	—	—	(4)	23	139
Net incurred losses and LAE	—	—	—	18	—	—	—	—	(32)	—
Acquisition costs	—	—	—	13	—	—	—	(1)	(6)	—
General and administrative expenses	—	—	—	10	—	—	—	—	—	—
	—	—	—	41	—	—	—	(1)	(38)	—
Earnings from equity method investments	—	—	—	—	14	—	4	82	(6)	—
Total net earnings (loss)	$ 104	$ 97	$ (82)	$ 5	$ 14	$ —	$ 4	$ 79	$ 55	$ 139

[1] Includes earnings from our direct investment in the InRe Fund, which was managed by AnglePoint Cayman through March 31, 2021, and the impact of a $100 million deduction from amounts due to affiliates of Hillhouse Group from the InRe Fund, which had the effect of increasing our NAV in the InRe Fund on February 21, 2021. Hillhouse Group ceased to be a related party on July 22, 2021.

[2] Includes earnings from our direct investment in the InRe Fund, which was managed by AnglePoint HK from April 1, 2021 to October 15, 2021, and another fund managed by AnglePoint HK. For the year ended December 31, 2021, we incurred management and performance fees of $16 million in relation to the InRe Fund, which consisted of a $10 million minimum performance fee and operating expense reimbursements of $6 million. These fees were deducted from the AnglePoint HK funds' reported net asset values and recorded as net investment expenses in the consolidated statements of earnings. AnglePoint HK ceased to be a related party subsequent to December 31, 2021.

[3] Following completion of the Step Acquisition and related consolidation, Enhanzed Re ceased to be a related party on September 1, 2021.

	2020						
	Stone Point	Hillhouse [1]	Monument	AmTrust	Citco	Enhanzed Re	Other
	(in millions of U.S. dollars)						
Net investment income (expense)	16	—	—	7	—	(4)	—
Net unrealized gains (losses)	24	1,288	—	(11)	—	(1)	76
Other (expense) income	—	—	—	—	—	3	—
	40	1,288	—	(4)	—	(2)	76
Net incurred losses and LAE	—	—	—	—	—	6	—
	—	—	—	—	—	6	—
Earnings from equity method investments	—	—	88	—	2	147	—
Total net earnings (loss)	$ 40	$ 1,288	$ 88	$ (4)	$ 2	$ 139	$ 76
Change in unrealized losses on AFS investments	$ —	$ —	$ —	$ —	$ —	$ (3)	$ —

[1] Includes earnings from our direct investment in the InRe Fund and other funds, which were then managed by AnglePoint Cayman. For the year ended December 31, 2020, we incurred management and performance fees of $489 million which were deducted from the Hillhouse Funds' reported net asset values.

Stone Point

In May 2022, we entered into a share purchase agreement with an affiliate of Stone Point[42].

As of December 31, 2022, investment funds managed by Stone Point own 1,546,196 of our voting ordinary shares, which constitutes 9.7% of our outstanding voting ordinary shares. James D. Carey, a managing director of Stone Point, is a member of our Board.

As of December 31, 2022, investment funds managed by Stone Point have a 39.3% interest in our subsidiary SSHL and a 77.3% interest in Northshore[43]. Additional information relating to our remaining interest in Northshore is set forth under the heading "Northshore" below. As of December 31, 2022 and December 31, 2021, the RNCI on our balance sheet relating to these co-investment transactions was $161 million and $172 million, respectively.

We have made various investments in funds and separate accounts managed by Stone Point or affiliates of Stone Point, and we have also made direct investments in entities affiliated with Stone Point. Where we have made an investment in a fund, the manager of such fund generally charges certain fees to the fund, which are deducted from the net asset value.

We also have certain co-investments alongside Stone Point and its affiliates, including our investments in AmTrust and Northshore, which are described below, and Mitchell TopCo Holdings, the parent company of Mitchell International ("Mitchell"), and Genex Services in which we have invested $25 million and account for as a privately held equity investment. Mitchell provides third-party outsourcing managed care services to one of our subsidiaries in the ordinary course of its business.

Hillhouse Group

In July 2021, we repurchased the Hillhouse Funds' (as defined below) entire equity interest in Enstar, and as a result the Hillhouse Group (as defined below) ceased to be a related party[44].

We have historically made significant direct investments in funds (the "Hillhouse Funds") managed by Hillhouse Capital Management, Ltd. and Hillhouse Capital Advisors, Ltd. (together, "Hillhouse Group") and AnglePoint Asset Management Ltd., an affiliate of Hillhouse Group ("AnglePoint Cayman"). From February 2017 to February 2021, Jie Liu, a partner of AnglePoint HK (as defined below), served on our Board.

In February 2021, we entered into a Termination and Release Agreement (the "TRA") with the InRe Fund, Hillhouse Group, AnglePoint Cayman, AnglePoint Asset Management Limited ("AnglePoint HK"), and InRe Fund GP, Ltd. pursuant to which we agreed to terminate certain relationships with Hillhouse and its affiliates, primarily with respect to the InRe Fund.

AnglePoint Cayman previously received sub-advisory services with respect to the InRe Fund from its affiliate, AnglePoint HK, an investment advisory company licensed by the Securities and Futures Commission in Hong Kong. Pursuant to the TRA, we acquired an option to buy AnglePoint HK, which we also had the right to assign to a third-party. In April 2021, we entered into a Designation Agreement with Jie Liu (the "Designation Agreement"), pursuant to which we designated Mr. Liu, an AnglePoint HK partner, as the purchaser of AnglePoint HK, and he acquired the company from an affiliate of Hillhouse Group on the same day. AnglePoint Cayman simultaneously assigned its investment management agreement with the InRe Fund to AnglePoint HK, at which point AnglePoint HK became a related party.

As a result of the terms of the Designation Agreement, the InRe Fund qualified as a VIE and was consolidated effective April 1, 2021. During the fourth quarter of 2021, we completed the liquidation of our investment in the InRe Fund[45].

On September 1, 2021, we completed the purchase of the Hillhouse Group's entire 27.7% interest in Enhanzed Re for a purchase price of $217 million[46].

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[42] Refer to Note 19 for further details.

[43] Refer to Note 5 for a description of transactions impacting Stone Point's interests in SSHL and Northshore that occurred during 2021 and 2020.

[44] Refer to Note 19 for transactions involving Hillhouse Group, which included the exercise of warrants in the first quarter of 2021 and our repurchase of our ordinary shares held by funds managed by Hillhouse Group in the third quarter of 2021.

[45] Refer to Note 14 for further details.

[46] Refer to Note 4 for further details.

AnglePoint HK

In October 2021, we terminated our investment management agreement with AnglePoint HK, the InRe Fund and the general partner of the InRe Fund, and placed the InRe Fund into an orderly liquidation. As of December 31, 2021, AnglePoint HK ceased to be a related party.

Northshore

Following the completion of the Exchange Transaction[47] on January 1, 2021, our equity interest in Northshore, the holding company that owns Atrium and Arden, was reduced to 13.8% from 54.1%. We have accounted for our residual equity interest in Northshore as an investment in a privately held equity security at fair value.

Concurrent with the closing of the Exchange Transaction:

- Arden entered into an LPT retrocession agreement with one of our majority owned subsidiaries, through which Arden fully reinsured its run-off portfolio with total liabilities of $19 million to our majority owned subsidiary, in exchange for a retrocession premium consideration of an equal amount.

  Arden retained the premium under a funds held arrangement, to secure the payment obligations of our majority owned subsidiary.
- One of our wholly-owned subsidiaries entered in a TSA to provide certain transitional services to Northshore. The TSA was terminated in November 2022.
- SGL No.1 ceased its provision of underwriting capacity on Syndicate 609. We have continued to report SGL No. 1's 25% gross share of the 2020 and prior underwriting years of Syndicate 609 through the year ended December 31, 2022. In 2023, the 2020 underwriting year will complete an RITC into a successor year, at which point the existing contractual arrangements will settle.

  There is no net retention for Enstar on Atrium's 2020 and prior underwriting years as the business was contractually transferred to the Atrium entities that were divested in the Exchange Transaction.

Monument Re

As of December 31, 2022, we own 20.0% of the common shares of Monument Re and 24.4% of its preferred shares, which is reduced to 13.7% on a committed capital basis. As of December 31, 2022, a fund managed by Stone Point owns 6.7% of Monument Re's preferred shares, which increases to 11.2% on a committed capital basis.

In November 2022, we closed a transaction with Monument Re to novate our reinsurance closed block of life annuity policies written by Enhanzed Re[48]. A portion of the net gain on novation will be subject to deferral to account for our existing ownership interest in Monument Re. The final impact of the novation will be reflected in our first quarter 2023 results, as we report the results of Enhanzed Re on a one quarter reporting lag.

We have accounted for our investment in the common and preferred shares of Monument Re as an equity method investment.

Our losses from Monument Re include an other-than-temporary impairment charge for the year ended December 31, 2022.

AmTrust

As of December 31, 2022 and 2021, we own 8.7% of the equity interest in Evergreen Parent L.P. ("Evergreen") and Trident Pine Acquisition LP ("Trident Pine") owns 22.6%. Evergreen owns all of the equity interest in AmTrust Financial Services, Inc. ("AmTrust"). Trident Pine is an entity owned by private equity funds managed by Stone Point.

We have accounted for our investment in the shares of AmTrust as an investment in a privately held equity security at fair value.

Citco

As of December 31, 2022 and 2021, we owned 31.9% of the common shares in HH CTCO Holdings Limited, which in turn owns 15.4% of the convertible preferred shares, amounting to a 6.2% interest in the total equity of Citco III Limited ("Citco"). As of December 31, 2022 and 2021, Trident owned 3.4% interest in Citco.

[47] Refer to Note 5 for further details on the Exchange Transaction.

[48] Refer to Note 26 for further information.

We have accounted for our indirect investment in the shares of Citco as an equity method investment.

Enhanzed Re

In September 2021 we repurchased the Hillhouse Group's entire 27.7% interest in Enhanzed Re for a purchase price of $217 million, assumed its remaining outstanding capital commitment to Enhanzed Re of $40 million, and increased our equity interests in Enhanzed Re from 47.4% to 75.1%[49]. Upon closing, we consolidated Enhanzed Re (previously accounted for as an equity method investment) and as a result, it ceased to be a related party.

Core Specialty

We account for our investment in the common shares of Core Specialty as an equity method investment on a one quarter lag.

We also have a LPT and ADC reinsurance agreement and an ASA between certain of our subsidiaries and StarStone U.S. and Core Specialty[50]. The TSA was terminated in November 2022.

Furthermore, there are existing reinsurance agreements whereby (i) certain of our subsidiaries provide reinsurance protection to StarStone U.S. and (ii) StarStone U.S. provides reinsurance protection to certain of our subsidiaries. These arrangements remain in place.

Other

We also have certain other investments, including investments in limited partnerships and partnership-like limited liability companies, that had we not elected the fair value option would otherwise be accounted for as equity method investments[51]. We have disclosed our investments in these entities on an aggregated basis as they are individually immaterial.

[49] Refer to Note 4 for further information regarding the Step Acquisition of Enhanzed Re.

[50] As described in Note 5.

[51] Refer to Note 6 for further information regarding our other investments, including summarized financial information of our equity method investees, including those for which the fair value option was elected.

24. DIVIDEND RESTRICTIONS AND STATUTORY FINANCIAL INFORMATION

Parent Company Dividend Restrictions

There were no significant restrictions on the Parent Company's ability to pay dividends from retained earnings as of December 31, 2022. Bermuda law permits the payment of dividends if:

i) we are not, or would not be after payment, unable to pay our liabilities as they become due; and

ii) the realizable value of our assets is in excess of our liabilities after taking such payment into account.

We have not historically declared a dividend on our ordinary shares. The issuance of our Series D and E Preferred Shares have resulted in the declaration of dividends. Holders of Series D and Series E Preferred Shares are entitled to receive, only when, as and if declared, non-cumulative cash dividends, paid quarterly in arrears on the 1st day of March, June, September and December of each year of 7.0% per annum[52].

The Bermuda Monetary Authority ("BMA") acts as group supervisor to Enstar. On an annual basis, we are required to file group statutory financial statements, a group statutory financial return, a group capital and solvency return, audited group financial statements and a Group Solvency Self-Assessment ("GSSA") with the BMA. The GSSA is designed to document our perspective on the capital resources necessary to achieve our business strategies and remain solvent, and to provide the BMA with insights on our risk management, governance procedures and documentation related to this process. We are required to maintain available group statutory capital and surplus in an amount that is at least equal to the group enhanced capital requirement (“ECR”). The BMA has also established a group target capital level equal to 120% of the group ECR. We are in compliance with these requirements.

Our ability to pay dividends to our shareholders is dependent upon the ability of our (re)insurance subsidiaries to distribute capital and pay dividends to us. Our (re)insurance subsidiaries are subject to certain regulatory restrictions on the distribution of capital and payment of dividends in the jurisdictions in which they operate, as described below. The restrictions are generally based on net income or levels of capital and surplus as determined in accordance with the relevant statutory accounting practices. Failure of these subsidiaries to meet their applicable regulatory requirements could result in restrictions on any distributions of capital or retained earnings or stricter regulatory oversight of the subsidiaries.

Our ability to pay dividends and make other forms of distributions may also be limited by repayment obligations and financial covenants in our outstanding loan facility agreements.

Subsidiary Statutory Financial Information and Dividend Restrictions

Our (re)insurance subsidiaries prepare their statutory financial statements in accordance with statutory accounting practices prescribed or permitted by local regulators. Statutory and local accounting differs from U.S. GAAP, including in the treatment of investments, acquisition costs and deferred income taxes, amongst other items.

The statutory capital and surplus amounts as of December 31, 2022 and 2021 and statutory net income (loss) amounts for the years ended December 31, 2022, 2021 and 2020 for our (re)insurance subsidiaries based in Bermuda, the United Kingdom, the United States, Australia and Continental Europe are summarized in the table below which includes information relating to acquisitions from the year of acquisition:

	Statutory Capital and Surplus						
	Required		Actual		Statutory Income (Loss)		
	2022	2021	2022	2021	2022	2021	2020
	(in millions of U.S. dollars)						
Bermuda	$ 3,031	$ 3,338	$ 5,833	$ 5,819	$ (710)	$ 524	$ 1,851
U.K.	619	804	848	1,247	(11)	163	43
U.S.	161	151	434	534	(58)	23	(67)
Australia	10	15	35	57	(1)	2	(2)
Europe	53	99	188	182	(30)	(2)	(1)

[52] Refer to Note 19 for details regarding dividends on preferred shares.

As of December 31, 2022, the total amount of net assets of our consolidated subsidiaries that were restricted was $3.9 billion.

Certain material aspects of these laws and regulations as they relate to solvency, dividends and capital and surplus are summarized below.

Bermuda

Our Bermuda-based (re)insurance subsidiaries are registered under the Insurance Act 1978 of Bermuda and related regulations, as amended (the "Insurance Act"). The Insurance Act imposes certain solvency and liquidity standards and auditing and reporting requirements and grants the BMA powers to supervise, investigate, require information and the production of documents and intervene in the affairs of insurance companies.

The Insurance Act requires that our Bermuda-based (re)insurance subsidiaries maintain certain solvency and liquidity standards. The minimum liquidity ratio requires that the value of relevant assets not be less than 75% of the amount of relevant liabilities. The minimum solvency margin, which varies depending on the class of the insurer, is determined as a percentage of either net reserves for losses and LAE or premiums. Our Bermuda subsidiaries with commercial insurance licenses are required to maintain a minimum statutory capital and surplus (Enhanced Capital Requirement or "ECR") at least equal to the greater of a minimum solvency margin or the Bermuda Solvency Capital Requirement ("BSCR"). The BSCR is calculated based on a standardized risk-based capital model as provided by the BMA.

Each of our regulated Bermuda subsidiaries would be prohibited from declaring or paying any dividends if it were in breach of its minimum solvency margin or liquidity ratio or if the declaration or payment of such dividends would cause it to fail to meet such margin or ratio. In addition, each of our regulated Bermuda subsidiaries is prohibited, without the prior approval of the BMA, from reducing by 15% or more its total statutory capital, or from reducing by 25% or more its total statutory capital and surplus, as set out in its previous year’s statutory financial statements. Our Bermuda (re)insurance companies that are in run-off are required to seek BMA approval for any dividends or distributions.

As of December 31, 2022 and 2021, each of our Bermuda-based (re)insurance subsidiaries exceeded their respective minimum solvency and liquidity requirements. The Bermuda (re)insurance subsidiaries in aggregate exceeded minimum solvency requirements by $2.8 billion as of December 31, 2022 (2021: $2.5 billion) and were in compliance with their liquidity requirements.

United Kingdom

U.K. Insurance Companies (non-Lloyd's)

Our U.K. based insurance subsidiaries are regulated by the U.K. Prudential Regulatory Authority (the "PRA") and the Financial Conduct Authority (the "FCA", together with the PRA, the "U.K. Regulator").

Our U.K.-based insurance subsidiaries are required to maintain adequate financial resources in accordance with the requirements of the U.K. Regulator. Insurers must comply with a Solvency Capital Requirement ("SCR"), which is calculated using either the Solvency II standard formula or a bespoke internal model. Our non-Lloyd's U.K. companies use the standard formula for determining compliance with the SCR.

The calculation of the minimum capital resources requirements in any particular case depends on, among other things, the type and amount of insurance business written and claims paid by the insurance company. As of December 31, 2022 and 2021, all of our U.K. insurance subsidiaries maintained capital in excess of the minimum capital resources requirements and complied with the relevant U.K. Regulator requirements. Our U.K.-based insurance subsidiaries, including our Lloyd's Syndicates described below, in aggregate, maintained capital in excess of the minimum capital resources requirements by $229 million and $443 million as of December 31, 2022 and 2021, respectively.

The U.K. Regulator’s rules require our U.K. insurance subsidiaries to obtain regulatory approval for any proposed or actual payment of a dividend. The U.K. Regulator uses the SCR, among other tests, when assessing requests to make distributions.

Lloyd's

As of December 31, 2022, we participated in the Lloyd's market through our interests in: (i) Syndicate 2008, a syndicate that has permission to underwrite RITC business and other run-off or discontinued business type transactions with other Lloyd's syndicates; (ii) Syndicate 1301 (2020 and prior underwriting years, which is managed by Enstar Managing Agency Limited ("EMAL") (EMAL also serves as managing agent for Syndicate 2008); and (iii) Atrium's Syndicate 609 (2020 and prior underwriting years), which is managed by Atrium Underwriters Limited, a Lloyd's managing agent.

We participated on each of the three syndicates through a single, wholly owned Lloyd's corporate member. On January 1, 2021, we sold the Atrium business and on March 15, 2021, we sold the right to operate Syndicate 1301[53].

The underwriting capacity of a member of Lloyd's is supported by providing FAL[54]. Business plans, including maximum underwriting capacity, for Lloyd's syndicates require annual approval by the Lloyd's Franchise Board, which may require changes to any business plan or additional capital to support underwriting plans.

The Lloyd's market has applied the Solvency II internal model under Lloyd's supervision, and our Lloyd's operations are required to meet Solvency II standards. Lloyd's has the approval of the PRA to use its internal model under the Solvency II regime.

United States

Our U.S. Run-off (re)insurance subsidiaries are subject to the insurance laws and regulations of the states in which they are domiciled, licensed and/or eligible to conduct business. These laws restrict the amount of dividends the subsidiaries can pay to us. The restrictions are generally based on statutory net income and/or certain levels of statutory surplus as determined in accordance with the relevant statutory accounting requirements of the individual domiciliary states or states in which any of the (re)insurance subsidiaries are commercially domiciled. Generally, prior regulatory approval must be obtained before an insurer may make a distribution above a specified level.

The U.S. (re)insurance subsidiaries are also required to maintain minimum levels of solvency and liquidity as determined by law, and to comply with Risk-Based Capital ("RBC") requirements and licensing rules as specified by the National Association of Insurance Commissioners ("NAIC"). RBC is used to evaluate the adequacy of capital and surplus maintained by our U.S. (re)insurance subsidiaries in relation to three major risk areas associated with: (i) asset risk; (ii) insurance risk and (iii) other risks. For all of our U.S. (re)insurance subsidiaries, with the exception of one subsidiary which has a permitted accounting practice to treat an adverse development cover reinsurance agreement as prospective reinsurance, there are no prescribed or permitted statutory accounting practices that differ significantly from the statutory accounting principles established by NAIC.

As of December 31, 2022, all of our U.S. non-life (re)insurance subsidiaries exceeded their required levels of RBC. On an aggregate basis, our U.S. non-life (re)insurance subsidiaries exceeded their minimum levels of RBC as of December 31, 2022 by $273 million (2021: $383 million).

Australia

The Company's Australian insurance subsidiary is regulated and subject to prudential supervision by the Australian Prudential Regulation Authority ("APRA"). APRA is the primary regulatory body responsible for regulating compliance with the Insurance Act 1973. APRA's prudential standards require that all insurers maintain and meet prescribed capital adequacy requirements designed to ensure that insurers to meet their insurance obligations under a wide range of scenarios.

A run-off insurer must obtain APRA's written consent prior to making any capital releases, including any payment of dividends, not from current year profits. The Company's insurance subsidiary must provide APRA a valuation prepared by its Appointed Actuary that demonstrates that the tangible assets of the insurer, after the proposed capital reduction, are sufficient to cover its insurance liabilities to a 99.5% probability of sufficiency.

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[53] These transactions are discussed further in Note 5.

[54] As described in Note 6.

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Europe

Our Liechtenstein insurance subsidiary (StarStone Insurance SE) is regulated by the Liechtenstein Financial Market Authority ("FMA") pursuant to the Liechtenstein Insurance Supervisory Act. This subsidiary is obligated to maintain a minimum solvency margin based on the Solvency II regulations. As of December 31, 2022, this subsidiary exceeded the Solvency II requirements by $111 million (2021: $57 million). The amount of dividends that this subsidiary is permitted to distribute is restricted to freely distributable reserves, which consist of retained earnings, the current year profit and legal reserves. Any dividend exceeding the current year profit requires the FMA's approval. Solvency and capital requirements for this subsidiary are based on the Solvency II framework and must continue to be met following any distribution.

Our Belgian insurance subsidiary files financial statements and returns with the National Bank of Belgium. This subsidiary was in compliance with its solvency and capital requirements under Solvency II.

25. COMMITMENTS AND CONTINGENCIES

Concentration of Credit Risk

We believe that there are no significant concentrations of credit risk associated with our cash and cash equivalents, fixed maturity investments, or other investments. Our cash and investments are managed pursuant to guidelines that follow prudent standards of diversification and liquidity, and limit the allowable holdings of a single issue and issuers. We are also subject to custodial credit risk on our investments, which we manage by diversifying our holdings amongst large financial institutions that are highly regulated.

We have exposure to credit risk on certain of our assets pledged to ceding companies under insurance contracts. In addition, we are potentially exposed should any insurance intermediaries be unable to fulfill their contractual obligations with respect to payments of balances owed to and by us.

Credit risk exists in relation to (re)insurance balances recoverable on paid and unpaid losses. We remain liable to the extent that counterparties do not meet their contractual obligations and, therefore, we evaluate and monitor concentration of credit risk among our (re)insurers.

We are also subject to credit risk in relation to funds held by reinsured companies. Under funds held arrangements, the reinsured company has retained funds that would otherwise have been remitted to our reinsurance subsidiaries. The funds are not typically placed into trust or subject to other security arrangements. However, we generally have the contractual ability to offset any shortfall in the payment of the funds held balances with amounts owed by us.

As of December 31, 2022, we had funds held concentrations to reinsured companies exceeding 10% of shareholders' equity of $5.0 billion (December 31, 2021: $4.4 billion) in aggregate.

We limit the amount of credit exposure to any one counterparty and none of our counterparty credit exposures, excluding U.S. government instruments and the reinsurance counterparties noted above, exceeded 10% of shareholders' equity as of December 31, 2022. As of December 31, 2022 our credit exposure to the U.S. government was $945 million (December 31, 2021: $1.2 billion).

Legal Proceedings

We are, from time to time, involved in various legal proceedings in the ordinary course of business, including litigation and arbitration regarding claims. Estimated losses relating to claims arising in the ordinary course of business, including the anticipated outcome of any pending arbitration or litigation, are included in the liability for losses and LAE in our consolidated balance sheets. In addition to claims litigation, we may be subject to other lawsuits and regulatory actions in the normal course of business, which may involve, among other things, allegations of underwriting errors or omissions, employment claims or regulatory activity. We do not believe that the resolution of any currently pending legal proceedings, either individually or taken as a whole, will have a material effect on our business, results of operations or financial condition. We anticipate that, similar to the rest of the (re)insurance industry, we will continue to be subject to litigation and arbitration proceedings in the ordinary course of business, including litigation generally related to the scope of coverage with respect to A&E and other claims.

Unfunded Investment Commitments

As of December 31, 2022, we had unfunded commitments of $1.8 billion to other investments and $18 million to privately held equity.

Guarantees

As of December 31, 2022 and 2021, parental guarantees supporting reinsurance obligations, defendant A&E liabilities, subsidiary capital support arrangements and credit facilities were $2.4 billion and $2.7 billion respectively. We also guarantee the 2040 and 2042 Junior Subordinated Notes, which have an aggregate principal amount of $850 million[55] as of December 31, 2022 (December 31, 2021: $350 million).

[55] As described in Note 17.

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Redeemable Noncontrolling Interest

We have the right to purchase the RNCI interests from the RNCI holders after March 31, 2023 (each such right, a "call right") and the RNCI holders have the right to sell their RNCI interests to us after December 31, 2022 (each such right, a "put right"). Following the closing of the Exchange Transaction, we have maintained a call right over the portion of SSHL owned by the Trident V Funds and the Dowling Funds, and they will maintain put rights to transfer those interests to us.

26. SUBSEQUENT EVENTS

Transactions

Enhanzed Re

In November 2022, Enhanzed Re completed a novation of the reinsurance closed block of life annuity policies to Monument Re Limited ("Monument Re"). We settled the life liabilities and the related assets at carrying value in return for cash consideration as of the closing date. In addition, effective January 1, 2023, we will adopt the LDTI standard, which will result in changes to the liability for future policyholder benefits as a result of the unlocking of discount rate assumptions. We have determined that the impact of adopting this standard will be a reduction in future policy holder benefits and an increase to a separate component of AOCI as of January 1, 2023 of between $340 and $380 million.

As at September 30, 2022, the carrying value of the life liabilities and related assets was $1.2 billion and $1.0 billion, respectively, which we would record as other income of $328 million, if measured as of this date. This amount consists of both the gain or loss on the novation transaction and the reclassification of the component of AOCI to earnings.

- Our net earnings attributable to Enstar will be reduced by the amount attributable to Allianz's 24.9% noncontrolling interest in Enhanzed Re at the time of the transaction and a portion of our other income recorded will be subject to deferral over the expected settlement period for the life annuity policies to account for our pre-existing 20% ownership interest in Monument Re, resulting in an expected overall increase in our first quarter 2023 net earnings of $197 million from the novation.
- Activity for the period from October 1, 2022 to November 7, 2022 will impact the amount of other income and net earnings recorded.

On December 28, 2022, Enhanzed Re repurchased the entire 24.9% ownership interest Allianz held in Enhanzed Re for $174 million. The purchase price will be subject to a post-closing adjustment based on the final net book value of Enhanzed Re as of December 31, 2022. Following the completion of this transaction, Enhanzed Re became a wholly-owned subsidiary of Enstar.

The final impact of the novation and the share repurchase will be reflected in our first quarter 2023 results, as we report the results of Enhanzed Re on a one quarter reporting lag.

QBE LPT

On February 16, 2023, certain of our wholly-owned subsidiaries entered into an LPT agreement with certain subsidiaries of QBE Insurance Group Limited ("QBE") relating to a diversified portfolio of business, covering International and North America financial lines, European and North American reinsurance portfolios and several US discontinued programs. The transaction is effective as of January 1, 2023.

The LPT agreement covers ground up net loss reserves of $1.9 billion and provides an additional $900 million of cover on business underwritten between 2010 and 2018. Upon completion, a portion of the portfolio currently underwritten via QBE's Lloyd's Syndicates 386 and 2999 will be transferred to Enstar's Syndicate 2008. The closing of the transaction is subject to regulatory approval and other closing conditions.

RACQ

On February 21, 2023, one of our wholly-owned subsidiaries entered into an agreement with RACQ Insurance Limited ("RACQ") to reinsure 80% of RACQ's motor vehicle Compulsory Third Party ("CTP") insurance liabilities, covering accident years 2021 and prior.

The reinsurance agreement is effect as of July 1, 2022. RACQ will cede net reserves of AUD $360 million (USD $245 million), and our subsidiary will provide AUD $200 million (USD $136 million) of additional cover in excess of the ceded reserves. The closing of the transaction is subject to regulatory approval and other closing conditions.

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Shareholders' Equity

On February 23, 2023, our Board authorized the repurchase of up to an additional $105 million of our ordinary shares under the 2022 Repurchase Program and extended the authorization effective date of the 2022 Repurchase Program through February 23, 2024. Following this increase, the total remaining capacity under the 2022 Repurchase Program is now $200 million.

27. UNAUDITED CONDENSED QUARTERLY FINANCIAL DATA

The information presented below has been adjusted to reflect the impact of changing our accounting policy for the treatment of DCA amortization. Refer to Note 9 for additional information.

	December 31,		September 30,		June 30,		March 31,	
	2022	2021	2022	2021	2022	2021	2022	2021
INCOME								
Net premiums earned	$ 14	$ 41	$ 4	$ 52	$ 14	$ 59	$ 34	$ 93
Net investment income	153	81	116	93	106	76	80	62
Net realized gains (losses)	(24)	(62)	(36)	6	(38)	6	(37)	(11)
Net unrealized gains (losses)	39	68	(546)	(280)	(591)	400	(381)	(10)
Other (losses) income	2	15	(4)	11	23	6	14	10
Net gain on sale of subsidiaries	—	11	—	47	—	—	—	15
Total income	184	154	(466)	(71)	(486)	547	(290)	159
EXPENSES								
Net incurred losses and loss adjustment expenses								
Current period	9	26	13	42	13	50	13	54
Prior period	(280)	(159)	(141)	(93)	(159)	(33)	(176)	(118)
Total net incurred losses and loss adjustment expenses	(271)	(133)	(128)	(51)	(146)	17	(163)	(64)
Life and annuity policy benefits	—	(3)	7	—	6	—	12	—
Amortization of net deferred charge assets	20	17	21	17	21	15	18	6
Acquisition costs	3	7	—	11	12	5	8	34
General and administrative expenses	97	98	66	93	83	93	85	83
Interest expense	18	18	23	18	23	17	25	16
Net foreign exchange losses (gains)	12	(3)	(17)	(2)	(13)	(10)	3	3
Total expenses	(121)	1	(28)	86	(14)	137	(12)	78
EARNINGS (LOSS) BEFORE INCOME TAXES	305	153	(438)	(157)	(472)	410	(278)	81
Income tax benefit (expense)	16	(14)	(8)	(10)	4	(9)	—	6
Earnings (losses) from equity method investments	(86)	(8)	(20)	(14)	1	(3)	31	118
NET EARNINGS (LOSS)	235	131	(466)	(181)	(467)	398	(247)	205
Net (earnings) loss attributable to noncontrolling interest	1	(2)	43	1	42	(3)	(11)	(11)
NET EARNINGS (LOSS) ATTRIBUTABLE TO ENSTAR	236	129	(423)	(180)	(425)	395	(258)	194
Dividends on preferred shares	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)
NET EARNINGS (LOSS) ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	$ 227	$ 120	$ (432)	$ (189)	$ (434)	$ 386	$ (267)	$ 185
Earnings (loss) per ordinary share attributable to Enstar ordinary shareholders:								
Basic	$ 13.34	$ 6.74	$ (25.45)	$ (10.30)	$ (25.14)	$ 17.84	$ (15.25)	$ 8.58
Diluted[1]	$ 13.26	$ 6.66	$ (25.45)	$ (10.30)	$ (25.14)	$ 17.68	$ (15.25)	$ 8.47

[1] During a period of loss, the basic weighted average ordinary shares outstanding is used in the denominator of the diluted loss per ordinary share computation as the effect of including potentially dilutive securities would be anti-dilutive.

SCHEDULE I

ENSTAR GROUP LIMITED

SUMMARY OF INVESTMENTS OTHER THAN INVESTMENTS IN RELATED PARTIES[56]

As of December 31, 2022

(Expressed in millions of U.S. Dollars)

Type of investment	Cost [1]	Fair Value	Amount at which shown in the balance sheet
Short-term and fixed maturity investments — Trading and short-term and fixed maturity investments within funds held - directly managed:[2]			
U.S. government and agency	$ 246	$ 206	$ 206
U.K. government	60	46	46
Other government	449	331	331
Corporate	2,770	2,273	2,273
Municipal	130	112	112
Residential mortgage-backed	206	190	190
Commercial mortgage-backed	426	394	394
Asset-backed	235	221	221
Structured Products	1,017	586	586
Total	5,539	4,359	4,359
Short-term and fixed maturity investments — AFS:[2]			
U.S. government and agency	338	310	310
U.K. government	36	36	36
Other government	146	131	131
Corporate	3,466	3,013	3,013
Municipal	120	99	99
Residential mortgage-backed	407	362	362
Commercial mortgage-backed	689	628	628
Asset-backed	684	660	660
Total	5,886	5,239	5,239
Equities[3]	930	875	875
Other investments, at fair value [4]	2,841	2,841	2,841
Total	$ 15,196	$ 13,314	$ 13,314

[1] Original cost of fixed maturity securities is reduced by repayments and adjusted for amortization of premiums or accretion of discounts.

[2] The difference in the amount of fixed maturities shown at fair value and the fixed maturities shown in our consolidated balance sheet relates to the fair value of $33 million as of December 31, 2022 for our investment in fixed maturities issued by affiliates of Stone Point.

[3] The difference in the amount of equities shown at fair value and the equities shown in our consolidated balance sheet relates to the fair value of $74 million as of December 31, 2022 for our investment in a registered investment company affiliated with entities owned by Trident, $64 million as a co-investor alongside Stone Point, a $37 million investment in Northshore and a $190 million investment in AmTrust.

[4] The difference in the amount of other investments shown at fair value and the other investments shown in our consolidated balance sheet relates to the fair value of $0.5 billion as of December 31, 2022 for our other investments in funds or companies owned by or affiliated with certain related parties.

56 Refer to Note 23 in our consolidated financial statements.

SCHEDULE II

ENSTAR GROUP LIMITED

CONDENSED FINANCIAL INFORMATION OF REGISTRANT

Balance Sheets - Parent Company Only

As of December 31, 2022 and 2021

	2022	2021
	(in millions of U.S. dollars, except share data)	
ASSETS		
Equities, at fair value (cost: 2022 - $273; 2021 - $2)	$ 286	$ 2
Cash and cash equivalents	15	72
Balances due from subsidiaries	193	29
Investments in subsidiaries	6,003	7,904
Other assets	8	5
TOTAL ASSETS	$ 6,505	$ 8,012
LIABILITIES		
Debt obligations	$ 991	$ 1,270
Balances due to subsidiaries	788	381
Other liabilities	25	38
TOTAL LIABILITIES	1,804	1,689
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Ordinary shares (par value $1 each, issued and outstanding 2022: 17,588,050; 2021: 18,223,574):		
Voting Ordinary Shares (issued and outstanding 2022: 15,990,338; 2021: 16,625,862)	16	17
Non-voting convertible ordinary Series C Shares (issued and outstanding 2022: 1,192,941 and 2021: 1,192,941)	1	1
Non-voting convertible ordinary Series E Shares (issued and outstanding 2022: 404,771 and 2021: 404,771)	—	—
Preferred Shares:		
Series C Preferred Shares (issued and held in treasury 2022 and 2021: 388,571)	—	—
Series D Preferred Shares (issued and outstanding 2022 and 2021: 16,000; liquidation preference $400)	400	400
Series E Preferred Shares (issued and outstanding 2022 and 2021: 4,400; liquidation preference $110)	110	110
Treasury shares, at cost (Series C Preferred Shares 2022 and 2021: 388,571)	(422)	(422)
Joint Share Ownership Plan (voting ordinary shares, held in trust 2022 and 2021: 565,630)	(1)	(1)
Additional paid-in capital	766	922
Accumulated other comprehensive income	(575)	(16)
Retained earnings	4,406	5,312
Total Enstar Group Limited Shareholders' Equity	4,701	6,323
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 6,505	$ 8,012

See accompanying notes to the Condensed Financial Information of Registrant

SCHEDULE II

ENSTAR GROUP LIMITED

CONDENSED FINANCIAL INFORMATION OF REGISTRANT - CONTINUED

Statements of Earnings - Parent Company Only

For the Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
	(in millions of U.S. dollars)		
INCOME			
Net investment income	$ 2	$ —	$ 2
Net unrealized gains	13	—	—
	15	—	2
EXPENSES			
General and administrative expenses	24	41	46
Interest expense	70	54	52
Net foreign exchange losses (gains)	3	3	(3)
	97	98	95
NET LOSS BEFORE EQUITY IN UNDISTRIBUTED EARNINGS OF SUBSIDIARIES	(82)	(98)	(93)
Equity in undistributed (losses) earnings of subsidiaries - continuing operations	(788)	636	1,836
Equity in undistributed earnings of subsidiaries - discontinued operations	—	—	16
NET (LOSS) EARNINGS	(870)	538	1,759
Dividends on preferred shares	(36)	(36)	(36)
NET (LOSS) EARNINGS ATTRIBUTABLE TO ENSTAR GROUP LIMITED ORDINARY SHAREHOLDERS	$ (906)	$ 502	$ 1,723

See accompanying notes to the Condensed Financial Information of Registrant

Statements of Comprehensive Income - Parent Company Only

For the Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
	(in millions of U.S. dollars)		
NET (LOSS) EARNINGS	$ (870)	$ 538	$ 1,759
Other comprehensive (loss) income relating to subsidiaries, net of tax	(559)	(98)	73
COMPREHENSIVE (LOSS) INCOME	$ (1,429)	$ 440	$ 1,832

See accompanying notes to the Condensed Financial Information of Registrant

SCHEDULE II

ENSTAR GROUP LIMITED

CONDENSED FINANCIAL INFORMATION OF REGISTRANT - CONTINUED

Statements of Cash Flows - Parent Company Only

For the Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
	(in millions of U.S. dollars)		
OPERATING ACTIVITIES:			
Net cash flows provided by (used in) operating activities	$ 87	$ (72)	$ 117
INVESTING ACTIVITIES:			
Dividends and return of capital from subsidiaries	14	675	44
Contributions to subsidiaries	(102)	—	(26)
Net cash flows (used in) provided by investing activities	(88)	675	18
FINANCING ACTIVITIES:			
Dividends on preferred shares	(36)	(36)	(36)
Repurchase of shares	(163)	(942)	(26)
Repayment of loans	(302)	(429)	(449)
Receipt of loans	445	868	379
Net cash flows used in financing activities	(56)	(539)	(132)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(57)	64	3
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	72	8	5
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 15	$ 72	$ 8

See accompanying notes to the Condensed Financial Information of Registrant

Notes to the Condensed Financial Information of Registrant

The Condensed Financial Information of Registrant should be read in conjunction with our consolidated financial statements and the accompanying notes thereto included in Part II - Item 8 of this Annual Report on Form 10-K. Our wholly-owned and majority owned subsidiaries are recorded based upon our proportionate share of our subsidiaries' net assets (similar to presenting them on the equity method).

Net investment income relates to interest on loans to subsidiaries. For the years ended December 31, 2022, 2021, and 2020, interest paid was $47 million, $41 million, and $47 million, respectively.

Investing activities in the Condensed Statements of Cash Flows primarily represents the flow of funds to and from subsidiaries to provide cash on hand to fund business acquisitions and significant new business.

Non-Cash investing activities during the years ended December 31, 2022, 2021, and 2020, included:

i. $600 million, $0 and $130 million, respectively, for dividends and return of capital from subsidiaries. In 2022, these transactions represent an intercompany transfer of equities at book value and an increase in balances due from subsidiaries resulting in a decrease in investments in subsidiaries. In 2020, these transactions were to settle intercompany balances, resulting in a net reduction in balances due to subsidiaries and a decrease in investments in subsidiaries.

As of December 31, 2022 and 2021, parental guarantees supporting reinsurance obligations, defendant A&E liabilities, subsidiary capital support arrangements and credit facilities were $2.4 billion and $2.7 billion. In addition, as of December 31, 2022 and 2021, there were $135 million and $210 million, respectively, of unsecured letters of credit for FAL which have a parental guarantee. Furthermore, as of December 31, 2022, we also guarantee the Junior Subordinated Notes issued in 2020 and 2022 for an aggregate principal amount of $850 million (December 31, 2021 $350 million).

As of December 31, 2022 and 2021, retained earnings were $4.4 billion and $5.3 billion, respectively, a decrease of $906 million. This decrease was primarily attributable to the net loss of $906 million.

SCHEDULE III

ENSTAR GROUP LIMITED

SUPPLEMENTARY INSURANCE INFORMATION

(Expressed in millions of U.S. Dollars)

	As of December 31,				Year ended December 31,					
	Deferred Acquisition Costs	Reserves for Losses and Loss Adjustment Expenses	Unearned Premiums	Policy Benefits for Life and Annuity Contracts	Net Premiums Earned	Net Investment Income	Losses and Loss Expenses and Policy Benefits	Amortization of Deferred Acquisition Costs	Other Operating Expenses	Net Premiums Written
2022										
Run-off	$ 7	$ 13,337	$ 114	$ —	$ 40	$ —	$ (442)	$ 22	$ 143	$ (4)
Assumed Life	—	—	—	1,184	17	—	(30)	—	7	12
Investments	—	—	—	—	—	445	—	—	37	—
Legacy Underwriting	—	173	—	—	9	10	7	1	2	4
Corporate & Other	—	(503)	—	—	—	—	(218)	—	142	—
Total	$ 7	$ 13,007	$ 114	$ 1,184	$ 66	$ 455	$ (683)	$ 23	$ 331	$ 12
2021										
Run-off [1]	$ 14	$ 13,117	$ 171	$ —	$ 182	$ —	$ (194)	$ 44	$ 188	$ 35
Assumed Life	—	181	5	1,502	5	—	(2)	—	1	3
Investments	—	—	—	—	—	309	—	—	37	—
Legacy Underwriting [1]	2	215	12	—	58	3	20	13	10	24
Corporate & Other	—	(255)	—	—	—	—	(58)	—	131	—
Total	$ 16	$ 13,258	$ 188	$ 1,502	$ 245	$ 312	$ (234)	$ 57	$ 367	$ 62
2020										
Run-off	$ 23	$ 9,433	$ 72	$ —	$ 59	$ —	$ (145)	$ 20	$ 173	$ 3
Investments	—	—	—	—	—	270	—	—	35	—
Legacy Underwriting	21	1,358	203	—	513	33	371	151	158	430
Corporate & Other	—	(198)	—	—	—	—	147	—	136	—
Total	$ 44	$ 10,593	$ 275	$ —	$ 572	$ 303	$ 373	$ 171	$ 502	$ 433

[1] As of December 31, 2020, the assets and liabilities of Northshore, the holding company which owns Atrium and Arden (a Run-off subsidiary), were classified as held-for-sale. Deferred acquisition costs, reserves for losses and LAE and unearned premiums for Northshore were $24 million, $254 million and $91 million, respectively[57].

[57] Refer to Note 5 in our consolidated financial statements for further information.

SCHEDULE IV

ENSTAR GROUP LIMITED

REINSURANCE

For the Years Ended December 31, 2022, 2021 and 2020

(Expressed in millions of U.S. Dollars)

	Gross	Ceded to Other Companies	Assumed from Other Companies	Net Amount	Percentage of Amount Assumed to Net
2022					
Premiums earned:					
Property and casualty	$ 62	$ (31)	$ 18	$ 49	36.7 %
Future policyholder benefits	—	—	17	17	100.0 %
Total premiums earned	$ 62	$ (31)	$ 35	$ 66	
2021					
Premiums earned:					
Property and casualty	295	(128)	75	242	31.0 %
Future policyholder benefits	—	—	3	3	100.0 %
Total premiums earned	$ 295	$ (128)	$ 78	$ 245	
2020					
Premiums earned:					
Property and casualty	542	(158)	188	572	32.9 %
Total premiums earned	$ 542	$ (158)	$ 188	$ 572	

SCHEDULE V

ENSTAR GROUP LIMITED

VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended December 31, 2022, 2021 and 2020

(Expressed in millions of U.S. Dollars)

	Balance at Beginning of Year	Charged to costs and expenses	Charged to other accounts [1]	Deductions [2]	Balance at End of Year
December 31, 2022					
Reinsurance balances recoverable on paid and unpaid losses:					
Allowance for estimated uncollectible reinsurance	$ 136	$ —	$ (5)	$ —	$ 131
Insurance balances recoverable:					
Allowance for estimated uncollectible insurance	5	—	—	—	5
Valuation allowance for deferred tax assets	129	52	—	—	181
December 31, 2021					
Reinsurance balances recoverable on paid and unpaid losses:					
Allowance for estimated uncollectible reinsurance	$ 137	$ —	$ 1	$ (2)	$ 136
Insurance balances recoverable:					
Allowance for estimated uncollectible insurance	5	—	—	—	5
Valuation allowance for deferred tax assets	118	12	—	(1)	129
December 31, 2020					
Reinsurance balances recoverable on paid and unpaid losses:					
Allowance for estimated uncollectible reinsurance	$ 148	$ —	$ —	$ (11)	$ 137
Insurance balances recoverable:					
Allowance for estimated uncollectible insurance	4	—	1	—	5
Valuation allowance for deferred tax assets	117	4	—	(3)	118

(1) The 2020 amount includes $3 million for the cumulative effect of change in accounting principle.

(2) Credited to the related asset account.

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SCHEDULE VI

ENSTAR GROUP LIMITED

SUPPLEMENTARY INFORMATION CONCERNING PROPERTY/CASUALTY INSURANCE OPERATIONS

As of and for the years ended December 31, 2022, 2021 and 2020

(Expressed in millions of U.S. Dollars)

	As of December 31,2022			Year ended December 31, 2021						
						Net Losses and Loss Expenses Incurred				
Affiliation with Registrant	Deferred Acquisition Costs	Reserves for Unpaid Losses and Loss Adjustment Expenses	Unearned Premiums	Net Premiums Earned	Net Investment Income	Current Period	Prior Periods	Net Paid Losses and Loss Expenses	Amortization of Deferred Acquisition Costs	Net Premiums Written
Consolidated Subsidiaries										
2022	$ 7	$ 13,007	$ 114	$ 49	$ 455	$ 48	$ (756)	$ (1,680)	$ 23	$ —
2021	16	13,258	188	242	312	172	(403)	(1,431)	57	59
2020	44	10,593	275	572	303	405	(32)	(1,485)	171	433

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of December 31, 2022. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that we maintained effective disclosure controls and procedures to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management’s Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of our internal control over financial reporting as of December 31, 2022, based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework (2013). Based on that evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2022.

The effectiveness of the Company’s internal control over financial reporting as of December 31, 2022 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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ITEM 9B. OTHER INFORMATION

Not applicable.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

All information required by Items 10, 11, 12, 13 and 14 of this Annual Report on Form 10-K is incorporated by reference from the definitive proxy statement for our 2023 Annual General Meeting of Shareholders that will be filed with the SEC not later than 120 days after the close of the fiscal year ended December 31, 2022 pursuant to Regulation 14A.

ITEM 11. EXECUTIVE COMPENSATION

See Item 10 herein.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

See Item 10 herein.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

See Item 10 herein.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

See Item 10 herein.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements and Financial Statement Schedules: see Item 8 in Part II of this report.

(b) Exhibits: see accompanying exhibit index that precedes the signature page of this report.

ITEM 16. FORM 10-K SUMMARY

Omitted at Company's option.

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EXHIBIT INDEX

Exhibit No.	Description
3.1	Memorandum of Association of Enstar Group Limited (incorporated by reference to Exhibit 3.1 to the Company's Form 10-K/A filed on May 2, 2011).
3.2	Sixth Amended and Restated Bye-Laws of Enstar Group Limited (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed on June 15, 2021).
3.3	Certificate of Designations of Series C Participating Non-Voting Perpetual Preferred Stock of Enstar Group Limited, dated as of June 13, 2016 (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed on June 17, 2016).
3.4	Certificate of Designations of Series D Perpetual Non-Cumulative Preferred Shares of Enstar Group Limited, dated as of June 27, 2018 (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on June 27, 2018).
3.5	Certificate of Designations of Series E Perpetual Non-Cumulative Preferred Shares of Enstar Group Limited, dated as of November 21, 2018 (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on November 21, 2018).
4.1	Senior Indenture, dated as of March 10, 2017, between Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on March 10, 2017).
4.2	First Supplemental Indenture, dated as of March 10, 2017, between Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on March 10, 2017).
4.3	Second Supplemental Indenture, dated as of March 26, 2019, between Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on March 26, 2019).
4.4	Third Supplemental Indenture, dated as of May 28, 2019, between Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on May 28, 2019).
4.5	Fourth Supplemental Indenture, dated as of August 24, 2021, between Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on August 24, 2021).
4.6	Junior Subordinated Indenture, dated as of August 26, 2020, among Enstar Finance LLC, Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to exhibit 4.1 to the Company's Form 8-K filed on August 26, 2020).
4.7	First Supplemental Indenture, dated as of August 26, 2020, among Enstar Finance LLC, Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on August 26, 2020).
4.8	Second Supplemental Indenture dated as of January 14, 2022, among Enstar Finance LLC, Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on January 14, 2022).
4.9	Deposit Agreement, dated as of June 27, 2018, between Enstar Group Limited and American Stock Transfer (incorporated by reference to Exhibit 4.3 to the Company's Form 8-K filed on June 27, 2018).
4.10	Deposit Agreement, dated as of November 21, 2018, between Enstar Group Limited and American Stock Transfer (incorporated by reference to Exhibit 4.3 to the Company's Form 8-K filed on November 21, 2018).
4.11	Description of Securities (incorporated by reference to Exhibit 4.7 to the Company's Form 10-K filed on February 27, 2020).

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Exhibit Index

10.1	Registration Rights Agreement, dated as of January 31, 2007, by and among Castlewood Holdings Limited, Trident II, L.P., Marsh & McLennan Capital Professionals Fund, L.P., Marsh & McLennan Employees' Securities Company, L.P., Dominic F. Silvester, J. Christopher Flowers, and other parties thereto set forth on the Schedule of Shareholders attached thereto (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K12B filed on January 31, 2007).
10.2	Registration Rights Agreement, dated as of April 20, 2011, by and among Enstar Group Limited, GSCP VI AIV Navi, Ltd., GSCP VI Offshore Navi, Ltd., GSCP VI Parallel AIV Navi, Ltd., GSCP VI Employee Navi, Ltd., and GSCP VI GmbH Navi, L.P. (incorporated by reference to Exhibit 99.3 to the Company's Form 8-K filed on April 21, 2011).
10.3	Registration Rights Agreement, dated April 1, 2014, among Enstar Group Limited, FR XI Offshore AIV, L.P., First Reserve Fund XII, L.P., FR XII A Parallel Vehicle L.P., FR Torus Co-Investment, L.P. and Corsair Specialty Investors, L.P. (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on April 4, 2014).
10.4	Form of Waiver Agreement (incorporated herein by reference to Exhibit 4.7 to the Company's Form S-3 filed on October 10, 2017).
10.5	Shareholder Rights Agreement, dated June 3, 2015, between Enstar Group Limited and Canada Pension Plan Investment Board (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on June 3, 2015.
10.6+	Form of Director Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Company's Form S-3 (No. 333-151461) initially filed on June 5, 2008).
10.7+	Amended and Restated Employment Agreement, dated July 1, 2022, between Enstar Group Limited and Dominic F. Silvester (incorporated by reference to Exhibit 10.3 to the Company's Form 8-K filed on July 6, 2022).
10.8+	Amended and Restated Employment Agreement, dated as of January 21, 2020, by and between Enstar Group Limited and Paul J. O'Shea (incorporated by reference to Exhibit 10.3 to the Company's Form 8-K filed on January 27, 2020).
10.9+	Letter Agreement, dated July 6, 2022, between Enstar Group Limited and Paul O'Shea (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on July 6, 2022).
10.10+	Amended and Restated Employment Agreement, dated January 21, 2020, by and between Enstar Group Limited and Orla M. Gregory (incorporated by reference to Exhibit 10.4 to the Company's Form 8-K filed on January 27, 2020).
10.11+	Amendment No. 1 to Amended and Restated Employment Agreement, dated September 16, 2021, by and between Enstar Group Limited and Orla M. Gregory (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on September 21, 2021).
10.12+	Amendment No. 2 to the Amended and Restated Employment Agreement, dated July 1, 2022, between Enstar Group Limited and Orla Gregory (incorporated by reference to Exhibit 10.4 to the Company's Form 8-K filed on July 6, 2022).
10.13+	Employment Agreement, dated January 8, 2018, by and between Enstar Group Limited and Paul M.J. Brockman (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on May 8, 2019).
10.14+	Employment Agreement, dated September 9, 2016, by and between Enstar Group Limited and Nazar Alobaidat (incorporated by reference to Exhibit 10.13 to the Company's Form 10-K filed on February 27, 2020).
10.15+	Enstar Group Limited Deferred Compensation and Ordinary Share Plan for Non-Employee Directors, effective as of June 5, 2007 (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on June 11, 2007).
10.16+	Amended and Restated Enstar Group Limited Deferred Compensation and Ordinary Share Plan for Non-Employee Directors, effective as of January 1, 2015 (incorporated by reference to Exhibit 10.13 to the Company's Form 10-K filed on March 2, 2015).
10.17+	Form of Non-Employee Director Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.32 to the Company's Form 10-K filed on March 2, 2015).

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10.18+	Castlewood Holdings Limited 2006 Equity Incentive Plan (incorporated by reference to Exhibit 10.11 to the proxy statement/prospectus that forms a part of the Company's Form S-4 declared effective December 15, 2006).
10.19+	First Amendment to Castlewood Holdings Limited 2006 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on April 6, 2007).
10.20+	Form of Stock Appreciation Right Award Agreement pursuant to the 2006 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 to the Company's Form 10-Q filed on August 11, 2014).
10.21+	Enstar Group Limited Amended and Restated 2016 Equity Incentive Plan, as amended (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on June 1, 2022).
10.22+	Form of Restricted Stock Award Agreement under the Enstar Group Limited 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on August 5, 2016).
10.23+	Form of Performance Stock Unit Award Agreement (3-Year Cycle) (2020) under the Enstar Group Limited 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 to the Company's Form 8-K filed on January 27, 2020).
10.24+	Form of Performance Stock Unit Award Agreement (Annual Cycle) (2020) under the Enstar Group Limited 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.29 to the Company's Form 10-K filed on February 27, 2020).
10.25+	Form of Restricted Stock Unit Award Agreement (2020) under the Enstar Group Limited 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.30 to the Company's Form 10-K filed on February 27, 2020).
10.26+	Form of Performance Stock Unit Award Agreement (2021) under the Enstar Group Limited 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on May 7, 2021).
10.27+	Joint Share Ownership Agreement, dated January 21, 2020, by and among Enstar Group Limited, Dominic F. Silvester and Zedra Trust Company, as trustee (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on January 27, 2020).
10.28+	Deed of Amendment and Restatement to the Joint Ownership Agreement, dated July 1, 2022, between Enstar Group Limited, Dominic F. Silvester and Zedra Trust Company (Guernsey) Limited, as trustee (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on July 6, 2022).
10.29+	Enstar Group Limited Amended and Restated Employee Share Purchase Plan (incorporated by reference to Exhibit 10.4 to the Company's Form 10-Q filed on November 8, 2016).
10.30+	Enstar Group Limited 2022-2024 Annual Incentive Compensation Program (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on November 9, 2021).
10.31♦	Recapitalization Agreement, dated as of August 13, 2020, by and among North Bay Holdings Limited, Enstar Group Limited, Kenmare Holdings Ltd., Trident V, L.P., Trident V Parallel Fund, L.P., Trident V Professionals Fund, L.P., Dowling Capital Partners I, L.P., Capital City Partners LLC, and StarStone Specialty Holdings Limited (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on August 17, 2020).
10.32	Voting and Shareholders' Agreement, dated as of January 1, 2021, among StarStone Specialty Holdings Limited, Kenmare Holdings Ltd., Trident V, L.P., Trident V Parallel Fund, L.P., Trident V Professionals Fund, L.P., Dowling Capital Partners I, L.P., and Capital City Partners LLC (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on January 4, 2021).
10.33	Third Amended and Restated Shareholders' Agreement, dated as of January 1, 2021, among Northshore Holdings Limited, Trident V, L.P., Trident V Parallel Fund, L.P., Trident V Professionals Fund, L.P., Kenmare Holdings Ltd., Dowling Capital Partners I, L.P., Capital City Partners LLC, Atrium Nominees Limited, and the other Persons who from time to time become a party thereto (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on January 1, 2021).
10.34	Revolving Credit Agreement, dated as of August 16, 2018, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, Barclays Bank PLC, Wells Fargo Bank, National Association and each of the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on August 21, 2018).

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10.35	First Amendment to Revolving Credit Agreement, dated as of December 19, 2018, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, Barclays Bank PLC, Wells Fargo Bank, National Association and each of the lenders party thereto (incorporated by reference to Exhibit 10.38 to the Company's Form 10-K filed on March 1, 2019).
10.36	Second Amendment to Revolving Credit Agreement, dated as of November 25, 2020, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, Barclays Bank PLC, Wells Fargo Bank, National Association, and each of the lenders party thereto (incorporated by reference to Exhibit 10.45 to the Company's Form 10-K filed on March 1, 2021).
10.37♦	Third Amendment to Revolving Credit Agreement, dated as of March 31, 2021, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, Barclays Bank PLC, Wells Fargo Bank, National Association, and each of the lenders party thereto (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed on May 7, 2021).
10.38	Fourth Amendment to Revolving Credit Agreement, dated as of November 16, 2021, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, Barclays Bank PLC, Wells Fargo Bank, National Association, and each of the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on May 5, 2022).
10.39	Letter of Credit Facility Agreement, dated as of August 5, 2019, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, London Branch, The Bank of Nova Scotia and each of the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on August 7, 2019).
10.40	First Amendment to Letter of Credit Facility Agreement, dated as of December 9, 2019, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, London Branch, The Bank of Nova Scotia and each of the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on December 11, 2019).
10.41	Second Amendment to Letter of Credit Facility Agreement, dated as of June 3, 2020, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, London Branch, The Bank of Nova Scotia and each of the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on June 9, 2020).
10.42	Third Amendment to Letter of Credit Facility Agreement, dated as of November 25, 2020, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, London Branch, The Bank of Nova Scotia and each of the lenders party thereto (incorporated by reference to Exhibit 10.49 to the Company's Form 10-K filed on March 1, 2021).
10.43	Fourth Amendment to Letter of Credit Facility Agreement, dated as of March 31, 2021, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, London Branch, The Bank of Nova Scotia and each of the lenders party thereto (incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q filed on May 7, 2021).
10.44	Fifth Amendment to Letter of Credit Facility Agreement, dated as of August 16, 2021, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, London Branch, The Bank of Nova Scotia and each of the lenders party thereto (incorporated by reference to Exhibit 10.4 to the Company's Form 10-Q filed on November 4, 2021).
10.45♦	Termination and Release Agreement, dated as of February 21, 2021, by and among Enstar Group Limited and certain of its subsidiaries and Hillhouse Capital Management, Ltd. and certain of its affiliates (incorporated by reference to Exhibit 10.50 to the Company's Form 10-K filed on March 1, 2021).
10.46	Purchase Agreement dated as of July 15, 2021 by and among Enstar Group Limited, HHLR Fund, L.P., YHG Investment, L.P. and Hillhouse Fund III, L.P. (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on July 15, 2021).
10.47	Purchase Agreement dated as of July 15, 2021 by and among Cavello Bay Reinsurance Limited and HH ENZ Holdings, Ltd. (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on July 15, 2021).
10.48	Purchase Agreement, dated as of May 10, 2022, by and between Trident Public Equity LP and Enstar Group Limited (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on May 11, 2022).
16.1	Letter of KPMG, dated March 21, 2022 (incorporated by reference to Exhibit 16.1 to the Company's Form 8-K filed on March 21, 2022).

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18.1*	Preferability Letter.
21.1*	List of Subsidiaries.
22.1*	List of Subsidiary Issuers of Guaranteed Securities.
23.1*	Consent of PricewaterhouseCoopers LLP.
23.2*	Consent of KPMG Audit Limited.
23.3*	Consent of Ernst & Young Australia.
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1*	Financial Statements of InRe Fund, L.P. for the fiscal year ended December 31, 2020.
101*	Inline XBRL Document Set for the consolidated financial statements and accompanying notes in Part II, Item 8 of this Annual Report on Form 10-K.
104*	The cover page from the Company's Annual Report on Form 10-K for the year ended December 31, 2021, formatted as Inline XBRL (included in Exhibit 101).

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* filed herewith

** furnished herewith

\+ denotes management contract or compensatory arrangement

♦ certain of the schedules and similar attachments are not filed but Enstar Group Limited undertakes to furnish a copy of the schedules or similar attachments to the SEC upon request

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on March 1, 2023.

ENSTAR GROUP LIMITED

By: /S/ DOMINIC F. SILVESTER
Dominic F. Silvester
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 1, 2023.

Signature	Title
/s/ ROBERT J. CAMPBELL Robert J. Campbell	Chairman and Director
/s/ DOMINIC F. SILVESTER Dominic F. Silvester	Chief Executive Officer and Director
/s/ ORLA GREGORY Orla Gregory	Chief Financial Officer (signing in her capacity as Principal Financial Officer) and Director
/s/ MICHAEL P. MURPHY Michael P. Murphy	Deputy Chief Financial Officer (signing in his capacity as Principal Accounting Officer)
/s/ PAUL J. O'SHEA Paul J. O'Shea	President and Director
/s/ B. FREDERICK BECKER B. Frederick Becker	Director
/s/ SHARON A. BEESLEY Sharon A. Beesley	Director
/s/ JAMES D. CAREY James D. Carey	Director
/s/ SUSAN L. CROSS Susan L. Cross	Director
/s/ HANS-PETER GERHARDT Hans-Peter Gerhardt	Director
/s/ MYRON HENDRY Myron Hendry	Director
/s/ HITESH PATEL Hitesh Patel	Director
/s/ POUL A. WINSLOW Poul A. Winslow	Director

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2021

Commission File Number 001-33289

ENSTAR GROUP LIMITED

(Exact name of Registrant as specified in its charter)

BERMUDA	**N/A**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Windsor Place, 3rd Floor, 22 Queen Street, Hamilton HM JX, Bermuda

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: **(441) 292-3645**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Ordinary shares, par value $1.00 per share	ESGR	The NASDAQ Stock Market LLC
Depositary Shares, Each Representing a 1/1,000th Interest in a 7.00% Fixed-to-Floating Rate Perpetual Non-Cumulative Preferred Share, Series D, Par Value $1.00 Per Share	ESGRP	The NASDAQ Stock Market LLC
Depositary Shares, Each Representing a 1/1,000th Interest in a 7.00% Perpetual Non-Cumulative Preferred Share, Series E, Par Value $1.00 Per Share	ESGRO	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates as of June 30, 2021 was $2.6 billion based on the closing price of $238.92 per ordinary share on the NASDAQ Stock Market on that date. Shares held by officers and directors of the registrant and their affiliated entities have been excluded from this computation. Such exclusion is not intended, nor shall it be deemed, to be an admission that such persons are affiliates of the registrant.

As of February 22, 2022, the registrant had outstanding 16,522,526 voting ordinary shares and 1,597,712 non-voting convertible ordinary shares, each par value $1.00 per share.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A relating to its 2022 annual general meeting of shareholders are incorporated by reference in Part III of this Form 10-K

AUDITOR INFORMATION

Auditor Name: KPMG Audit Limited **Auditor Location**: Hamilton, Bermuda **Auditor Firm ID**: 1297

Enstar Group Limited

Annual Report on Form 10-K

For the Year Ended December 31, 2021

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GLOSSARY OF KEY TERMS

A&E	Asbestos and environmental
Accident year	The annual calendar accounting period in which loss events occurred, regardless of when the losses are actually reported, recorded or paid.
Acquisition costs	Costs that are directly related to the successful efforts of acquiring new insurance contracts or renewing existing insurance contracts, and which principally consist of incremental costs such as: commissions, brokerage expenses, premium taxes and other fees incurred at the time that a contract or policy is issued
ADC	Adverse development cover – A retrospective reinsurance arrangement that will insure losses in excess of an established reserve and provide protection up to a contractually agreed amount.
Adjusted BVPS	Adjusted book value per ordinary share - Non-GAAP financial measure calculated by dividing Enstar ordinary shareholders' equity, adjusted to add the proceeds from assumed exercise of warrants, by the number of ordinary shares outstanding, adjusted for the exercise of warrants and equity awards granted and not yet vested. See "Non-GAAP Financial Measures" in Item 7 for reconciliation.
Adjusted RLE	Adjusted run-off liability earnings - Non-GAAP financial measure calculated by dividing adjusted prior period development by average adjusted net loss reserves. See "Non-GAAP Financial Measures" in Item 7 for reconciliation.
Adjusted ROE	Adjusted return on equity - Non-GAAP financial measure calculated by dividing adjusted operating income (loss) attributable to Enstar ordinary shareholders by adjusted opening Enstar ordinary shareholders' equity. See "Non-GAAP Financial Measures" in Item 7 for reconciliation.
Adjusted TIR	Adjusted total investment return - Non-GAAP financial measure calculated by dividing adjusted total investment return by average adjusted total investable assets. See "Non-GAAP Financial Measures" in Item 7 for reconciliation.
AFS	Available-for-sale
Allianz	Allianz SE, joint venture partner in Enhanzed Re
AmTrust	AmTrust Financial Services, Inc.
AOCI	Accumulated other comprehensive income (loss)
APRA	Australian Prudential Regulation Authority
Arden	Arden Reinsurance Company Ltd.
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Atrium	Atrium Underwriting Group Limited and its subsidiaries
BMA	Bermuda Monetary Authority
BSCR	Bermuda Solvency Capital Requirement
BVPS	Book value per ordinary share - GAAP financial measure calculated by dividing Enstar ordinary shareholders' equity by the number of ordinary shares outstanding.
Cavello	Cavello Bay Reinsurance Limited
CISSA	Commercial Insurer's Solvency Self-Assessment
Citco	Citco III Limited
CLO	Collateralized loan obligation
CNA	Continental Casualty Company
Commutation	An agreement that provides for the complete discharge of all obligations between the parties under a particular reinsurance contract for an agreed upon up-front fee
Core Specialty	Core Specialty Insurance Holdings, Inc.
DAC	Deferred acquisition costs
DCo	DCo, LLC
Defendant A&E liabilities	Defendant asbestos and environmental liabilities - Non-insurance liabilities relating to amounts for indemnity and defense costs for pending and future claims, as well as amounts for environmental liabilities associated with our properties

DCA	Deferred charge asset - The amount by which estimated ultimate losses payable exceed the premium consideration received at the inception of a retroactive reinsurance agreement
Dowling Funds	Dowling Capital Partners I, L.P. and Capital City Partners LLC
EB Trust	The Enstar Group Limited Employee Benefit Trust
ECR	Enhanced capital requirement
EGL	Enstar Group Limited
EMAL	Enstar Managing Agency Limited
Enhanzed Re	Enhanzed Reinsurance Ltd.
Enstar	Enstar Group Limited and its consolidated subsidiaries
Enstar Finance	Enstar Finance LLC
Exchange Transaction	The exchange of a portion of our indirect interest in Northshore for all of the Trident V Funds' indirect interest in StarStone U.S.
FAL	Funds at Lloyd's - A deposit in the form of cash, securities, letters of credit or other approved capital instrument that satisfies the capital requirement to support the Lloyd's syndicate underwriting capacity
FCA	U.K. Financial Conduct Authority
Funds held	The account created with premium due to the reinsurer pursuant to the reinsurance agreement, the balance of which is credited with investment income and losses paid are deducted
Funds held by reinsured companies	Funds held, as described above, where we receive a fixed credit rating
Funds held - directly managed	Funds held, as described above, where we receive the underlying portfolio economics
Future policyholder benefits	The provision recorded on the balance sheet relating to life reinsurance contracts, which are based on the present value of anticipated future cash flows and mortality rates
Group	(Re)insurance companies of Enstar Group Limited
GSSA	Group Solvency Self-Assessment
IBNR	Incurred but not reported - In addition to unreported claims, may include provisions for the possibility that reported claims may settle for amounts that differ from the established case reserves as well as the potential for closed claims to re-open. These provisions are shown net of reinsurance balances recoverable
Inigo	Inigo Limited
InRe Fund	InRe Fund, L.P.
Investable assets	The sum of total investments, cash and cash equivalents, restricted cash and cash equivalents and funds held
JSOP	Joint Share Ownership Program
LAE	Loss adjustment expenses
Lloyd's	This term may refer to either the society of individual and corporate underwriting members that pool and spread risks as members of one or more syndicates, or the Corporation of Lloyd's, which regulates and provides support services to the Lloyd's market
LOC	Letters of credit
LPT	Loss Portfolio Transfer - Retroactive reinsurance transaction in which loss obligations that are already incurred are ceded to a reinsurer, subject to any stipulated limits
Monument Re	Monument Insurance Group Limited
Morse TEC	Morse TEC LLC
NAIC	National Association of Insurance Commissioners
NAV	Net asset value
NCI	Noncontrolling interest
New business	Material transactions, other than business acquisitions, which generally take the form of reinsurance or direct business transfers
North Bay	North Bay Holdings Limited
Northshore	Northshore Holdings Limited

OLR	Outstanding loss reserves - Provisions for claims that have been reported and accrued but are unpaid at the balance sheet date
Parent Company	Enstar Group Limited and not any of its consolidated subsidiaries
Policy buy-back	Similar to a commutation, for direct insurance contracts
pp	Percentage points - Numerical difference between two percentages
PPD	Prior period development - Changes to loss estimates recognized in the current calendar year that relate to loss reserves established in previous calendar years
PRA	U.K. Prudential Regulation Authority
Private equity funds	Investments in limited partnerships and limited liability companies
PSU	Performance share units
Range of Outcomes	The range of gross loss and LAE reserves implied by the various methodologies used by each of our (re)insurance subsidiaries
RBC	Risk-based capital
Reinsurance to close (RITC)	A business transaction to transfer estimated future liabilities attached to a given year of account of a Lloyd's syndicate into a later year of account of either the same or different Lloyd's syndicate in return for a premium
Reserves for losses and LAE	Management's best estimate of the ultimate cost of settling losses as of the balance sheet date. This includes OLR and IBNR
Retroactive reinsurance	Contracts that provide indemnification for losses and LAE with respect to past loss events
RLE	Run-off liability earnings – GAAP-based financial measure calculated by dividing prior period development by average net loss reserves
RNCI	Redeemable noncontrolling interest
ROE	Return on equity - GAAP-based financial measure calculated by dividing net earnings (loss) attributable to Enstar ordinary shareholders by opening Enstar ordinary shareholders' equity
Run-off	A line of business that has been classified as discontinued by the insurer that initially underwrote the given risk
Run-off portfolio	A group of insurance policies classified as run-off
SCR	Solvency Capital Requirement
SEC	U.S. Securities and Exchange Commission
SGL No. 1	SGL No. 1 Limited
SISE	StarStone Insurance SE
SSHL	StarStone Specialty Holdings Limited
StarStone Group	StarStone U.S. Holdings, Inc. and its subsidiaries and StarStone International
StarStone International	StarStone's non-U.S. operations
StarStone U.S.	StarStone U.S. Holdings, Inc. and its subsidiaries
Step Acquisition	The purchase of the entire equity interest of an affiliate of Hillhouse Capital Management Ltd and Hillhouse Capital Advisors, Ltd. in Enhanzed Re
Stone Point	Stone Point Capital LLC
SUL	StarStone Underwriting Limited
TIR	Total investment return - GAAP financial measure calculated by dividing total investment return recognized in earnings for the applicable period by average total investable assets
Trident V Funds	Trident V, L.P., Trident V Parallel Fund, L.P. and Trident V Professionals Fund, L.P.
TSA	Transition Services Agreement
2020 Repurchase Program	An ordinary share repurchase program adopted by our Board of Directors on March 9, 2020, for the purpose of repurchasing a limited number of our ordinary shares, not to exceed $150 million in aggregate. This plan was terminated on July 15, 2021.
2021 Repurchase Program	An ordinary share repurchase program adopted by our Board of Directors on November 29, 2021, which is effective through November 30, 2022. Under this program, we may repurchase a limited number of our ordinary shares, not to exceed $100 million in aggregate.

U.K. Regulator	The FCA together with the PRA
U.S. GAAP	Accounting principles generally accepted in the United States of America
ULAE	Unallocated loss adjustment expenses - Loss adjustment expenses relating to run-off costs for the estimated payout of the run-off, such as internal claim management or associated operational support costs
Unearned premium reserve	The unexpired portion of policy premiums that will be earned over the remaining term of the insurance contract
VIE	Variable interest entities

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This annual report and the documents incorporated by reference herein contain statements that constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, with respect to our financial condition, results of operations, business strategies, operating efficiencies, competitive positions, growth opportunities, plans and objectives of our management, as well as the markets for our securities and the reinsurance sectors in general.

Statements that include words such as "estimate," "project," "plan," "intend," "expect," "anticipate," "believe," "would," "should," "could," "seek," "may" and similar statements of a future or forward-looking nature identify forward-looking statements for purposes of the federal securities laws or otherwise.

All forward-looking statements are necessarily estimates or expectations, and not statements of historical fact, reflecting the best judgment of our management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements.

These forward looking statements should, therefore, be considered in light of various important risk factors, including those set forth in this annual report and the documents incorporated by reference herein, which could cause actual results to differ materially from those suggested by the forward-looking statements. These risk factors include:

- the adequacy of our loss reserves and the need to adjust such reserves as claims develop over time, including due to the impact of emerging claim and coverage issues and disputes that could impact reserve adequacy;
- risks relating to our acquisitions, including our ability to evaluate opportunities, successfully price acquisitions, address operational challenges, support our planned growth and assimilate acquired portfolios and companies into our internal control system in order to maintain effective internal controls, provide reliable financial reports and prevent fraud;
- increased competitive pressures, including increased competition in the market for run-off business;
- risks relating to our ability to obtain regulatory approvals, including the timing, terms and conditions of any such approvals, and to satisfy other closing conditions in connection with our acquisition agreements, which could affect our ability to complete acquisitions;
- risks relating to Enhanzed Re’s life and annuity business, including the performance of assets to support the liabilities, the risk of mismatch in asset/liability duration and assumptions used to estimate reserves for future policy benefits proving to be inaccurate;
- risks relating to the variability of statutory capital requirements and the risk that we may require additional capital in the future, which may not be available or may be available only on unfavorable terms;
- the risk that our reinsurance subsidiaries may not be able to provide the required collateral to ceding companies pursuant to their reinsurance contracts, including through the use of letters of credit;
- risks relating to the availability and collectability of our ceded reinsurance;
- the ability of our subsidiaries to distribute funds to us and the resulting impact on our liquidity;
- losses due to foreign currency exchange rate fluctuations;
- risks relating to climate change and its potential impact on the returns from our run-off business and our investments;
- the risk that the value of our investment portfolios and the investment income that we receive from these portfolios may decline materially as a result of market fluctuations and economic conditions, including those related to interest rates, credit spreads and equity prices;
- risks relating to our ability to structure our investments in a manner that recognizes our liquidity needs;
- risks relating to our strategic investments in alternative asset classes and joint ventures, which are illiquid and may be volatile;

- risks relating to our ability to accurately value our investments, which requires methodologies, estimates and assumptions that can be highly subjective, and the inaccuracy of which could adversely affect our financial condition;
- risks relating to the complex regulatory environment in which we operate, including that ongoing or future industry regulatory developments will disrupt our business, affect the ability of our subsidiaries to operate in the ordinary course or to make distributions to us, or mandate changes in industry practices in ways that increase our costs, decrease our revenues or require us to alter aspects of the way we do business;
- loss of key personnel;
- operational risks, including cybersecurity events, external hazards, human failures or other difficulties with our information technology systems that could disrupt our business or result in the loss of critical and confidential information, increased costs;
- tax, regulatory or legal restrictions or limitations applicable to us or the (re)insurance business generally;
- changes in tax laws or regulations applicable to us or our subsidiaries, or the risk that we or one of our non-U.S. subsidiaries become subject to significant, or significantly increased, income taxes in the United States or elsewhere; and
- risks relating to the ownership of our shares resulting from certain provisions of our bye-laws and our status as a Bermuda company.

The risk factors listed above should not be construed as exhaustive and should be read in conjunction with the Risk Factors that are included in Item 1A below. We undertake no obligation to publicly update or review any forward-looking statement, whether to reflect any change in our expectations with regard thereto, or as a result of new information, future developments or otherwise, except as required by law.

PART I

ITEM 1. BUSINESS

Overview

Enstar Group Limited ("Enstar") is a leading global (re)insurance group that offers capital release solutions through our network of group companies. We seek to create value by managing (re)insurance companies and portfolios of (re)insurance and other liability business in run-off and striving to generate an attractive risk-adjusted return from our investment portfolio. These solutions release capital, dispose of non-core businesses and portfolios, achieve early finality, and manage claims volatility for our counterparties. In this report, the terms "Enstar," "the Company," "us," and "we" are used interchangeably to describe Enstar and our subsidiary companies.

We acquire legacy liabilities and (re)insurance reserves from companies and provide retroactive reinsurance coverage for portfolios of (re)insurance business, primarily via loss portfolio transfer contracts (“LPTs”). Additionally, we provide reinsurance contracts to other (re)insurers to mitigate some of their risk of future adverse development (an adverse development cover, or “ADC”) on insurance risks relating to prior accident years.

A run-off portfolio is a group of insurance policies generally described by the accident year and line of business that has been classified as discontinued business by the insurer that initially underwrote the risks. The facts and circumstances underlying an insurer’s or company's (seller's) decision to put a portfolio into run-off or seek ADC contracts varies. Usually, the portfolios of risks have become inconsistent with the seller’s core competencies, provide unwanted exposure to a particular risk or segment of the market and/or absorb capital that the seller may wish to deploy elsewhere. These discontinued portfolios are often associated with potentially large exposures and lengthy time periods before resolution of the last remaining insured claims, resulting in uncertainty to the (re)insurer covering those risks. An owner of a company with direct exposure to asbestos and environmental liabilities may wish to dispose of their exposure to such liabilities for similar reasons.

We seek to obtain claims resolutions and settlements on the actual and potentially valid claims within each portfolio quickly, where feasible, to avoid lengthy and continuing defense costs. If we are successful at settling claims or otherwise manage the expected value of the losses for less than our carried reserves, we recognize favorable prior period development within our net incurred loss and loss adjustment expenses. Similarly, we may experience adverse development on the carried reserves. We include the development as a component of our performance, or run-off liability earnings (“RLE”).

Our claims handling responsibilities and authorities can vary from contract to contract. Generally, we have direct claims management authority for most of our LPT’s and passive claims monitoring, oversight and influence over our ADC portfolios, where our counterparty would typically benefit from our experience with managing similar claims. We may also seek to commute acquired reinsurance contracts and buy back underlying insurance policies, where appropriate.

We receive premium for our retroactive reinsurance solutions and invest these funds to generate investment earnings. We negotiate the investment class, fixed income duration and minimum asset quality needed for each portfolio with the reinsured as these investments are typically pledged as collateral within the reinsurance contract. For our remaining investments we decide within our investment allocation strategy the asset types, risk, liquidity and expected returns.

The substantial majority of our acquisitions have been in the run-off business, which generally includes property and casualty, workers’ compensation, asbestos and environmental (“A&E”), professional indemnity, directors and officers, construction defect, motor, marine, aviation and transit, and other closed and discontinued blocks of business.

110+
Transactions Completed Since 2000

$32.4 billion*
Total Liabilities Acquired Since 2000

27%
Increase in Book Value Per Ordinary Share 2019-2021
(Three Year Average)

24%
Return on Equity 2019-2021
(Three Year Average)

*Total liabilities acquired includes gross loss reserves and defendant A&E liabilities.

Our Strategy

Leverage Management's Extensive Experience and Industry Relationships

We leverage our senior managements' skills and experience to solidify our position as a leading run-off acquirer with a demonstrated ability to identify and execute growth opportunities.

Engage in Disciplined Acquisition Practices

When assessing potential acquisition targets, we carefully analyze risk exposures, claims practices, reserves and our return requirements as part of our detailed due diligence process. We value opportunities that include risk exposures and other characteristics that we have had prior experience managing.

Manage Claims Professionally, Expeditiously, and Cost-Effectively

We aim to generate RLE by drawing on in-house expertise to dispose of claims efficiently, paying valid claims on a timely basis, and relying on policy terms and exclusions where applicable, and litigation when necessary, to defend against paying invalid claims.

Manage Assumed Liabilities and (Re)insurance Assets Cost-Effectively

Using detailed claims analysis and actuarial projections, we seek to negotiate with policyholders and reinsurers with a goal of settling existing (re)insurance liabilities and monetizing (re)insurance assets in a cost efficient manner.

Prudently Manage Investments and Capital

We strive to achieve attractive risk-adjusted returns, while growing profitability and generating long-term growth in shareholder value.

2021 Strategic Developments

Completed Exit of Active Underwriting Platforms

We completed the strategic exit from our active underwriting platforms with our sales of Northshore Holdings Limited ("Northshore"), the holding company that owns Atrium Underwriting Group Limited and its subsidiaries (collectively, "Atrium") and Arden Reinsurance Company Ltd. ("Arden").

In addition, we sold StarStone Underwriting Limited ("SUL"), a Lloyd's managing agency, together with the right to operate Lloyd's Syndicate 1301, to Inigo Limited ("Inigo").

On January 1, 2021, we placed our Starstone International business into run-off and transferred the associated net reserves from our legacy underwriting to our run-off segment.

While we continue to maintain minority equity investment interest in Northshore (13.8%) and Inigo (5.4%), as well as Core Specialty, our previously owned Starstone U.S. active underwriting business (24.7%), these strategic transactions enable us to focus on our core business of acquiring and managing (re)insurance companies and portfolios of (re)insurance business in run-off.

Our Business

We acquire run-off (re)insurance reserves using retroactive reinsurance contracts where we are paid premium to reinsure, up to a specified limit, underlying policies issued by other insurers who have written these risks in prior accident years. On closing a transaction, the premium we receive is not recognized as income, nor are the liabilities we acquire recognized as net incurred losses. These items are recorded to the balance sheet with any subsequent changes to the value of ultimate losses and liabilities recorded in the consolidated statements of earnings.

In addition, any difference between premium and losses recognized upon initial recognition of a transaction, is recorded as a deferred charge asset ("DCA") which is subsequently amortized.[1]

We acquire (re)insurance companies and legacy manufacturing companies with direct exposure to asbestos and environmental liabilities ("defendant A&E liabilities"), which are either in run-off or can be placed into run-off following our acquisition. We receive investment returns from the investment of the assets acquired with these companies, which we use to settle the liabilities acquired and may take many years to complete.

We establish our best estimate of the liabilities we assume based upon actuarial analyses of the claims data provided to us by the counterparties, our review of claims files and reinsurance assets, our analysis of claim trends and other data supplied as part of our due diligence.

Accordingly, at the time we enter the arrangements, we do not reflect the potential impact of our claims management efforts as we have no assurance that our efforts will be successful nor how any development may emerge. Similarly, we do not anticipate settlements or commutations that we have not executed as we do not solely control any such outcome.

We strive to generate attractive investment returns and favorable prior period development from our active claims management and/or claims management influence, via our involvement in and oversight rights over the loss portfolios. Our favorable or adverse outcomes are recorded as prior period development within net incurred losses and loss adjustment expenses ("LAE"). We record changes to the value of our defendant A&E liabilities within other income.

As a result, the traditional (re)insurance underwriting ratios (loss ratios and combined ratios) are not relevant to us. Net earned premiums are not a significant source of revenue and current period net incurred losses and LAE from those premiums are not a significant source of losses for our Run-off segment. Our ability to generate RLE from our management of acquired portfolios can vary. RLE may be recognized shortly after acquisition of the new portfolio, or may not appear for many years, if at all.

Our business success is predicated on our ability to:

1 Acquire New Business

Acquire legacy business from (re)insurers and others

- leverage experience and industry relationships
- maintain disciplined acquisition practices
- manage our global footprint in sourcing transactions
- offer loss portfolio transfers ("LPTs"), adverse development covers ("ADCs"), acquisitions and other unique solutions

2 Manage Liabilities

Strive to generate RLE

- manage claims professionally, expeditiously and cost effectively
- commute assumed reinsurance liabilities and ceded reinsurance contracts

3 Manage Investments

Strive to generate net investment returns on our assets

- manage our core fixed-income assets with goal of prudently providing current income while facilitating the prompt payment of claims
- use non-core assets to diversify our overall investment portfolio and increase our returns within our investment risk framework

4 Redeploy Capital

Profits released from the underlying regulated entities can be redeployed into the business

- meet financing obligations
- fund future transactions
- return value to shareholders with share repurchases or dividends

[1] This is further described in Note 2 in our consolidated financial statements.

Our Organization

Segments[2]

We report the results of our operations through four reportable segments:

- Run-off: consists of our acquired property and casualty and other (re)insurance business.
- Enhanzed Re: consists of life and catastrophe business that we have assumed via the acquisition of the controlling interest in Enhanzed Reinsurance, Ltd. ("Enhanzed Re").
- Investments: consists of our investment activities and the performance of our investment portfolio, excluding those investable assets attributable to our Legacy Underwriting segment.
- Legacy Underwriting: consists of businesses that we have exited via the sale of the majority of our interest.

In addition, our corporate and other activities, which do not qualify as an operating segment, include income and expense items that are not directly attributable to our reportable segments.

Major Operating Subsidiaries

Our (re)insurance business is regulated and requires licenses to operate in each relevant jurisdiction. Our major operating insurance subsidiaries and their regulatory domiciles are listed below:

Regulated Company	Jurisdiction	% of Net Loss Reserves as of December 31, 2021
Clarendon National Insurance Company Fletcher Reinsurance Company Yosemite Insurance Company	United States	9%
Cavello Bay Reinsurance Limited Enhanzed Reinsurance Ltd. Fitzwilliam Insurance Limited StarStone Insurance Bermuda Limited	Bermuda	76%
SGL No.1 Limited Mercantile Indemnity Company Limited River Thames Insurance Company Limited	United Kingdom	14%
Gordian Runoff Limited StarStone Insurance SE	Other	1%
		100%

[2] For further information on our reportable segments, refer to "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations by Segment" and Note 3 to our consolidated financial statements.

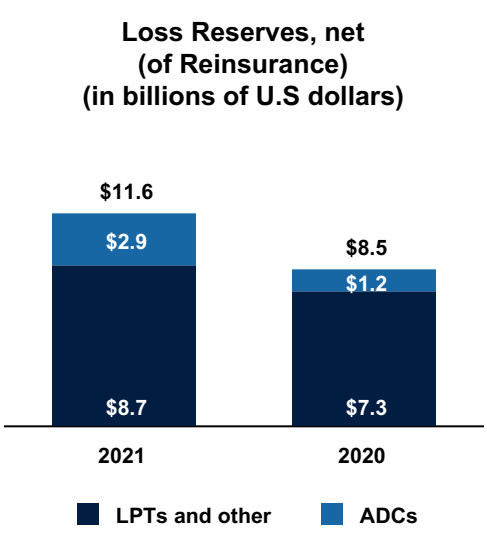
1 Acquire New Business

Sourcing

We leverage our industry relationships and our position as an experienced run-off specialist, together with our footprint in the major (re)insurance hubs, to source new business opportunities. We engage directly with companies and/or their representative brokers to bid for and negotiate new transactions.

Solutions

Our Run-off and Enhanzed Re businesses offer a variety of capital release solutions, including but not limited to:



LPTs: We offer LPTs in situations where our clients wish to divest themselves of a portfolio of non-core insurance business. In such instances, we are able to retroactively reinsure against deterioration of the non-core portfolio of loss reserves, subject to any stipulated limits. In the Lloyd's market, we provide similar solutions through reinsurance to close ("RITC") transactions.

ADCs: In situations where our clients are concerned about loss deterioration on selected books of business, we offer ADCs whereby we reinsure certain losses in excess of our clients' established reserves, up to a pre-determined limit.

Acquisitions: Where our clients or potential clients want to dispose of a company in run-off, we may purchase the company. Such a transaction is beneficial to the seller because it enables them to monetize their investment in that company.

Pricing

We evaluate each opportunity presented by carefully reviewing and analyzing the portfolio's risk exposures, claim practices, reserve requirements and outstanding claims. This initial analysis allows us to determine whether the opportunity aligns with our strategy and targeted return thresholds.

If we decide to pursue an opportunity, we proceed to price it based on certain assumptions, including: our ability to apply our core competencies to negotiate with (re)insureds, resolve valid claims, manage the investments associated with the portfolio and otherwise manage the nature of the risks posed by the business or portfolio.

LPTs and ADCs: Using actuarial analysis and our view of the exposure assumed, we determine the consideration (premium) that we charge the ceding companies under retroactive reinsurance contracts.

This premium may be lower than the undiscounted estimated ultimate losses payable at inception due to the time value of money, in recognition that we will earn an investment return on the assets which support the payment of insurance claims in the future.

Acquisitions: In order to price the acquisition of a company in run-off, we estimate the fair value of assets and liabilities acquired based on actuarial analyses and our views of the exposures assumed.

We may pay a discount to the book value of the company based on the risks assumed and the relative value to our client of no longer having to manage the company in run-off.

2 Manage Liabilities

Non-Life Run-off

There is a period over which the reserve liabilities associated with LPTs, acquisitions and other similar transactions are extinguished, as described below:

- At take-on: upon integrating the acquired company or portfolio we record our best estimate of the value of loss reserves. We then implement our plan to manage the book and its exposures that we gathered during the course of the acquisition process.
- Subsequent to take-on: in the proceeding years, we develop a deeper understanding of the claims portfolio from a reserving perspective and employ our claims management strategies in order to generate RLE.

After applying our claims management strategies for a period of time, there are generally reduced opportunities remaining to achieve RLE. At that point, our goal is to continue to manage costs and generate investment returns as we run off the remaining reserves in an orderly manner.

Both the A&E losses and LAE and defendant A&E liabilities have much longer maturities than our general casualty books of business, and therefore the period over which their reserve liabilities are extinguished tends to be significantly longer than other lines of business.

The strategies we employ to manage our acquired companies and portfolios of business in run-off include:

Claims Management: Integral to our success is our ability to analyze, administer, and settle claims while managing related expenses. We work with seasoned and well-trained claims professionals, along with claims reporting and control procedures, in all of our claims units. Our claims management processes also include leveraging our extensive relationships and developed protocols to manage outside counsel and other third parties more efficiently to reduce expenses.

With respect to certain lines of business, we have entered into agreements with third-party administrators to manage and pay claims on our subsidiaries' behalf and advise with respect to case reserves. These agreements generally set forth the duties of the third-party administrators, limits of authority, indemnification language designed for our protection and various procedures relating to compliance with laws and regulations. The agreements clearly define our claims handling guidelines, and we provide active oversight to manage these administrators on an ongoing basis in order to ensure the third-party administrators are operating in accordance with our expectations.

Commutations and Policy Buybacks: Where possible, we negotiate with third-party (re)insureds to commute their (re)insurance agreement (sometimes called policy buybacks for direct insurance) for an agreed upon up-front payment by us to manage payment of (re)insurance claims more efficiently.

Commutations and policy buybacks provide us with an opportunity to exit exposures to certain policies and (re)insureds generally at a discount to the ultimate liability. Commutations can reduce the duration, administrative burden and ultimately the future cost we face as we manage the run-off of the claims and the amount of regulatory capital we are required to maintain.

In certain lines of business, such as direct workers' compensation insurance, commutations and policy buyback opportunities are not typically available, and our strategy with respect to these businesses is to derive value through efficient and effective management of claims.

Reinsurance Recoverables: We manage reinsurance recoverables by working with reinsurers, brokers and professional advisors to achieve fair and prompt payment of reinsured claims, and we take appropriate legal action to secure receivables when necessary. Where appropriate we negotiate commutations with our reinsurers by securing a lump sum settlement from reinsurers in complete satisfaction of the reinsurer's past, present and future liability in respect of such claims.

Life Run-off

Enhanzed Re, a Bermuda-based Class 4 and Class E reinsurer which reinsures a closed block life annuity, other closed block Spanish life insurance business and property aggregate excess of loss business (catastrophe) from Allianz SE ("Allianz") who retains direct claims management and operational responsibilities.

This business has the potential to provide us with a more stable long term cash flow that may counter some of the volatility in our core non-life run-off business. Our objective for this business is to reinsure products that focus on longevity and investment risks.

We seek to deliver returns by taking advantage of the relative diversification benefits on our composite capital structure and the capital adjusted return profile of this business relative to our current run-off business.

Seasonality

We complete most of our loss reserve studies in the third and fourth quarters of each year and, as a result, we tend to record the largest movements, both favorable or adverse, to net incurred losses and LAE in these periods. However, we also monitor the progression of claims and claims settlements in the interim periods and may adjust our reserves if, and when, we deem it appropriate.

3 Manage Investments

We manage our investments to obtain an attractive risk adjusted returns while maintaining prudent diversification of assets and operating within the constraints of a regulated global (re)insurance group. We also consider the liquidity requirements and duration of our claims and contract liabilities.

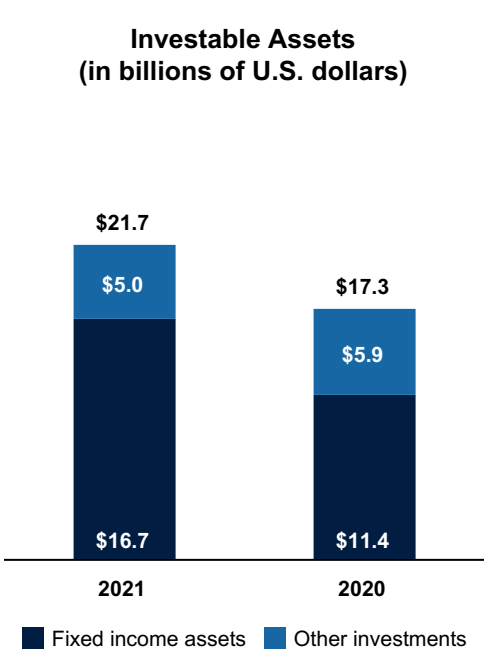
We have a group-wide investment policy and group mandate, which applies to our consolidated investment portfolio and all subsidiary cash and investment portfolios.

Our investment policy:

- Outlines our investment objectives and constraints;
- Prescribes permitted asset class limits and strategies;
- Establishes risk tolerance limits; and
- Establishes appropriate governance.

Our investment policy also includes constraints that impact our asset allocation and external asset manager selection.

In pursuing our investment objectives, we typically allocate to assets with varying risk-return profiles that fall into two classifications: core assets and non-core assets.



Core Asset Strategy: Our core assets investment portfolio is predominantly invested in investment grade fixed maturity securities that are duration and currency optimized and held against reserves in accordance with our contractual obligations with our counterparty insurers and as prescribed in statutory liquidity and solvency regulations. Our goal with these securities is to meet the expected maturity and prompt payment of the claims, while maximizing investment income.

Our fixed maturity assets include U.S. government and agency investments, highly rated sovereign and supranational investments, high-grade corporate investments as well as mortgage-backed and asset-backed investments.

Non-Core Asset Strategy: Our goal with our non-core assets investment portfolio is to provide diversification and increased return. Our non-core assets typically include below-investment grade fixed income securities and bank loans, public equity securities, hedge funds, private equity funds, fixed income funds, collateralized loan obligation ("CLO") equities, real estate funds and private credit funds. In addition, we include equity method investments as part of our Investable Assets.

Our core assets, or fixed income assets, include short-term and fixed maturity investments classified as trading and available-for-sale ("AFS"), fixed maturity investments included within funds-held directly managed, cash and cash equivalents, and funds held by reinsured companies.

Our non-core assets, or other investments, include equities, the remainder of the funds held-directly managed and equity method investments.

The allocation and composition of our non-core assets may vary, depending on risk appetite, current market conditions and the assessment of relative value between asset classes.

We believe our non-core investments provide diversification in our overall investment portfolio, because they generally have low correlation with our fixed income investments, thereby providing an opportunity for improved risk-adjusted rates of return while minimizing downside risk over the long term. The returns of our non-core investments may be volatile, and we may experience significant unrealized gains or losses in a particular quarter or year. Regulatory, rating agency, and other factors may limit our capacity to hold non-core assets.

Portfolio Allocation: Our portfolio is diversified across several core and non-core asset classes and targets attractive risk adjusted returns, while taking into account regulatory, capital, risk, and other relevant considerations. We periodically review the performance of the portfolio and reallocate assets to take advantage of opportunities in the market. This asset rebalancing is periodically reviewed by our Board Investment Committee.

Asset Manager Selection: Our investment portfolio is primarily managed by external managers through the execution of investment management agreements and investment guidelines. We hold regular discussions with our managers to monitor investment performance.

Performance and Compliance Monitoring: Our investment management agreements and guidelines with external asset managers include performance benchmarks. The benchmarks take various factors into consideration, including duration, currency, asset class, geography, sector, credit quality and other relevant metrics that impact performance.

An investment compliance report for the aggregate investment policy is prepared for our Board Investment Committee on a quarterly basis in arrears. The Board Investment Committee is responsible for ensuring that investment compliance guidelines proposed are aligned to our stated risk appetite.

4 Redeploy Capital

Our regulated subsidiaries and group are subject to capital requirements, which require us to hold additional assets to mitigate the risk of insufficient funds to fulfill our insurance obligations in adverse economic or operational circumstances. Amounts beyond our internal capital levels are available for us to redeploy.

As we work to settle our liabilities, we reduce our required capital and any excess capital may be redeployed into the business for further acquisitions. We believe that the best investment is in our business, by funding future transactions and meeting our financing obligations. In addition, we may choose to add value by returning funds to shareholders in the form of share repurchases or dividends. To date, we have not declared any dividends on our ordinary shares.

Competition

Our Run-off segment competes in the global insurance market with domestic and international reinsurance companies to acquire and manage (re)insurance companies in run-off and portfolios of (re)insurance business in run-off. The Run-off space has seen several new entrants to the market over the recent years which has increased competition in the overall market.

We compete with different companies depending upon the size of the portfolio losses being contemplated and the location of the insurer or insurance risks.

The acquisition and management of companies and portfolios in run-off is highly competitive, and driven by several factors, including proposed acquisition price, operational reputation, and financial resources including new capital and alternative forms of capital entering the markets.

We have established long-term and continuing business relationships throughout the (re)insurance industry, which can be a significant competitive advantage for us. Additionally, we believe that we are competitive on price and have a reputational ability to complete and manage transactions.

Human Capital Resources

As of December 31, 2021, we had 832 employees, as compared to 1,189 as of December 31, 2020. The reduction in employees is primarily a result of our exit of our active underwriting platforms.

We seek to attract, retain and motivate a specialized workforce that supports our culture, target operating model and business performance. We do this by applying the following strategies:

- Making use of a range of hiring channels and approaches and incorporating a total reward offering that includes market competitive salaries, an annual bonus plan as well as comprehensive benefits to protect employee health, wellness and financial security.
- Promoting alignment of interests with investors through the use of an employee share purchase plan and long-term equity-based incentives.
- Encouraging our employees to periodically review development areas with their managers to identify appropriate learning opportunities to better equip our work force with the skills necessary for near- and long-term success. We offer an array of professional development programs and initiatives to support our employees' career aspirations and enhance our leadership and management capabilities—creating a pipeline of talent able to deliver on our long-term strategic objectives and developing a skilled workforce with succession capabilities.

For example, we provide all of our employees access to a digital platform containing learning resources designed to support their role and career at Enstar. In addition, we deploy a Business Excellence Leadership Program designed to enhance leadership and management capabilities across our senior management team.

We also understand the importance of diversity in our work force. To measure our progress, we use a variety of human capital measures in managing our business, including workforce demographics and diversity metrics, attrition and retention metrics, and hiring metrics.

As of December 31, 2021:

- Women comprised 47% of our global headcount.
- 43% of our work force was located in the United States, of whom 33% self-identified as being part of an ethnic and/or racial minority group.[3]

We are committed to fostering a culture that treats all employees fairly and with respect, promotes inclusivity and diversity, and provides equal opportunities for professional development and merit-based advancement. To formalize these values, we have adopted a Board Diversity Policy and Group Diversity, Equity and Inclusion Policy. We intend to continue conducting human capital management activities, including recruitment, career development and advancement, role design and compensation in a manner reflective of our commitment to diversity and inclusion.

We also recognize the importance of our employees as individuals and the role we can play in promoting their wellbeing. Our eligible Enstar employees may participate in our Enstar wellness program that reimburses employees for eligible wellness-related expenses. In October 2021 we launched an internal wellbeing platform in an effort to support our employees' emotional, physical and financial wellbeing. Following a review of the needs of our business and our employees, we have transitioned primarily to an agile working environment, where employees who are designated as agile can work flexibly from multiple locations, whether it be an Enstar office, their home, or another suitable location.

[3]Global racial and ethnic diversity information is not available due to limitations on our ability to maintain such details about our employees in certain jurisdictions in which we operate.

Enterprise Risk Management

Effective enterprise risk management (“ERM”) and oversight is a top priority for our management and Boards of Directors (both at the parent company and subsidiary levels). We aim to ensure that we have engaged in highly comprehensive risk management framework to identify, measure, manage, monitor and report on risks that affect the achievement of our strategic, operational and financial objectives.

We believe that an effective ERM framework is crucial to maintaining the strength of Enstar and our (re)insurance companies (our "Group") and enhancing our operations. These include our business strategy and objectives, capital management decision making, operations and processes, financial performance and financial reporting, regulatory compliance, reputation with key stakeholders and business continuity planning. Through our ERM framework, we aim to embed considerations of risk through all aspects of our business.

Risk Management Strategy

The Group’s Risk Strategy has been designed to help meet our core objectives, which is to:

- engage in a highly disciplined and risk based, acquisition, management and (re)insurance practices across a diverse portfolio of loss reserves;
- seek investment risk where it is adequately rewarded;
- maintain loss reserving risk in line with risk appetite;
- minimize capital, liquidity, credit, operational and regulatory risks; and
- promote the consideration of Environmental (specifically, climate change effects), Social and Governance (“ESG”) risks in the business planning and strategic priorities process.

These strategies are pursued through the use of appropriate controls, governance structures and highly skilled teams effectively working together.

Our risk management strategy is embedded across the organization by promoting a strong culture of risk awareness. This is evidenced through our day-to-day approach to managing our business. In particular, risk matters are regularly discussed at management and Board meetings, providing challenge and considering opportunities against risks being assessed and managed.

The goal of our risk management strategy is to enable the proactive, pragmatic management of risks arising in day-to-day operations, primarily through the implementation and maintenance of an effective ERM framework to ensure a robust control environment.

Risk Appetite

The Risk Appetite Framework in place at both the Group and its regulated subsidiaries monitors risk taking throughout the business by linking business strategy and planning with available capital and risk. It is designed to consider material risks, protect the Group and its subsidiaries from an unacceptable level of loss, compliance failures and/or adverse reputational impacts and support the wider strategic decision-making process.

A qualitative Risk Appetite statement is set for each material risk to represent the amount of risk the Board is willing to accept, which is supported by quantitative tolerances (such as minimum capital required). The qualitative risk appetite statements and supporting quantitative tolerances are reviewed and approved by the Board annually. Subsidiary companies’ risk appetite and tolerances are reviewed against their specific risk profiles and strategy and approved by the local Board(s), and are reviewed annually to ensure that subsidiary risk appetite does not in the aggregate exceed Group Risk Appetite Framework.

Accountability for the implementation, monitoring and oversight of risk appetite is aligned with individual corporate executives and monitored and maintained by the Risk Management function. Risk tolerance levels are monitored and deviations from pre-established levels are reported in order to facilitate responsive action. On a quarterly basis, risk tolerances are reported by the assigned first line business owner to Risk Management who collate, review and provide challenge and aggregate tolerances. Individual tolerances are rated ‘Red’, ‘Amber’ or ‘Green’ relative to pre-defined thresholds. As determined by the Board or Risk Committee, the Risk Appetite Framework and tolerance(s) may be reviewed/updated outside of the annual review cycle in the event of a material change in risk profile.

Risk Governance and Culture

The Board of Directors actively oversees the management of risks to which the Group is exposed in a variety of ways. To ensure comprehensive oversight, the Company has an EGL Risk Committee, as well as Group and subsidiary Management Risk Committees comprised of executive and/or senior management responsible for the management of key risks. These committees are supported by representatives from both our risk and internal audit functions.

The Group, supported by the wider ERM Framework, promotes a strong risk culture through a rigorous hiring process for employees, performing an annual Compensation Risk Assessment, ensuring employee understanding and compliance with the Employee Code of Conduct, and by promoting employee risk awareness of compliance and IT security matters through training.

Risk Ownership, Accountability and Assurance

Enstar has adopted the traditional Three Lines of Defense model (Management, Risk and Compliance & Internal Audit) to delineate accountabilities and establish a ‘check and balance’ management of risks across the Group. The Three Lines of Defense model has been selected to allow for clear ownership and accountability of risks, and independent assurance that these have been considered appropriately via the Internal Audit function. This model also allows for a clear assignment of risk management responsibilities across all Group activities and helps communicate the approach to risk management throughout the organization.

The Risk Management function, headed by the Group Chief Risk Officer (“CRO”), is responsible for both designing and operationalizing the various components of the ERM Framework throughout the Group. To ensure independence, the CRO reports to the Enstar CEO and has direct access to the Chairperson of the EGL Risk Committee. It should be noted that the CRO will obtain expertise from other functions / subject matter experts to provide coverage over key risk areas.

The Group and its subsidiaries have internal controls in place, designed to manage risks to acceptable levels and the effectiveness of controls is regularly considered in managing and balancing risk and appetite. These are implemented within each line of defense.

Entity Level Management

At the operating subsidiary level, risks relating to our individual (re)insurance subsidiaries are also overseen by the subsidiary boards of directors, subsidiary risk committees and other committees, and management teams, consistent with applicable regulatory requirements and our overall ERM framework that is embedded at local levels and throughout the business.

Emerging Risks

As part of our ERM Framework, we maintain a Framework for the Management of Emerging Risk, which sets out the minimum standards by which emerging risks are identified, analyzed, evaluated, treated and reported on. Pursuant to this framework, the Management Risk Committees and our Group Risk Committee continually monitor emerging risks and oversee changes to our ERM Framework to react to these risks, where appropriate. Emerging risks are defined as "risks which may develop or which already exist but are difficult to quantify." They are marked by a high degree of uncertainty, and may or may not fall within the categories outlined above under "Risk Categories." While emerging risks are not fully understood or explicitly considered within the day-to-day operation of our business due to the lack of quantifiable data, we expect that the potential impacts of these risks may crystallize over time and therefore merit additional analysis, monitoring, evaluation and, when appropriate, management of the emerging risk. See "Item 1A. Risk Factors" for further detail on these risks.

Regulation

Overview

The business of (re)insurance is regulated in most countries, although the degree and type of regulation varies from one jurisdiction to another. Our material operations are in Bermuda, the United Kingdom, the United States, Australia and several Continental European countries. We are subject to extensive regulation under the applicable statutes in these countries and any others in which we operate. In addition, the Bermuda Monetary Authority ("BMA") acts as group supervisor of our Group.

We may become subject in the future to regulation in new jurisdictions or additional regulations in existing jurisdictions depending on the location and nature of any companies acquired and the volume and location of business being transacted by our existing companies.

Group Supervision

The BMA's group supervision objective is to provide a coordinated approach to the regulation of an insurance group and its supervisory and capital requirements. Bermuda has been recognized by the U.S. National Association of Insurance Commissioners ("NAIC") as a qualified jurisdiction, and the E.U. recognizes Bermuda's full equivalence under Solvency II.

As our Group supervisor, the BMA performs a number of functions including: (i) coordinating the gathering and dissemination of information for other regulatory authorities; (ii) carrying out a supervisory review and assessment of our Group; (iii) carrying out an assessment of our Group's compliance with the rules on solvency, risk concentration, intra-group transactions and appropriate governance procedures; (iv) planning and coordinating, through regular meetings with other authorities, supervisory activities in respect of our Group; (v) coordinating any enforcement action that may need to be taken against our Group or any Group members; and (vi) coordinating meetings of colleges of supervisors in order to facilitate the carrying out of these functions. Cavello Bay Reinsurance Limited ("Cavello") serves as our Group's Designated Insurer. As Designated Insurer, Cavello is required to facilitate compliance by our Group with the insurance solvency and supervision rules.

On an annual basis, the Group is required to file Group statutory financial statements, a Group statutory financial return, a Group capital and solvency return, audited Group financial statements, a Group Solvency Self-Assessment ("GSSA"), and a financial condition report with the BMA. The GSSA is designed to document our perspective on the capital resources necessary to achieve our business strategies and remain solvent, and to provide the BMA with insights on our risk management, governance procedures and documentation related to this process. In addition, the Group is required to file a quarterly financial return with the BMA.

We are required to maintain available Group statutory capital and surplus in an amount that is at least equal to the group enhanced capital requirement ("ECR"). The BMA has also established a group target capital level equal to 120% of the Group ECR.

The BMA also maintains supervision over the controllers of all Bermuda registered insurers, and accordingly, any person who, directly or indirectly, becomes a holder of at least 10% of our ordinary shares must notify the BMA in writing within 45 days of becoming such a holder (or ceasing to be such a holder). The BMA may object to such a person and require the holder to reduce its holding of ordinary shares and direct, among other things, that voting rights attaching to the ordinary shares shall not be exercisable.

Bermuda Operations

BMA Insurance Regulation

The Insurance Act 1978 of Bermuda and related regulations, as amended (together, the "Insurance Act"), regulate the (re)insurance business of our operating subsidiaries in Bermuda. The Insurance Act imposes certain solvency and liquidity standards and auditing and reporting requirements and grants the BMA powers to supervise, investigate, require information and the production of documents and intervene in the affairs of (re)insurance companies.

Significant requirements pertaining to our regulated Bermuda subsidiaries vary depending on the class in which our company is registered, but generally include the appointment of a principal representative in Bermuda, the

appointment of an independent auditor, the appointment of an approved loss reserve specialist to opine on the statutory technical provisions of our insurance reserves, the filing of annual statutory and U.S generally accepted accounting principles (“U.S. GAAP”) based financial statements, the filing of annual statutory financial returns, the filing of quarterly financial returns, compliance with group solvency and supervision rules, and compliance with the Insurance Code of Conduct (relating to corporate governance, risk management and internal controls).

Our regulated Bermuda subsidiaries must also comply with a minimum liquidity ratio and minimum solvency margin. The minimum liquidity ratio requires that the value of relevant assets must not be less than 75% of the amount of relevant liabilities. The minimum solvency margin, which varies depending on the class of the insurer, is determined as a percentage of either net reserves for losses and LAE or premiums. Each of our regulated Bermuda-domiciled insurers is also subject to an ECR determined pursuant to a risk-based capital measure and are required to file a Commercial Insurer’s Solvency Self-Assessment (“CISSA”), and a financial condition report with the BMA. As of December 31, 2021, each of our Bermuda-based (re)insurance subsidiaries exceeded their respective minimum solvency and liquidity requirements.

Each of our regulated Bermuda subsidiaries would be prohibited from declaring or paying any dividends if it were in breach of its minimum solvency margin or liquidity ratio or if the declaration or payment of such dividends would cause it to fail to meet such margin or ratio. In addition, each of our regulated Bermuda subsidiaries is prohibited, without the prior approval of the BMA, from reducing by 15% or more its total statutory capital, or from reducing by 25% of more its total statutory capital and surplus, as set out in its previous year’s statutory financial statements. Our Bermuda (re)insurance companies that are in run-off are required to seek BMA approval for any dividends or distributions.

Economic Substance Act

Under the provisions of the Economic Substance Act 2018 (the "ESA"), any Bermuda-registered entity engaged in a “relevant activity” (which includes insurance business and holding entity activities) must maintain a substantial economic presence in Bermuda. To the extent that the ESA applies to our entities registered in Bermuda, we are required to demonstrate compliance with economic substance requirements by filing an annual economic substance declaration with the Registrar of Companies in Bermuda.

U.K. Operations

PRA and FCA Regulation

Our U.K.-based insurance subsidiaries consist of wholly-owned run-off companies. These subsidiaries are authorized and regulated by the U.K. Prudential Regulation Authority (the "PRA"), and are also regulated by the Financial Conduct Authority (the "FCA", together with the PRA, the "U.K. Regulator"). Our U.K. run-off subsidiaries may not underwrite new business without the approval of the U.K. Regulator.

Our U.K.-based insurance subsidiaries are required to maintain adequate financial resources in accordance with the requirements of the U.K. Regulator. The calculation of the minimum capital resources requirements in any particular case depends on, among other things, the type and amount of insurance business written and claims paid by the insurance company. As of December 31, 2021, each of our U.K.-based insurance subsidiaries maintained capital in excess of the minimum capital resources requirements.

The Solvency II framework sets out requirements on capital adequacy and risk management for insurers. To the extent that Solvency II was already adopted by U.K. legislation, it remains in force post-Brexit. Insurers must comply with a Solvency Capital Requirement ("SCR"), which is calculated using either the Solvency II standard formula or a bespoke internal model. Our non-Lloyd's U.K. companies use the standard formula. It remains to be seen to what extent the U.K. will depart from the requirements of Solvency II post-Brexit in any new U.K. legislation that may be introduced.

The U.K. Regulator’s rules require our U.K. insurance subsidiaries to obtain regulatory approval for any proposed or actual payment of a dividend. The U.K. Regulator uses the SCR, among other tests, when assessing requests to make distributions.

Under the Financial Services and Markets Act of 2000 ("FSMA"), any company or individual (together with its concert parties) proposing to directly or indirectly acquire "control" over a U.K. authorized insurance company (which is generally defined as acquiring 10% or more of the shares or voting power in a U.K. authorized insurance company or its parent company) must seek prior approval of the U.K. Regulator of its intention to do so. A person

who is already deemed to have "control" will require prior regulatory approval if the person increases the level of "control" beyond 20%, 30% and 50%.

Lloyd's Regulation

We participate in the Lloyd's market through our interests in: (i) Syndicate 2008, a syndicate that has permission to underwrite RITC business and other run-off or discontinued business type transactions with other Lloyd's Syndicates; (ii) Syndicate 1301 (2020 and prior underwriting years), which is managed by Enstar Managing Agency Limited ("EMAL") (EMAL also serves as managing agent for Syndicate 2008); and (iii) Atrium's Syndicate 609 (2020 and prior underwriting years), which is managed by Atrium Underwriters Limited, a Lloyd's managing agent.

Our Lloyd's operations are subject to authorization and regulation by the U.K. Regulator and compliance with the Lloyd's Act(s) and Byelaws and regulations, as well as the applicable provisions of the FSMA. The Council of Lloyd's has wide discretionary powers to regulate its members, and its exercise of these powers might affect the return on an investment of the corporate member in a given underwriting year. This discretion includes the ability to assess up to 3% of a member's underwriting capacity in any one year as a Central Fund contribution.

The underwriting capacity of a corporate member of Lloyd's must be supported by providing a deposit (referred to as "Funds at Lloyd's" or "FAL") in the form of cash, securities, letters of credit or other approved capital instrument in satisfaction of its capital requirement. The amount of the FAL is assessed, from 2022, quarterly and is determined by Lloyd's in accordance with applicable capital adequacy rules. To release their capital, Lloyd's members are usually required to have transferred their liabilities through an approved RITC, such as those offered by Syndicate 2008.

Business plans, including maximum underwriting capacity, for Lloyd's syndicates require annual approval by the Lloyd's Franchise Board, which may require changes to any business plan or additional capital to support underwriting plans.

The Lloyd's market has applied the Solvency II internal model under Lloyd's supervision, and our Lloyd's operations are required to meet Solvency II standards. The Society of Lloyd's has received approval from the PRA to use its internal model under the Solvency II regime.

Lloyd's approval is required before any person can acquire control of a Lloyd's managing agent or Lloyd's corporate member.

U.S.

Our U.S. (re)insurance subsidiaries are subject to extensive governmental regulation and supervision by the states in which they are domiciled, licensed and/or eligible to conduct business. We currently have wholly owned subsidiary U.S. insurers and reinsurers domiciled in Texas, Missouri and Oklahoma and minority owned affiliates in Pennsylvania, Delaware, New Jersey and Illinois.

Our U.S. insurers are generally required to maintain minimum levels of solvency and liquidity as determined by law, and to comply with risk-based capital requirements and licensing rules. Insurers having less statutory surplus than required by the risk-based capital calculation will be subject to varying degrees of regulatory action. If any of our U.S. insurers were to have risk-based capital levels that are below required levels, they would be subject to increased regulatory scrutiny and control by their domestic and possibly other insurance regulators. As of December 31, 2021, all of our U.S. insurers exceeded their required levels of risk-based capital.

Applicable insurance laws also limit the amount of dividends or other distributions our U.S. insurers can pay to us. The insurance regulatory limitations on dividends are generally based on statutory net income and/or certain levels of statutory surplus as determined by the insurer's state or states of domicile and approval must be obtained before an insurer may pay a dividend or make a distribution above these thresholds.

All states have enacted legislation regulating insurance holding company systems that requires each insurance company in the system to register with the insurance department of its state of domicile and furnish information concerning the operations of companies within the holding company system that may materially affect the operations, management or financial condition of the insurers within the system. The NAIC has adopted amendments to the Insurance Holding Company System Regulatory Act and associated regulations, which all states in which our U.S. insurers are domiciled have adopted. The amendments provide the regulators with additional tools to evaluate risks to an insurance company within the insurance holding company system. They impose more extensive informational requirements on parents and other affiliates of licensed insurers with the

purpose of protecting them from enterprise risk, including requiring an annual enterprise risk report by the ultimate controlling person of the insurers identifying the material risks within the insurance holding company system that could pose enterprise risk to the insurers and requiring a person divesting its controlling interest to make a confidential advance notice filing.

The NAIC has also adopted the Risk Management and Own Risk and Solvency Assessment Model Act, which requires insurers to maintain a risk management framework and establishes a legal requirement for insurers or their insurance group to conduct an Own Risk and Solvency Assessment ("ORSA") in accordance with the NAIC's ORSA Guidance Manual. The ORSA Model Act has been adopted in all of the states in which our U.S. insurers are domiciled, and our insurers in these states may be subject to ORSA requirements if certain premium thresholds are exceeded. Where applicable, we must regularly conduct an ORSA consistent with the ORSA Model Act, including undertaking an internal risk management review no less often than annually and preparing a summary report assessing the adequacy of risk management and capital in light of our insurers' current and future business plans.

In addition, the NAIC's Corporate Governance Annual Disclosure ("CGAD") Model Act and Regulation requires the annual filing of a disclosure describing the insurance group's corporate governance structure, policies, and practices. The Model Act and Regulation have been adopted in most of the states in which we have insurers domiciled. There are no premium thresholds for CGAD.

Before a person can acquire control of a domestic insurer or any person controlling such insurer, prior written approval must be obtained from the insurance commissioner of the state in which the domestic insurer is domiciled and, under certain circumstances, from insurance commissioners in other jurisdictions. Generally, state statutes and regulations provide that "control" over a domestic insurer or person controlling a domestic insurer is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, 10% or more of the voting securities or securities convertible into voting securities of the domestic insurer or of a person who controls the domestic insurer.

Australia

Our Australian regulated insurance entities (which include our insurance subsidiary and our non-operating holding company) are subject to prudential supervision by the Australian Prudential Regulation Authority ("APRA"). APRA is the primary regulatory body responsible for regulating compliance with the Insurance Act 1973. APRA has issued prudential standards that apply to general insurers in relation to capital adequacy (under a wide range of scenarios), the holding of assets in Australia, risk management, business continuity management, reinsurance management, outsourcing, audit and actuarial reporting and valuation, the transfer and amalgamation of insurance businesses, governance, and the fit and proper assessment of the insurer's responsible persons.

APRA also prescribes prudential standards on risk management and governance. Our Australian regulated insurance entities are compliant with these requirements.

An insurer must obtain APRA's written consent prior to making any capital releases, including any payment of dividends in excess of current year earnings. Our insurance subsidiary must provide APRA with a valuation prepared by an appointed actuary that demonstrates that the tangible assets of the insurer, after the proposed capital reduction, are sufficient to cover its insurance liabilities to a 99.5% level of sufficiency of capital before APRA will consent to a capital release or dividend above the prescribed limit.

Under the Financial Sector (Shareholdings) Act 1998, the interest of an individual shareholder or a group of associated shareholders in an insurer is generally limited to a 15% "stake" of the insurer. A person's stake is the aggregate of the person's voting power and the voting power of the person's associates. A higher percentage limit may be approved by the Treasurer of the Commonwealth of Australia on national interest grounds. Any shareholder of Enstar with a "stake" greater than 15% has received approval to hold that stake from the Treasurer of the Commonwealth of Australia.

Europe

We have subsidiaries in Belgium, as well as StarStone Insurance SE ("SISE"), a Liechtenstein-based company that is regulated by the Financial Markets Authority. Our subsidiaries and branches in European jurisdictions are regulated in their respective home countries. The UK branch of SISE will also be regulated by the UK Regulator from 2024 following the expiration of Brexit transitional provisions. The application of the Solvency II framework across such European jurisdictions generally results in a more uniform approach to regulation. Typically, such

regulation is for the protection of policyholders and ceding insurance companies rather than shareholders. Regulatory authorities generally have broad supervisory and administrative powers over such matters as licenses, standards of solvency including minimum capital and surplus requirements, investments, reporting requirements relating to capital structure, ownership, financial condition and general business operations, special reporting and prior approval requirements with respect to certain transactions among affiliates, reserves for unpaid losses and LAE, reinsurance, dividends and other distributions to shareholders, periodic examinations and annual and other report filings.

Available Information About Enstar

Our website is http://www.enstargroup.com. We make available free of charge, through our Investor Relations section of our website, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to these reports, as soon as reasonably practicable after the material is electronically filed with or otherwise furnished to the U.S. Securities and Exchange Commission (the "SEC").

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports are also available on the SEC's website at http://www.sec.gov.

In addition, copies of our Code of Conduct and the governing charters for the Audit, Compensation, Executive, Investment, Nominating and Governance, and Risk Committees of our Board of Directors are available free of charge through our Corporate Governance section of our website.

The information contained on our website is not included as a part of, or incorporated by reference into, this filing.

ITEM 1A. RISK FACTORS

Any of the following risk factors could cause our actual results to differ materially from historical or anticipated results. These risks and uncertainties are not the only ones we face. There may be additional risks that we currently consider not to be material or of which we are not currently aware, and any of these risks could cause our actual results to differ materially from historical or anticipated results.

You should carefully consider these risks along with the other information included in this document, including the matters addressed above under "Cautionary Note Regarding Forward-Looking Statements" before investing in any of our securities. We may amend, supplement or add to the risk factors described below from time to time in future reports filed with the SEC.

We have categorized our risk factors into the following areas:

- Risks Relating to our Run-off Business
- Risks Relating to our Life Insurance Business
- Risks Relating to Liquidity and Capital Resources
- Risks Relating to our Investments
- Risks Relating to Laws and Regulations
- Risks Relating to our Operations
- Risks Relating to Taxation
- Risks Relating to Ownership of our Shares

Risks Relating to our Run-off Business

Inadequate loss reserves could reduce our net earnings and capital surplus, which could have a materially adverse impact on our results of operations and financial condition.

We are required to maintain a best estimate of reserves to cover the estimated ultimate liability for losses and LAE for both reported and unreported incurred claims. As of December 31, 2021, gross reserves for losses and LAE reported on our balance sheet were $13.3 billion. The process of establishing these reserves includes a significant level of judgment. As a result, these reserves are only estimates of what we expect the settlement and administration of claims will cost based on facts and circumstances known to us, as well as actuarial methodologies, historical industry loss ratio experience, loss development patterns, estimates of future trends and developments and other variable factors such as inflation. Further, our success is dependent upon our ability to assess accurately the reserves associated with the business that we will acquire in the future.

We cannot be certain that ultimate losses will not exceed our estimates of losses and LAE because of the uncertainties and inherent judgements that surround the estimation process (which are discussed in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates - Losses and Loss Adjustment Expenses"). As a result, actual losses and LAE paid will deviate, perhaps substantially, from the reserve estimates reflected in our financial statements due to legal, judicial, social, technological, or other factors. If our reserves are insufficient to cover our actual losses and LAE, we would have to augment our reserves and incur a charge to our earnings. Such a charge could be material and would reduce our net earnings and capital and surplus.

In our Run-off business, loss reserves include A&E liabilities of $2.4 billion as of December 31, 2021. We also hold defendant liabilities associated with personal injury A&E claims from acquired companies with legacy manufacturing businesses. As of December 31, 2021, defendant A&E liabilities reported on our balance sheet were $638 million. Ultimate values for A&E claims cannot be estimated using traditional reserving techniques, and there are significant uncertainties in estimating losses for these claims. Factors contributing to the uncertainty include long waiting periods, reporting delays and difficulties identifying contamination sources and allocating damage liability. Developed case law and adequate claim history do not always exist for A&E claims, and changes in the legal and tort environment affect the development of such claims.

In addition, evolving industry practices and legal, judicial, social, and environmental conditions may result in unexpected claims and coverage issues that could adversely affect the adequacy of our loss reserves by extending coverage beyond the envisioned scope of insurance policies and reinsurance contracts, or by increasing the number or size of claims. Our exposure to these uncertainties could be exacerbated by an increase in insurance and reinsurance contract disputes, arbitration and litigation, as well as social inflation trends, including expanded theories of liability and higher jury awards. Increasingly, the handling of insurance claims can also lead to bad faith or other forms of extra-contractual damages. These trends may not become apparent until long after we have acquired or assumed the affected insurance policies.

We may not be able to sustain our growth through acquisitions.

We pursue growth through financially beneficial acquisitions of reinsurance companies and portfolios of reinsurance business in run-off. Because the execution of our claims management strategies results in the reduction of our losses and LAE over time, we must continually acquire an adequate amount of run-off business that aligns with our strategic objectives. However, the acquisition of suitable run-off business is highly competitive and driven by many factors, including proposed acquisition price, reputation, collateral arrangements, and financial resources. Competitors continue to enter the insurance run-off space, and as a result, we may be unable to consummate acquisition transactions at acceptable prices and on acceptable terms, or at all, which could hinder our future growth.

The evaluation and negotiation of potential run-off acquisitions, as well as the integration of acquired businesses or portfolios in run-off, can be complex and costly and requires substantial management resources. Once we have signed a definitive agreement to acquire a business or portfolio, conditions to closing, such as obtaining regulatory or shareholder approvals, must be met prior to completing the acquisition. These and other closing conditions may not be satisfied, or may cause a material delay in the anticipated timing of closing. Such a failure or delay could result in significant expense, diversion of time and resources, reputational damage, litigation and a failure to realize the anticipated benefits of the acquisition, all of which could materially adversely impact our business, financial condition and results of operations.

Our acquisitions could involve additional risks that we may not be able to identify during the due diligence process, such as losses from unanticipated litigation, levels of covered claims or other liabilities and exposures, an inability to generate sufficient investment income and other revenue to offset acquisition costs and other financial exposures. Further, our counterparties may breach their representations and warranties and/or be unable or unwilling to meet their contractual obligations to us.

We may not be able to realize the anticipated benefits of acquisitions, which may result in underperformance relative to our expectations and have a material adverse effect on our business, financial condition or results of operations.

To achieve positive operating results from an acquisition, we must first price the transaction on favorable terms relative to the risks posed, and then we must successfully manage the acquired reserves. Unlike traditional insurers and reinsurers, our companies and portfolios in run-off no longer underwrite new policies or collect underwriting premiums, and their stated provisions for losses and LAE may not be sufficient to cover future losses and the cost of run-off. Failure to successfully manage such reserves, including by effectively managing claims, collecting from insurers or reinsurers, controlling expenses and generating positive investment returns in line with our pricing assumptions, could result in us having to cover losses sustained with capital, which would materially and adversely impact our ability to grow our business and may result in material losses.

Further, the acquisitions we have made and expect to make in the future may pose operational challenges that expose us to risks relating to:

- the value of liabilities assumed being greater than expected;
- the value of assets or our anticipated return on assets being lower than expected or diminishing for reasons including credit defaults, changes in interest rates, declines in the market value, inflation or delays in implementation of our intended investment strategies;
- funding cash flow shortages that may occur if anticipated revenues are not realized or are delayed, if expenses are greater than anticipated, or if assets are not liquid;
- integrating financial and operational reporting systems and internal controls of acquired businesses, including compliance with Section 404 of the Sarbanes-Oxley Act of 2002 and our reporting requirements under the Exchange Act;

- leveraging our existing capabilities and expertise into the business acquired and establishing synergies within our organization;
- funding increased capital needs and overhead expenses;
- integrating technology platforms and managing any increased cybersecurity risk;
- the timely transfer and integrity of data needed to manage acquired business;
- obtaining and retaining management personnel required for expanded operations;
- fluctuating foreign currency exchange rates relating to the assets and liabilities we may acquire;
- goodwill and intangible asset impairment charges; and
- complying with applicable laws and regulations.

If we are unable to address some or all of these challenges, our acquisitions may underperform relative to our expectations and our business may be materially and adversely affected.

Climate change may have an adverse impact on the returns from our run-off business as well as our investments, which could have an adverse effect on our results of operations or financial condition.

Our core focus is on acquiring and managing reinsurance companies and portfolios of reinsurance business in run-off, and as such climate change presents unique risks to our business stemming from insurance liabilities we acquire and the assets that back those liabilities. As we acquire liabilities, there is a risk that our current practices and processes do not successfully identify and/or price the risks arising from climate change, which could result in actual returns deviating adversely from those assumed when the transaction was priced. In addition, the disruption caused by changes in technology, governments and regulation as part of a societal transition to a lower carbon emitting economy could expose our investment portfolio to a loss of value in the near term and long term. For example, a swift, adverse repricing of carbon-intensive financial assets could expose our investments to losses in the near term and in the long term if the transition to a lower carbon-emitting economy is associated with increased production costs.

Risks Relating to our Life Insurance Business

Our life and annuity business within Enhanzed Re is subject to the typical risks relating to life and annuity businesses, including the performance of assets to support the liabilities, the mismatch in asset/liability duration, and assumptions used to estimate reserves for future policy benefits proving to be incorrect.

The profitability of Enhanzed Re's life and annuity products depends in part on the value of the investments supporting them, including structured products, which are illiquid and can fluctuate substantially depending on market conditions. This results in an exposure to market and credit risk associated with Enhanzed Re's life and annuity products, which is the risk of loss from changes in interest rates and fixed income security prices. In addition, Enhanzed Re is exposed to the risk of mismatch in asset/liability duration, which could expose Enhanzed Re, and us in turn, to the risk of losses and liquidity stress. For example, if a greater number of policyholders than expected elect to receive lump sum payments in lieu of retaining their policies and annuity contracts, it could expose Enhanzed Re to liquidity stress and create losses. In addition, reserves for future policy benefits are based on certain assumptions, including mortality, expenses, and discount rates based on expected yields at acquisition. The adequacy of the future policyholder benefits reserves established by Enhanzed Re is contingent on actual experience related to these key assumptions. If these assumptions are inaccurate, it could materially and adversely impact our financial performance.

Risks Relating to Liquidity and Capital Resources

The amount of statutory capital that we must hold in order to maintain our credit ratings and meet certain regulatory requirements can vary significantly and is sensitive to several factors.

Statutory capital requirements for our insurance subsidiaries are prescribed by the applicable insurance regulators in the jurisdictions in which we operate. Insurance regulators have established risk-based capital adequacy measures, such as the Bermuda Solvency Capital Requirement ("BSCR") in Bermuda and the Solvency II regime in the European Union and United Kingdom, which provide minimum solvency and liquidity requirements for insurance companies. The amount of capital that we and/or our insurance subsidiaries are required to hold may increase or

decrease depending on a variety of factors including the amount of statutory income or losses generated by our insurance subsidiaries (which itself is sensitive to equity market and credit market conditions), the amount of capital needed to support future growth through acquisitions, changes in the value of investments, the deterioration of market conditions due to global events, changes in interest rates and foreign currency exchange rates, as well as changes to the relevant regulatory capital adequacy measures and frameworks. Our overall liquidity and credit ratings are significantly influenced by the level of statutory capital and surplus in our insurance subsidiaries. If statutory capital requirements increase or if our insurance subsidiaries' solvency decreases, our subsidiaries would be required to hold more capital, and our ability to obtain distributions from these subsidiaries could be limited. If we fail to maintain adequate statutory capital, regulators may restrict our activities and prohibit us and our subsidiaries from completing acquisitions without raising additional capital. Additionally, if our BSCR falls below certain levels, it could trigger counterparty recapture rights and/or additional collateral requirements in certain of our reinsurance agreements.

We may require additional capital and credit in the future that may not be available or may only be available on unfavorable terms.

Our future capital requirements depend on many factors, including acquisition and investment activity, our ability to manage the run-off of our assumed liabilities, our ability to establish reserves at levels sufficient to cover losses, and our obligations to satisfy applicable statutory capital requirements. We may need to raise additional capital and liquidity through equity or debt financings. Our ability to secure this financing may be affected by a number of factors, including volatility in the global financial markets, new or incremental tightening in the credit markets, low liquidity and the strength of our capital position and operating results. In addition, an unfavorable change or downgrade of our issuer credit ratings could increase the interest rate or other fees charged under our debt facilities and may make it more expensive for us to access capital markets. Any equity or debt financing, if available at all, may be on terms that are not favorable to us, and could limit our strategic, financial and operational flexibility, including as a result of the need to dedicate a greater portion of our cash flows from operations to preferred share dividends and interest and principal payments on our debt financing and to comply with more burdensome covenant restrictions from our various debt and letter of credit facilities.

In addition, we may not achieve the desired regulatory capital treatment for any potential issuance of debt or equity securities due to changing solvency capital eligibility requirements under the Bermuda Insurance (Group Supervision) Rules 2011 (the "Group Supervision Rules") to which we are subject. For example, our outstanding preferred shares and junior subordinated notes qualify as Tier 2 capital and our outstanding senior notes qualify as Tier 3 capital, in accordance with the Group Supervision Rules. For these instruments to continue to receive the intended regulatory capital treatment, their terms must reflect the criteria contained in the Group Supervision Rules and any amendments thereto. If the BMA applies any changes to the Group Supervision Rules governing eligible capital such that our outstanding preferred shares and notes no longer receive their intended capital treatment under the Group Supervision Rules, we may be unable to maintain adequate regulatory capital. If we cannot obtain adequate capital or credit, our business, results of operations and financial condition could be adversely affected by, among other things, our inability to finance future acquisitions.

Our reinsurance subsidiaries are often required to provide collateral to ceding companies pursuant to their reinsurance contracts. Their ability to conduct business could be significantly and negatively affected if they are unable to do so or if any letters of credit posted as collateral cannot be renewed or are drawn upon by a ceding company.

Our reinsurance subsidiaries are often required to post collateral in the form of letters of credit, trust funds or other assets to provide security for their reinsurance obligations and to provide ceding companies with statutory credit for such reinsurance. If our reinsurance subsidiaries are unable to post the required collateral or the cost of providing such collateral materially increases, their operations could be significantly and negatively affected, which in turn could limit our ability to complete new reinsurance transactions on favorable terms or at all, which could negatively impact our business, financial condition and results of operations. Depending on multiple factors, our reinsurance subsidiaries may not be able to secure letters of credit to satisfy requirements to post collateral in support of their reinsurance obligations. If our reinsurance subsidiaries cannot post collateral in the form of letters of credit, then our reinsurance subsidiaries will have to post substitute collateral in the form of trust funds or other assets, limiting our ability to invest (and consequently derive investment income from) such assets and constraining our liquidity, which could negatively impact our business, financial condition and results of operations. In addition, if the beneficiary of any letter of credit draws funds against the letter of credit, we would be obligated to immediately reimburse the bank that issued the letter of credit the amount of such drawn funds, which could increase our indebtedness and negatively affect our liquidity and financial condition.

Reinsurers may not satisfy their obligations to our reinsurance subsidiaries, which could result in significant losses or liquidity issues for us.

Our reinsurance subsidiaries are subject to credit risk with respect to their reinsurers because the transfer of risk to a reinsurer does not relieve our subsidiaries of their liability to the underlying insured. Reinsurance companies may be negatively impacted or downgraded during difficult financial and economic conditions. In addition, reinsurers may be unwilling to pay our subsidiaries even though they are able to do so, or disputes may arise regarding payment obligations. The failure of one or more of our subsidiaries' reinsurers to honor their obligations in a timely fashion may affect our cash flows and liquidity, reduce our net earnings or cause us to incur a significant loss. Disputes with our reinsurers may also result in unforeseen expenses relating to litigation or arbitration proceedings. A reinsurer's inability or unwillingness to honor its obligations may negate the intended risk-reducing impact of our reinsurance.

Exposure to reinsurers who represent meaningful percentages of our total reinsurance balances recoverable on paid and unpaid losses may increase the risks described above. For information on reinsurance balances recoverable on paid and unpaid losses, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Reinsurance Balances Recoverable on Paid and Unpaid Losses."

We are dependent on the ability of our subsidiaries to distribute funds to us.

We are a holding company and therefore we are dependent on distributions of funds from our operating subsidiaries to fund acquisitions, fulfill normal course financial obligations, including payments on our outstanding notes, and pay dividends to our shareholders, including holders of our preferred shares and, in turn, the related depositary shares. The ability of our reinsurance subsidiaries to make distributions to us may be limited by various business considerations and applicable insurance laws and regulations in jurisdictions in which we operate (which are described in "Item 1. Business - Regulation"). The ability of our subsidiaries to make distributions to us may also be restricted by, among other things, other applicable laws and regulations and the terms of our debt obligations and our subsidiaries' debt obligations. If our subsidiaries are restricted from making distributions to us, we may be unable to maintain adequate liquidity to fund acquisitions or fulfill our financial obligations.

Fluctuations in currency exchange rates may cause us to experience losses.

We maintain a portion of our investments, insurance liabilities and insurance assets denominated in currencies other than U.S. dollars. Consequently, we and our subsidiaries may experience foreign exchange losses, which could adversely affect our results of operations. Additionally, we publish our consolidated financial statements in U.S. dollars. Therefore, fluctuations in exchange rates used to convert other currencies used by our subsidiaries, particularly Australian dollars, Canadian dollars, British pounds and Euros, into U.S. dollars will impact our reported financial condition, results of operations and cash flows from year to year.

Risks Relating to our Investments

The value of our reinsurance subsidiaries' investment portfolios and the investment income that our reinsurance subsidiaries receive from these portfolios may decline materially as a result of market fluctuations and economic conditions.

We derive a significant portion of our income from our invested assets, which consist primarily of investments in fixed maturity securities. The value of our subsidiaries' investments in fixed maturity securities will generally increase or decrease with changes in interest rates and credit spreads. Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors beyond our control. A rise in interest rates would, all else being equal (i.e. no movement in credit spreads), increase net unrealized losses, which would decline over time as the security approaches maturity. Conversely, a decline in interest rates, all else being equal would increase net unrealized gains, which would decline over time as the security approaches maturity. Additionally, new investments of cash or the reinvestment of proceeds from sales of securities would likely be invested at lower interest rates thereby decreasing net investment income on those proceeds. The fair market value of fixed maturity securities can also decrease as a result of a deterioration of the credit quality of those securities. Any perceived decrease in credit quality may cause credit spreads to widen, all else being equal, and this would result in an increase in net unrealized losses. A deterioration of credit ratings on our fixed maturity security investments may result in a preference to liquidate these securities in the financial markets. If we liquidate these securities during a period of deteriorating credit, we may realize a significant loss.

In addition, net investment income and net realized and unrealized gains or losses could vary materially from expectations depending on general market conditions. For example, we may incur impairment charges resulting from revaluations of debt and equity securities and other investments. Increased volatility in the financial markets and overall economic uncertainty would increase the risk that the actual amounts realized in the future on our financial instruments could differ significantly from the fair values currently assigned to them.

Some of our fixed maturity securities, such as mortgage-based and other asset-backed securities, carry prepayment risk, or the risk that principal will be returned more rapidly or slowly than expected, as a result of interest rate fluctuations. When interest rates decline, consumers tend to make prepayments on their mortgages (often through refinancing), causing us to be repaid more quickly than we might have originally anticipated, meaning that our opportunities to reinvest these proceeds back into the investment markets may be at reduced interest rates (with the converse being true in a rising interest rate environment). Mortgage-backed and other asset-backed securities are also subject to default risk on the underlying securitized mortgages, which would decrease the value of our investments.

The changes in the market value of our securities that are classified as trading or AFS are reflected in our financial statements. Credit losses on our AFS fixed maturity securities are recognized through an allowance account, which is also reflected in our financial statements. As a result, a decline in the value of the securities in our investment portfolios may materially reduce our net income and shareholders' equity, and may cause us to incur a significant loss. For more information on our investment portfolios, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Investable Assets."

Additionally, we expect that uncertainty and volatility in financial markets, including in relation to the COVID-19 pandemic and various governmental responses thereto, will continue to impact the value of our investments. The scope, duration and magnitude of the direct and indirect effects of the COVID-19 pandemic are changing rapidly and are difficult to anticipate.

Our investments in alternative investments, strategic investments in joint ventures and/or entities accounted for using the equity method may be illiquid and volatile in terms of value and returns.

In addition to fixed maturity securities, we have invested, and may continue to invest, in alternative investments such as hedge funds, fixed income funds, public equity funds, private equity funds and co-investments, CLO equities, CLO equity funds, real estate funds and other alternative investments. In addition, we have invested, and we may continue to make significant investments, in joint ventures and/or entities accounted for using the equity method that we do not control, which may limit our ability to take actions that could protect or increase the value of our investment. These and other similar investments may be illiquid due to restrictions on sales, transfers and redemption terms, may have different, more significant risk characteristics than our investments in fixed maturity securities and may also have significantly more volatile values and returns, all of which could negatively affect the market value of our investments, our investment income, and our overall portfolio liquidity. Alternative or "other" investments may not meet regulatory admissibility requirements or may result in increased regulatory capital charges to our insurance subsidiaries that hold these investments, which could limit those subsidiaries' ability to pay dividends and make capital distributions to us and, consequently, negatively impact our liquidity. For more information on our alternative investments, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Investable Assets."

The valuation of our investments may include methodologies, estimations and assumptions that are subject to differing interpretations and could result in changes to investment valuations that may materially adversely affect our financial condition or results of operations.

Fixed maturity and alternative investments, such as hedge funds, fixed income funds, public equity funds, private equity funds and co-investments, CLO equities, CLO equity funds and real estate funds represent the majority of our total cash and invested assets. These investments are reported at fair value on our consolidated balance sheet. Fair value prices for all trading and AFS securities in the fixed maturities portfolio are independently provided by our investment accounting service providers, investment managers, fund administrators, and investment custodians, each of which utilize internationally recognized independent pricing services. We record the unadjusted price provided by our accounting service providers, managers or custodians, after we perform an internal validation process. Fair value for our alternative investments is estimated based primarily on the most recently reported net asset values reported by the fund manager, which we may adjust following our internal review. Additionally, for some strategic investments for which we have elected the fair value option, our valuations of these investments is based on internal valuation models and methodologies that are subject to estimates and judgements that can vary from quarter to quarter.

These valuation procedures involve estimates and judgments, and during periods of market disruptions (such as periods of significantly rising or high interest rates, rapidly widening credit spreads or illiquidity), it may be difficult to value certain of our securities if trading becomes less frequent or market data becomes less observable. In addition, there may be certain asset classes that are now in active markets with significant observable data that become illiquid due to changes in the financial environment. In these cases, the valuation of a greater number of securities in our investment portfolio may require more subjectivity and management judgment. As a result, valuations may include inputs and assumptions that are less observable or require greater estimation as well as valuation methods that are more sophisticated or require greater estimation, which may result in valuations greater than the value at which the investments could ultimately be sold. Further, rapidly changing and unpredictable credit and equity market conditions could materially affect the valuation of securities carried at fair value as reported within our consolidated financial statements and the period-to-period changes in value could vary significantly. Decreases in value could have a material adverse effect on our financial condition and results of operations.

The nature of our liquidity demands and the structure of our investment portfolios may adversely affect the performance of our investment portfolio and financial results, as well as our investing flexibility.

We strive to structure the duration of our investments in a manner that recognizes our liquidity needs to satisfy future liabilities. Because of the unpredictable nature of losses and associated collateral provisions that may arise under the reinsurance policies issued by certain of our subsidiaries and as a result of our opportunistic commutation strategy, our liquidity needs can be substantial and may arise at any time. In that regard, we attempt to correlate the maturity and duration of our investment portfolio to our general liability profile. If we are unsuccessful in managing our investment portfolio within the context of this strategy, we may be forced to liquidate our investments at times and at prices that are not optimal, and we may have difficulty liquidating some of our alternative investments due to restrictions on sales, transfers and redemption terms. This could have a material adverse effect on the performance of our investment portfolio. Alternatively, we may forego investment income if the asset duration is shorter than our liability duration profile which could negatively impact our earnings.

We have many individual portfolios of cash and investments from our acquired companies and portfolios. Each investment portfolio has its own regulatory admissibility requirements, and each run-off entity is likely to have negative operating and financing cash flows due to commutation activity, claims settlements and capital distributions. These factors reduce our overall investing flexibility.

Risks Relating to Laws and Regulations

Insurance laws and regulations restrict our ability to operate, and any failure to comply with these laws and regulations, or any investigations, inquiries or demands by government authorities, may have a material adverse effect on our business.

We are subject to the insurance laws and regulations in a number of jurisdictions worldwide. Existing laws and regulations, among other things, limit the amount of dividends and capital that can be paid to us by our reinsurance subsidiaries, prescribe solvency and capital adequacy standards, impose restrictions on the amount and type of investments that can be held to meet solvency and capital adequacy requirements, require the maintenance of reserve liabilities, and require pre-approval of acquisitions, reinsurance transactions and certain affiliate transactions. Failure to comply with these laws and regulations or to maintain appropriate authorizations, licenses, and/or exemptions under applicable laws and regulations may cause governmental authorities to preclude or suspend our insurance or reinsurance subsidiaries from carrying on some or all of their activities, place one or more of them into rehabilitation or liquidation proceedings, impose monetary penalties or other sanctions on them or our affiliates, or commence insurance company delinquency proceedings against our insurance or reinsurance subsidiaries. The application of these laws and regulations by various governmental authorities may affect our liquidity and restrict our ability to expand our business operations through acquisitions or to pay dividends on our ordinary or preferred shares. Furthermore, compliance with legal and regulatory requirements is likely to result in significant expenses, which could have a negative impact on our profitability. To further understand these regulatory requirements, see "Item 1. Business - Regulation."

We believe it is likely there will continue to be increased regulatory intervention in our industry in the future, and these initiatives could adversely affect our business. Additional laws and regulations have been and may continue to be enacted that may have adverse effects on our operations, financial condition, statutory capital adequacy, and liquidity. For example, in many of the jurisdictions in which we operate, including Bermuda, there are increased regulations relating to group supervision though cooperation and coordination among insurance regulators regardless of an individual company's domiciliary jurisdiction. The BMA acts as our Group supervisor, as described

in "Item 1. Business – Regulation." We cannot predict the exact nature, timing or scope of these initiatives; however, we believe it is likely there will continue to be increased regulatory intervention in our industry in the future, and these initiatives could adversely affect our business.

The implementation of Solvency II, an E.U.-wide directive covering the capital adequacy, risk management and regulatory reporting for insurers, requires significant resources to ensure compliance by our E.U. companies. Additionally, if our non-E.U. subsidiaries engage in E.U. insurance or reinsurance business, additional capital requirements may be imposed for such companies to continue to insure or reinsure E.U.-domiciled risk or cedants if their regulatory regime is not deemed to have Solvency II equivalence. Bermuda has gained Solvency II equivalence, and our Bermuda reinsurers are subject to requirements in line with a Solvency II framework. Continued compliance with Solvency II and similar laws and regulations will result in additional costs for us.

Our U.K.-based insurance subsidiaries consist of wholly-owned run-off companies that are authorized and regulated by the U.K. Regulator. Our U.K. run-off subsidiaries may not underwrite new business without the approval of the U.K. Regulator. In addition, our Lloyd's operations are subject to authorization and regulation by the U.K. Regulator and compliance with the Lloyd's Act(s) and Bylaws and regulations, as well as the applicable provisions of the FSMA. The Council of Lloyd's has wide discretionary powers to regulate its members, and its exercise of these powers might affect the return on an investment of the corporate member in a given underwriting year. Business plans, including maximum underwriting capacity, for Lloyd's syndicates require annual approval by the Lloyd's Franchise Board. Continued compliance with the PRA, Lloyd's and similar regulators will result in additional costs for us.

Our business is subject to laws and regulations relating to sanctions and foreign corrupt practices, the violation of which could adversely affect our financial condition and results of operations.

We are legally required to comply with all applicable economic sanctions, anti-bribery, anti-corruption and anti-money laundering laws and regulations of the jurisdictions in which we operate. U.S. laws and regulations applicable to our U.S. subsidiaries include the economic trade sanctions laws and regulations administered by the Treasury's Office of Foreign Assets Control, as well as certain laws administered by the U.S. Department of State. New sanction regimes may be initiated, or existing sanctions expanded, at any time, which can impact our business activities. In addition, our companies are subject to the U.S. Foreign Corrupt Practices Act and other anti-bribery laws such as the Bermuda Bribery Act and the U.K. Bribery Act that generally bar corrupt payments or unreasonable gifts to foreign governments or officials. Although we have policies and controls in place that are designed to ensure compliance with these laws and regulations, it is possible that an employee or intermediary could fail to comply with applicable laws and regulations. In such event, we could be exposed to civil penalties, criminal penalties and other sanctions, including fines or other punitive actions. Such civil or criminal penalties, sanctions, fines or other punitive actions, and the possibility of resulting damage to our business and/or reputation, could have a material adverse effect on our financial condition and results of operations.

Risks Relating to our Operations

We are dependent on our executive officers, directors and other key personnel and the loss of any of these individuals could adversely affect our business.

Our success depends on the ability of our senior management and other key employees to implement our business strategy. For example, our ability to source run-off acquisitions is critical our business, and is in part dependent on the relationships of our senior management and other key personnel. The loss of their services or the loss of the services of or our relationships with any of our directors, could have a material adverse effect on our business. The COVID-19 pandemic presents a unique risk in this regard, in that if any of our key personnel were unable to continue to work productively, or at all, due to illness, government restrictions, remote working conditions, or other disruptions related to the COVID-19 pandemic, our ability to conduct our operations may be adversely affected.

Some of our directors, large shareholders and their affiliates have interests and/or other involvement with entities that can create conflicts of interest, through related party transactions or competition.

We have participated in transactions, investments and investment management arrangements in which one or more of our directors, large shareholders or their affiliates has an interest, and we may continue to do so in the future. In addition, some of our directors, large shareholders or their affiliates from time to time have ownership interests or other involvement with entities that compete against us or otherwise have interests that could, at times, be considered potentially adverse to us, either in the pursuit of acquisition targets, investments or in our business

operations. The interests of our directors, large shareholders or their affiliates in related party transactions or competitive businesses may create the potential for, or result in, conflicts of interests.

Cybersecurity events or other difficulties with our information technology systems could disrupt our business, result in the loss of critical and confidential information, increased costs, and adversely impact our reputation and results of operations.

We rely heavily on the successful, uninterrupted functioning of our information technology systems, as well as those of any outsourced service providers, including third-party administrators and investment managers. We rely on these systems to securely and accurately process, store, and transmit confidential and other data in connection with our critical operational functions such as paying claims, performing actuarial and other modeling, pricing, quoting and processing policies, cash and investment management, acquisition analysis, financial reporting and other necessary support functions. Our information may also be exposed to the risk of a data breach or cyber-security incident through a breach or failure of our systems or a breach or failure of the systems of third parties where we rely on such parties for outsourced functions or services. A failure of our information technology systems or those of our third-party service providers could materially impact our ability to perform the critical functions described above, affect the confidentiality, availability or integrity of our proprietary information and expose us to litigation and increase our administrative expenses.

Computer viruses, cyber-attacks, phishing scams and other external hazards, as well as any internal process or employee failures, could expose our information technology systems to security breaches that may cause critical data to be corrupted or confidential or proprietary information to be exposed, cause system disruptions or shut-downs, or expose us to financial fraud. In addition to our own information, we receive and may be responsible for protecting confidential or personal information of ceding companies, policyholders, employees, and other third parties, which could also be compromised in the event of a security breach. In addition, many of our employees continue to work remotely as a result of the COVID-19 pandemic, and we are therefore more dependent on our information technology systems and the continued access by our employees and service providers to reliable internet and telecommunications systems. If these systems do not function effectively or are disrupted due to heightened demand, cybersecurity attacks and data security incidents, or for any other related reason, it would negatively impact our ability to settle claims efficiently, complete acquisitions, integrate our acquired businesses, manage our investments, or otherwise conduct our business.

Although we utilize numerous controls, protections and risk management strategies to attempt to mitigate these risks, and management is not aware of a material cyber-security incident to date, the sophistication and volume of these security threats continues to increase. We may not have the technical expertise or resources to successfully prevent every data breach or cyber-security incident. The potential consequences of a data breach or cyber-security incident could include claims against us, significant reputational damage to our company, damage to our business as a result of disclosure of proprietary information, and regulatory action against us, which may include fines and penalties. Such an incident could cause us to lose business and commit resources, management time and money to remediate these breaches and notify aggrieved parties, any of which in turn could have an adverse impact on our business. We may also experience increasing costs associated with implementing and maintaining adequate safeguards against these types of incidents and attacks.

In addition, the information security and data privacy regulatory environment is increasingly demanding. We are subject to numerous laws and regulations in multiple jurisdictions governing the protection of the personal and confidential information of our clients and/or employees, including in relation to medical records and financial information. These laws and regulations are rapidly expanding, increasing in complexity and sometimes conflict between jurisdictions. For example, the E.U. General Data Protection Regulation ("GDPR") creates rights for individuals to control their personal data and sets forth the requirements with which companies handling the personal data of E.U.-based data subjects have to comply (regardless of whether such data handling involves E.U.-based operations). We are also subject to the GDPR through our handling of the personal data of E.U.-based subjects in connection with our ordinary course operations. If any person, including any of our employees or those with whom we share such information, negligently disregards or intentionally breaches our established controls with respect to our client data, or otherwise mismanages or misappropriates that data, we could be subject to significant monetary damages, regulatory enforcement actions, fines and/or criminal prosecution in one or more jurisdictions, including as a result of a violation of the GDPR.

If outsourced providers such as third-party administrators, investment managers or other service providers were to breach obligations owed to us, our business and results of operations could be adversely affected.

We outsource certain business functions to third-party providers, and these providers may not perform as anticipated or may fail to adhere to their obligations to us. For example, certain of our subsidiaries rely on relationships with a number of third-party administrators under contracts pursuant to which these third-party administrators manage and pay claims on our subsidiaries' behalf and advise with respect to case reserves. In these relationships, we rely on controls incorporated in the provisions of the administration agreement, as well as on the administrator's internal controls, to manage the claims process within our prescribed parameters. We also rely on external investment managers to provide services pursuant to the terms of our investment management agreements, including following established investment guidelines. Although we monitor these administrators and investment managers on an ongoing basis, we do not control them, and our service providers could exceed their authorities or otherwise breach obligations owed to us, which, if material, could adversely affect our business and results of operations. For example, a third-party investment manager may breach our investment guidelines and expose us to risk beyond our prescribed tolerances, which could have an immediate negative financial impact. We may also be negatively impacted if third-party administrators mishandle claims, fail to administer claims effectively or efficiently, fail to maintain accurate books and records, or fail to comply with laws or regulations.

Risks Relating to Taxation

U.S. tax reform legislation, various international tax transparency and economic substance initiatives, and possible future tax reform legislation and regulations could materially affect us and our shareholders.

On December 22, 2017, the US government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act is broad and contains many provisions that have significant implications on us, and potentially on our shareholders. The Tax Act has increased the likelihood that we or our non-U.S. subsidiaries or joint ventures managed by us will be deemed a "controlled foreign corporation" (CFC) within the meaning of the Internal Revenue Code of 1986, as amended (the "Code") for U.S. federal tax purposes. Specifically, the Tax Act expands the definition of "United States shareholder" for CFC purposes to include U.S. persons who own, directly or constructively, 10% or more of the value of a non-U.S. corporation's shares, rather than looking only to voting power held. The Tax Act also expands certain attribution rules for share ownership in a way that would cause non-U.S. subsidiaries to now be treated as CFCs if owned in a group, such as Enstar, that has a non-U.S. parent company and also includes at least one U.S. subsidiary. In the event a corporation is characterized as a CFC, any "United States shareholder" of the CFC is required to include in taxable income each year the shareholder's proportionate share of certain insurance and related investment income for the taxable year, even if such income is not distributed.

The Tax Act also contains modifications to certain provisions relating to passive foreign investment company ("PFIC") status including an exception for foreign insurance companies ("PFIC insurance exception"). Generally, a company is considered a PFIC where 75% or more of its income constitutes "passive income" or 50% or more of its assets were held to produce "passive income". The Tax Act modified the PFIC insurance exception to apply, inter alia, to insurance companies whose reserves constitute more than 25% of the company's gross assets. We believe that the Company is not a PFIC as our non-U.S. subsidiaries that are insurance companies meet the PFIC insurance exception. We also believe that our domestic insurance companies meet the qualifying domestic company exception. PFIC characterization of the Company under these rules could result in adverse tax consequences to U.S. persons who own our ordinary shares.

The Organization for Economic Co-operation and Development (the "OECD") Pillar II initiative is intended to propose a global minimum tax rate of 15% amongst its 140 member nations and other adopting countries. On December 20, 2021, the OECD released the final model rules on Pillar II ("Model Rules"), which nations can adopt into local legislation to implement Pillar II on a global basis.

Two components of the Model Rules, the Income Inclusion Rule ("IIR") and the Under-Taxed Payment Rule ("UTPR"), could potentially be applicable to our operations:

- The IIR establishes a global minimum tax in the jurisdiction of the parent company of a multinational enterprise ("MNE"). However, there is indication that Bermuda will choose to forgo adopting the IIR.
- The other component of the Model Rules, the UTPR, allows a portion of an MNE's global profits with an effective tax rate below the 15% minimum rate to be taxed by other jurisdictions through an allocation model based on headcount and fixed tangible assets. The Model Rules give flexibility to allow jurisdictions several mechanisms to collect global profits. This includes directly taxing allocated income, reduction in any allowance for equity or by imputing deemed income.

How the UTPR impacts our operations will heavily depend on how these rules are ultimately transposed into the local legislation of countries we operate in. The OECD, European Commission and the UK government will each have an impact on the proposed legislation.

The OECD is targeting the implementation of the IIR by 2023, and UTPR by 2024. The timeline for the legislative proposals from the European commission as well as the consultation from the UK government are generally consistent with the targeted OECD timeline.

Accordingly, should we become subject to the Pillar II rules in the future, this could result in an increase in the total amount of tax we pay, thereby having a material adverse impact on our business operations.

We might incur unexpected U.S., U.K., Australia, or other tax liabilities if companies in our group that are incorporated outside those jurisdictions are determined to be carrying on a trade or business in such jurisdictions.

We are currently not subject to tax in Bermuda. Under the Exempted Undertakings Tax Protection Act 1996, we have assurance that any legislation imposing an income, capital, or similar tax before March 31, 2035 will not apply to us. Given limitations imposed under this assurance, we cannot be certain that we will not be subject to tax after March 31, 2035. If we are subject to tax in Bermuda, this could have a material adverse impact on our business operations. Furthermore, a number of our subsidiaries are companies formed under the laws of Bermuda or other jurisdictions that do not impose income taxes, and it is our contemplation that these companies will not incur substantial income tax liabilities from their operations. Because the operations of these companies generally involve, or relate to, the insurance or reinsurance of risks that arise in higher tax jurisdictions, such as the United States, the United Kingdom and Australia, it is possible that the taxing authorities in those jurisdictions may assert that the activities of one or more of these companies creates a sufficient nexus in that jurisdiction to subject the company to income tax in such jurisdiction. There are uncertainties in how the relevant rules apply to insurance businesses, and in our eligibility for favorable treatment under applicable tax treaties. Accordingly, it is possible that our tax liabilities could be adversely impacted, which could reduce our net earnings.

U.S. persons who own our ordinary shares might become subject to adverse U.S. tax consequences as a result of "related person insurance income," if any, of our non-U.S. insurance company subsidiaries.

For any of our wholly-owned non-U.S. insurance company subsidiaries, if (1) U.S. persons are treated as owning 25% or more of our shares, (2) the related person insurance income ("RPII") of that subsidiary were to equal or exceed 20% of its gross insurance income in any taxable year, and (3) direct or indirect insureds of that subsidiary (and persons related to such insureds) own (or are treated as owning) 20% or more of the voting power or value of our shares, then a U.S. person who owns our shares directly, or indirectly through non-U.S. entities, on the last day of the taxable year would be required to include in income for U.S. federal income tax purposes that person's pro rata share of the RPII of such a non-U.S. insurance company for the entire taxable year, whether or not any such amounts are actually distributed. While recently proposed regulations put forth by the United States Department of Treasury and Internal Revenue Service on January 24, 2022 may change some of the ownership thresholds needed to qualify into RPII, we believe that some of the income thresholds above are not likely to be met. However, we cannot assure you that this will be the case. Accordingly, it is possible that a direct or indirect United States shareholder could be required to include amounts in its income in respect to RPII in any taxable year if the proposed regulations are finalized in their current form. We believe that these proposed changes would not affect the gross income threshold described above. These proposed regulations are subject to a 90-day comment period ending on April 25, 2022. It is expected that comments will request changes to the proposed regulations to ask that structures such as Enstar's not be subject to these rules. If these proposed regulations are finalized as proposed, they would be effective for tax years ending on or after January 25, 2022. Whether they will be finalized as proposed is unclear.

Risks Relating to Ownership of our Shares

The market price for our securities may experience volatility, which could cause a potential loss of value to our investors, and our ordinary shares are thinly traded, so the market value of our ordinary shares may decline if large numbers of shares are sold.

The market price for our ordinary shares and for the depositary shares representing our preferred shares may fluctuate substantially and could cause investment losses due to a number of factors. Such factors could include: announcements with respect to a specific acquisition or investment; changes in the value of our assets; our financial condition, performance and prospects; changes in general conditions in the economy and the insurance industry; economic, financial, geopolitical, regulatory or judicial events that affect us or the financial markets generally;

changes in management; and adverse press or news announcements. For the depositary shares representing our preferred shares, such factors could also include: whether dividends have been declared on the preferred shares; whether the ratings on such depositary shares provided by any ratings agency have changed; changes in our credit ratings; our total outstanding indebtedness; the level, direction and volatility of market interest rates generally; and the market for similar securities.

Our ordinary shares have in the past been, and may continue to be, thinly traded, and significant sales could adversely affect the market price for our ordinary shares and impair our ability to raise capital through offerings of our equity securities.

A few significant shareholders may influence or control the direction of our business. If the ownership of our ordinary shares continues to be highly concentrated, it may limit the ability of other shareholders to influence significant corporate decisions.

The interests of certain significant shareholders, including those that may be affiliated with members of our Board of Directors (our "Board"), may not be fully aligned with those of other shareholders, which could lead to a strategy that is not in such other shareholders' best interests. As of December 31, 2021, the Canadian Pension Plan Investment Board ("CPPIB"), funds managed by Stone Point Capital LLC and its affiliates, Beck Mack & Oliver, and three of Enstar's executive officers (collectively) beneficially owned 13.5%, 9.8%, 4.1% and 5.3%, respectively, of our outstanding voting ordinary shares. CPPIB owns additional non-voting ordinary shares that, together with its voting shares, represented an economic interest of 20.0% as of December 31, 2021.

Although they do not act as a group, these shareholders may exercise significant influence over matters requiring shareholder approval, and their concentrated holdings may delay or deter possible changes in control of Enstar, which may reduce the market price of our ordinary shares.

Some aspects of our corporate structure and certain regulatory limitations may discourage third-party takeovers and other transactions or prevent the removal of our Board and management.

Some provisions of our bye-laws have the effect of making more difficult or discouraging unsolicited takeover bids from third parties or preventing the removal of our current board of directors and management. For example, our bye-laws contain restrictions on the ability of shareholders to (i) nominate persons to serve as directors, (ii) remove directors, (iii) submit resolutions to a shareholder vote, and (iv) request special general meetings. In addition, our Board may limit a shareholder's exercise of voting rights or to register a transfer of ordinary shares where it deems it necessary to do so to avoid adverse tax, legal or regulatory consequences. Our Board may also decline to register a transfer of shares unless all applicable consents, authorizations, permissions or approvals of any governmental body or agency in Bermuda and other applicable jurisdictions required to be obtained prior to such transfer shall have been obtained. We also have the authority under our bye-laws to reasonably request information from any shareholder for the purpose of determining whether a shareholder's voting rights are to be limited pursuant to the bye-laws, and if a shareholder is unable to do so, we may eliminate the shareholder's voting rights.

Insurance laws and regulations in the jurisdictions in which our reinsurance subsidiaries operate require prior notices or regulatory approval of changes in control of an insurer or its holding company. Different jurisdictions define changes in control differently, and generally any purchaser of 10% or more of the vote or value of our ordinary shares could become subject to regulation and be required to file certain notices and reports with the applicable insurance authorities. These laws and the aspects of our corporate structure outlined above may discourage potential acquisition proposals or prevent the removal of members of our Board and management and may delay, deter or prevent a change in control of us. To the extent these provisions discourage takeover attempts, they may deprive shareholders of opportunities to realize takeover premiums for their shares or may depress the market price of the shares.

Bermuda Law differs from the laws in effect in the United States. Shareholders who own our shares may have more difficulty protecting their interests than shareholders of a U.S. corporation.

We are organized under the laws of Bermuda, and as a result our shareholders may have more difficulty protecting their interests than shareholders of a U.S corporation. For example:

- class actions and derivative actions are generally not available to shareholders under Bermuda law;
- under Bermuda law, only shareholders holding collectively 5% or more of our outstanding ordinary shares or groups of shareholders numbering 100 or more are entitled to propose a resolution at our general meeting;

- a substantial portion of our assets and certain of our directors and officers and their assets are located outside of the United States and as a result investors may have difficulty (i) effecting service of process within the United States or (ii) recovering against us or these directors and officers on judgments of U.S. courts;
- no claim may be brought in Bermuda against us or our directors and officers for violations of U.S. federal securities laws, as such laws do not have force of law in Bermuda;
- there is no treaty in effect between the United States and Bermuda providing for the enforcement of judgments of U.S. courts, and there are grounds upon which Bermuda courts may not enforce judgments of U.S. courts; and
- some remedies available under the laws of U.S. jurisdictions, including U.S. federal securities laws, may be prohibited in Bermuda courts as contrary to Bermuda's public policy.

Certain regulatory and other constraints may limit our ability to pay dividends on our securities, and dividends on our preferred shares are non-cumulative.

We do not currently intend to pay a cash dividend on our ordinary shares. If our Board decided to commence a dividend program in the future, we are subject to significant regulatory and other constraints that affect our ability to pay dividends and make other distributions on our ordinary and preferred shares. For example, under the Bermuda Companies Act, we may declare or pay a dividend or distribution out of contributed surplus only if we have reasonable grounds to believe that we are, and would after the payment be, able to meet our liabilities as they become due or that the realizable value of our assets would thereby not be less than our liabilities. In addition, as described above under "Risks Relating to Liquidity and Capital Resources," we are a holding company that is dependent upon distributions from our operating subsidiaries for liquidity, which may not be available.

Dividends on our preferred shares are non-cumulative and payable only out of available funds under Bermuda law. If our Board (or a duly authorized committee thereof) does not authorize and declare a dividend for any dividend period, holders of our preferred shares and, in turn, the depositary shares representing preferred shares, would not be entitled to receive any such dividend, and such unpaid dividend will not accrue and will not be payable at any time. We will have no obligation to pay dividends for a dividend period on or after the dividend payment date for such period if our Board has not declared such dividend before the related dividend payment date, whether or not dividends are declared for any subsequent dividend period with respect to any outstanding preferred shares and/or our ordinary shares.

Our ordinary and preferred shares are subordinate to our existing and future indebtedness and our ordinary shares rank junior to our outstanding preferred shares.

Our preferred shares are equity interests and do not constitute indebtedness. As such, our preferred shares, in addition to our ordinary shares, will rank junior to all of our indebtedness and other non-equity claims with respect to assets available to satisfy our claims, including in our liquidation. Our preferred shares are also contractually subordinated in right of payment to all obligations of our subsidiaries, including all existing and future policyholder obligations of our subsidiaries. Additionally, neither our ordinary shares nor our preferred shares represent an interest in any of our subsidiaries, and accordingly, are structurally subordinated to all obligations of our subsidiaries. Further, in the event of our liquidation, winding up or dissolution, our ordinary shares rank junior to our outstanding preferred shares. In such an event, there may not be sufficient assets remaining after payments to holders of our outstanding preferred shares to ensure payments to holders of our ordinary shares.

There is no limitation on our issuance of securities that rank equally with or senior to the preferred shares.

We may issue, without limitation, (1) additional depositary shares representing additional preferred shares that would form part of one of the series of depositary shares representing our outstanding preferred shares, and (2) additional series of securities that rank equally with or senior to the outstanding preferred shares. The issuance of additional preferred shares on par with or senior to the outstanding preferred shares would dilute the interests of the holders of our preferred shares, and any issuance of preferred shares senior to our outstanding preferred shares or of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on our preferred shares, or to make payments to holders of our ordinary shares from remaining assets of the Company, in the event of a liquidation, dissolution or winding-up of Enstar.

The voting rights of holders of our preferred shares and, in turn, the depositary shares representing our preferred shares are limited.

Holders of our outstanding preferred shares and, in turn, the depositary shares representing the preferred shares have no voting rights with respect to matters that generally require the approval of voting shareholders. In addition, if dividends on any of our outstanding preferred shares have not been declared or paid for the equivalent of six dividend payments, whether or not for consecutive dividend periods, holders of the outstanding preferred shares and, in turn, the depositary shares, will, subject to the terms and conditions contained in the certificates of designation governing the preferred shares, be entitled to vote for the election of two additional directors to our Board. The holders shall be divested of the foregoing voting rights if and when dividends for at least four dividend periods, whether or not consecutive, following a nonpayment event have been paid in full (or declared and a sum sufficient for such payment shall have been set aside). In addition, holders of the depositary shares must act through the depositary to exercise any voting rights in respect of the preferred shares. Although each depositary share is entitled to 1/1,000th of a vote, the depositary can vote only whole preferred shares. While the depositary will vote the maximum number of whole preferred shares in accordance with the instructions it receives, any remaining votes of holders of the depositary shares will not be voted.

We have no obligation to maintain any listing of the depositary shares representing our outstanding preferred shares.

Although the depositary shares representing our outstanding preferred shares are listed on NASDAQ, such listings may not provide significant liquidity, and transaction costs in any secondary market could be high. The difference between bid and ask prices in any secondary market could be substantial. As a result, holders of depositary shares representing our preferred shares (which do not have a maturity date) may be required to bear the financial risks of an investment in the depositary shares representing preferred shares for an indefinite period. In addition, we undertake no obligation, and expressly disclaim any obligation, to maintain the listing of the depositary shares representing our preferred shares on NASDAQ or any other stock exchange. If we elect to discontinue the listing at any time or the depositary shares representing the preferred shares otherwise are not listed on an applicable stock exchange, the dividends paid after the delisting would not constitute qualified dividend income for U.S. federal income tax purposes (as dividends paid by a Bermuda corporation are qualified dividend income only if the stock with respect to which the dividends are paid is readily tradable on an established securities market in the United States).

A classification of the depositary shares representing our preferred shares by the National Association of Insurance Commissioners may impact U.S. insurance companies that purchase our preferred shares.

The NAIC may, in its discretion, classify securities in U.S. insurers' portfolios as debt, preferred equity or common equity instruments. The NAIC's written guidelines for classifying securities as debt, preferred equity or common equity include subjective factors that require the relevant NAIC examiner to exercise substantial judgment. There is therefore a risk that the depositary shares representing our preferred shares may be classified by the NAIC as common equity instead of preferred equity. The NAIC classification determines the amount of risk-based capital ("RBC") charges incurred by insurance companies in connection with an investment in a security. Securities classified as common equity by the NAIC carry RBC charges that can be significantly higher than the RBC requirement for debt or preferred equity. Therefore, any classification of the depositary shares representing our preferred shares as common equity may adversely affect U.S. insurance companies that hold depositary shares representing our preferred shares. In addition, a determination by the NAIC to classify the depositary shares representing our preferred shares as common equity may adversely impact the trading of the depositary shares representing our preferred shares in the secondary market.

Our preferred shares are subject to our rights of redemption.

Our preferred shares are redeemable pursuant to the terms set forth in the certificate of designations governing such series. Whenever we redeem preferred shares held by the depositary, the depositary will, as of the same redemption date, redeem the number of depositary shares representing preferred shares so redeemed. We have no obligation to redeem or repurchase the preferred shares under any circumstances. If the preferred shares are redeemed by us, you may not be able to reinvest the redemption proceeds in a comparable security at a similar return on your investment.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

We renew and enter into new leases in the ordinary course of our business. We lease office space in Hamilton, Bermuda, where our principal executive office is located. We also lease office space in a number of U.S. states, the United Kingdom, Australia and several Continental European countries. We believe that this office space is sufficient for us to conduct our current operations for the foreseeable future, although in connection with future acquisitions from time to time, we may expand to different locations or increase space to support any such growth.

ITEM 3. LEGAL PROCEEDINGS

For a discussion of legal proceedings, see Note 24 in the notes to our consolidated financial statements, which is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Number of Holders

Our ordinary voting shares are listed on the NASDAQ Global Select Market under the symbol "ESGR." There is no established trading market for our non-voting ordinary shares. On February 22, 2022, there were 1,240 shareholders of record of our voting ordinary shares and one shareholder of record of our non-voting ordinary shares. This is not the number of beneficial owners of our voting ordinary shares as some shares are held in "street name" by brokers and others on behalf of individual owners.

Dividend Information

Historically, we have not declared a dividend on our ordinary shares. Our strategy is to retain earnings and invest distributions from our operating subsidiaries into our business. However, we may re-evaluate this strategy from time to time based on overall market conditions and other factors, but we do not currently expect to pay any dividends on our ordinary shares. Any payment of dividends must be approved by our Board. Furthermore, our ability to pay dividends is subject to certain restrictions.[4,5]

Issuer Purchases of Equity Securities

The following table provides information about ordinary shares acquired by the Company during the three months ended December 31, 2021.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [(1)]	Maximum Number (or Dollar Value) of Shares that May Yet be Purchased Under the Program[(1)]
				(in millions of U.S. dollars)
Beginning dollar amount available to be repurchased				$ 100
October 1, 2021 - October 31, 2021				—
November 1, 2021 - November 30, 2021	3,063	$ 223.32	3,063	(1)
December 1, 2021 - December 31, 2021	164,554	$ 241.46	164,554	(40)
	167,617		167,617	$ 59

[(1)] On November 29, 2021, our Board adopted an ordinary share repurchase program (the "2021 Repurchase Program"), effective through November 30, 2022. Pursuant to the 2021 Repurchase Program, we may repurchase a limited number of our ordinary shares, not to exceed $100.0 million. As of December 31, 2021, the remaining capacity under the 2021 Repurchase Program was $59 million.

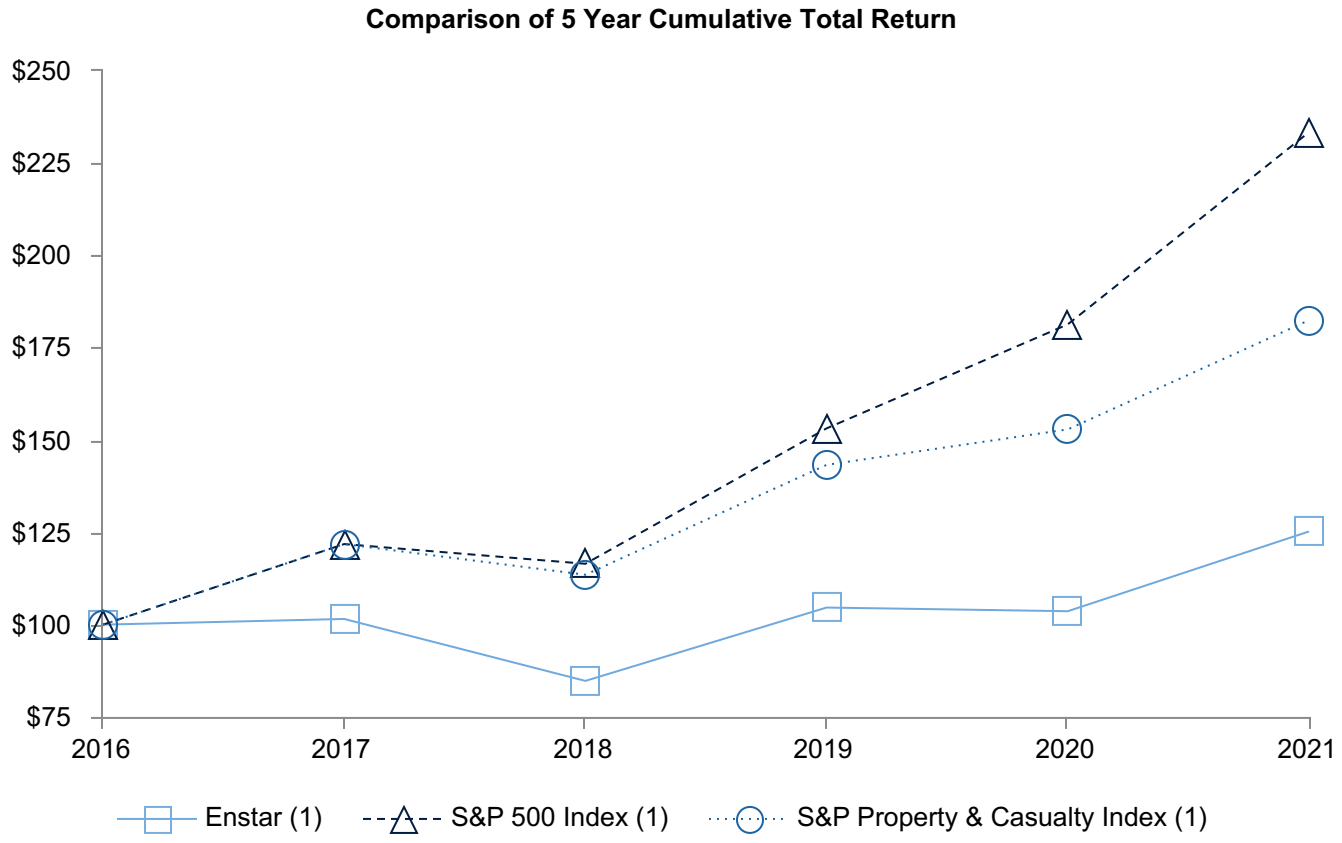
[4] Described in Note 23 to our consolidated financial statements, which is incorporated herein by reference.

[5] For information on dividends on our preferred shares refer to Note 18 to our consolidated financial statements.

Performance Graph

The following performance graph compares the cumulative total return on our ordinary shares with the cumulative total return on the S&P 500 Index and the S&P Property & Casualty Insurance Index for the period that commenced December 31, 2016 and ended on December 31, 2021.

The performance graph shows the value as of December 31 of each calendar year of $100 invested on December 31, 2016 in our ordinary shares, and the indices listed above, assuming the reinvestment of dividends. Returns have been weighted to reflect relative market capitalization. This information is not necessarily indicative of future returns.



	Indexed Returns (2) for Years Ended December 31,					
	2016	**2017**	**2018**	**2019**	**2020**	**2021**
Enstar (1)	100.00	101.54	84.76	104.63	103.64	125.24
S&P 500 Index (1)	100.00	121.83	116.49	153.17	181.35	233.41
S&P Property & Casualty Index (1)	100.00	121.82	113.52	143.28	152.90	182.48

(1) Source: S&P Global Market Intelligence

(2) $100 invested on December 31, 2016 in stock or index, including reinvestment of dividends.

ITEM 6. RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report.

Some of the information contained in this discussion and analysis or included elsewhere in this annual report, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks, uncertainties and assumptions. Our actual results and the timing of events could differ materially from those anticipated by these forward-looking statements as a result of many factors, including those discussed under "Cautionary Statement Regarding Forward-Looking Statements", "Item 1A. Risk Factors" and elsewhere in this annual report.

For a comparison of our Results of Operations by Segment, Corporate and Other activities and Sources and Uses of Cash within Liquidity and Capital Resources for the years ended December 31, 2020 and 2019, see our revised Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2020 included in the Current Report on Form 8-K filed with the Securities and Exchange Commission ("SEC") on June 11, 2021.

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Operational Highlights

Our consolidated results for the year ended December 31, 2021 reflect our continued progress on providing capital release solutions to our clients by acquiring and managing their run-off portfolios. We continue to operate our business during heightened uncertainty and investment volatility as a result of the COVID-19 pandemic.

During 2021 we:

Assumed $3.8 billion of Loss Reserves from Run-off Transactions

We assumed $3.8 billion of liabilities in seven run-off transactions, including five LPTs totaling $2.2 billion of liabilities, and two ADCs totaling $1.6 billion of liabilities.

We may generate favorable RLE through active claims management and/or claims management influence on these run-off transactions.

We anticipate investment returns as we manage the $3.5 billion of investment assets we assumed in these transactions. In addition, we recorded $0.3 billion of DCA in connection with these transactions which we will subsequently amortize.

Exited Our Strategic Relationship with Hillhouse Group

We entered into a series of transactions with Hillhouse Capital Management Ltd and Hillhouse Capital Advisors, Ltd. (together, "Hillhouse Group"), related parties[6], in order to exit our strategic relationship, as follows:

- Repurchased 3,749,400 of our ordinary shares held by funds managed by Hillhouse Group, for a price of $234.52 per share, totaling $879 million in aggregate, which represented a discount to book value[7].
- Purchased the entire 27.7% equity interest in Enhanzed Re held by an affiliate of Hillhouse Group. Following completion of the transaction, our equity interest in Enhanzed Re increased to 75.1% resulting in consolidation (previously accounted for as an equity method investment).
- Redeemed $2.7 billion and liquidated the InRe Fund L.P. (the "InRe Fund"), which was previously managed by an affiliate of Hillhouse Group, as part of our strategic re-alignment to reduce our exposure to hedge fund investments. Our investment in the InRe Fund has delivered an inception to date total return of 271.0% or $1.3 billion (a 30.0% annualized average per year)[8].

Executed Capital Transactions

We completed a $500 million senior notes offering[9], the net proceeds of which were used to redeem $70 million of debt expiring in 2022 through a tender offer and to engage in other corporate opportunities.

Continued our Exit of Active Underwriting Platforms

Completed the strategic exit from our active underwriting lines with our sales of:

- Northshore to the Trident V, L.P., Trident V Parallel Fund, L.P. and Trident V Professionals Fund, L.P. funds (collectively, the "Trident V Funds") through an exchange transaction (the "Exchange Transaction"), whereby we exchanged a portion of our indirect interest in Northshore, the holding company that owns Atrium and Arden, for an indirect interest in StarStone U.S. Holdings, Inc. and its subsidiaries ("StarStone U.S."), now owned through an interest in Core Specialty; and
- SUL, together with the right to operate Lloyd's Syndicate 1301, to Inigo for consideration of $30 million in the form of Inigo shares and $1 million in cash.

[6] As described in Note 22 to our consolidated financial statements.

[7] Book value per share as of June 30, 2021 was $309.07.

[8] Total return of the InRe Fund inception to date and average per year were computed using the modified Dietz method, which divides the total gain or loss in value of the portfolio, net of external flows, by the average value of the portfolio over the period of measurement.

[9] Under the eligible capital rules of the BMA, the senior notes qualify as Tier 3 capital.

Consolidated Results of Operations - For the Years Ended December 31, 2021, 2020 and 2019

We use the following GAAP measures to monitor the performance of and manage the company:

- BVPS which we use to measure the value of our company over time;
- ROE which measures our profitability by dividing our earnings attributable to the company by our shareholders' equity;
- TIR which measures the annual rate of return we obtain, both realized and unrealized, on our investments; and
- RLE which measures the rate of return we obtain on managing our run-off liabilities by dividing our prior period net incurred losses and LAE by our average net loss reserves.

In addition to our key financial measures presented in accordance with GAAP, we present other non-GAAP financial measures that we use to manage our business, compare our performance against prior periods and against our peers, and as performance measures in our annual incentive compensation program.

The following table sets forth highlights from our consolidated statements of earnings for the years ended December 31, 2021, 2020 and 2019.

	Year Ended December 31,			% Change	
	2021	2020	2019	2021 vs 2020	2020 vs 2019
	(in millions of U.S. dollars)				
Underwriting Results					
Net premiums earned	$ 245	$ 572	$ 804	(57.2) %	(28.9) %
Net incurred losses and LAE					
Current period	(172)	(405)	(580)	(57.5) %	(30.2) %
Prior Period	283	(11)	(34)	NM	(67.6) %
Total net incurred losses and LAE	111	(416)	(614)	(126.7) %	(32.2) %
Acquisition costs	(57)	(171)	(241)	(66.7) %	(29.0) %
Investment Results					
Net investment income	$ 312	$ 303	$ 308	3.0 %	(1.6) %
Net realized (losses) gains	(61)	19	5	(421.1) %	280.0 %
Net unrealized gains	178	1,623	1,007	(89.0) %	61.2 %
Earnings from equity method investments	93	239	56	(61.1) %	326.8 %
General and administrative expenses	$ (367)	$ (502)	$ (413)	(26.9) %	21.5 %
NET EARNINGS ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	$ 437	$ 1,719	$ 902	(74.6) %	90.6 %
GAAP measures:					
BVPS	$ 316.34	$ 286.45	$ 201.39	10.4 %	42.2 %
ROE	7.1 %	39.7 %	26.6 %	(32.6) pp	13.1 pp
RLE	2.8 %	(0.1)%	(0.5)%	2.9 pp	0.4 pp
TIR	2.5 %	14.1 %	10.0 %	(11.6) pp	4.1 pp
Non-GAAP measures:					
Adjusted BVPS*	$ 310.80	$ 281.20	$ 197.93	10.5 %	42.1 %
Adjusted ROE*	9.2 %	43.6 %	19.6 %	(34.4) pp	24.0 pp
Adjusted RLE *	2.0 %	2.5 %	2.8 %	(0.5) pp	(0.3) pp
Adjusted TIR*	3.6 %	12.4 %	6.3 %	(8.8) pp	6.1 pp

NM - not meaningful

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

Net earnings attributable to Enstar ordinary shareholders decreased by $1.3 billion from 2020 to 2021, mainly as a result of:

- significant outperformance by our investments in 2020 driven by net unrealized gains of $1.6 billion; partially offset by
- improved underwriting performance resulting from favorable actual versus expected experience in 2021.

Net earnings attributable to Enstar ordinary shareholders increased by $817 million from 2019 to 2020, mainly as a result of:

- the performance of our investments in 2020, driven by an increase of $616 million in net unrealized gains; and
- strong performance in our earnings from equity method investments, which increased by $183 million from the prior year.

We have discussed the results of our operations by aggregating certain captions from our consolidated statement of earnings, as we believe it provides a more meaningful view of our results and eliminates repetition that would arise if captions were discussed on an individual basis. In order to facilitate discussion, we have grouped the following captions:

- **Underwriting results**: includes net premiums earned, net incurred losses and LAE and acquisition costs.
- **Investment results**: includes net investment income, net realized (losses) gains, net unrealized gains and earnings from equity method investments.
- **General and administrative results**: includes general and administrative expenses.

Underwriting Results

Our strategy is focused on effectively managing portfolios and businesses in run-off. Although we have largely exited our live underwriting platforms, we still record net premiums earned and the associated current period net incurred losses and acquisition costs as a result of new transactions during the year and the run-off of unearned premiums from transactions completed in recent years.

Premiums earned in the Run-off segment are offset by the related current period net incurred losses and LAE and acquisition costs.

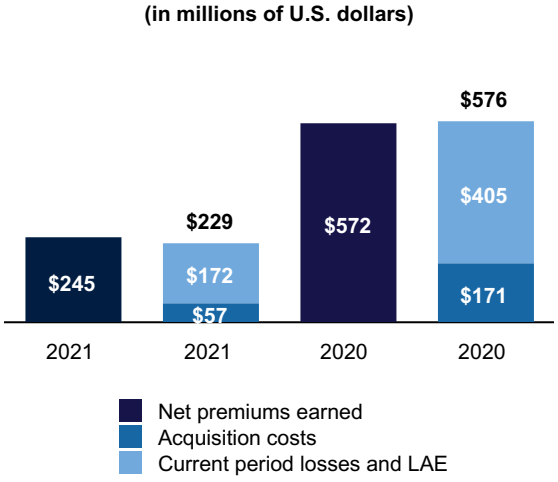
The components of underwriting results for the years ended December 31, 2021 and 2020 are as follows:

	2021					2020			
	Run-off	Enhanzed Re	Legacy Underwriting	Corporate and other	Total	Run-off	Legacy Underwriting	Corporate and other	Total
Net premiums earned	$ 182	$ 5	$ 58	$ —	$ 245	$ 59	$ 513	$ —	$ 572
Net incurred losses and LAE:									
Current period	144	2	26	—	172	30	375	—	405
Prior periods	(338)	—	(6)	61	(283)	(175)	(4)	190	11
Total net incurred losses and LAE	(194)	2	20	61	(111)	(145)	371	190	416
Acquisition costs	44	—	13	—	57	20	151	—	171
Underwriting results	$ 332	$ 3	$ 25	$ (61)	$ 299	$ 184	$ (9)	$ (190)	$ (15)

2021 versus 2020:

Current Period

The current period underwriting results from our (re)insurance operations include net earned premiums that have been declining as we transition away from active underwriting activities.



The decrease in current period net incurred losses and LAE and acquisition costs were driven by reduced levels of activity arising from our exit of our active underwriting platform. We continue to earn premium from our StarStone International and AmTrust RITC business. In comparison, the 2020 results were primarily driven by the AmTrust RITCs entered into in 2019.

Prior Periods - RLE

The following tables summarize RLE and Adjusted RLE* by acquisition year for the years ended December 31, 2021 and 2020, which management believes is useful in measuring and monitoring performance of our claims management activity on the portfolios that we have acquired. This permits comparability between acquisition years of different loss reserve volumes. Our calculation of RLE includes the impact of DCA amortization, amortization of fair value adjustments and changes to the discount and risk margin factors relating to the fair value of liabilities where we elected the fair value option.

Refer to the table below for a summary of RLE and Adjusted RLE* for the year ended December 31, 2021:

	2021					
	RLE			Adjusted RLE*		
Acquisition Year	PPD	Average net loss reserves	RLE %	Adjusted PPD*	Average adjusted net loss reserves*	Adj RLE* %
	(in millions of U.S. dollars)					
2011 and prior	$ 28	$ 522		$ 24	$ 557	
2012	5	41		2	40	
2013	9	134		2	54	
2014	25	945		29	78	
2015	13	333		11	316	
2016	9	813		9	859	
2017	89	1,006		25	993	
2018	44	1,201		26	1,182	
2019	9	1,168		45	1,653	
2020	12	1,815		(3)	1,765	
2021	40	2,072		24	2,253	
Total	$ 283	$ 10,050	2.8 %	$ 194	$ 9,750	2.0 %

2021:

Overall, RLE % and Adjusted RLE* % were primarily driven by net favorable actual claims experience compared with our expected claims trends. This was notable in the 2011 and prior, 2017 and 2018 acquisition years.

PPD was positively impacted by a decrease of $75 million in 2021 relating to the change in the discount rate component of the fair value of liabilities for which we have elected the fair value option in the 2017 and 2018 acquisition years as a result of increases in interest rates.

Adjusted PPD* excludes the impact of the changes in the discount rate upon the fair value of liabilities where we have elected the fair value option, the impact of changes in ULAE and the amortization of fair value adjustments relating to purchased subsidiaries.

Other notable events within our acquisition years were:

Our 2019 acquisition year had lower than expected asbestos related claim frequency related to our defendant A&E liabilities. RLE % does not include the impact of changes to our defendant A&E liabilities.

Our 2020 acquisition year had adverse development on the motor book offset by favorable development in other portfolios relating to the 2018 and 2019 accident years.

Acquisition year 2021 experienced favorable claim activity in professional indemnity/directors' and officers' and motor lines of business relative to expectations at take-on.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

Refer to the table below for a summary of RLE and Adjusted RLE* for the year ended December 31, 2020:

	2020					
	RLE			Adjusted RLE*		
Acquisition Year	PPD	Average net loss reserves	RLE %	Adjusted PPD*	Average adjusted net loss reserves*	Adjusted RLE* %
	(in millions of U.S. dollars)					
2011 and prior	$ 38	$ 623		$ 43	$ 658	
2012	7	54		8	51	
2013	15	174		6	68	
2014	1	1,064		2	99	
2015	10	405		9	388	
2016	20	912		31	963	
2017	(50)	1,108		31	1,093	
2018	17	1,450		48	1,436	
2019	3	1,316		86	1,776	
2020	(72)	1,006		(77)	977	
Total	$ (11)	$ 8,112	(0.1)%	$ 187	$ 7,509	2.5 %

2020:

Overall, RLE % and Adjusted RLE* % were primarily driven by a mix of favorable and unfavorable actual claims experience compared with our expected claims trends. Our experience was notably favorable in our 2011 and prior, 2016, 2017 and 2018 acquisition years, offset by adverse development in our 2020 acquisition year as detailed below.

PPD was adversely impacted by an increase of $119 million in 2020 relating to the change in the discount rate component of the fair value of liabilities for which we have elected the fair value option in the 2017 and 2018 acquisition years as a result of decreases in interest rates. This did not impact Adjusted PPD*.

Other notable events within our acquisition years were:

Our 2016 and 2019 acquisition years were favorably impacted by lower than expected asbestos related claim frequency related to our defendant A&E liabilities. RLE % does not include the impact of changes to our defendant A&E liabilities.

Our 2017 and 2018 acquisition years had favorable development on losses relating primarily to older accident years on asbestos related claims and reduced asbestos related claim frequency partially offset by the adverse impact on RLE % of changes in the discount rate component of the fair value of liabilities for which we have elected the fair value option.

Our 2020 acquisition year was driven by adverse development on the motor book, offset by favorable development in other portfolios relating to older accident years.

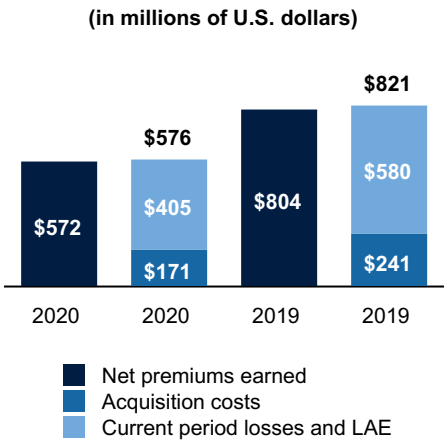
*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

The components of underwriting results for the year ended December 31, 2019 are as follows:

	2019			
	Run-off	Legacy Underwriting	Corporate and other	Total
	(in millions of U.S. dollars)			
Net premiums earned	$ 168	$ 636	$ —	$ 804
Net incurred losses and LAE:				
Current period	124	456	—	580
Prior periods	(277)	106	205	34
Total net incurred losses and LAE	(153)	562	205	614
Acquisition costs	74	167	—	$ 241
Underwriting results	$ 247	$ (93)	$ (205)	$ (51)

2020 versus 2019:

Current Period



The decrease in net premiums earned, current period net incurred losses and LAE and acquisition costs were mainly driven by our exit of certain lines of business in 2019 and StarStone International being placed into an orderly run-off in 2020.

Current period net incurred losses and LAE and acquisition costs incurred in 2020 were driven by net premiums earned, primarily due to AmTrust RITCs entered into in 2019.
Our 2019 current period net incurred losses and LAE and acquisition costs included business assumed as a result of the AmTrust RITC transactions and the acquisition of Maiden Reinsurance North America.

Net incurred losses and LAE for 2020 included $71 million of COVID-19 related losses, mainly related to casualty and property and accident and health business, and $19 million of exit costs associated with the StarStone International run-off.

Prior Periods - RLE

Refer to the table below for a summary of RLE and Adjusted RLE* for the year ended December 31, 2019:

	2019					
	RLE			Adjusted RLE*		
Acquisition Year	PPD	Average net loss reserves	RLE %	Adjusted PPD*	Average adjusted net loss reserves*	Adjusted RLE* %
			(in millions of U.S. dollars)			
2011 and prior	$ 70	$ 905		$ 71	$ 931	
2012	2	$ 67		—	63	
2013	14	289		5	80	
2014	(110)	1,094		2	118	
2015	15	453		10	427	
2016	8	1,019		10	1,079	
2017	(84)	1,107		(3)	1,162	
2018	35	1,830		82	1,850	
2019	16	703		8	907	
Total	$ (34)	$ 7,467	(0.5)%	$ 185	$ 6,617	2.8 %

2019:

Overall, RLE % and Adjusted RLE* % were primarily driven by a mix of favorable and unfavorable actual claims experience compared with our expected claims trends. This was notably favorable in our 2011 and prior and 2018 acquisition years offset by adverse development in our 2017 acquisition year.

Additionally, PPD was adversely impacted by an increase of $117 million in 2019 relating to the change in the discount rate component of the fair value of liabilities for which we have elected the fair value option in the 2017 and 2018 acquisition years as a result of decreases in interest rates. This did not impact Adjusted PPD*.

Our 2014 acquisition year had adverse development in our StarStone active underwriting business primarily relating to casualty lines of business, which we exclude from our Adjusted RLE* calculation as we exclude our exited underwriting businesses.

A $136 million reduction in estimates of net ultimate losses in our workers' compensation line of business arose across multiple portfolios, where reported loss development was generally significantly less than expected development.

The lower than expected actual development was driven by significant proactive settlement activity on individual claimants where we were able to settle claims lower than the case reserve estimates.

A $39 million reduction in estimates of net ultimate losses in our professional indemnity/directors’ and officers’ line of business arose based on the annual actuarial analysis which reflected the better than expected loss development during 2019.

A $7 million increase in estimates of net ultimate losses in our asbestos line of business arose primarily due to changes in our actuarial assumptions related to dismissal rates. During 2019, the number of new defendants and filed claims was less than expected but this was offset by a lowering of the dismissal rate. In asbestos, the dismissal rates are extremely high as many of the claims do not have merit against the insured. However, we have seen a trend in both U.S. and U.K. exposure of the dismissal rate trending down in the range of 2 to 3 pp.

We completed 6 commutations across several portfolios that contributed to a $10 million reduction in estimates of net ultimate losses.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

Investment Results

We strive to structure our investment holdings and the duration of our investments in a manner that recognizes our liquidity needs, including our obligation to pay losses and future policyholder benefit expenses.

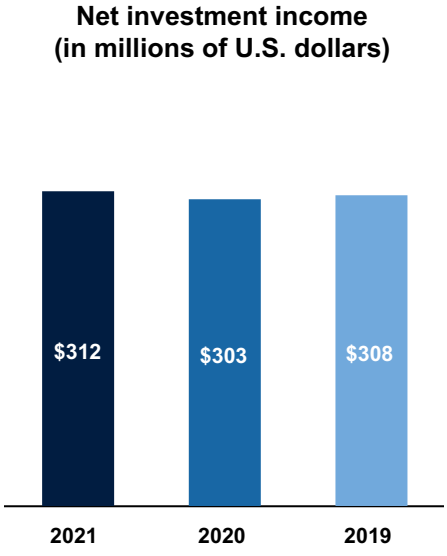
We consider the duration characteristics of our liabilities in determining our selection of asset durations depending on our other investment strategies and to the extent practicable.

The components of our investment results split between our fixed income ("Fixed Income") assets (which includes our short-term and fixed maturity investments classified as trading and AFS, fixed maturity investments included within funds held-directly managed, cash and cash equivalents, including restricted cash and cash equivalents, and funds held by reinsured companies) and other investments ("Other Investments") (which includes equities, the remainder of funds held-directly managed and equity method investments) for the years ended December 31, 2021, 2020 and 2019 are as follows:

	2021			2020			2019		
	Fixed Income	Other Investments	Total	Fixed Income	Other Investments	Total	Fixed Income	Other Investments	Total
	(in millions of U.S. dollars)								
Net investment income	$ 239	$ 73	$ 312	$ 256	$ 47	$ 303	$ 280	$ 28	$ 308
Net realized gains (losses)	(4)	(57)	(61)	18	1	19	4	1	5
Net unrealized (losses) gains	(206)	384	178	288	1,335	1,623	512	495	1,007
Earnings from equity method investments	—	93	93	—	239	239	—	56	56
TIR ($)	$ 29	$ 493	$ 522	$ 562	$ 1,622	$2,184	$ 796	$ 580	$1,376
TIR %	0.2 %	8.8 %	2.5 %	5.1 %	36.9 %	14.1 %	7.5 %	18.5 %	10.0 %
Adjusted TIR %*	1.6 %	8.8 %	3.6 %	2.4 %	36.9 %	12.4 %	2.7 %	18.5 %	6.3 %

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

Net Investment Income



2021 versus 2020: Net investment income increased primarily due to:

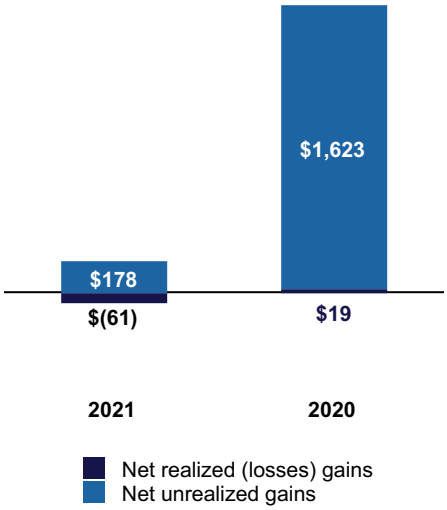
- increase in our average aggregate fixed income assets due to 2021 new business; partially offset by
- decrease in the investment yield primarily due to reinvestment of fixed maturities at lower yields and time required to invest premium from 2021 transactions.

2020 versus 2019: Net investment income decreased primarily due to:

- decrease in net investment income from fixed maturities and cash and cash equivalents, reflective of a decrease in the investment yield primarily due to lower rates; partially offset by
- increase in our average aggregate fixed income assets from new business transactions in 2020.

Net Realized and Unrealized Gains (Losses)

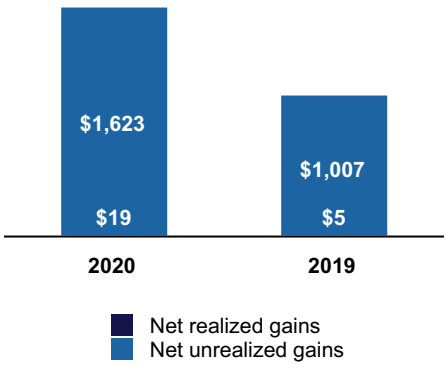
Net realized and unrealized gains (losses) (in millions of U.S. dollars)



2021 versus 2020: Net realized and unrealized gains (losses) decreased primarily due to:

- net realized and unrealized losses on fixed income securities of $210 million in 2021 compared to net realized and unrealized gains of $306 million in the prior year, a difference of $516 million, which was primarily driven by rising interest rates across U.S., U.K. and European markets, partially offset by a tightening in credit spreads.
- net realized and unrealized gains on other investments, including equities decreased by $1.0 billion or 75.5% from the prior year. This was primarily driven by:
  - net realized and unrealized losses of $58 million in the InRe Fund primarily due to the deterioration of global and Chinese equity markets through the second half of the year, including Chinese American Depository Receipts ("ADRs"), to which the fund had exposure; partially offset by
  - net realized and unrealized gains of $327 million in our public equity, private equity and CLO equities driven by the tightening of high yield and loan spreads and rallies in global equity markets.
  - This was in comparison to net realized and unrealized gains of $1.3 billion recognized in 2020, mainly driven by unrealized gains of $1.2 billion relating to the InRe Fund.

Net realized and unrealized gains (losses) (in millions of U.S. dollars)

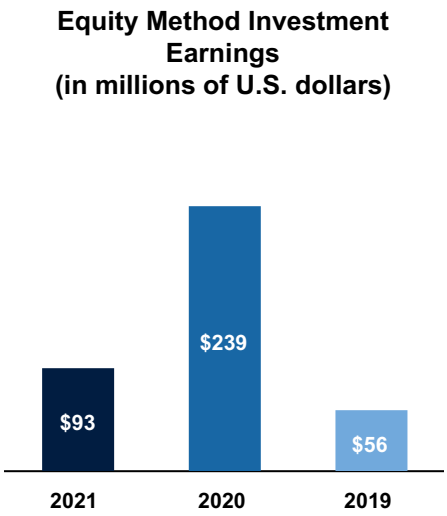


2020 versus 2019: Net realized and unrealized gains increased primarily due to:

- net realized and unrealized gains on fixed income securities decreased by $209 million or 40.6%, primarily driven by a decline in interest rates.
- net realized and unrealized gains on other investments, including equities, increased by $839 million or 169.0%, primarily a result of:
  - unrealized gains for 2020 primarily comprised unrealized gains of $1.2 billion in the InRe Fund, which were driven by strong performance in U.S. and Chinese equity markets across multiple sectors, including consumer discretionary, communication services, information technology and consumer staples.

Earnings from equity method investments

Effective September 1, 2021, Enhanzed Re was consolidated by us[10]. Prior to that date, the results of Enhanzed Re were recorded in earnings from equity method investments on a one quarter lag.



2021 versus 2020: earnings from equity method investments decreased, due to:

- a reduction in Enhanzed Re earnings, primarily driven by catastrophe losses from the European storms, German floods and worsening of COVID-19 claims sustained in the second quarter of 2021 for which our share of losses was $35 million, partially offset by significant net realized and unrealized gains on investments in the last quarter of 2020;
- a reduction in Monument Re earnings as a result of a decrease in bargain purchase gains relative to the comparative period.

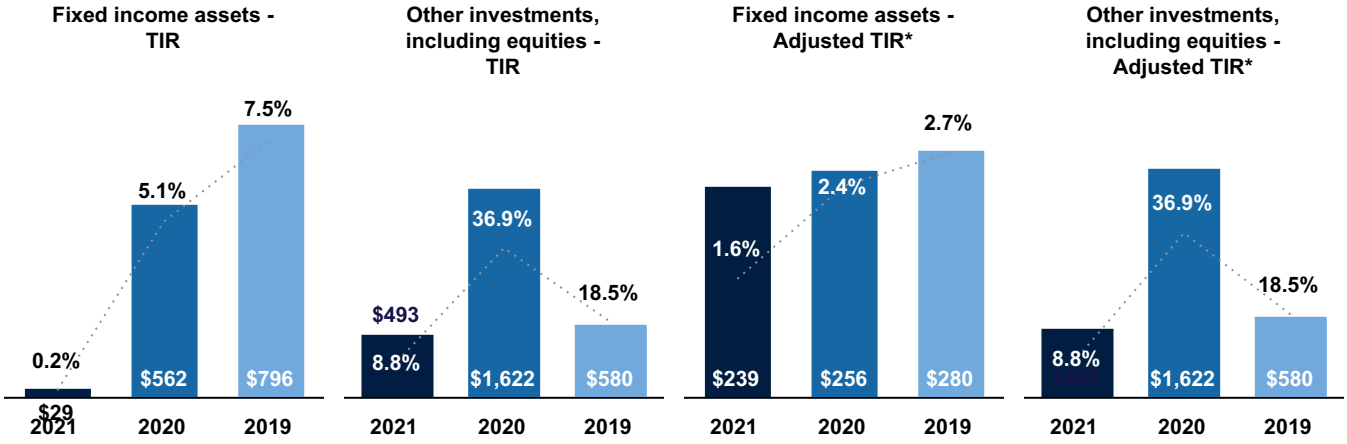
2020 versus 2019: Earnings from equity method investments increased, primarily due to:

- an increase in earnings from Enhanzed Re, which reflected significant net realized and unrealized gains on investments in the second and third quarters of 2020, and an increase in earnings from Monument Re.

[10] Refer to Note 4 to the consolidated financial statements for further information.

Return on investments

The below charts are in millions of U.S. dollars



*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measures.

Fixed income securities

- The TIR on fixed income assets was $29 million in 2021, as the net investment income was partially offset by decline in the market value of our fixed income securities, primarily driven by rising interest rates across U.S., U.K. and European markets.
- The 2020 TIR on fixed income assets was $533 million higher than in 2021, driven by a significant decrease in interest rates in 2020 as central banks lowered interest rates to mitigate the economic impact of COVID-19 pandemic.
- The 2019 TIR on fixed income assets was $234 million higher than in 2020 as interest rates declined and credit spreads tightened in 2019, benefiting fixed income securities.

Other investments, including equities

- Our 2021 TIR on other investments, including equities, was $493 million, primarily led by strong performances in our public equity, private equity, and CLO equity positions, driven by the tightening of high yield and loan spreads and a rally in global equity markets. This was partially offset by net realized and unrealized losses in the InRe Fund, primarily due to the deterioration of global and Chinese equity markets through the second half of 2021, including ADRs, to which the InRe Fund had exposure.
- Our 2020 TIR on other investments, including equities, was $1.6 billion primarily driven by unrealized gains of $1.2 billion in the InRe Fund, driven by strong performance in U.S. and Chinese equity markets across multiple sectors, including consumer discretionary, communication services, information technology and consumer staples.
- Our 2019 TIR, on other investments, including equities, was $580 million, driven by positive performance of the InRe Fund, along with our holdings across public equity, private equity, and CLO equity, against the backdrop of benign market volatility, positive investor sentiment, and strong demand for risk assets.

Duration and average credit rating

The fair value, duration and average credit rating by segment is as follows:

	2021			2020		
Segment	**Fair Value ($)**	**Duration (in years) [1]**	**Average Credit Rating [2]**	**Fair Value ($)**	**Duration (in years) [1]**	**Average Credit Rating [2]**
Investments						
Run-off	$ 12,680	4.54	A+	$ 9,781	5.09	A+
Enhanced Re	1,454	14.62	A-	—	n/a	n/a
Total - Investments	14,134	5.69	A+	9,781	5.09	A+
Legacy Underwriting	212	2.37	AA-	911	1.96	AA-
Total	**$ 14,346**	**5.72**	**A+**	**$ 10,692**	**4.82**	**A+**

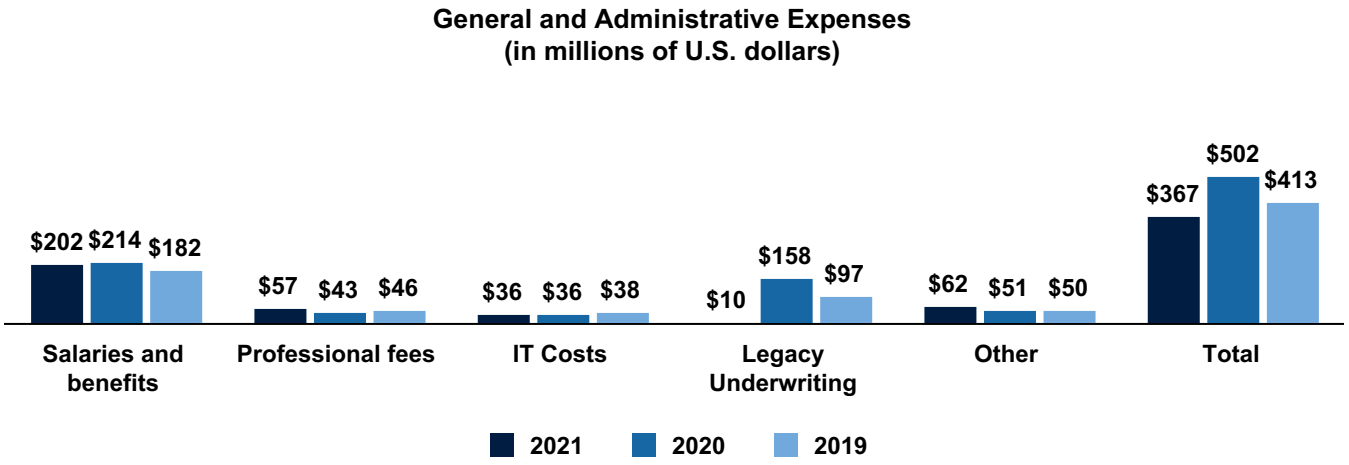
[1] The duration calculation includes cash and cash equivalents, short-term investments, fixed maturity securities and the fixed maturity securities within our funds held-directly managed portfolios at December 31, 2021 and 2020.

[2] The average credit ratings calculation includes cash and cash equivalents, short-term investments, fixed maturity securities and the fixed maturity securities within our funds held - directly managed portfolios at December 31, 2021 and 2020.

As of both December 31, 2021 and 2020, our fixed income securities and cash and cash equivalents had an average credit quality rating of A+. As of December 31, 2021 and 2020, our fixed income securities that were non-investment grade (i.e. rated lower than BBB- and non-rated securities) comprised 5.6% and 3.7% of our total fixed income securities portfolio, respectively.

The increase in the duration of our fixed income securities and cash and cash equivalents portfolio is due to the impact of the Enhanced Re acquisition. The increase in non-investment grade fixed income securities is due to the fact that a portion of the InRe Fund redemption proceeds were reinvested into fixed income strategies involving below investment grade investments during the year[11].

General and administrative expenses



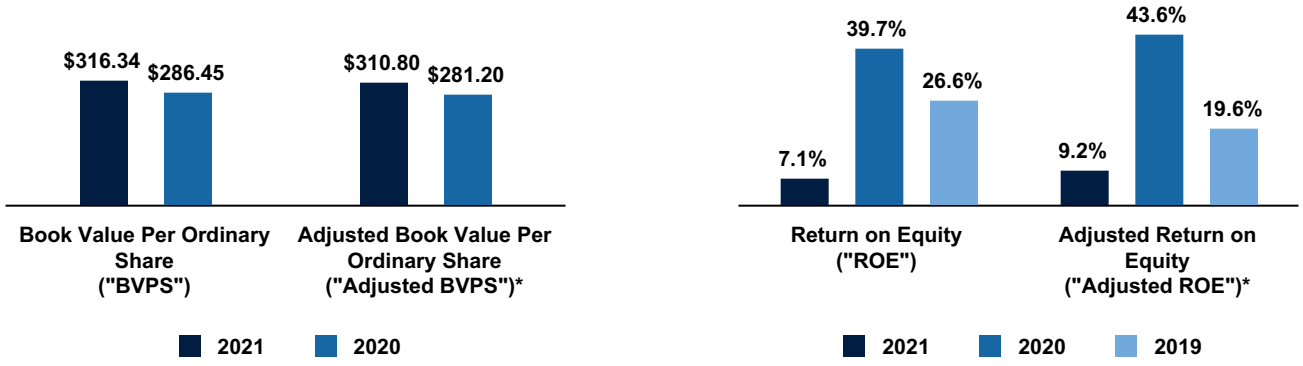
2021 to 2020: The $135 million decrease in general and administrative expenses was primarily driven by the decision to place StarStone International in run-off and the sale of Atrium. There was an additional decrease in salaries and benefits expenses due to reductions in performance-based salaries and benefits costs and lower headcount.

2020 to 2019: The $89 million increase in general and administrative expenses was primarily driven by $64 million of restructuring and other exit costs associated with placing StarStone International into run-off. Additionally, an increase in salaries and benefits expenses from the comparative period was a result of increased performance-based salaries and benefits costs driven by our strong performance in 2020.

[11] Refer to the 'Results of Operations by Segment - Investments' section for further information.

Key Performance Measures

Overall Measures of Performance



BVPS and Adjusted BVPS* increased by 10.4% and 10.5%, respectively, from December 31, 2020 to December 31, 2021, as a result of repurchasing 18.6% of our ordinary shares at a 24.0% discount to book value, combined with comprehensive income for the year which added 6.1% to both BVPS and Adjusted BVPS* as of December 31, 2021.

ROE and Adjusted ROE*

2021 versus 2020: decreased by 32.6 and 34.4 percentage points ("pp"), respectively, primarily as a result of:

i. net unrealized gains from our investment in the InRe Fund of $1.2 billion in 2020 compared with net unrealized and realized losses of $58 million in 2021. We have liquidated this fund, crystallizing much of the gains of 2020 and we are in the process of redeploying these amounts. This decline in net realized and unrealized gains in the InRe Fund contributed 27.5 and 32.9 pp to the total reduction in ROE and Adjusted ROE*, respectively.

ii. net realized and unrealized gains on fixed maturity securities of $306 million in 2020 compared to losses of $210 million in 2021, primarily driven by rising interest rates. This unfavorable movement impacted the ROE by 10.5 pp with no impact to Adjusted ROE* as this is excluded from the calculation of the measure.

This was partially offset by:

iii. favorable prior period development ("PPD") of $283 million in 2021, which was $294 million better than 2020, primarily due to improved actual versus expected experience on our workers' compensation portfolios and adverse development on our motor line of business in 2020 combined with a favorable change in the interest rate components of the valuation of liabilities for which we have elected the fair value option. This favorable result contributed 4.8 pp to the ROE.

2020 versus 2019: increased by 13.1 and 24.0 pp, respectively, primarily as a result of:

i. an increase in net realized and unrealized gains from other investments and equities, including the InRe Fund, of $839 million in 2020. This contributed 16.2 and 20.7 pp to the total increase in ROE and Adjusted ROE*, respectively.

ii. an increase in earnings from equity method investments of $183 million driven by our investments in Enhanzed Re[12] and Monument Insurance Group Limited ("Monument Re") in 2020. These earnings contributed 3.9 and 4.8 pp to ROE and Adjusted ROE*, respectively.

This was partially offset by:

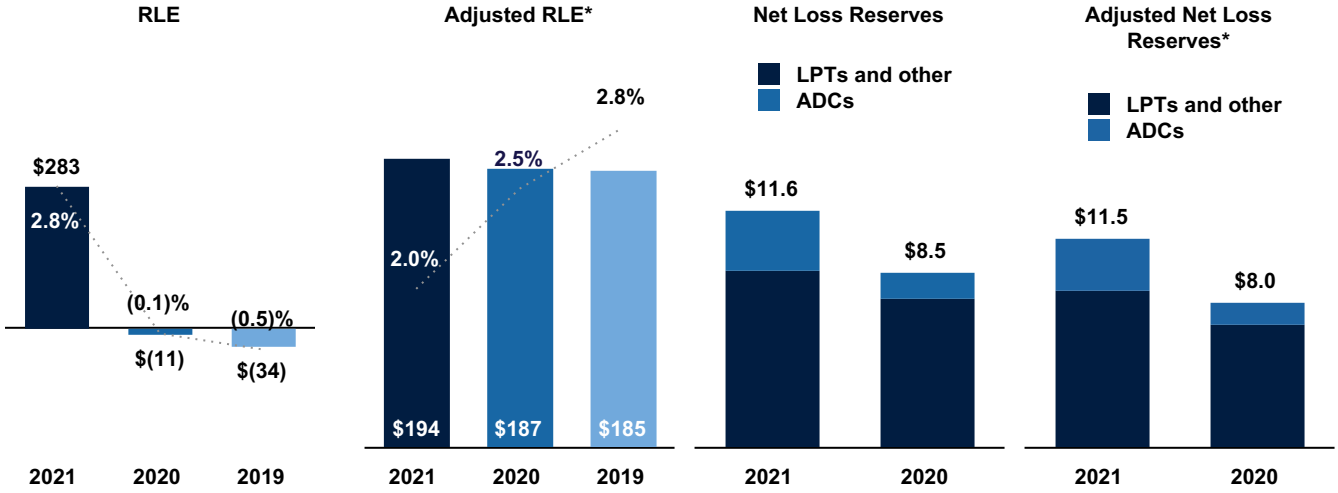
iii. a decrease in net realized and unrealized gains on fixed maturity securities of $209 million in 2020. This unfavorable movement impacted our ROE by 8.1 pp with no impact to Adjusted ROE* as this is excluded from the calculation of the measure.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

[12] Effective September 1, 2021, Enhanzed Re was consolidated by us.

Return on Run-off Liabilities

The below charts are in millions (RLE and Adjusted RLE) and billions (Net Loss Reserves and Adjusted Net Loss Reserves*) of U.S. dollars.*



2021 versus 2020: our RLE % increased by 2.9 pp from 2020 to 2.8%, whilst our Adjusted RLE* % decreased by 0.5 pp from 2020 to 2.0%.

Rate of Return: The 2.9 pp increase in RLE % primarily consists of:

i. 1.8 pp increase arising from the change in the discount rate component of the fair value of liabilities for which we have elected the fair value option as a result of increases in interest rates;

ii. 0.8 pp decrease arising from an increase in the amortization of DCA. The increased amortization expense is the result of cumulative effect adjustments due to favorable prior period development on recent acquisition years; and

iii. 1.6 pp increase arising from additional favorable prior period development which is additionally analyzed within our 'Consolidated Results of Operations' [13].

The 0.5 pp decrease in Adjusted RLE* % primarily consists of:

i. 1.0 pp decrease resulting from a reduced level of favorable prior period development on net ultimate defendant A&E liabilities;

ii. 0.7 pp decrease arising from an increase in the amortization of DCA as noted above; and

iii. 1.2 pp increase in additional favorable prior period development which is additionally analyzed within our 'Consolidated Results of Operations' [13].

Volume: our net loss reserves and adjusted net loss reserves* increased by 35.2% and 43.2% respectively, as a result of acquiring and assuming $4.5 billion of net loss reserves. This was partially offset by $1.4 billion of net claims paid during the year.

2020 versus 2019: our RLE % increased by 0.4 pp from the prior year, whilst our Adjusted RLE* % decreased by 0.3 pp.

Rate of Return: The RLE % in 2020 was broadly consistent with 2019, with the increase of 0.4 pp arising from PPD of $(11) million and $(34) million in 2020 and 2019 respectively. The key components of PPD in each of 2020 and 2019 were:

i. A reduction in estimates of net ultimate losses of $130 million and $111 million for 2020 and 2019; and

ii. Changes in the fair value of liabilities for which we have elected the fair value option of $119 million and $117 million for 2020 and 2019, with both of these charges arising from decreases in interest rates.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

[13] Refer to 'Underwriting Results' below for further discussion.

The 0.3 pp decrease in Adjusted RLE* % consists of:

i. 1.6 pp decrease in Adjusted PPD* primarily due to adverse development on the motor book in 2020 compared to 2019; and

ii. 1.3 pp increase in favorable prior period development on net ultimate defendant A&E liabilities in 2020 compared to 2019 driven by a lower than expected asbestos related claim frequency in 2020.

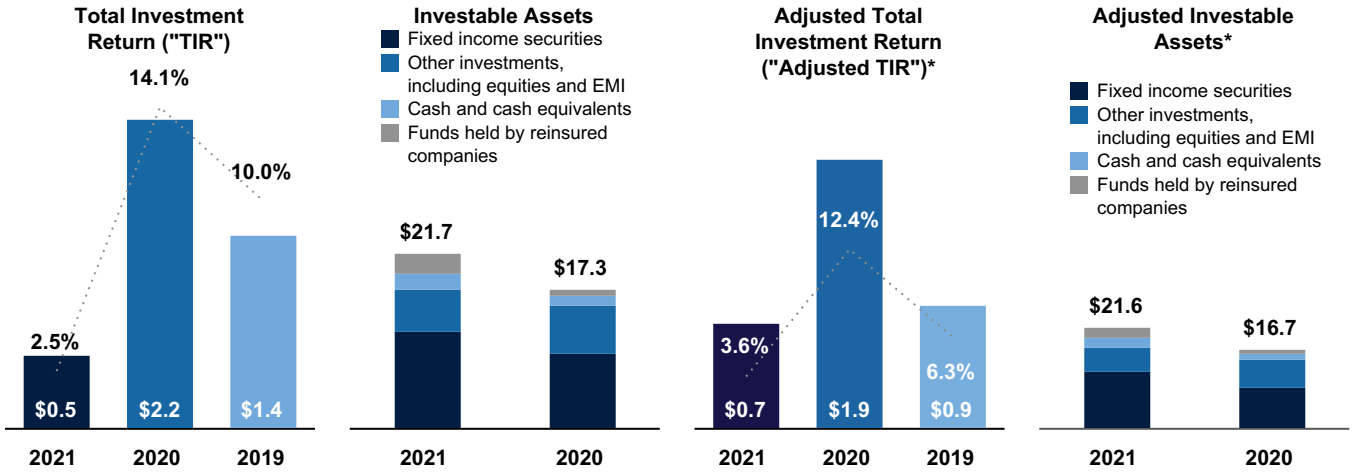
Volume: our net loss reserves and adjusted net loss reserves* increased by 11.3% and 15.3%, respectively from 2019[14] to 2020, as a result of acquiring and assuming $2.0 billion of net loss reserves. This was partially offset by $1.5 billion of net claims paid during the year.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

[14] Net loss reserves and Adjusted net loss reserves* as of December 31, 2019 were $7.7 billion and $6.9 billion, respectively.

Return on Investments

The below charts are in billions of U.S. dollars.



2021 versus 2020: our TIR % and Adjusted TIR %* decreased by 11.6 pp and 8.8 pp, respectively, from 2020.

Rate of Return: our TIR and Adjusted TIR decreased largely as a result of net realized and unrealized gains of $1.6 billion in 2020 compared with net realized and unrealized gains of $117 million in 2021.

Significant equity market performance in 2020 contrasted with more moderate equity performance in 2021, resulting in a $1.0 billion reduction in the gains on our other investments, including equities, coupled with a $516 million reduction in the gains on our fixed maturity securities primarily as a result of interest rate reductions in 2020 and rising interest rates in 2021.

In 2020, we earned net realized and unrealized gains of $1.6 billion, which included $1.2 billion in net unrealized gains from our investment in the InRe Fund due to strong performance in U.S. and Chinese equity markets, and $306 million from our fixed maturity securities primarily due to interest rate declines.

In 2021, we earned net realized and unrealized gains of $117 million, with $58 million in realized and unrealized losses from our InRe Fund as we crystallized much of the gains we previously recorded, combined with gains of $327 million in other equity, equity and CLO funds as a result of high yield and loan spread tightening and rallies in global equity markets. This was offset by net realized and unrealized losses of $210 million on our fixed maturity securities primarily from rising interest rates across U.S., U.K. and European markets, partially offset by tightening in credit spreads.

Volume: Investable assets and Adjusted investable assets* grew by 25.7% and 29.4% from 2020 to 2021, respectively, as a result of assuming $3.5 billion from new transactions during the year and an overall increase in cash and cash equivalents of $495 million[15].

2020 versus 2019: our TIR and Adjusted TIR* increased by 4.1 pp and 6.1 pp, respectively, from 2019.

Rate of Return: our TIR and Adjusted TIR* increased as a result of outstanding performance in our other investments, including the InRe Fund, in comparison to the prior period. This was driven by rallies in equity markets across multiple sectors, including consumer discretionary, communication services, information technology and consumer staples.

Net realized and unrealized gains on other investments, including equities, were $1.3 billion in 2020, including net unrealized gains of $1.2 billion in our InRe investment, in comparison to $496 million in 2019.

Volume: Investable assets and Adjusted investable assets* grew by 22.7% and 21.1% from 2019[16] to 2020, respectively, as a result of assuming $1.7 billion from new transactions during the year and an overall increase in cash and cash equivalents of $541 million[17].

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" section for reconciliation to the applicable GAAP financial measure.

[15] Total cash, cash equivalents and restricted cash increased by $719 million from 2020 to 2021, of which $224 million related to cash of businesses held-for-sale.

[16] Investable assets and Adjusted investable assets* as of December 31, 2019 were $14.1 billion and $13.8 billion, respectively.

[17] Total cash, cash equivalents and restricted cash increased by $402 million from 2019 to 2020, which included a decrease of $139 million related to cash of businesses held-for-sale.

New Business

We define new business as material transactions other than business acquisitions which generally take the form of reinsurance or direct business transfers.

When we acquire new business, the liabilities we assume typically exceed the fair value of the assets we receive. This is generally due to the future earnings expected on the assets, as well as negotiations if we believe the liabilities could be reduced in the future through successful claims management.

The difference between the liabilities assumed and the assets acquired is recorded as a deferred charge asset or gain, which is then amortized over the expected settlement period. As such, the performance of the new business is assessed over time by comparing the net of investment income, loss reserve development and amortization of the deferred charge gain or asset.

The table below sets forth a summary of new business that we have completed between January 1, 2021 and December 31, 2021:

Transaction	Total Assets Assumed	Deferred Charge Asset [1]	Total Assets from Transactions	Total Liabilities from Transactions	Type of Transaction	Remaining Limit upon Acquisition	Line of Business	Jurisdiction
			(in millions of U.S. dollars)					
AXA Group [2]	$ 1,395	$ 92	$ 1,487	$ 1,487	ADC	$ 808	Casualty and professional lines	Global
CNA [2]	652	105	757	757	LPT	179	Excess workers' compensation	U.S.
Hiscox	532	N/A	532	532	LPT	189	Surplus lines broker business	U.S., U.K. and Europe
ProSight [3]	478	24	502	502	LPT/ADC	230	Workers' compensation and general liability	U.S.
Liberty Mutual [2]	363	26	389	389	LPT	121	Energy, construction and homebuilders liability	U.S.
RSA	95	1	96	96	ADC	175	Commercial and personal lines	U.K. and Ireland
Coca-Cola	42	6	48	48	LPT	21	Workers' compensation	U.S.
Total 2021	$ 3,557	$ 254	$ 3,811	$ 3,811				

[1] Where the estimated ultimate losses payable exceed the premium consideration received at the inception of the agreement, a DCA is recorded.

[2] We have ceded 10% of these transactions to Enhanzed Re on the same terms and conditions as those received by us. Effective September 1, 2021 Enhanzed Re was consolidated by us (previously accounted for as an equity method investment) and all intercompany transactions and balances between Enhanzed Re and Enstar were eliminated upon consolidation.

[3] Includes $178 million of liabilities from the ADC element of the transaction.

Non-GAAP Financial Measures

In addition to our key financial measures presented in accordance with GAAP, we present other non-GAAP financial measures that we use to manage our business, compare our performance against prior periods and against our peers, and as performance measures in our annual incentive compensation program.

These non-GAAP financial measures provide an additional view of our operational performance over the long-term and provide the opportunity to analyze our results in a way that is more aligned with the manner in which our management measures our underlying performance.

The presentation of these non-GAAP financial measures, which may be defined and calculated differently by other companies, is used to enhance the understanding of certain aspects of our financial performance. It is not meant to be considered in isolation, superior to, or as a substitute for the directly comparable financial measures prepared in accordance with GAAP.

We have changed our non-GAAP measures in 2021 as follows:

- Conformed our naming convention so that all non-GAAP measures are prefixed by the word, “adjusted”. We believe this makes a clear distinction between GAAP and non-GAAP measures. For example, our fully diluted book value per share (“FDBVPS”) is now named adjusted book value per ordinary share.
- Replaced our claims saving metric with Adjusted RLE*, that now includes the amortization cost of DCA as we believe this represents the notional lower yield we accept when we enter into a transaction where we record a DCA. Additionally, we are representing this as a yield on average Adjusted net loss reserves* to facilitate comparisons across acquisition years and different reporting periods.
- Amended our calculation of operating income (loss) for the year by additionally adjusting for the amortization of fair value adjustments as we believed it was relevant for this measure to be consistent with our calculation of Adjusted RLE*. Additionally, we now express this measure as an Adjusted ROE* after adjustments to our balance sheet items relating to any adjustments in the numerator.
- We created new measures of Adjusted TIR* and Adjusted RLE* to show performance yields on our two streams of income arising from our capital release solutions.
- We added management’s view of investable assets which “looks through” the legal form of our investments to the underlying economic exposure, consistent with the way we view our investment portfolio composition.

We have presented the results and GAAP reconciliations for these measures for the years ended 2019, 2020 and 2021.

Non-GAAP Measure	Definition	Purpose of Non-GAAP Measure over GAAP Measure
Adjusted book value per ordinary share	Total Enstar ordinary shareholders' equity, adjusted to add: *-proceeds from assumed exercise of warrants* Divided by Number of ordinary shares outstanding, adjusted for: *-shares issued from assumed exercise of warrants,* *-the ultimate effect of any dilutive securities on the number of ordinary shares outstanding*	Increases the number of ordinary shares to reflect the exercise of warrants and equity awards granted but not yet vested as, over the long term, this presents a prudent view of our book value per share. We use this non-GAAP measure in our annual incentive compensation program.

Non-GAAP Measure	Definition	Purpose of Non-GAAP Measure over GAAP Measure
Adjusted return on equity	Adjusted operating income (loss) attributable to Enstar ordinary shareholders divided by adjusted opening Enstar ordinary shareholder's equity	Although we have historically disclosed adjusted operating income (loss) attributable to Enstar ordinary shareholders, calculating the operating income (loss) as a percentage of our adjusted opening Enstar ordinary shareholders' equity provides a more valuable and consistent measure of the performance of our business, and enhances comparisons to prior periods: • by adjusting investment returns for the temporary impact of the change in fair value of fixed maturity securities (both credit spreads and interest rates) which we hold until the earlier of maturity or used to fund any settlement of related liabilities which are generally recorded at cost. • by removing the impact of non-cash charges that obscure our trends on a consistent basis. • by removing items that are not indicative of our ongoing operations; We use this non-GAAP measure in our annual incentive compensation program. We now include the amortization of fair value adjustments as a non-GAAP adjustment to the adjusted operating income (loss) attributable to Enstar ordinary shareholders as it is considered to be a non-cash charge and not indicative of our operating results. Prior periods were restated for this revision.
Adjusted operating income (loss) attributable to Enstar ordinary shareholders (*numerator*)	Net earnings (loss) attributable to Enstar ordinary shareholders, adjusted for: *-net realized and unrealized (gains) losses on fixed maturity investments and funds held-directly managed* *-change in fair value of insurance contracts for which we have elected the fair value option* [(1)] *-amortization of fair value adjustments* *-net gain/loss on purchase and sales of subsidiaries* *-net earnings from discontinued operations* *-tax effects of adjustments* *-adjustments attributable to noncontrolling interest*	
Adjusted opening Enstar ordinary shareholders' equity (*denominator*)	Opening Enstar ordinary shareholders' equity, less: *-unrealized gains (losses) on fixed maturity investments and funds held-directly managed,* *-fair value of insurance contracts for which we have elected the fair value option* [(1)]*,* *-fair value adjustments, and* *-net assets of held for sale or disposed subsidiaries classified as discontinued operations*	
Adjusted total investment return (%)	Adjusted total investment return (dollars) recognized in earnings for the applicable period divided by period average adjusted total investable assets.	Provides a key measure of the return generated on the capital held in the business and is reflective of our investment strategy. Provides a consistent measure of investment returns as a percentage of all assets generating investment returns. Adjusts investment returns for the temporary impact of the change in fair value of fixed maturity securities (both credit spreads and interest rates) which we hold until the earlier of maturity or used to fund any settlement of related liabilities which are generally recorded at cost.
Adjusted total investment return ($) (*numerator*)	Total investment return (dollars), adjusted for: *-net realized and unrealized (gains) losses on fixed maturity investments and funds held-directly managed*	
Adjusted average aggregate total investable assets (*denominator*)	Total average investable assets, adjusted for: *-unrealized (gains) losses on fixed maturities, AFS investments included within AOCI* *-unrealized (gains) losses on fixed maturities, trading instruments*	

Non-GAAP Measure	Definition	Purpose of Non-GAAP Measure over GAAP Measure
Adjusted run-off liability earnings (%)	Adjusted PPD divided by average adjusted net loss reserves	Calculating the RLE as a percentage of our adjusted average net loss reserves provides a more meaningful measurement of our claims management performance.
Adjusted prior period development *(numerator)*	Prior period net incurred losses and LAE, adjusted to: *Remove:* *-Legacy Underwriting and Enhanced Re operations* *-the reduction/(increase) in provisions for unallocated LAE (ULAE)* *-amortization of fair value adjustments,* *-change in fair value of insurance contracts for which we have elected the fair value option [(1)], and Add:* *-the reduction/(increase) in estimates of our defendant A&E ultimate net liabilities.*	We use this measure to evaluate our ability to settle our obligations for amounts less than our initial estimate at the point of acquiring the obligations. In order to provide a complete and consistent picture of our claims performance, we combine the reduction (increase) in estimates of prior period net ultimate losses relating to our Run-off segment with the amortization of deferred charge assets, both of which are included in net incurred losses and LAE and have an inverse effect on our results. We also include our performance in managing our defendant A&E liabilities, that do not form part of loss reserves.
Adjusted net loss reserves *(denominator)*	Net losses and LAE, adjusted to: *Remove:* *-Legacy Underwriting and Enhanced Re net loss reserves* *-the net ULAE provision* *-net fair value adjustments associated with the acquisition of companies,* *-the fair value adjustments for contracts for which we have elected the fair value option [(1)] and Add:* *-net nominal defendant asbestos and environmental exposures.*	The remaining components of net incurred losses and LAE and net loss reserves are not considered key components of our claims performance as they are either not non-life run-off in nature, or are considered to be non-cash charges that obscure our trends on a consistent basis. We use this measure to assess the performance of our claim strategies and part of the performance assessment of our past acquisitions.
Investable assets - management's view	Investable assets, adjusted to reallocate certain categories of investments based on management's view of the underlying economic exposure of a particular investment. Refer to the reconciliation for further details.	Management's view "looks through" the legal form of an investment and aggregates the classification based upon the underlying economic exposure of each investment, which is consistent with the manner in which management views our investment portfolio composition.

[(1)] Comprises the discount rate and risk margin components.

Reconciliation of GAAP to Non-GAAP Measures

The table below presents a reconciliation of BVPS to Adjusted BVPS* as of December 31, 2021, 2020 and 2019:

	2021			2020			2019		
	Equity [(1)]	Ordinary Shares	Per Share Amount	Equity [(1)]	Ordinary Shares	Per Share Amount	Equity [(1)]	Ordinary Shares	Per Share Amount
	(in millions of U.S. dollars, except share and per share data)								
Book value per ordinary share	$ 5,586	17,657,944	$ 316.34	$ 6,164	21,519,602	$ 286.45	$ 4,332	21,511,505	$ 201.39
Non-GAAP adjustments:									
Share-based compensation plans		315,205			298,095			302,565	
Warrants	—	—		20	175,901		20	175,901	
Adjusted book value per ordinary share*	$ 5,586	17,973,149	$ 310.80	$ 6,184	21,993,598	$ 281.20	$ 4,352	21,989,971	$ 197.93

[(1)] Equity comprises Enstar ordinary shareholders' equity, which is calculated as Enstar shareholders' equity less preferred shares ($510 million as of December 31, 2021, 2020 and 2019, respectively), prior to any non-GAAP adjustments.

*Non-GAAP measure.

The table below presents a reconciliation of ROE to Adjusted ROE* for the years ended December 31, 2021, 2020 and 2019:

	2021			2020			2019		
	Net earnings [1]	Opening equity [1]	(Adj) ROE	Net earnings [1]	Opening equity [1]	(Adj) ROE	Net earnings [1]	Opening equity [1]	(Adj) ROE
	(in millions of U.S. dollars)								
Net earnings/Opening equity/ROE [1]	$ 437	$ 6,164	7.1 %	$ 1,719	$ 4,332	39.7 %	$ 902	$ 3,392	26.6 %
Non-GAAP adjustments:									
Net realized and unrealized losses (gains) on fixed maturity investments and funds held - directly managed / Unrealized (losses) gains on fixed maturity investments and funds held - directly managed [2]	210	(560)		(306)	(277)		(516)	227	
Change in fair value of insurance contracts for which we have elected the fair value option / Fair value of insurance contracts for which we have elected the fair value option [3]	(75)	(33)		119	(130)		117	(244)	
Amortization of fair value adjustments / Fair value adjustments	16	(128)		27	(152)		51	(199)	
Net gain on purchase and sales of subsidiaries	(73)			(3)			—		
Net earnings from discontinued operations / Net assets of entities classified as held for sale and discontinued operations	—			(16)	(266)		(7)	(210)	
Tax effects of adjustments [4]	(21)			23			36		
Adjustments attributable to noncontrolling interest [5]	6			13	109		15	86	
Adjusted net earnings/Adjusted opening equity/Adjusted ROE*	$ 500	$ 5,443	9.2 %	$ 1,576	$ 3,616	43.6 %	$ 598	$ 3,052	19.6 %

[1] Net earnings comprises net earnings attributable to Enstar ordinary shareholders, prior to any non-GAAP adjustments. Opening equity comprises Enstar ordinary shareholders' equity, which is calculated as opening Enstar shareholders' equity less preferred shares ($510 million as of December 31, 2020, 2019 and 2018), prior to any non-GAAP adjustments.

[2] Represents the net realized and unrealized gains and losses related to fixed maturity securities. Our fixed maturity securities are held directly on our balance sheet and also within the "Funds held - directly managed" balance[18].

[3] Comprises the discount rate and risk margin components.

[4] Represents an aggregation of the tax expense or benefit associated with the specific country to which the pre-tax adjustment relates, calculated at the applicable jurisdictional tax rate.

[5] Represents the impact of the adjustments on the net earnings (loss) attributable to noncontrolling interest associated with the specific subsidiaries to which the adjustments relate.

*Non-GAAP measure.

[18] Refer to Note 6 to our consolidated financial statements for further details on our net realized and unrealized gains and losses.

The below tables present a reconciliation of PPD to Adjusted PPD* and RLE to Adjusted RLE*:

	As at December 31,				
	2021	2021	2020	2021	2021
	PPD	Net loss reserves	Net loss reserves	Average net loss reserves	RLE %
	(in millions of U.S. dollars)				
PPD/net loss reserves/RLE	$ 283	$ 11,555	$ 8,544	$ 10,050	2.8 %
Non-GAAP Adjustments:					
Reduction in estimates of net ultimate losses - current period	—	(142)	—	(71)	
Enhanzed Re	—	(179)	—	(90)	
Legacy Underwriting	(7)	(140)	(955)	(548)	
Reduction in provisions for ULAE	(61)	(412)	(334)	(373)	
Amortization of fair value adjustments	16	106	128	117	
Changes in fair value - fair value option [1]	(75)	107	33	70	
Change in estimate of net ultimate liabilities - defendant A&E	38	574	615	595	
Adjusted PPD/Adjusted net loss reserves/Adjusted RLE*	$ 194	$ 11,469	$ 8,031	$ 9,750	2.0 %

	As at December 31,				
	2020	2020	2019	2020	2020
	PPD	Net loss reserves	Net loss reserves	Average net loss reserves	RLE %
	(in millions of U.S. dollars)				
PPD/net loss reserves/RLE	$ (11)	$ 8,544	$ 7,680	$ 8,112	(0.1)%
Non-GAAP Adjustments:					
Reduction in estimates of net ultimate losses - current period	—	(273)	—	(137)	
Legacy Underwriting	(4)	(702)	(1,184)	(943)	
Reduction in provisions for ULAE	(48)	(334)	(332)	(333)	
Amortization of fair value adjustments	28	128	152	140	
Changes in fair value - fair value option [1]	119	33	130	82	
Change in estimate of net ultimate liabilities - defendant A&E	103	615	561	588	
Adjusted PPD/Adjusted net loss reserves/Adjusted RLE*	$ 187	$ 8,011	$ 7,007	$ 7,509	2.5 %

	As at December 31,				
	2019	2019	2018	2019	2019
	PPD	Net loss reserves	Net loss Reserves	Average net loss reserves	RLE %
	(in millions of U.S. dollars)				
PPD/Net loss reserves/RLE	$ (34)	$ 7,680	$ 7,254	$ 7,467	(0.5)%
Non-GAAP Adjustments:					
Reduction in estimates of net ultimate losses - current period	—	(401)	—	(201)	
Legacy Underwriting	105	(842)	(1,162)	(1,002)	
Reduction in provisions for ULAE	(58)	(332)	(333)	(333)	
Amortization of fair value adjustments	51	152	199	176	
Changes in fair value - fair value option [1]	117	130	244	187	
Change in estimate of net ultimate liabilities - defendant A&E	4	561	85	323	
Adjusted PPD/Adjusted net loss reserves/Adjusted RLE*	$ 185	$ 6,948	$ 6,287	$ 6,617	2.8 %

[1] Comprises the discount rate and risk margin components.

*Non-GAAP measure.

The table below presents a reconciliation of our TIR to our Adjusted TIR* for the years ended December 31, 2021, 2020 and 2019:

	2021			2020			2019		
	Fixed Income	Other Investments	Total	Fixed Income	Other Investments	Total	Fixed Income	Other Investments	Total
	(in millions of U.S. dollars)								
Net investment income	$ 239	$ 73	$ 312	$ 256	$ 47	$ 303	$ 280	$ 28	$ 308
Net realized (losses) gains	(4)	(57)	(61)	18	1	19	4	1	5
Net unrealized (losses) gains	(206)	384	178	288	1,335	1,623	512	495	1,007
Earnings from equity method investments	—	93	93	—	239	239	—	56	56
TIR ($)	$ 29	$ 493	$ 522	$ 562	$ 1,622	$2,184	$ 796	$ 580	$1,376
Non-GAAP adjustment:									
Net realized and unrealized losses (gains) on fixed maturity investments and funds held-directly managed	210	—	210	(306)	—	(306)	(516)	—	(516)
Adjusted TIR ($)*	$ 239	$ 493	$ 732	$ 256	$ 1,622	$1,878	$ 280	$ 580	$ 860
Total investments	$12,254	$ 5,022	$17,276	$9,319	$ 5,938	$15,257	$9,035	$ 3,585	$12,620
Cash and cash equivalents, including restricted cash and cash equivalents	2,092	—	2,092	1,373	—	1,373	971	—	971
Funds held by reinsured companies	2,340	—	2,340	636	—	636	476	—	476
Total investable assets	$16,686	$ 5,022	$21,708	$11,328	$ 5,938	$17,266	$10,482	$ 3,585	$14,067
Average aggregate invested assets, at fair value [1]	15,250	5,590	20,840	11,046	4,397	15,443	10,631	3,127	13,758
TIR %	0.2 %	8.8 %	2.5 %	5.1 %	36.9 %	14.1 %	7.5 %	18.5 %	10.0 %
Non-GAAP adjustment:									
Net unrealized (gains) on fixed maturities, AFS investments included within AOCI and net unrealized (gains) on fixed maturities, trading instruments	(89)	—	(89)	(560)	—	(560)	(275)	—	(275)
Adjusted investable assets*	$16,597	$ 5,022	$21,619	$10,768	$ 5,938	$16,706	$10,207	$ 3,585	$13,792
Adjusted average aggregate invested assets, at fair value [2]	14,971	5,590	20,561	10,756	4,397	15,153	10,519	3,127	13,646
Adjusted TIR %*	1.6 %	8.8 %	3.6 %	2.4 %	36.9 %	12.4 %	2.7 %	18.5 %	6.3 %

[1] This amount is a five period average of the total investable assets, as presented above, and is comprised of amounts disclosed in our quarterly and annual U.S. GAAP consolidated financial statements.

[2] This amount is a five period average of the Adjusted investable assets*, as presented above.

*Non-GAAP measure.

The below tables present a reconciliation of our total investable assets from the consolidated balance sheet view in accordance with GAAP to management's non-GAAP view of the underlying economic exposure for the years ended December 31, 2021 and 2020:

Consolidated Balance Sheet View	2021	Exchange traded funds backed by fixed income securities	Bonds, CLO equities and private debt held in equity format	Equities, privately held equity, private credit and real estate held in fund format	CLO equity funds	Other assets and liabilities in funds held format	2021	Management's View of Underlying Economic Exposure
Short-term and fixed maturity investments, trading and AFS and funds held - directly managed, excluding other assets								
Total	$12,254						$12,254	Fixed maturities
Other assets included within funds held - directly managed	201					(201)	—	
Equities								
Publicly traded equities	281			5			286	
Exchange-traded funds	1,342	(969)	(64)				309	
Privately held equities	372		(57)	(8)			307	
Total	1,995						902	Equities*
Other Investments								
Hedge funds	291						291	Hedge funds
Fixed income funds	573	969	64				1,606	Bond/loan funds*
Equity funds	5			(5)			—	
Private equity funds	752			(110)			642	Private equity funds*
CLO equities	161		32		207		400	CLO equities*
CLO equity funds	207				(207)		—	
Private credit funds	275		25	85			385	Private credit*
Real estate debt fund	69			33			102	Real estate*
Total	2,333						3,426	
Equity method investments	493						493	Equity method investments
Total investments	17,276						17,075	
Cash and cash equivalents (including restricted cash)	2,092						2,092	Cash and cash equivalents (including restricted cash)
Funds held by reinsured companies	2,340					201	2,541	Funds held*
Total investable assets	$21,708						$21,708	Total investable assets

*Non-GAAP financial measure.

Consolidated Balance Sheet View	2020	Exchange traded funds backed by fixed income securities	Bond fund held in equity format	Equities, privately held equity, private credit and real estate held in fund format	Real estate held in other	CLO equity funds	Other assets and liabilities in funds held format	2020	Management's View of Underlying Economic Exposure
Short-term and fixed maturity investments, trading and AFS and funds held - directly managed, excluding other assets									
Total	9,319							9,319	Fixed maturities
Other assets included within funds held - directly managed	15						(15)	—	
Equities									
Publicly traded equities	261							261	
Exchange-traded funds	311	(156)	(54)	191				292	
Privately held equities	275			3				278	
Total	847							831	Equities*
Other Investments									
Hedge funds	2,638							2,638	Hedge funds
Fixed income funds	553	156	54					763	Bond/loan funds*
Equity funds	191			(191)				—	
Private equity funds	363			(137)				226	Private equity funds*
CLO equities	128					167		295	CLO equities*
CLO equity funds	167					(167)		—	
Private credit funds	192			107				299	Private credit*
Real estate debt fund	—			27	12			39	Real estate*
Other	12				(12)			—	
Total	4,244							4,260	
Equity method investments	832							832	Equity method investments
Total investments	15,257							15,242	
Cash and cash equivalents (including restricted cash)	1,373							1,373	Cash and cash equivalents (including restricted cash)
Funds held by reinsured companies	636						15	651	Funds held*
Total investable assets	$17,266							$ 17,266	Total investable assets

*Non-GAAP measure.

Other Financial Measures

In addition to our non-GAAP financial measures presented above, we refer to TIR, which provides a key measure of the return generated on the capital held in the business. It is reflective of our investment strategy and it provides a consistent measure of investment returns as a percentage of all assets generating investment returns.

The following table provides the calculation of our TIR by segment for the years ended December 31, 2021, 2020 and 2019:

	2021			2020			2019		
	Investments	Legacy Underwriting	Total	Investments	Legacy Underwriting	Total	Investments	Legacy Underwriting	Total
	(in millions of U.S. dollars)								
Net investment income:									
Fixed income securities	$ 273	$ 3	$ 276	$ 243	$ 25	$ 268	$ 250	$ 30	$ 280
Cash and restricted cash	—	—	—	2	2	4	9	5	14
Other investments, including equities	73	—	73	39	8	47	20	8	28
Less: Investment expenses	(37)	—	(37)	(14)	(2)	(16)	(12)	(2)	(14)
Net investment income	$ 309	$ 3	$ 312	$ 270	$ 33	$ 303	$ 267	$ 41	$ 308
Net realized gains:									
Fixed income securities	$ (4)	$ —	$ (4)	$ 16	$ 2	$ 18	$ 4	$ —	$ 4
Other investments, including equities	(57)	—	(57)	1	—	1	1	—	1
Net realized (losses) gains	$ (61)	$ —	$ (61)	$ 17	$ 2	$ 19	$ 5	$ —	$ 5
Net unrealized (losses) gains):									
Fixed income securities, trading	(203)	(3)	(206)	284	4	288	481	31	512
Other investments, including equities	384	—	384	1,327	8	1,335	488	7	495
Net unrealized (losses) gains	$ 181	$ (3)	$ 178	$ 1,611	$ 12	$1,623	$ 969	$ 38	$1,007
Earnings from equity method investments	93	—	93	239	—	239	56	—	56
TIR ($)	$ 522	$ —	$ 522	$ 2,137	$ 47	$2,184	$ 1,297	$ 79	$1,376
Fixed maturity and short-term investments, trading and AFS and funds held - directly managed	$ 12,072	$ 182	$12,254	$ 8,669	$ 650	$9,319	$ 8,171	$ 864	$9,035
Other assets included within funds held - directly managed	201	—	201	15	—	15	14	—	14
Equities	1,995	—	1,995	774	73	847	577	150	727
Other investments	2,319	14	2,333	4,146	98	4,244	2,387	131	2,518
Equity method investments	493	—	493	597	235	832	326	—	326
Total investments	$ 17,080	$ 196	$17,276	$ 14,201	$ 1,056	$15,257	$ 11,475	$ 1,145	$12,620
Cash and cash equivalents, including restricted cash and cash equivalents	2,062	30	2,092	1,112	261	1,373	671	300	971
Funds held by reinsured companies	2,306	34	2,340	554	82	636	345	131	476
Total investable assets	$ 21,448	$ 260	$21,708	$ 15,867	$ 1,399	$17,266	$ 12,491	$ 1,576	$14,067
Average aggregate invested assets, at fair value [1]	$ 20,594	$ 246	$20,840	$ 13,982	$ 1,461	$15,443	$ 12,140	$ 1,618	$13,758
TIR % [2]	2.5 %	— %	2.5 %	15.3 %	3.2 %	14.1 %	10.7 %	4.9 %	10.0 %
Income from fixed income assets [3]	273	3	276	245	27	272	259	35	294
Average aggregate fixed income assets, at cost [3][4]	14,733	231	14,964	9,508	1,246	10,754	9,104	1,414	10,518
Investment book yield [5]	1.9 %	1.3 %	1.8 %	2.6 %	2.2 %	2.5 %	2.8 %	2.5 %	2.8 %

[1] This amount is a five period average of the total investable assets, as presented above, and is comprised of amounts disclosed in our quarterly and annual U.S. GAAP consolidated financial statements.

[2] Total investment return % is calculated by dividing total investment return ($) by average aggregate invested assets, at fair value.

[3] Fixed income assets include fixed income securities and cash and restricted cash, and funds held by reinsured companies.

[4] These amounts are an average of the amounts disclosed in our quarterly and annual U.S. GAAP consolidated financial statements.

[5] Investment book yield % is calculated by dividing income from fixed income assets by average aggregate fixed income assets, at cost.

Results of Operations by Segment - For the Years Ended December 31, 2021 and 2020

Upon completion of our strategic transactions related to both Atrium and StarStone, our chief operating decision maker, our CEO, changed their view of how to evaluate our businesses, allocate resources and assess performance, as a result the segment structure was revised effective January 1, 2021.

Following the acquisition of Enhanzed Re on September 1, 2021, our business is organized into four reportable segments: (i) Run-off; (ii) Enhanzed Re; (iii) Investments; and (iv) Legacy Underwriting. In addition, our corporate and other activities, which do not qualify as an operating segment, includes income and expense items that are not directly attributable to our reportable segments[19].

The following is a discussion of our results of operations by segment.

[19] For a description of our segments and our corporate and other activities, see "Item 1. Business - Operating Segments" and "Corporate and Other" below, respectively.

Run-off Segment

The following is a discussion and analysis of the results of operations for our Run-off segment.

	2021	2020	Change
INCOME	(in millions of U.S. dollars)		
Net premiums earned	$ 182	$ 59	$ 123
Other income:			
Reduction in estimates of net ultimate defendant A&E liabilities - prior periods	38	103	(65)
Reduction in estimated future defendant A&E expenses	5	9	(4)
All other income	30	20	10
Total other income	73	132	(59)
	255	191	64
EXPENSES			
Net incurred losses and LAE:			
Current period	144	30	114
Prior period	(338)	(175)	(163)
Total net incurred losses and LAE	(194)	(145)	(49)
Acquisition costs	44	20	24
General and administrative expenses	188	173	15
	38	48	(10)
SEGMENT NET EARNINGS	$ 217	$ 143	$ 74

2021 versus 2020: Segment income from our Run-off segment increased by $74 million, primarily due to:

- Net premiums earned increased by $123 million from StarStone International business and new business transactions executed in this and recent periods. Net premiums earned of $182 million included $106 million of premiums from StarStone International, which was transferred into the Run-off Segment on January 1, 2021, whereas net premiums earned in 2020 were primarily related to AmTrust RITC transactions assumed in 2019.
- Net incurred losses and LAE decreased by $49 million due to a $163 million increase in favorable development on prior period losses partially offset by an increase in current period losses of $114 million due to the transfer of the StarStone International business from the Legacy Underwriting segment on January 1, 2021.
- The $163 million increase in favorable prior period development primarily consists of:
  - $51 million increase in favorable development on the workers' compensation line of business in 2021 as a result of reduced claims activity, favorable settlements on open claims and the completion of commutations;
  - $105 million reduction in adverse development on the motor line of business compared to 2020. 2020 was impacted by higher than expected severity in respect of a recently assumed LPT;
  - $41 million increase in favorable development on the construction defect line of business in 2021;
  - $82 million increase in favorable development on the property and other lines of business in 2021.

  This favorable prior period developments were partially offset by;

  - $142 million increases in prior period estimates of net ultimate losses in our general casualty line of business due to an increase in opioid exposure and greater than expected adverse development.

In addition:

- Other income decreased by $59 million primarily driven by reduced levels of favorable development in our estimate of ultimate net defendant A&E liabilities; and
- Acquisition costs increased by $24 million primarily due to the transfer of StarStone International from the Legacy Underwriting segment on January 1, 2021.

Enhanzed Re Segment

We purchased an additional 27.7% in Enhanzed Re, a company that was previously accounted for as an equity method investment. We now own 75.1% of this company and have consolidated it as of September 1, 2021. The Enhanzed Re segment consists of life and property aggregate excess of loss (catastrophe) business.

As we report the results of this segment on a one quarter lag, our results for the year ended December 31, 2021 only include one month of earnings. The following is a discussion and analysis of the results of operations for our Enhanzed Re segment.

	2021
	(in millions of U.S. dollars)
INCOME	
Net premiums earned	$ 5
	5
EXPENSES	
Net incurred losses and LAE - current period	2
Policyholder benefit expenses	(4)
General and administrative expenses	1
	(1)
SEGMENT NET EARNINGS	$ 6

Overall Results

Segment earnings were $6 million as a result of net premiums earned and a reduction in policyholder benefit expenses. This was partially offset by net incurred losses and LAE driven by the recognition of net premiums earned during the period.

Investments Segment

The following is a discussion and analysis of the results of operations for our Investments segment.

	2021	2020	Change
INCOME	(in millions of U.S. dollars)		
Net investment income:			
Fixed income securities	$ 273	$ 243	$ 30
Cash and restricted cash	—	2	(2)
Other investments, including equities	73	39	34
Less: Investment expenses	(37)	(14)	(23)
Total net investment income	309	270	39
Net realized (losses) gains:			
Fixed income securities	(4)	16	(20)
Other investments, including equities	(57)	1	(58)
Total net realized (losses) gains	(61)	17	(78)
Net unrealized gains (losses):			
Fixed income securities, trading	(203)	284	(487)
Other investments, including equities	384	1,327	(943)
Total net unrealized gains	181	1,611	(1,430)
	429	1,898	(1,469)
EXPENSES			
General and administrative expenses	37	35	2
	37	35	2
Earnings from equity method investments	93	239	(146)
SEGMENT NET EARNINGS	$ 485	$ 2,102	$ (1,617)

Overall Results

2021 versus 2020: Segment income from our Investments segment decreased by $1.6 billion primarily as a result of decreases in net realized and unrealized gains of $1.5 billion. The decrease is largely a result of current year net realized and unrealized losses of $58 million related to the InRe Fund, in comparison to net unrealized gains of $1.2 billion in the prior year, and current year net realized and unrealized losses on our fixed income securities of $207 million, in comparison to net realized and unrealized gains of $300 million in the prior year.

Total Investments

Fixed income securities

Refer to the below tables for the fair value, duration, and credit rating of our fixed income securities by business:

	2021									
	Run-off				Enhanzed Re [1]					
	Fair Value	%	Duration (years) [2]	Credit Rating [3]	Fair Value	%	Duration (years) [2]	Credit Rating [3]	Total	Total %
	(in millions of U.S. dollars, except percentages)									
Fixed maturity and short-term investments, trading and AFS and funds held - directly managed										
U.S. government & agency	$ 737	6.1 %	6.4	AAA	$ —	— %	n/a	n/a	$ 737	6.1 %
U.K. government	82	0.7 %	9.8	AA-	—	— %	n/a	n/a	82	0.7 %
Other government	387	3.2 %	6.8	AA	228	1.9 %	12.10	BBB	615	5.1 %
Corporate	6,532	54.1 %	6.4	A-	193	1.6 %	6.70	A-	6,725	55.7 %
Municipal	272	2.3 %	9.2	AA-	—	— %	n/a	n/a	272	2.3 %
Residential mortgage-backed	597	4.9 %	2.8	AA+	—	— %	n/a	n/a	597	4.9 %
Commercial mortgage-backed	1,074	8.9 %	3.1	AA+	—	— %	n/a	n/a	1,074	8.9 %
Asset-backed	937	7.8 %	0.3	AA-	—	— %	n/a	n/a	937	7.8 %
Structured products	—	— %	n/a	n/a	1,033	8.5 %	19.20	A-	1,033	8.5 %
	$10,618	88.0 %	5.4	A	$ 1,454	12.0 %	16.40	A-	$ 12,072	100.0 %

[1] Investments under the Enhanzed Re caption comprise those that support our life reinsurance business.

[2] The duration calculation includes short-term investments, fixed maturities and the fixed maturities within our funds held-directly managed portfolios at December 31, 2021 and 2020.

[3] The average credit ratings calculation includes short-term investments, fixed maturities and the fixed maturities within our funds held - directly managed portfolios at December 31, 2021 and 2020.

	2020			
	Fair Value	%	Duration (years) [1]	Credit Rating [2]
	(in millions of U.S. dollars, except percentages)			
Fixed maturity and short-term investments, trading and AFS and funds held - directly managed				
U.S. government & agency	$ 865	10.0 %	3.5	AAA
U.K. government	33	0.4 %	8.4	AA-
Other government	487	5.6 %	6.8	AA
Corporate	5,420	62.6 %	6.9	A-
Municipal	160	1.8 %	9.9	A+
Residential mortgage-backed	487	5.6 %	2.0	AAA
Commercial mortgage-backed	766	8.8 %	3.8	AA+
Asset-backed	451	5.2 %	0.3	AA-
Total	$ 8,669	100.0 %	5.7	A+

[1] The duration calculation includes short-term investments, fixed maturities and the fixed maturities within our funds held-directly managed portfolios at December 31, 2021 and 2020.

[2] The average credit ratings calculation includes short-term investments, fixed maturities and the fixed maturities within our funds held - directly managed portfolios at December 31, 2021 and 2020.

Run-off portfolio: As of December 31, 2021, our fixed income securities had an average credit quality of A and a weighted average duration of 5.4 years.

Enhanzed Re portfolio: As of December 31, 2021, our fixed income securities had an average credit quality of A- and a weighted average duration of 16.4 years.

Other investments, including equities

Refer to the below table for the composition of our other investments, including equities:

	2021	2020
	(in millions of U.S. dollars)	
Equities		
Publicly traded equities	$ 281	$ 261
Exchange-traded funds	1,342	238
Privately held equities	372	275
Total	1,995	774
Other investments		
Hedge funds	291	2,618
Fixed income funds	559	507
Equity funds	5	191
Private equity funds	752	336
CLO equities	161	128
CLO equity funds	207	167
Private credit funds	275	187
Real estate debt fund	69	12
Other	—	—
Total	$ 2,319	$ 4,146

Our equities investments increased by $1.2 billion compared to the prior year, primarily due to fixed income exchange-traded funds held in the Enhanzed Re portfolio. Our other hedge fund investments declined by $2.3 billion compared to the prior year, primarily due to the liquidation of the InRe Fund.

Equity Method Investments

Refer to the below table for a summary of our equity method investments, which does not include those investments we have elected to measure under the fair value option:

	2021			2020		
	Ownership %	Carrying Value	Earnings from equity method investments	Ownership %	Carrying Value	Earnings from Equity Method Investments
Enhanzed Re	— %	$ —	$ 82	47.4 %	$ 330	$ 147
Citco [1]	31.9 %	56	4	31.9 %	53	2
Monument Re [2]	20.0 %	194	14	20.0 %	194	88
Core Specialty	24.7 %	225	(6)	25.2 %	235	—
Other	27.0 %	18	(1)	27.0 %	20	2
		$ 493	$ 93		$ 832	$ 239

[1] We own 31.9% of the common shares in HH CTCO Holdings Limited which in turn owns 15.4% of the convertible preferred shares, amounting to a 6.2% interest in the total equity of Citco III Limited ("Citco").

[2] We own 20.0% of the common shares in Monument Re as well as different classes of preferred shares which have fixed dividend yields and whose balances are included in the Investment amount.

The carrying value of our equity method investments decreased largely due to of our acquisition of Enhanzed Re during the year, which resulted in us consolidating Enhanzed Re effective September 1, 2021[20].

Our earnings from equity method investments decreased, due to reductions in both Enhanzed Re and Monument Re earnings. The reduction in Enhanzed Re earnings was primarily driven by catastrophe losses from the European

[20] Refer to Note 4 to the consolidated financial statements for further information.

storms, German Floods and worsening of COVID-19 claims sustained in the second quarter of 2021 for which our share of losses was $35 million, partially offset by significant net realized and unrealized gains on investments in the last quarter of 2020. The reduction in Monument Re earnings was as a result of a decrease in bargain purchase gains in 2021 in comparison to 2020.

Earnings from equity method investments for the year ended December 31, 2020 were driven primarily by our investments in Enhanzed Re, which reflected significant net realized and unrealized gains on investments in the second and third quarters of 2020, and Monument Re.

Legacy Underwriting Segment

The following is a discussion and analysis of the results of operations for our Legacy Underwriting segment.

	2021	2020	Change
INCOME	(in millions of U.S. dollars)		
Net premiums earned	$ 58	$ 513	$ (455)
Net investment income	3	33	(30)
Net realized gains	—	2	(2)
Net unrealized (losses) gains	(3)	12	(15)
Other (expenses) income	(15)	27	(42)
	43	587	(544)
EXPENSES			
Net incurred losses and LAE			
Current Period	26	375	(349)
Prior Period	(6)	(4)	(2)
Total net incurred losses and LAE	20	371	(351)
Acquisition costs	13	151	(138)
General and administrative expenses	10	158	(148)
	43	680	(637)
SEGMENT EARNINGS	$ —	$ (93)	$ 93

Overall Results

2021 versus 2020:

The results for 2021 comprise SGL No.1 Limited (“SGL No.1”)'s 25% gross share of the 2020 and prior underwriting years of Atrium's syndicate 609 whereas the results for 2020 comprise SGL No.1's 25% net share of Atrium's syndicate 609 and StarStone International, which was transferred to the Run-off segment effective January 1, 2021.

As of January 1, 2021, SGL No.1 settles its share of the 2020 and prior underwriting years for the economic benefit of Atrium, and there is no net retention by Enstar.

Corporate and Other

The following is a discussion and analysis of our results of operations for our corporate and other activities.

	2021	2020	Change
INCOME	(in millions of U.S. dollars)		
Other income (expense):			
Amortization of fair value adjustments [1]	$ (16)	$ (12)	$ (4)
All other expense	—	(7)	7
Total other expense	(16)	(19)	3
Net gain on purchase and sales of subsidiaries	73	3	70
	57	(16)	73
EXPENSES			
Net incurred losses and LAE:			
Amortization of DCAs [2]	120	43	77
Amortization of fair value adjustments	16	28	(12)
Changes in fair value - fair value option [3]	(75)	119	(194)
Total net incurred losses and LAE	61	190	(129)
Policyholder benefit expenses	1	—	1
General and administrative expenses	131	136	(5)
	193	326	(133)
Interest expense	(69)	(59)	(10)
Net foreign exchange gains (losses)	12	(16)	28
Income tax expense	(27)	(24)	(3)
Net earnings from discontinued operations, net of income taxes	—	16	(16)
Net (earnings) loss attributable to noncontrolling interest	(15)	28	(43)
Dividends on preferred shares	(36)	(36)	—
NET LOSS ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	$ (271)	$ (433)	$ 162

[1] Amortization of fair value adjustments relates to the acquisition of DCo, LLC and Morse TEC LLC.

[2] For the years ended December 31, 2021, 2020 and 2019, amortization of deferred charge assets includes net cumulative effect adjustments of $71 million, $2 million and $11 million, respectively, arising as a result of prior period development on net ultimate liabilities recorded in our Run-off segment.

[3] Comprises the discount rate and risk margin components.

Overall Results

2021 versus 2020: Net loss from corporate and other activities decreased by $162 million, primarily due to:

- Net gain recognized on the purchase and sales of subsidiaries of $73 million, which has two components: i) the $47 million gain recognized on the Step Acquisition of Enhanzed Re and ii) the net gain on sales of subsidiaries of $26 million, primarily as a result of the gain on the sale of SUL of $23 million;
- Reduction in net incurred losses of $129 million primarily driven by the change in the fair value of liabilities for which we have elected the fair value option due to increases in corporate bond yields, partially offset by tightening credit spreads for the year ended December 31, 2021, in comparison to declining interest rates partially offset by widening credit spreads for the year ended December 31, 2020.

This was partially offset by:

- Unfavorable change in net (earnings) loss attributable to noncontrolling interest of $43 million, due to higher earnings in 2021 for those companies where there is a noncontrolling interest.

Current Outlook

We are subject to economic factors such as interest rates, inflationary pressures, foreign exchange rates, favorable and unfavorable underwriting events, regulation, tax policy changes, political risks and other market risks that can impact our strategy and operations[21].

Impact of COVID-19

Due to the ongoing and evolving nature of the COVID-19 pandemic, we are continuing to assess the impact on our business, operations and financial condition as it occurs. The overall financial and operational impact to us has been minimal to-date, with virtually all of our employees working remotely or on an agile basis.

As of December 31, 2021, our Run-off, Enhanzed Re and Legacy Underwriting segments had COVID-19 related net liabilities of $87 million, $56 million and $4 million, respectively.

Inflation

We continue to monitor inflationary impacts resulting from government stimulus, sharp increases in demand, labor force and supply chain disruptions, among other factors, on our loss cost trends. Our run-off net loss reserves primarily consists of casualty, workers' compensation and asbestos lines of business which, as long tailed lines of business, have not so far, been impacted by recent inflationary pressures in comparison to other property and auto lines of business, for example.

Governmental policy responses to inflation may increase interest rates which, in the short term, will have a significant impact on our investments, in particular our fixed maturity securities. We will continue to monitor our liquidity, capital and potential earnings impact of these changes but remain focused on medium to long term asset allocation decisions.

Inflation may result in increased wage pressures for our operating expenses, as we remain focused on being a competitive employer in our market.

Run-off Outlook

We continue to evaluate transactions in our active pipeline including LPTs, ADCs, and other transaction types including acquisitions, and seek opportunities to execute on creative and accretive transactions by offering innovative capital release solutions that enable our clients to meet their capital and risk management objectives.

Transactions

On January 10, 2022, we entered into an agreement with Aspen Insurance Holdings Limited ("Aspen") to assume $3.1 billion of net loss reserves in a LPT transaction, subject to a limit of $3.6 billion. An existing ADC between Aspen and us that closed in June 2020 will be absorbed into this LPT.

Enhanzed Re

Upon completion of the Step Acquisition of Enhanzed Re on September 1, 2021, we acquired liabilities for future policyholder benefits of $1.5 billion. We may enter into further life and annuity reinsurance transactions, which would increase our exposure to interest rate movements and longevity risks, as well as other risks associated with life reinsurance.

We also acquired Enhanzed Re's share of Allianz's catastrophe reinsurance business and associated net losses related to events occurring during 2021. This includes the German Floods, Hurricane Ida, the European Storms and the Texas Winter Storms, as well as net loss reserves relating to prior period loss events, which primarily relates to business interruption claims arising from COVID-19.

Although we have not renewed the catastrophe treaties for 2022, our future results could be impacted by net favorable or unfavorable prior period loss development on the acquired reserves.

[21] For additional information on the risks, refer to "Item 1A. Risk Factors - Risks Relating to our Run-off Business."

Investment Outlook

Global financial markets were far more stable in 2021 than during 2020. Supportive fiscal and monetary policies and gradual reopening of economies around the world resulted in strong economic growth. Risk assets rallied, M&A activity accelerated, corporate credit spreads continued to tighten, and defaults remained well below average as companies posted strong corporate earnings.

Against this backdrop, U.S. inflation reached levels unseen for 40 years.

As a result, we anticipate elevated volatility in the global investment markets this year as governments and central banks take action to address rising inflation by tightening monetary policy. The U.S. Federal Reserve has indicated that it intends to cut back on its bond-buying program and initiate a series of interest rate increases as early as the first quarter of 2022.

Higher interest rates would create a negative unrealized impact on our fixed income investments, but could also provide us with the opportunity to reinvest at higher yields as our securities mature or we invest premium received from new business. Furthermore, a portion of our portfolio is allocated to floating-rate assets, which should mitigate some of the impact of rising rates.

In addition to our core fixed income portfolio, our other investments, including equities, are expected to provide higher returns and diversification benefits over the long-term, although this may be more volatile in the short term.

We are actively seeking investment opportunities with inflationary pass-through components, including private credit, real estate, and infrastructure.

In the fourth quarter of 2021, we completed the orderly liquidation of the InRe Fund. We anticipate redeploying $1.0 billion of this capital into various other investments in 2022, including those mentioned above.

Capital Outlook and Transactions

S&P Model

S&P has announced that it intends to change its capital adequacy model. While the proposed model proposes changes to insurance diversification credits which could benefit us, it also proposes disallowing rating credit for Tier 3 Senior Debt and the recalibration of capital charges to higher confidence levels. The proposal has not been finalized, but it could increase the level of capital S&P requires for a particular financial strength rating.

As part of our capital management strategy, we will continue to make our own assessment of the appropriate level of capital to support our business operations.

Debt Issuance

On January 14, 2022, our wholly-owned subsidiary, Enstar Finance LLC ("Enstar Finance") issued Junior Subordinated Notes due 2042 (the "2042 Junior Subordinated Notes") in an aggregate principal amount of $500 million.

The 2042 Junior Subordinated Notes are unsecured junior subordinated obligations of Enstar Finance, and are fully and unconditionally guaranteed by Enstar.

The net proceeds will be used to fund the payment at maturity of the outstanding $280 million aggregate principal amount of our 4.5% Senior Notes, which mature on March 10, 2022. We intend to use the remaining net proceeds from this offering for general corporate purposes, including, but not limited to, funding our acquisitions, working capital and other business opportunities.

Liquidity and Capital Resources

Overview

We aim to generate cash flows from our (re)insurance operations and investments, preserve sufficient capital for future acquisitions and new business, and develop relationships with lenders who provide borrowing capacity at competitive rates.

Our capital resources as of December 31, 2021 included ordinary shareholders' equity of $5.6 billion, preferred equity of $510 million, redeemable noncontrolling interest of $179 million and debt obligations of $1.7 billion. Based on our current loss reserves position, our portfolios of in-force (re)insurance business, and our investment positions, we believe we are well capitalized.

The following table details our capital position:

	2021	2020	Change
	(in millions of U.S. dollars)		
Ordinary shareholders' equity	$ 5,586	$ 6,164	$ (578)
Series D and E Preferred Shares	510	510	—
Total Enstar Shareholders' Equity	6,096	6,674	(578)
Noncontrolling interest	230	14	216
Total Shareholders' Equity	6,326	6,688	(362)
Debt obligations	1,691	1,373	318
Redeemable noncontrolling interest	179	365	(186)
Total capitalization	$ 8,196	$ 8,426	$ (230)
Total capitalization attributable to Enstar	$ 7,787	$ 8,047	$ (260)
Debt to total capitalization	20.6 %	16.3 %	4.3 %
Debt and Series D and E Preferred Shares to total capitalization	26.9 %	22.3 %	4.6 %
Debt to total capitalization attributable to Enstar	21.7 %	17.1 %	4.6 %
Debt and Series D and E Preferred Shares to total capitalization attributable to Enstar	28.3 %	23.4 %	4.9 %

As of December 31, 2021, we had $1.6 billion of cash and cash equivalents, excluding restricted cash that supports (re)insurance operations, and included in this amount was $314 million held by our foreign subsidiaries outside of Bermuda.

Based on our group's current corporate structure with a Bermuda domiciled parent company and the jurisdictions in which we operate, if the cash and cash equivalents held by our foreign subsidiaries were to be distributed to us, as dividends or otherwise, such amount would not be subject to incremental income taxes; however, in certain circumstances withholding taxes may be imposed by some jurisdictions, including by the United States.

Based on existing tax laws, regulations and our current intentions, there were no accruals as of December 31, 2021 for any material withholding taxes on dividends or other distributions.

Dividends

Historically, we have not declared and have no current expectation to declare a dividend on our ordinary shares. Our strategy has been to retain earnings and invest distributions from operating subsidiaries into our business. We may re-evaluate this strategy from time to time based on overall market conditions and other factors. In 2021, we repurchased 3,749,400 ordinary shares as part of our strategic separation with Hillhouse Group[22].

We have issued 16,000 Series D Preferred Shares with an aggregate liquidation value of $400 million and 4,400 Series E Preferred Shares with an aggregate liquidation value of $110 million. The dividends on both Series of Preferred Shares are non-cumulative and may be paid quarterly in arrears, only when, as and if declared.

[22] As described in Note 18 to the consolidated financial statements.

Any payment of common or preferred dividends must be approved by our Board. Our ability to pay ordinary and preferred dividends is subject to certain restrictions.

Sources and Uses of Cash

Holding Company Liquidity

The potential sources of cash flows to Enstar as a holding company consist of cash flows from our subsidiaries including dividends, advances and loans, and interest income on loans to our subsidiaries. We also utilize our credit and loan facilities, and we have issued senior notes and preferred shares and guaranteed junior subordinated notes issued by one of our subsidiaries.

On September 1, 2021, we acquired the obligations under Enhanzed Re's 5.50% Subordinated Notes due 2031 (the "2031 Subordinated Notes") which were issued to Allianz, Enhanzed Re's minority shareholder.

We use cash to fund new acquisitions of companies and significant new business. We also utilize cash for our operating expenses associated with being a public company and to pay dividends on our preference shares and interest and principal on loans from subsidiaries and debt obligations, including loans under our credit facilities, our Senior Notes, our Junior Subordinated Notes and the 2031 Subordinated Notes (together with the Junior Subordinated Notes, the "Subordinated Notes").

Under the eligible capital rules of the BMA, the Senior Notes qualify as Tier 3 capital and the Preferred Shares and Subordinated Notes qualify as Tier 2 capital when considering the Bermuda Solvency Capital Requirements.

We may, from time to time, raise capital from the issuance of equity, debt or other securities as we continuously evaluate our strategic opportunities. We filed an automatic shelf registration statement on August 17, 2020 with the SEC to allow us to conduct future offerings of certain securities, if desired, including debt, equity and other securities.

As we are a holding company and have no substantial operations of our own, our assets consist primarily of investments in subsidiaries and our loans and advances to subsidiaries. Dividends from our (re)insurance subsidiaries are restricted by (re)insurance laws and regulations, as described below. The ability of all of our subsidiaries to make distributions and transfers to us may also be restricted by, among other things, other applicable laws and regulations and the terms of our credit facilities and our subsidiaries' bank loans and other issued debt instruments.

U.S. Finance Company Liquidity

Enstar Finance is a wholly-owned finance subsidiary and is dependent upon funds from other subsidiaries to pay any amounts due under the Junior Subordinated Notes. In addition, as noted above, we are a holding company that conducts substantially all of our operations through our subsidiaries. Our only significant assets are the capital stock of our subsidiaries. Because substantially all of our operations are conducted through our (re)insurance subsidiaries, substantially all of our consolidated assets are held by our subsidiaries and most of our cash flow, and, consequently, our ability to pay any amounts due under the guaranty of the Junior Subordinated Notes, is dependent upon the earnings of our subsidiaries and the transfer of funds by those subsidiaries to us in the form of distributions or loans.

In addition, the ability of our (re)insurance subsidiaries to make distributions or other transfers to Enstar Finance or us is limited by applicable insurance laws and regulations, as described below. These laws and regulations and the determinations by the regulators implementing them may significantly restrict such distributions and transfers, and, as a result, adversely affect the overall liquidity of Enstar Finance or us. The ability of all of our subsidiaries to make distributions and transfers to Enstar Finance and us may also be restricted by, among other things, other applicable laws and regulations and the terms of our credit facilities and our subsidiaries' bank loans and other issued debt instruments.

Operating Company Liquidity

The ability of our (re)insurance subsidiaries to pay dividends and make other distributions is limited by the applicable laws and regulations of the jurisdictions in which our (re)insurance subsidiaries operate, including Bermuda, the United Kingdom, the United States, Australia and Continental Europe, which subject these subsidiaries to significant regulatory restrictions.

These laws and regulations require, among other things, certain of our (re)insurance subsidiaries to maintain minimum capital requirements and limit the amount of dividends and other payments that these subsidiaries can pay to us, which in turn may limit our ability to pay dividends and make other payments.

As of December 31, 2021, all of our (re)insurance subsidiaries' capital requirement levels were in excess of the minimum levels required.

Our subsidiaries' ability to pay dividends and make other forms of distributions may also be limited by our repayment obligations under certain of our outstanding credit facility agreements and other debt instruments. Variability in ultimate loss payments may also result in increased liquidity requirements for our subsidiaries.

Our sources of funds primarily consist of cash and investment portfolios acquired on the completion of acquisitions and new business, investment income earned, proceeds from sales and maturities of investments and collection of reinsurance receivable.

Cash balances acquired upon the purchase of (re)insurance companies are classified as cash provided by investing activities, whereas cash from new business is classified as cash provided by operating activities.

We expect to use funds acquired from cash and investment portfolios, collected premiums, collections from reinsurance debtors, fees and commission income, investment income and proceeds from sales and redemptions of investments to meet expected claims payments and operational expenses, with the remainder used for acquisitions and additional investments. Cash provided by operating activities was positive for 2021 and 2020 as the cash from new business and the sale of trading securities exceeded cash used in the purchase of trading securities, with the net proceeds being used in the purchase of AFS securities and other investments included within investing cash flows.

Overall, we expect our cash flows, together with our existing capital base and cash and investments acquired and from new business, to be sufficient to meet cash requirements and to operate our business.

Cash Flows

The following table summarizes our consolidated cash flows provided by (used in) operating, investing and financing activities.

	2021	2020	Change
	(in millions of U.S. dollars)		
Cash provided by (used in):			
Operating activities	$ 3,801	$ 2,786	$ 1,015
Investing activities	(2,573)	(2,335)	(238)
Financing activities	(737)	118	(855)
Net cash flows from discontinued operations	—	(22)	22
Effect of exchange rate changes on cash	4	(6)	10
Net increase (decrease) in cash and cash equivalents	495	541	(46)
Cash and cash equivalents, beginning of year	1,373	971	402
Net change in cash of businesses held-for-sale	224	(139)	363
Cash and cash equivalents, end of year	$ 2,092	$ 1,373	$ 719
Reconciliation to Consolidated Balance Sheets:			
Cash and cash equivalents	$ 1,646	$ 901	$ 745
Restricted cash and cash equivalents	446	472	(26)
Total cash, cash equivalents and restricted cash	$ 2,092	$ 1,373	$ 719

Details of our consolidated cash flows are included in "Item 8. Financial Statements and Supplementary Data - Consolidated Statements of Cash Flows for the years ended December 31, 2021, 2020 and 2019" of this Annual Report on Form 10-K.

2021 versus 2020: Cash and cash equivalents increased by $495 million in 2021 compared to $541 million during 2020.

2021: Cash and cash equivalents increased by $495 million in 2021, as cash provided by operating activities of $3.8 billion was partially offset by cash used in investing and financing activities of $2.6 billion and $737 million, respectively.

Cash provided by operations in 2021 was predominantly driven by:

(i) the cash inflows from net sales and maturities of trading securities of $3.1 billion, primarily driven by the InRe Fund; and

(ii) cash, restricted cash and cash equivalents from new business of $2.0 billion; partially offset by,

(iii) the timing of paid losses.

Cash used in investing activities in 2021 primarily related to:

(i) net purchases of AFS securities of $2.1 billion; and

(ii) net subscriptions of other investments of $580 million; partially offset by

(iii) the impact of consolidating the opening cash and restricted cash balances of the InRe Fund of $574 million.

Cash used in financing activities in 2021 was attributable to share repurchases and preferred share dividends, partially offset by the net receipt of loans of $242 million.

The change in cash of businesses held-for-sale is due to the disposal of Northshore.

2020: Cash and cash equivalents increased by $541 million in 2020, as cash provided by operating and financing activities of $2.8 billion and $118 million, respectively, was partially offset by cash used in investing activities of $2.3 billion.

Cash provided by operations in 2020 was predominantly driven by:

(i) the proceeds from net sales and maturities of trading securities of $1.7 billion; and

(ii) cash and restricted cash acquired in Run-off reinsurance transactions of $1.6 billion; partially offset by

(iii) the timing of paid losses.

Cash provided by financing activities in 2020 was primarily attributable to the net receipt of loans of $180 million, partially offset by share repurchases and preferred share dividends.

Cash used in investing activities in 2020 was primarily related to net purchases of AFS securities of $1.9 billion and net subscriptions of other investments of $380 million.

The change in cash of businesses held-for-sale was due to the disposal of StarStone U.S. and the classification of the assets and liabilities of Northshore as held-for-sale as of December 31, 2020.

Investable Assets

We define investable assets as the sum of total investments, cash and cash equivalents, restricted cash and cash equivalents and funds held. Investable assets were $21.7 billion as of December 31, 2021 as compared to $17.3 billion as of December 31, 2020, an increase of 25.7% primarily attributable to the Step Acquisition of Enhanzed Re and significant new business in 2021.

Reinsurance Balances Recoverable on Paid and Unpaid Losses

As of December 31, 2021 and 2020, we had reinsurance balances recoverable on paid and unpaid losses of $1.5 billion and $2.1 billion, respectively.

Our (re)insurance run-off subsidiaries and assumed portfolios, prior to acquisition, used retrocessional agreements to reduce their exposure to the risk of (re)insurance assumed. Previously, on an annual basis, StarStone International, included within the Run-off segment from January 1, 2021, purchased a tailored outwards reinsurance program designed to manage its risk profile. The majority of StarStone International's third-party reinsurance is with highly rated reinsurers or is collateralized by letters of credit.

We remain liable to the extent that retrocessionaires do not meet their obligations under these agreements, and, therefore, we evaluate and monitor concentration of credit risk among our reinsurers. Provisions are made for amounts considered potentially uncollectible.

Debt Obligations

We utilize debt financing and loan facilities primarily for funding acquisitions and significant new business, investment activities and, from time to time, for general corporate purposes.

Our debt obligations as of December 31, 2021 and 2020 were as follows:

	Origination Date	Term	2021	2020
			(in millions of U.S. dollars)	
4.50% Senior Notes due 2022	March 10, 2017	5 years	$ 280	$ 349
4.95% Senior Notes due 2029	May 28, 2019	10 years	495	494
3.10% Senior Notes due 2031	August 24, 2021	10 years	495	—
Total Senior Notes			1,270	843
5.75% Junior Subordinated Notes due 2040	August 26, 2020	20 years	345	345
5.50% Enhanzed Re's Subordinated Notes due 2031	December 20, 2018	12.1 years	76	—
Total Subordinated Notes			421	345
EGL Revolving Credit Facility	August 16, 2018	5 years	—	185
Total debt obligations			$ 1,691	$ 1,373

Our debt obligations increased by $318 million from December 31, 2020, primarily due to the issuance of our 2031 Senior Notes and the Step Acquisition of Enhanzed Re, where we acquired the obligations under the 2031 Subordinated Notes partially offset by the repayment of our Revolving Credit Facility and our tender offer for a portion of our 2022 Senior Notes.

On January 14, 2022, Enstar Finance issued $500 million of junior subordinated notes due 2042 that are guaranteed by us.

Credit Ratings

The following table presents our credit ratings as of February 24, 2022:

Credit ratings [1]	Standard and Poor's	Fitch Ratings
Long-term issuer	BBB (Outlook: Positive)	BBB (Outlook: Positive)
2022 and 2029 Senior Notes	BBB	BBB-
2031 Senior Notes	BBB-	BBB-
2040 and 2042 Junior Subordinated Notes [2]	BB+	BB+
2031 Subordinated Notes	Not Rated	Not Rated
Series D and E preferred shares	BB+	BB+

[1] Credit ratings are provided by third parties, Standard and Poor's and Fitch Ratings, and are subject to certain limitations and disclaimers. For information on these ratings. Refer to the rating agencies' websites and other publications.

[2] 2042 Junior Subordinated Notes issued on January 14, 2022,see Note 25 to our consolidated financial statements for further information.

Agency ratings are not a recommendation to buy, sell or hold any of our securities and may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating[23].

[23] For information on risks related to our credit ratings, refer to "Item 1A. Risk Factors - Risks Relating to Liquidity and Capital Resources" and "Item 1A. Risk Factors - Risks Relating to Ownership of our Shares."

Contractual Obligations

The following table summarizes, as of December 31, 2021, our future payments under material contractual obligations and estimated payments for losses and LAE and future policyholder benefits for the Run-off and Enhanzed Re segments by expected payment date. The table includes only obligations that are expected to be settled in cash.

		Short-term	Long Term			
	Total	Less than 1 Year	1 - 3 years	3 - 5 years	6 - 10 years	More than 10 Years
			(in millions of U.S. dollars)			
Operating Activities						
Estimated gross reserves for losses and LAE [1]						
Asbestos	$ 1,978	$ 181	$ 313	$ 281	$ 422	$ 781
Environmental	380	47	64	56	86	127
General Casualty	3,499	340	420	717	1,326	696
Workers' compensation/personal accident	2,902	312	485	439	549	1,117
Marine, aviation and transit	525	155	154	80	83	53
Construction defect	132	25	35	23	27	22
Professional indemnity/ Directors & Officers	1,565	244	318	304	510	189
Motor	745	214	178	91	104	158
Property	435	151	160	58	48	18
Other	535	168	146	68	73	80
Total outstanding losses and IBNR	12,696	1,837	2,273	2,117	3,228	3,241
ULAE	421	69	85	65	92	110
Estimated gross reserves for losses and LAE for the Run-off segment [1]	13,117	1,906	2,358	2,182	3,320	3,351
Estimated gross reserves for losses and LAE for the Enhanzed Re segment						
Catastrophe	179	89	90	—	—	—
ULAE	3	1	2	—	—	—
Estimated gross reserves for losses and LAE for the Enhanzed Re segment [1]	182	90	92	—	—	—
Future policyholder benefits [2]	1,639	62	161	145	275	996
Investing Activities						
Unfunded investment commitments [3]	1,824	527	717	396	184	—
Financing Activities						
Loan repayments (including estimated interest payments)	2,471	354	130	129	1,327	531
Total	$ 19,233	$ 2,939	$ 3,458	$ 2,852	$ 5,106	$ 4,878

[1] The reserves for losses and LAE represent management's estimate of the ultimate cost of settling losses. The estimation of losses is based on various complex and subjective judgments. Actual losses paid may differ, perhaps significantly, from the reserve estimates reflected in our consolidated financial statements. Similarly, the timing of payment of our estimated losses is not fixed and there may be significant changes in actual payment activity. The assumptions used in estimating the likely payments due by period are based on our historical claims payment experience and industry payment patterns, but due to the inherent uncertainty in the process of estimating the timing of such payments, there is a risk that the amounts paid in any such period can be significantly different from the amounts disclosed above. The amounts in the above table represent our estimates of known liabilities as of December 31, 2021 and do not take into account corresponding reinsurance recoverable amounts that would be due to us. Furthermore, certain of the reserves included in the consolidated financial statements as of December 31, 2021 were acquired by us and initially recorded at fair value with subsequent amortization, whereas the expected payments by period in the table above are the estimated payments at a future time and do not reflect the fair value adjustment in the amount payable.

[2] Future policyholder benefits recorded in our audited consolidated balance sheet as of December 31, 2021 of $1.5 billion are computed on a discounted basis, whereas the expected payments by period in the table above are the estimated payments at a future time and do not reflect a discount of the amount payable.

[3] Refer to "Unfunded Investment Commitments" in Note 24 to our consolidated financial statements for further details.

We generally attempt to match the duration of our investment portfolio to the duration of our general liability profile. We generally seek to maintain investment portfolios that are shorter or of equivalent duration to the liabilities in order to provide liquidity for the settlement of losses and, where possible, to avoid having to liquidate longer-dated investments. The settlement of liabilities also has the potential to accelerate the natural payout of losses and policyholder benefits, which may require additional liquidity.

In addition to the contractual obligations noted in the table above, as of December 31, 2021, we have the right to purchase the redeemable non-controlling interest (“RNCI”) related to StarStone International from the Trident V Funds and Dowling Capital Partners I, L.P. and Capital City Partners LLC (collectively, the “Dowling Funds”) after a certain time in the future (a "call right") and the RNCI holders have the right to sell their RNCI interests to us after a certain time in the future (a "put right").

Off-Balance Sheet Arrangements

As of December 31, 2021, we have entered into certain investment commitments and parental guarantees[24]. We also utilize unsecured and secured letters of credit (“LOCs”) and a deposit facility[25]. We do not believe it is reasonably likely that these arrangements will have a material current or future effect on our financial condition, changes in financial condition, revenues and expenses, results of operations, liquidity, cash requirements or capital resources.

[24] Refer to Note 24 to our consolidated financial statements for further details.

[25] Refer to Note 16 to our consolidated financial statements for further details.

Critical Accounting Estimates

We believe the following accounting policies are most dependent on significant judgments and estimates used in the preparation of our financial statements.

Losses and LAE

Run-off

Losses and LAE liabilities represent our best estimate of the ultimate remaining liability for unpaid losses and LAE for incurred claims as of the balance sheet date. This includes provisions for claims that have been reported but are unpaid at the balance sheet date (Outstanding Loss Reserves, or "OLR") and for obligations on claims that have been incurred but not reported ("IBNR") at the balance sheet date. IBNR may also include provisions to account for the possibility that reported claims may settle for amounts that differ from the established case reserves as well as the potential for closed claims to re-open.

Establishing loss reserves can be complex and is subject to considerable uncertainty. Because a significant amount of time can lapse between our assumption of the risk, the occurrence of a loss event, the reporting of the event to us and the ultimate payment of the claim on the loss event, the liability for unpaid losses and LAE is based largely upon estimates. Certain types of exposure, typically latent health exposures such as asbestos-related claims, have inherently long reporting delays, in some cases many years, from the date a loss occurred to the manifestation and reporting of a claim and ultimately until the final settlement of the claim, and that could impact the amount of reliance we place on our actual historical data.

We use considerable judgment in the process of developing these estimates of loss reserves, which involves considerable uncertainty in several areas, including use of actual or industry data for model inputs, and variability of projection assumptions and judgements depending on product lines, coverage type, or policy year. We may record additional estimates based upon our judgement as to the applicability of the facts, circumstances and external environment to each portfolio.

As of December 31, 2021 and 2020, IBNR reserves (net of reinsurance balances recoverable) accounted for $6.8 billion, or 59.4%, and $4.1 billion, or 54.1%, respectively, of our total Run-off net losses and LAE reserves, excluding ULAE[26].

Our estimate of loss reserves for each portfolio generally relies on the following key judgments:

- The degree of reliance upon historic actual claims trends or industry data for claims trends.
- Separation of each portfolio into homogenous data sets, generally by line of business, or reserving class.
- Methods used in analyzing and projecting potential reserve positions and the mix of methods selected to form an aggregate reserve position for each portfolio[27].
- Our degree of reliance or adjustment as a result of external factors such as economic conditions (inflation and unemployment statistics), legal conditions (judicial rulings in each relevant jurisdiction) and social & environmental factors (medical cost trends, changes in regulations or public health).
- Consideration of additional information such as changes in claims handling activities, third party claims operating reviews, third party actuarial reviews or changes in our reinsurance programs.

Judgments are based on numerous factors and may be revised as additional data becomes available, as new or improved methods are developed, or as laws change. This means that ultimate loss payments may differ from the losses and LAE estimate made at the balance sheet date.

In addition, key assumptions are made within each method, although the sensitivity to each assumption may vary within each method and even within each reserving class and accident year of each method. Such assumptions would include:

- Loss development factors are used to extrapolate current losses on an accident year to its full expected losses based upon judgements of historical trends on earlier accident years.

[26] For a breakdown of our Run-off gross and net losses and LAE reserves by line of business, and ULAE, as of December 31, 2021 and 2020 to Note 9 to our consolidated financial statements.

[27] Refer to Note 9 to our consolidated financial statements for further description of the methodologies used for establishing reserves.

- Tail factors further extrapolate our longer tailed lines where payments expected in later years or decades can be more uncertain than settlements that preceded them both in the timing and amount of cash flows. As such, lines with more expected payments in the tail are more sensitive to tail assumptions.
- Expected loss ratios are used for years that do not yet have credible experience.
- Loss cost trend factors are used to extrapolate future loss expectations based upon observed trends.

We perform, at least annually, a formal review process of each portfolio of reserves in accordance with Actuarial Standards of Practice. These reviews may be performed using internal or independent credentialed actuaries.

In addition, we project expected paid and incurred loss development for each class of business, which is monitored on a quarterly basis. Should actual paid and incurred development differ significantly from the expected paid and incurred development, we will investigate the cause and, in conjunction with our actuaries, consider whether any adjustment to total loss reserves is required.

Adjustments resulting from changes in our estimates are recorded in the period when such adjustments are determined. The ultimate liability for losses and LAE is likely to differ from the original estimate due to a number of factors, primarily consisting of the overall claims activity occurring during any period, including the completion of commutations of assumed liabilities and ceded reinsurance receivables, policy buy-backs and general incurred claims activity.

Loss Reserving (Latent Claims)

Asbestos Claims

A number of our subsidiaries, and counterparties who underwrote the insurance policy portfolios we assumed, have exposure to bodily injury claims from alleged exposure to asbestos.

- The United States asbestos exposure arises mainly from general liability insurance policies underwritten prior to 1986, which our subsidiaries or counterparties either wrote directly, on a primary or excess basis, or as reinsurance.
- Our United Kingdom asbestos exposures emanates from Employers' Liability insurance policies written in 2005 and prior.

Asbestos bodily injury claims differ from other bodily injury claims due to the long latency period for asbestos, which often triggers a policyholder’s coverage over multiple policy periods. The long latency period, combined with the lack of clear judicial precedent with respect to coverage interpretations and expanded theories of liability, increases the uncertainty of the asbestos claim reserve estimates.

As of December 31, 2021 and 2020, the net loss reserves for asbestos-related claims comprised 16.7% and 20.8%, respectively, of total Run-off net reserves for losses and LAE liabilities excluding ULAE. In addition as of December 31, 2021 and 2020, we also have $826 million and $913 million of defendant asbestos liabilities[28] .

Environmental Claims

Our subsidiaries and counterparties who underwrote the insurance policy portfolios we assumed have exposure to environmental claims from general liability insurance policies written prior to the mid-1980s, that were not specifically written to cover damage to the environment from gradual releases of pollutants. Similar to asbestos, there is additional uncertainty with respect to environmental reserves as compared to other general liability exposures. This added uncertainty is due to the multiple policy periods and allocation of claims to policy years, number of solvent potentially responsible parties at any site, ultimate cost of the remediation, the number of ultimate sites and changes to judicial precedence.

As of December 31, 2021 and 2020, the net loss reserves for environmental pollution-related claims comprised 3.2% and 3.5%, respectively, of total Run-off net reserves for losses and LAE excluding ULAE. In addition, we also have $11 million of direct environmental liabilities[29].

Asbestos and Environmental Reserving

The ultimate losses from A&E claims cannot be estimated using traditional actuarial reserving techniques that extrapolate losses to an ultimate basis using loss development. Claims are spread across multiple policy years based on the still evolving case law in each jurisdiction, making historical development patterns unreliable to

[28] As described in Note 11 in our consolidated financial statements.

[29] As described in Note 11 in our consolidated financial statements.

forecast the future claim payments. Our estimate of loss reserves for A&E claims relies on the following key factors and judgements:

- The degree of reliance or adjustment based on the legal and social environment, to which these liabilities are particularly sensitive. The current legal environment and the impact of specific settlements that may be used as precedents to settle future claims are key with these types of claims.
- The degree of reliance upon actual claims data and trends or industry data for claims trends.
- Methods used in analyzing and projecting potential reserve positions and the mix of methods selected to form an aggregate reserve position for each portfolio[30].

Judgements are based on numerous factors and may be revised as additional data becomes available, as new or improved methods are developed, or as laws change. This means that ultimate loss payments may differ from the losses and LAE estimate made at the balance sheet date.

Key assumptions are made within each method, although the sensitivity to each assumption may vary within each method and even within each reserving class and accident year of each method. Such assumptions would include:

- Trends with respect to average claim indemnity, which are used to extrapolate future claim costs.
- Trends in claim filing pattern, which will be used to estimate the number of future claim filings.

Sensitivity to Underlying Assumptions of our Actuarial Methods

While we believe our reserve for losses and LAE at December 31, 2021 is reasonable, the estimation of these reserves is a complex process that depends on a number of factors and assumptions. As noted previously, our best estimate of our loss reserves involves considerable judgement, considering the results from a number of reserving methodologies. Therefore, these estimates are susceptible to changes in assumptions. We consider each of the following sensitivities a reasonable deviation for the key assumptions for each of our significant lines of business.

Line of Business	Net Reserves	Sensitivity	Estimated range in variation
		(in millions of U.S. Dollars)	
Asbestos	$ 1,898	+/- 10% in expected number of claims +/- 10% in average indemnity	+/- $165 +/- $190
General Casualty	3,369	+/- 10% in tail development factor (5+ years) +/- 1% in loss cost trend	+/- $200 +/- $205
Workers' Compensation	2,629	+/- 2.5% increase in medical inflation	+/- $545
Professional Indemnity/Directors and Officers	1,336	+/- 2.5% in loss cost trend	+/- $165
Motor	531	+/- 2.5% in loss cost trend	+/- $50

Asbestos – Reserve estimates for this line are subject to greater variability than reserves for more traditional exposures. Claims are spread across multiple policy years based on the still evolving case law in various jurisdictions and inconsistent court decisions and judicial interpretations, making historical development patterns unreliable to forecast the future claim payments. A key consideration in setting our asbestos reserves is the volume of future claim filings, and the average indemnity of those claims.

General Casualty – This is a long tail class of business with long reporting and paid developing factors, and we generally use a combination of reserving methodologies on this line. Because of the long tail nature, the reserves are susceptible to variation in loss development factors and loss cost trends that may develop over an extended period of time over multiple accident years. A key assumption in setting our general casualty reserves is the provision for claim payments in the tail.

Workers' Compensation – We generally use a combination of loss development and expected loss ratio methods due to the long tail nature of this line. A portion of our workers' compensation reserves cover medical expense for future treatments of injured workers. Given the long development patterns associated with workers' compensation business, these claims are exposed to medical inflation.

[30] Refer to Note 9 in our consolidated financial statements, for further description of the methodologies used for establishing reserves.

Professional Indemnity/Directors and Officers – Due to the nature of this line, there is increased uncertainty in the number and severity of claims, which results in an expectation of high volatility and uncertainty in loss trends.

Motor - This business is generally more short tail in nature, and the majority of the claims are resolved within a few years of occurrence. A key component in estimating motor reserves is the severity of claims.

Change in Reserve Assumptions

Changes in reserve estimates can be driven by updated experience and by changes in assumptions. These are inextricably linked as updated information leads to changes in assumptions. We have estimated what portion of changes in ultimate losses from acquisition years 2012 to 2021 are attributable to experience and what portion are attributable to assumptions.

Line of Business	Change in Ultimate Losses	Change due to Experience	Change due to Assumptions
Asbestos	(0.6)%	(0.5)%	(0.1)%
General Casualty	2.3 %	1.7 %	0.6 %
Workers' Compensation	(5.0)%	(3.8)%	(1.2)%
Professional Indemnity/ Directors and Officers	(1.0)%	(1.8)%	0.8 %
Motor	2.3 %	2.6 %	(0.3)%
All Lines	(1.4)%	(1.1)%	(0.3)%

Defendant asbestos and environmental liabilities

Defendant A&E liabilities on our consolidated balance sheets include amounts for indemnity and defense costs for pending and future claims, determined using standard actuarial techniques for asbestos-related exposures. Defendant A&E liabilities also include amounts for environmental liabilities associated with our properties. These are non-insurance liabilities since they are held by non-insurance subsidiaries and are presented separately on our consolidated balance sheets. These reserves will be sensitive to similar industry trends and assumptions as observed in our A&E reserves as described under the Loss and LAE section above, specifically claim trends and indemnity. However, we use utilize different methodologies to estimate the defendant A&E liabilities as compared to our loss reserves[31].

Key drivers for this estimate are the amount of future claim filings and average indemnity, which are key indicators of the amount of liabilities. The table below provides sensitivities of these drivers for defendant A&E.

Net Liability	Sensitivity	Estimated Range in Variation
	(in millions of U.S. Dollars)	
$573	+/- 10% in future filed claims +/- 10% in average indemnity	+/- $50 +/- $55

Change in Liability Assumptions

Similar to reserves, changes in defendant A&E liabilities can be driven by updated experience and by changes in assumptions. These are inextricably linked as updated information leads to changes in assumptions. We have estimated what portion of changes in the liabilities are attributable to experience and what portion are attributable to assumptions[32].

Change in Total Liability	Change due to Experience	Change due to Assumptions
	(in millions of U.S. Dollars)	
$(38)	$(28)	$(10)

[31] As described in Note 11 in our consolidated financial statements.

[32] For information on our defendant A&E liabilities, refer to Note 11 and Note 2 in our consolidated financial statements.

Deferred Charge Assets

DCAs[33] may be recorded at the inception of a Run-off retroactive reinsurance contract depending on whether the estimated undiscounted ultimate losses payable are in excess of the premiums received (deferred charge asset).

The premium consideration that we charge ceding companies is generally contractual and not subject to significant judgment, but is sometimes lower than the undiscounted estimated ultimate losses payable due to the time value of money.

Additionally, any subsequent movement in ultimate losses on the contracts with a recognized DCA will result in an adjustment to the deferral until that deferral is exhausted. The uncertainty in the timing and magnitude of the movements in the DCA are directly tied to the uncertainty in the movement in ultimate losses.

Favorable or adverse movements to ultimate losses result in a 60% to 90% impact of that movement to the DCA, depending on the loss payout patterns. During 2021, net favorable incurred loss movement of $88 million from contracts with DCAs resulted in a net $71 million reduction in the deferred balance.

Valuation Allowances on Deferred Tax Assets

At each balance sheet date, we assess the need to establish a valuation allowance that reduces deferred tax assets when it is more likely than not that all, or some portion, of the deferred tax assets will not be realized.

The determination of the need for a valuation allowance is based on all available information including

- projections of future taxable income;
- our forecast of future taxable income considers several factors, including actual net earnings in recent years, future sustainability and likelihood of positive earnings; and
- tax planning strategies.

Projections of future taxable income incorporate assumptions of future business and operations that may differ from actual experience.

If our assumptions and estimates that resulted in our forecast of future taxable income prove to be incorrect, an additional valuation allowance could become necessary, which could have a material adverse effect on our financial condition.

While our forecasts of future taxable income have been consistent the past few years, resulting in a valuation allowance reduction of $1.5 million from 2020 to 2021, these forecasts are a judgement and involve a level of uncertainty, such that a 10% decrease to forecasted future income could increase the valuation allowance by up to 7% or $4 million[34].

Level 3 Fair Value Measurements

Level 3 Investments

We measure fair value in accordance with ASC 820, Fair Value Measurements. The guidance dictates a framework for measuring fair value and a fair value hierarchy based on the quality of inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 3 fair value measurements are based on unobservable inputs where there is little or no market activity. We utilize unadjusted third party pricing sources and internal valuation models to determine these fair values. Our assessment of the significance of these unobservable inputs to the fair value measurement requires judgement.

Our Level 3 investments consist primarily of privately held equity securities, and we value these securities using unobservable inputs, the most prevalent being the median peer multiple. The median peer multiple calculates a multiple based on the average value from a group of peer companies and that multiple is then applied to the invested company as a key input to calculate the value. We consider the following sensitivity a reasonable deviation for this key input:

[33] As described under "Deferred Charge Assets" within Note 2 in our consolidated financial statements.

[34] For information on valuation allowances on deferred tax assets, refer to "Income Taxes" within Note 2 in our consolidated financial statements.

Sensitivity	Investments	Estimated Range in Variation	Actual range for median peer multiple
	(in millions of U.S. dollars)		
+/- 10% median peer multiple	$ 329	+/- $16*	+/- 2%

* No downside sensitivity due to the application of the distribution waterfall to the privately held security.

The 2% movement in the median peer multiple in 2021 was driven by the changes in the average value of the peer company group, and resulted in a $4 million adjustment to the privately held equity securities.

Fair Value Option - Insurance Contracts

We have elected to apply the fair value option for certain LPT reinsurance transactions. This is an irrevocable election that applies to all balances under the insurance contract, including funds held assets, reinsurance recoverable, and the liability for losses and LAE.

The fair value of the liability for losses and LAE and reinsurance recoverable under these contracts is presented separately in our consolidated balance sheet as of December 31, 2021 and 2020. Changes in the fair value of the liability for losses and LAE and reinsurance balances recoverable on paid and unpaid losses are included in net incurred losses and LAE in our consolidated statement of operations.

We use an internal model to calculate the fair value of the liability for losses and LAE and reinsurance recoverable asset for certain retroactive reinsurance contracts where we have elected the fair value option.

The fair value is calculated as the aggregate of discounted cash flows plus a risk margin.

The discounted cash flow approach uses:

i. estimated nominal cash flows based upon an appropriate payment pattern developed in accordance with standard actuarial techniques and

ii. a discount rate based upon high quality rated corporate bond yields plus a credit spread for non-performance risk. The model uses corporate bond rates across the yield curve depending on the estimated timing of the future cash flows and specific to the currency of the risk.

The risk margin was calculated using the present value of the cost of capital. The cost of capital approach uses

i. projected capital requirements,

ii. multiplied by the risk cost of capital representing the return required for non-hedgeable risk based upon the weighted average cost of capital less investment income, and

iii. discounted using the weighted average cost of capital.

The fair value model uses a combination of observable and unobservable inputs in its use and application. While the observable inputs are based on readily available market data, the unobservable inputs involve increased uncertainty and judgement in their selection and application. Specifically, the risk margin calculated is dependent on the following inputs:

a. Yield curve using high quality rated corporate bond rates across different currencies, notably the British Pound, US dollar, and the Euro.

b. Weighted average cost of capital (“WACC”), which represents a proxy for the industry cost of capital, and is calculated utilizing various inputs.

c. Average payout of the liabilities, which reflects the timing of expected future claim payments.

We consider the following sensitivity a reasonable deviation for these key assumptions:[35]:

Net Fair Value Liabilities	Sensitivity	Estimated Range in Variation
	(in millions of U.S. dollars)	
$ 1,557	+/- 50bps WACC	+/- $10
$ 1,557	+/- 1 year in average payout	+/- $15
$ 1,557	+/- 50bps yield curve	+/- $45

While the yield curve is an observable input since it is based on readily determinable corporate bond rates, it generally has the biggest impact to the fair value in a given year apart from changes in loss estimates. At year-end 2021, there was a $97 million decrease in the liability due to an increase in the yield curve.

The WACC decreased 0.25% from 2019 to 2020, resulting in a $5 million decrease in the liability, and remained unchanged from 2020 to 2021.

The average payout of the liability is adjusted every period to reflect actual net payments during the period and expected future payments, and any acceleration or deceleration of the estimate payment pattern will impact the average payout that would result in an impact of the value of the liability.

During 2021, there was an acceleration in the payment pattern, which decreased the average payout that resulted in a $7 million increase to the liability.

Recently Issued Accounting Pronouncements Not Yet Adopted[36]

On August 15, 2018 Financial Accounting Standards Board (“FASB”) issued ASU 2018-12, Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts.

The amendments are intended to improve the existing recognition, measurement, presentation, and disclosure requirements for long-duration contracts issued by an insurance entity, and will require more frequent updating of assumptions and a standardized discount rate for the future policy benefit liability.

Companies are required to apply the guidance as of January 1, 2021 (and record transition adjustments as of January 1, 2021) in the 2023 financial statements. We intend to adopt ASU 2018-12 effective January 1, 2023.

This will impact our accounting and disclosure requirements for our long-duration life (re)insurance contracts. In addition to the impact to our balance sheet upon adoption, we also expect this to impact our earnings thereafter.

[35]The observable and unobservable inputs used in the model are further described in Note 12 in our consolidated financial statements.

[36]See Note 2 to the consolidated financial statements for a more detailed discussion of ASU 2018-12, as well as other accounting pronouncements issued but not yet adopted and newly adopted accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following risk management discussion and the estimated amounts generated from the sensitivity analysis presented are forward-looking statements of market risk assuming certain market conditions occur. Future results may differ materially from these estimated results due to, among other things, actual developments in the global financial markets, changes in the composition of our investment portfolio or changes in our business strategies. The results of the analysis we use to assess and mitigate risk are not projections of future events or losses. See "Cautionary Statement Regarding Forward-Looking Statements" for additional information regarding our forward-looking statements.

We are principally exposed to four types of market risk: interest rate risk; credit risk; equity price risk and foreign currency risk. Our policies to address these risks in 2021 are not materially different than those used in 2020, and based on our current knowledge and expectations, we do not currently anticipate significant changes in our market risk exposures or in how we will manage those exposures in future reporting periods. However, due to the ongoing uncertainty and volatility in financial markets as a result of the economic conditions caused by the COVID-19 pandemic and various governmental responses thereto, we expect interest rates, credit spreads and global equity markets to remain volatile in the near-term. Furthermore, the pandemic has increased the risk of defaults across many industries. As a result, we continue to closely monitor market risk during this time.

Interest Rate and Credit Spread Risk

Interest rate risk is the price sensitivity of a security to changes in interest rates. Credit spread risk is the price sensitivity of a security to changes in credit spreads. Our investment portfolio and funds held - directly managed includes fixed maturity and short-term investments, whose fair values will fluctuate with changes in interest rates and credit spreads. We attempt to maintain adequate liquidity in our fixed maturity investments portfolio with a strategy designed to emphasize the preservation of our invested assets and provide sufficient liquidity for the prompt payment of claims, contract liabilities and future policyholder benefits, as well as for settlement of commutation payments. We also monitor the duration and structure of our investment portfolio.

The following table summarizes the aggregate hypothetical change in fair value from an immediate parallel shift in the treasury yield curve, assuming credit spreads remain constant in our fixed maturity and short-term investments portfolio classified as trading and AFS, our funds held directly managed portfolio, our fixed income funds and our fixed income exchange-traded funds and excludes investments classified as held-for-sale:

	Interest Rate Shift in Basis Points				
As of December 31, 2021	**-100**	**-50**	**—**	**+50**	**+100**
	(in millions of U.S. dollars)				
Total Market Value [1]	$ 14,601	$ 14,182	$ 13,796	$ 13,438	$ 13,099
Market Value Change from Base	5.8 %	2.8 %	—	(2.6)%	(5.1)%
Change in Unrealized Value	$ 805	$ 386	$ —	$ (358)	$ (697)
As of December 31, 2020	**-100**	**-50**	**—**	**+50**	**+100**
Total Market Value [1]	$ 10,632	$ 10,324	$ 10,028	$ 9,756	$ 9,495
Market Value Change from Base	6.0 %	3.0 %	—	(2.7)%	(5.3)%
Change in Unrealized Value	$ 604	$ 296	$ —	$ (272)	$ (533)

[1] Excludes equity exchange-traded funds of $373 million and $155 million for the years ended December 31, 2021 and December 31, 2020, respectively, which are included in the Equity Price Risk section below.

Actual shifts in interest rates may not change by the same magnitude across the maturity spectrum or on an individual security and, as a result, the impact on the fair value of our fixed maturity securities, short-term investments, funds held - directly managed, fixed income funds and fixed income exchange-traded funds may be materially different from the resulting change in value indicated in the tables above.

The following table summarizes the aggregate hypothetical change in fair value from an immediate parallel shift in credit spreads assuming interest rates remain fixed, in our fixed maturity and short-term investments portfolio

classified as trading and AFS, our funds held directly managed portfolio, our fixed income funds and our fixed income exchange-traded funds, and excludes investments classified as held-for-sale:

	Credit Spread Shift in Basis Points				
As of December 31, 2021	**-100**	**-50**	**—**	**+50**	**+100**
	(in millions of U.S. dollars)				
Total Market Value [1]	$ 14,560	$ 14,166	$ 13,796	$ 13,448	$ 13,119
Market Value Change from Base	5.5 %	2.7 %	—	(2.5)%	(4.9)%
Change in Unrealized Value	$ 764	$ 370	$ —	$ (348)	$ (677)
As of December 31, 2020	**-100**	**-50**	**—**	**+50**	**+100**
Total Market Value [1]	$ 10,608	$ 10,308	$ 10,028	$ 9,765	$ 9,516
Market Value Change from Base	5.8 %	2.8 %	—	(2.6)%	(5.1)%
Change in Unrealized Value	$ 580	$ 280	$ —	$ (263)	$ (512)

[1] Excludes equity exchange-traded funds of $373 million and $155 million for the years ended December 31, 2021 and December 31, 2020, respectively, which are included in the Equity Price Risk section below.

Credit Risk

Credit risk relates to the uncertainty of a counterparty's ability to make timely payments in accordance with contractual terms of the instrument or contract. We are exposed to direct credit risk primarily within our portfolios of fixed maturity and short-term investments, through customers, brokers and reinsurers in the form of premiums receivable and reinsurance balances recoverable on paid and unpaid losses, respectively, and through ceding companies who retain premium owed to us as collateral for the payment of claims, each as discussed below.

Fixed Maturity and Short-Term Investments

As a holder of $12.3 billion of fixed maturity and short-term investments, we also have exposure to credit risk as a result of investment ratings downgrades or issuer defaults. In an effort to mitigate this risk, our investment portfolio consists primarily of investment grade-rated, liquid, fixed maturity investments of short-to-medium duration[37]. At December 31, 2021, 38.6% of our fixed maturity and short-term investment portfolio was rated AA or higher by a major rating agency (December 31, 2020: 41.2%) with 5.6% rated lower than BBB- or non-rated (December 31, 2020: 3.7%). The portfolio as a whole, including cash, restricted cash, fixed maturity and short term investments and funds held - directly managed, had an average credit quality rating of A+ as of December 31, 2021 (December 31, 2020: A+). In addition, we manage our portfolio pursuant to guidelines that follow what we believe are prudent standards of diversification. The guidelines limit the allowable holdings of a single issue and issuers and, as a result, we believe we do not have significant concentrations of credit risk.

A summary of our fixed maturity and short-term investments by credit rating is as follows:

Credit rating	2021	2020	Change
AAA	23.5 %	29.5 %	(6.0)%
AA	15.1 %	11.7 %	3.4 %
A	30.2 %	31.6 %	(1.4)%
BBB	25.6 %	23.5 %	2.1 %
Non-investment grade	5.3 %	3.5 %	1.8 %
Not rated	0.3 %	0.2 %	0.1 %
Total	100.0 %	100.0 %	
Average credit rating	A+	A+	

[37] A table of credit ratings for our fixed maturity and short-term investments is in Note 6 in our consolidated financial statements.

Reinsurance Balances Recoverable on Paid and Unpaid Losses

We have exposure to credit risk as it relates to our reinsurance balances recoverable on paid and unpaid losses. Our (re)insurance subsidiaries remain liable to the extent that retrocessionaires do not meet their contractual obligations and, therefore, we evaluate and monitor concentration of credit risk among our reinsurers[38].

Funds Held

Under funds held arrangements, the reinsured company has retained funds that would otherwise have been remitted to our reinsurance subsidiaries. The funds held balance is credited with investment income and losses payable are deducted. We are subject to credit risk if the reinsured company is unable to honor the value of the funds held balances, such as in the event of insolvency. However, we generally have the contractual ability to offset any shortfall in the payment of the funds held balances with amounts owed by us to the reinsured for losses payable and other amounts contractually due. Our funds held are shown under two categories on the consolidated balance sheets, where funds held upon which we receive the underlying portfolio economics are shown as "Funds held - directly managed", and funds held where we receive a fixed crediting rate are shown as "Funds held by reinsured companies". Both types of funds held are subject to credit risk. We routinely monitor the creditworthiness of reinsured companies with whom we have funds held arrangements. As of December 31, 2021 we had a significant concentration of $3.2 billion (December 31, 2020: $955 million) and $1.2 billion (December 31, 2020: $182 million) with two reinsured companies with financial strength credit ratings of A+ from A.M. Best and AA from S&P and A+ from A.M. Best and AA- from S&P, respectively.

Equity Price Risk

Our portfolio of equity investments, excluding our fixed income exchange-traded funds but including the equity funds, has exposure to equity price risk, which is the risk of potential loss in fair value resulting from adverse changes in stock prices. Our fixed income exchange-traded funds are excluded from the below analysis and have been included within the interest rate and credit spread risk analysis above, as these exchange-traded funds are part of our fixed income investment strategy and are backed by fixed income instruments. The following table summarizes the aggregate hypothetical change in fair value from a 10% decline in the overall market prices of our equities at risk:

	2021	2020	Change
	(in millions of U.S. dollars)		
Publicly traded equity investments in common and preferred stocks	$ 281	$ 261	$ 20
Privately held equity investments in common and preferred stocks	372	275	97
Private equity funds	752	363	389
Equity funds	5	191	(186)
Equity exchange traded funds	373	155	218
Fair value of equities at risk	$ 1,783	$ 1,245	$ 538
Impact of 10% decline in fair value	$ 178	$ 125	$ 53

Hedge Funds

As of December 31, 2021, we had investments of $291 million (December 31, 2020: $2.6 billion) in hedge funds, included within our other investments, at fair value, that have exposure to interest rate, credit spread, and equity price risk given the underlying assets in those funds.

As of December 31, 2021 and 2020, the impact of a 10% decline in the fair value of these investments would have been $29 million and $264 million, respectively. These hedge funds may employ investment strategies that involve the use of leverage and short sales, which would have the effect of increasing interest rate, credit spread, and equity price sensitivity such that a 10% decline in market prices could reduce the fair value of our investment in the funds by more than 10%.

[38] A discussion of our reinsurance balances recoverable on paid and unpaid losses is in Note 8 in our consolidated financial statements.

Convertible Bonds

As of December 31, 2021, we had investments of $223 million in convertible bonds, included within our fixed income portfolio, that have exposure to equity price risk given the embedded derivatives in those investments.

As of December 31, 2021, a 10% decline in the underlying equity prices would result in a $22 million decline in the fair value of these investments. The sensitivity of the convertible bonds to interest rate and credit spread shocks have been included in the interest rate and credit spread analysis above.

Foreign Currency Risk

The table below summarizes our net exposures as of December 31, 2021 and 2020 to foreign currencies:

	AUD	CAD	EUR	GBP	Other	Total
	(in millions of U.S. dollars)					
As of December 31, 2021						
Total net foreign currency exposure	$ (6)	$ (10)	$ 15	$ 16	$ (3)	$ 12
Pre-tax impact of a 10% movement in USD[1]	$ (1)	$ (1)	$ 2	$ 2	$ —	$ 1
As of December 31, 2020						
Total net foreign currency exposure	$ 7	$ (2)	$ 24	$ 39	$ 2	$ 70
Pre-tax impact of a 10% movement in USD[1]	$ 1	$ —	$ 2	$ 4	$ —	$ 7

[1] Assumes 10% change in U.S. dollar relative to other currencies.

Through our subsidiaries located in various jurisdictions, we conduct our (re)insurance operations in a variety of non-U.S. currencies. We have the following exposures to foreign currency risk:

- Transaction Risk: The functional currency for the majority of our subsidiaries is the U.S. dollar. Within these entities, any fluctuations in foreign currency exchange rates relative to the U.S. dollar has a direct impact on the valuation of our assets and liabilities denominated in other currencies. All changes in foreign exchange rates, with the exception of non-U.S. dollar AFS investments, are recognized in our consolidated statements of earnings. Changes in foreign exchange rates relating to non-U.S. dollar AFS investments are recorded in AOCI in shareholders' equity. Our subsidiaries with non-U.S. dollar functional currencies are also exposed to fluctuations in foreign currency exchange rates relative to their own functional currency.
- Translation Risk: We have net investments in certain European, British, and Australian subsidiaries whose functional currencies are the Euro, British pound and Australian dollar, respectively. The foreign exchange gain or loss resulting from the translation of their financial statements from their respective functional currency into U.S. dollars is recorded in the cumulative translation adjustment account, which is a component of AOCI in shareholders' equity.

Our foreign currency policy is to broadly manage, where possible, our foreign currency risk by:

- Seeking to match our liabilities under (re)insurance policies that are payable in foreign currencies with assets that are denominated in such currencies, subject to regulatory constraints.
- Selectively utilizing foreign currency forward contracts to mitigate foreign currency risk.

We use foreign currency forward exchange rate contracts to manage foreign currency risk. To the extent our foreign currency exposure is not matched or hedged, we may experience foreign exchange losses or gains, which would be reflected in our consolidated results of operations and financial condition.

Effects of Inflation

Inflation may have a material effect on our consolidated results of operations by its effect on our assets and our liabilities. Inflation could lead to higher interest rates, resulting in a decrease in the market value of our fixed maturity portfolio. We may choose to hold our fixed maturity investments to maturity, which would result in the unrealized gains or losses accreting back over time. Inflation may also affect the value of certain of our liabilities, primarily our estimate for losses and LAE, such as our cost of claims which includes medical treatments, litigation costs and judicial awards. Although our estimate for losses and LAE and our provision for future policyholder benefits is established to reflect the likely payments in the future, we would be subject to the risk that inflation could cause these amounts to be greater than the current estimate. We seek to take this into account when setting reserves and pricing new business. However, the actual effects of inflation on our consolidated results of operations cannot be accurately known until claims are ultimately settled.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Schedules other than those listed above are omitted as they are not applicable or the information has been included in the consolidated financial statements, notes thereto, or elsewhere herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors

Enstar Group Limited:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Enstar Group Limited and subsidiaries (the Company) as of December 31, 2021 and 2020, the related consolidated statements of earnings, comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes and financial statement schedules I to VI (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 24, 2022 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

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

Assessment of the estimate of loss reserves and asbestos and environmental liabilities

As discussed in Notes 1, 2(e), 2 (g), 9 and 11 to the consolidated financial statements, the Company has recorded a liability for loss and loss adjustment expenses (loss reserves) and defendant asbestos and environmental liabilities (asbestos and environmental liabilities) of $11,269 million and $638 million, respectively, as of December 31, 2021. Loss reserves include an amount determined from reported claims and an amount, based on historical loss experience and industry statistics, for losses incurred but not reported. Asbestos and environmental liabilities include amounts for indemnity and defense costs for pending and future claims, as well as estimated clean-up costs based on engineering reports. The Company establishes loss reserves and asbestos and environmental liabilities primarily based on actuarially determined estimates of ultimate losses and loss adjustment expenses, with the assistance of actuarial specialists.

We identified the assessment of the estimate of loss reserves and asbestos and environmental liabilities as a critical audit matter. The evaluation of the estimate of loss reserves involved a high degree of auditor judgment due to the inherent uncertainty that exists in the losses incurred but not yet reported amounts, the outcome of

coverage disputes on certain lines of business, and the significant amount of time that can lapse between the assumption of risk and ultimate payment of the claim. The evaluation of the estimate of asbestos and environmental liabilities involved a high degree of auditor judgment due to the inherent uncertainty that exists in estimating the number and potential value of claims asserted, but not yet resolved and claims not yet asserted. The key assumptions used in the estimation process for loss reserves included loss development factors, expected loss ratios, and expected trends in claim frequency and severity. The key assumptions used in the estimation process for asbestos and environmental liabilities included expected trends in claim frequency and severity. Specialized skills and knowledge were required to evaluate the actuarial methodologies and the key assumptions used to estimate loss reserves and asbestos and environmental liabilities.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's process to estimate the loss reserves and asbestos and environmental liabilities. This included controls over the assumptions listed above and actuarial methodologies used in the estimation of loss reserves and asbestos and environmental liabilities. We involved actuarial professionals with specialized skills and knowledge, who assisted in:

- comparing the methodologies and assumptions used by the Company in estimating loss reserves and asbestos and environmental liabilities with generally accepted actuarial methodologies;
- evaluating assumptions for loss development factors, expected loss ratios, and expected trends in claim frequency and severity used in the estimation process of loss reserves by comparing them to historical results and industry trends;
- evaluating assumptions for expected trends in claim frequency and severity used in the estimation process of asbestos and environmental liabilities by comparing them to historical results and industry trends;
- developing an independent actuarial estimate of loss reserves and asbestos and environmental liabilities for selected lines of business;
- examining the Company's internal or independent external actuarial analyses for the remaining lines of business by 1) analyzing claims development in the current year; and 2) evaluating changes in methodologies and assumptions from the prior year;
- assessing the movement of the recorded loss reserves within the Company's range of actuarially determined reserves; and
- assessing the movement of the recorded asbestos and environmental liabilities within the Company's range of actuarially determined reserves.

Liability for loss and loss adjustment expenses, fair value

As discussed in Notes 1, 2(e), 9 and 12 to the consolidated financial statements, the Company used a discounted cash flow approach to estimate the liability for loss and loss adjustment expenses, fair value. The discounted cash flow approach uses estimated nominal cash flows based on a payment pattern developed in accordance with standard actuarial techniques. Nominal loss reserves include an amount determined from reported claims and an amount, based on historical loss experience and industry statistics, for losses incurred but not reported. The Company establishes nominal loss reserves primarily based on actuarially determined estimates of ultimate loss and loss adjustment expenses, with the assistance of actuarial specialists. The Company has recorded a liability for loss and loss adjustment expenses, fair value (loss reserves at fair value) of $1,989 million as of December 31, 2021.

We identified the assessment of loss reserves at fair value as a critical audit matter. The evaluation of the estimate of nominal loss reserves involved a high degree of auditor judgment due to the inherent uncertainty that exists in the losses incurred but not yet reported amounts, the outcome of coverage disputes on certain lines of business, and the significant amount of time that can lapse between the assumption of risk and ultimate payment of the claim. The key assumptions used in the estimation process included loss development factors and expected trends in claim frequency and severity. Specialized skills and knowledge were required to 1) evaluate the actuarial methodologies and certain assumptions used to estimate nominal loss reserves; and 2) evaluate the projected payout, including timing and amount of the nominal cash flows used in the fair value estimate.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's process to estimate nominal loss reserves. This included controls over the assumptions and actuarial methodologies used

in the 1) estimation of nominal loss reserves; and 2) the estimation of the projected payout, including timing and amount of the nominal cash flows used to develop the fair value. We involved actuarial professionals with specialized skills and knowledge, who assisted in:

- comparing the methodologies and assumptions used by the Company in estimating nominal loss reserves with generally accepted actuarial methodologies;
- comparing assumptions for loss development factors and expected trends in claim frequency and severity to historical results and industry trends;
- developing an independent actuarial estimate of nominal loss reserves for selected lines of business;
- examining the Company's internal and independent external actuarial analyses for the remaining lines of business by 1) analyzing claims development in the current year; and 2) evaluating changes in methodologies and assumptions from the prior year;
- evaluating the Company's overall nominal loss reserves and assessing the movement of nominal loss reserves within the Company's range of actuarially determined reserves;
- evaluating the projected payout, including timing, and amount of the nominal cash flows used to develop the fair value, by developing an independent projected payout for selected lines of business; and
- examining the Company's projected payout for the remaining lines of business by evaluating changes in the timing of the nominal cash flows from the prior year and evaluating changes in methodologies and assumptions from the prior year.

/s/ KPMG Audit Limited

KPMG Audit Limited

We have served as the Company's auditor since 2012.

Hamilton, Bermuda

February 24, 2022

ENSTAR GROUP LIMITED
CONSOLIDATED BALANCE SHEETS
As of December 31, 2021 and 2020

	2021	2020
	(expressed in millions of U.S. dollars, except share data)	
ASSETS		
Short-term investments, trading, at fair value	$ 6	$ 5
Short-term investments, available-for-sale, at fair value (amortized cost: 2021 — $34; 2020 — $264; net of allowance: 2021 — $0; 2020 — $0)	34	264
Fixed maturities, trading, at fair value	3,756	4,595
Fixed maturities, available-for-sale, at fair value (amortized cost: 2021 — $5,689; 2020 — $3,313; net of allowance: 2021 — $10; 2020 — $0)	5,652	3,395
Funds held - directly managed	3,007	1,075
Equities, at fair value (cost: 2021 — $1,831; 2020 — $799)	1,995	847
Other investments, at fair value	2,333	4,244
Equity method investments	493	832
Total investments (*Note 6 and Note 12*)	17,276	15,257
Cash and cash equivalents	1,646	901
Restricted cash and cash equivalents	446	472
Reinsurance balances recoverable on paid and unpaid losses (net of allowance: 2021 — $136; 2020 — $137) (*Note 8*)	1,085	1,568
Reinsurance balances recoverable on paid and unpaid losses, at fair value (*Note 8* and *Note 12*)	432	521
Insurance balances recoverable (net of allowance: 2021 — $5; 2020 — $5) (*Note 11*)	213	250
Funds held by reinsured companies	2,340	636
Deferred charge assets	371	219
Other assets	620	1,092
Assets held-for-sale (*Note 5*)	—	711
TOTAL ASSETS	$ 24,429	$ 21,627
LIABILITIES		
Losses and loss adjustment expenses *(Note 9)*	$ 11,269	$ 8,140
Losses and loss adjustment expenses, at fair value *(Note 9 and Note 12)*	1,989	2,453
Future policyholder benefits *(Note 10)*	1,502	—
Defendant asbestos and environmental liabilities (*Note 11*)	638	706
Insurance and reinsurance balances payable	254	475
Debt obligations *(Note 16)*	1,691	1,373
Other liabilities	581	943
Liabilities held-for-sale *(Note 5)*	—	484
TOTAL LIABILITIES	17,924	14,574
COMMITMENTS AND CONTINGENCIES *(Note 24)*		
REDEEMABLE NONCONTROLLING INTEREST *(Note 17)*	179	365
SHAREHOLDERS' EQUITY *(Note 18)*		
Ordinary Shares (par value $1 each, issued and outstanding 2021: 18,223,574; 2020: 22,085,232):		
Voting Ordinary Shares (issued and outstanding 2021: 16,625,862; 2020: 18,575,550)	17	19
Non-voting convertible ordinary Series C Shares (issued and outstanding 2021: 1,192,941; 2020: 2,599,672)	1	3
Non-voting convertible ordinary Series E Shares (issued and outstanding 2021: 404,771 and 2020: 910,010)	—	1
Preferred Shares:		
Series C Preferred Shares (issued and held in treasury 2021 and 2020: 388,571)	—	—
Series D Preferred Shares (issued and outstanding 2021 and 2020: 16,000; liquidation preference $400)	400	400
Series E Preferred Shares (issued and outstanding 2021 and 2020: 4,400; liquidation preference $110)	110	110
Treasury shares, at cost (Series C Preferred Shares 2021 and 2020: 388,571)	(422)	(422)
Joint Share Ownership Plan (voting ordinary shares, held in trust 2021 and 2020: 565,630)	(1)	(1)
Additional paid-in capital	922	1,836
Accumulated other comprehensive (loss) income	(16)	81
Retained earnings	5,085	4,647
Total Enstar Shareholders' Equity	6,096	6,674
Noncontrolling interest *(Note 17)*	230	14
TOTAL SHAREHOLDERS' EQUITY	6,326	6,688
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND SHAREHOLDERS' EQUITY	$ 24,429	$ 21,627

See accompanying notes to the consolidated financial statements

ENSTAR GROUP LIMITED
CONSOLIDATED STATEMENTS OF EARNINGS
For the Years Ended December 31, 2021, 2020 and 2019

	2021	2020	2019
	(expressed in millions of U.S. dollars, except share and per share data)		
INCOME			
Net premiums earned	$ 245	$ 572	$ 804
Net investment income	312	303	308
Net realized (losses) gains	(61)	19	5
Net unrealized gains	178	1,623	1,007
Other income	42	140	66
Net gain on purchase and sales of subsidiaries	73	3	—
	789	2,660	2,190
EXPENSES			
Net incurred losses and loss adjustment expenses			
Current Period	172	405	580
Prior Period	(283)	11	34
Total net incurred losses and loss adjustment expenses	(111)	416	614
Policyholder benefit expenses	(3)	—	—
Acquisition costs	57	171	241
General and administrative expenses	367	502	413
Interest expense	69	59	53
Net foreign exchange (gains) losses	(12)	16	(8)
	367	1,164	1,313
EARNINGS BEFORE INCOME TAXES	422	1,496	877
Income tax expense	(27)	(24)	(12)
Earnings from equity method investments	93	239	56
NET EARNINGS FROM CONTINUING OPERATIONS	488	1,711	921
Net earnings from discontinued operations, net of income taxes	—	16	7
NET EARNINGS	488	1,727	928
Net (earnings) loss attributable to noncontrolling interest	(15)	28	10
NET EARNINGS ATTRIBUTABLE TO ENSTAR	473	1,755	938
Dividends on preferred shares	(36)	(36)	(36)
NET EARNINGS ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	$ 437	$ 1,719	$ 902
Earnings per ordinary share attributable to Enstar:			
Basic:			
Net earnings from continuing operations	$ 22.05	$ 79.43	$ 41.80
Net earnings from discontinued operations	—	0.35	0.20
Net earnings per ordinary share	$ 22.05	$ 79.78	$ 42.00
Diluted:			
Net earnings from continuing operations	$ 21.71	$ 78.45	$ 41.23
Net earnings from discontinued operations	—	0.35	0.20
Net earnings per ordinary share	$ 21.71	$ 78.80	$ 41.43
Weighted average ordinary shares outstanding:			
Basic	19,821,259	21,551,408	21,482,617
Diluted	20,127,131	21,818,294	21,775,066

See accompanying notes to the consolidated financial statements

ENSTAR GROUP LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2021, 2020 and 2019

	2021	2020	2019
	(expressed in millions of U.S. dollars)		
NET EARNINGS	$ 488	$ 1,727	$ 928
Other comprehensive (loss) income, net of income taxes:			
Unrealized (losses) gains on fixed income available-for-sale investments arising during the year	(106)	105	3
Reclassification adjustment for change in allowance for credit losses recognized in net earnings	10	(1)	—
Reclassification adjustment for net realized gains included in net earnings	(6)	(18)	(4)
Reclassification to earnings on disposal of subsidiary	—	(12)	—
Unrealized (losses) gains arising during the year, net of reclassification adjustments	(102)	74	(1)
Change in currency translation adjustment	2	(2)	(2)
Decrease in defined benefit pension liability	2	1	—
Total other comprehensive (loss) income	(98)	73	(3)
Comprehensive income	390	1,800	925
Comprehensive (income) loss attributable to noncontrolling interest	(15)	28	10
COMPREHENSIVE INCOME ATTRIBUTABLE TO ENSTAR	$ 375	$ 1,828	$ 935

See accompanying notes to the consolidated financial statements

ENSTAR GROUP LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years Ended December 31, 2021, 2020 and 2019

	2021	2020	2019
	(expressed in millions of U.S. dollars)		
Share Capital — Voting Ordinary Shares			
Balance, beginning of year	$ 19	$ 18	$ 18
Issue of shares	—	1	—
Shares repurchased	(2)	—	—
Balance, end of year	$ 17	$ 19	$ 18
Share Capital — Non-Voting Convertible Ordinary Series C Shares			
Balance, beginning of year	$ 3	$ 3	$ 3
Shares repurchased	(2)	—	—
Balance, end of year	$ 1	$ 3	$ 3
Share Capital — Non-Voting Convertible Ordinary Series E Shares			
Balance, beginning of year	$ 1	$ 1	$ 1
Shares repurchased	(1)	—	—
Balance, end of year	$ —	$ 1	$ 1
Share Capital - Series C Convertible Participating Non-Voting Preferred Shares			
Balance, beginning and end of year	$ —	$ —	$ —
Share Capital - Series D Preferred Shares			
Balance, beginning and end of year	$ 400	$ 400	$ 400
Share Capital - Series E Preferred Shares			
Balance, beginning and end of year	$ 110	$ 110	$ 110
Treasury Shares (Series C Preferred Shares)			
Balance, beginning and end of year	$ (422)	$ (422)	$ (422)
Joint Share Ownership Plan — Voting Ordinary Shares, Held in Trust			
Balance, beginning of year	$ (1)	$ —	$ —
Issue of shares	—	(1)	—
Balance, end of year	$ (1)	$ (1)	$ —
Additional Paid-in Capital			
Balance, beginning of year	$ 1,836	$ 1,837	$ 1,805
(Repurchase) issue of voting ordinary shares	(3)	(1)	1
Shares repurchased	(937)	(26)	—
Amortization of share-based compensation	26	26	31
Balance, end of year	$ 922	$ 1,836	$ 1,837
Accumulated Other Comprehensive Income			
Balance, beginning of year	$ 81	$ 7	$ 10
Cumulative currency translation adjustment			
Balance, beginning of year	8	9	11
Change in currency translation adjustment	1	(1)	(2)
Balance, end of year	9	8	9
Defined benefit pension liability			
Balance, beginning of year	—	(1)	(1)
Decrease in defined benefit pension liability	2	1	—
Balance, end of year	2	—	(1)
Unrealized (losses) gains on available-for-sale investments			
Balance, beginning of year	73	(1)	—
Change in unrealized (losses) gains on available-for-sale investments	(100)	74	(1)
Balance, end of year	(27)	73	(1)
Balance, end of year	$ (16)	$ 81	$ 7
Retained Earnings			
Balance, beginning of year	$ 4,647	$ 2,888	$ 1,977
Net earnings	488	1,727	928
Net (earnings) loss attributable to noncontrolling interest	(15)	28	10
Dividends on preferred shares	(36)	(36)	(36)
Change in redemption value of redeemable noncontrolling interests	1	46	9
Cumulative effect of change in accounting principle	—	(6)	—
Balance, end of year	$ 5,085	$ 4,647	$ 2,888
Noncontrolling Interest (excludes redeemable noncontrolling interests)			
Balance, beginning of year	$ 14	$ 14	$ 12
Increase due to acquisition	219	—	—
Dividends paid	(1)	—	—
Net (loss) earnings attributable to noncontrolling interest	(1)	—	2
Net movement in unrealized holding losses on investments	(1)	—	—
Balance, end of year	$ 230	$ 14	$ 14

See accompanying notes to the consolidated financial statements

ENSTAR GROUP LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021, 2020 and 2019

	2021	2020	2019
	(expressed in millions of U.S. dollars)		
OPERATING ACTIVITIES:			
Net earnings	$ 488	$ 1,727	$ 928
Net earnings from discontinued operations, net of income taxes	—	(16)	(7)
Adjustments to reconcile net earnings to cash flows provided by operating activities:			
Realized losses (gains) on sale of investments	61	(19)	(5)
Unrealized gains on investments	(178)	(1,623)	(1,007)
Depreciation and other amortization	74	59	35
Earnings from equity method investments	(93)	(239)	(56)
Sales and maturities of trading securities	6,175	3,792	5,362
Purchases of trading securities	(3,064)	(2,139)	(4,405)
Payments to cover securities sold short	(1,156)	—	—
Proceeds from securities sold short	534	—	—
Net payments for derivative contracts	(94)	—	—
Net gain on purchase and sales of subsidiaries	(73)	(3)	—
Other	30	26	34
Changes in:			
Reinsurance balances recoverable on paid and unpaid losses	248	52	(316)
Funds held by reinsured companies	(1,491)	(192)	(68)
Losses and loss adjustment expenses	1,870	1,003	821
Defendant asbestos and environmental liabilities	(68)	(141)	(18)
Insurance and reinsurance balances payable	(300)	87	51
Premiums receivable	324	23	204
Other operating assets and liabilities	514	389	(129)
Net cash flows provided by operating activities	3,801	2,786	1,424
INVESTING ACTIVITIES:			
Acquisitions, net of cash acquired	$ (206)	$ —	$ 172
Sales of subsidiaries, net of cash sold	(214)	(14)	—
Sales and maturities of available-for-sale securities	3,085	2,260	336
Purchase of available-for-sale securities	(5,233)	(4,181)	(1,827)
Purchase of other investments	(910)	(975)	(794)
Proceeds from other investments	330	595	582
Other investing activities	1	(20)	(72)
Consolidation of the InRe Fund opening cash and restricted cash balances (*Note 13*)	574	—	—
Net cash flows used in investing activities	(2,573)	(2,335)	(1,603)
FINANCING ACTIVITIES:			
Dividends on preferred shares	$ (36)	$ (36)	$ (36)
Contribution by redeemable noncontrolling interest	—	—	13
Contribution of capital to discontinued operations	—	—	(45)
Dividends paid to noncontrolling interest	(1)	—	(12)
Repurchase of shares	(942)	(26)	—
Receipt of loans	816	859	1,071
Repayment of loans	(574)	(679)	(743)
Net cash flows (used in) provided by financing activities	(737)	118	248
DISCONTINUED OPERATIONS CASH FLOWS:			
Net cash flows provided by operating activities	—	108	339

Net cash flows used in investing activities	—	(130)	(380)
Net cash flows provided by financing activities	—	—	45
Net cash flows from discontinued operations	—	(22)	4
EFFECT OF EXCHANGE RATE CHANGES ON FOREIGN CURRENCY CASH, CASH EQUIVALENTS AND RESTRICTED CASH	4	(6)	—
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	495	541	73
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	1,373	971	902
NET CHANGE IN CASH OF BUSINESSES HELD-FOR-SALE	224	(139)	(4)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	$ 2,092	$ 1,373	$ 971
Supplemental Cash Flow Information:			
Income taxes paid, net of refunds	$ 10	$ 25	$ 5
Interest paid	$ 64	$ 51	$ 49
Reconciliation to Consolidated Balance Sheets:			
Cash and cash equivalents	$ 1,646	$ 901	$ 624
Restricted cash and cash equivalents	446	472	347
Cash, cash equivalents and restricted cash	$ 2,092	$ 1,373	$ 971

In addition to the cash flows presented above, for the year ended December 31, 2021 our non-cash financing activities included distributions to redeemable noncontrolling interest ("RNCI") totaling $202 million, an increase in noncontrolling interest of $219 million due to the acquisition of a subsidiary, the issuance of 89,590 shares following the exercise of 175,901 warrants on a non-cash basis, and a third-party capital withdrawal from the InRe Fund totaling $61 million which was funded through the transfer of a trading security. For the year ended December 31, 2021 our non-cash investing activities included: the removal of an equity method investment of $412 million relating to the acquisition of a subsidiary, the receipt of other investments as consideration totaling $52 million; and contributions of $481 million to other investments, fully funded through the redemption of other investments totaling $381 million and a $100 million reduction in investment fees. In addition to the cash flows presented above, our non-cash investing activities for the year ended December 31, 2020 included $235 million relating to the purchase of equity method investments which was satisfied through the sale of a subsidiary. Refer to Note 5, Note 17 and Note 22.

See accompanying notes to the consolidated financial statements

ENSTAR GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021, 2020 and 2019

1. BASIS OF PRESENTATION

Enstar Group Limited ("Enstar") is a leading global (re)insurance group that offers innovative capital release solutions through its network of group companies in Bermuda, the United States, the United Kingdom, Continental Europe and Australia. Our core focus is acquiring and managing (re)insurance companies and portfolios of (re)insurance business in run-off.

Our voting ordinary shares are listed on the NASDAQ Global Select Market under the ticker symbol "ESGR". Unless the context indicates otherwise, the terms "Enstar," "we," "us" or "our" mean Enstar Group Limited and its consolidated subsidiaries and the term "Parent Company" means Enstar Group Limited and not any of its consolidated subsidiaries.

Our majority owned subsidiary, Enhanzed Reinsurance, Ltd. ("Enhanzed Re"), is included in the consolidated financial statements reported on a one quarter lag. The effect on our consolidated financial condition and results of operations of all material events occurring at Enhanzed Re through December 31, 2021 has been considered for adjustment and/or disclosure.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). All intercompany accounts and transactions have been eliminated. Certain comparative information has been reclassified to conform to the current presentation.

Use of Estimates, Risks and Uncertainties

The preparation of financial statements in accordance with U.S. GAAP requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The estimation of unpaid claim liabilities at any given point in time is subject to a high degree of uncertainty for a number of reasons. A significant amount of time can lapse between the assumption of risk, the occurrence of a loss event, the reporting of the event to an (re)insurance company and the ultimate payment of the claim on the loss event. Certain estimates for unpaid claim liabilities involve considerable uncertainty due to significant coverage litigation and it can be unclear whether past claim experience will be representative of future claim experience.

We expect that uncertainty and volatility in financial markets relating to the COVID-19 pandemic will continue to impact the value of our investments. The scope, duration and magnitude of the direct and indirect effects of the COVID-19 pandemic are changing rapidly and are difficult to anticipate.

We are subject to economic factors such as interest rates, inflation, foreign exchange rates, adverse reserve developments, regulation, tax policy changes, political risks and other market risks that can impact our strategy, operations, and results.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Retroactive Reinsurance Contracts

Retroactive reinsurance contracts provide indemnification for losses and loss adjustment expenses ("LAE") with respect to past loss events. We do not record any income or expense on recognition of the contracts assets and liabilities. Any subsequent remeasurement of the value of liabilities is recorded to net incurred losses and LAE within the consolidated statements of earnings.

(b) Deferred Charge Assets

If, at the inception of a retroactive reinsurance contract, the estimated liabilities for losses and LAE exceed the premiums received, a deferred charge asset (“DCA”) is recorded for this difference.

The premium consideration that we charge the ceding companies under retroactive reinsurance contracts may be lower than our estimate of losses and LAE liabilities as these liabilities may not be settled for many years. Our contractual counterparties (cedants) settle the premium consideration upon inception of the contract and we invest the premium received over an extended period of time, thereby generating investment income. As a result, we expect to generate profits from these retroactive reinsurance contracts when taking into account the premium received and expected investment income, less contractual obligations and expenses.

DCAs are amortized over the estimated claim payment period of the related contract with the periodic amortization reflected in earnings as a component of losses and LAE. The amortization of DCAs is adjusted at each reporting period to reflect new estimates of the amount and timing of remaining loss and LAE payments.

Changes in the estimated liability amount and the expected timing of related payments of unpaid losses may result in a subsequent remeasurement of the DCAs and the amount of periodic amortization. Any change in ultimate losses on the contracts with a recognized DCA will result in the recognition of an adjustment to the DCA, as if the adjusted reserves had existed upon inception of the contract.

When liabilities for losses and LAE are extinguished through commutations and policy buybacks, they are removed from our estimates for the remaining loss and LAE payments, and this will generally result in an acceleration of the amortization of the DCAs.

DCAs are assessed at each reporting period for impairment and if the asset is determined to be impaired, then it is written down in the period in which the determination is made with that write down reflected in earnings as a component of net incurred losses and LAE.

For each reinsurance contact where a DCA has been recorded we assess for impairment by determining the rate of return that we are required to earn on the invested assets to ensure that all cashflows arising from the assumed liabilities are met in full over the projected remaining payout period. This required rate of return is compared against the modeled rate of return, the weighted average portfolio yield and the actual annualized rate of return in order to identify indicators that would lead us to record an impairment of the DCA.

For the year ended December 31, 2021, we completed our assessment for impairment of DCA and concluded that there had been no impairment of our carried DCA balances.

(c) Short-duration Insurance Contracts

Premiums written

Premiums written related to prospective risk policies are earned on a pro-rata basis over the period of the related coverage. Reinsurance premiums on prospective risks are recorded at the inception of the policy, are based upon contractual terms and, for certain business, are estimated based on underlying contracts or from information provided by insureds and/or brokers.

Changes in reinsurance premium estimates for prospective risks are recorded as premiums written in the period in which they are determined.

Certain contracts are retrospectively rated and provide for a final adjustment to the premium based on the final settlement of all losses. Premiums on such contracts are adjusted based upon contractual terms, and management judgment is involved with respect to the estimate of the amount of losses that we expect to incur. These

adjustments to the premium are recognized at the time loss thresholds specified in the contract are exceeded and are earned over the coverage period, or are earned immediately if the period of risk coverage has passed.

Unearned Premium Reserves and Premiums Receivable

Unearned premium reserves, included within other liabilities on the consolidated balance sheets, represent the unexpired portion of policy premiums. For retrospectively rated contracts as well as those contracts whose written premium amounts are recorded based on premium estimates at inception, changes to accrued premiums arising from changes to these estimates are reflected as changes in premium balances receivable where appropriate.

Premium balances receivable are reported net of an allowance for expected credit losses as appropriate. The allowance is based upon our ongoing review of amounts outstanding, historical loss data, including delinquencies and write-offs, current and forecasted economic conditions and other relevant factors. However, the credit risk on our premiums receivable balances is substantially reduced where we have the ability to cancel the underlying policy if the policyholder does not pay the related premium.

(d) Acquisition Costs

Acquisition costs, consisting principally of incremental costs including, commissions and brokerage expenses and certain premium taxes and fees incurred at the time a contract or policy is issued and which are directly related to the successful efforts of acquiring new insurance contracts or renewing existing insurance contracts, are deferred and amortized over the period in which the related premiums are earned.

Deferred acquisition costs (“DAC”), included within other assets on the consolidated balance sheets, are limited to their estimated realizable value by line of business based on the related unearned premiums, anticipated claims and claim expenses and anticipated investment income.

A premium deficiency occurs if the sum of anticipated losses and LAE exceed unearned premiums, DAC and anticipated investment income. A premium deficiency is initially recognized by charging any DAC to expense to the extent required in order to eliminate the deficiency. If the premium deficiency exceeds the DAC, then a liability is accrued for the excess deficiency.

(e) Losses and LAE

The liability for losses and LAE includes reserves for unpaid reported losses and losses incurred but not reported ("IBNR").

We establish reserves for unpaid reported losses and LAE based on reports from brokers, ceding companies and insureds and these represent the estimated ultimate cost of events or conditions that have been reported to or specifically identified by us.

The reserves for IBNR losses are established by us based on actuarially determined estimates of ultimate losses and LAE. Inherent in the estimate of ultimate losses and LAE are expected trends in claim severity and frequency, historical loss experience, industry statistics and other factors which may vary significantly as claims are settled.

These estimates are reviewed regularly and are subject to the impact of future changes in the factors noted above as well as economic conditions including the impact of inflation, legal and judicial developments, and medical cost trends.

Any subsequent remeasurement of our reserves will be recorded in earnings in the period in which they become known and reflected as part of the net increase or reduction in the estimates of ultimate losses included within net incurred losses and LAE in the consolidated statements of earnings.

Prior period development ("PPD") arises from changes to loss estimates recognized in the current calendar year that relate to loss reserves established in previous calendar years.

Our estimates, at inception and on an ongoing basis, do not include an estimate for potential future commutations and policy buybacks. Commutations and policy buybacks are often unique and circumstance-based, and each commutation or policy buyback is separately negotiated. Therefore, the successful execution of one commutation or policy buyback does not necessarily impact the likelihood of other commutations or policy buybacks occurring in the future.

Commutations and policy buybacks provide an opportunity for us to exit exposures to certain policies and insureds generally at a discount to our estimate of the ultimate liability and provide us with the ability to eliminate exposure to

further losses which can be beneficial to us as they legally extinguish liabilities in full, reducing the potential for future adverse loss development and future claims handling costs.

Commutations of acquired companies' exposures have the effect of accelerating the payout of claims compared to the probability-weighted ranges of actuarially projected cash flows that we applied when estimating the fair values of assets and liabilities at the time of acquisition.

Commutations are only executed directly with (re)insureds and any changes in ultimate losses are recognized upon the execution of a commutation or policy buyback with the (re)insured.

Any material acceleration of payout together with the impact of any material loss reserve savings in any period will also accelerate the amortization of any associated fair value adjustments or DCAs in that period.

Our (re)insurance subsidiaries also establish provisions for unallocated loss adjustment expenses ("ULAE") for LAE relating to run-off costs for the estimated duration of the run-off, such as internal claim management or associated operational support costs, which are included in the liability for losses and LAE. These provisions are assessed at each reporting date, and provisions relating to future periods are adjusted to reflect any changes in estimates of the periodic run-off costs or the duration of the run-off, including the impact of any acceleration of the run-off period that may be caused by commutations. Provisions relating to the current period together with any adjustment to future run-off provisions are included in net incurred losses and LAE in the consolidated statements of earnings.

Fair Value Option

We have elected to apply the fair value option for certain reinsurance contracts including, loss portfolio transfers ("LPTs") and reinsurance to close ("RITC") transactions. This is an irrevocable election that applies to all balances under the reinsurance contract, including funds held assets, reinsurance balances recoverable on paid and unpaid losses, and the liability for losses and LAE.

We use an internal model to calculate the fair value of the liability for losses and LAE and the reinsurance balances recoverable on paid and unpaid losses. The nominal amounts related to the funds held assets, reinsurance balances recoverable on paid and unpaid losses, and the liability for losses and LAE, are inputs in our internal model. These liabilities are included in losses and LAE, at fair value on the consolidated balance sheets, and the changes in the liability are included in net incurred losses and LAE on the consolidated statements of earnings.

(f) Future Policyholder Benefits

Our life reinsurance contracts include traditional single payment premium immediate annuities, life contingent deferred annuities, and whole life reversion annuity policies all possessing significant mortality risk in the form of longevity risk.

Future policyholder benefit provisions are established based on the present value of anticipated future cash flows, which includes judgments over estimates of mortality rates, investment yields, policy expenses, and other assumptions by reference to cedants' historical data, regional mortality tables, industry standards, and other available information sources as may be reasonably available. These estimates include provisions for adverse deviation.

These assumptions are locked in at contract inception or assumption and are only unlocked and modified if it is deemed that the provision for future policyholder benefits are insufficient. The actual versus anticipated experience of the assumptions are reviewed periodically. The effects of changes in assumptions are recorded to the consolidated statements of earnings as adjustments in the period in which the assumptions are unlocked and changes are made.

The consideration received for life reinsurance contracts is calculated as the fair value of the assets received net of commissions, brokerage, or fronting fees.

(g) Defendant Asbestos and Environmental Liabilities

Defendant asbestos and environmental liabilities ("defendant A&E liabilities") on our consolidated balance sheets include amounts for indemnity and defense costs for pending and future asbestos-related claims, determined using standard actuarial techniques for asbestos-related exposures.

Defendant A&E liabilities also include amounts for environmental liabilities, associated with the acquired companies' properties, relating to estimated clean-up costs associated with the acquired companies' former operations based on engineering reports.

Changes to our estimate of these liabilities are recorded to other income (expense) within the consolidated statements of earnings in the period that our estimate is revised.

(h) Reinsurance Balances Recoverable on Paid and Unpaid Losses

Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying liability for losses and LAE. We report our reinsurance balances recoverable on paid and unpaid losses net of an allowance for estimated uncollectible amounts.

Our allowance for estimated uncollectible reinsurance is derived based on various data sources, multiple key inputs and forecast scenarios. These include the duration of the collection period, credit quality, changes in reinsurer credit standing, default rates specific to the individual reinsurer, the geographical location of the reinsurer, contractual disputes with reinsurers over individual contentious claims, contract language or coverage issues, industry analyst reports and consensus economic forecasts.

To determine the allowance for estimated uncollectible reinsurance, we use the probability of default ("PD") and loss given default ("LGD") methodology whereby each reinsurer is allocated an appropriate PD percentage based on the expected payout duration by portfolio. This PD percentage is then multiplied by an appropriate LGD percentage to arrive at an overall credit allowance percentage which is then applied to the reinsurance balance recoverable for each reinsurer, net of any specific bad debt provisions, collateral or other contract related offsets, to arrive at the overall allowance for estimated uncollectible reinsurance by reinsurer.

Amounts deemed to be uncollectible, including amounts due from known insolvent reinsurers, are written off against the allowance.

Changes in the allowance, as well as any subsequent collections of amounts previously written off, are reported as part of the net incurred losses and LAE in our consolidated statements of earnings.

On an ongoing basis, we also evaluate and monitor the credit risk of our reinsurers, including those under voluntary schemes of arrangement, to minimize our exposure to significant losses from potential insolvencies.

(i) Insurance Balances Recoverable

Amounts billed to and due from insurers providing coverage for our defendant A&E liabilities are calculated in accordance with the terms of the individual insurance contracts.

On an ongoing basis, we evaluate and monitor the credit risk related to our insurers and an allowance for estimated uncollectible insurance balances recoverable on our defendant A&E liabilities ("allowance for estimated uncollectible insurance") is established for amounts considered potentially uncollectible. To determine the allowance for estimated uncollectible insurance, we use the inputs and methodologies as described in (h) Reinsurance Balances Recoverable on Paid and Unpaid Losses above.

Amounts deemed to be uncollectible, including amounts due from known insolvent insurers, are written off against the allowance.

Changes in the allowance, as well as any subsequent collections of amounts previously written off, are reported as part of other income (expense) in our consolidated statements of earnings.

(j) Investments, Cash and Cash Equivalents

Cash and cash equivalents

Cash equivalents includes money market funds, fixed interest deposits and all highly liquid debt instruments purchased with an original maturity of three months or less.

Short-term investments and fixed maturity investments

Short-term investments comprise investments with a maturity greater than three months up to one year from the date of purchase. Fixed maturities comprise investments with a maturity of greater than one year from the date of purchase.

Short-term and fixed maturity investments classified as trading are carried at fair value, with realized and unrealized gains and losses included in net earnings and reported as net realized and unrealized gains and losses, respectively.

Short-term and fixed maturity investments classified as available-for-sale ("AFS") are carried at fair value, with unrealized gains and losses excluded from net earnings and reported as a separate component of accumulated other comprehensive income (loss) ("AOCI"). Realized gains and losses on sales of investments classified as AFS are recognized in the consolidated statements of earnings.

The costs of short-term and fixed maturity investments are adjusted for amortization of premiums and accretion of discounts, recognized using the effective yield method and included in net investment income. For mortgage-backed and asset-backed investments, and any other holdings for which there is a prepayment risk, prepayment assumptions are evaluated and reviewed on a regular basis.

Investment purchases and sales are recorded on a trade-date basis. Realized gains and losses on the sale of investments are based upon specific identification of the cost of investments.

Allowance for Credit Losses

We perform a detailed analysis every reporting period to identify any credit losses on our investment portfolios not measured at fair value through net earnings. Credit losses on our AFS fixed maturity securities are recognized through an allowance account which is deducted from the amortized cost basis of the security, with the net carrying value of the security presented on the consolidated balance sheet at the amount expected to be collected.

To calculate the amount of the credit loss, we compare the present value of the expected future cash flows with the amortized cost basis of the AFS fixed maturity security, with the amount of the credit loss recognized being limited to the excess of the amortized cost basis over the fair value of the AFS fixed maturity security, effectively creating a “fair value floor”.

For our AFS fixed maturity securities that we do not intend to sell or for which it is more likely than not that we will not be required to sell before an anticipated recovery in value, we separate the credit loss component of any unrealized losses from the amount related to all other factors and record the credit loss component in net realized investment gains (losses) in our consolidated statements of earnings. The unrealized losses related to non-credit factors is recorded in other comprehensive income. The allowance for credit losses account is adjusted for any additional credit losses, write-offs and subsequent recoveries and is reflected in earnings.

For our AFS fixed maturity securities where we record a credit loss, a determination is made as to the cause of the credit loss and whether we expect a recovery in the fair value of the security. For our AFS fixed maturity securities where we expect a recovery in fair value, the constant effective yield method is utilized, and the investment is amortized to par.

For our AFS fixed maturity securities that we intend to sell or for which it is more likely than not that we will be required to sell before an anticipated recovery in fair value, the full amount of the unrealized loss is included in net realized investment gains (losses). The new cost basis of the investment is the previous amortized cost basis less the credit loss recognized in net realized investment gains (losses). The new cost basis is not adjusted for any subsequent recoveries in fair value.

Our allowance for credit losses is derived based on various data sources, multiple key inputs and forecast scenarios. These include default rates specific to the individual security, vintage of the security, geography of the issuer of the security, industry analyst reports, credit ratings and consensus economic forecasts.

To determine the credit losses on our AFS securities, we use the PD and LGD methodology through a third-party proprietary tool which calculates the expected credit losses based on a discounted cash flow method. The tool uses effective interest rates to discount the expected cash flows associated with each AFS security to determine its fair value, which is then compared with its amortized cost basis to derive the credit loss on the security.

The methodology and inputs used to determine the credit loss by security type are as follows:

- **Corporate and government securities:** Expected cashflows are derived that are specific to each security. The PD is based on a quantitative model that converts agency ratings to term structures that vary by country, industry and the state of the credit cycle. This is used along with macroeconomic forecasts to produce scenario

conditioned PDs. The LGD is based on default studies provided by a third party which we use along with macroeconomic forecasts to produce scenario conditioned LGDs.

- **Municipal securities:** Expected cash flows are derived that are specific to each security. The PD model produces scenario conditioned PD output over the lifetime of the municipal security. These PDs are based on key macroeconomic and instrument specific risk factors. The LGD is derived based on a model which uses assumptions specific to the municipal securities.

  For corporate, government and municipal securities, we use an explicit reversion and a three year forecast period, which we consider to be a reasonable duration during which an economic forecast could continue to be reliable.

- **Asset-backed, commercial and residential mortgaged-backed securities:** Expected cash flows are derived that are specific to each security. The PD and LGD for each security is based on a quantitative model that generates scenario conditioned PD and LGD term structures based on the underlying collateral type, waterfall and other trustee information. This model also considers prepayments. For these security types, there is no explicit reversion and the forecasts are deemed reasonable and supportable over the life of the portfolio.

We report the investment income accrued on our AFS fixed maturity securities within other assets and therefore separately from the underlying AFS fixed maturity securities. Due to the short-term period during which accrued investment income remains unpaid, which is typically six months or less since the coupon on our debt securities is paid semi-annually or more frequently, we elected not to establish an allowance for credit losses on our accrued investment income balances. Accrued investment income is written off through net realized investment gains (losses) at the time the issuer of the debt security defaults or is expected to default on payments.

Uncollectible fixed maturity securities are written off when we determine that no additional payments of principal or interest will be received.

Equities

We hold investments in publicly traded equities, exchange-traded funds and privately held equities. Our equity investments are carried at fair value with realized and unrealized gains and losses included in net earnings and recorded as net realized and unrealized gains and losses, respectively.

Other investments, at fair value

Other investments include investments in limited partnerships and limited liability companies (collectively "private equity funds") and hedge funds, fixed income funds, equity funds, private credit funds, real estate funds, collateralized loan obligation ("CLO") equities and CLO equity funds that carry their investments at fair value and CLO equities.

We have elected the fair value option for certain of our other investments that would otherwise be accounted for as an equity method investment. The primary reason for electing the fair value option is because we believe this measurement basis is consistent with the applicable accounting guidance used by the investment funds themselves.

Our other investments are stated at fair value, which ordinarily will be the most recently reported net asset value ("NAV") as advised by the fund manager or administrator. The NAV is based on the fund manager's or administrator's valuation of the underlying holdings in accordance with the fund's governing documents. Many of our fund investments publish NAVs on a daily basis and provide daily liquidity while others report on a monthly or quarterly basis. Unrealized gains and losses on other investments are included in net earnings and reported as net unrealized gains and losses.

Equity method investments

Investments that we do not consolidate but in which we have significant influence over the operating and financial policies of the investee are classified as equity method investments and are accounted for using the equity method of accounting unless we have elected the fair value option.

In applying the equity method of accounting, investments are initially recorded at cost and are subsequently adjusted based on the Company's proportionate share of net income or loss of the investee, net of any distributions received from the investee.

We typically record our proportionate share of an investee's net income or loss on a quarter lag in line with the timing of when they report their financial information to us. Any adjustments made to the carrying value of our equity method investees are based on the most recently available financial information from the investees.

Changes in the carrying value of such investments are recorded in our consolidated statements of earnings as earnings (losses) from equity method investments. Any decline in the value of our equity method investments considered by management to be other-than-temporary is reflected in our consolidated statements of earnings in the period in which it is determined.

(k) Variable interest entities

We have investments in certain limited partnership funds which are deemed to be variable interest entities (“VIEs”) and which are included in other investments at the reported NAV.

Determining whether to consolidate a VIE may require judgment in assessing (i) whether an entity is a VIE, and (ii) if we are the entity’s primary beneficiary and thus required to consolidate the entity. To determine if we are the primary beneficiary of a VIE, we evaluate whether we have (i) the power to direct the activities that most significantly impact the VIE’s economic performance, and (ii) the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE.

Our evaluation includes identification of the activities that most significantly impact the VIE’s economic performance and an assessment of our ability to direct those activities based on governance provisions, contractual arrangements to provide or receive certain services, funding commitments and other applicable agreements and circumstances. Our assessment of whether we are the primary beneficiary of our VIEs requires significant assumptions and judgment.

(l) Funds Held

Under funds held arrangements, the reinsured company has retained funds that would otherwise have been remitted to us. The funds balance is credited with investment income and losses paid are deducted.

Funds held are shown under two categories on the consolidated balance sheets, funds held where we receive the underlying portfolio economics are shown as "Funds held - directly managed", and funds held where we receive a fixed crediting rate are shown as "Funds held by reinsured companies".

Funds held by reinsured companies are carried at cost.

Funds held - directly managed, are carried at fair value, either because we elected the fair value option at the inception of the reinsurance contract, or because it represents the aggregate of funds held at cost and the value of an embedded derivative. The embedded derivative relates to our contractual right to receive the return on the underlying investment portfolio supporting the reinsurance contract. We include the estimated fair value of these embedded derivatives in the consolidated balance sheets with the host contract in order to reflect the expected settlement of these features with the host contract.

The investment returns on both categories of funds held are recognized in net investment income and net realized and unrealized gains (losses), respectively. The change in the fair value of the embedded derivative is included in net unrealized gains (losses).

(m) Foreign Exchange

Our reporting currency is the U.S. dollar. Assets and liabilities of certain of our subsidiaries and equity method investees whose functional currency is not the U.S. dollar are translated at period end exchange rates. Revenues and expenses of such foreign entities are translated at average exchange rates during the year. The effect of the currency translation adjustments for these foreign entities is included in AOCI.

Other foreign currency assets and liabilities that are considered monetary items are translated at exchange rates in effect at the balance sheet date. Foreign currency revenues and expenses are translated either at transaction date exchange rates or using an appropriately weighted average exchange rate for the reporting period. These exchange gains and losses are recognized in net earnings.

(n) Share-based Compensation

We primarily use three types of share-based compensation arrangements: (i) restricted shares, restricted share units and performance share units ("PSUs"), (ii) joint share ownership program ("JSOP"), and (iii) shares issued

under our employee share purchase plans. Our share-based compensation awards qualify for equity classification. We issue new shares once the awards have vested.

For equity-classified awards, the fair value of the compensation cost is measured at the grant date and is expensed over the service period of the award within general and administrative expenses in the consolidated statements of earnings. Expenses for the PSU awards are adjusted for changes in the performance multiplier on the award. We recognize forfeitures as they occur.

(o) Derivative Instruments

We use derivative instruments in our risk management strategies and investment operations. Derivatives, with the exception of embedded derivatives, are recorded on a trade-date basis and carried at fair value within other assets or other liabilities in the consolidated balance sheets.

Embedded derivatives are generally presented with the host contract in the consolidated balance sheets. The corresponding host contract is accounted for according to the accounting guidance applicable for that instrument. Our convertible bond portfolio, recorded within fixed maturities, trading and AFS on the consolidated balance sheets, and certain of our funds held arrangements (as described above) contain embedded derivatives.

Changes in the fair value as well as realized gains or losses on derivative instruments are recognized in net earnings if they are not designated as qualifying hedging instruments or if the criteria for establishing a perfectly effective designated hedging relationship for our net investment hedges has not been met. However, if a designated net investment hedge is deemed to be perfectly effective, then we recognize the changes in the fair value of the underlying hedging instrument in AOCI until the application of hedge accounting is discontinued. Any cumulative gains or losses arising on designated net investment hedges are deferred in AOCI until the cumulative translation adjustment from the underlying hedged net investment is recognized in net earnings due to a disposal, deconsolidation or substantial liquidation.

(p) Income Taxes

Certain of our subsidiaries and branches operate in jurisdictions where they are subject to taxation. Current and deferred tax expense or benefit is allocated to net earnings (loss), or, in certain cases, to discontinued operations or other comprehensive income (loss). Current tax is recognized and measured using enacted tax laws and rates applicable in the relevant jurisdiction in the period in which the income tax is accrued or realized. Deferred taxes are provided for temporary differences between the carrying amount of assets and liabilities used in the financial statements and the tax basis used in the various jurisdictional tax returns. When our assessment indicates that all or some portion of deferred tax assets will not be realized, a valuation allowance is recorded against the deferred tax assets to reduce the assets to an amount more likely than not to be realized.

We recognize the benefit relating to tax positions only where the position is more likely than not to be sustained assuming examination by tax authorities. A recognized tax benefit is measured as the largest amount that is greater than 50 percent likely of being realized upon settlement. A liability or other adjustment is recognized for any tax benefit (along with any interest and penalty, if applicable) claimed in a tax return in excess of the amount allowed to be recognized in the financial statements under U.S. GAAP. Any changes in amounts recognized are recorded in the period in which they are determined in our consolidated statements of earnings.

(q) Earnings Per Share

Basic earnings per share is based on the weighted average number of ordinary shares outstanding and excludes potentially dilutive securities such as restricted shares, restricted share units, warrants, options and convertible securities.

Diluted earnings per share is based on the weighted average number of ordinary and ordinary share equivalents outstanding calculated using the treasury stock method for all potentially dilutive securities. When the effect of dilutive securities would be anti-dilutive, these securities are excluded from the calculation of diluted earnings per share.

(r) Acquisitions and Goodwill

The acquisition method is used to account for all business acquisitions. This method requires that we record the acquired assets and liabilities at their estimated fair value. The fair values of each of the acquired reinsurance

assets and liabilities are derived from probability-weighted ranges of the associated projected cash flows, based on actuarially prepared information and our run-off strategy.

Our run-off strategy is expected to be different from the seller's, who generally do not specialize in running off (re)insurance liabilities.

The key assumptions used by us in the valuation of acquired companies are (i) the projected payout, timing and amount of claims liabilities; (ii) the related projected timing and amount of reinsurance collections; (iii) an appropriate discount rate, which is applied to determine the present value of the future cash flows; (iv) the estimated unallocated LAE to be incurred over the life of the run-off; (v) the impact of any accelerated run-off strategy; and (vi) an appropriate risk margin.

The difference between the nominal carrying values of the acquired reinsurance liabilities and assets as of the acquisition date and their fair value is recorded as a fair value adjustment ("FVA") on the consolidated balance sheet. The FVA is amortized over the estimated payout period of the acquired outstanding losses and LAE and reinsurance balances recoverable. We carry unamortized FVA balances on the following consolidated balance sheet captions: losses and loss adjustment expenses, defendant asbestos and environmental liabilities, debt obligations and reinsurance balances recoverable on paid and unpaid losses.

To the extent the actual payout experience after the acquisition is materially faster or slower than anticipated at the time of the acquisition as a result of, (i) our active claims management strategies, which include commutations and policy buybacks, (ii) an adjustment to the estimated ultimate loss reserves, (iii) changes in bad debt provisions, or (iv) changes in estimates of future run-off costs following accelerated payouts, then the amortization of the FVA is adjusted to reflect such changes.

The difference between the fair value of net assets acquired and the purchase price is recorded as goodwill and included as an asset on the consolidated balance sheet or as a gain from bargain purchase in the consolidated statements of earnings. Goodwill is established initially upon acquisition and assessed at least annually for impairment. If the goodwill asset is determined to be impaired it is written down in the period in which the determination is made.

(s) Redeemable Noncontrolling Interest

In connection with historical acquisitions, noncontrolling interests continue to hold shares in certain of our subsidiaries. These shares provide certain redemption rights to the holders, which may be settled in our own shares or cash or a combination of cash and shares, at our option.

Redeemable noncontrolling interests with redemption features that are not solely within our control are classified within temporary equity in the consolidated balance sheets and carried at their redemption value, which is fair value. Any change in the fair value is recognized through retained earnings as if the balance sheet date was also the redemption date.

(t) Held-for-sale Business and Discontinued Operations

We report a business as held-for-sale when certain criteria are met, which include (i) management has either approved the sale or is in the process of obtaining approval to sell the business and is committed to a formal plan to sell the business, (ii) the business is available for immediate sale in its present condition, (iii) the business is being actively marketed for sale at a price that is reasonable in relation to its current fair value, and (iv) the sale is anticipated to occur within the next 12 months, among other specified criteria.

A business classified as held-for-sale is recorded at the lower of its carrying amount or estimated fair value less costs to sell. If the carrying amount of the business exceeds its estimated fair value, a loss is recognized. Assets and liabilities related to the businesses classified as held-for-sale are separately reported in our consolidated balance sheets beginning in the period in which the business is classified as held-for-sale.

Disposals that represent strategic shifts that have or will have a major effect on our operations and financial results are reported as discontinued operations which requires the restatement of the comparatives reflected on our consolidated financial statements. In addition, transactions with discontinued operations are not eliminated on consolidation and any transactions that were previously eliminated on consolidation but which will continue with the discontinued operations are restated for all periods presented and reflected within continuing operations in our consolidated financial statements.

New Accounting Standards Adopted in 2021

Accounting Standards Update ("ASU") 2020-08 – Codification Improvements to Subtopic 310-20 - Receivables - Nonrefundable Fees and Other Costs

In October 2020, the Financial Accounting Standards Board (“FASB”) issued ASU 2020-08 to clarify that an entity should re-evaluate whether a callable debt security is within the scope of Accounting Standards Codification ("ASC") 310-20-35-33 during each reporting period and accelerate amortization of the premium associated with the callable debt to the earliest call date. All entities are required to apply the amendments in this ASU on a prospective basis as of the beginning of the period of adoption for existing or newly purchased callable debt securities.

The adoption of ASU 2020-08 did not have a material impact on our consolidated financial statements and the related disclosures.

ASU 2020-06 – Accounting for Convertible Instruments and Contracts in an Entity's Own Equity

In August 2020, the FASB issued ASU 2020-06, which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts in an entity's own equity. For convertible instruments, the ASU eliminates two of the three accounting models in ASC 470-20 that require separate accounting for embedded conversion features. The ASU also simplifies an issuer's application of the derivatives scope exception in ASC 815-40 for contracts in its own equity and removes some of the conditions that preclude a freestanding contract from being classified in equity, thereby allowing more of such contracts to qualify for equity classification.

We early adopted the amendments in ASU 2020-06 as of January 1, 2021 and that adoption did not have an impact on our consolidated financial statements and the related disclosures.

ASU 2020-01 - Clarifying the Interactions between ASC 321, ASC 323 and ASC 815

In January 2020, the FASB issued ASU 2020-01 to clarify the interaction of the accounting for equity securities under ASC 321 and investments accounted for under the equity method of accounting in ASC 323 and the accounting for certain forward contracts and purchased options accounted for under ASC 815. With respect to the interactions between ASC 321 and ASC 323, the amendments clarify that an entity should consider observable transactions that require it to either apply or discontinue the equity method of accounting when applying the measurement alternative in ASC 321, immediately before applying or upon discontinuing the equity method of accounting. With respect to forward contracts or purchased options to purchase securities, the amendments clarify that when applying the guidance in ASC 815-10-15-141(a), an entity should not consider whether upon the settlement of the forward contract or exercise of the purchased option, individually or with existing investments, the underlying securities would be accounted for under the equity method in ASC 323 or the fair value option in accordance with ASC 825.

The adoption of ASU 2020-01 did not have an impact on our consolidated financial statements and disclosures.

ASU 2019-12 - Simplifying the Accounting for Income Taxes

In December 2019, the FASB issued ASU 2019-12 which removes certain exceptions for (1) recognizing deferred taxes for investments, (2) performing intraperiod tax allocation, and (3) calculating income taxes in interim periods. The ASU also adds guidance to reduce complexity in certain areas, including recognizing deferred taxes for tax goodwill and allocating income taxes to a legal entity that is not subject to income taxes.

The adoption of ASU 2019-12 did not have any impact on our consolidated financial statements and disclosures.

Recently Issued Accounting Pronouncements Not Yet Adopted

ASU 2018-12 - Targeted Improvement to the Accounting for Long-Duration Contracts

In August 2018, the FASB issued ASU 2018-12 and subsequently issued ASUs 2019-09 and 2020-11 serving to defer the effective date of implementation. These updates:

- Require at least annual review of assumptions used to determine the provision for future policyholder benefits with the recognition of any resulting re-measurement gains or losses, excluding those related to discount rate changes, in the consolidated statement of earnings;

- Use upper-medium grade fixed-income instrument discount rates to discount future cash flows with the impact of these changes recognized in other comprehensive income; and
- Introduce new disclosure requirements around the provisions for future policyholder benefits, policyholder account balances, market risk benefits, separate account liabilities, and DAC, which includes information about significant inputs, judgments, assumptions and methods used in measurement.

These amendments are effective for interim and annual reporting periods beginning after December 15, 2022. Early adoption is permitted and certain provisions of the update are required to be adopted on a fully retrospective basis, while others may be adopted on a modified retrospective basis.

We only recently assumed our life reinsurance contracts following the completion of the Step Acquisition of Enhanzed Re on September 1, 2021. As such, we are currently evaluating the impact of ASU 2018-12 on our consolidated financial statements and disclosures.

ASU 2021-04 - Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity - Classified Written Call Options

In May 2021, the FASB issued ASU 2021-04 which requires issuers to account for modifications or exchanges of freestanding equity-classified written call options that remain equity classified after the modification or exchange based on the economic substance of the modification or exchange. Under the ASU, an issuer considers the facts and circumstances of a modification or exchange and accounts for the resulting change in fair value of the written call option based on whether the transaction was done to issue equity, to issue or modify debt, or for other reasons. The guidance clarifies that to the extent applicable, issuers should first reference other GAAP to account for the effect of a modification. If other GAAP is not applicable, the guidance clarifies whether to account for the modification or exchange as either (i) an adjustment to equity, or (ii) an expense.

The ASU is to be applied prospectively and is effective for annual periods beginning after December 15, 2021, and interim periods within those fiscal years. Early adoption is permitted, but entities need to apply the guidance as of the beginning of the fiscal year in which they early adopt it.

The adoption of ASU 2021-04 is not expected to have an impact on our consolidated financial statements and disclosures.

3. SEGMENT INFORMATION

Effective January 1, 2021, we revised our segment structure to align with how our chief operating decision maker ("CODM"), who was determined to be our Chief Executive Officer, views our business, assesses performance and allocates resources to our business components. Following the acquisition of Enhanzed Re on September 1, 2021, our business is organized into four reportable segments:

- **Run-off:** consists of our acquired property and casualty and other (re)insurance business, including our defendant asbestos and environmental ("A&E") businesses and StarStone International (from January 1, 2021) following our decision to place it into an orderly run-off.

  Our primary objective of the Run-off segment is to recognize favorable prior period development in our net incurred losses and LAE (run-off liability earnings or "RLE") over time by settling claims in a timely, cost efficient manner using our claims management expertise, including settling claims for lower than outstanding ultimate loss estimates and implementation of reinsurance and commutation strategies.

  The Run-off segment results comprises net premiums earned, other income, net incurred losses and LAE, acquisition costs and general and administrative expenses.

- **Enhanzed Re:** consists of life and property aggregate excess of loss (catastrophe) business. Our primary objective of the Enhanzed Re segment is to reinsure products that focus on longevity and investment risks.

  The Enhanzed Re segment results comprises net premiums earned, net incurred losses and LAE, policyholder benefit expenses, acquisition costs and general and administrative expenses.

- **Investments:** consists of our investment activities and the performance of our investment portfolio, excluding those investable assets attributable to our Legacy Underwriting segment.

  Our primary objective of the Investments segment is to obtain the highest possible risk and capital adjusted returns while maintaining prudent diversification of assets and operating within the constraints of a global regulated (re)insurance company. We additionally consider the liquidity requirements and duration of our claims, policyholder benefits and contract liabilities.

  The Investments segment results comprises net investment income, net realized gains (losses), net unrealized gains (losses), general and administrative expenses and earnings from equity method investments.

- **Legacy Underwriting:** consists of businesses that we have either, in the case of Atrium, exited via the sale of the majority of our interest in or, in the case of StarStone International (included in the Legacy Underwriting Segment through December 31, 2020), placed into run-off.

  Prior to January 1, 2021, this segment comprised SGL No. 1 Limited ("SGL No. 1")'s 25% net share of Atrium's Syndicate 609 business at Lloyd's and StarStone International. From January 1, 2021, this segment comprises SGL No.1's 25% gross share of the 2020 and prior underwriting years of Atrium's Syndicate 609 at Lloyd's, offset by the contractual transfer of the results of that business to the Atrium entities that were divested in an exchange transaction (the "Exchange Transaction")[39]. There is no net retention for Enstar on Atrium's 2020 and prior underwriting years.

  The Legacy Underwriting segment results comprises net premiums earned, net investment income, net realized gains (losses), net unrealized gains (losses), other income (expense), net incurred losses and LAE, acquisition costs and general and administrative expenses.

Management measures segment performance based on segment income (loss). Segment income (loss) is derived by including certain items from total income and net earnings (loss) attributable to Enstar ordinary shareholders, as defined above. Income and expense items that are not directly attributable to our reportable segments are included within our corporate and other activities, which do not qualify as an operating segment. These include,

a. holding company income and expenses,

b. the amortization of DCAs on retroactive reinsurance contracts,

c. the amortization of fair value adjustments associated with the acquisition of companies,

[39] Refer to Note 5 for a discussion of the Exchange Transaction.

d. changes in the discount rate and risk margin components of the fair value of assets and liabilities related to our assumed retroactive reinsurance contracts for which we have elected the fair value option,

e. corporate expenses not allocated to our reportable segments,

f. debt servicing costs,

g. net foreign exchange (gains) losses,

h. gains (losses) arising on the purchases and sales of subsidiaries (if any),

i. income tax benefit (expense),

j. net earnings (losses) from discontinued operations, net of income tax (if any),

k. net (earnings) loss attributable to noncontrolling interest, and

l. preferred share dividends.

Items b, c and d above form part of corporate and other activities as the CODM evaluates the performance of the Run-off and Legacy Underwriting segments without consideration of these amounts.

Expenses that are directly attributable to our four reportable segments are disclosed under those segments while non-direct expenses, as well as costs related to shared services that are not directly attributable to our reportable segments, are allocated to our reportable segments as well as to our corporate and other activities, on the basis of the actual or proportion of benefit derived from the services provided.

Our assets are reviewed on a consolidated basis by management for decision making purposes since they support business operations across all of our four reportable segments as well as our corporate and other activities. We do not allocate assets to our reportable segments with the exception of reinsurance balances recoverable on paid and unpaid losses and goodwill that are directly attributable to our reportable segments.

The following tables set forth select consolidated statement of earnings results by segment for the years ended December 31, 2021, 2020, and 2019:

	2021	2020	2019
	(in millions of U.S. dollars)		
Income			
Run-off	$ 255	$ 191	$ 235
Enhanzed Re	5	—	—
Investments	429	1,898	1,241
Legacy Underwriting	43	587	726
Subtotal	**732**	**2,676**	**2,202**
Corporate and other	57	(16)	(12)
Total income	**$ 789**	**$ 2,660**	**$ 2,190**
Earnings from equity method investments			
Investments	**$ 93**	**$ 239**	**$ 56**
Segment net earnings (loss)			
Run-off	$ 217	$ 143	$ 141
Enhanzed Re	6	—	—
Investments	485	2,102	1,267
Legacy Underwriting	—	(93)	(100)
Total segment net earnings	**708**	**2,152**	**1,308**
Corporate and other:			
Other expense [1]	(16)	(19)	(12)
Net gain on purchase and sale of subsidiaries	73	3	—
Net incurred losses and LAE [2]	(61)	(190)	(205)
Policyholder benefit expenses	(1)	—	—
General and administrative expenses	(131)	(136)	(113)
Interest expense	(69)	(59)	(53)
Net foreign exchange gains (losses)	12	(16)	8
Income tax expense	(27)	(24)	(12)
Net earnings from discontinued operations, net of income tax	—	16	7
Net (earnings) loss attributable to noncontrolling interest	(15)	28	10
Dividends on preferred shares	(36)	(36)	(36)
Total - Corporate and other	**(271)**	**(433)**	**(406)**
Net earnings attributable to Enstar Ordinary Shareholders	**$ 437**	**$ 1,719**	**$ 902**

[1] Other income (expense) for corporate and other activities includes the amortization of fair value adjustments associated with the acquisition of DCo, LLC ("Dco") and Morse TEC LLC ("Morse TEC").

[2] Net incurred losses and LAE for corporate and other activities includes the amortization of DCAs on retroactive reinsurance contracts, fair value adjustments associated with the acquisition of companies and the changes in the discount rate and risk margin components of the fair value of assets and liabilities related to our assumed retroactive reinsurance contracts for which we have elected the fair value option. For the years ended December 31, 2021, 2020 and 2019, amortization of DCAs includes net cumulative effect adjustments of $71 million, $2 million and $11 million, respectively, arising as a result of prior period development on net ultimate liabilities recorded in our Run-off segment.

Gross Premiums Written by Geographical Area

The following table summarizes our gross premiums written by geographical region, which is based upon the location of the subsidiaries underwriting the policies, respectively, for the years ended December 31, 2021, 2020 and 2019.

	2021							
	Run-off		Enhanced Re		Legacy Underwriting		Total	
	Total	%	Total	%	Total	%	Total	%
	(In millions of U.S. dollars, except percentages)							
United States	$ 14	27.5 %	$ —	— %	$ 25	48.1 %	$ 39	36.9 %
United Kingdom	15	29.4 %	—	— %	4	7.7 %	19	17.9 %
Europe	9	17.6 %	3	100.0 %	5	9.6 %	17	16.0 %
Asia	6	11.8 %	—	— %	2	3.8 %	8	7.5 %
Rest of World	7	13.7 %	—	— %	16	30.8 %	23	21.7 %
Total	$ 51	100.0 %	$ 3	100.0 %	$ 52	100.0 %	$ 106	100.0 %

	2020					
	Run-off		Legacy Underwriting		Total	
	Total	%	Total	%	Total	%
	(In millions of U.S. dollars, except percentages)					
United States	$ 5	100.0 %	$ 178	32.5 %	$ 183	33.2 %
United Kingdom	—	— %	119	21.8 %	119	21.6 %
Europe	1	20.0 %	82	15.0 %	83	15.0 %
Asia	—	— %	68	12.4 %	68	12.3 %
Rest of World	(1)	(20.0)%	100	18.3 %	99	17.9 %
Total	$ 5	100.0 %	$ 547	100.0 %	$ 552	100.0 %

	2019					
	Run-off		Legacy Underwriting		Total	
	Total	%	Total	%	Total	%
	(In millions of U.S. dollars, except percentages)					
United States	$ (25)	100.0 %	$ 215	31.4 %	$ 190	28.8 %
United Kingdom	—	— %	127	18.6 %	127	19.3 %
Europe	—	— %	122	17.8 %	122	18.5 %
Asia	—	— %	93	13.6 %	93	14.1 %
Rest of World	—	— %	127	18.6 %	127	19.3 %
Total	$ (25)	100.0 %	$ 684	100.0 %	$ 659	100.0 %

4. BUSINESS ACQUISITIONS

Enhanzed Re

On September 1, 2021, we completed the purchase of the entire 27.7% equity interest in Enhanzed Re held by an affiliate of Hillhouse Group for cash consideration of $217 million and assumed the Hillhouse Group's affiliate's remaining outstanding capital commitment to Enhanzed Re of $40 million (the "Step Acquisition").

Following the completion of the Step Acquisition, our equity interest in Enhanzed Re increased from 47.4% to 75.1% with joint venture partner Allianz SE ("Allianz") continuing to own the remaining 24.9%. Effective September 1, 2021, we consolidated Enhanzed Re (previously accounted for as an equity method investment) and eliminated any intercompany transactions and balances between us and Enhanzed Re.

The following table represents the fair value of net assets acquired, inclusive of the net effect of settlement of pre-existing relationships.

	Fair Value of Net Assets Acquired, Before Settlement of Pre-existing Relationships	Net Effect of Settlement of Pre-existing Relationships	Net Effect of Step Acquisition
	(in millions of U.S. dollars)		
ASSETS			
Fixed maturities, trading, at fair value	$ 49	$ —	$ 49
Funds held - directly managed	2,576	(304)	2,272
Equities, at fair value	855	—	855
Other investments, at fair value	14	—	14
Total investments	3,494	(304)	3,190
Cash and cash equivalents	11	—	11
Funds held by reinsured companies	214	—	214
Other assets	8	—	8
TOTAL ASSETS	$ 3,727	$ (304)	$ 3,423
LIABILITIES			
Losses and LAE	$ 1,113	$ (271)	$ 842
Future policyholder benefits	1,539	—	1,539
Debt obligations	76	—	76
Insurance and reinsurance balances payable	102	(6)	96
Other liabilities	16	(7)	9
TOTAL LIABILITIES	2,846	(284)	2,562
NET ASSETS ACQUIRED AT FAIR VALUE	$ 881	$ (20)	$ 861
Less:			
Cash consideration paid to Hillhouse Group affiliate			$ 217
Fair value of previously held equity method investment			418
Fair value of noncontrolling interest			219
Adjustment for the fair value of pre-existing relationships			(20)
Total purchase price			834
Bargain purchase gain			$ 27

During the third quarter of 2021, we recognized a total gain on the Step Acquisition of $47 million, which was recorded in net gain on purchase and sales of subsidiaries in our consolidated statements of earnings, and consisted of a bargain purchase gain, a gain on remeasurement of our previously held equity investment to fair value and a gain on settlement of pre-existing relationships.

We recognized a bargain purchase gain of $27 million as the fair value of the interest in the net assets acquired exceeded the total purchase price. The bargain purchase gain was attributable to the negotiation process with Hillhouse Group and the resulting cash consideration paid was based on 90% of Enhanzed Re's total shareholders' equity as of June 30, 2021 which was less than the fair value of the net assets acquired.

In accordance with the acquisition method of accounting, we remeasured our previously held equity method investment in Enhanzed Re to fair value. The fair value of the previously held equity method investment and noncontrolling interest was calculated as the fair value of Enhanzed Re's total net assets multiplied by the respective ownership percentages. These fair value measurements are based on significant inputs not observable in the market and thus represent Level 3 measurements. We also considered guideline market transactions, and the implied multiple from those transactions corroborated the results of the fair value estimate.

At the time of the transaction, we held contractual pre-existing relationships with Enhanzed Re, consisting of quota share reinsurance contracts and an agreement to act as the insurance manager for Enhanzed Re. The pre-existing relationships were deemed to be effectively settled at fair value on the acquisition date.

We record Enhanzed Re's results on a one quarter lag. The table below summarizes the results of Enhanzed Re's operations, which are included in our consolidated statement of earnings from September 1, 2021, the date of acquisition, to December 31, 2021:

	September 1 to December 31, 2021 [1]
	(in millions of U.S. dollars)
Total income	$ (17)
Net loss	(19)
Net loss attributable to Enstar ordinary shareholders	(15)

[1] Excludes earnings from our previously held equity method investment in Enhanzed Re[40].

Supplemental Pro Forma Financial Information (Unaudited)

The following selected unaudited pro forma financial information is a summary of our combined results with Enhanzed Re, giving effect to the Step Acquisition as if it had occurred on January 1, 2020. The unaudited pro forma financial information presented below is for informational purposes only and is not necessarily indicative of the results that would have been achieved if the Step Acquisition had taken place on January 1, 2020, nor is it indicative of future results.

	2021	2020
	(in millions of U.S. dollars)	
Total income	$ 1,071	$ 3,070
Net earnings	494	1,942
Net earnings attributable to Enstar	445	1,892
Net earnings attributable to Enstar ordinary shareholders	409	1,856

The unaudited pro forma financial information is presented on a fully consolidated basis. Aside from a pro forma adjustment made to recognize the gain on the Step Acquisition as of January 1, 2020, there were no further non-recurring pro forma adjustments recorded.

[40] Refer to Note 22 for further information.

5. DIVESTITURES, HELD-FOR-SALE BUSINESSES AND DISCONTINUED OPERATIONS

The following table provides a summary of the net gain on sales of subsidiaries which was recorded in net gain on purchase and sales of subsidiaries included in our consolidated statement of earnings for the years ended December 31, 2021 and 2020:

	2021	2020
	(in millions of U.S. dollars)	
Atrium	$ (8)	$ —
SUL	23	—
PWIC	8	—
Other	3	3
Net gain on sales of subsidiaries	$ 26	$ 3

Atrium Exchange Transaction

As of December 31, 2020, Enstar owned an indirect 59.0% interest in North Bay Holdings Limited ("North Bay") and Trident V, L.P., Trident V Parallel Fund, L.P. and Trident V Professionals Fund, L.P. (collectively, the "Trident V Funds") managed by Stone Point Capital LLC ("Stone Point") and Dowling Capital Partners I, L.P. and Capital City Partners LLC (collectively, the "Dowling Funds") owned 39.3% and 1.7%, respectively.

North Bay owned 100.0% of StarStone Specialty Holdings Limited ("SSHL"), the holding company for the StarStone group, which previously included StarStone's U.S. operations, including StarStone U.S. Holdings, Inc. and its subsidiaries (“StarStone U.S.”) and StarStone's international operations ("Starstone International").

North Bay also owned 92.1% of Northshore Holdings Limited ("Northshore"), the holding company that owns Atrium Underwriting Group Limited and its subsidiaries (collectively, "Atrium") and Arden Reinsurance Company Ltd. ("Arden"). The remaining share ownership of Northshore is held on behalf of certain Atrium employees.

Effective January 1, 2021, we exchanged a portion of our indirect interest in Northshore for all of the Trident V Funds' indirect interest in StarStone U.S., which is now owned through an interest in Core Specialty Insurance Holdings, Inc. ("Core Specialty") in the "Exchange Transaction”, resulting in us owning 25.2% on a fully diluted basis (24.7% as of December 31, 2021) of Core Specialty, and 13.8% of Northshore, which continues to own Atrium and Arden. The Trident V Funds own 76.3% of Northshore, while the Dowling Funds own 0.4% of Core Specialty and 1.6% of Northshore.

The Exchange Transaction had no impact on the ultimate ownership of SSHL, which continues to own StarStone International, with us, the Trident V Funds and the Dowling Funds retaining ownership interests in SSHL of 59.0%, 39.3% and 1.7%, respectively.

Effective January 1, 2021, Northshore was deconsolidated and our remaining investment with a carrying value of $37 million as of December 31, 2021 is accounted for as a privately held equity investment and carried at its fair value. During the first quarter of 2021, we recognized a loss of $8 million on completion of the Exchange Transaction.

Following the Exchange Transaction, North Bay no longer held any direct or indirect interest in Northshore, SSHL or Core Specialty and on October 26, 2021, North Bay was liquidated.

Through our wholly owned subsidiary, SGL No. 1, a Lloyd’s corporate member, we provided 25% of the underwriting capacity on the 2017 to 2020 underwriting years of Atrium's Syndicate 609 at Lloyd’s. Effective January 1, 2021, and in conjunction with the completion of the Exchange Transaction, SGL No.1 ceased its provision of underwriting capacity on Syndicate 609 for future underwriting years.

SGL No.1 is obligated to support underwriting capacity on Syndicate 609 through the provision of Funds at Lloyd’s (“FAL”), and will settle its share of the 2020 and prior underwriting years for the economic benefit of Atrium via reinsurance agreements with Arden and a Syndicate 609 Capacity Lease Agreement with Atrium 5 Limited, a UK domiciled subsidiary of Atrium.

As a result of these contractual arrangements, the net loss reserve liabilities, cash, investments and other assets that support those liabilities, will be settled by: i) the distribution of SGL No.1's share of the Syndicate 609 result; ii) the settlement of the net payable or receivable position on the reinsurance agreement with Arden; and iii) the required settlement, if any, of the Syndicate 609 Capacity Lease Agreement payable, each of which will occur no earlier than December 31, 2022.

Balances due from (due to) under these contractual arrangements as of December 31, 2021 were as follows:

	December 31, 2021
	(in millions of U.S. dollars)
Distribution of SGL No.1 share of Syndicate 609 results	$ 34
Due to Arden under reinsurance agreement	(22)
Due to Atrium 5 Limited under Capacity Lease Agreement	(12)
Net balances with Northshore Group	$ —

Until these balances are settled, as of December 31, 2021, the Company recognized gross loss reserves of $215 million, reinsurance recoverable of $62 million, and $152 million of net assets required to support the net insurance liabilities.

Additionally, although the value of and the change in other insurance assets and liabilities are recorded gross within our Legacy Underwriting segment, there is no retention by Enstar of the net results of Atrium's 2020 and prior underwriting years as the business was contractually transferred to the Atrium entities that were divested in the Exchange Transaction. We recorded net unearned premium of $37 million and DAC of $20 million, included within other liabilities and other assets on our consolidated balance sheet, respectively, as of January 1, 2021.

Effective January 1, 2021, balances that SGL No. 1 has with Atrium and Arden are no longer eliminated in our consolidated financial statements.

As of December 31, 2020, we have classified the assets and liabilities of Northshore as held-for-sale but it did not qualify as a discontinued operation since the pending disposal did not represent a strategic shift that would have a major effect on our operations and financial results.

The following table summarizes the components of Northshore's assets and liabilities held-for-sale on our consolidated balance sheet as of December 31, 2020:

	December 31, 2020
	(in millions of U.S. dollars)
ASSETS	
Short-term investments, AFS, at fair value	$ 2
Fixed maturities, trading, at fair value	154
Fixed maturities, AFS, at fair value	7
Other investments, at fair value	10
Total investments	173
Cash and cash equivalents	71
Restricted cash and cash equivalents	152
Reinsurance balances recoverable on paid and unpaid losses	37
Funds held by reinsured companies	32
Other assets	246
TOTAL ASSETS HELD-FOR-SALE	$ 711
LIABILITIES	
Losses and LAE	$ 254
Insurance and reinsurance balances payable	12
Debt obligations	40
Other liabilities	178
TOTAL LIABILITIES HELD-FOR-SALE	$ 484
NET ASSETS HELD-FOR-SALE	$ 227

As of December 31, 2020, included in the table above were restricted investments of $94 million.

Recapitalization of StarStone U.S. and Discontinued Operations

On November 30, 2020, we completed the sale and recapitalization of StarStone U.S. through the sale of StarStone U.S. to Core Specialty, a newly formed entity with equity backing from funds managed by SkyKnight Capital, L.P., Dragoneer Investment Group and Aquiline Capital Partners LLC.

We received consideration of $282 million inclusive of $235 million of common shares of Core Specialty and cash of $47 million. At the closing date, the $235 million of common shares of Core Specialty represented a 25.2% equity interest in Core Specialty on a fully diluted basis (24.7% as of December 31, 2021).

The StarStone U.S. business qualified as a discontinued operation. The following table summarizes the components of net earnings (loss) from discontinued operations, net of income taxes, related to StarStone U.S., on the consolidated statements of earnings for the years ended December 31, 2020 and 2019:

	2020	2019
	(in millions of U.S. dollars)	
INCOME		
Net premiums earned	$ 291	$ 351
Net investment income	13	16
Net realized gains	4	—
Net unrealized gains	2	19
	310	386
EXPENSES		
Net incurred losses and LAE	192	258
Acquisition costs	58	65
General and administrative expenses	60	61
Interest expense	2	3
	312	387
LOSS BEFORE INCOME TAXES	(2)	(1)
Income tax benefit	2	8
NET EARNINGS FROM DISCONTINUED OPERATIONS, NET OF INCOME TAXES, BEFORE GAIN ON SALE	$ —	$ 7
DISPOSAL		
Consideration received	$ 282	$ —
Less: Carrying value of subsidiary	(278)	—
Add: Net realized gains on AFS securities and cumulative currency translation adjustments previously recognized in AOCI	12	—
Gain on sale of subsidiary	$ 16	$ —
NET EARNINGS FROM DISCONTINUED OPERATIONS, NET OF INCOME TAXES	$ 16	$ 7
Net (earnings) from discontinued operations attributable to noncontrolling interest	(9)	(3)
NET EARNINGS FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	$ 7	$ 4

Continuing Involvement

Following the completion of the sale of StarStone U.S. to Core Specialty on November 30, 2020, our continuing involvement with StarStone U.S comprised of the following transactions:

LPT and ADC reinsurance agreement

In connection with the sale of StarStone U.S. to Core Specialty, one of our insurance subsidiaries entered into an LPT and ADC reinsurance agreement with StarStone U.S. pursuant to which we reinsured all of the net loss reserves of StarStone U.S. in respect of premium earned prior to October 31, 2020.

Under the terms of the LPT and ADC reinsurance agreement, we assumed total net loss reserves of $462 million from StarStone U.S. in exchange for a total reinsurance premium consideration of $478 million, subject to an aggregate limit of $130 million above the assumed total net loss reserves.

Our subsidiary's obligations to StarStone U.S. under the LPT and ADC reinsurance agreement are guaranteed by the Parent Company. The LPT and ADC reinsurance agreement between our subsidiary and StarStone U.S. will continue in force until such time as our liability with respect to the assumed total net loss reserves terminates.

Concurrent with the closing of the LPT and ADC reinsurance agreement, one of our wholly-owned subsidiaries entered into an Administrative Services Agreement ("ASA") with StarStone U.S., through which it was appointed as an independent contractor to provide certain administrative services covering the business we assumed from StarStone U.S. through the LPT and ADC reinsurance agreement. This ASA became effective on November 30, 2020 and will continue in force (subject to certain limited exceptions) until such time as the LPT and ADC reinsurance agreement terminates.

In addition, concurrent with the sale of StarStone U.S. to Core Specialty which was completed on November 30, 2020, one of our wholly-owned subsidiaries entered into a Transition Services Agreement ("TSA") with Core Specialty through which our subsidiary and Core Specialty agreed to provide certain transitional services to each other relating to the StarStone U.S. businesses, for a specified period of time. This TSA became effective on November 30, 2020 and unless otherwise agreed to in writing by both Core Specialty and us, shall terminate on the earliest to occur of (a) the 2-year anniversary of the agreement, (b) the date on which all the covered transitional services have been terminated, and (c) the termination of the agreement.

Reinsurance transactions previously eliminated on consolidation

The table below presents a summary of the total income and expenses which have been recognized within our continuing operations relating to transactions, primarily reinsurances, between StarStone U.S. and us:

	2021	2020	2019
	(in millions of U.S. dollars)		
Total income	$ (1)	$ 12	$ 11
Total expenses [1]	20	(16)	63
Net (loss) earnings	$ (21)	$ 28	$ (52)

[1] For the year ended December 31, 2021, negative total income was driven by a premium adjustment. For the year ended December 31, 2020, negative total expenses were driven by favorable loss development on the losses and LAE reserves ceded by StarStone U.S. to our subsidiaries.

Cash flows

The cash inflows (outflows) between our subsidiaries and StarStone U.S. for the years ended December 31, 2021, 2020 and 2019 were $(102) million, $99 million and $(54) million, respectively.

Equity method investment

We have applied the equity method of accounting to the common shares we acquired in Core Specialty as part-consideration for the sale of StarStone U.S. and which made up 25.2% of the total outstanding common shares in Core Specialty on a fully diluted basis as of November 30, 2020, the date we completed the sale and recapitalization of StarStone U.S. (24.7% as of December 31, 2021). Our investment in the common shares of Core Specialty, which is included in equity method investments on our consolidated balance sheets, was $225 million as of December 31, 2021 (2020: $235 million).

Following the completion of the Exchange Transaction on January 1, 2021 as described above, common shares in Core Specialty with a carrying value of $4 million were distributed to redeemable noncontrolling interests[41].

During the year ended December 31, 2021, our proportionate share of loss on our investment in Core Specialty was $6 million, which is included within earnings from equity method investments in our consolidated statement of earnings and is recorded on a quarter lag.

Run-off of StarStone International (non-U.S.)

On June 10, 2020, we announced that we placed StarStone International into an orderly run-off (the "StarStone International Run-Off"). The liabilities associated with the StarStone International Run-Off vary in duration, and the run-off is expected to occur over a number of years. The results of StarStone International are included within continuing operations.

On March 15, 2021, we sold StarStone Underwriting Limited ("SUL"), a Lloyd's managing agency, together with the right to operate Lloyd's Syndicate 1301 for the 2021 and future years of account, to Inigo Limited ("Inigo"). As of

[41] As discussed in Note 17.

December 31, 2020, we had a 59.0% interest in SUL and the Trident V Funds and the Dowling Funds owned 39.3% and 1.7%, respectively. Upon closing, Enstar, the Trident V Funds and the Dowling Funds received aggregate consideration of $30 million in the form of Inigo shares and $1 million in cash.

Following the completion of the sale of SUL to Inigo on March 15, 2021, we recognized a gain on the sale of $23 million in the first quarter of 2021. In addition, Enstar and the Trident V Funds have committed to invest up to $27 million and $18 million, respectively, in Inigo.

As of December 31, 2021, Enstar had funded $17 million of its capital commitment to Inigo, with $10 million yet to be called by Inigo. As of December 31, 2021, our investment in Inigo was carried at $43 million (December 31, 2020: $17 million) representing 5.4% of the total outstanding ordinary shares of Inigo and was accounted for as a privately held equity investment and carried at fair value. In conjunction with the transaction, Enstar, the Trident V Funds and the Dowling Funds will retain the economics of Syndicate 1301's 2020 and prior years' underwriting years of account as this business runs off.

Disposal of Providence Washington

On October 1, 2021, we completed the sale of Providence Washington Insurance Company ("PWIC"), a Rhode Island domiciled stock insurance company, to Everspan Insurance Company, a subsidiary of Ambac Financial Group, Inc., for cash consideration of $22 million. We recognized a gain on the sale of $8 million in the fourth quarter of 2021.

6. INVESTMENTS

We hold:

i. trading portfolios of short-term and fixed maturity investments and equities, carried at fair value;
ii. AFS portfolios of short-term and fixed maturity investments, carried at fair value;
iii. other investments carried at fair value;
iv. equity method investments; and
v. funds held - directly managed.

Short-term and Fixed Maturity Investments

Asset Types

The fair values of the underlying asset categories comprising our short-term and fixed maturity investments classified as trading and AFS and the fixed maturity investments included within our funds held - directly managed balance were as follows as of December 31, 2021 and 2020:

	2021					
	Short-term investments, trading	Short-term investments, AFS	Fixed maturities, trading	Fixed maturities, AFS	Fixed maturities, funds held - directly managed	Total
	(in millions of U.S. dollars)					
U.S. government and agency	$ 3	$ 25	$ 102	$ 434	$ 183	$ 747
U.K. government	—	—	73	10	—	83
Other government	3	—	285	128	247	663
Corporate [1]	—	8	2,660	3,350	796	6,814
Municipal	—	—	85	128	73	286
Residential mortgage-backed	—	—	104	391	115	610
Commercial mortgage-backed	—	—	250	562	262	1,074
Asset-backed		1	197	649	97	944
Structured products	—	—	—	—	1,033	1,033
Total fixed maturity and short-term investments	$ 6	$ 34	$ 3,756	$ 5,652	$ 2,806	$ 12,254

[1] Includes convertible bonds of $223 million, which includes embedded derivatives of $43 million.

	2020					
	Short-term investments, trading	Short-term investments, AFS	Fixed maturities, trading	Fixed maturities, AFS	Fixed maturities, funds held - directly managed	Total
	(in millions of U.S. dollars)					
U.S. government and agency	$ —	$ 244	$ 124	$ 474	$ 109	$ 951
U.K. government	—	—	37	14	—	51
Other government	3	3	328	147	21	502
Corporate	2	17	3,228	1,920	520	5,687
Municipal	—	—	80	30	53	163
Residential mortgage-backed	—	—	154	329	71	554
Commercial mortgage-backed	—	—	347	277	230	854
Asset-backed	—	—	297	204	56	557
Total fixed maturity and short-term investments	$ 5	$ 264	$ 4,595	$ 3,395	$ 1,060	$ 9,319

Included within residential and commercial mortgage-backed securities as of December 31, 2021 were securities issued by U.S. governmental agencies with a fair value of $460 million (as of December 31, 2020: $458 million).

Contractual Maturities

The contractual maturities of our short-term and fixed maturity investments, classified as trading and AFS, and the fixed maturity investments included within our funds held - directly managed balance are shown below. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

As of December 31, 2021	Amortized Cost	Fair Value	% of Total Fair Value
	(in millions of U.S. dollars)		
One year or less	$ 395	$ 398	3.2 %
More than one year through two years	813	820	6.7 %
More than two years through five years	2,623	2,637	21.5 %
More than five years through ten years	2,545	2,566	20.9 %
More than ten years	3,161	3,205	26.2 %
Residential mortgage-backed	611	610	5.0 %
Commercial mortgage-backed	1,070	1,074	8.8 %
Asset-backed	947	944	7.7 %
	$ 12,165	$ 12,254	100.0 %

Credit Ratings

The following table sets forth the credit ratings of our short-term and fixed maturity investments, classified as trading and AFS, and the fixed maturity investments included within our funds held - directly managed balance as of December 31, 2021:

	Amortized Cost	Fair Value	% of Total	AAA Rated	AA Rated	A Rated	BBB Rated	Non-Investment Grade	Not Rated
	(in millions of U.S. dollars)								
U.S. government and agency	$ 748	747	6.1 %	$ 747	$ —	$ —	$ —	$ —	$ —
U.K. government	83	83	0.7 %	—	75	8	—	—	—
Other government	658	663	5.4 %	203	143	147	58	112	—
Corporate	6,705	6,814	55.6 %	166	593	3,144	2,407	478	26
Municipal	272	286	2.3 %	17	147	97	25	—	—
Residential mortgage-backed	611	610	5.0 %	569	—	4	8	27	2
Commercial mortgage-backed	1,070	1,074	8.8 %	793	115	90	69	4	3
Asset-backed	947	944	7.7 %	389	255	207	69	24	—
Structured products	1,071	1,033	8.4 %	—	523	—	510	—	—
Total	$ 12,165	$ 12,254	100.0 %	$ 2,884	$ 1,851	$ 3,697	$ 3,146	$ 645	$ 31
% of total fair value				23.5 %	15.1 %	30.2 %	25.6 %	5.3 %	0.3 %

Unrealized Gains and Losses on AFS Short-Term and Fixed Maturity Investments

The amortized cost, unrealized gains and losses, allowance for credit losses and fair values of our short-term and fixed maturity investments classified as AFS as of December 31, 2021 and 2020 were as follows:

			Gross Unrealized Losses		
As of December 31, 2021	Amortized Cost	Gross Unrealized Gains	Non-Credit Related Losses	Allowance for Credit Losses	Fair Value
	(in millions of U.S. dollars)				
U.S. government and agency	$ 463	$ 1	$ (5)	$ —	$ 459
U.K. government	10	—	—	—	10
Other government	127	2	(1)	—	128
Corporate	3,384	29	(45)	(10)	3,358
Municipal	129	1	(2)	—	128
Residential mortgage-backed	394	1	(4)	—	391
Commercial mortgage-backed	566	3	(7)	—	562
Asset-backed	650	1	(1)	—	650
	$ 5,723	$ 38	$ (65)	$ (10)	$ 5,686

As of December 31, 2020	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses		Fair Value
			Non-Credit Related Losses	Allowance for Credit Losses	
	(in millions of U.S. dollars)				
U.S. government and agency	$ 716	$ 3	$ (1)	$ —	$ 718
U.K. government	12	2	—	—	14
Other government	142	8	—	—	150
Corporate	1,873	66	(2)	—	1,937
Municipal	29	1	—	—	30
Residential mortgage-backed	326	3	—	—	329
Commercial mortgage-backed	274	5	(2)	—	277
Asset-backed	204	1	(1)	—	204
	$ 3,576	$ 89	$ (6)	$ —	$ 3,659

Gross Unrealized Losses on AFS Short-term and Fixed Maturity Investments

The following table summarizes our short-term and fixed maturity investments classified as AFS that were in a gross unrealized loss position, for which an allowance for credit losses has not been recorded, as of December 31, 2021 and 2020:

As of December 31, 2021	12 Months or Greater		Less Than 12 Months		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(in millions of U.S. dollars)					
U.S. government and agency	$ 22	$ (1)	$ 373	$ (4)	$ 395	$ (5)
UK government	—	—	5	—	5	—
Other government	—	—	46	(1)	46	(1)
Corporate	11	—	1,545	(19)	1,556	(19)
Municipal	—	—	77	(2)	77	(2)
Residential mortgage-backed	6	—	315	(4)	321	(4)
Commercial mortgage-backed	21	(1)	419	(6)	440	(7)
Asset-backed	—	—	516	(1)	516	(1)
Total short-term and fixed maturity investments	$ 60	$ (2)	$ 3,296	$ (37)	$ 3,356	$ (39)

As of December 31, 2020	12 Months or Greater		Less Than 12 Months		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(in millions of U.S. dollars)					
U.S. government and agency	$ —	$ —	$ 56	$ (1)	$ 56	$ (1)
Other government	—	—	8	—	8	—
Corporate	—	—	198	(1)	198	(1)
Municipal	—	—	2	—	2	—
Residential mortgage-backed	5	—	79	—	84	—
Commercial mortgage-backed	—	—	67	(2)	67	(2)
Asset-backed	—	—	117	(1)	117	(1)
Total short-term and fixed maturity investments	$ 5	$ —	$ 527	$ (5)	$ 532	$ (5)

As of December 31, 2021 and 2020, the number of securities classified as AFS in an unrealized loss position for which an allowance for credit loss is not recorded was 2,930 and 407, respectively. Of these securities, the number of securities that had been in an unrealized loss position for twelve months or longer was 93 and 2, respectively.

The contractual terms of a majority of these investments do not permit the issuers to settle the securities at a price less than the amortized cost basis of the security. While credit spreads have increased, and in certain cases credit ratings were downgraded, we currently do not expect the issuers of these fixed income securities to settle them at a price less than their amortized cost basis and therefore it is expected that we will recover the entire amortized cost basis of each security. Furthermore, we do not intend to sell the securities that are currently in an unrealized loss position, and it is also not more likely than not that we will be required to sell the securities before the recovery of their amortized cost bases.

Allowance for Credit Losses on AFS Fixed Maturity Investments

The following table provides a reconciliation of the beginning and ending allowance for credit losses on our AFS debt securities:

	December 31, 2021		
	Corporate	Commercial mortgage backed	Total
	(in millions of U.S. dollars)		
Allowance for credit losses, beginning of year	$ —	$ —	$ —
Allowances for credit losses on securities for which credit losses were not previously recorded	(16)	—	(16)
Decrease to the allowance for credit losses on securities that had an allowance recorded in the previous period	6	—	6
Allowance for credit losses, end of year	$ (10)	$ —	$ (10)

	December 31, 2020		
	Corporate	Commercial mortgage backed	Total
	(in millions of U.S. dollars)		
Allowance for credit losses, beginning of year	$ —	$ —	$ —
Cumulative effect of change in accounting principle	(3)	—	(3)
Allowances for credit losses on securities for which credit losses were not previously recorded	(11)	(1)	(12)
Reductions for securities sold during the year	3	—	3
Decrease to the allowance for credit losses on securities that had an allowance recorded in the previous period	11	1	12
Allowance for credit losses, end of year	$ —	$ —	$ —

During the years ended December 31, 2021 and 2020, we did not have any write-offs charged against the allowance for credit losses or any recoveries of amounts previously written-off.

Equity Investments

The following table summarizes our equity investments as of December 31, 2021 and 2020:

	2021	2020
	(in millions of U.S. dollars)	
Publicly traded equity investments in common and preferred stocks	$ 281	$ 261
Exchange-traded funds	1,342	311
Privately held equity investments in common and preferred stocks	372	275
	$ 1,995	$ 847

Equity investments include publicly traded common and preferred stocks, exchange-traded funds and privately held common and preferred stocks. Our publicly traded equity investments in common and preferred stocks

predominantly trade on major exchanges and are managed by our external advisors. Our investments in exchange-traded funds also trade on major exchanges.

Our privately held equity investments in common and preferred stocks are direct investments in companies that we believe offer attractive risk adjusted returns and/or offer other strategic advantages. Each investment may have its own unique terms and conditions and there may be restrictions on disposals. There is no active market for these investments[42].

Other Investments, at fair value

The following table summarizes our other investments carried at fair value as of December 31, 2021 and 2020:

	2021	2020
	(in millions of U.S. dollars)	
Hedge funds [(1)]	$ 291	$ 2,638
Fixed income funds	573	553
Private equity funds	752	363
Private credit funds	275	192
Equity funds	5	191
CLO equity funds	207	167
CLO equities	161	128
Real estate funds	69	12
	$ 2,333	$ 4,244

[(1)] Includes our investment in the InRe Fund of $2.4 billion as of December 31, 2020.

Due to a lag in the valuations of certain funds reported by the managers, we may record changes in valuation with up to a three-month lag[43]. We regularly review and discuss fund performance with the fund managers to corroborate the reasonableness of the reported net asset values and to assess whether any events have occurred within the lag period that would affect the valuation of the investments.

The following is a description of the nature of each of these investment categories:

- Hedge funds invest in fixed income, equity and other investments.
- Fixed income funds comprise a number of positions in diversified fixed income funds that are managed by third-party managers. Underlying investments vary from high-grade corporate bonds to non-investment grade senior secured loans and bonds, in both liquid and illiquid markets. The liquid fixed income funds have regularly published prices.
- Private equity funds include primary, secondary, and direct co-investment opportunities.
- Private credit funds invest in direct senior or collateralized loans.
- Equity funds invest primarily in public equities.
- CLO equity funds invest primarily in the equity tranches of term-financed securitizations of diversified pools of corporate bank loans.
- CLO equities comprise investments in the equity tranches of term-financed securitizations of diversified pools of corporate bank loans.
- Real estate funds comprise of real estate funds that invest primarily in commercial real estate equity.

Certain other investments are subject to restrictions on redemptions and sales that are determined by the governing documents, which limits our ability to liquidate those investments. These restrictions may include lock-ups, redemption gates, restricted share classes or side pockets, restrictions on the frequency of redemption and notice

[42] Refer to Note 22 for further information on certain privately held equity investments.

[43] The valuation of our other investments is described in Note 12.

periods. A gate is the ability to deny or delay a redemption request, whereas a side-pocket is a designated account for which the investor loses its redemption rights.

Certain other investments may not have any restrictions governing their sale, but there is no active market and no guarantee that we will be able to execute a sale in a timely manner. In addition, even if certain other investments are not eligible for redemption or sales are restricted, we may still receive income distributions from those other investments.

The table below details the estimated period by which proceeds would be received if we had provided notice of our intent to redeem or initiated a sales process as of December 31, 2021:

	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Not Eligible/ Restricted	Total	Redemption Frequency
	(in millions of U.S. dollars)						
Hedge funds	$ 291	$ —	$ —	$ —	$ —	$ 291	Monthly to Quarterly
Fixed income funds	534	—	—	—	39	573	Daily to Quarterly
Private equity funds	—	54	—	—	698	752	Quarterly for unrestricted amount
CLO equity funds	158	48	—	—	1	207	Quarterly to Bi-annually
CLO equities	161	—	—	—	—	161	Daily
Private credit funds	—	—	—	—	275	275	N/A
Real estate fund	—	—	—	—	69	69	N/A
Equity funds	5	—	—	—	—	5	Daily
	$ 1,149	$ 102	$ —	$ —	$ 1,082	$ 2,333	

As of December 31, 2021, none of our investments were subject to gates or side-pockets.

Equity Method Investments

The table below shows our equity method investments as of December 31, 2021 and 2020:

	2021		2020	
	Ownership %	Carrying Value	Ownership %	Carrying Value
		(in millions of U.S. dollars)		
Enhanzed Re [1]	— %	$ —	47.4 %	$ 330
Citco [2]	31.9 %	56	31.9 %	53
Monument Re [3]	20.0 %	194	20.0 %	194
Core Specialty	24.7 %	225	25.2 %	235
Other	27%	18	27%	20
		$ 493		$ 832

[1] Effective September 1, 2021, Enhanzed Re was consolidated by us. Refer to Note 4 for further information.

[2] We own 31.9% of the common shares in HH CTCO Holdings Limited which in turn owns 15.4% of the convertible preferred shares, amounting to a 6.2% interest in the total equity of Citco III Limited ("Citco").

[3] We own 20.0% of the common shares in Monument Re as well as different classes of preferred shares which have fixed dividend yields and whose balances are included in the Investment amount.

Summarized Financial Information

The following is the aggregated summarized financial information of our equity method investees, including those for which the fair value option was elected and would otherwise be accounted for as an equity method investment, and may be presented on a lag due to the availability of financial information from the investee:

	2021	2020
	(in millions of U.S. dollars)	
Balance Sheet		
Total assets	$ 45,741	$ 35,913
Total liabilities	33,858	27,469

	2021	2020	2019
	(in millions of U.S. dollars)		
Operating Results			
Total income	$ 9,190	$ 6,093	$ 5,848
Total expenses	8,098	5,234	5,609
Net income	$ 1,092	$ 859	$ 239

The following table presents the carrying value by ownership percentage of our equity method investees, including those for which the fair value option was elected:

	2021		2020	
	Equity Method Investments	Fair Value Option	Equity Method Investments	Fair Value Option
	(in millions of U.S. dollars)			
Ownership percentage				
100%	$ —	$ —	$ —	$ —
20%-99%	493	828	832	517
3%-19%	—	749	—	202
Total	$ 493	$ 1,577	$ 832	$ 719

Funds Held

Funds Held - Directly Managed

The following table summarizes the components of the funds held - directly managed as of December 31, 2021 and 2020:

	2021	2020
	(in millions of U.S. dollars)	
Short-term and fixed maturity investments, trading	$ 2,806	$ 1,060
Cash and cash equivalents	188	9
Other assets	13	6
	$ 3,007	$ 1,075

The following table summarizes the short-term and fixed maturity investment components of funds held - directly managed[44] as of December 31, 2021 and 2020:

	2021			2020		
	Funds held - Directly Managed - Fair Value Option	Funds held - Directly Managed - Variable Return	Total	Funds held - Directly Managed - Fair Value Option	Funds held - Directly Managed - Variable Return	Total
	(in millions of U.S. dollars)					
Short-term and fixed maturity investments, at amortized cost	$ —	$ 2,815	$ 2,815	$ 107	$ 859	$ 966
Net unrealized gains (losses):						
Change in fair value - fair value option accounting	—	—	—	10	—	10
Change in fair value - embedded derivative accounting	—	14	14	—	84	84
Change in fair value [(1)]	—	(23)	(23)	—	—	—
Short-term and fixed maturity investments within funds held - directly managed, at fair value	$ —	$ 2,806	$ 2,806	$ 117	$ 943	$ 1,060

[(1)] Is clearly and closely related to the host contract.

Funds Held by Reinsured Companies

As of December 31, 2021 and 2020, we had funds held by reinsured companies of $2.3 billion and $636 million, respectively. The increase from December 31, 2020 was primarily driven by the acquisition of Enhanzed Re and transactions with AXA Group and Hiscox.

Net Investment Income

Major categories of net investment income for the years ended December 31, 2021, 2020 and 2019 are summarized as follows:

	2021	2020	2019
	(in millions of U.S. dollars)		
Fixed maturity investments	$ 191	$ 199	$ 219
Short-term investments and cash and cash equivalents	—	5	15
Funds held	57	34	22
Funds held – directly managed	28	34	38
Investment income from fixed maturities and cash and cash equivalents	276	272	294
Equity investments	32	20	16
Other investments[(1)]	41	27	12
Investment income from equities and other investments	73	47	28
Gross investment income	349	319	322
Investment expenses	(37)	(16)	(14)
Net investment income	$ 312	$ 303	$ 308

[(1)] Effective April 1, 2021, the InRe Fund was consolidated by us and subsequently liquidated by December 31, 2021. Refer to Note 13 for additional information. Prior to April 1, 2021, all income or loss from the InRe Fund was determined by the change in net asset value (NAV) of our holdings in the fund, which was included within net realized and unrealized gains (losses) from other investments.

[44] Refer to the sections above for details of the short-term and fixed maturity investments within our funds held - directly managed portfolios.

Net Realized and Unrealized Gains (Losses)

Components of net realized and unrealized gains (losses) for the years ended December 31, 2021, 2020 and 2019 were as follows:

	2021	2020	2019
	(in millions of U.S. dollars)		
Net realized gains (losses) on sale:			
Gross realized gains on fixed maturity securities, AFS	$ 19	$ 26	$ 5
Gross realized losses on fixed maturity securities, AFS	(13)	(8)	(1)
Increase in allowance for expected credit losses on fixed maturity securities, AFS	(10)	—	—
Net realized gains recognized on equity securities sold during the period	9	1	1
Other investments [1]	66	—	—
Net realized investment losses on investment derivatives	(132)	—	—
Total net realized (losses) gains on sale	$ (61)	$ 19	$ 5
Net unrealized (losses) gains:			
Fixed maturity securities, trading	(144)	228	423
Fixed maturity securities in funds held - directly managed	(62)	60	89
Net unrealized gains (losses) recognized on equity securities still held at the reporting date	146	(2)	54
Other investments [1]	259	1,336	441
Investment derivatives	(21)	1	—
Total net unrealized gains	$ 178	$ 1,623	$ 1,007

[1] Effective April 1, 2021, the InRe Fund was consolidated by us and subsequently liquidated by December 31, 2021. Refer to Note 13 for additional information. Prior to April 1, 2021, all income or loss from the InRe Fund was determined by the change in net asset value (NAV) of our holdings in the fund, which was included within net realized and unrealized gains (losses) from other investments.

The gross realized gains and losses on AFS investments included in the table above resulted from sales of $2.5 billion, $2.0 billion and $303 million for the years ended December 31, 2021, 2020 and 2019, respectively.

The unrealized gains for 2020 primarily comprised unrealized gains of $1.2 billion attributable to the InRe Fund. These unrealized gains were driven by strong performance in equity markets across multiple sectors, including consumer discretionary, communication services, information technology and consumer staples.

We have presented all net recognized gains and losses on fixed maturity trading and the fixed maturities within our funds held-directly managed for the years ended December 31, 2021, 2020 and 2019 within net unrealized gains in the table above. This is a change to our previous presentation which split recognized gains between net realized (losses) gains on sale and net unrealized gains. This change had no impact to net earnings for the years ended December 31, 2020 and 2019. This change also resulted in a revision to the presentation of realized losses and gains on sale of investments and unrealized gains on investments within the consolidated statements of cash flows for the years ended December 31, 2020 and 2019.

Reconciliation to the Consolidated Statements of Comprehensive Income

The following table provides a reconciliation of the gross realized gains and losses and credit recoveries (losses) on our AFS fixed maturity debt securities that arose during the years ended December 31, 2021, 2020 and 2019 within our continuing and discontinued operations and the offsetting reclassification adjustments included within our consolidated statements of comprehensive income:

	2021	2020	2019
	(in millions of U.S. dollars)		
Included within continuing operations:			
Gross realized gains on fixed maturity securities, AFS	$ 19	$ 26	$ 5
Gross realized losses on fixed maturity securities, AFS	(13)	(8)	(1)
Tax effect	—	(1)	—
Included within discontinued operations:			
Gross realized gains on fixed maturity securities, AFS	—	1	—
Total reclassification adjustment for net realized gains (losses) included in net earnings	$ 6	$ 18	$ 4
Included within continuing operations:			
Credit losses on fixed maturity securities, AFS	$ (10)	$ —	$ —
Included within discontinued operations:			
Credit recoveries on fixed maturity securities, AFS	$ —	$ 1	$ —
Total reclassification adjustment for change in allowance for credit losses recognized in net earnings	$ (10)	$ 1	$ —

Restricted Assets

We utilize trust accounts to collateralize business with our (re)insurance counterparties. We are also required to maintain investments and cash and cash equivalents on deposit with regulatory authorities and Lloyd's to support our (re)insurance operations. The investments and cash and cash equivalents on deposit are available to settle (re)insurance liabilities. Collateral generally takes the form of assets held in trust, letters of credit or funds held. The assets used as collateral are primarily highly rated fixed maturity securities. The carrying value of our restricted assets, including restricted cash of $446 million and $472 million, as of December 31, 2021 and 2020, respectively, was as follows:

	2021	2020
	(in millions of U.S. dollars)	
Collateral in trust for third party agreements	$ 6,100	$ 4,925
Assets on deposit with regulatory authorities	196	131
Collateral for secured letter of credit facilities	94	105
FAL [1]	431	261
	$ 6,821	$ 5,422

[1] Our businesses included two (2020: three) Lloyd's syndicates as at December 31, 2021. Lloyd's determines the required capital principally through the annual business plan of each syndicate. This capital is referred to as FAL and will be drawn upon in the event that a syndicate has a loss that cannot be funded from other sources. We also utilize unsecured letters of credit for FAL, as described in Note 16.

7. DERIVATIVES AND HEDGING INSTRUMENTS

We use derivative instruments in our risk management strategies and investment operations.

Foreign currency forward exchange rate contracts are used in qualifying hedging relationships to hedge the foreign currency exchange rate risk associated with certain of our net investments in foreign operations.

We also utilize foreign currency forward contracts in non-qualifying hedging relationships as part of our overall foreign currency risk management strategy or to obtain exposure to a particular financial market, as well as for yield enhancement and collectively managing credit and duration risk.

From time to time we may also utilize credit default swaps to both hedge and replicate credit exposure and government bond futures contracts for interest rate management.

The following table presents the gross notional amounts and estimated fair values of our derivatives recorded within other assets and liabilities on the consolidated balance sheets as of December 31, 2021 and 2020:

	2021			2020		
		Fair Value			Fair Value	
	Gross Notional Amount	Assets	Liabilities	Gross Notional Amount	Assets	Liabilities
	(in millions of U.S. dollars)					
Derivatives designated as hedging instruments						
Foreign currency forward contracts	$ 618	$ —	$ 7	$ 604	$ 1	$ 29
Derivatives not designated as hedging instruments						
Foreign currency forward contracts	498	2	—	134	3	5
Others	17	—	10	2	—	—
Total	$ 1,133	$ 2	$ 17	$ 740	$ 4	$ 34

The following table presents the net gains and losses deferred in the cumulative translation adjustment account, which is a component of AOCI in shareholders' equity, relating to our qualifying hedges and the net gains and losses included in earnings relating to our non-qualifying hedges for the years ended December 31, 2021, 2020 and 2019:

	Amount of Gains (Losses)		
	2021	2020	2019
	(in millions of U.S. dollars)		
Derivatives designated as hedging instruments			
Foreign currency forward contracts	$ 24	$ (30)	$ (15)
Derivatives not designated as hedging instruments			
Foreign currency forward contracts	(4)	(2)	13

8. REINSURANCE BALANCES RECOVERABLE ON PAID AND UNPAID LOSSES

The following tables provide the total reinsurance balances recoverable on paid and unpaid losses.

	December 31, 2021	December 31, 2020
	(in millions of U.S. dollars)	
Recoverable from reinsurers on unpaid:		
Outstanding losses and IBNR	$ 1,367	$ 1,850
ULAE	7	17
Fair value adjustments - acquired companies	(8)	(16)
Fair value adjustments - fair value option	(34)	(21)
Total reinsurance reserves recoverable	1,332	1,830
Paid losses recoverable	185	259
Total	$ 1,517	$ 2,089
Reconciliation to Consolidated Balance Sheet:		
Reinsurance balances recoverable on paid and unpaid losses	$ 1,085	$ 1,568
Reinsurance balances recoverable on paid and unpaid losses - fair value option	432	521
Total	$ 1,517	$ 2,089

Certain of our subsidiaries and assumed portfolios, prior to acquisition, used retrocessional agreements to reduce their exposure to the risk of (re)insurance assumed.

The fair value adjustments, determined on acquisition of (re)insurance subsidiaries, are based on the estimated timing of loss and LAE recoveries and an assumed interest rate equivalent to a risk free rate for securities with similar duration to the acquired reinsurance balances recoverable on paid and unpaid losses plus a spread for credit risk, and are amortized over the estimated recovery period, as adjusted for accelerations in timing of payments as a result of commutation settlements[45].

As of December 31, 2021 and 2020, we had reinsurance balances recoverable on paid and unpaid losses of $1.5 billion and $2.1 billion, respectively. The decrease of $0.6 billion was primarily due to the elimination of intercompany cessions on consolidation of Enhanzed Re and cash collections, partially offset by assumed ceded assets relating to CNA and Syndicate 609.

Top Ten Reinsurers

	December 31, 2021		December 31, 2020	
	Total	%	Total	%
	(in millions of U.S. dollars)			
Top 10 reinsurers	$ 1,002	66.1 %	$ 1,365	65.3 %
Other reinsurers > $1 million	491	32.4 %	697	33.4 %
Other reinsurers < $1 million	24	1.5 %	27	1.3 %
Total	$ 1,517	100.0 %	$ 2,089	100.0 %

[45]The determination of the fair value adjustments on the retroactive reinsurance contracts for which we have elected the fair value option is described in Note 12.

	December 31, 2021	December 31, 2020
	(in millions of U.S. dollars)	
Information regarding top ten reinsurers:		
Number of top 10 reinsurers rated A- or better	8	7
Number of top 10 non-rated reinsurers [1]	2	3
Reinsurers rated A- or better in top 10	$ 747	$ 864
Non-rated reinsurers in top 10 [1]	255	501
Total top 10 reinsurance recoverables	$ 1,002	$ 1,365
Single reinsurers that represent 10% or more of total reinsurance balance recoverables as of December 31, 2021 and 2020:		
Lloyd's Syndicates [2]	$ 256	$ 331
Michigan Catastrophic Claims Association[3]	$ 210	$ 229

[1] The reinsurance balances recoverable from non-rated top 10 reinsurers was comprised of:

- $210 million and $229 million as of December 31, 2021 and December 31, 2020 respectively, due from a U.S. state backed reinsurer that is supported by assessments on active auto writers operating within the state;
- $45 million as of December 31, 2021 due from a U.S. Workers' Compensation Reinsurance Pool that is secured through an allocation to insurers actively writing workers' compensation in the covered state;
- $74 million as of December 31, 2020 due from a reinsurer who has provided us with security in the form of pledged assets in trust for the full amount of the recoverable balance. The reinsurer subsequently received an A- rating by A.M. Best and the collateral was released; and
- $208 million as of December 31, 2020 due from Enhanzed Re to whom some of our subsidiaries have retroceded their exposures through quota share reinsurance agreements[46]. Effective September 1, 2021, Enhanzed Re was consolidated by us (previously accounted for as an equity method investment) and all intercompany transactions and balances between Enhanzed Re and Enstar were eliminated upon consolidation.

[2] Lloyd's Syndicates are rated A+ by Standard & Poor's and A by A.M. Best.

[3] U.S. state backed reinsurer that is supported by assessments on active auto writers operating within the state.

The table below provides a reconciliation of the beginning and ending allowance for estimated uncollectible reinsurance balances for the years ended December 31, 2021 and 2020:

	2021	2020
	(in millions of U.S. dollars)	
Allowance for estimated uncollectible reinsurance, beginning of year	$ 137	$ 148
Current period change in the allowance	1	—
Write-offs charged against the allowance	—	(10)
Recoveries collected	(2)	(1)
Allowance for estimated uncollectible reinsurance, end of year	$ 136	$ 137

[46] As discussed in Note 22.

9. LOSSES AND LOSS ADJUSTMENT EXPENSES

The liability for losses and LAE, also referred to as loss reserves, represents our gross estimates before reinsurance for unpaid reported losses (Outstanding Loss Reserves, or "OLR") and includes losses that have been incurred but not yet reported ("IBNR") using a variety of actuarial methods. We recognize an asset for the portion of the liability that we expect to recover from reinsurers. LAE reserves include allocated LAE ("ALAE") and unallocated LAE ("ULAE"). ALAE are linked to the settlement of an individual claim or loss, whereas ULAE are based on our estimates of future costs to administer the claims. IBNR includes amounts for unreported claims, development on known claims and reopened claims.

Our loss reserves cover multiple lines of business, including asbestos, environmental, general casualty, workers' compensation, marine, aviation and transit, construction defect, professional indemnity/directors and officers, motor, property and other non-life lines of business.

The table below provides a consolidated reconciliation of the beginning and ending liability for losses and LAE.

	2021	2020	2019
	(in millions of U.S. dollars)		
Balance as of January 1	**$ 10,593**	**$ 9,868**	**$ 9,049**
Losses and LAE relating to SGL No.1 [1]	255	—	—
Reinsurance reserves recoverable [2]	(1,830)	(1,928)	(1,708)
Reinsurance reserves recoverable relating to SGL No. 1 [1]	(90)	—	—
DCAs on retroactive reinsurance	(219)	(260)	(89)
Cumulative effect of change in accounting principle on the determination of the allowance for estimated uncollectible reinsurance balances	—	(1)	—
Net balance as of January 1	**8,709**	**7,679**	**7,252**
Net incurred losses and LAE:			
Current period:			
Increase in estimates of net ultimate losses	168	388	576
Increase in provisions for ULAE	4	17	4
Total current period	172	405	580
Prior periods:			
Reduction in estimates of net ultimate losses	(281)	(130)	(111)
Reduction in provisions for ULAE	(63)	(48)	(61)
Amortization of DCAs	120	43	38
Amortization of fair value adjustments	16	27	51
Changes in fair value - fair value option [3]	(75)	119	117
Total prior periods	(283)	11	34
Total net incurred losses and LAE	**(111)**	**416**	**614**
Net paid losses:			
Current period	(29)	(72)	(179)
Prior periods	(1,402)	(1,413)	(1,609)
Total net paid losses	**(1,431)**	**(1,485)**	**(1,788)**
Other changes:			
Effect of exchange rate movement	(63)	120	48
Acquired business [4]	1,098	—	1
Assumed business [5]	3,445	2,186	1,586
Ceded business	(92)	(155)	(33)
Reclassification to assets and liabilities held-for-sale	—	(217)	—
Total other changes	**4,388**	**1,934**	**1,602**
Net balance as of December 31	**11,555**	**8,544**	**7,680**
Reinsurance reserves recoverable [2]	1,332	1,830	1,928
DCAs on retroactive reinsurance	371	219	260
Balance as of December 31	**$ 13,258**	**$ 10,593**	**$ 9,868**
Reconciliation to Consolidated Balance Sheet:			
Loss and loss adjustment expenses	$ 11,269	$ 8,140	
Loss and loss adjustment expenses, at fair value	1,989	2,453	
Total	**$ 13,258**	**$ 10,593**	

[1] This balance represents the gross up for our participation in Atrium's Syndicate 609 relating to the 2020 and prior underwriting years which is no longer eliminated on our consolidated financial statements following the completion of the Exchange Transaction on January 1, 2021.

[2] Excludes paid losses recoverable.

[3] Comprises discount rate and risk margin components.

(4) 2021 acquired business of $1.1 billion includes $842 million of third party loss reserves and $257 million of loss reserves which are deemed to effectively settle balances relating to pre-existing relationships, the latter comprising of $286 million of reinsurance recoverables, partially offset by a deferred gain liability of $29 million, carried by two of our reinsurance subsidiaries. These pre-existing relationships were fair valued at $271 million in accordance with the acquisition method of accounting.

(5) 2021, 2020 and 2019 assumed business is net of DCAs of $243 million, $2 million and $211 million, respectively.

Prior Period Development ("PPD")

Reduction in Estimates of Net Ultimate Losses

The following table summarizes the reduction in estimates of net ultimate losses related to prior years by segment and line of business:

	2021	2020	2019
	(in millions of U.S. dollars)		
Run-off segment:			
Asbestos	$ (16)	$ (19)	$ 7
Environmental	7	(13)	15
General casualty	116	(26)	(7)
Workers' compensation	(234)	(183)	(136)
Marine, aviation and transit	(47)	(31)	(20)
Construction defect	(33)	8	(1)
Professional indemnity/Directors and Officers	(31)	(12)	(39)
Motor	43	148	(37)
Property	(45)	(17)	13
All Other	(37)	18	(14)
Total Run-off segment	(277)	(127)	(219)
Total Enhanzed Re segment	—	—	—
Total Legacy Underwriting segment	(4)	(3)	108
Total	$ (281)	$ (130)	$ (111)

2021:

Prior period net incurred losses and LAE additionally includes $120 million for the amortization of DCA, including $71 million in cumulative effect adjustments relating to recent acquisition years as a result of PPD primarily in our General Casualty, Workers' compensation and Other lines of business.

The reduction in estimates of net ultimate losses of $281 million related to prior periods was primarily driven by net favorable development in the following lines of business:

- **Workers' Compensation** - The workers' compensation line of business experienced a $234 million favorable development as a result of reduced claims activity and favorable settlements on open claims in 2011 & prior accident years in one portfolio as well as recent 2015 - 2018 accident years on another.

  During 2021, we also completed 15 commutations that resulted in a net reduction of ultimate losses of $10 million in our workers' compensation line of business.

- **General Casualty** - The experience in the general casualty reserves was adverse by $116 million. This was partially due to an increase in opioid exposure from our 2020 acquisition year and increased expectations of latent claims and a lengthening of the payment pattern related to our 2019 acquisition year.

  During 2021, we also completed 18 commutations that resulted in a net reduction of ultimate losses of $2 million in our general casualty line of business.

- **Marine, Aviation and Transit** - The marine, aviation and transit line of business experienced a $47 million reduction in estimates of net ultimate losses due to favorable experience across a variety of claim types.

During 2021, we also completed 4 commutations that resulted in a net increase of ultimate losses of $1 million in our marine, aviation and transit line of business.

- **Motor** - The experience in the motor line was adverse by $43 million due to higher-than-expected claims severity relating to our 2020 acquisition year.

2020: The reduction in estimates of net ultimate losses of $130 million related to prior years was primarily driven by the Run-off segment which experienced a reduction in estimates of net ultimate losses of $127 million primarily related to the following lines of business:

- **Workers' Compensation** - The workers' compensation line of business experienced a $183 million reduction in estimates of net ultimates losses as a result of favorable actual development versus expected development across nearly all of our acquired companies and assumed portfolios.

  During 2020, we paid net losses of $143 million and released case and LAE reserves of $177 million. This represents a decline in reported losses of $34 million for the year.

  As a result of the favorable claims development, we recorded a release of $149 million primarily attributed to a settlement of an outwards reinsurance agreement resulting in the reduction in gross ultimate losses inuring to our benefit.

  During 2020, we also completed 10 commutations that resulted in a net reduction of ultimate losses of $11 million in our workers' compensation line of business.

- **Motor** - The experience in the motor line was adverse by $148 million due to higher than expected severity related to a recent assumed LPT transaction. The case reserves were significantly strengthened when we transferred the claim handling to a new third-party administrator with specialist experience in commercial automobile exposures.

2019: The reduction in estimates of net ultimate losses of $111 million related to prior years was primarily driven by the Run-off segment which experienced a reduction in estimates of net ultimate losses of $219 million, partially offset by the Legacy Underwriting segment which experienced an increase in estimates of net ultimate losses of $108 million due to our strategy to exit certain lines of business in 2019.

The favorable development in our Run-off segment primarily related to the following line of business:

- **Workers' Compensation** - A $136 million reduction in estimates of net ultimate losses in our workers' compensation line of business arose across multiple portfolios, where reported loss development was generally significantly less than expected development.

  The lower than expected actual development was driven by significant proactive settlement activity on individual claimants where we were able to settle claims lower than the case reserve estimates. For example, in two of our portfolios we observed favorable reported loss development, where we paid $39 million in loss payments to release a corresponding $54 million of associated case reserves for $14 million in favorable reported loss development.

  These settlement activities and the favorable actual loss development versus expected loss development, led to a change in the actuarial assumptions in the annual reserve study that reflect this favorable loss development.

  During 2019, we also completed 6 commutations across several workers' compensation portfolios that contributed to a $6 million reduction in estimates of net ultimate losses.

Changes in Fair Value - Fair Value Option

During 2021, 2020 and 2019, changes in the fair value of liabilities related to assumed retroactive reinsurance agreements for which we have elected the fair value option of $(75) million, $119 million and $117 million, respectively, was primarily driven by an increase in corporate bond yields in 2021 and narrowing credit spreads in corporate bond yields in 2020 and 2019.

Reconciliation of the Net Liability for Losses and LAE, Prior to the Provision for Bad debt to the Gross Liability for Losses and LAE included in the Consolidated Balance Sheet

The table below presents the reconciliation of the loss development tables disclosed further below to the liability for losses and LAE in the consolidated balance sheet.

	December 31, 2021				
	Net Liability for Losses and LAE, Prior to Provision for Bad Debt	Provision for Bad Debt	Net Liability for Losses and LAE	Reinsurance Recoverable on Liabilities for Losses and LAE	Gross Liabilities for Losses and LAE
	(in millions of U.S. dollars)				
Presented in the loss development tables:					
Run-off segment:					
Asbestos	$ 1,876	$ 22	$ 1,898	$ 80	$ 1,978
General casualty	3,362	7	3,369	130	3,499
Workers' compensation	2,628	1	2,629	273	2,902
Professional indemnity/Directors and Officers	1,334	2	1,336	229	1,565
Motor	529	2	531	214	745
Excluded from the loss development tables:					
Run-off segment:					
Environmental	357	3	360	20	380
Marine, aviation and transit	415	3	418	107	525
Construction defect	131	—	131	1	132
Property	256	2	258	177	435
Other	455	4	459	76	535
Total Run-off segment OLR and IBNR	11,343	46	11,389	1,307	12,696
Enhanzed Re segment OLR and IBNR	179	—	179	—	179
Legacy Underwriting segment OLR and IBNR	153	—	153	60	213
ULAE	418	—	418	7	425
Fair value adjustments - acquired companies	(106)	—	(106)	(8)	(114)
Fair value adjustments - fair value option	(107)	—	(107)	(34)	(141)
Total	**11,880**	**46**	**11,926**	**$ 1,332**	**$ 13,258**
DCAs on retroactive reinsurance	(371)	—	(371)		
Total	**$ 11,509**	**$ 46**	**$ 11,555**		

Loss Development Information

Methodology for Establishing Reserves (Excluding Asbestos and Environmental Claims)

We perform our analysis of loss reserves and IBNR by each portfolio that we have acquired. Exposures for each portfolio are separated into homogenous reserving classes, generally lines of business, within each portfolio. Each reserving class contains either direct insurance or assumed reinsurance reserves and groups of relatively similar types of risks and exposures and lines of business written.

Based upon the exposure characteristics and the nature of available data for each individual reserving class, we select loss development extrapolation methods to calculate an estimate of ultimate losses.

We establish our recorded reserves as an estimate of unpaid losses for each class primarily by utilizing actuarial expertise and projection methods. The actuarial methodologies are selected after consideration of exposure characteristics, data limitations, and strengths and weaknesses of each method applied.

We use generally accepted actuarial methodologies to estimate ultimate losses and LAE, including:

- **Cumulative Reported and Paid Loss Development Methods:** The Cumulative Reported (Case Incurred) Loss Development method estimates ultimate losses by multiplying cumulative reported losses (paid losses plus case reserves) by a cumulative development factor.

  Historical "age-to-age" loss development factors (“LDFs”) are calculated to measure the relative development of an accident year from one maturity point to the next. Age-to-age LDFs are then selected based on these historical factors. The selected age-to-age LDFs are used to project the ultimate losses.

  The Cumulative Paid Loss Development Method is mechanically identical to the Cumulative Reported Loss Development Method described above, but the paid method does not rely on case reserves or claim reporting patterns in making projections.

- **Incremental Reported and Paid Loss Development Methods:** Incremental incurred and paid analyses are performed in cases where cumulative data is not available. The concept of the incremental loss development methods is similar to the cumulative loss development methods described above, in that the pattern of historical paid or incurred losses is used to project the remaining future development.

- **IBNR-to-Case Outstanding Method:** This method requires the estimation of consistent cumulative paid and reported (case) incurred loss development patterns and age-to-ultimate LDFs, either from data that is specific to the segment being analyzed or from applicable benchmark or industry data. These patterns imply a specific expected relationship between IBNR, including both development on known claims (bulk reserve) and losses on true late reported claims, and reported case incurred losses.

- **Bornhuetter-Ferguson Expected Loss Projection Reported and Paid Methods:** The Bornhuetter-Ferguson Expected Loss Projection method produces expected unreported losses by multiplying the expected losses, which are based on initial selected ultimate loss ratios by year, by the unreported percentage. The unreported percentage is calculated as one minus the reciprocal of the selected cumulative incurred LDFs. Finally, the expected unreported losses are added to the current reported losses to produce ultimate losses.

  The calculations underlying the Bornhuetter-Ferguson Expected Loss Projection method based on paid loss data are similar to the Bornhuetter-Ferguson calculations based on reported losses, with the exception that paid losses and unpaid percentages replace reported losses and unreported percentages.

- **Reserve Run-off Method:** This method first projects the future values of case reserves for all underwriting years to future ages of development by selecting a run-off pattern of case reserves based on the observed run-off ratios at each age of development. Once the ratios have been selected, they are used to project the future values of case reserves.

  A paid on reserve factor is selected in a similar way. The ratios of the observed amounts paid during each development period to the respective case reserves at the beginning of the periods are used to estimate how much will be paid on the case reserves during each development period. These paid on reserve factors are then applied to the case reserve amounts that were projected during the first phase of this method. A summation of the resulting paid amounts yields an estimate of the liability.

We also consider additional information, such as, but not limited to, changes in the legal, regulatory and judicial environment; medical cost trends and general inflation; and adjust the estimate of ultimate losses as deemed necessary.

Paid-to-date losses are then deducted from the estimate of ultimate losses and LAE to arrive at an estimated total loss reserve, and reported outstanding case reserves are then deducted from estimated total loss reserves to calculate the estimated IBNR reserve.

These estimates are reviewed regularly and, as experience develops and new information becomes known, the reserves are adjusted as necessary. We generally perform a full review of each portfolio annually and additionally we perform interim reviews quarterly to ascertain whether changes to claims paid or case reserve amounts have varied from our expectations developed during the last annual reserve review. In this event, we consider the timing and magnitude of the actual versus expected development and may record an interim adjustment to our recorded reserves.

Asbestos and Environmental Reserving Methodologies

The ultimate losses from A&E claims cannot be estimated using traditional actuarial reserving techniques that extrapolate losses to an ultimate basis using loss development. Claims are spread across multiple policy years, generally from 1985 and prior, based on the still evolving case law in each jurisdiction, making historical development patterns unreliable to forecast the future claim payments.

As such, we estimate IBNR reserves for each of our portfolios with A&E exposures separately using the following methodologies:

- **Paid Survival Ratio Method:** In this method, our historical calendar year payments are examined to determine an expected future annual average payment amount. This amount is multiplied by an expected number of future payment years to estimate a reserve.

  Trends in calendar year payment activity are considered when selecting an expected future annual average payment amount and accepted industry benchmarks are used in determining an expected number of future payment years.
- **Paid Market Share Method:** In this method, our estimated market share is applied to the industry estimated unpaid losses or estimate of industry ultimate losses. The ratio of our historical calendar year payments to industry historical calendar year payments is examined to estimate our market share. This ratio is then applied to the estimate of industry unpaid losses or estimate of industry ultimate losses.
- **Reserve-to-Paid Method:** In this method, the ratio of estimated industry reserves to industry paid-to-date losses is multiplied by our paid-to-date losses to estimate our reserves.
- **IBNR - Case Ratio Method:** In this method, the ratio of estimated industry IBNR reserves to industry case reserves is multiplied by our case reserves to estimate our IBNR reserves.
- **Ultimate-to-Incurred Method:** In this method, the ratio of estimated industry ultimate losses to industry incurred-to-date losses is applied to our incurred-to-date losses to estimate our IBNR reserves.
- **Decay Factor Method:** In this method, a decay factor is directly applied to our payment data to estimate future payments. The decay factors were selected based on a review of our own decays and industry decays.
- **Asbestos Ground-up Exposure Analysis Using Frequency-Severity Method:** This method is used when we have policy and claim data at the defendant or claimant level. In a frequency-severity method there are two components that need to be estimated, namely, (1) the number of claims that will ultimately be settled with payment and (2) the severity of these claims including legal costs.

  The estimate of future settled claims is based on the historical claim filing rates, historical claim dismissal rates, current pending claims and epidemiological forecasts of asbestos disease incident for future claim filings.

The net liability for unpaid losses and LAE as of December 31, 2021 and 2020 included $2.3 billion and $1.9 billion, respectively, which represented an estimate of the net ultimate liability for A&E claims. The gross liability for such claims as of December 31, 2021 and 2020 was $2.4 billion and $2.1 billion, respectively.

The increase of $407 million and $277 million on a net and gross basis, respectively, in 2021 was primarily due the Step Acquisition of Enhanzed Re where business previously ceded to Enhanzed Re was no longer eliminated upon consolidation, partially offset by net paid losses during the year.

Disclosures of Incurred and Paid Loss Development, IBNR, Claims Counts and Payout Percentages

The loss development tables set forth our historic incurred and paid loss development through December 31, 2021, net of reinsurance, as well as the cumulative number of reported claims, IBNR balances, and other supplementary information for our segment lines of business with material net losses and LAE balances as of December 31, 2021.

The following factors are relevant to the loss development information presented in the tables below:

- **Level of Disaggregation:** In addition to accident year, we have disaggregated the information in the loss development tables by segment, line of business and acquisition year. We have presented only the last 10 years of portfolio acquisitions as we believe that the current activity on the preceding acquisition years is not meaningful. We have presented only our Run-off segment as we retain no net economic interest in the activity

of our Legacy Underwriting segment. We have not presented empty rows where we did not acquire any business for that combination of line of business, acquisition and accident year.

We present acquisition year information so that the impact of take-on positions from acquired and assumed business (as described below) is additionally separated and provides a consistent trend of the development of our ultimate loss reserves.

- **StarStone International:** In 2014, we acquired an active underwriting business, Starstone Group. In 2020, we sold the StarStone US business and effective January 1, 2021, StarStone International reserves totaling $955 million were transferred from the Legacy Underwriting segment to the Run-off segment.

  As such, on a prospective basis we have separately presented the Starstone International loss development tables on a standalone basis from the date of acquisition (April 2014). Additionally, the loss development information for StarStone International has been included in the Run-off segment loss development tables as an acquisition in 2021. In both instances, we have aligned the StarStone International lines of business with the Run-off segment lines of business.

- **Cessions to Enhanzed Re:** Following the Step Acquisition of Enhanzed Re, the Run-off segment business previously ceded to Enhanzed Re was no longer eliminated upon consolidation. As such, the loss development disclosures presented for the Run-off segment have been restated to exclude the historical incurred and paid loss development related to these cessions.

- **Acquired and Assumed Business:** Acquired and assumed net reserves arising from business acquisitions and retroactive reinsurance agreements are included in the loss development tables on a prospective basis as the loss reserves are effectively re-underwritten at the date that they are acquired or assumed.

  We believe that the historical loss development prior to our acquisition is not relevant with respect to our own experience managing these acquired loss reserves. Furthermore, the information required to prepare the loss development disclosures on a retrospective basis is not always available to us or reliable.

- **Commutations and Policy Buybacks:** The loss development tables include the net incurred effect of agreeing a commutation or policy buyback in the year in which the commutation or policy buyback is contractually agreed and the related settlement in the year in which it is paid or received.

  We do not recast prior years to remove commuted or bought back claims, since this practice would eliminate any historical favorable or adverse development we may have experienced on the commuted loss and LAE reserves.

- **Net Liabilities for Losses and LAE and Net Paid Losses and LAE:** The loss development tables include reported case reserves and IBNR liabilities as well as cumulative paid losses, both of which include ALAE and are net of reinsurance recoveries.

  The loss development tables exclude ULAE, fair value adjustments related to both business acquisitions and retroactive reinsurance agreements for which we have elected the fair value option as well as DCAs.

- **PPD:** PPD included in the loss development tables is calculated as follows: i) for acquisition years 2020 and prior, subtract the 2020 calendar year net cumulative incurred losses and ALAE from the 2021 calendar year for all accident years excluding 2021; and ii) add the result of subtracting the 2021 acquisition year net reserves acquired from the 2021 net cumulative incurred losses and ALE for all accident year excluding 2021.

- **Foreign Exchange:** The loss development tables exclude the impact of foreign exchange rates. Historical amounts are disclosed on a constant-currency basis, which is achieved by using constant foreign exchange rates between years in the loss development tables, and translating prior year amounts denominated in currencies other than the U.S. dollar, which is our reporting currency, using the closing exchange rates as of December 31, 2021.

- **Reported Claim Counts:** Reported claim counts are included in the loss development tables on a cumulative basis. We measure claim frequency information on an individual claim count basis as follows:

  - The claim frequency information includes direct and assumed open and closed claims at the claimant level. Reported claims that are closed without a payment are included within our cumulative number of reported claims because we typically incur claim adjustment expenses on them prior to their closure.

- The claim count numbers exclude counts related to claims within policy deductibles where the insured is responsible for the payment of losses within the deductible layer.
- Individual claim counts related to certain assumed reinsurance contracts such as excess-of-loss and quota share treaties are not available to us, and the losses arising from these treaties have been treated as single claims for the purposes of determining claim counts. Therefore, each treaty year within the reinsurance contract is deemed a single claim because the detailed underlying individual claim information is generally not reported to us by our cedants.
- For certain insurance facilities and business produced or managed by managing general agents, coverholders and third party administrators where the underlying claims data is reported to us in an aggregated format, the information necessary to provide cumulative claims frequency is not available. In such cases, we typically record a “block” claim in our system.

Our reported claim frequency information is subject to the following inherent limitations when analyzing our loss experience and severity:

- Claim counts are presented only on a reported and not on an ultimate basis. Reported claim counts include open claims which have outstanding reserves but excludes claim counts that may relate to IBNR. As such the reported claims are consistent with reported losses, which can be calculated by subtracting IBNR losses from incurred losses. However, the reported claim counts are inconsistent with the losses in the incurred loss development tables, which include IBNR losses, and to losses in the paid loss development tables, which exclude outstanding reserves.
- Reported claim counts have not been adjusted for ceded reinsurance, which may distort any measures of frequency or severity.
- For lines of business that have a mix of primary and excess layer exposures, such as our general casualty and workers’ compensation lines of business, the reported claim counts may fluctuate from period to period between exposure layers, thereby distorting any measure of frequency and severity.
- The use of our reported claim frequency information to project ultimate loss payouts by disaggregated disclosure category or line of business may not be as meaningful as claim count information related to individual contracts at a more granular level.

- **Annual Percentage Payout:** Annual percentage payout disclosures are based on the payout of claims by age, net of reinsurance. Claim age reflects the number of years that have lapsed since the original acquisition to the date the claim is paid, or in the case of StarStone International, the number of years that have lapsed since the claim’s accident year to the date the claims is paid.

  There may be occasions where, due to our claims management strategies (including commutations and policy buybacks) or due to the timing of claims payments relative to the associated recovery, the cash received from reinsurance recoveries is greater than the cash paid out to our claimants, (i.e. a net recovery rather than a net payout for a particular calendar year), thereby resulting in a negative annual percentage payout for that calendar year.

- **Supplemental Information:** The information related to net incurred and paid loss development for all calendar years preceding the year ended December 31, 2021, as well as 2011 and prior accident year and all acquisition year information (including net acquired reserves and PPD), and the related historical average claims payout percentage disclosure is unaudited and is presented as supplementary information.

Run-off Segment

Asbestos

Acquisition Year	Accident Year	Net Acquired Reserves	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31									Year Ended December 31, 2021	As of December 31, 2021	
			2013	2014	2015	2016	2017	2018	2019	2020	2021	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)												
		Unaudited										Unaudited		
2013	2011 and Prior	$ 15	$ 15	$ 15	$ 14	$ 15	$ 15	$ 14	$ 10	$ 10	$ 10	$ —	$ 5	214
2016	2011 and Prior	507				506	565	563	582	632	635	3	194	2,118
2017	2011 and Prior	957					885	825	864	856	840	(16)	550	5,382
2018	2011 and Prior	54						49	46	3	—	(3)	3	31
2019	2011 and Prior	366							367	354	356	2	156	2,060
2021	2011 and Prior	385									385	—	194	2,059
	Grand Total	$ 2,284									$ 2,226	$ (14)	$ 1,102	11,864
Net cumulative paid losses and ALAE (from table below)											(534)			
2012- 2021 acquisition years - net liabilities for losses and ALAE											1,692			
2011 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years											184	(2)		
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years											$ 1,876	$ (16)		

Run-off Segment

Asbestos

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31								
		2013	2014	2015	2016	2017	2018	2019	2020	2021
		(in millions of U.S. dollars, except cumulative number of claims)								
		Unaudited								
2013	2011 and Prior	$ —	$ —	$ —	$ 1	$ 2	$ 2	$ 2	$ 3	$ 3
2016	2011 and Prior				20	71	124	183	228	267
2017	2011 and Prior					19	53	89	131	177
2018	2011 and Prior						(1)	(3)	(2)	(3)
2019	2011 and Prior							4	45	89
2021	2011 and Prior									1
	Grand Total									$ 534

	Run-off Segment								
	Asbestos								
	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance								
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Acquisition Year	Unaudited								
2013	— %	— %	— %	10.00 %	20.00 %	20.00 %	20.00 %	30.00 %	30.00 %
2016	3.15 %	11.18 %	19.53 %	28.82 %	35.91 %	42.05 %			
2017	2.26 %	6.31 %	10.60 %	15.60 %	21.07 %				
2018	— %	— %	— %	— %					
2019	1.12 %	12.64 %	25.00 %						
2021	0.26 %								

Run-off Segment

General Casualty

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2021	As of December 31, 2021	
			2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
		Unaudited											Unaudited		
2012	2011 and Prior	$ 81	$ 94	$ 86	$ 102	$ 90	$ 89	$ 87	$ 85	$ 86	$ 85	$ 85	$ —	$ 3	6,493
2012	2012	—	—	—	—	—	—	—	—	—	—	—	—	—	1
2012	2013	—		—	—	—	—	—	—	—	—	—	—	—	4
2012	2014	—			—	—	—	—	—	—	—	—	—	—	2
2012	2016	—					—	—	—	—	—	—	—	—	1
2012	2018	—							—	—	—	—	—	—	2
2012	2019	—								—	—	—	—	—	1
2012	2020	—									—	—	—	—	3
	Total	81	94	86	102	90	89	87	85	86	85	85	—	3	6,507
2013	2011 and Prior	77		76	76	96	96	97	100	101	106	106	—	3	655
2013	2012	1		2	1	1	1	1	—	—	—	—	—	1	3
2013	2013	—		—	1	—	—	—	—	—	—	—	—	—	1
2013	2014	—			—	—	—	—	—	—	—	—	—	—	2
2013	2015	—				—	—	—	—	—	—	—	—	—	1
	Total	78		78	78	97	97	98	100	101	106	106	—	4	662
2014	2011 and Prior	38			52	48	48	49	49	50	56	49	(7)	1	726
2014	2012	15			18	23	28	24	22	21	22	20	(2)	1	152
2014	2013	10			9	10	9	9	13	14	11	10	(1)	1	74
2014	2014	—			1	1	—	1	1	2	2	1	(1)	—	3
2014	2015	—				—	—	—	—	—	—	—	—	—	2
2014	2016	—					—	—	—	—	—	—	—	—	1
2014	2017	—						—	—	—	—	—	—	—	1
	Total	63			80	82	85	83	85	87	91	80	(11)	3	959
2015	2011 and Prior	38				35	30	31	30	27	31	29	(2)	2	4,035
2015	2012	38				26	32	34	32	30	29	32	3	—	782
2015	2013	53				29	34	36	36	35	35	35	—	3	779
2015	2014	33				20	23	27	29	45	38	37	(1)	2	1,161
2015	2015	4				10	9	9	11	16	21	18	(3)	3	1,345
2015	2016	—					2	2	2	2	3	5	2	2	250
2015	2017	—						—	—	—	—	—	—	—	37
2015	2018	—							2	1	1	1	—	1	12
2015	2019	—								2	2	2	—	2	1
2015	2020	—									2	2	—	2	—
2015	2021	—										1	—	1	—
	Total	166				120	130	139	142	158	162	162	(1)	18	8,402
2016	2011 and Prior	—					4	9	9	8	6	5	(1)	—	1,764
	Total	—					4	9	9	8	6	5	(1)	—	1,764
2017	2011 and Prior	174						158	145	132	127	123	(4)	7	261
2017	2012	9						7	6	5	5	6	1	—	6
2017	2013	7						6	5	4	5	6	1	—	7
2017	2014	6						3	3	2	3	2	(1)	—	1
2017	2015	5						4	4	4	4	4	—	—	1
	Total	201						178	163	147	144	141	(3)	7	276

Run-off Segment

General Casualty

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2021	As of December 31, 2021	
			2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
			Unaudited										Unaudited		
2018	2011 and Prior	102							82	80	83	82	(1)	9	45,716
2018	2012	24							24	21	20	17	(3)	1	1,979
2018	2013	57							53	48	44	47	3	1	2,201
2018	2014	53							50	49	45	46	1	4	2,194
2018	2015	96							92	94	92	93	1	9	3,211
2018	2016	65							63	81	81	82	1	6	3,442
2018	2017	38							39	44	49	51	2	12	500
2018	2018	40							40	41	39	36	(3)	8	186
2018	2019	—								7	6	7	1	1	36
	Total	475							443	465	459	461	2	51	59,465
2019	2011 and Prior	18								16	15	12	(3)	2	1,857
2019	2012	16								11	11	11	—	5	668
2019	2013	21								16	16	23	7	14	888
2019	2014	27								22	21	29	8	26	765
2019	2015	76								67	61	76	15	39	1,290
2019	2016	37								39	39	47	8	33	2,595
2019	2017	41								48	46	55	9	44	1,827
2019	2018	49								49	49	53	4	49	387
2019	2019	—								1	2	2	—	—	237
2019	2020	—									—	—	—	—	127
2019	2021	—										—	—	—	64
	Total	285								269	260	308	48	212	10,705
2020	2011 and Prior	70									70	76	6	63	84
2020	2012	56									56	37	(19)	31	68
2020	2013	62									57	44	(13)	28	169
2020	2014	89									92	77	(15)	52	215
2020	2015	143									144	120	(24)	77	331
2020	2016	145									148	173	25	115	429
2020	2017	145									139	154	15	119	502
2020	2018	143									140	145	5	119	343
2020	2019	203									202	235	33	204	429
2020	2020	84									83	95	12	85	438
	Total	1,140									1,131	1,156	25	893	3,008
2021	2011 and Prior	124										126	2	123	288
2021	2012	35										36	1	32	1,150
2021	2013	51										52	1	48	619
2021	2014	66										66	—	56	481
2021	2015	139										142	3	117	2,739
2021	2016	194										204	10	172	2,963
2021	2017	302										310	8	258	6,605
2021	2018	376										371	(5)	345	6,517
2021	2019	429										432	3	407	6,100
2021	2020	61										76	15	43	2,773
2021	2021	—										1	—	1	73

Run-off Segment

General Casualty

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2021	As of December 31, 2021	
			2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
		Unaudited											Unaudited		
	Total	1,777										1,816	38	1,602	30,308
	Grand Total	$ 4,266										$4,320	$ 97	$ 2,793	122,056

Net cumulative paid losses and ALAE (from table below)	(1,055)
2012 - 2021 acquisition years - net liabilities for losses and ALAE	3,265
2011 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	97
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	$3,362

		19
		$ 116

Run-off Segment

General Casualty

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31									
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
		(in millions of U.S. dollars, except cumulative number of claims)									
		Unaudited									
2012	2011 and Prior	$ 20	$ 39	$ 50	$ 57	$ 63	$ 65	$ 69	$ 73	$ 75	$ 76
	Total	20	39	50	57	63	65	69	73	75	76
2013	2011 and Prior		5	22	44	57	75	84	89	90	97
	Total		5	22	44	57	75	84	89	90	97
2014	2011 and Prior			27	28	33	33	34	35	35	39
2014	2012			5	7	10	14	14	14	14	14
2014	2013			1	1	1	2	6	7	7	7
2014	2014			—	—	—	—	—	1	1	1
	Total			33	36	44	49	54	57	57	61
2015	2011 and Prior				12	13	14	17	18	21	23
2015	2012				7	11	17	21	25	28	30
2015	2013				7	13	18	25	30	30	31
2015	2014				3	7	15	21	29	33	34
2015	2015				1	1	2	5	11	13	13
2015	2016					—	—	—	1	1	2
	Total				30	45	66	89	114	126	133
2016	2011 and Prior					1	2	2	3	4	4
	Total					1	2	2	3	4	4
2017	2011 and Prior						25	50	67	76	83
2017	2012						3	6	6	8	8
2017	2013						3	6	8	9	8
2017	2014						2	3	4	4	4
2017	2015						1	3	3	4	4
	Total						34	68	88	101	107

Run-off Segment

General Casualty

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31									
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
		(in millions of U.S. dollars, except cumulative number of claims)									
		Unaudited									
2018	2011 and Prior							9	21	32	38
2018	2012							3	9	11	13
2018	2013							8	18	30	36
2018	2014							5	17	23	28
2018	2015							16	31	44	59
2018	2016							10	33	45	55
2018	2017							—	12	25	33
2018	2018							—	9	17	26
2018	2019								2	3	6
	Total							51	152	230	294
2019	2011 and Prior								1	2	6
2019	2012								2	2	4
2019	2013								3	4	4
2019	2014								3	6	6
2019	2015								3	13	19
2019	2016								4	6	8
2019	2017								6	8	10
2019	2018								1	2	3
2019	2019								—	1	1
	Total								23	44	61
2020	2011 and Prior									—	3
2020	2012									—	4
2020	2013									3	5
2020	2014									6	15
2020	2015									11	22
2020	2016									10	35
2020	2017									4	24
2020	2018									—	17
2020	2019									—	19
2020	2020									2	9
	Total									36	153
2021	2011 and Prior										3
2021	2012										1
2021	2013										1
2021	2014										1
2021	2015										8
2021	2016										15
2021	2017										23
2021	2018										4
2021	2019										3
2021	2020										10
	Total										69
	Grand Total										$1,055

	Run-off Segment									
	General Casualty									
	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Year of Acquisition	Unaudited									
2012	23.53 %	45.88 %	58.82 %	67.06 %	74.12 %	76.47 %	81.18 %	85.88 %	88.24 %	89.41 %
2013	4.85 %	20.75 %	41.51 %	53.77 %	70.75 %	79.25 %	83.96 %	84.91 %	91.51 %	
2014	41.25 %	45.00 %	55.00 %	61.25 %	67.50 %	71.25 %	71.25 %	75.63 %		
2015	18.52 %	27.78 %	40.74 %	54.94 %	70.37 %	77.78 %	82.10 %			
2016	20.00 %	40.00 %	40.00 %	60.00 %	80.00 %	80.00 %				
2017	24.11 %	48.23 %	62.41 %	71.63 %	75.89 %					
2018	10.95 %	32.97 %	49.89 %	63.77 %						
2019	7.47 %	14.29 %	19.81 %							
2020	3.11 %	13.19 %								
2021	3.80 %									

Run-off Segment

Workers' Compensation

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31									Year Ended December 31, 2021	As of December 31, 2021	
			2013	2014	2015	2016	2017	2018	2019	2020	2021	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)												
		Unaudited										Unaudited		
2013	2011 and Prior	$ 288	$ 303	$ 308	$ 298	$ 290	$ 280	$ 265	$ 253	$ 244	$ 243	$ (1)	$ 5	62,758
2013	2012	130	124	118	116	112	107	106	105	103	103	—	1	10,419
2013	2013	12	90	91	89	85	82	79	80	79	78	(1)	1	5,656
2013	2014	—		4	3	3	3	2	2	2	2	—	—	172
	Total	430	517	521	506	490	472	452	440	428	426	(2)	7	79,005
2015	2011 and Prior	1,029			942	639	586	557	516	500	485	(15)	33	9,884
2015	2012	121			110	109	108	100	99	99	99	—	3	1,832
2015	2013	149			125	123	123	114	114	115	115	—	6	2,454
2015	2014	84			87	84	84	81	80	82	83	1	2	3,953
2015	2015	7			19	16	15	15	14	15	13	(2)	—	5,279
2015	2016	—				1	1	1	1	1	1	—	—	10,722
2015	2017	—					—	—	—	—	—	—	—	2,251
2015	2018	—						—	—	—	—	—	—	10
	Total	1,390			1,283	972	917	868	824	812	796	(16)	44	36,385
2016	2011 and Prior	453				453	419	408	399	384	382	(2)	19	9,921
2016	2012	13				13	15	13	11	11	11	—	1	612
	Total	466				466	434	421	410	395	393	(2)	20	10,533
2017	2011 and Prior	86					59	71	78	71	67	(4)	22	15
2017	2012	22					18	17	16	15	14	(1)	3	1
2017	2013	19					17	16	14	16	16	—	1	1
2017	2014	18					10	8	9	8	7	(1)	—	—
	Total	145					104	112	117	110	104	(6)	26	17
2018	2011 and Prior	155						149	159	159	164	5	53	2,386
2018	2012	39						37	28	28	27	(1)	9	422
2018	2013	49						47	38	34	34	—	11	844
2018	2014	62						63	57	53	51	(2)	14	1,308
2018	2015	37						36	34	32	30	(2)	10	1,291
2018	2016	45						45	40	39	40	1	16	1,211
2018	2017	53						54	50	47	47	—	19	1,084
2018	2018	65						65	60	60	55	(5)	15	887
2018	2019	—							21	21	21	—	4	383
2018	2020	—								—	—	—	—	1
	Total	505						496	487	473	469	(4)	151	9,817
2019	2011 and Prior	8							6	6	19	13	17	10,190
2019	2012	6							6	6	8	2	8	1,114
2019	2013	16							17	15	14	(1)	14	2,366
2019	2014	35							37	37	31	(6)	26	3,192
2019	2015	55							54	54	44	(10)	39	4,074
2019	2016	83							82	83	61	(22)	49	4,822
2019	2017	88							88	90	66	(24)	59	2,362
2019	2018	119							119	119	82	(37)	81	358
2019	2019	—							—	—	—	—	—	13
2019	2020	—								—	—	—	—	1

Run-off Segment

Workers' Compensation

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31									Year Ended December 31, 2021	As of December 31, 2021	
			2013	2014	2015	2016	2017	2018	2019	2020	2021	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)												
		Unaudited										Unaudited		
	Total	410							409	410	325	(85)	293	28,492
2020	2011 and Prior	208								121	105	(16)	41	8
2020	2014	—								—	—	—	—	15
2020	2015	2								2	2	—	1	57
2020	2016	3								3	3	—	1	126
2020	2017	2								2	2	—	1	126
2020	2018	10								10	8	(2)	3	325
2020	2019	32								32	26	(6)	7	644
2020	2020	32								33	26	(7)	8	1,180
	Total	289								203	172	(31)	62	2,481
2021	2011 and Prior	976									911	(65)	350	11,518
2021	2012	19									19	—	12	617
2021	2013	38									37	(1)	28	5
2021	2014	14									15	1	9	29
2021	2015	42									35	(7)	20	120
2021	2016	55									54	(1)	31	220
2021	2017	45									46	1	24	456
2021	2018	63									61	(2)	37	815
2021	2019	48									47	(1)	22	1,284
2021	2020	48									58	10	25	3,434
2021	2021	—									23	—	13	4,003
	Total	1,348									1,306	(65)	571	22,501
	Grand Total	$ 4,983									$ 3,991	$ (211)	$ 1,174	189,231

Net cumulative paid losses and ALAE (from table below)	(1,513)	
2012 - 2021 acquisition years - net liabilities for losses and ALAE	2,478	
2011 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	150	(23)
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	$ 2,628	$ (234)

Run-off Segment

Workers' Compensation

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31								
		2013	2014	2015	2016	2017	2018	2019	2020	2021
		(in millions of U.S. dollars, except cumulative number of claims)								
		Unaudited								
2013	2011 and Prior	$ 78	$ 132	$ 168	$ 195	$ 200	$ 206	$ 208	$ 208	$ 214
2013	2012	33	58	74	85	91	95	98	96	97
2013	2013	17	37	53	63	68	71	75	74	75
2013	2014		1	1	2	2	2	2	2	2
	Total	128	228	296	345	361	374	383	380	388

Run-off Segment

Workers' Compensation

Net cumulative paid losses and allocated loss adjustment expenses

For the years ended December 31

Acquisition Year	Accident Year	2013	2014	2015	2016	2017	2018	2019	2020	2021
		(in millions of U.S. dollars, except cumulative number of claims)								
		Unaudited								
2015	2011 and Prior			36	95	147	182	211	236	263
2015	2012			25	53	66	80	88	91	93
2015	2013			28	56	76	93	102	105	107
2015	2014			18	39	54	67	75	78	79
2015	2015			3	6	10	11	12	12	13
	Total			110	249	353	433	488	522	555
2016	2011 and Prior				38	71	98	136	167	191
2016	2012				3	5	6	7	8	9
	Total				41	76	104	143	175	200
2017	2011 and Prior					15	18	25	32	34
2017	2012					4	5	7	8	9
2017	2013					4	6	9	12	12
2017	2014					3	4	5	5	6
	Total					26	33	46	57	61
2018	2011 and Prior						2	17	32	36
2018	2012						2	6	9	11
2018	2013						2	8	12	15
2018	2014						3	14	21	28
2018	2015						1	3	8	11
2018	2016						—	5	8	13
2018	2017						—	7	10	13
2018	2018						—	29	34	36
2018	2019							13	16	16
	Total						10	102	150	179
2019	2011 and Prior							1	1	1
2019	2014							2	3	4
2019	2015							3	4	4
2019	2016							5	9	10
2019	2017							2	4	5
2019	2018							1	1	1
	Total							14	22	25
2020	2011 and Prior								2	10
2020	2016								—	1
2020	2018								—	1
2020	2019								1	10
2020	2020								1	10
	Total								4	32
2021	2011 and Prior									14
2021	2012									1
2021	2013									1
2021	2014									2
2021	2015									3
2021	2016									4

Run-off Segment

Workers' Compensation

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31								
		2013	2014	2015	2016	2017	2018	2019	2020	2021
		(in millions of U.S. dollars, except cumulative number of claims)								
		Unaudited								
2021	2017									7
2021	2018									4
2021	2019									9
2021	2020									24
2021	2021									4
	Total									73
	Grand Total									$ 1,513

Run-off Segment

Workers' Compensation

Year of Acquisition	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance								
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
	Unaudited								
2013	30.05 %	53.52 %	69.48 %	80.99 %	84.74 %	87.79 %	89.91 %	89.04 %	91.08 %
2015	13.81 %	31.27 %	44.32 %	54.37 %	61.28 %	65.49 %	69.70 %		
2016	10.43 %	19.34 %	26.46 %	36.39 %	44.53 %	50.89 %			
2017	25.00 %	31.73 %	44.23 %	54.81 %	58.65 %				
2018	2.13 %	21.75 %	31.98 %	38.17 %					
2019	4.31 %	6.77 %	7.69 %						
2020	2.33 %	18.60 %							
2021	5.59 %								

Run-off Segment

Professional Indemnity / Directors and Officers

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2021	As of December 31, 2021	
			2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
		Unaudited											Unaudited		
2012	2011 and Prior	$ 118	$ 149	$ 152	$ 136	$ 167	$ 161	$ 152	$ 152	$ 149	$ 144	$ 144	$ —	$ 6	8,495
2012	2012	—	—	1	1	3	1	—	—	—	—	—	—	—	6
2012	2013	—		—	—	—	1	—	—	—	—	—	—	—	3
2012	2014	—			—	—	—	—	—	—	—	—	—	—	2
2012	2015	—				—	—	—	—	—	—	—	—	—	2
2012	2016	—					—	—	—	—	—	—	—	—	3
	Total	118	149	153	137	170	163	152	152	149	144	144	—	6	8,511
2014	2011 and Prior	23			22	26	23	24	24	24	24	24	—	1	1,757
2014	2012	49			39	51	49	46	44	45	43	42	(1)	1	2,164
2014	2013	32			43	61	54	59	54	48	46	48	2	5	1,628
2014	2014	—			7	5	5	4	6	5	5	9	4	6	548
2014	2015	—				—	7	8	7	5	5	2	(3)	—	76
2014	2016	—					—	—	—	—	—	—	—	—	18
2014	2017	—						—	—	—	—	—	—	—	24
2014	2018	—							—	—	—	—	—	—	13
2014	2019	—								—	—	—	—	—	5
2014	2020	—									—	—	—	—	5
2014	2021	—										—	—	—	3
	Total	104			111	143	138	141	135	127	123	125	2	13	6,241
2016	2011 and Prior	123					119	121	121	109	106	94	(12)	(2)	2,858
2016	2012	—					—	—	—	—	—	—	—	—	1
2016	2013	—					—	—	—	—	—	—	—	—	1
	Total	123					119	121	121	109	106	94	(12)	(2)	2,860
2018	2011 and Prior	264							238	200	196	197	1	8	55,421
2018	2012	67							77	70	69	79	10	4	4,047
2018	2013	56							60	53	64	59	(5)	4	3,988
2018	2014	73							69	70	61	56	(5)	2	4,277
2018	2015	52							61	78	81	80	(1)	5	4,366
2018	2016	19							33	38	45	47	2	3	2,719
2018	2017	1							2	6	7	9	2	—	230
2018	2018	—							—	1	1	1	—	—	13
2018	2019	—								—	—	—	—	—	6
2018	2020	—									—	—	—	—	12
2018	2021	—										—	—	—	3
	Total	532							540	516	524	528	4	26	75,082
2019	2011 and Prior	15								13	13	11	(2)	1	7,249
2019	2012	21								21	9	9	—	1	2,524
2019	2013	29								23	24	27	3	4	3,204
2019	2014	39								33	32	26	(6)	2	3,590
2019	2015	62								56	39	42	3	4	4,206
2019	2016	20								34	40	47	7	6	4,849
2019	2017	9								18	32	35	3	5	2,855
2019	2018	1								4	3	3	—	—	308

Run-off Segment

Professional Indemnity / Directors and Officers

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2021	As of December 31, 2021	
			2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
		Unaudited											Unaudited		
2019	2019	—								2	2	2	—	—	58
2019	2020	—									—	—	—	—	30
2019	2021	—										—		—	3
	Total	196								204	194	202	8	23	28,876
2020	2011 and Prior	4									4	15	11	15	4
2020	2012	2									2	7	5	7	4
2020	2013	8									8	7	(1)	6	6
2020	2014	12									12	11	(1)	11	4
2020	2015	17									17	17	—	16	4
2020	2016	16									16	26	10	26	9
2020	2017	17									17	26	9	26	43
2020	2018	26									26	38	12	30	116
2020	2019	100									100	55	(45)	37	139
2020	2020	35									35	37	2	21	138
	Total	237									237	239	2	195	467
2021	2011 and Prior	33										37	4	33	402
2021	2012	24										24	—	21	195
2021	2013	28										35	7	27	176
2021	2014	21										22	1	19	54
2021	2015	46										48	2	35	1,006
2021	2016	49										48	(1)	36	1,671
2021	2017	76										69	(7)	53	2,745
2021	2018	152										143	(9)	98	5,681
2021	2019	183										170	(13)	129	6,673
2021	2020	50										41	(9)	31	1,486
2021	2021	—										10	—	8	218
	Total	662										647	(25)	490	20,307
	Grand Total	$ 1,972										$1,979	$ (21)	$ 751	142,344

Net cumulative paid losses and ALAE (from table below)	(658)	
2012 - 2021 acquisition years - net liabilities for losses and ALAE	1,321	
2011 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	13	(10)
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	$1,334	$ (31)

Run-off Segment

Professional Indemnity / Directors and Officers

Net cumulative paid losses and allocated loss adjustment expenses

For the years ended December 31

Acquisition Year	Accident Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
		(in millions of U.S. dollars, except cumulative number of claims)									
		Unaudited									
2012	2011 and Prior	$ 28	$ 52	$ 68	$ 84	$ 97	$ 107	$ 113	$ 117	$ 122	$ 126
	Total	28	52	68	84	97	107	113	117	122	126
2014	2011 and Prior			10	14	17	18	21	21	22	22
2014	2012			14	25	32	35	34	35	35	34
2014	2013			15	27	31	40	40	40	41	42
2014	2014			—	1	1	1	3	3	3	3
2014	2015				—	—	1	2	2	3	2
	Total			39	67	81	95	100	101	104	103
2016	2011 and Prior					10	21	32	30	34	36
	Total					10	21	32	30	34	36
2018	2011 and Prior							39	61	50	50
2018	2012							17	25	31	49
2018	2013							9	14	19	29
2018	2014							18	29	36	38
2018	2015							15	27	37	45
2018	2016							6	20	29	31
2018	2017							—	2	4	8
2018	2018							—	1	1	1
	Total							104	179	207	251
2019	2011 and Prior								2	2	5
2019	2012								4	4	3
2019	2013								3	3	8
2019	2014								9	11	17
2019	2015								8	11	18
2019	2016								5	18	23
2019	2017								2	11	13
2019	2018								—	1	2
2019	2019								—	—	1
	Total								33	61	90
2020	2013									1	1
2020	2017									—	(1)
2020	2018									—	4
2020	2019									—	9
2020	2020									1	9
	Total									2	22
2021	2011 and Prior										4
2021	2012										1
2021	2013										1
2021	2014										2
2021	2015										3
2021	2016										3
2021	2017										3
2021	2018										9

Run-off Segment

Professional Indemnity / Directors and Officers

Acquisition Year	Accident Year	Net cumulative paid losses and allocated loss adjustment expenses For the years ended December 31									
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
		(in millions of U.S. dollars, except cumulative number of claims)									
		Unaudited									
2021	2019										2
2021	2020										1
2021	2021										1
	Total										30
	Grand Total										$ 658

Run-off Segment

Professional Indemnity/Directors & Officers

Year of Acquisition	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Unaudited									
2012	19.44 %	36.11 %	47.22 %	58.33 %	67.36 %	74.31 %	78.47 %	81.25 %	84.72 %	87.50 %
2014	31.20 %	53.60 %	64.80 %	76.00 %	80.00 %	80.80 %	83.20 %	82.40 %		
2016	10.64 %	22.34 %	34.04 %	31.91 %	36.17 %	38.30 %				
2018	19.70 %	33.90 %	39.20 %	47.54 %						
2019	16.34 %	30.20 %	44.55 %							
2020	0.84 %	9.21 %								
2021	4.64 %									

Run-off Segment

Motor

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2021	As of December 31, 2021	
			2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
			Unaudited										Unaudited		
2012	2011 and Prior	$ 2	$ 2	$ 2	$ 2	$ 2	$ 2	$ 3	$ 2	$ 1	$ 1	$ 1	$ —	$ —	10
	Total	2	2	2	2	2	2	3	2	1	1	1	—	—	10
2014	2011 and Prior	13			15	17	17	17	17	19	18	17	(1)	—	694
2014	2012	12			17	18	19	19	19	19	19	19	—	—	989
2014	2013	9			6	7	6	6	6	6	6	6	—	—	443
2014	2014	—			—	—	—	1	1	1	1	1	—	—	5
2014	2015	—				—	—	—	—	—	—	—	—	—	1
2014	2016	—					—	—	—	—	—	—	—	—	1
2014	2017	—						—	—	—	—	—	—	—	1
	Total	34			38	42	42	43	43	45	44	43	(1)	—	2,134
2015	2011 and Prior	23				24	25	28	26	25	25	25	—	—	72
2015	2012	14				21	22	21	22	22	22	22	—	—	243
2015	2013	15				17	18	18	17	17	17	17	—	—	817
2015	2014	8				12	13	12	13	12	12	12	—	—	668
2015	2015	4				7	6	8	8	8	8	8	—	—	1,385
2015	2016	—					1	—	—	—	—	—	—	—	229
2015	2017	—						—	—	—	—	—	—	—	14
2015	2018	—							—	—	—	—	—	—	5
	Total	64				81	85	87	86	84	84	84	—	—	3,433
2017	2011 and Prior	6						11	6	7	8	10	2	1	109
2017	2012	7						6	5	5	6	4	(2)	—	4
2017	2013	5						5	5	5	6	7	1	—	6
2017	2014	7						5	5	5	5	4	1	—	26
2017	2015	1						1	2	1	1	1	—	—	15
2017	2016	—						—	—	1	1	1	—	—	4
	Total	26						28	23	24	27	27	—	1	164
2018	2011 and Prior	65							57	57	59	58	(1)	4	2,004
2018	2012	60							47	57	52	53	1	4	1,567
2018	2013	76							65	67	62	62	—	3	1,190
2018	2014	119							104	91	86	79	(7)	1	1,146
2018	2015	127							116	121	117	113	(4)	6	1,322
2018	2016	109							104	110	104	102	(2)	5	1,174
2018	2017	101							101	99	102	102	—	10	2,843
2018	2018	181							181	158	160	161	1	12	3,731
2018	2019	—								39	39	40	1	2	1,200
	Total	838							775	799	781	770	(11)	47	16,177
2019	2011 and Prior	16								16	15	14	(1)	1	3,193
2019	2012	6								7	6	6	—	1	397
2019	2013	—								—	—	—	—	—	6
	Total	22								23	21	20	(1)	2	3,596
2020	2015	2									3	3	—	—	19
2020	2016	49									42	49	7	4	223

Run-off Segment

Motor

Acquisition Year	Accident Year	Net Reserves Acquired	Net cumulative incurred losses and allocated loss adjustment expenses For the years ended December 31										Year Ended December 31, 2021	As of December 31, 2021	
			2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	PPD	IBNR	Cumulative number of claims
		(in millions of U.S. dollars, except cumulative number of claims)													
		Unaudited											Unaudited		
2020	2017	154									186	215	29	19	1,157
2020	2018	250									397	415	18	70	2,353
	Total	455									628	682	54	93	3,752
2021	2011 and Prior	3										3	—	3	16
2021	2012	4										4	—	4	77
2021	2013	6										5	(1)	4	748
2021	2014	6										6	—	6	521
2021	2015	7										4	(3)	3	1,623
2021	2016	7										5	(2)	5	1,398
2021	2017	6										5	(1)	4	815
2021	2018	7										8	1	8	1
2021	2019	9										11	2	11	1
2021	2020	5										6	1	6	1
	Total	60										57	(3)	54	5,201
	Grand Total	$ 1,501										$1,684	$ 38	$ 197	34,467

Net cumulative paid losses and ALAE (from table below)	(1,178)	
2012 - 2021 acquisition years - net liabilities for losses and ALAE	506	
2011 and prior acquisition years - net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	23	5
Total net liabilities for losses and ALAE / net increase (reduction) in estimates of net ultimate losses related to prior years	$ 529	$ 43

Run-off Segment

Motor

Net cumulative paid losses and allocated loss adjustment expenses

For the years ended December 31

Acquisition Year	Accident Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
		(in millions of U.S. dollars, except cumulative number of claims)									
		Unaudited									
2012	2011 and Prior	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 1	$ 1
	Total	—	—	—	—	—	—	—	—	1	1
2014	2011 and Prior			7	15	16	17	17	17	17	17
2014	2012			11	14	16	18	19	19	19	19
2014	2013			1	5	5	6	6	6	6	6
2014	2014			—	—	—	1	1	1	1	1
	Total			19	34	37	42	43	43	43	43
2015	2011 and Prior				4	6	8	11	13	14	15
2015	2012				14	18	20	20	21	21	21
2015	2013				7	12	15	16	17	17	17
2015	2014				4	8	9	11	11	11	12
2015	2015				3	4	6	7	7	8	8
2015	2016					—	1	—	—	—	1
	Total				32	48	59	65	69	71	74
2017	2011 and Prior						8	10	11	13	12
2017	2012						2	2	3	2	3
2017	2013						1	1	3	3	3
2017	2014						1	1	1	2	2
2017	2015						—	—	1	1	1
2017	2016						—	—	—	1	1
	Total						12	14	19	22	22
2018	2011 and Prior							13	25	28	36
2018	2012							11	21	28	31
2018	2013							11	29	35	44
2018	2014							23	50	60	63
2018	2015							20	60	81	89
2018	2016							6	43	66	78
2018	2017							—	48	73	83
2018	2018							—	87	120	136
2018	2019								22	30	36
	Total							84	385	521	596
2019	2011 and Prior								—	2	2
2019	2012								—	—	2
	Total								—	2	4
2020	2015									2	3
2020	2016									25	40
2020	2017									69	148
2020	2018									110	247
	Total									206	438
	Grand Total										$1,178

	Run-off Segment									
	Motor									
	Annual Percentage Payout of Incurred Losses since Year of Acquisition, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Year of Acquisition	Unaudited									
2012	— %	— %	— %	— %	— %	— %	— %	— %	100.00 %	100.00 %
2014	44.19 %	79.07 %	86.05 %	97.67 %	100.00 %	100.00 %	100.00 %	100.00 %		
2015	38.10 %	57.14 %	70.24 %	77.38 %	82.14 %	84.52 %	88.10 %			
2017	44.69 %	54.04 %	71.63 %	82.38 %	83.69 %					
2018	10.91 %	50.00 %	67.66 %	77.40 %						
2019	— %	10.00 %	20.00 %							
2020	30.21 %	64.22 %								
2021	— %									

StarStone International

As described above, the loss development information for StarStone International has been included in the Run-off segment loss development tables above as an acquisition in 2021 and also presented separately on a standalone basis from the date of acquisition (April 1, 2014) below.

StarStone International

General Casualty

Net Cumulative Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	For The Years Ended December 31, 2014	2015	2016	2017	2018	2019	2020	2021	For The Year Ended December 31, 2021 PPD	As of December 31, 2021 IBNR[1]	Cumulative Number of Claims
	(in millions of U.S. dollars, except cumulative number of claims)										
	(unaudited)								(unaudited)		
2011 and Prior	$ 8	$ 12	$ 11	$ 11	$ 16	$ 16	$ 16	$ 17	$ 1	$ —	3,443
2012	24	19	18	15	17	17	18	18	—	—	2,537
2013	31	28	36	35	36	39	41	41	—	3	3,369
2014	42	42	41	41	41	47	45	43	(2)	4	3,968
2015		52	53	55	62	70	67	68	1	4	3,514
2016			54	53	79	103	98	106	8	18	3,605
2017				60	95	131	141	150	9	21	3,616
2018					41	48	50	45	(5)	17	2,579
2019						10	11	16	5	7	1,614
2020							30	47	17	22	767
2021								1	—	1	73
							Total	$ 552	$ 34	$ 97	29,085

[1] Total of IBNR plus expected development on reported losses.

Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	For The Years Ended December 31, 2014	2015	2016	2017	2018	2019	2020	2021
	(unaudited)							
2011 and Prior	$ 5	$ 10	$ 11	$ 11	$ 16	$ 16	$ 16	$ 17
2012	3	10	12	13	18	18	18	18
2013	10	13	24	26	30	35	36	37
2014	3	9	17	23	28	30	32	33
2015		3	10	21	31	45	48	54
2016			1	15	32	52	66	79
2017				3	24	61	98	118
2018					2	6	23	25
2019						1	4	5
2020							1	9
2021								—
							Total	$ 395
Total outstanding liabilities for unpaid losses and ALAE, net of reinsurance								$ 157

The reconciliation of incurred and paid loss development to the liability for unpaid losses and LAE as presented in the tables above for the year ended December 31, 2021 is set forth below:

	2021
	(in millions of U.S. dollars)
Liabilities for unpaid losses and allocated LAE, net of reinsurance	$ 157
Reinsurance recoverable on unpaid losses	37
Gross liability for unpaid losses and LAE before unallocated loss adjustment expenses and fair value adjustments	$ 194

The following is unaudited supplementary information for average annual historical duration of claims:

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
General Casualty	3.88 %	13.73 %	18.12 %	21.47 %	11.52 %	6.11 %	16.57 %	1.19 %	0.81 %	2.94 %

StarStone International

Workers' Compensation

Net Cumulative Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	For The Years Ended December 31, 2014	2015	2016	2017	2018	2019	2020	2021	For The Year Ended December 31, 2021 PPD	As of December 31, 2021 IBNR[1]	Cumulative Number of Claims
	(in millions of U.S. dollars, except cumulative number of claims)										
	(unaudited)								(unaudited)		
2011 and Prior	$ 105	$ 104	$ 104	$ 104	$ 104	$ 104	$ 104	$ 104	$ —	$ —	3,194
2012	3	3	3	3	4	4	4	4	—	—	302
2013	3	3	3	4	3	3	4	4	—	1	401
2014	15	17	17	16	16	16	16	16	—	1	1,476
2015		42	44	40	38	37	36	36	—	2	2,888
2016			55	53	53	56	52	53	1	3	2,920
2017				42	42	38	40	40	—	2	2,594
2018					38	38	39	39	—	2	3,378
2019						18	24	26	2	1	3,819
2020							32	42	10	18	2,747
2021								8	—	7	73
								$ 372	$ 13	$ 37	23,792

[1] Total of IBNR plus expected development on reported losses.

Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	For The Years Ended December 31, 2014	2015	2016	2017	2018	2019	2020	2021
	(unaudited)							
2011 and Prior	$ 103	$ 104	$ 104	$ 104	$ 104	$ 104	$ 104	$ 104
2012	3	3	3	3	4	4	4	4
2013	2	2	3	3	3	3	3	3
2014	2	7	10	12	13	13	14	14
2015		5	17	26	29	32	33	33
2016			7	26	36	43	45	47
2017				6	18	28	32	34
2018					14	24	31	32
2019						3	18	21
2020							5	21
2021								—
								$ 313
Total outstanding liabilities for unpaid losses and ALAE, net of reinsurance								$ 59

The reconciliation of incurred and paid loss development to the liability for unpaid losses and LAE as presented in the tables above for the year ended December 31, 2021 is set forth below:

	2021
	(in millions of U.S. dollars)
Liabilities for unpaid losses and allocated LAE, net of reinsurance	$ 59
Reinsurance recoverable on unpaid losses	9
Gross liability for unpaid losses and LAE before ULAE and fair value adjustments	$ 68

The following is unaudited supplementary information for average annual historical duration of claims:

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Workers Compensation	16.28 %	35.98 %	16.73 %	9.07 %	3.34 %	1.09 %	6.25 %	— %	— %	— %

StarStone International

Professional Indemnity / Directors and Officers

Net Cumulative Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	For The Years Ended December 31, 2014	2015	2016	2017	2018	2019	2020	2021	For The Year Ended December 31, 2021 PPD	As of December 31, 2021 IBNR[1]	As of December 31, 2021 Cumulative Number of Claims
	(in millions of U.S. dollars, except cumulative number of claims)										
	(unaudited)								(unaudited)		
2011 and Prior	$ 5	$ 3	$ 5	$ 5	$ 7	$ 8	$ 8	$ 8	$ —	$ 1	716
2012	14	11	10	9	12	15	16	15	(1)	2	936
2013	20	16	17	15	17	21	22	28	6	7	1,346
2014	22	21	21	22	20	24	22	23	1	6	929
2015		21	26	26	30	30	33	34	1	5	1,175
2016			27	26	27	26	24	24	—	4	835
2017				31	43	38	31	29	(2)	6	970
2018					30	33	36	39	3	11	1,153
2019						21	27	28	1	18	1,230
2020							34	29	(5)	24	838
2021								10	—	8	217
								$ 267	$ 4	$ 92	10,345

[1] Total of IBNR plus expected development on reported losses.

Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	For The Years Ended December 31, 2014	2015	2016	2017	2018	2019	2020	2021
	(unaudited)							
2011 and Prior	$ 3	$ 3	$ 4	$ 4	$ 7	$ 7	$ 7	$ 7
2012	7	7	7	8	11	11	11	11
2013	4	7	10	11	11	12	14	14
2014	—	3	6	9	14	14	14	16
2015		2	7	12	15	19	21	22
2016			1	8	14	16	17	18
2017				2	11	17	21	22
2018					3	10	13	20
2019						1	4	5
2020							1	2
2021								1
								$ 138
Total outstanding liabilities for unpaid losses and ALAE, net of reinsurance								$ 129

The reconciliation of incurred and paid loss development to the liability for unpaid losses and LAE as presented in the tables above for the year ended December 31, 2021 is set forth below:

	2021
	(in millions of U.S. dollars)
Liabilities for unpaid losses and allocated LAE, net of reinsurance	$ 129
Reinsurance recoverable on unpaid losses	14
Gross liability for unpaid losses and LAE before ULAE and fair value adjustments	$ 143

The following is unaudited supplementary information for average annual historical duration of claims:

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Professional Indemnity / Directors and Officers	5.95 %	17.84 %	13.63 %	9.08 %	8.17 %	2.79 %	12.80 %	3.96 %	— %	— %

10. FUTURE POLICYHOLDER BENEFITS

The provision for future policyholder benefits includes provisions for life contingent liabilities assumed as well as other policy benefits for insureds. The future policyholder benefits are equal to the present value of the future benefits payments and related expenses less the present value of future net premiums.

The mortality assumptions are based on cedant historical data, regional mortality tables, and industry standards. The present value of the liabilities are discounted utilizing the discount rate derived from the yield on the assets supporting the liabilities and may include certain reinvestment assumptions. The future policyholder benefits related to traditional annuity products include provisions for adverse deviation.

The table below summarizes the liability for future policyholder benefits:

	2021
	(in millions of U.S. dollars)
Deferred life contingent annuities	$ 294
Whole of life reversion annuities	165
In-payment annuities	1,043
Total	$ 1,502

We believe that the assumptions used represent a realistic and appropriate basis for estimating the provision for future policyholder benefits as of December 31, 2021. However, these assumptions are subject to change and we regularly review and adjust our estimates and provisioning methodologies taking into account all currently known information and updated assumptions relating to unknown information.

11. DEFENDANT ASBESTOS AND ENVIRONMENTAL LIABILITIES

We acquired DCo and Morse TEC in 2016 and 2019, respectively. These companies hold liabilities associated with personal injury asbestos claims and environmental claims arising from their legacy manufacturing operations. DCo and Morse TEC continue to process asbestos personal injury claims.

Defendant A&E liabilities on our consolidated balance sheets include amounts for indemnity and defense costs for pending and future asbestos-related claims, determined using standard actuarial techniques for asbestos-related exposures.

Defendant A&E liabilities also include amounts for environmental liabilities, associated with DCo's and Morse TEC's properties, relating to estimated clean-up costs associated with the acquired companies' former operations based on engineering reports.

Insurance balances recoverable on our consolidated balance sheets include estimated insurance recoveries relating to our defendant asbestos liabilities. The recorded asset represents our assessment of the capacity of the insurance agreements to indemnify our subsidiaries for the anticipated defense and loss payments for pending claims and projected future claims.

The recognition of these recoveries is based on an assessment of the right to recover under the respective contracts and on the financial strength of the insurers. The recorded asset does not represent the limits of our insurance coverage, but rather the amount we would expect to recover if the accrued and projected loss and defense costs were paid in full.

Included within insurance balances recoverable and defendant A&E liabilities are the fair value adjustments that were initially recognized upon acquisition. These fair value adjustments are amortized in proportion to the actual payout of claims and recoveries.

The carrying value of the defendant A&E liabilities, insurance recoveries, future estimated expenses and the fair value adjustments related to DCo and Morse TEC as of December 31, 2021 and 2020 was as follows:

	2021	2020
	(in millions of U.S. dollars)	
Defendant A&E liabilities:		
Defendant asbestos liabilities	$ 826	$ 913
Defendant environmental liabilities	11	12
Estimated future expenses	37	43
Fair value adjustments	(236)	(262)
Defendant A&E liabilities	638	706
Insurance balances recoverable:		
Insurance recoveries related to defendant asbestos liabilities (net of allowance: 2021 - $5; 2020 - $5)	264	310
Fair value adjustments	(51)	(60)
Insurance balances recoverable	213	250
Net liabilities relating to defendant A&E exposures	$ 425	$ 456

The table below provides a consolidated reconciliation of the beginning and ending liability for defendant A&E liabilities for the years ended December 31, 2021, 2020 and 2019:

	2021	2020	2019
	(in millions of U.S. dollars)		
Balance as of January 1	**$ 706**	**$ 848**	**$ 203**
Insurance balances recoverable	(250)	(449)	(136)
Cumulative effect of change in accounting principle on the determination of the allowance for estimated uncollectible insurance balances	—	3	—
Net balance as of January 1	**456**	**402**	**67**
Amounts recorded in other (income) expense:			
Reduction in estimate of net ultimate liabilities	(38)	(103)	(4)
Reduction in estimated future expenses	(5)	(9)	(3)
Amortization of fair value adjustments	16	12	13
Total other (income) expense	**(27)**	**(100)**	**6**
Total net (paid claims) recoveries	**(4)**	**154**	**(10)**
Acquired on purchase of subsidiaries	—	—	336
Net balance as of December 31	**425**	**456**	**399**
Insurance balances recoverable	213	250	449
Balance as of December 31	**$ 638**	**$ 706**	**$ 848**

Total other income from our defendant A&E liabilities was $27 million for the year ended December 31, 2021 and was driven by a reduction in the actuarially estimated ultimate net liabilities as a result of a decline in mesothelioma filings.

Total other income from our defendant A&E liabilities was $100 million for the year ended December 31, 2020 and was driven by a reduction in the actuarially estimated ultimate net liabilities as a result of a lower than expected number of asbestos claims filed against us; lower than expected paid indemnity and defense costs; the collection of disputed insurance recoveries that were carried on our balance sheet at $167 million, net of fair value adjustments, for consideration of $180 million; and recovery of $19 million on insurance payments previously written-off prior to our acquisition of the companies.

Methodologies for determining liabilities

Defendant Asbestos Liabilities

We review, on an ongoing basis, our own experience in handling asbestos-related claims and trends affecting asbestos-related claims in the U.S. tort system generally, for the purposes of assessing the value of pending asbestos-related claims and the number and value of those that may be asserted in the future, as well as potential recoveries from our insurance carriers with respect to such claims and defense costs.

The actuarial analysis for these asbestos-related exposures utilizes data resulting from the claim review process, including input from national coordinating counsel and local counsel, and includes the development of an estimate of the potential value of asbestos-related claims asserted but not yet resolved as well as the number and potential value of asbestos-related claims not yet asserted.

In developing the estimate of liability for potential future claims, the actuarial analysis projects the potential number of future claims based on our historical claim filings and epidemiological studies. The actuarial analysis also utilizes assumptions based on our historical proportion of claims resolved without payment, historical claim resolution costs for those claims that result in a payment, and historical defense costs. The liabilities are then estimated by multiplying the pending and projected future claim filings by projected payments rates and average claim resolution amounts and then adding an estimate for defense costs.

We determine, based on the factors described above, including the actuarial analysis, that their best estimate of the aggregate liability both for asbestos-related claims asserted but not yet resolved and potential asbestos-related claims not yet asserted, including estimated defense costs, was $826 million and $913 million as of December 31, 2021 and 2020, respectively.

Defendant Environmental Liabilities

As a result of our acquisition of DCo and Morse TEC, we have been identified by the United States Environmental Protection Agency and certain U.S. state environmental agencies and private parties as potentially responsible parties ("PRP") at various hazardous waste disposal sites under the Comprehensive Environmental Response, Compensation and Liability Act ("Superfund") and equivalent U.S. state laws.

The PRPs may currently be liable for the cost of clean-up and other remedial activities at 22 such sites. Responsibility for clean-up and other remedial activities at a Superfund site is typically shared among PRPs based on an allocation formula.

We have a liability for defendant environmental liabilities of $11 million and $12 million as of December 31, 2021 and 2020, respectively. The estimate for defendant environmental liabilities is based on information available to us, including an estimate of the allocation of liability among PRPs, the probability that other PRPs will pay the cost apportioned to them, currently available information from PRPs and/or federal or state environmental agencies concerning the scope of contamination and estimated remediation and consulting costs, and remediation alternatives.

Allowance for Estimated Uncollectible Insurance Balances Recoverable on Defendant Asbestos Liabilities

The table below provides a reconciliation of the beginning and ending allowance for estimated uncollectible insurance balances related to our defendant asbestos liabilities, for the years ended December 31, 2021 and 2020:

	2021	2020
	(in millions of U.S. dollars)	
Allowance for estimated uncollectible insurance balances, Balance as of January 1	$ 5	$ 4
Cumulative effect of change in accounting principle	—	3
Current period change in the allowance	—	(2)
Allowance for estimated uncollectible insurance balances, Balance as of December 31	$ 5	$ 5

During the years ended December 31, 2021 and 2020, we did not have any write-offs charged against the allowance for estimated uncollectible insurance or any recoveries of amounts previously written off.

We did not have significant non-disputed past due balances receivable from our insurers related to our defendant asbestos liabilities, that were older than one year for any of the periods presented. Any balances that are part of ongoing legal activity are estimated to be recovered at the level of our recorded asset which is consistent with our legal advice and past collection experience.

12. FAIR VALUE MEASUREMENTS

Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants. We use a fair value hierarchy that gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. The hierarchy is broken down into three levels as follows:

- Level 1 - Valuations based on unadjusted quoted prices in active markets that we have the ability to access for identical assets or liabilities. Valuation adjustments and block discounts are not applied to Level 1 instruments.
- Level 2 - Valuations based on quoted prices in active markets for similar assets or liabilities, quoted prices for identical assets or liabilities in inactive markets, or significant inputs that are observable (e.g. interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.
- Level 3 - Valuations based on unobservable inputs where there is little or no market activity. Unadjusted third party pricing sources or management's assumptions and internal valuation models may be used to determine the fair values.

In addition, certain of our other investments are measured at fair value using net asset value ("NAV") per share (or its equivalent) as a practical expedient and have not been classified within the fair value hierarchy above.

We have categorized our assets and liabilities that are recorded at fair value on a recurring basis among levels based on the observability of inputs, or at fair value using NAV per share (or its equivalent) as follows:

	December 31, 2021				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Based on NAV as Practical Expedient	Total Fair Value
	(in millions of U.S. dollars)				
Investments:					
Short-term and Fixed maturity investments:					
U.S. government and agency	$ —	$ 747	$ —	$ —	$ 747
U.K. government	—	83	—	—	83
Other government	—	663	—	—	663
Corporate	—	6,814	—	—	6,814
Municipal	—	286	—	—	286
Residential mortgage-backed	—	610	—	—	610
Commercial mortgage-backed	—	1,074	—	—	1,074
Asset-backed	—	944	—	—	944
Structured products	—	1,033	—	—	1,033
	—	12,254	—	—	12,254
Other assets included within funds held - directly managed	—	201	—	—	201
Equities:					
Publicly traded equity investments	239	42	—	—	281
Exchange-traded funds	1,342	—	—	—	1,342
Privately held equity investments	—	—	347	25	372
	1,581	42	347	25	1,995
Other investments:					
Hedge funds	—	—	—	291	291
Fixed income funds	—	231	—	342	573
Equity funds	—	5	—	—	5
Private equity funds	—	—	—	752	752
CLO equities	—	161	—	—	161
CLO equity funds	—	—	—	207	207
Private credit funds	—	—	—	275	275
Real estate fund	—	—	—	69	69
	—	397	—	1,936	2,333
Total Investments	$ 1,581	$ 12,894	$ 347	$ 1,961	$ 16,783
Cash and cash equivalents	$ 1,295	$ 112	$ —	$ —	$ 1,407
Reinsurance balances recoverable on paid and unpaid losses:	$ —	$ —	$ 432	$ —	$ 432
Other Assets:					
Derivatives not qualifying as hedges	$ —	$ 2	$ —	$ —	$ 2
Losses and LAE:	$ —	$ —	$ 1,989	$ —	$ 1,989
Other Liabilities:					
Derivatives qualifying as hedging	$ —	$ 7	$ —	$ —	$ 7
Derivatives not qualifying as hedges	—	10	—	—	10
Derivative instruments	$ —	$ 17	$ —	$ —	$ 17

	December 31, 2020				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Based on NAV as Practical Expedient	Total Fair Value
	(in millions of U.S. dollars)				
Investments:					
Short-term and Fixed maturity investments:					
U.S. government and agency	$ —	$ 951	$ —	$ —	$ 951
U.K government	—	51	—	—	51
Other government	—	502	—	—	502
Corporate	—	5,687	—	—	5,687
Municipal	—	163	—	—	163
Residential mortgage-backed	—	554	—	—	554
Commercial mortgage-backed	—	854	—	—	854
Asset-backed	—	557	—	—	557
	—	9,319	—	—	9,319
Other assets included within funds held - directly managed	—	15	—	—	15
Equities:					
Publicly traded equity investments	229	32	—	—	261
Exchange-traded funds	311	—	—	—	311
Privately held equity investments	—	—	275	—	275
	540	32	275	—	847
Other investments:					
Hedge funds [1]	—	—	—	2,638	2,638
Fixed income funds	—	286	—	267	553
Equity funds	—	5	—	186	191
Private equity funds	—	—	—	363	363
CLO equities	—	128	—	—	128
CLO equity funds	—	—	—	167	167
Private credit funds	—	—	9	183	192
Real estate fund	—	—	—	12	12
	—	419	9	3,816	4,244
Total Investments	$ 540	$ 9,785	$ 284	$ 3,816	$ 14,425
Cash and cash equivalents	$ 386	$ 208	$ —	$ —	$ 594
Reinsurance balances recoverable on paid and unpaid losses:	$ —	$ —	$ 521	$ —	$ 521
Other Assets:					
Derivatives qualifying as hedging	$ —	$ 1	$ —	$ —	$ 1
Derivatives not qualifying as hedges	—	3	—	—	3
Derivative instruments	$ —	$ 4	$ —	$ —	$ 4
Losses and LAE:	$ —	$ —	$ 2,453	$ —	$ 2,453
Other Liabilities:					
Derivatives qualifying as hedging	$ —	$ 29	$ —	$ —	$ 29
Derivatives not qualifying as hedges	—	5	—	—	5
Derivative instruments	$ —	$ 34	$ —	$ —	$ 34

(1) Includes InRe Fund of $2.4 billion as of December 31, 2020.

Valuation Methodologies of Financial Instruments Measured at Fair Value

Short-term and Fixed Maturity Investments

The fair values for all securities in the short-term and fixed maturity investments and funds held - directly managed portfolios are obtained or validated from independent pricing services either directly or through our accounting service provider or investment managers.

We record the unadjusted price and validate this price through a process that includes, but is not limited to:

i. comparison of prices against alternative pricing sources;

ii. quantitative analysis (e.g. comparing the quarterly return for each managed portfolio to its target benchmark);

iii. evaluation of methodologies used by external parties to estimate fair value, including a review of the inputs used for pricing; and

iv. comparing the price to our knowledge of the current investment market.

Our internal price validation procedures and review of fair value methodology documentation provided by independent pricing services have not historically resulted in adjustment in the prices obtained from the pricing service.

The independent pricing services used by our service providers obtain actual transaction prices for securities that have quoted prices in active markets. Where we utilize single unadjusted broker-dealer quotes, they are generally provided by market makers or broker-dealers who are recognized as market participants in the markets for which they are providing the quotes.

For determining the fair value of securities that are not actively traded, in general, pricing services use "matrix pricing" in which the independent pricing service uses observable market inputs including, but not limited to, reported trades, benchmark yields, broker-dealer quotes, interest rates, prepayment speeds, default rates and other such inputs as are available from market sources to determine a reasonable fair value.

The following describes the techniques generally used to determine the fair value of our short-term and fixed maturity investments by asset class, including the investments underlying the funds held - directly managed.

- **U.S. and non-U.S. government and agency securities** consist of securities issued by the U.S. Treasury and mortgage pass-through agencies such as the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and other agencies, or consist of bonds issued by non-U.S. governments and agencies along with supranational organizations. The significant inputs used to determine the fair value of these securities include the spread above the risk-free yield curve, reported trades and broker-dealer quotes. These are considered to be observable market inputs and, therefore, the fair values of these securities are classified as Level 2.
- **Corporate securities** consist primarily of investment-grade debt of a wide variety of corporate issuers and industries. The fair values of these securities are determined using the spread above the risk-free yield curve, reported trades, broker-dealer quotes, benchmark yields, and industry and market indicators. These are considered observable market inputs and, therefore, the fair values of these securities are classified as Level 2.
- **Municipal securities** consist primarily of bonds issued by U.S.-domiciled state and municipal entities. The fair values of these securities are determined using the spread above the risk-free yield curve, reported trades, broker-dealer quotes and benchmark yields. These are considered observable market inputs and therefore the fair values of these securities are classified as Level 2.
- **Asset-backed and commercial and residential mortgaged-backed securities** consist primarily of investment-grade bonds backed by pools of loans with a variety of underlying collateral. Residential and commercial mortgage-backed securities include both agency and non-agency originated securities. The significant inputs used to determine the fair value of these securities include the spread above the risk-free yield curve, reported trades, benchmark yields, prepayment speeds and default rates. These are considered observable market inputs and therefore the fair value of these securities are classified as Level 2.

- **Structured products** consist of funds withheld securities which are utilized to achieve asset-liability matching requirements and to reduce our exposure to credit risk. We utilize observable benchmark yields, issue spreads, issuer credit ratings, loss given default rates, and probability of default rates to discount the future cash flows to derive the fair value of these investments. These are considered observable market inputs and, therefore, the fair values of these securities are classified as Level 2.

Equities

Our investments in equities consist of a combination of publicly and privately traded investments. Our publicly traded equity investments in common and preferred stocks predominantly trade on major exchanges and are managed by our external advisors. Our exchange-traded funds also trade on major exchanges.

Our publicly traded equities are widely diversified and there is no significant concentration in any specific industry. We use an internationally recognized pricing service to estimate the fair value of our publicly traded equities and exchange-traded funds. We have categorized the majority of our publicly traded equity investments, other than preferred stock, and our exchange-traded funds as Level 1 investments because the fair values of these investments are based on unadjusted quoted prices in active markets for identical assets. Two equity securities trade in an inactive market and, as a result have been classified as Level 2. The fair value estimates of our investments in publicly traded preferred stock are based on observable market data and, as a result, have been categorized as Level 2.

Our privately held equity investments in common and preferred stocks are direct investments in companies that we believe offer attractive risk adjusted returns and/or offer other strategic advantages. Each investment may have its own unique terms and conditions and there may be restrictions on disposals. The market for these investments is illiquid and there is no active market. For the majority of these we use a combination of cost, internal models and reported values from co-investors/managers to calculate the fair value of the privately held equity investments. The fair value estimates of these are based on unobservable market data so have been categorized as Level 3. We also have one direct investment in the equity of a privately held business development company which values its underlying investments using NAV as a practical expedient; and therefore, has not been categorized within the fair value hierarchy.

Other investments, at fair value

We have ongoing due diligence processes with respect to the other investments carried at fair value in which we invest, including active discussions with managers of the investments. These processes are designed to assist us in assessing the quality of information provided by, or on behalf of, each fund and in determining whether such information continues to be reliable or whether further review is warranted.

Certain funds do not provide full transparency of their underlying holdings; however, we obtain the audited financial statements for funds annually and review the audited results relative to the net asset values provided by the managers, and regularly review and discuss the fund performance with the fund managers to corroborate the reasonableness of the reported NAV.

The use of NAV as an estimate of the fair value for investments in certain entities that calculate NAV is a permitted practical expedient. Due to the time lag in the NAV reported by certain fund managers we adjust the valuation for capital calls and distributions. Other investments measured at fair value using NAV as a practical expedient have not been classified in the fair value hierarchy. Other investments for which we do not use NAV as a practical expedient have been valued using prices from independent pricing services and investment managers.

The following describes the techniques generally used to determine the fair value of our other investments.

- For our investments in hedge funds, private equity funds, CLO equity funds, private credit funds and the real estate debt fund, we primarily measure fair value by obtaining the most recently available NAV as advised by the external fund manager or third-party administrator. The fair values of these investments are measured using the NAV as a practical expedient and therefore have not been categorized within the fair value hierarchy.
- Our investments in fixed income funds and equity funds are valued based on a combination of prices from independent pricing services, external fund managers or third-party administrators. For the publicly available prices we have classified the investments as Level 2. For the non-publicly available prices we are using NAV as a practical expedient and therefore these have not been categorized within the fair value hierarchy.

- We measure the fair value of our direct investment in CLO equities based on valuations provided by independent pricing services. The fair values measured using prices provided by independent pricing services have been classified as Level 2.

Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are very close to maturity that they present insignificant risk of changes in value due to changes in interest rates. Included within cash and cash equivalents are money market funds, fixed interest deposits and highly liquid fixed maturity investments purchased with an original maturity of three months or less.

The majority of our cash and cash equivalents included within the fair value hierarchy are comprised of money market and liquid reserve funds which have been categorized as Level 1. Fixed interest deposits and highly liquid fixed maturity investments with an original maturity of three months or less have been categorized as Level 2. Operating cash balances are not subject to the recurring fair value measurement guidance and are therefore excluded from the fair value hierarchy.

Insurance Contracts - Fair Value Option

The Company uses an internal model to calculate the fair value of the liability for losses and LAE and reinsurance balances recoverable on paid and unpaid losses for certain retroactive reinsurance contracts where we have elected the fair value option.

The fair value was calculated as the aggregate of discounted cash flows plus a risk margin. The discounted cash flow approach uses:

i. estimated nominal cash flows based upon an appropriate payment pattern developed in accordance with standard actuarial techniques; and

ii. a discount rate based upon a high quality rated corporate bond yield plus a credit spread for non-performance risk.

The model uses corporate bond rates across the yield curve depending on the estimated timing of the future cash flows and specific to the currency of the risk.

The risk margin was calculated using the present value of the cost of capital. The cost of capital approach uses:

i. projected capital requirements;

ii. multiplied by the risk cost of capital representing the return required for non-hedgeable risk based upon the weighted average cost of capital less investment income; and

iii. discounted using the weighted average cost of capital.

Derivative Instruments

The fair values of our derivative instruments are classified as Level 2. The fair values are based upon prices in active markets for identical contracts.

Level 3 Measurements and Changes in Leveling

Transfers into or out of levels are recorded at their fair values as of the end of the reporting period, consistent with the date of determination of fair value.

Investments

The following tables present a reconciliation of the beginning and ending balances for all investments measured at fair value on a recurring basis using Level 3 inputs during the years ended December 31, 2021 and 2020:

	2021			2020		
	Privately-held Equities	Other Investments	Total	Privately-held Equities	Other Investments	Total
	(in millions of U.S. dollars)					
Beginning fair value	$ 275	$ 9	$ 284	$ 266	$ 88	$ 354
Purchases	65	—	65	20	47	67
Sales	—	(9)	(9)	—	(1)	(1)
Total net unrealized gains (losses)	7	—	7	(11)	(40)	(51)
Transfer out of Level 3 into Level 2	—	—	—	—	(85)	(85)
Ending fair value	$ 347	$ —	$ 347	$ 275	$ 9	$ 284

Net unrealized gains (losses) related to Level 3 assets in the table above are included in unrealized gains (losses) in our consolidated statements of earnings.

The transfers from Level 3 to Level 2 were based upon obtaining market observable information regarding the valuations of the specific assets.

Valuations Techniques and Inputs

The table below presents the quantitative information related to the fair value measurements for our privately held equity investments measured at fair value on a recurring basis using Level 3 inputs:

Qualitative Information about Level 3 Fair Value Measurements

Valuation Techniques	Fair Value as of December 31, 2021	Unobservable Input	Range (Average) [1]
	(in millions of U.S. dollars)		
Guideline company methodology	$ 224	Distribution waterfall	12.63
Dividend discount model; Guideline companies method	105	Multiple on Invested capital Discount rate Exit multiple	0.79x - 1.13x 9.0% - 12.3% 1.2x - 1.4x (1.3x)
Cost as approximation of fair value	18	Cost as approximation of fair value	
	$ 347		

[1] The average represents the arithmetic average of the inputs and is not weighted by the relative fair value.

Insurance Contracts - Fair Value Option

The following table presents a reconciliation of the beginning and ending balances for all insurance contracts measured at fair value on a recurring basis using Level 3 inputs during the years ended December 31, 2021 and 2020:

	2021			2020		
	Liability for losses and LAE	Reinsurance balances recoverable on paid and unpaid losses	Net	Liability for losses and LAE	Reinsurance balances recoverable on paid and unpaid losses	Net
	(in millions of U.S. dollars)					
Beginning fair value	$ 2,453	$ 521	$ 1,932	$ 2,621	$ 696	$ 1,925
Assumed business	—	—	—	2	(181)	183
Incurred losses and LAE:						
Reduction in estimates of ultimate losses	(59)	(6)	(53)	(74)	59	(133)
Reduction in unallocated LAE	(18)	—	(18)	(17)	—	(17)
Change in fair value	(88)	(13)	(75)	158	39	119
Total incurred losses and LAE	(165)	(19)	(146)	67	98	(31)
Paid losses	(274)	(65)	(209)	(300)	(101)	(199)
Effect of exchange rate movements	(25)	(5)	(20)	63	9	54
Ending fair value	$ 1,989	$ 432	$ 1,557	$ 2,453	$ 521	$ 1,932

The net assumed business of $183 million in 2020 relates to the Hannover Re novation transaction. Changes in fair value in the table above are included in net incurred losses and LAE in our consolidated statements of earnings.

The following table presents the components of the net change in fair value for the years ended December 31, 2021, 2020 and 2019:

	2021	2020	2019
	(in millions of U.S. dollars)		
Changes in fair value due to changes in:			
Average payout	$ 22	$ 21	$ 23
Corporate bond yield	(97)	96	94
Weighted cost of capital	—	(5)	
Risk cost of capital	—	7	—
Change in fair value	$ (75)	$ 119	$ 117

Below is a summary of the quantitative information regarding the significant observable and unobservable inputs used in the internal model to determine fair value on a recurring basis as of December 31, 2021 and 2020:

		2021	2020
Valuation Technique	**Unobservable (U) and Observable (O) Inputs**	**Weighted Average**	**Weighted Average**
Internal model	Corporate bond yield (O)	A rated	A rated
Internal model	Credit spread for non-performance risk (U)	0.2%	0.2%
Internal model	Risk cost of capital (U)	5.1%	5.1%
Internal model	Weighted average cost of capital (U)	8.25%	8.25%
Internal model	Average payout - liability (U)	7.95 years	8.17 years
Internal model	Average payout - reinsurance balances recoverable on paid and unpaid losses (U)	7.63 years	8.23 years

The fair value of the liability for losses and LAE and reinsurance balances recoverable on paid and unpaid losses may increase or decrease due to changes in the corporate bond rate, the credit spread for non-performance risk, the risk cost of capital, the weighted average cost of capital and the estimated payment pattern.

In addition, the estimate of the capital required to support the liabilities is based upon current industry standards for capital adequacy.

Disclosure of Fair Values for Financial Instruments Carried at Cost

Senior Notes

As of December 31, 2021, our 4.50% Senior Notes due 2022 (the "2022 Senior Notes"), our 4.95% Senior Notes due 2029 (the "2029 Senior Notes") and our 3.10% Senior Notes due 2031 (the "2031 Senior Notes" and, together with the 2022 Senior Notes and 2029 Senior notes, the "Senior Notes") were carried at amortized cost of $280 million, $495 million and $495 million, respectively, while the fair value based on observable market pricing from a third party pricing service was $281 million, $559 million and $489 million, respectively. The Senior Notes are classified as Level 2.

Subordinated Notes

As of December 31, 2021, our 5.75% Fixed-Rate Reset Junior Subordinated Notes due 2040 (the “Junior Subordinated Notes”) were carried at amortized cost of $345 million, while the fair value based on observable market pricing from a third party pricing service was $362 million.

As of December 31, 2021, Enhanzed Re's 5.50% Subordinated Notes due 2031 (the "2031 Subordinated Notes" together with the Junior Subordinated Notes, the "Subordinated Notes"), were carried at amortized cost of $76 million, while the fair value based on observable market pricing for comparable debt from a third party pricing service was $75 million.

The Subordinated Notes are classified as Level 2.

Insurance Contracts

Disclosure of fair value of amounts relating to insurance contracts is not required, except those for which we elected the fair value option, as described above.

Remaining Assets and Liabilities

Our remaining assets and liabilities were generally carried at cost or amortized cost, which due to their short-term nature approximates fair value as of December 31, 2021 and 2020.

13. VARIABLE INTEREST ENTITIES

We have investments in certain limited partnership funds which are deemed to be variable interest entities ("VIEs"). The activities of these VIEs are generally limited to holding investments and our involvement in these entities is passive in nature. We consolidate all VIEs in which we are considered to be the primary beneficiary.

InRe Fund

Since April 1, 2021, we have redeemed an aggregate of $2.7 billion from the InRe Fund and, during the fourth quarter of 2021, we completed the liquidation of our investment in the InRe Fund.

On April 1, 2021, we obtained control of the InRe Fund following redemption by the general partner, an affiliate of Hillhouse Group, of all of its outstanding ownership interests and the termination of its investment management activities. From that date we had both full ownership of the InRe Fund and the power to direct its activities, which led to our determination to consolidate the InRe Fund.

Prior to consolidation, our investment in the InRe Fund was recorded at fair value using the NAV as a practical expedient, with any changes included within net unrealized gains in the consolidated statements of earnings. Thus, there was no gain or loss upon consolidation.

During the years ended December 31, 2021, 2020 and 2019 we recognized net investment expenses for the InRe Fund of $13 million, $0 and $0, respectively; net realized losses of $58 million, $0 and $0, respectively; and net unrealized gains of $0, $1,151 million and $243 million respectively.

During the year ended December 31, 2021, our consolidated statements of cash flows included net operating cash flows of $2.1 billion driven by net sales of trading securities, partially offset by net payments to cover securities sold short, and net investing cash flows of $574 million resulting from the initial consolidation of the InRe Fund's cash and restricted cash balances.

Nonconsolidated VIEs

The tables below present the fair value of our investments in nonconsolidated VIEs as well as our maximum exposure to loss associated with these VIEs:

As of December 31, 2021	Fair Value	Unfunded Commitments	Maximum Exposure to Loss
	(in millions of U.S. dollars)		
Equities			
Publicly traded equity investment in common stock	$ 64	$ —	$ 64
Other investments			
Hedge funds	$ 291	$ 45	$ 336
Fixed income funds	171	36	207
Private equity funds	697	930	1,627
CLO equity funds	207	31	238
Private credit funds	14	166	180
Real estate funds	69	418	487
Total	$ 1,449	$ 1,626	$ 3,075
Total investments in nonconsolidated VIEs	$ 1,513	$ 1,626	$ 3,139

As of December 31, 2020	Fair Value	Unfunded Commitments	Maximum Exposure to Loss
	(in millions of U.S. dollars)		
Equities			
Publicly traded equity investment in common stock	$ 54	$ —	$ 54
Other investments			
Hedge fund	$ 2,638	$ —	$ 2,638
Fixed income funds	99	16	115
Private equity funds	362	762	1,124
CLO equity funds	167	—	167
Real estate funds	12	18	30
Total	$ 3,278	$ 796	$ 4,074
Total investments in nonconsolidated VIEs	$ 3,332	$ 796	$ 4,128

14. PREMIUMS WRITTEN AND EARNED

The following tables provide a summary of net premiums written and earned for the years ended December 31, 2021, 2020 and 2019:

	2021		2020		2019	
	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
			(in millions of U.S. dollars)			
Total						
Total gross	$ 106	$ 373	$ 552	$ 730	$ 659	$ 950
Total ceded	(44)	(128)	(119)	(158)	(113)	(146)
Total net	$ 62	$ 245	$ 433	$ 572	$ 546	$ 804

Gross premiums written for the years ended December 31, 2021 and 2020 decreased by $446 million and $107 million, respectively, primarily due to our strategic exit from our active underwriting platforms beginning in 2020.

15. GOODWILL AND INTANGIBLE ASSETS

The following table presents a reconciliation of the beginning and ending goodwill and intangible assets, included within other assets in the consolidated balance sheets, for the years ended December 31, 2021 and 2020:

	Goodwill	Intangible assets with a definite life	Intangible assets with an indefinite life	Total
	(in millions of U.S. dollars)			
Balance as of December 31, 2019	$ 110	$ 15	$ 67	$ 192
Amortization	—	(2)	—	(2)
Impairment losses (StarStone International) [1]	(8)	—	(4)	(12)
Reclassification to assets held-for-sale (Atrium) [2]	(39)	(13)	(63)	(115)
Balance as of December 31, 2020 and 2021	$ 63	$ —	$ —	$ 63

[1] On June 10, 2020, we announced the run-off of StarStone International. During the year ended December 31, 2020, we recognized impairment losses of $8 million related to the goodwill allocated to StarStone International and $4 million on StarStone's Lloyd's syndicate capacity.

[2] On August 13, 2020, we announced the Exchange Transaction, which resulted in the assets and liabilities of Atrium being classified as held-for-sale as of December 31, 2020.

The gross carrying value, accumulated impairments and net carrying value of goodwill in the Run-off segment was $71 million, $8 million and $63 million, respectively, as of December 31, 2021 and 2020.

The amortization recorded on the intangible assets of the Legacy Underwriting segment, prior to the reclassification of Atrium to held-for-sale, was $2 million for the year ended December 31, 2020.

16. DEBT OBLIGATIONS AND CREDIT FACILITIES

We utilize debt financing and credit facilities primarily for funding acquisitions and significant new business, investment activities and, from time to time, for general corporate purposes.

Our debt obligations were as follows:

				December 31, 2021		December 31, 2020	
Facility	Origination Date	Term	Principal	(Unamortized Cost) / Fair Value Adjustments	Carrying Value	(Unamortized Cost) / Fair Value Adjustments	Carrying Value
				(in millions of U.S. dollars)			
4.50% Senior Notes due 2022 [1]	March 10, 2017	5 years	$ 280	$ —	$ 280	$ (1)	$ 349
4.95% Senior Notes due 2029	May 28, 2019	10 years	500	(5)	495	(6)	494
3.10% Senior Notes due 2031	August 24, 2021	10 years	500	(5)	495	—	—
Total Senior Notes					1,270		843
5.75% Junior Subordinated Notes due 2040	August 26, 2020	20 years	350	(5)	345	(5)	345
5.50% Enhanzed Re's Subordinated Notes due 2031	December 20, 2018	12.1 years	70	6	76	—	—
Total Subordinated Notes					421		345
EGL Revolving Credit Facility	August 16, 2018	5 years			—		185
Total debt obligations					$ 1,691		$ 1,373

[1] Principal was $350 million as of December 31, 2020.

The table below provides a summary of the total interest expense for the years ended December 31, 2021, 2020 and 2019:

	2021	2020	2019
	(in millions of U.S. dollars)		
Interest expense on debt obligations	$ 68	$ 58	$ 51
Amortization of debt issuance costs	1	1	2
Total interest expense	$ 69	$ 59	$ 53

Senior Notes

During the third quarter of 2021, we completed the issuance and sale of the 2031 Senior Notes, and on August 25, 2021, we completed a related tender offer for a portion of our 2022 Senior Notes. The aggregate principal amount tendered was $70 million and we recorded a loss on the partial extinguishment of $2 million during the third quarter of 2021 which was included within general and administrative expenses on our consolidated statements of earnings.

The Senior Notes are effectively subordinated to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness, and structurally subordinated to all liabilities of our subsidiaries, including claims of policyholders.

We may repurchase the 2029 Senior Notes and 2031 Senior Notes at any time prior to the date which is three months and six months, respectively, prior to maturity, subject to the payment of a make-whole premium. After such respective date, we may repurchase the 2029 Senior Notes and the 2031 Senior Notes at a purchase price equal to 100% of the outstanding principal amount, plus accrued and unpaid interest. In each case, any such repurchases are also subject to satisfying certain regulatory requirements.

Except upon the occurrence of certain specified events, we do not have the right to repurchase the 2022 Senior Notes prior to their maturity.

Subordinated Notes

On September 1, 2021, we acquired the obligations under Enhanzed Re's 5.50% Subordinated Notes due 2031 which were issued in the aggregate amount of $70 million and have an $80 million ceiling, to Allianz, Enhanzed Re's minority shareholder. The 2031 Subordinated Notes were recorded at their determined fair value of $76 million as of the date of acquisition.

The Junior Subordinated Notes were issued by our wholly-owned subsidiary, Enstar Finance LLC ("Enstar Finance") and bear interest (i) during the initial five-year period ending August 30, 2025, at a fixed rate per annum of 5.75% and (ii) during each five-year reset period thereafter beginning September 1, 2025, at a fixed rate per annum equal to the five-year U.S. treasury rate calculated as of two business days prior to the beginning of such five-year period plus 5.468%.

The Junior Subordinated Notes are unsecured junior subordinated obligations of Enstar Finance, are fully and unconditionally guaranteed by the Parent Company on an unsecured and junior subordinated basis, and are contractually subordinated in right of payment to the existing and future obligations of our other subsidiaries (other than Enstar Finance).

Subject to threshold regulatory requirements, Enstar Finance may repurchase the Junior Subordinated Notes, in whole or in part, at any time during a par call period, at a repurchase price equal to 100% of the principal amount of such notes, plus accrued and unpaid interest, and at any time not during a par call period, plus an additional "make-whole" premium.

Maturities

As of December 31, 2021, the amount of outstanding debt obligations that will become due in each of the next five years and thereafter was as follows: 2022, $280 million[47]; 2023, $0; 2024, $0; 2025, $0; and thereafter, $1.4 billion.

EGL Revolving Credit Facility

As of December 31, 2021, we were permitted to borrow up to an aggregate amount of $600 million under our unsecured revolving credit agreement. We may request additional commitments under the facility up to an additional $400 million, which the existing lenders in their discretion or new lenders may provide, in each case subject to the terms of the agreement. To date, we have not requested any additional commitments under the facility.

As of December 31, 2021, there was $600 million of available unutilized capacity under the facility.

We pay interest on loans borrowed under the facility at a per annum rate comprising a reference rate determined based on the type of loan we borrow plus a margin based on our long term senior unsecured debt ratings. The applicable reference rate is adjusted base rate for base rate loans, adjusted daily Sterling Overnight Index Average ("SONIA") for SONIA loans and adjusted LIBOR or adjusted Euribor for Eurocurrency rate loans denominated in U.S. dollars or Euros, respectively. The applicable margin varies based upon changes to our long term senior unsecured debt ratings assigned by S&P or Fitch.

We pay interest quarterly for base rate loans and as frequently as monthly for SONIA loans and Eurocurrency rate loans, depending on the applicable interest period. We also pay a commitment fee based on the average daily unutilized capacity under the facility. If an event of default occurs, the interest rate may increase and the agent may, and at the request of the required lenders shall, terminate lender commitments and demand early repayment of any outstanding loans borrowed under the facility.

[47] As discussed in Note 25.

Credit and Deposit Facilities

We utilize unsecured and secured letters of credit ("LOCs") and a deposit facility to support certain of our (re)insurance performance obligations. We also utilize unsecured LOCs to support the regulatory capital requirements of certain of our subsidiaries.

Our credit and deposit facilities were as follows:

			Aggregate Amount Issued / Requested as Deposits / Face Amount	
	Commitment	Additional Commitments Available [1]	December 31, 2021	December 31, 2020
	(in millions of U.S. dollars)			
$275.0 million FAL LOC Facility [2]	$ 275	$ 75	$ 210	$ 210
$90.0 million FAL Deposit Facility [2]	90	10	90	—
$250.0 million LOC Facility	250	—	250	—
$100.0 million LOC Facility	100	—	100	—
$120.0 million LOC Facility	120	60	111	116
$800.0 million Syndicated LOC Facility	800	—	568	587
$65.0 million LOC Facility	65	—	61	61
$100.0 million Bermuda LOC Facility [3]	100	—	100	100
$1.0 million LOC Facility	1	—	1	—
£32.0 million United Kingdom LOC Facility [4]	£ 32	£ —	$ 43	$ 44

[1] We may request additional commitments under the facility in an aggregate amount not to exceed this amount.

[2] The FAL LOC and Deposit facilities will expire on December 31, 2022 and May 6, 2023, respectively. Under the FAL Deposit facility, a third-party lender deposits a requested market valuation amount of eligible securities into Lloyd's on behalf of our Lloyd's corporate member. As of December 31, 2021 and December 31, 2020, our combined FAL comprised cash and investments of $520 million (including $89 million provided under the FAL Deposit Facility) and $261 million, respectively, and unsecured LOCs of $210 million as of both dates.

[3] The LOC issued under this facility qualifies as Eligible Capital for one of our Bermuda regulated subsidiaries.

[4] The LOC issued under this facility qualifies as Ancillary Own Funds capital for one of our U.K. regulated subsidiaries.

We also utilize secured operating LOCs. As of December 31, 2021 and 2020, the total balance of such secured operating LOCs issued and outstanding was $85 million and $90 million, respectively.

17. NONCONTROLLING INTEREST

We have both redeemable noncontrolling interest ("RNCI") and noncontrolling interest ("NCI") on our consolidated balance sheets. RNCI with redemption features that are not solely within our control is classified within temporary equity in the consolidated balance sheets and carried at fair value. The change in fair value is recognized through retained earnings. In addition, we also have NCI, which is carried at book value, does not have redemption features and is classified within equity in the consolidated balance sheets.

Redeemable Noncontrolling Interest

As of December 31, 2020, the RNCI comprised the ownership interests held by the Trident V Funds (39.3%) and the Dowling Funds (1.7%) in our subsidiary North Bay. North Bay owned our investment in Northshore[48], the holding company that owns Atrium and Arden, and SSHL, the holding company for the StarStone group, which includes StarStone International and which also owned StarStone U.S. prior to its sale to Core Specialty which was completed on November 30, 2020. Following the completion of the Exchange Transaction on January 1, 2021, there is no RNCI in respect of Northshore and the remaining RNCI as of December 31, 2021 relates only to StarStone International.

The following is a reconciliation of the beginning and ending carrying amount of the equity attributable to the RNCI for the years ended December 31, 2021 and 2020:

	2021	2020
	(in millions of U.S. dollars)	
Balance as of January 1	$ 365	$ 439
Distributions paid	(202)	—
Net earnings (losses) attributable to RNCI	16	(28)
Change in unrealized (losses) gains on AFS investments attributable to RNCI	(1)	2
Change in currency translation adjustments attributable to RNCI	2	(2)
Change in redemption value of RNCI	(1)	(46)
Balance as of December 31	$ 179	$ 365

The decrease in RNCI for the year ended December 31, 2021 was primarily driven by the Exchange Transaction, which was completed on January 1, 2021, whereas the decrease in the year ended December 31, 2020 was primarily attributable to net losses arising in StarStone International during that period[49].

Noncontrolling Interest

As of December 31, 2021 and 2020, we had $230 million and $14 million, respectively, of NCI primarily related to external interests in three of our subsidiaries, including, as of December 31, 2021, Enhanzed Re. A reconciliation of the beginning and ending carrying amount of the equity attributable to NCI is included in the consolidated statements of changes in shareholder's equity.

[48] As discussed in Note 5.

[49] Refer to Note 24 for additional information regarding RNCI.

18. SHAREHOLDERS' EQUITY

As of December 31, 2021 and 2020, our authorized share capital was 111,000,000 ordinary shares ("Voting Ordinary Shares") and non-voting convertible ordinary shares ("Non-Voting Ordinary Shares"), each of par value $1.00 per share, and 45,000,000 preferred shares of par value $1.00 per share.

Ordinary Shares

The following is a reconciliation of our beginning and ending ordinary shares for the years ended December 31, 2021, 2020 and 2019:

	Voting Ordinary Shares	Non-Voting Convertible Ordinary Series C Shares	Non-Voting Convertible Ordinary Series E Shares	Total Ordinary Shares
Balance as of January 1, 2019	17,950,315	2,599,672	910,010	21,459,997
Shares issued	51,508	—	—	51,508
Shares repurchased	—	—	—	—
Balance as of December 31, 2019	18,001,823	2,599,672	910,010	21,511,505
Shares issued	752,007	—	—	752,007
Shares repurchased	(178,280)	—	—	(178,280)
Balance as of December 31, 2020	18,575,550	2,599,672	910,010	22,085,232
Shares issued	59,447	—	—	59,447
Shares repurchased	(2,009,135)	(1,496,321)	(505,239)	(4,010,695)
Warrant exercise [1]	—	89,590	—	89,590
Balance as of December 31, 2021	16,625,862	1,192,941	404,771	18,223,574

[1] Warrants to acquire 175,901 Series C Non-Voting Ordinary Shares for an exercise price of $115.00 per share were exercised on a non-cash basis during the year ended December 31, 2021, which resulted in a total of 89,590 Series C Non-Voting Ordinary Shares being issued in the year.

Voting Ordinary Shares

Each voting ordinary share entitles the holder thereof to one vote.

Share Repurchases

On March 9, 2020, our Board of Directors (our “Board”) adopted a stock trading plan for the purpose of repurchasing a limited number of our ordinary shares, not to exceed $150 million in aggregate (the "2020 Repurchase Program"). On March 23, 2020, we suspended our 2020 Repurchase Program due to uncertainty from the COVID-19 pandemic. The 2020 Repurchase Program resumed on September 21, 2020 and was set to expire on March 1, 2021.

On February 25, 2021, our Board approved an extension of the duration of the 2020 Repurchase Program through March 1, 2022. Pursuant to the extended 2020 Repurchase Program, we are able to repurchase a limited number of our ordinary shares, not to exceed $150 million in aggregate, including shares repurchased prior to the extension of the 2020 Repurchase Program.

From inception to December 31, 2020, we repurchased 178,280 ordinary shares at an average price of $145.87, for an aggregate price of $26 million under the 2020 Repurchase Program. For the year ended December 31, 2021, we repurchased 93,678 ordinary shares at an average price of $236.42, for an aggregate price of $22 million under the 2020 Repurchase Program before it was terminated on July 15, 2021.

On July 22, 2021, we repurchased 3,749,400 of our ordinary shares, comprising (a) 1,747,840 of our voting ordinary shares, (b) 1,496,321 of our Series C non-voting ordinary shares, and (c) 505,239 of our Series E non-voting ordinary shares, held by funds managed by Hillhouse Group (the “Hillhouse Funds”), a related party, for a price of

$234.52 per share, totaling $879 million in aggregate. The shares represented the Hillhouse Funds' entire interest in Enstar, which constituted 16.9% of our total ordinary shares and 9.4% of our voting ordinary shares.

On November 29, 2021, our Board entered into an ordinary share repurchase program (the "2021 Repurchase Program"), effective through November 30, 2022. Pursuant to the 2021 Repurchase Program, we may repurchase a limited number of our ordinary shares, not to exceed $100 million in aggregate.

For the year ended December 31, 2021, we repurchased 167,617 ordinary shares at an average price of $241.13, for an aggregate price of $41 million under the 2021 Repurchase Program. As of December 31, 2021, the remaining capacity under the 2021 Repurchase Program was $59 million.

Joint Share Ownership Plan

On January 21, 2020, 565,630 voting ordinary shares were issued to the trustee of the Enstar Group Limited Employee Benefit Trust (the "EB Trust"). Voting rights in respect of shares held in the EB Trust have been contractually waived. We have consolidated the EB Trust, and shares held in the EB Trust are classified like treasury shares as contra-equity in our consolidated balance sheet. The EB Trust supports awards made under our Joint Share Ownership Plan[50].

Non-Voting Ordinary Shares

Our non-voting ordinary shares comprised several different series as of December 31, 2021:

The Series C shares:

i. have all of the economic rights (including dividend rights) attaching to voting ordinary shares but are non-voting except in certain limited circumstances;

ii. will automatically convert at a one-for-one exchange ratio (subject to adjustment for share splits, dividends, recapitalizations, consolidations or similar transactions) into voting ordinary shares if the registered holder transfers them in a widely dispersed offering;

iii. may only vote on certain limited matters that would constitute a variation of class rights and as required under Bermuda law; and

iv. require the registered holders' written consent in order to vary the rights of the shares in a significant and adverse manner.

The Series D shares are authorized, but no shares in these series are issued and outstanding. Holders of the Series C shares have the right to convert such shares, on a share-for-share basis, subject to certain adjustments, into Series D shares at their option. There is no economic difference in Series C or D shares, but there are slight differences in the conversion rights and the limited voting rights of each series.

The Series E shares have substantially the same rights as the Series C shares, except that:

i. they are convertible only into voting ordinary shares; and

ii. they may only vote as required under Bermuda law.

The Series E shares include all other non-voting ordinary shares authorized under our bye-laws but not classified as Series C or D non-voting ordinary shares.

[50] As described in Note 20.

Preferred Shares

Series C Preferred Shares

As of December 31, 2021, there were 388,571 Series C participating non-voting perpetual preferred shares ("Series C Preferred Shares") issued and held by one of our wholly-owned subsidiaries.

The Series C Preferred Shares:

i. upon liquidation, dissolution or winding up of the Company, entitle their holders to a preference over holders of our ordinary voting and non-voting shares of an amount equal to $0.001 per share with respect to surplus assets; and

ii. are non-voting except in certain limited circumstances.

The Series C Preferred shares have dividend rights equal to those of the ordinary voting shares, subject to certain limitations and in an amount determined by a "participation rate" that is generally reflective of the reduction in the number of Series C Preferred Shares issued in exchange for the previously outstanding Series A shares.

The Series C Preferred Shares otherwise rank on parity with the ordinary voting and non-voting shares, and they rank senior to each other class or series of share capital, unless the terms of any such class or series shall expressly provide otherwise.

Series D Preferred Shares

On June 28, 2018, the Company raised $400 million of gross proceeds through the public offering of 16,000 shares of its 7.00% non-cumulative fixed-to-floating rate Series D perpetual preferred shares ("Series D Preferred Shares") (equivalent to 16,000,000 depositary shares, each of which represents a 1/1,000th interest in a Series D Preferred Share), $1.00 par value and $25,000 liquidation preference per share (equivalent to $25.00 per depositary share). The depositary shares are listed and trade under the "ESGRP" ticker symbol on the NASDAQ Global Select Market.

The Series D Preferred Shares are not redeemable prior to September 1, 2028, except in specified circumstances as described in the prospectus supplement relating to the offering. On and after September 1, 2028, the Series D Preferred Shares, represented by the depositary shares, will be redeemable at the Company’s option, in whole or from time to time in part, at a redemption price equal to $25,000 per Series D Preferred Share (equivalent to $25.00 per depositary share), plus any declared and unpaid dividends.

Series E Preferred Shares

On November 21, 2018, the Company raised $110 million of gross proceeds through the public offering of 4,400 shares of its 7.00% fixed rate non-cumulative Series E perpetual preferred shares ("Series E Preferred Shares") (equivalent to 4,400,000 depositary shares, each of which represents a 1/1,000th interest in a Series E Preferred Share), $1.00 par value and $25,000 liquidation preference per share (equivalent to $25.00 per depositary share). The depositary shares are listed and trade under the "ESGRO" ticker symbol on the NASDAQ Global Select Market.

The Series E Preferred Shares are not redeemable prior to March 1, 2024, except in specified circumstances as described in the prospectus supplement relating to the offering. On and after March 1, 2024, the Series E Preferred Shares, represented by the depositary shares, will be redeemable at the Company’s option, in whole or from time to time in part, at a redemption price equal to $25,000 per Series E Preferred Share (equivalent to $25.00 per depositary share), plus any declared and unpaid dividends.

Dividends on Preferred Shares

Holders of Series D and Series E Preferred Shares are entitled to receive, only when, as and if declared, non-cumulative cash dividends, paid quarterly in arrears on the 1st day of March, June, September and December of each year, of 7.00% per annum.

Commencing on September 1, 2028, the Series D Preferred Shares will convert to a floating rate basis and dividends will be payable on a non-cumulative basis, when, as and if declared, at an alternative reference rate (with spread adjustment) to three-month LIBOR, as determined by the calculation agent consistent with accepted market practice, plus 4.015% per annum. Dividends that are not declared will not accumulate and will not be payable.

During the years ended December 31, 2021, 2020 and 2019, we declared and paid dividends on Series D Preferred Shares of $28 million and on Series E Preferred Shares of $8 million for all three years.

Any payment of dividends must be approved by our Board. Our ability to pay dividends is subject to certain restrictions[51].

Accumulated Other Comprehensive Income

The following table presents details about the tax effects allocated to each component of other comprehensive income (loss):

	2021			2020		
	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
	(in millions of U.S. dollars)					
Unrealized (losses) gains on fixed income AFS investments arising during the year	$ (112)	$ 6	$ (106)	$ 116	$ (11)	$ 105
Reclassification adjustment for change in allowance for credit losses recognized in net earnings	10	—	10	(1)	—	(1)
Reclassification adjustment for net realized (gains) losses included in net earnings	(7)	1	(6)	(20)	2	(18)
Reclassification to earnings on disposal of subsidiary	—	—	—	(15)	3	(12)
Change in currency translation adjustment	2	—	2	(2)	—	(2)
Decrease in defined benefit pension liability	2	—	2	1	—	1
Other comprehensive (loss) income	**$ (105)**	**$ 7**	**$ (98)**	**$ 79**	**$ (6)**	**$ 73**

During the year ended December 31, 2019, the deferred tax (expense) benefit associated with items reported in other comprehensive income (loss) was subject to a full valuation allowance[52].

The following table presents details amounts reclassified from AOCI:

Details about AOCI components	2021	2020	2019	Affected Line Item in Statement where Net Earnings are presented
	(in millions of U.S. dollars)			
Unrealized (losses) gains on fixed income AFS investments	$ (6)	$ 19	$ 4	Net unrealized (losses) gains
	—	17	—	Net earnings from discontinued operations
	(6)	36	4	Total before tax
	(1)	(5)	—	Income tax expense
	(7)	31	4	Net of tax
Total reclassifications for the period, net of tax	**$ (7)**	**$ 31**	**$ 4**	

[51] As described in Note 23.

[52] For information, refer to “Assessment of Valuation Allowance on Deferred Tax Assets” within Note 21.

19. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted net earnings per ordinary share:

	2021	2020	2019
Numerator:	**(in millions of U.S. dollars, except share data)**		
Earnings per share attributable to Enstar ordinary shareholders:			
Net earnings from continuing operations [1]	$ 437	$ 1,712	$ 898
Net earnings from discontinued operations [2]	—	7	4
Net earnings attributable to Enstar ordinary shareholders	$ 437	$ 1,719	$ 902
Denominator:			
Weighted-average ordinary shares outstanding — basic [3]	19,821,259	21,551,408	21,482,617
Effect of dilutive securities:			
Share-based compensation plans [4]	225,213	208,293	227,878
Warrants [5]	80,659	58,593	64,571
Weighted-average ordinary shares outstanding — diluted	20,127,131	21,818,294	21,775,066
Earnings per share attributable to Enstar ordinary shareholders:			
Basic:			
Net earnings from continuing operations	$ 22.05	$ 79.43	$ 41.80
Net earnings from discontinued operations	—	0.35	0.20
Net earnings per ordinary share	$ 22.05	$ 79.78	$ 42.00
Diluted:			
Net earnings from continuing operations	$ 21.71	$ 78.45	$ 41.23
Net earnings from discontinued operations	—	0.35	0.20
Net earnings per ordinary share	$ 21.71	$ 78.80	$ 41.43

[1] Net earnings from continuing operations attributable to Enstar ordinary shareholders equals net earnings from continuing operations, plus net (earnings) loss from continuing operations attributable to noncontrolling interest, less dividends on preferred shares.

[2] Net earnings from discontinued operations attributable to Enstar ordinary shareholders equals net earnings from discontinued operations, net of income taxes, plus net (earnings) from discontinued operations attributable to noncontrolling interest[53].

[3] Weighted-average ordinary shares for basic earnings per share includes ordinary shares (voting and non-voting) but excludes ordinary shares held in the EB Trust in respect of JSOP awards.

[4] Share-based dilutive securities include restricted shares, restricted share units, and performance share units. Certain share-based compensation awards, including the ordinary shares held in the EB Trust in respect of JSOP awards, were excluded from the calculation for the year ended December 31, 2021 because they were anti-dilutive.

[5] Warrants to acquire 175,901 Series C Non-Voting Ordinary Shares for an exercise price of $115.00 per share were exercised on a non-cash basis during the year ended December 31, 2021, which resulted in a total of 89,590 Series C Non-Voting Ordinary Shares being issued in the year. As of December 31, 2021, there were no warrants outstanding following the exercise described. The warrants presented in the table above are a weighted-average of the warrants outstanding for the year.

[53] Refer to Note 5 for a breakdown by period.

20. SHARE-BASED COMPENSATION AND PENSIONS

Share-based compensation

The 2016 Equity Incentive Plan is our primary share-based compensation plan. We also maintain other share-based compensation plans as discussed below.

The table below provides a summary of the compensation costs for all of our share-based compensation plans for the years ended December 31, 2021, 2020 and 2019:

	2021	2020	2019
	(in millions of U.S. dollars)		
Share-based compensation plans:			
Restricted shares and restricted share units	$ 7	$ 8	$ 7
Performance share units	13	13	24
Joint share ownership plan expense	5	4	—
Other share-based compensation plans	3	3	7
Total share-based compensation	$ 28	$ 28	$ 38

The associated tax benefit recorded to income tax expense in the consolidated statement of operations was $3 million for each of the years ended December 31, 2021, 2020 and 2019.

Restricted Shares and Restricted Share Units

Restricted shares and restricted share units are service awards that typically vest over three years. These awards are share-settled and are recorded in additional paid-in capital on the consolidated balance sheets. The fair value of these awards is measured by multiplying the number of shares subject to the award by the closing price of our ordinary shares on the grant date and expensed over the service period.

The following table summarizes the activity related to restricted shares and restricted share awards during 2021:

	Number of Shares	Weighted-Average Share Price
Nonvested — January 1	95,250	$161.60
Granted	40,759	244.68
Vested	(36,301)	158.34
Forfeited	(7,050)	151.41
Nonvested — December 31	92,658	200.44

The unrecognized compensation cost related to our unvested restricted share and restricted share unit awards as of December 31, 2021 was $10 million. This cost is recognizable over the next 1.97 years, which is the weighted average contractual life.

Performance Share Units ("PSUs")

PSUs are share-settled and vest following the end of the three-year performance period. The fair value of these awards is measured by multiplying the number of shares subject to the award by the closing price of our ordinary shares on the grant date and considering any performance related adjustments. The number of shares to vest will be determined by a performance adjustment based on either:

i. the change in fully diluted book value per share ("FDBVPS") over three years; or

ii. average annual non-GAAP operating income return on equity, excluding StarStone Group for the 2020 and 2019 grant years only.

Performance Share Units based on FDBVPS

The following table summarizes the awards granted, the vested and unvested PSU awards at December 31, 2021, and the performance criteria and associated performance multipliers at various levels of achievement.

	Inception-to-date Activity Roll-forward					Performance Criteria: Change in FDBVPS (3 year)				Performance Multiplier Levels Per Award Agreements			
Grant Year	PSUs Granted at Target	Forfeited	Estimated Change in Multiplier	Vested	Unvested at December 31, 2021	Threshold	Target	Target +	Maximum	Threshold	Target	Target +	Maximum
2018	39,682	(13,084)	9,889	(36,487)	—	25.0 %	32.5 %	N/A	40.0 %	50.0 %	100.0 %	N/A	150.0 %
2019	18,308	(3,543)	6,620	(1,526)	19,859	20.0 %	30.0 %	N/A	40.0 %	60.0 %	100.0 %	N/A	150.0 %
2020	22,591	(8,331)	6,637	(985)	19,912	25.0 %	32.5 %	N/A	40.0 %	60.0 %	100.0 %	N/A	150.0 %
2020	52,948	—	26,474	—	79,422	33.1 %	36.8 %	44.3 %	52.1 %	50.0 %	100.0 %	150.0 %	200.0 %
2021	14,429	(1,850)	—	(447)	12,132	25.0 %	32.5 %	N/A	40.0 %	60.0 %	100.0 %	N/A	150.0 %
	147,958	(26,808)	49,620	(39,445)	131,325								

For each type of PSU based on FDBVPS, a change in the FDBVPS Performance Criteria at each of Threshold, Target and Maximum will result in the application of the respective Threshold, Target and Maximum Performance Multiplier and a settlement of awards at that level. In addition, for the 2020 FDBVPS Type II award, a change in the FDBVPS Performance Criteria at "Target +" will result in the application of the "Target +" Performance Multiplier. Straight-line interpolation applies within these ranges, and no settlement occurs if the increase in FDBVPS is less than the Threshold.

Performance Share Units based on Average Annual Non-GAAP Operating Income Return on Equity ("Operating ROE")

The following table summarizes the awards granted, the vested and unvested units at December 31, 2021, and the performance criteria and associated performance multipliers at various levels of achievement.

	Inception-to-date Activity Roll-forward					Performance Criteria: Average Annual Operating ROE			Performance Multiplier Levels Per Award Agreements		
Grant Year	PSUs Granted at Target	Forfeited	Estimated Change in Multiplier	Vested	Unvested at December 31, 2021	Threshold	Target	Maximum	Threshold	Target	Maximum
2019	18,308	(3,538)	6,598	(1,574)	19,794	9.6 %	12.0 %	14.4 %	60.0 %	100.0 %	150.0 %
2020	22,560	(8,330)	6,623	(985)	19,868	9.6 %	12.0 %	14.4 %	60.0 %	100.0 %	150.0 %
2021	14,401	(1,848)	—	(448)	12,105	9.6 %	12.0 %	14.4 %	60.0 %	100.0 %	150.0 %
	55,269	(13,716)	13,221	(3,007)	51,767						

Annual Operating ROE is calculated based upon the non-GAAP operating income return on opening shareholder's equity, excluding StarStone for the 2020 and 2019 grant years only. Average Annual Operating ROE is the sum of the three individual year annual operating ROE %'s divided by three. An Average Annual Operating ROE of Target to Maximum or more results in a settlement of 100.0% to a maximum of 150.0% of the units granted, respectively. An Average Annual Operating ROE of Threshold to Target results in a settlement of 60.0% to 100.0%. Straight-line interpolation applies within these ranges and no settlement occurs if the Average Annual Operating ROE is less than the Threshold.

Performance Multipliers

For expense purposes we assume a Target vesting at the initial time of award. At the end of each reporting period, we estimate the expected performance multiplier, as shown in the table below:

Award Description	2021		2020	2019
2018 FDBVPS	150.0%	(1.0)	150.0%	100.0%
2019 FDBVPS	150.0%		150.0%	100.0%
2019 Average Operating ROE	150.0%		150.0%	100.0%
2020 FDBVPS Type I (32.50% Target Change)	150.0%		100.0%	N/A
2020 Average Operating ROE	150.0%		100.0%	N/A
2020 FDBVPS Type II (36.80% Target Change)	150.0%		100.0%	N/A
2021 FDBVPS	100.0%		NA	N/A
2021 Average Operating ROE	100.0%		NA	N/A

(1) Multipliers for the 2018 awards are the final achieved terms.

The unrecognized compensation cost related to our unvested PSU share awards as of December 31, 2021 was $13 million. This cost is recognizable over the next 1.48 years, which is the weighted average contractual life.

Roll-forward of Performance Share Units

The following table summarizes the activity related to PSUs during 2021:

	Number of Shares	Weighted-Average Share Price
Nonvested — January 1	169,987	$174.10
Granted	28,830	241.97
Change in performance multiplier	37,136	176.25
Vested	(32,698)	189.61
Forfeited	(20,163)	156.23
Nonvested — December 31	183,092	185.97

Joint Share Ownership Plan

Under the JSOP, we have the ability to make equity awards to our U.K.-based staff through which a recipient acquires jointly held interests in a set number of our voting ordinary shares together with the independent trustee of the EB Trust at fair market value, pursuant to the terms of a joint ownership agreement. Voting rights in respect of shares held in the EB Trust are contractually waived. Shares held in the EB Trust are classified as treasury shares.

On January 21, 2020, a JSOP award comprising 565,630 underlying voting ordinary shares was made to our Chief Executive Officer which cliff-vests after 3 years. The value of the award at vesting, if any, is determined based on the price of our voting ordinary shares appreciating above a certain threshold between the date of grant and the vesting date.

If the higher of the closing price per share on January 20, 2023 and the 10-day volume weighted average price per share for the ten consecutive trading days ending on January 20, 2023 (each, the "Market Price") is $266.00 or greater the hurdle, the award will have a value equal to the Market Price, less $205.89, multiplied by 565,630. If the Market Price is less than $266.00 on such date, the award will have no value. In addition, 20.0% of the award is subject to a performance condition based on growth in FDBVPS between January 1, 2020 and December 31, 2022.

The accounting for stock-settled JSOP awards is similar to options, whereby the grant date fair value of $14 million is expensed over the life of the award. To determine the grant date fair value of $24.13 per share, we utilized a Monte-Carlo valuation model with the following assumptions:

	2021
Weighted-average volatility	18.7 %
Weighted-average risk-free interest rate	1.6 %
Dividend yield	0.0 %

The unrecognized compensation cost related to our unvested JSOP share awards as of December 31, 2021 was $5 million. This cost is recognizable over the next 1.1 years, which is the weighted average contractual life.

Other share-based compensation plans

Deferred Compensation and Ordinary Share Plan for Non-Employee Directors

The number of units credited to the accounts of non-employee directors for the years ended December 31, 2021, 2020 and 2019 under the Enstar Group Limited Deferred Compensation and Ordinary Share Plan for Non-Employee Directors (the "Deferred Compensation Plan") were 5,092, 7,204 and 5,976, respectively.

Employee Share Purchase Plan

We provide an Employee Share Purchase Plan ("ESPP") whereby eligible employees may purchase Enstar shares at a 15.0% discount to market price, in an amount of share value limited to the lower of $21,250 or 15.0% of the employee's base salary. The 15.0% discount is expensed as compensation cost. The number of shares issued to employees under the ESPP for the years ended December 31, 2021, 2020 and 2019 were 9,432, 16,914 and 15,269, respectively.

Pension Plans

We provide retirement benefits to eligible employees through various plans that we sponsor. Pension expense can be affected by changes in our employee headcount.

The table below summarizes the expense related to our defined contribution and benefit plans for the years ended December 31, 2021, 2020 and 2019.

	2021	2020	2019
	(in millions of U.S. dollars)		
Defined contribution plans	$ 9	$ 12	$ 12
Defined benefit plan	—	3	1
Total pension expense	$ 9	$ 15	$ 13

The reduction in the 2021 defined contribution plan pension expense was driven by a reduction in headcount as a result of the sale of StarStone U.S. and the Exchange Transaction[54], whereas the reduction in the 2021 defined benefit plan pension expense was driven by the annuity purchases in 2020 as described below.

The increase in the 2020 defined benefit plan pension expense was driven by annuity purchases for partial risk transfer of certain plan liabilities.

During 2021, an actuarial review was performed on the defined benefit plan, which determined that the plan's unfunded liability, as of December 31, 2021 and 2020 was $3 million and $7 million, respectively. As of December 31, 2021 and 2020, we had an accrued liability of $3 million and $7 million, respectively, for this plan.

[54] Refer to Note 5 for further information.

21. INCOME TAXATION

Enstar is incorporated under the laws of Bermuda and under Bermuda law is not required to pay taxes in Bermuda based upon income or capital gains. The Company, under the Exempted Undertakings Tax Protection Act of 1966, is protected against any legislation that may be enacted in Bermuda which would impose any tax on profits, income, or gain until March 31, 2035.

We have foreign operating subsidiaries and branch operations principally located in the United States, United Kingdom, Continental Europe and Australia that are subject to federal, foreign, state and local taxes in those jurisdictions. The undistributed earnings from our foreign subsidiaries will be indefinitely reinvested in those jurisdictions where the undistributed earnings were earned.

Deferred tax liabilities have not been accrued with respect to the undistributed earnings of our foreign subsidiaries. Generally, when earnings are distributed as dividends, withholding taxes may be imposed by the jurisdiction of the paying subsidiary. For our U.S. subsidiaries, we have not currently accrued any withholding taxes with respect to unremitted earnings because, solely for U.S. Federal income tax purposes, there are no accumulated positive earnings and profits that could be subject to U.S. dividend withholding tax. For our United Kingdom subsidiaries, there are no withholding taxes imposed as a matter of U.K. domestic tax law. For our other foreign subsidiaries, an insignificant amount of earnings is indefinitely reinvested; however, it would not be practicable to compute the related amounts of withholding taxes due to a variety of factors, including the amount, timing and manner of any repatriation. Because we operate in many jurisdictions, our net earnings are subject to risk due to changing tax laws and tax rates around the world. The current, rapidly changing economic environment may increase the likelihood of substantial changes to tax laws in the jurisdictions in which we operate.

Income Tax Expense

The following table presents earnings before income taxes by jurisdiction attributable to continuing operations, including earnings from equity method investments, for the years ended December 31, 2021, 2020 and 2019:

	2021	2020	2019
	(in millions of U.S. dollars)		
Domestic (Bermuda)	$ 370	$ 1,504	$ 576
Foreign	145	231	357
Total earnings before income taxes and earnings from equity method investments attributable to continuing operations	$ 515	$ 1,735	$ 933

The following table presents our current and deferred income tax expense attributable to continuing operations by jurisdiction for the years ended December 31, 2021, 2020 and 2019:

	2021	2020	2019
	(in millions of U.S. dollars)		
Current:			
Domestic (Bermuda)	$ —	$ —	$ —
Foreign	6	15	16
	6	15	16
Deferred:			
Domestic (Bermuda)	—	—	—
Foreign	21	9	(4)
	21	9	(4)
Total income tax expense attributable to continuing operations	$ 27	$ 24	$ 12

The actual effective income tax rate differs from the statutory rate of 0 percent under Bermuda law applied to earnings attributable to continuing operations before income taxes, including earnings from equity method investments for the years ended December 31, 2021, 2020 and 2019 as shown in the following reconciliation:

	2021	2020	2019
	(in millions of U.S. dollars)		
Earnings before income taxes	$ 515	$ 1,735	$ 933
Bermuda income taxes at statutory rate	0.0 %	0.0 %	0.0 %
Foreign income tax rate differential	5.9 %	1.2 %	8.6 %
Change in valuation allowance	1.9 %	0.1 %	(7.2)%
Effect of change in foreign income tax rate	(1.4)%	— %	— %
Other	(1.2)%	0.1 %	(0.1)%
Effective income tax rate	5.2 %	1.4 %	1.3 %

Our effective tax rate is generally driven by the geographical distribution of our earnings before income taxes between our taxable and non-taxable jurisdictions.

Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities (included in other assets and other liabilities, respectively, in the consolidated balance sheets) reflect the tax effect of the differences between the financial statement carrying amount and the income tax bases of assets and liabilities.

Significant components of the deferred tax assets and deferred tax liabilities as of December 31, 2021 and 2020 were as follows:

	2021	2020
	(in millions of U.S. dollars)	
Deferred tax assets:		
Net operating loss carryforwards	$ 166	$ 141
Insurance reserves	17	22
Provisions for bad debt	3	—
Defendant A&E liabilities	98	121
Other deferred tax assets	27	24
Deferred tax assets	311	308
Valuation allowance	(129)	(118)
Deferred tax assets, net of valuation allowance	182	190
Deferred tax liabilities:		
Unrealized gains on investments	(17)	(20)
Lloyd's underwriting profit taxable in future periods	(19)	(16)
Other deferred tax liabilities	(23)	(15)
Deferred tax liabilities	(59)	(51)
Net deferred tax asset	$ 123	$ 139

Net Deferred Tax Asset (Liability) Balance by Major Jurisdiction

	Net Deferred Tax Asset	
	2021	2020
	(in millions of U.S. dollars)	
United States	$ 151	$ 157
United Kingdom	(28)	(18)
Total	123	139

Net Operating Loss Carryforwards

As of December 31, 2021, we had net operating loss carryforwards that could be available to offset future taxable income, as follows:

Tax Jurisdiction	Loss Carryforwards	Tax effect	Expiration
	(in millions of U.S. dollars)		
Net Operating Loss Carryforwards:			
United States - Net operating loss	$ 458	$ 96	2023-2041
United States - Net operating loss	25	5	Indefinitely
United Kingdom	186	47	Indefinitely
Luxembourg	15	4	2035-2036
Other	62	14	Indefinitely

The U.S. and U.K. net operating loss carryforwards are also subject to certain utilization limitations and have been considered in management's assessment of valuation allowance.

Assessment of Valuation Allowance on Deferred Tax Assets

As of December 31, 2021 and 2020, we had deferred tax asset valuation allowances of $129 million and $118 million, respectively, related to foreign subsidiaries. We recorded a net increase of $11 million in our deferred tax valuation allowance for the year ended December 31, 2021 primarily due to impact of the U.K. tax rate change and associated increase in deferred tax assets which management does not believe meet the “more likely than not” realization threshold.

The realization of deferred tax assets is dependent on generating sufficient taxable income in future periods in which the tax benefits are deductible or creditable. The amount of the deferred tax asset considered realizable, however, could be revised in the future if estimates of future taxable income change.

Income taxes are determined and assessed jurisdictionally by legal entity or by filing group. Certain jurisdictions require or allow combined or consolidated tax filings. We have estimated the future taxable income of our foreign subsidiaries and provided a valuation allowance in respect of those assets where we do not expect to realize a benefit. We have considered all available evidence using a “more likely than not” standard in determining the amount of the valuation allowance. We considered the following evidence:

i. net earnings or losses in recent years;

ii. the future sustainability and likelihood of positive net earnings of our subsidiaries;

iii. the carryforward periods of tax losses including the effect of reversing temporary differences; and

iv. tax planning strategies.

In making our determination, the assumptions used in determining future taxable income require significant judgment and any changes in these assumptions could have an impact on earnings.

Unrecognized Tax Benefits

During the years ended December 31, 2021, 2020 and 2019, there were no unrecognized tax benefits. There were no accruals for the payment of interest and penalties related to income taxes as of each of December 31, 2021, 2020 and 2019.

Open Tax Years

Our operating subsidiaries may be subject to examination by various tax authorities and may have different statutes of limitations expiration dates. Taxing authorities may propose adjustments to our income taxes.

Listed below are the tax years that remain subject to examination by a major tax jurisdiction as of December 31, 2021:

Major Tax Jurisdiction	Open Tax Years
United States	2018-2021
United Kingdom	2020-2021

22. RELATED PARTY TRANSACTIONS

The following tables summarize our related party balances and transactions. Additional details about the nature of our relationships and transactions are included further below.

As of December 31, 2021	Stone Point [1]	AnglePoint HK [2]	Northshore	Monument	AmTrust	Citco	Core Specialty	Other
				(in millions of U.S. dollars)				
Assets								
Fixed maturities, trading, at fair value	$ 122	$ —	$ 180	$ —	$ —	$ —	$ —	$ —
Fixed maturities, AFS, at fair value	332	—	1	—	—	—	—	—
Equities, at fair value	153	—	37	—	224	—	—	—
Other investments, at fair value	563	9	14	—	—	—	—	1,278
Equity method investments	—	—	—	194	—	56	225	—
Total investments	1,170	9	232	194	224	56	225	1,278
Cash and cash equivalents	14	—	27	—	—	—	—	—
Restricted cash and cash equivalents	—	—	4	—	—	—	—	—
Reinsurance balances recoverable on paid and unpaid losses	—	—	63	—	—	—	2	—
Funds held by reinsured company	—	—	35	—	—	—	41	—
Other assets	—	—	28	—	—	—	13	—
Liabilities								
Losses and LAE	—	—	226	—	—	—	504	—
Insurance and reinsurance balances payable	—	—	63	—	—	—	5	—
Other liabilities	—	—	63	—	—	—	—	—
Net assets (liabilities)	$ 1,184	$ 9	$ 37	$ 194	$ 224	$ 56	$ (228)	$ 1,278
Redeemable noncontrolling interest	$ 172	$ —	$ —	$ —	$ —	$ —	$ —	$ —

[1] As of December 31, 2021, we had unfunded commitments of $229 million to other investments, $25 million to privately held equity and $10 million to fixed maturity investments managed by Stone Point and its affiliated entities.

[2] Subsequent to December 31, 2021, AnglePoint HK ceased to be a related party.

As of December 31, 2020	Stone Point	Hillhouse [1]	Monument	AmTrust	Citco	Enhanzed Re [2]	Core Specialty	Other
	(in millions of U.S. dollars)							
Assets								
Short-term investments, AFS, at fair value	$ 1	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Fixed maturities, trading, at fair value	196	—	—	—	—	—	—	—
Fixed maturities, AFS, at fair value	227	—	—	—	—	—	—	—
Equities, at fair value	104	—	—	230	—	—	—	—
Other investments, at fair value	527	2,735	—	—	—	—	—	931
Equity method investments	—	—	194	—	53	330	235	—
Total investments	1,055	2,735	194	230	53	330	235	931
Cash and cash equivalents	24	—	—	—	—	—	—	—
Reinsurance balances recoverable on paid and unpaid losses	—	—	—	—	—	208	2	—
Funds held by reinsured company	—	—	—	—	—	194	58	—
Other assets		—	—	—	—	1	46	—
Liabilities								
Losses and LAE	—	—	—	—	—	—	683	—
Insurance and reinsurance balances payable	—	—	—	—	—	1	25	—
Other liabilities	1	—	—	—	—	—	10	—
Net assets (liabilities)	$ 1,078	$ 2,735	$ 194	$ 230	$ 53	$ 732	$ (377)	$ 931
Redeemable noncontrolling interest	$ 350	$ —	$ —	$ —	$ —	$ —	$ —	$ —

[1] As of December 31, 2020, the carrying value of our direct investment in the InRe Fund, which was then managed by AnglePoint Cayman, was $2.4 billion. The Hillhouse Group ceased to be a related party on July 22, 2021.

[2] As of December 31, 2020, Enhanzed Re held investments in funds managed by AnglePoint Cayman of $851 million for which our share (through our equity method investment ownership) was $404 million. During the second quarter of 2021, Enhanzed Re redeemed $902 million of its investments in funds managed by AnglePoint Cayman. Following completion of the Step Acquisition and related consolidation, Enhanzed Re ceased to be a related party on September 1, 2021.

	2021									
	Stone Point	Hillhouse [1]	AnglePoint HK [2]	Northshore	Monument	AmTrust	Citco	Enhanzed Re [3]	Core Specialty	Other
	(in millions of U.S. dollars)									
Net premiums earned	$ —	$ —	$ —	$ 58	$ —	$ —	$ —	$ (2)	$ 8	$ —
Net investment income (expense)	21	—	(13)	3	—	6	—	(4)	—	3
Net realized gains	—	77	—	—	—	—	—	—	—	—
Net unrealized gains (losses)	83	20	(69)	—	—	(6)	—	—	—	136
Other (expense) income	—	—	—	(15)	—	—	—	2	15	—
	104	97	(82)	46	—	—	—	(4)	23	139
Net incurred losses and LAE	—	—	—	(18)	—	—	—	—	32	—
Acquisition costs	—	—	—	(13)	—	—	—	1	6	—
General and administrative expenses	—	—	—	(10)	—	—	—	—	—	—
	—	—	—	(41)	—	—	—	1	38	—
Earnings from equity method investments	—	—	—	—	14	—	4	82	(6)	—
Total net earnings (loss)	$ 104	$ 97	$ (82)	$ 5	$ 14	$ —	$ 4	$ 79	$ 55	$ 139

(1) Includes earnings from our direct investment in the InRe Fund, which was managed by AnglePoint Cayman through March 31, 2021, and the impact of a $100 million deduction from amounts due to affiliates of Hillhouse Group from the InRe Fund, which had the effect of increasing our NAV in the InRe Fund on February 21, 2021. The Hillhouse Group ceased to be a related party on July 22, 2021.

(2) Includes earnings from our direct investment in the InRe Fund, which was managed by AnglePoint HK from April 1, 2021 to October 15, 2021, and another fund managed by AnglePoint HK. For the year ended December 31, 2021, we incurred management and performance fees of $16 million in relation to the InRe Fund, which consisted of a $10 million minimum performance fee and operating expense reimbursements of $6 million. These fees were deducted from the AnglePoint HK funds' reported net asset values and recorded as net investment expenses in the consolidated statements of earnings.

(3) Following completion of the Step Acquisition and related consolidation, Enhanzed Re ceased to be a related party on September 1, 2021.

	2020						
	Stone Point	Hillhouse (1)	Monument	AmTrust	Citco	Enhanzed Re	Other
	(in millions of U.S. dollars)						
Net investment income	$ 16	$ —	$ —	$ 7	$ —	$ (4)	$ —
Net unrealized gains (losses)	24	1,288	—	(11)	—	(1)	76
Other income	—	—	—	—	—	3	—
	40	1,288	—	(4)	—	(2)	76
Net incurred losses and LAE	—	—	—	—	—	(6)	—
	—	—	—	—	—	(6)	—
Earnings from equity method investments	—	—	88	—	2	147	—
Total net earnings (loss)	$ 40	$ 1,288	$ 88	$ (4)	$ 2	$ 139	$ 76
Change in unrealized losses on AFS investments	$ —	$ —	$ —	$ —	$ —	$ (3)	$ —

(1) Includes earnings from our direct investment in the InRe Fund and other funds, which were then managed by AnglePoint Cayman. For the year ended December 31, 2020, we incurred management and performance fees of $489 million which were deducted from the Hillhouse Funds' reported net asset values.

	2019						
	Stone Point	Hillhouse (1)	Monument	AmTrust	Citco	Enhanzed Re	Other
	(in millions of U.S. dollars)						
Net investment income	$ 9	$ —	$ —	$ 8	$ —	$ —	$ —
Net unrealized gains	26	310	—	10	—	—	41
Other income	—	—	—	—	—	1	—
	35	310	—	18	—	1	41
Earnings from equity method investments	—	—	20	—	3	29	—
Total net earnings	$ 35	$ 310	$ 20	$ 18	$ 3	$ 30	$ 41

(1) Includes earnings from our direct investment in the InRe Fund and other funds, which were then managed by AnglePoint Cayman. For the year ended December 31, 2019, we incurred management and performance fees of $89 million which were deducted from the Hillhouse Funds' reported net asset values.

Stone Point

As of December 31, 2021, investment funds managed by Stone Point own 1,635,986 of our voting ordinary shares, which constitutes 9.8% of our outstanding voting ordinary shares. James D. Carey, a managing director of Stone Point, is a member of our Board.

As of December 31, 2021, investment funds managed by Stone Point have a 39.3% interest in our subsidiary SSHL and a 76.3% interest in Northshore[55]. Additional information relating to our remaining interest in Northshore is set forth under the heading "Northshore" below. As of December 31, 2021 and December 31, 2020, the RNCI on our balance sheet relating to these co-investment transactions was $172 million and $350 million, respectively.

[55] Refer to Note 5 for a description of transactions impacting Stone Point's interests in SSHL and Northshore that occurred during 2021 and 2020.

We have made various investments in funds and separate accounts managed by Stone Point or affiliates of Stone Point, and we have also made direct investments in entities affiliated with Stone Point. Where we have made an investment in a fund, the manager of such fund generally charges certain fees to the fund, which are deducted from the net asset value.

We also have certain co-investments alongside Stone Point and its affiliates, including our investments in AmTrust and Northshore, which are described below, and Mitchell TopCo Holdings, the parent company of Mitchell International ("Mitchell"), and Genex Services in which we have invested $25 million. Mitchell provides third-party outsourcing managed care services to one of our subsidiaries in the ordinary course of its business.

Hillhouse Group

On July 22, 2021, we repurchased the Hillhouse Funds' (as defined below) entire equity interest in Enstar, and as a result the Hillhouse Group (as defined below) ceased to be a related party on the same date[56].

We have historically made significant direct investments in funds (the "Hillhouse Funds") managed by Hillhouse Capital Management, Ltd. and Hillhouse Capital Advisors, Ltd. (together, "Hillhouse Group") and AnglePoint Asset Management Ltd., an affiliate of Hillhouse Group ("AnglePoint Cayman"). From February 2017 to February 2021, Jie Liu, a partner of AnglePoint HK (as defined below), served on our Board.

On February 21, 2021, we entered into a Termination and Release Agreement (the "TRA") with the InRe Fund, Hillhouse Group, AnglePoint Cayman, AnglePoint Asset Management Limited ("AnglePoint HK"), and InRe Fund GP, Ltd. pursuant to which we agreed to terminate certain relationships with Hillhouse and its affiliates, primarily with respect to the InRe Fund. In connection with AnglePoint Cayman ceasing to serve as investment manager of the InRe Fund, affiliates of Hillhouse Group agreed to a deduction of $100 million from amounts due to them from the InRe Fund and to waive their right to receive any performance fees that could have been earned for 2021. We also redeemed our investments in the other Hillhouse Funds at their carrying value plus an implied interim return and received $381 million in the form of additional interest in the InRe Fund.

AnglePoint Cayman previously received sub-advisory services with respect to the InRe Fund from its affiliate, AnglePoint HK, an investment advisory company licensed by the Securities and Futures Commission in Hong Kong. Pursuant to the TRA, we acquired an option to buy AnglePoint HK, which we also had the right to assign to a third-party. On April 1, 2021, we entered into a Designation Agreement with Jie Liu (the "Designation Agreement"), pursuant to which we designated Mr. Liu, an AnglePoint HK partner, as the purchaser of AnglePoint HK, and he acquired the company from an affiliate of Hillhouse Group on the same day. AnglePoint Cayman simultaneously assigned its investment management agreement with the InRe Fund to AnglePoint HK. The Designation Agreement required us and AnglePoint HK to amend the InRe Fund investment management agreement and limited partnership agreement to incorporate a revised fee structure for AnglePoint HK and certain other agreed changes. The revised fee structure consisted of a reimbursement of AnglePoint HK's reasonable operating expenses, plus a performance fee equal to 10% of our return on investment in the InRe Fund. For the calendar year 2021, there was also a minimum performance fee payable to AnglePoint HK of $10 million.

As a result of the terms of the Designation Agreement, the InRe Fund qualified as a VIE and was consolidated effective April 1, 2021. During the fourth quarter of 2021, we completed the liquidation of our investment in the InRe Fund[57].

On September 1, 2021, we completed the purchase of the Hillhouse Group's entire 27.7% interest in Enhanzed Re for a purchase price of $217 million[58].

AnglePoint HK

As described above, on April 1, 2021, AnglePoint Cayman assigned its investment management agreement with the InRe Fund to AnglePoint HK which is owned by Mr. Liu. On October 15, 2021, we delivered written notice to AnglePoint HK of our decision to terminate the investment management agreement among the InRe Fund, the general partner of the InRe Fund, and AnglePoint HK.

[56] Refer to Note 18 for transactions involving Hillhouse Group, which included the exercise of warrants in the first quarter of 2021 and our repurchase of our ordinary shares held by funds managed by Hillhouse Group in the third quarter of 2021.

[57] Refer to Note 13 for further details.

[58] Refer to Note 4 for further information regarding the Step Acquisition of Enhanzed Re.

At the same time, the InRe Fund, the general partner of InRe Fund and Neuberger Berman Investment Advisers LLC ("Neuberger Berman") entered into an investment management agreement pursuant to which Neuberger Berman was retained as investment manager to oversee an orderly liquidation of InRe Fund.

As of December 31, 2021, we had one remaining direct investment in a fund managed by AnglePoint HK.

Northshore

Following the completion of the Exchange Transaction[59] on January 1, 2021, our equity interest in Northshore, the holding company that owns Atrium and Arden, was reduced to 13.8% from 54.1%. We have accounted for our residual equity interest in Northshore as an investment in a privately held equity security at fair value.

Concurrent with the closing of the Exchange Transaction:

- One of our wholly-owned subsidiaries and Northshore entered into a TSA through which our wholly-owned subsidiary agreed to provide certain transitional services to Northshore over a transition period of up to 18 months.
- Arden entered into an LPT retrocession agreement with one of our majority owned subsidiaries, through which Arden fully reinsured its run-off portfolio with total liabilities of $19 million to our majority owned subsidiary, in exchange for a retrocession premium consideration of an equal amount.

  Arden retained the premium under a funds held arrangement, to secure the payment obligations of our majority owned subsidiary.
- SGL No.1 ceased its provision of underwriting capacity on Syndicate 609. We will continue to report SGL No. 1's 25% gross share of the 2020 and prior underwriting years of Syndicate 609 until the 2020 underwriting year completes an RITC into a successor year, which will be no earlier than December 31, 2022.

  There is no net retention for Enstar on Atrium's 2020 and prior underwriting years as the business was contractually transferred to the Atrium entities that were divested in the Exchange Transaction.

Monument Re

On July 27, 2021, we entered into a subscription agreement with Monument Insurance Group Limited ("Monument Re") with the other common shareholders to subscribe to a newly issued class of Monument Re preferred stock. As part of this agreement, our existing classes of preferred shares in Monument Re (including any accrued unpaid dividends thereon) was exchanged for the new class of preferred shares.

Following the transaction we continue to own 20.0% of the common shares of Monument Re and 24.4% of the new class of preferred shares as of December 31, 2021, which is reduced to 13.7% on a committed capital basis. A fund managed by Stone Point has acquired 6.7% of the new class of preferred shares as of December 31, 2021, which increases to 11.2% on a committed capital basis. This transaction closed on December 14, 2021.

We have accounted for our investment in the common and preferred shares of Monument Re as an equity method investment.

AmTrust

We own 8.4% of the equity interest in Evergreen Parent L.P. ("Evergreen") and Trident Pine Acquisition LP ("Trident Pine") owns 21.8%. Evergreen owns all of the equity interest in AmTrust Financial Services, Inc. (“AmTrust"). Trident Pine is an entity owned by private equity funds managed by Stone Point.

We have accounted for our investment in the shares of AmTrust an investment in a privately held equity security at fair value.

Citco

As of December 31, 2021 and 2020, we owned 31.9% of the common shares in HH CTCO Holdings Limited, which in turn owns 15.4% of the convertible preferred shares, amounting to a 6.2% interest in the total equity of Citco III Limited ("Citco"). Pursuant to an investment agreement and in consideration for participation therein, a related party of Hillhouse Group provided us with investment support. As of December 31, 2021 and 2020, Trident owned 3.4% interest in Citco. Mr. Carey currently serves as an observer to the board of directors of Citco in connection with Trident's investment therein.

[59] Refer to Note 5 for further details on the Exchange Transaction.

We have accounted for our indirect investment in the shares of Citco as an equity method investment.

Enhanzed Re

Enhanzed Re was a joint venture between Enstar, Allianz and Hillhouse Group that was capitalized in December 2018. Enhanzed Re is a Bermuda-based Class 4 and Class E reinsurer that reinsures life, non-life run-off, and property and casualty insurance business, initially sourced from Allianz and Enstar. Enstar, Allianz and Hillhouse Group have made initial equity investment commitments in the aggregate of $470 million to Enhanzed Re.

Enstar acts as the (re)insurance manager for Enhanzed Re, and an affiliate of Allianz provides investment management services to Enhanzed Re.

We ceded 10% of certain 2019, 2020 and 2021 transactions to Enhanzed Re on the same terms and conditions as those received by Enstar. In addition, one of our UK-based Run-off subsidiaries entered into a 50% quota share reinsurance agreement with Enhanzed Re during the fourth quarter of 2020. The reinsurance is on a funds held basis with fixed crediting rates.

As described above, on September 1, 2021, we completed the purchase of the Hillhouse Group's entire 27.7% interest in Enhanzed Re for a purchase price of $217 million and assumed its remaining outstanding capital commitment to Enhanzed Re of $40 million. Following the completion of the transaction, our equity interests in Enhanzed Re increased from 47.4% to 75.1% with Allianz continuing to own the remaining 24.9%. Upon closing, we consolidated Enhanzed Re (previously accounted for as an equity method investment) and as a result, it ceased to be a related party on the same date[60].

Core Specialty

Following the sale and recapitalization of StarStone U.S., our investment in the common shares of Core Specialty, was accounted for as an equity method investment on a one quarter lag.

In connection with the sale and recapitalization of StarStone U.S, we entered into an LPT and ADC reinsurance agreement, as well as an ASA and a TSA, between certain of our subsidiaries and StarStone U.S. and Core Specialty[61].

Furthermore, there are existing reinsurance agreements whereby (i) certain of our subsidiaries provide reinsurance protection to StarStone U.S. and (ii) StarStone U.S. provides reinsurance protection to certain of our subsidiaries. These arrangements remain in place.

As a result of the completion of the Exchange Transaction on January 1, 2021, our investment in Core Specialty was reduced by $4.0 million.

Other

We also have certain other investments, including investments in limited partnerships and partnership-like limited liability companies, that had we not elected the fair value option would otherwise be accounted for as equity method investments[62]. We have disclosed our investments in these entities on an aggregated basis as they are individually immaterial.

[60] Refer to Note 4 for further information regarding the Step Acquisition of Enhanzed Re.

[61] As described in Note 5.

[62] Refer to Note 6 for further information regarding our other investments, including summarized financial information of our equity method investees, including those for which the fair value option was elected.

23. DIVIDEND RESTRICTIONS AND STATUTORY FINANCIAL INFORMATION

Parent Company Dividend Restrictions

There were no significant restrictions on the Parent Company's ability to pay dividends from retained earnings as of December 31, 2021. Bermuda law permits the payment of dividends if;

i) we are not, or would not be after payment, unable to pay our liabilities as they become due and

ii) the realizable value of our assets is in excess of our liabilities after taking such payment into account.

We have not historically declared a dividend on our ordinary shares. The issuance of our Series D and E Preferred Shares have resulted in the declaration of dividends. Holders of Series D and Series E Preferred Shares are entitled to receive, only when, as and if declared, non-cumulative cash dividends, paid quarterly in arrears on the 1st day of March, June, September and December of each year of 7.0% per annum[63].

The Bermuda Monetary Authority ("BMA") acts as group supervisor to Enstar. On an annual basis, we are required to file group statutory financial statements, a group statutory financial return, a group capital and solvency return, audited group financial statements and a Group Solvency Self-Assessment ("GSSA") with the BMA. The GSSA is designed to document our perspective on the capital resources necessary to achieve our business strategies and remain solvent, and to provide the BMA with insights on our risk management, governance procedures and documentation related to this process. We are required to maintain available group statutory capital and surplus in an amount that is at least equal to the group enhanced capital requirement (“ECR”). The BMA has also established a group target capital level equal to 120% of the group ECR. We are in compliance with these requirements.

Our ability to pay dividends to our shareholders is dependent upon the ability of our (re)insurance subsidiaries to distribute capital and pay dividends to us. Our (re)insurance subsidiaries are subject to certain regulatory restrictions on the distribution of capital and payment of dividends in the jurisdictions in which they operate, as described below. The restrictions are generally based on net income or levels of capital and surplus as determined in accordance with the relevant statutory accounting practices. Failure of these subsidiaries to meet their applicable regulatory requirements could result in restrictions on any distributions of capital or retained earnings or stricter regulatory oversight of the subsidiaries.

Our ability to pay dividends and make other forms of distributions may also be limited by repayment obligations and financial covenants in our outstanding loan facility agreements.

Subsidiary Statutory Financial Information and Dividend Restrictions

Our (re)insurance subsidiaries prepare their statutory financial statements in accordance with statutory accounting practices prescribed or permitted by local regulators. Statutory and local accounting differs from U.S. GAAP, including in the treatment of investments, acquisition costs and deferred income taxes, amongst other items.

The statutory capital and surplus amounts as of December 31, 2021 and 2020 and statutory net income (loss) amounts for the years ended December 31, 2021, 2020 and 2019 for our (re)insurance subsidiaries based in Bermuda, the United Kingdom, the United States, Continental Europe and Australia are summarized in the table below which includes information relating to acquisitions from the year of acquisition:

	Statutory Capital and Surplus						
	Required		Actual		Statutory Income (Loss)		
	2021	2020	2021	2020	2021	2020	2019
	(in millions of U.S. dollars)						
Bermuda	$ 3,338	$ 2,712	$ 5,819	$ 5,565	$ 524	$ 1,851	$ 644
U.K.	804	804	1,247	1,224	163	43	155
U.S.	151	186	534	554	23	(67)	121
Europe	99	96	182	214	(2)	(1)	12
Australia	15	19	57	59	2	(2)	5

[63] Refer to Note 18 for details regarding dividends on preferred shares.

As of December 31, 2021, the total amount of net assets of our consolidated subsidiaries that were restricted was $4.4 billion.

Certain material aspects of these laws and regulations as they relate to solvency, dividends and capital and surplus are summarized below.

Bermuda

Our Bermuda-based (re)insurance subsidiaries are registered under the Insurance Act 1978 of Bermuda and related regulations, as amended (the "Insurance Act"). The Insurance Act imposes certain solvency and liquidity standards and auditing and reporting requirements and grants the BMA powers to supervise, investigate, require information and the production of documents and intervene in the affairs of insurance companies.

The Insurance Act requires that our Bermuda-based (re)insurance subsidiaries maintain certain solvency and liquidity standards. The minimum liquidity ratio requires that the value of relevant assets not be less than 75% of the amount of relevant liabilities. The minimum solvency margin, which varies depending on the class of the insurer, is determined as a percentage of either net reserves for losses and LAE or premiums. Our Bermuda subsidiaries with commercial insurance licenses are required to maintain a minimum statutory capital and surplus (Enhanced Capital Requirement or "ECR") at least equal to the greater of a minimum solvency margin or the Bermuda Solvency Capital Requirement ("BSCR"). The BSCR is calculated based on a standardized risk-based capital model as provided by the BMA.

Each of our regulated Bermuda subsidiaries would be prohibited from declaring or paying any dividends if it were in breach of its minimum solvency margin or liquidity ratio or if the declaration or payment of such dividends would cause it to fail to meet such margin or ratio. In addition, each of our regulated Bermuda subsidiaries is prohibited, without the prior approval of the BMA, from reducing by 15% or more its total statutory capital, or from reducing by 25% of more its total statutory capital and surplus, as set out in its previous year’s statutory financial statements. Our Bermuda (re)insurance companies that are in run-off are required to seek BMA approval for any dividends or distributions.

As of December 31, 2021 and 2020, each of our Bermuda-based (re)insurance subsidiaries exceeded their respective minimum solvency and liquidity requirements. The Bermuda (re)insurance subsidiaries in aggregate exceeded minimum solvency requirements by $2.5 billion as of December 31, 2021 (2020: $2.9 billion) and were in compliance with their liquidity requirements.

United Kingdom

U.K. Insurance Companies (non-Lloyd's)

Our U.K. based insurance subsidiaries are regulated by the U.K. Prudential Regulatory Authority (the "PRA") and the Financial Conduct Authority (the "FCA", together with the PRA, the "U.K. Regulator").

Our U.K.-based insurance subsidiaries are required to maintain adequate financial resources in accordance with the requirements of the U.K. Regulator. Insurers must comply with a Solvency Capital Requirement ("SCR"), which is calculated using either the Solvency II standard formula or a bespoke internal model. Our non-Lloyd's U.K. companies use the standard formula for determining compliance with the SCR.

The calculation of the minimum capital resources requirements in any particular case depends on, among other things, the type and amount of insurance business written and claims paid by the insurance company. As of December 31, 2021 and 2020, all of our U.K. insurance subsidiaries maintained capital in excess of the minimum capital resources requirements and complied with the relevant U.K. Regulator requirements. Our U.K.-based insurance subsidiaries, including our Lloyd's Syndicates described below, in aggregate, maintained capital in excess of the minimum capital resources requirements by $443 million and $421 million as of December 31, 2021 and 2020, respectively.

The U.K. Regulator’s rules require our U.K. insurance subsidiaries to obtain regulatory approval for any proposed or actual payment of a dividend. The U.K. Regulator uses the SCR, among other tests, when assessing requests to make distributions.

Lloyd's

As of December 31, 2021, we participated in the Lloyd's market through our interests in: (i) Syndicate 2008, a syndicate that has permission to underwrite RITC business and other run-off or discontinued business type transactions with other Lloyd's syndicates; (ii) Syndicate 1301 (2020 and prior underwriting years, which is managed by Enstar Managing Agency Limited ("EMAL") (EMAL also serves as managing agent for Syndicate 2008); and (iii) Atrium's Syndicate 609 (2020 and prior underwriting years), which is managed by Atrium Underwriters Limited, a Lloyd's managing agent.

We participated on each of the three syndicates through a single, wholly owned Lloyd's corporate member. On January 1, 2021, we sold the Atrium business and on March 15, 2021, we sold the right to operate Syndicate 1301[64].

The underwriting capacity of a member of Lloyd's is supported by providing FAL[65]. Business plans, including maximum underwriting capacity, for Lloyd's syndicates require annual approval by the Lloyd's Franchise Board, which may require changes to any business plan or additional capital to support underwriting plans.

The Lloyd's market has applied the Solvency II internal model under Lloyd's supervision, and our Lloyd's operations are required to meet Solvency II standards. Lloyd's has the approval of the PRA to use its internal model under the Solvency II regime.

United States

Our U.S. Run-off (re)insurance subsidiaries are subject to the insurance laws and regulations of the states in which they are domiciled, licensed and/or eligible to conduct business. These laws restrict the amount of dividends the subsidiaries can pay to us. The restrictions are generally based on statutory net income and/or certain levels of statutory surplus as determined in accordance with the relevant statutory accounting requirements of the individual domiciliary states or states in which any of the (re)insurance subsidiaries are commercially domiciled. Generally, prior regulatory approval must be obtained before an insurer may make a distribution above a specified level.

The U.S. (re)insurance subsidiaries are also required to maintain minimum levels of solvency and liquidity as determined by law, and to comply with Risk-Based Capital ("RBC") requirements and licensing rules as specified by the National Association of Insurance Commissioners ("NAIC"). RBC is used to evaluate the adequacy of capital and surplus maintained by our U.S. (re)insurance subsidiaries in relation to three major risk areas associated with: (i) asset risk; (ii) insurance risk and (iii) other risks. For all of our U.S. (re)insurance subsidiaries, with the exception of one subsidiary which has a permitted accounting practice to treat an adverse development cover reinsurance agreement as prospective reinsurance, there are no prescribed or permitted statutory accounting practices that differ significantly from the statutory accounting principles established by NAIC.

As of December 31, 2021, all of our U.S. non-life (re)insurance subsidiaries exceeded their required levels of RBC. On an aggregate basis, our U.S. non-life (re)insurance subsidiaries exceeded their minimum levels of RBC as of December 31, 2021 by $383 million (2020: $362 million).

Europe

Our Liechtenstein insurance subsidiary (StarStone Insurance SE) is regulated by the Liechtenstein Financial Market Authority ("FMA") pursuant to the Liechtenstein Insurance Supervisory Act. This subsidiary is obligated to maintain a minimum solvency margin based on the Solvency II regulations. As of December 31, 2021, this subsidiary exceeded the Solvency II requirements by $57 million (2020: $98 million). The amount of dividends that this subsidiary is permitted to distribute is restricted to freely distributable reserves, which consist of retained earnings, the current year profit and legal reserves. Any dividend exceeding the current year profit requires the FMA's approval. Solvency and capital requirements for this subsidiary are based on the Solvency II framework and must continue to be met following any distribution.

Our Belgian insurance subsidiary files financial statements and returns with the National Bank of Belgium. This subsidiary was in compliance with its solvency and capital requirements under Solvency II.

[64] These transactions are discussed further in Note 5.

[65] As described in Note 6.

Australia

The Company's Australian insurance subsidiary is regulated and subject to prudential supervision by the Australian Prudential Regulation Authority ("APRA"). APRA is the primary regulatory body responsible for regulating compliance with the Insurance Act 1973. APRA's prudential standards require that all insurers maintain and meet prescribed capital adequacy requirements designed to ensure that insurers to meet their insurance obligations under a wide range of scenarios.

A run-off insurer must obtain APRA's written consent prior to making any capital releases, including any payment of dividends, not from current year profits. The Company's insurance subsidiary must provide APRA a valuation prepared by its Appointed Actuary that demonstrates that the tangible assets of the insurer, after the proposed capital reduction, are sufficient to cover its insurance liabilities to a 99.5% probability of sufficiency.

24. COMMITMENTS AND CONTINGENCIES

Concentration of Credit Risk

We believe that there are no significant concentrations of credit risk associated with our cash and cash equivalents, fixed maturity investments, or other investments. Our cash and investments are managed pursuant to guidelines that follow prudent standards of diversification and liquidity, and limit the allowable holdings of a single issue and issuers. We are also subject to custodial credit risk on our investments, which we manage by diversifying our holdings amongst large financial institutions that are highly regulated.

We have exposure to credit risk on certain of our assets pledged to ceding companies under insurance contracts. In addition, we are potentially exposed should any insurance intermediaries be unable to fulfill their contractual obligations with respect to payments of balances owed to and by us.

Credit risk exists in relation to (re)insurance balances recoverable on paid and unpaid losses. We remain liable to the extent that counterparties do not meet their contractual obligations and, therefore, we evaluate and monitor concentration of credit risk among our (re)insurers.

We are also subject to credit risk in relation to funds held by reinsured companies. Under funds held arrangements, the reinsured company has retained funds that would otherwise have been remitted to our reinsurance subsidiaries. The funds are not typically placed into trust or subject to other security arrangements. However, we generally have the contractual ability to offset any shortfall in the payment of the funds held balances with amounts owed by us.

As of December 31, 2021, we had a significant funds held concentration of $3.2 billion (December 31, 2020: $955 million) and $1.2 billion (December 31, 2020: $182 million) to reinsured companies with financial strength credit ratings of A+ from A.M. Best and AA from S&P, and A+ from A.M. Best and AA- from S&P, respectively.

We limit the amount of credit exposure to any one counterparty and none of our counterparty credit exposures, excluding U.S. government instruments and the reinsurance counterparties noted above, exceeded 10% of shareholders' equity as of December 31, 2021. As of December 31, 2021 our credit exposure to the U.S. government was $1.2 billion (December 31, 2020: $1.4 billion).

Legal Proceedings

We are, from time to time, involved in various legal proceedings in the ordinary course of business, including litigation and arbitration regarding claims. Estimated losses relating to claims arising in the ordinary course of business, including the anticipated outcome of any pending arbitration or litigation are included in the liability for losses and LAE in our consolidated balance sheets. In addition to claims litigation, we may be subject to other lawsuits and regulatory actions in the normal course of business, which may involve, among other things, allegations of underwriting errors or omissions, employment claims or regulatory activity. We do not believe that the resolution of any currently pending legal proceedings, either individually or taken as a whole, will have a material effect on our business, results of operations or financial condition. We anticipate that, similar to the rest of the (re)insurance industry, we will continue to be subject to litigation and arbitration proceedings in the ordinary course of business, including litigation generally related to the scope of coverage with respect to A&E and other claims.

Unfunded Investment Commitments

As of December 31, 2021, we had unfunded commitments of $1.7 billion to other investments, $35 million to privately held equity, $10 million to fixed maturity investments and $109 million to our majority owned subsidiary Enhanzed Re.

Guarantees

As of December 31, 2021 and 2020, parental guarantees supporting reinsurance obligations, defendant A&E liabilities, subsidiary capital support arrangements and credit facilities were $2.7 billion and $1.7 billion, respectively. We also guarantee the Junior Subordinated Notes of $350 million[66].

[66] As described in Note 16.

Redeemable Noncontrolling Interest

We have the right to purchase the RNCI interests from the RNCI holders at certain times in the future (each such right, a "call right") and the RNCI holders have the right to sell their RNCI interests to us at certain times in the future (each such right, a "put right").

Following the closing of the Exchange Transaction, we have maintained a call right over the portion of SSHL owned by the Trident V Funds and the Dowling Funds, and they will maintain put rights to transfer those interests to us.

25. SUBSEQUENT EVENTS

Debt obligations

On January 14, 2022, our wholly-owned subsidiary, Enstar Finance, completed the issuance and sale of a series of junior subordinated notes due 2042 (the "2042 Junior Subordinated Notes") in an aggregate principal amount of $500 million. The 2042 Junior Subordinated Notes bear interest (i) during the initial five-year period ending January 14, 2027, at a fixed rate per annum of 5.50% and (ii) during each five-year reset period thereafter beginning January 15, 2027, at a fixed rate per annum equal to the five-year U.S. treasury rate calculated as of two business days prior to the beginning of such five-year period plus 4.006%.

The 2042 Junior Subordinated Notes are unsecured junior subordinated obligations of Enstar Finance, are fully and unconditionally guaranteed by the Parent Company on an unsecured and junior subordinated basis, and are contractually subordinated in right of payment to the existing and future obligations of our other subsidiaries (other than Enstar Finance).

Subject to threshold regulatory requirements, Enstar Finance may repurchase the 2042 Junior Subordinated Notes, in whole or in part, at any time during a par call period, at a repurchase price equal to 100% of the principal amount of such notes, plus accrued and unpaid interest, and at any time not during a par call period, plus an additional "make-whole" premium.

We incurred costs of $6 million in issuing the 2042 Junior Subordinated Notes. The net proceeds of the 2042 Junior Subordinated Notes will be used to fund the payment at maturity of the outstanding $280 million aggregate principal amount of our 2022 Senior Notes, which mature on March 10, 2022. We intend to use the remaining net proceeds for general corporate purposes, including, but not limited to, funding our acquisitions, working capital and other business opportunities.

Dividends on Preferred Shares

On February 4, 2022, we declared $7 million and $2 million of dividends on the Series D and E Preferred Shares, respectively, to be paid on March 1, 2022 to shareholders of record as of February 15, 2022.

Shareholders' Equity

Subsequent to December 31, 2021, and through February 22, 2022, we repurchased 111,398 voting ordinary shares for $27 million for an average price per share of $256.98 under the 2021 Repurchase Program. As of February 22, 2022, the remaining capacity under the 2021 Repurchase Program was $32 million.

Transactions

Aspen

On January 10, 2022, we entered into an agreement with Aspen Insurance Holdings Limited ("Aspen") to assume $3.1 billion of net loss reserves on a diverse mix of property, liability and specialty lines of business in a LPT transaction, subject to a limit of $3.6 billion in exchange for a premium of $3.2 billion. The amount of net loss reserves assumed, as well as the premium and limit amounts provided in the LPT agreement, will be adjusted for claims paid between October 1, 2021 and the closing date of the transaction.

The premium includes $770 million of premium previously paid with respect to reserves ceded under the existing ADC transaction, which will continue to be held in trust accounts to secure Cavello Bay Reinsurance Limited's obligations under the LPT Agreement.

The incremental new premium will initially be held in funds withheld accounts maintained by the Aspen companies. These funds will be credited with interest at an annual rate of 1.75% plus, for periods after October 1, 2022, an additional amount equal to 50% of the amount by which the total return on the investments and cash and cash equivalents of Aspen Insurance Holdings Limited and its subsidiaries exceeds 1.75%.

Additionally, we will assume claims control of the subject business upon closing and entrance into an administrative services agreement.

The transaction is subject to regulatory approvals and satisfaction of various other closing conditions, during which time the ADC will remain in place. The transaction is expected to close in the first half of 2022.

SCHEDULE I

ENSTAR GROUP LIMITED

SUMMARY OF INVESTMENTS OTHER THAN INVESTMENTS IN RELATED PARTIES[67]

As of December 31, 2021

(Expressed in millions of U.S. Dollars)

Type of investment	Cost [1]	Fair Value	Amount at which shown in the balance sheet
Short-term and fixed maturity investments — Trading and short-term and fixed maturity investments within funds held - directly managed:[2]			
U.S. government and agency	$ 285	$ 288	$ 288
U.K. government	73	73	73
Other government	531	535	535
Corporate	3,321	3,456	3,456
Municipal	143	158	158
Residential mortgage-backed	217	219	219
Commercial mortgage-backed	504	512	512
Asset-backed	287	284	284
Structured Products	1,071	1,033	1,033
Total	6,432	6,558	6,558
Short-term and fixed maturity investments — AFS:[2]			
U.S. government and agency	463	459	459
U.K. government	10	10	10
Other government	127	128	128
Corporate	3,384	3,358	3,358
Municipal	129	128	128
Residential mortgage-backed	394	391	391
Commercial mortgage-backed	566	562	562
Asset-backed	625	625	625
Total	5,698	5,661	5,661
Equities[3]	1,454	1,629	1,629
Other investments, at fair value [4]	1,771	1,771	1,771
Total	$ 15,355	$ 15,619	$ 15,619

[1] Original cost of fixed maturity securities is reduced by repayments and adjusted for amortization of premiums or accretion of discounts.

[2] The difference in the amount of fixed maturities shown at fair value and the fixed maturities shown in our consolidated balance sheet relates to the fair value of $35 million as of December 31, 2021 for our investment in fixed maturities issued by affiliates of Stone Point.

[3] The difference in the amount of equities shown at fair value and the equities shown in our consolidated balance sheet relates to the fair value of $92 million as of December 31, 2021 for our investment in a registered investment company affiliated with entities owned by Trident, $50 million as a co-investor alongside Stone Point and a $224 million investment in AmTrust.

[4] The difference in the amount of other investments shown at fair value and the other investments shown in our consolidated balance sheet relates to the fair value of $562 million as of December 31, 2021 for our other investments in funds or companies owned by or affiliated with certain related parties.

67 Refer to Note 22 in our consolidated financial statements.

SCHEDULE II

ENSTAR GROUP LIMITED

CONDENSED FINANCIAL INFORMATION OF REGISTRANT

Balance Sheets - Parent Company Only

As of December 31, 2021 and 2020

	2021	2020
	(in millions of U.S. dollars, except share data)	
ASSETS		
Equities, at fair value (cost: 2021 - $2; 2020 - $0)	$ 2	$ —
Cash and cash equivalents	72	8
Balances due from subsidiaries	29	19
Investments in subsidiaries	7,677	7,887
Other assets	5	8
TOTAL ASSETS	$ 7,785	$ 7,922
LIABILITIES		
Debt obligations	$ 1,270	$ 903
Balances due to subsidiaries	381	301
Other liabilities	38	44
TOTAL LIABILITIES	1,689	1,248
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Ordinary shares (par value $1 each, issued and outstanding 2021: 18,223,574; 2020: 22,085,232):		
Voting Ordinary Shares (issued and outstanding 2021: 16,625,862; 2020: 18,575,550)	17	19
Non-voting convertible ordinary Series C Shares (issued and outstanding 2021: 1,192,941 and 2020: 2,599,672)	1	3
Non-voting convertible ordinary Series E Shares (issued and outstanding 2021: 404,771 and 2020: 910,010)	—	1
Preferred Shares:		
Series C Preferred Shares (issued and held in treasury 2021 and 2020: 388,571)	—	—
Series D Preferred Shares (issued and outstanding 2021 and 2020: 16,000)	400	400
Series E Preferred Shares (issued and outstanding 2021 and 2020: 4,400)	110	110
Treasury shares, at cost (Series C Preferred Shares 2021 and 2020: 388,571)	(422)	(422)
Joint Share Ownership Plan (voting ordinary shares, held in trust 2021 and 2020: 565,630)	(1)	(1)
Additional paid-in capital	922	1,836
Accumulated other comprehensive income	(16)	81
Retained earnings	5,085	4,647
Total Enstar Group Limited Shareholders' Equity	6,096	6,674
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 7,785	$ 7,922

See accompanying notes to the Condensed Financial Information of Registrant

SCHEDULE II

ENSTAR GROUP LIMITED

CONDENSED FINANCIAL INFORMATION OF REGISTRANT - CONTINUED

Statements of Earnings - Parent Company Only

For the Years Ended December 31, 2021, 2020 and 2019

	2021	2020	2019
	(in millions of U.S. dollars)		
INCOME			
Net investment income	$ —	$ 2	$ 4
	—	2	4
EXPENSES			
General and administrative expenses	41	46	45
Interest expense	54	52	52
Net foreign exchange losses (gains)	3	(3)	(22)
	98	95	75
NET LOSS BEFORE EQUITY IN UNDISTRIBUTED EARNINGS OF SUBSIDIARIES	(98)	(93)	(71)
Equity in undistributed earnings of subsidiaries - continuing operations	571	1,832	1,002
Equity in undistributed earnings of subsidiaries - discontinued operations	—	16	7
NET EARNINGS	473	1,755	938
Dividends on preferred shares	(36)	(36)	(36)
NET EARNINGS ATTRIBUTABLE TO ENSTAR GROUP LIMITED ORDINARY SHAREHOLDERS	$ 437	$ 1,719	$ 902

See accompanying notes to the Condensed Financial Information of Registrant

Statements of Comprehensive Income - Parent Company Only

For the Years Ended December 31, 2021, 2020 and 2019

	2021	2020	2019
	(in millions of U.S. dollars)		
NET EARNINGS	$ 473	$ 1,755	$ 938
Other comprehensive (loss) income relating to subsidiaries, net of tax	(98)	73	(3)
COMPREHENSIVE INCOME	$ 375	$ 1,828	$ 935

See accompanying notes to the Condensed Financial Information of Registrant

SCHEDULE II

ENSTAR GROUP LIMITED

CONDENSED FINANCIAL INFORMATION OF REGISTRANT - CONTINUED

Statements of Cash Flows - Parent Company Only

For the Years Ended December 31, 2021, 2020 and 2019

	2021	2020	2019
	(in millions of U.S. dollars)		
OPERATING ACTIVITIES:			
Net cash flows (used in) provided by operating activities	$ (72)	$ 117	$ (128)
INVESTING ACTIVITIES:			
Dividends and return of capital from subsidiaries	675	44	65
Contributions to subsidiaries	—	(26)	(240)
Net cash flows provided by (used in) investing activities	675	18	(175)
FINANCING ACTIVITIES:			
Dividends on preferred shares	(36)	(36)	(36)
Repurchase of shares	(942)	(26)	—
Repayment of loans	(429)	(449)	(219)
Receipt of loans	868	379	548
Net cash flows (used in) provided by financing activities	(539)	(132)	293
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	64	3	(10)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8	5	15
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 72	$ 8	$ 5

See accompanying notes to the Condensed Financial Information of Registrant

Notes to the Condensed Financial Information of Registrant

The Condensed Financial Information of Registrant should be read in conjunction with our consolidated financial statements and the accompanying notes thereto included in Part II - Item 8 of this Annual Report on Form 10-K. Our wholly-owned and majority owned subsidiaries are recorded based upon our proportionate share of our subsidiaries' net assets (similar to presenting them on the equity method).

Net investment income relates to interest on loans to subsidiaries. For the years ended December 31, 2021, 2020, and 2019, interest paid was $41 million, $47 million, and $46 million, respectively.

Investing activities in the Condensed Statements of Cash Flows primarily represents the flow of funds to and from subsidiaries to provide cash on hand to fund business acquisitions and significant new business.

Non-Cash investing activities during the years ended December 31, 2021, 2020, and 2019, included:

i. $0, $130 million and $0, respectively, for dividends and return of capital from subsidiaries. In 2020, these transactions were to settle intercompany balances, resulting in a net reduction in balances due to subsidiaries and a decrease in investments in subsidiaries.

As of December 31, 2021 and 2020, parental guarantees and capital support instruments supporting subsidiaries' insurance obligations were $2.1 billion and $1.7 billion, respectively. In addition, as of December 31, 2021 and 2020, there were $210 million and $210 million, respectively, of unsecured letters of credit for FAL which have a parental guarantee. Furthermore, as of December 31, 2021, we also guarantee the Junior Subordinated Notes issued in 2020 for an aggregate principal amount of $350 million.

As of December 31, 2021 and 2020, retained earnings were $5.1 billion and $4.6 billion, respectively, an increase of $438 million. This increase was primarily attributable to the net earnings of $437 million.

SCHEDULE III

ENSTAR GROUP LIMITED

SUPPLEMENTARY INSURANCE INFORMATION

(Expressed in millions of U.S. Dollars)

	As of December 31,				Year ended December 31,					
	Deferred Acquisition Costs	Reserves for Losses and Loss Adjustment Expenses	Unearned Premiums	Policy Benefits for Life and Annuity Contracts	Net Premiums Earned	Net Investment Income	Losses and Loss Expenses and Policy Benefits	Amortization of Deferred Acquisition Costs	Other Operating Expenses	Net Premiums Written
2021										
Run-off	$ 14	$ 13,117	$ 171	$ —	$ 182	$ —	$ (194)	$ 44	$ 188	$ 35
Enhanzed Re	—	181	5	1,502	5	—	(2)	—	1	3
Investments	—	—	—	—	—	309	—	—	37	—
Legacy Underwriting	2	215	12	—	58	3	20	13	10	24
Corporate & Other	—	(255)	—	—	—	—	62	—	131	—
Total	$ 16	$ 13,258	$ 188	$ 1,502	$ 245	$ 312	$ (114)	$ 57	$ 367	$ 62
2020										
Run-off [1]	$ 23	$ 9,433	$ 72	$ —	$ 59	$ —	$ (145)	$ 20	$ 173	$ 3
Investments	—	—	—	—	—	270	—	—	35	—
Legacy Underwriting [1]	21	1,358	203	—	513	33	371	151	158	430
Corporate & Other	—	(198)	—	—	—	—	190	—	136	—
Total	$ 44	$ 10,593	$ 275	$ —	$ 572	$ 303	$ 416	$ 171	$ 502	$ 433
2019										
Run-off	$ 42	$ 8,684	$ 130	$ —	$ 168	$ —	$ (153)	$ 74	$ 173	$ (25)
Investments	—	—	—	—	—	267	—	—	30	—
Legacy Underwriting	75	1,570	404	—	636	41	562	167	97	571
Corporate & Other	—	(386)	—	—	—	—	205	—	113	—
Total	$ 117	$ 9,868	$ 534	$ —	$ 804	$ 308	$ 614	$ 241	$ 413	$ 546

[1] As of December 31, 2020, the assets and liabilities of Northshore, the holding company which owns Atrium and Arden (a Run-off subsidiary), were classified as held-for-sale. Deferred acquisition costs, reserves for losses and LAE and unearned premiums for Northshore were $24 million, $254 million and $91 million, respectively[68].

[68] Refer to Note 5 in our consolidated financial statements for further information.

SCHEDULE IV

ENSTAR GROUP LIMITED

REINSURANCE

For the Years Ended December 31, 2021, 2020 and 2019

(Expressed in millions of U.S. Dollars)

	Gross	Ceded to Other Companies	Assumed from Other Companies	Net Amount	Percentage of Amount Assumed to Net
2021					
Premiums earned:					
Property and casualty	$ 295	$ (128)	$ 75	$ 242	31.0 %
Future policyholder benefits	—	—	3	3	— %
Total premiums earned	$ 295	$ (128)	$ 78	$ 245	
2020					
Premiums earned:					
Property and casualty	542	(158)	188	572	32.9 %
Total premiums earned	$ 542	$ (158)	$ 188	$ 572	
2019					
Life insurance in force	$ 725	$ (66)	$ —	$ 659	— %
Premiums earned:					
Property and casualty	680	(146)	269	803	33.5 %
Future policyholder benefits	1	—	—	1	— %
Total premiums earned	$ 681	$ (146)	$ 269	$ 804	

SCHEDULE V

ENSTAR GROUP LIMITED

VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended December 31, 2021, 2020 and 2019

(Expressed in millions of U.S. Dollars)

	Balance at Beginning of Year	Charged to costs and expenses	Charged to other accounts [1]	Deductions [2]	Balance at End of Year
December 31, 2021					
Reinsurance balances recoverable on paid and unpaid losses:					
Allowance for estimated uncollectible reinsurance	$ 137	$ —	$ 1	$ (2)	$ 136
Insurance balances recoverable:					
Allowance for estimated uncollectible insurance	5	—	—	—	5
Valuation allowance for deferred tax assets	118	12	—	(1)	129
December 31, 2020					
Reinsurance balances recoverable on paid and unpaid losses:					
Allowance for estimated uncollectible reinsurance	$ 148	$ —	$ —	$ (11)	$ 137
Insurance balances recoverable:					
Allowance for estimated uncollectible insurance	4	—	1	—	5
Valuation allowance for deferred tax assets	117	4	—	(3)	118
December 31, 2019					
Reinsurance balances recoverable on paid and unpaid losses:					
Allowance for estimated uncollectible reinsurance	$ 157	$ —	$ —	$ (9)	$ 148
Insurance balances recoverable:					
Allowance for estimated uncollectible insurance	—	—	4	—	4
Valuation allowance for deferred tax assets	212	3	—	(98)	117

[1] The 2020 amount includes $3 million for the cumulative effect of change in accounting principle.

[2] Credited to the related asset account.

SCHEDULE VI

ENSTAR GROUP LIMITED

SUPPLEMENTARY INFORMATION CONCERNING PROPERTY/CASUALTY INSURANCE OPERATIONS

As of and for the years ended December 31, 2021, 2020 and 2019

(Expressed in millions of U.S. Dollars)

	As of December 31,			Year ended December 31,						
Affiliation with Registrant	Deferred Acquisition Costs	Reserves for Unpaid Losses and Loss Adjustment Expenses	Unearned Premiums	Net Premiums Earned	Net Investment Income	Net Losses and Loss Expenses Incurred		Net Paid Losses and Loss Expenses	Amortization of Deferred Acquisition Costs	Net Premiums Written
						Current Period	Prior Periods			
Consolidated Subsidiaries										
2021	$ 16	$ 13,258	$ 188	$ 242	$ 312	$ 172	$ (283)	$ (1,431)	$ 57	$ 59
2020	44	10,593	275	572	303	405	11	(1,485)	171	433
2019	117	9,868	534	803	308	580	34	(1,788)	240	544

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of December 31, 2021. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded, except as noted below, that we maintained effective disclosure controls and procedures to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and timely reported as specified in the SEC's rules and forms, and is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

On September 1, 2021, we completed our acquisition of the controlling interest of Enhanzed Re. As of December 31, 2021, Enhanzed Re represented 13.6% of our total assets. As Enhanzed Re is reported on a on quarter lag, its results for the month of September 2021 represented (2.2)% of total income as a consolidated subsidiary. We are in the process of evaluating internal control over financial reporting for Enhanzed Re and accordingly, have excluded Enhanzed Re from our evaluation of internal control over financial reporting and related disclosure controls and procedures.

Management’s Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP.

Management does not expect that its internal control over financial reporting will prevent all error and fraud. A control system, no matter how well conceived and operated, has inherent limitations, and accordingly no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. As a result, even those internal control systems determined to be effective can provide only reasonable assurance with respect to financial reporting and the preparation of financial statements.

Under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of our internal control over financial reporting as of December 31, 2021, based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework (2013). Based on that evaluation, we have concluded that we maintained effective internal control over financial reporting as of December 31, 2021.

As noted above, we are in the process of evaluating internal control over financial reporting for Enhanzed Re and accordingly, have excluded Enhanzed Re from management’s annual report on internal control over financial reporting.

KPMG Audit Limited, the independent registered public accounting firm who audited our consolidated financial statements included in this Form 10-K, audited our internal control over financial reporting as of December 31, 2021 and their attestation report on our internal control over financial reporting appears below.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors

Enstar Group Limited:

Opinion on Internal Control Over Financial Reporting

We have audited Enstar Group Limited and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2021 and 2020, the related consolidated statements of earnings, comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2021 and the related notes and financial statement schedules I to VI (collectively, the consolidated financial statements), and our report dated February 24, 2022 expressed an unqualified opinion on those consolidated financial statements.

The Company acquired Enhanzed Reinsurance Ltd. ("Enhanzed Re") on September 1, 2021, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2021, Enhanzed Re's internal control over financial reporting associated with 13.6% of total assets and (2.2)% of total income included in the consolidated financial statements of the Company as of and for the year ended December 31, 2021. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Enhanzed Re.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Annual Report on Internal Control Over Financial Reporting.* Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG Audit Limited

KPMG Audit Limited

Hamilton, Bermuda
February 24, 2022

ITEM 9B. OTHER INFORMATION

Not applicable.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

All information required by Items 10, 11, 12, 13 and 14 of this Annual Report on Form 10-K is incorporated by reference from the definitive proxy statement for our 2022 Annual General Meeting of Shareholders that will be filed with the SEC not later than 120 days after the close of the fiscal year ended December 31, 2021 pursuant to Regulation 14A.

ITEM 11. EXECUTIVE COMPENSATION

See Item 10 herein.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

See Item 10 herein.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

See Item 10 herein.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

See Item 10 herein.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements and Financial Statement Schedules: see Item 8 in Part II of this report.

(b) Exhibits: see accompanying exhibit index that precedes the signature page of this report.

ITEM 16. FORM 10-K SUMMARY

Omitted at Company's option.

EXHIBIT INDEX

Exhibit No.	Description
3.1	Memorandum of Association of Enstar Group Limited (incorporated by reference to Exhibit 3.1 to the Company's Form 10-K/A filed on May 2, 2011).
3.2	Sixth Amended and Restated Bye-Laws of Enstar Group Limited (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed on June 15, 2021).
3.3	Certificate of Designations of Series C Participating Non-Voting Perpetual Preferred Stock of Enstar Group Limited, dated as of June 13, 2016 (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed on June 17, 2016).
3.4	Certificate of Designations of Series D Perpetual Non-Cumulative Preferred Shares of Enstar Group Limited, dated as of June 27, 2018 (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on June 27, 2018).
3.5	Certificate of Designations of Series E Perpetual Non-Cumulative Preferred Shares of Enstar Group Limited, dated as of November 21, 2018 (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on November 21, 2018).
4.1	Senior Indenture, dated as of March 10, 2017, between Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on March 10, 2017).
4.2	First Supplemental Indenture, dated as of March 10, 2017, between Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on March 10, 2017).
4.3	Second Supplemental Indenture, dated as of March 26, 2019, between Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on March 26, 2019).
4.4	Third Supplemental Indenture, dated as of May 28, 2019, between Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on May 28, 2019).
4.5	Fourth Supplemental Indenture, dated as of August 24, 2021, between Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on August 24, 2021).
4.6	Junior Subordinated Indenture, dated as of August 26, 2020, among Enstar Finance LLC, Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to exhibit 4.1 to the Company's Form 8-K filed on August 26, 2020).
4.7	First Supplemental Indenture, dated as of August 26, 2020, among Enstar Finance LLC, Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on August 26, 2020).
4.8	Second Supplemental Indenture dated as of January 14, 2022, among Enstar Finance LLC, Enstar Group Limited and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on January 14, 2022).
4.9	Deposit Agreement, dated as of June 27, 2018, between Enstar Group Limited and American Stock Transfer (incorporated by reference to Exhibit 4.3 to the Company's Form 8-K filed on June 27, 2018).
4.10	Deposit Agreement, dated as of November 21, 2018, between Enstar Group Limited and American Stock Transfer (incorporated by reference to Exhibit 4.3 to the Company's Form 8-K filed on November 21, 2018).
4.11	Description of Securities (incorporated by reference to Exhibit 4.7 to the Company's Form 10-K filed on February 27, 2020).

Exhibit Index

10.1	Registration Rights Agreement, dated as of January 31, 2007, by and among Castlewood Holdings Limited, Trident II, L.P., Marsh & McLennan Capital Professionals Fund, L.P., Marsh & McLennan Employees' Securities Company, L.P., Dominic F. Silvester, J. Christopher Flowers, and other parties thereto set forth on the Schedule of Shareholders attached thereto (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K12B filed on January 31, 2007).
10.2	Registration Rights Agreement, dated as of April 20, 2011, by and among Enstar Group Limited, GSCP VI AIV Navi, Ltd., GSCP VI Offshore Navi, Ltd., GSCP VI Parallel AIV Navi, Ltd., GSCP VI Employee Navi, Ltd., and GSCP VI GmbH Navi, L.P. (incorporated by reference to Exhibit 99.3 to the Company's Form 8-K filed on April 21, 2011).
10.3	Registration Rights Agreement, dated April 1, 2014, among Enstar Group Limited, FR XI Offshore AIV, L.P., First Reserve Fund XII, L.P., FR XII A Parallel Vehicle L.P., FR Torus Co-Investment, L.P. and Corsair Specialty Investors, L.P. (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on April 4, 2014).
10.4	Form of Waiver Agreement (incorporated herein by reference to Exhibit 4.7 to the Company's Form S-3 filed on October 10, 2017).
10.5	Shareholder Rights Agreement, dated June 3, 2015, between Enstar Group Limited and Canada Pension Plan Investment Board (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on June 3, 2015.
10.6+	Form of Director Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Company's Form S-3 (No. 333-151461) initially filed on June 5, 2008).
10.38+	Amended and Restated Employment Agreement, dated as of March 31, 2021, by and between Enstar Group Limited and Dominic F. Silvester (incorporated by reference to Exhibit 10.38 to the Company's Form 8-K filed on April 6, 2021).
10.8+	Amended and Restated Employment Agreement, dated as of January 21, 2020, by and between Enstar Group Limited and Paul J. O'Shea (incorporated by reference to Exhibit 10.3 to the Company's Form 8-K filed on January 27, 2020).
10.9+	Amended and Restated Employment Agreement, dated January 21, 2020, by and between Enstar Group Limited and Orla M. Gregory (incorporated by reference to Exhibit 10.4 to the Company's Form 8-K filed on January 27, 2020).
10.10+	Amendment No. 1 to Amended and Restated Employment Agreement, dated September 16, 2021, by and between Enstar Group Limited and Orla M. Gregory (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on September 21, 2021).
10.11+	Employment Agreement, dated December 28, 2017, by and between Enstar Group Limited and Guy Bowker (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on January 4, 2018).
10.12+	Transition Agreement, dated July 17, 2020, by and between Enstar Group Limited and Guy Bowker (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on July 17, 2021).
10.13+	Employment Agreement, dated August 21, 2020, by and between Enstar Group Limited and Zachary Wolf (incorporated by reference to Exhibit 10.12 to the Company's Form 10-K filed on March 1, 2021).
10.14+	Agreement and General Release, dated August 11, 2021, by and between Enstar Group Limited and Zachary Wolf (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on August 13, 2021).
10.15+	Employment Agreement, dated January 8, 2018, by and between Enstar Group Limited and Paul M.J. Brockman (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on May 8, 2019).
10.16+	Employment Agreement, dated September 9, 2016, by and between Enstar Group Limited and Nazar Alobaidat (incorporated by reference to Exhibit 10.13 to the Company's Form 10-K filed on February 27, 2020).
10.17+	Enstar Group Limited Deferred Compensation and Ordinary Share Plan for Non-Employee Directors, effective as of June 5, 2007 (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on June 11, 2007).
10.18+	Amended and Restated Enstar Group Limited Deferred Compensation and Ordinary Share Plan for Non-Employee Directors, effective as of January 1, 2015 (incorporated by reference to Exhibit 10.13 to the Company's Form 10-K filed on March 2, 2015).

Exhibit Index

10.19+	Form of Non-Employee Director Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.32 to the Company's Form 10-K filed on March 2, 2015).
10.20+	Castlewood Holdings Limited 2006 Equity Incentive Plan (incorporated by reference to Exhibit 10.11 to the proxy statement/prospectus that forms a part of the Company's Form S-4 declared effective December 15, 2006).
10.21+	First Amendment to Castlewood Holdings Limited 2006 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on April 6, 2007).
10.22+	Form of Stock Appreciation Right Award Agreement pursuant to the 2006 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 to the Company's Form 10-Q filed on August 11, 2014).
10.23+	Enstar Group Limited Amended and Restated 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on December 2, 2019).
10.24+	Form of Restricted Stock Award Agreement under the Enstar Group Limited 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on August 5, 2016).
10.25+	Form of Performance Stock Unit Award Agreement (3-Year Cycle) (2020) under the Enstar Group Limited 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 to the Company's Form 8-K filed on January 27, 2020).
10.26+	Form of Performance Stock Unit Award Agreement (Annual Cycle) (2020) under the Enstar Group Limited 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.29 to the Company's Form 10-K filed on February 27, 2020).
10.27+	Form of Restricted Stock Unit Award Agreement (2020) under the Enstar Group Limited 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.30 to the Company's Form 10-K filed on February 27, 2020).
10.28+	Form of Performance Stock Unit Award Agreement (2021) under the Enstar Group Limited 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on May 7, 2021).
10.29+	Joint Share Ownership Agreement, dated January 21, 2020, by and among Enstar Group Limited, Dominic F. Silvester and Zedra Trust Company, as trustee (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on January 27, 2020).
10.30+	Enstar Group Limited Amended and Restated Employee Share Purchase Plan (incorporated by reference to Exhibit 10.4 to the Company's Form 10-Q filed on November 8, 2016).
10.31+	Amended and Restated Enstar Group Limited 2019-2021 Annual Incentive Program (incorporated by reference to Exhibit 10.30 to the Company's Form 10-K filed on March 1, 2019).
10.32♦	Recapitalization Agreement, dated as of August 13, 2020, by and among North Bay Holdings Limited, Enstar Group Limited, Kenmare Holdings Ltd., Trident V, L.P., Trident V Parallel Fund, L.P., Trident V Professionals Fund, L.P., Dowling Capital Partners I, L.P., Capital City Partners LLC, and StarStone Specialty Holdings Limited (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on August 17, 2020).
10.33	Voting and Shareholders' Agreement, dated as of January 1, 2021, among StarStone Specialty Holdings Limited, Kenmare Holdings Ltd., Trident V, L.P., Trident V Parallel Fund, L.P., Trident V Professionals Fund, L.P., Dowling Capital Partners I, L.P., and Capital City Partners LLC (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on January 4, 2021).
10.34	Third Amended and Restated Shareholders' Agreement, dated as of January 1, 2021, among Northshore Holdings Limited, Trident V, L.P., Trident V Parallel Fund, L.P., Trident V Professionals Fund, L.P., Kenmare Holdings Ltd., Dowling Capital Partners I, L.P., Capital City Partners LLC, Atrium Nominees Limited, and the other Persons who from time to time become a party thereto (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on January 1, 2021).
10.35	Revolving Credit Agreement, dated as of August 16, 2018, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, Barclays Bank PLC, Wells Fargo Bank, National Association and each of the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on August 21, 2018).

Exhibit Index

10.36	First Amendment to Revolving Credit Agreement, dated as of December 19, 2018, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, Barclays Bank PLC, Wells Fargo Bank, National Association and each of the lenders party thereto (incorporated by reference to Exhibit 10.38 to the Company's Form 10-K filed on March 1, 2019).
10.37	Second Amendment to Revolving Credit Agreement, dated as of November 25, 2020, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, Barclays Bank PLC, Wells Fargo Bank, National Association, and each of the lenders party thereto (incorporated by reference to Exhibit 10.45 to the Company's Form 10-K filed on March 1, 2021).
10.38♦	Third Amendment to Revolving Credit Agreement, dated as of March 31, 2021, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, Barclays Bank PLC, Wells Fargo Bank, National Association, and each of the lenders party thereto (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed on May 7, 2021).
10.39	Letter of Credit Facility Agreement, dated as of August 5, 2019, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, London Branch, The Bank of Nova Scotia and each of the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on August 7, 2019).
10.40	First Amendment to Letter of Credit Facility Agreement, dated as of December 9, 2019, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, London Branch, The Bank of Nova Scotia and each of the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on December 11, 2019).
10.41	Second Amendment to Letter of Credit Facility Agreement, dated as of June 3, 2020, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, London Branch, The Bank of Nova Scotia and each of the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on June 9, 2020).
10.42	Third Amendment to Letter of Credit Facility Agreement, dated as of November 25, 2020, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, London Branch, The Bank of Nova Scotia and each of the lenders party thereto (incorporated by reference to Exhibit 10.49 to the Company's Form 10-K filed on March 1, 2021).
10.43	Fourth Amendment to Letter of Credit Facility Agreement, dated as of March 31, 2021, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, London Branch, The Bank of Nova Scotia and each of the lenders party thereto (incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q filed on May 7, 2021).
10.44	Fifth Amendment to Letter of Credit Facility Agreement, dated as of August 16, 2021, by and among Enstar Group Limited and certain of its subsidiaries, National Australia Bank Limited, London Branch, The Bank of Nova Scotia and each of the lenders party thereto (incorporated by reference to Exhibit 10.4 to the Company's Form 10-Q filed on November 4, 2021).
10.45♦	Termination and Release Agreement, dated as of February 21, 2021, by and among Enstar Group Limited and certain of its subsidiaries and Hillhouse Capital Management, Ltd. and certain of its affiliates (incorporated by reference to Exhibit 10.50 to the Company's Form 10-K filed on March 1, 2021).
10.46	Purchase Agreement dated as of July 15, 2021 by and among Enstar Group Limited, HHLR Fund, L.P., YHG Investment, L.P. and Hillhouse Fund III, L.P. (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on July 15, 2021).
10.47	Purchase Agreement dated as of July 15, 2021 by and among Cavello Bay Reinsurance Limited and HH ENZ Holdings, Ltd. (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on July 15, 2021).
21.1*	List of Subsidiaries.
22.1*	List of Subsidiary Issuers of Guaranteed Securities.
23.1*	Consent of KPMG Audit Limited.
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted under Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit Index

32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	Inline XBRL Document Set for the consolidated financial statements and accompanying notes in Part II, Item 8 of this Annual Report on Form 10-K.
104*	The cover page from the Company's Annual Report on Form 10-K for the year ended December 31, 2021, formatted as Inline XBRL (included in Exhibit 101).

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* filed herewith

** furnished herewith

\+ denotes management contract or compensatory arrangement

♦ certain of the schedules and similar attachments are not filed but Enstar Group Limited undertakes to furnish a copy of the schedules or similar attachments to the SEC upon request

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on February 24, 2022.

ENSTAR GROUP LIMITED

By: /S/ DOMINIC F. SILVESTER
Dominic F. Silvester
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 24, 2022.

Signature	Title
/s/ ROBERT J. CAMPBELL Robert J. Campbell	Chairman and Director
/s/ DOMINIC F. SILVESTER Dominic F. Silvester	Chief Executive Officer and Director
/s/ ORLA GREGORY Orla Gregory	Acting Chief Financial Officer, Chief Operating Officer, and Director (signing in her capacity as Principal Financial Officer)
/s/ MICHAEL P. MURPHY Michael P. Murphy	Deputy Chief Financial Officer (signing in his capacity as Principal Accounting Officer)
/s/ PAUL J. O'SHEA Paul J. O'Shea	President and Director
/s/ B. FREDERICK BECKER B. Frederick Becker	Director
/s/ SHARON A. BEESLEY Sharon A. Beesley	Director
/s/ JAMES D. CAREY James D. Carey	Director
/s/ SUSAN L. CROSS Susan L. Cross	Director
/s/ HANS-PETER GERHARDT Hans-Peter Gerhardt	Director
/s/ MYRON HENDRY Myron Hendry	Director
/s/ HITESH PATEL Hitesh Patel	Director
/s/ POUL A. WINSLOW Poul A. Winslow	Director