HAMILTON

Hamilton Insurance Group, Ltd.

Consolidated Financial Statements

For the Year Ended November 30, 2020

Hamilton Insurance Group, Ltd.

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Building a better working world

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Report of Independent Auditors

The Shareholders
Hamilton Insurance Group, Ltd.

We have audited the accompanying consolidated financial statements of Hamilton Insurance Group, Ltd. (the Company), which comprise the consolidated balance sheets as of November 30, 2020 and 2019, and the related consolidated statements of operations and comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended November 30, 2020, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hamilton Insurance Group, Ltd. at November 30, 2020 and 2019, and the consolidated results of its operations and its cash flows for each of the three years in the period ended November 30, 2020, in conformity with U.S. generally accepted accounting principles.

Required Supplementary Information

Accounting principles generally accepted in the United States require that the incurred losses and allocated loss adjustment expenses, net of reinsurance and cumulative paid losses and allocated loss adjustment expenses, net of reinsurance for the years ending 2019 and prior, and the average annual percentage payout of incurred losses by age, net of reinsurance which are on pages 30 through 35 be presented to supplement the consolidated financial statements. Such information, although not a part of the consolidated financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, 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 consolidated financial statements, and other knowledge we obtained during our audit of the consolidated 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.

Ernst & Young Ltd.

Ernst & Young Ltd.
February 11, 2021

Hamilton Insurance Group, Ltd.
Consolidated Balance Sheets

(Expressed in thousands of United States Dollars, except share information)	November 30, 2020	November 30, 2019
Assets		
Fixed maturity investments, at fair value (amortized cost: 2020, $812,253; 2019, $551,312)	$ 829,378	$ 556,518
Short-term investments, at fair value (amortized cost: 2020, $711,415; 2019, $756,894)	711,514	757,620
Investments in Two Sigma Funds, at fair value (cost: 2020, $594,507; 2019, $633,548)	633,694	659,800
Total investments	2,174,586	1,973,938
Cash and cash equivalents	642,838	825,084
Restricted cash	17,241	36,452
Premiums receivable	457,602	507,122
Paid losses recoverable	28,101	19,216
Deferred acquisition costs	55,350	39,121
Unpaid losses and loss adjustment expenses recoverable	1,076,063	1,087,619
Receivables for investments sold	78,616	45,716
Prepaid reinsurance	160,540	216,714
Goodwill and intangible assets	115,753	123,412
Other assets	98,673	53,760
Total assets	$ 4,905,363	$ 4,928,154
Liabilities, non-controlling interest, and shareholders' equity		
Liabilities		
Reserve for losses and loss adjustment expenses	$ 2,054,628	$ 1,957,989
Unearned premiums	479,529	505,350
Reinsurance balances payable	338,092	302,445
Payables for investments purchased	137,402	73,774
Term loan, net of issuance costs	149,682	149,488
Accounts payable and accrued expenses	149,161	137,166
Total liabilities	3,308,494	3,126,212
Non-controlling interest – TS Hamilton Fund	119	177
Shareholders' equity		
Common shares:		
Class A, authorized (2020 and 2019, 53,793,690), par value $0.01; issued and outstanding (2020 and 2019, 30,320,078)	303	303
Class B, authorized (2020 and 2019, 81,206,310), par value $0.01; issued and outstanding (2020, 72,134,229 and 2019, 71,898,507)	721	719
Additional paid-in capital	1,104,803	1,098,131
Accumulated other comprehensive loss	(4,441)	(4,441)
Retained earnings	495,364	707,053
Total shareholders' equity	1,596,750	1,801,765
Total liabilities, non-controlling interest, and shareholders' equity	$ 4,905,363	$ 4,928,154

See accompanying notes to the consolidated financial statements.

Hamilton Insurance Group, Ltd.
Consolidated Statements of Operations and Comprehensive Income
For the Years Ended November 30, 2020, 2019 and 2018

(Expressed in thousands of United States Dollars, except per share information)	2020	2019	2018
Revenues			
Gross premiums written	$ 1,086,540	$ 730,941	$ 571,482
Reinsurance premiums ceded	(357,217)	(241,474)	(162,810)
Net premiums written	729,323	489,467	408,672
Net change in unearned premiums	(21,862)	(32,076)	5,945
Net premiums earned	707,461	457,391	414,617
Net investment income (loss)	(32,899)	204,247	564,843
Other income (loss)	15,722	3,375	(542)
Net foreign exchange gains (losses)	(9,540)	(99)	1,960
Total revenues	680,744	664,914	980,878
Expenses			
Losses and loss adjustment expenses	505,269	390,416	360,143
Acquisition costs	168,327	108,277	95,827
General and administrative expenses	149,774	105,143	85,216
Amortization of intangible assets	12,489	7,336	2,584
Interest expense	18,910	11,448	9,290
Total expenses	854,769	622,620	553,060
Income (loss) before income tax	(174,025)	42,294	427,818
Income tax	11,492	6,897	9,395
Net income (loss)	(185,517)	35,397	418,423
Net income attributable to non-controlling interest	24,930	67,825	232,004
Net income (loss) and other comprehensive income (loss) attributable to common shareholders	(210,447)	(32,428)	186,419
Per share data			
Basic earnings (loss) per share attributable to common shareholders	$ (2.05)	$ (0.32)	$ 1.83
Diluted earnings (loss) per share attributable to common shareholders	$ (2.05)	$ (0.32)	$ 1.82

See accompanying notes to the consolidated financial statements.

Hamilton Insurance Group, Ltd.
Consolidated Statements of Shareholders' Equity
For the Years Ended November 30, 2020, 2019 and 2018

(Expressed in thousands of United States Dollars)	2020	2019	2018
Common shares			
Balance, beginning of year	$ 1,022	$ 1,017	$ 1,013
Issuance of common shares	5	6	5
Repurchases of common shares	(3)	(1)	(1)
Balance, end of year	1,024	1,022	1,017
Additional paid-in capital			
Balance, beginning of year	1,098,131	1,085,733	1,076,879
Issuance of common shares	2,132	5,414	3,020
Repurchases of common shares	(2,628)	(1,134)	(1,490)
Share compensation expense	7,168	8,118	7,324
Balance, end of year	1,104,803	1,098,131	1,085,733
Accumulated other comprehensive loss			
Balance, beginning and end of year	(4,441)	(4,441)	(4,441)
Retained earnings			
Balance, beginning of year	707,053	740,260	554,554
Net income (loss)	(185,517)	35,397	418,423
Net income attributable to non-controlling interest	(24,930)	(67,825)	(232,004)
Repurchases of common shares	(1,242)	(779)	(713)
Balance, end of year	495,364	707,053	740,260
Total shareholders' equity	$ 1,596,750	$ 1,801,765	$ 1,822,569

See accompanying notes to the consolidated financial statements.

Hamilton Insurance Group, Ltd.
Consolidated Statements of Cash Flows
For the Years Ended November 30, 2020, 2019 and 2018

(Expressed in thousands of United States Dollars)	2020	2019	2018
Operating activities			
Net income (loss)	$ (185,517)	$ 35,397	$ 418,423
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	13,986	12,239	4,127
Gain on disposal of fixed assets	—	2	48
Interest accretion	(3,889)	(4,217)	(378)
Share compensation expense	7,168	8,118	7,324
Net realized (gains) losses on investments	19,349	(444,410)	(518,733)
Change in net unrealized (gains) losses on investments	(25,050)	200,534	(99,192)
Loss on equity-method investment	8,987	6,946	8,563
Amortization of debt issuance costs	194	68	—
Other items	(2,702)	86	1,113
Change in:			
Premiums receivable	49,520	(46,975)	(80,596)
Paid losses recoverable	(8,885)	76,817	(1,486)
Deferred acquisition costs	(16,229)	(9,243)	7,316
Prepaid reinsurance	56,174	38,882	(3,462)
Unpaid losses and loss adjustment expenses recoverable	11,556	(136,773)	(159,759)
Other assets	(44,361)	(8,524)	(5,107)
Reserve for losses and loss adjustment expenses	96,639	334,502	338,440
Unearned premiums	(25,821)	(6,806)	(2,483)
Reinsurance balances payable	35,647	(34,799)	42,010
Accounts payable and accrued expenses and other	15,924	(117,984)	124,248
Net cash from (used in) operating activities	2,690	(96,140)	80,416
Investing activities			
Proceeds from redemptions from Two Sigma Funds	2,135,985	2,224,760	2,338,794
Contributions to Two Sigma Funds	(2,131,410)	(1,944,418)	(1,683,360)
Purchase of subsidiaries, net of cash acquired	—	(56,173)	—
Purchases of fixed maturity investments	(785,829)	(764,819)	(290,000)
Proceeds from sales, redemptions and maturity of fixed maturity investments	520,464	508,857	82,757
Purchases of short-term investments	(2,775,444)	(2,734,957)	(3,729,804)
Proceeds from sales of short-term investments	2,845,058	3,120,797	3,161,372
Receivables for investments sold	(32,900)	(22,041)	(9,854)
Payables for investments purchased	63,628	(3,721)	62,357
Contributions to equity-method investee	(8,333)	(9,167)	(10,000)
Purchases of fixed assets and development of intangible assets	(8,747)	(4,625)	(5,765)
Other	(2,597)	66	(103)
Net cash from (used in) from investing activities	(180,125)	314,559	(83,606)
Financing activities			
Issuance of common shares	5	6	5
Repurchases of common shares and options	(3,873)	(1,914)	(2,204)
Contribution of additional paid-in capital	2,132	5,414	3,020
Term loan, net of issuance costs	—	149,420	—
Withdrawal of non-controlling interest	(24,988)	(68,033)	(242,180)
Net cash from (used in) financing activities	(26,724)	84,893	(241,359)
Effect of exchange rate changes on cash and cash equivalents	2,702	(86)	(1,113)
Net increase (decrease) in cash and cash equivalents	(201,457)	303,226	(245,662)
Cash and cash equivalents and restricted cash, beginning of period	861,536	558,310	803,972
Cash and cash equivalents and restricted cash, end of period	$ 660,079	$ 861,536	$ 558,310
Net income taxes paid	$ 8,114	$ 10,191	$ 9,871
Interest paid	$ 17,235	$ 9,764	$ 8,860

See accompanying notes to the consolidated financial statements.

1. Organization

Hamilton Insurance Group, Ltd. ("Hamilton Group" or "the Company") was incorporated on September 4, 2013, under the laws of Bermuda, to act as a holding company. On December 23, 2013, Hamilton Group completed a private offering of 80.9 million common shares for net proceeds of $803.3 million. Concurrent with the private offering, Hamilton Group purchased Hamilton Re, Ltd. ("Hamilton Re").

Hamilton Re was incorporated in Bermuda on June 8, 2012, and is a wholly-owned subsidiary of Hamilton Group. Hamilton Re is licensed as a Class 4 insurer in Bermuda and writes property, casualty and specialty insurance and reinsurance on a global basis. In 2017, Hamilton Re established a special purpose insurer, Turing Re Ltd. ("Turing Re"), funded by third party investors to provide collateralized reinsurance capacity for Hamilton Re’s property treaty business.

Hamilton UK Holdings Limited, a UK holding company incorporated on September 30, 2014, and a wholly owned subsidiary of Hamilton Group, purchased a Lloyd’s managing agent, Hamilton Underwriting Limited, on April 1, 2015, which managed Lloyd’s Syndicate 3334 until the end of 2019.

On August 20, 2019, Hamilton UK Holdings Limited purchased another Lloyd’s managing agent, Hamilton Managing Agency Limited ("HMA" formerly Pembroke Managing Agency Limited ("Pembroke")), and Hamilton Insurance Designated Activity Company ("HIDAC", formerly Ironshore Europe DAC) from Liberty Mutual Group ("Liberty Mutual"). HMA manages various Lloyd’s syndicates, including Syndicate 4000. At the end of 2019, the former Lloyd's Syndicate 3334 was placed into run-off and all renewal business was written into the acquired Syndicate 4000, managed by Hamilton Managing Agency. HIDAC is a Dublin-based insurer with a UK branch and extensive licensing in the United States including excess and surplus lines and reinsurance in all 50 states.

In 2020, Hamilton Group established Ada Capital Management Limited (“ACML”), a Bermuda-regulated insurance agent authorized to underwrite on behalf of Ada Re, Ltd. (“Ada Re”). Ada Re is a special purpose insurer funded by third party investors and formed to provide fully collateralized reinsurance and retrocession to (i) wholly-owned operating platforms of Hamilton Group and (ii) third-party cedants.

Two Sigma Hamilton Fund, LLC ("TS Hamilton Fund"), a Delaware limited liability company, was formed in October 2013. On December 23, 2013, Hamilton Re entered into a limited liability company agreement with TS Hamilton Fund and Two Sigma Principals, LLC (the "Managing Member") as the managing member of TS Hamilton Fund. Hamilton Re initially committed to invest all of its investable assets in TS Hamilton Fund, other than a portion thereof that it held in cash and cash equivalents as a liquidity buffer. Commencing in 2017, Hamilton Re’s commitment was reduced to require that its investment in TS Hamilton Fund is equal to a minimum of 95% of the consolidated net tangible assets of Hamilton Group. TS Hamilton Fund has engaged Two Sigma Investments, LP ("Two Sigma"), a Delaware limited partnership and a related party, to serve as its investment manager for a term ending on December 31, 2023. Two Sigma is a United States Securities and Exchange Commission ("SEC") registered investment adviser specializing in quantitative analysis. Although Two Sigma has broad discretion to allocate invested assets to different opportunities, the current strategy is focused on highly diversified liquid positions in global equities, futures and foreign exchange markets.

2. Summary of Significant Accounting Policies

a. Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The financial statements include the accounts of Hamilton Group, Hamilton Re, TS Hamilton Fund, and Hamilton UK Holdings Limited (collectively the "Company"). The results of operations of the entities acquired from Liberty Mutual have been included in these financial statements from August 20, 2019, the date of acquisition, to November 30, 2020, the reporting date (see Note 5, *Business Combinations*, for further detail). All significant intercompany transactions and balances have been eliminated on consolidation. Certain comparative information has been reclassified to conform to the current year presentation.

b. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The major estimates recorded in the Company's financial statements include, but are not limited to, premiums written, the reserve for losses and loss adjustment expenses and the fair value of investments.

c. Fair Value Measurements

Financial Instruments Subject to Fair Value Measurements

Accounting guidance over fair value measurements requires that a fair value measurement reflect the assumptions market participants would use in pricing an asset or liability based on the best information available. Assumptions include the risks inherent in a particular valuation technique (such as a pricing model) and/or the risks inherent in the inputs to the model. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the "exit price"). Instruments that the Company owns are marked to bid prices. Fair value measurements are not adjusted for transaction costs.

Basis of Fair Value Measurements

Fair value measurements accounting guidance also establishes a fair value hierarchy that prioritizes the inputs to the respective valuation techniques 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). An asset or liability's classification within the fair value hierarchy is based on the lowest level of significant input to its valuation. The three levels of the fair value hierarchy are described further below:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active; and

Level 3 - Inputs that are both significant to the fair value measurement and unobservable.

Details on assets and liabilities that have been included under the requirements of authoritative guidance on fair value measurements to illustrate the bases for determining the fair values of these items held by the Company are included in each respective section of this significant accounting policies note.

The Company's fixed maturity and short-term investments are primarily priced using pricing services, such as index providers and pricing vendors, as well as broker quotations. In general, the pricing vendors provide pricing for a high volume of liquid securities that are actively traded. For securities that do not trade on an exchange, the pricing services generally utilize market data and other observable inputs in matrix pricing models to determine prices. Observable inputs include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, bids, offers, reference data and industry and economic events. Index pricing generally relies on market traders as the primary source for pricing, however models are also utilized to provide prices for all index eligible securities. The models use a variety of observable inputs such as benchmark yields, transactional data, dealer runs, broker-dealer quotes and corporate actions. Prices are generally verified using third party data. Securities which are priced by an index provider are generally included in the index. In general, broker-dealers value securities through their trading desks based on observable inputs. The methodologies include mapping securities based on trade data, bids or offers, observed spreads, and performance on newly issued securities. Broker-dealers also determine valuations by observing secondary trading of similar securities. Prices obtained from broker quotations are considered non-binding, however they are based on observable inputs and by observing secondary trading of similar securities obtained from active, non-distressed markets. The Company considers these Level 2 inputs as they are corroborated with other market observable inputs.

d. Premiums and Acquisition Costs

Premiums written and ceded on a losses occurring basis are earned pro-rata over the terms of the related contracts and policies. For contracts written on a risks-attaching basis, premiums written and ceded are earned over the terms of the underlying contracts and policies. Premiums written and ceded include estimates based on information received from insureds, brokers and ceding companies, and any subsequent differences arising on such estimates are recorded in the periods in which they are determined. The portion of the premiums written and ceded applicable to the unexpired terms of the underlying contracts and policies are recorded as unearned premiums and prepaid reinsurance premiums, respectively. Amounts are computed by pro-rata methods based on statistical data or reports received from insureds, brokers or ceding companies. Reinstatement premiums are estimated after the occurrence of a significant loss and are recorded in accordance with the contract terms based upon paid losses and case reserves. Reinstatement premiums are earned when written.

Acquisition expenses are costs that vary with, and are directly related to, the successful acquisition of new or renewal business, and consist principally of commissions, brokerage and premium tax expenses. These costs are deferred and amortized over the periods in which the related premiums are earned. Deferred acquisition costs are limited to their estimated realizable value based on the related unearned premiums. Anticipated losses and loss expenses, based on historical and current experience, and anticipated net investment income related to the premiums are considered in determining the recoverability of deferred acquisition costs.

e. Reinsurance

In the normal course of business, the Company seeks to reduce the potential amount of loss arising from claims events by reinsuring certain levels of risk with other reinsurers. Ceded reinsurance contracts do not relieve the Company of its primary obligation to policyholders. Prepaid reinsurance represents the portion of premiums ceded to reinsurers applicable to the unexpired coverage terms of the reinsurance contracts in place. Amounts recoverable from reinsurers are estimated based on the terms and conditions of the reinsurance contracts, in a manner consistent with the underlying liabilities insured or reinsured, by the Company. If the Company determines that adjustments to earlier estimates are appropriate, such adjustments are recorded in the periods in which they are determined. Amounts recoverable from reinsurers are recorded net of a valuation allowance for estimated uncollectible recoveries.

Retroactive reinsurance agreements are reinsurance agreements under which a reinsurer agrees to reimburse the Company as a result of past insurable events. For these agreements, the excess of the amounts ultimately collectible under the agreement over the consideration paid is recognized as a deferred gain liability which is amortized into income as a reduction of losses and loss adjustment expenses over the estimated ceded reserve settlement period. The amount of the deferred gain is recalculated each period based on actual loss payments and updated estimates of ultimate losses. If cumulative adverse development occurs subsequent to signing of a retroactive reinsurance agreement, it may result in significant losses from operations until periods when the recalculated deferred gain is recognized as a benefit to earnings.

If the consideration paid for a retroactive reinsurance agreement exceeds the ultimate losses collectible under the agreement, the net loss on the retroactive reinsurance agreement is recognized within income immediately.

f. Reserve for Losses and Loss Adjustment Expenses

The reserve for losses and loss adjustment expenses includes reserves for unpaid reported losses and for losses incurred but not reported ("IBNR"). The reserve for unpaid reported losses and loss expenses is established by management based on reports from insureds, brokers and ceding companies, and represents the estimated ultimate cost of events or conditions that have been reported to or specifically identified by the Company. The reserve for IBNR losses and loss expenses is established by management based on estimates of ultimate losses and loss expenses.

Inherent in the estimates of ultimate losses and loss expenses are expected trends in claim severity and frequency and other factors, which may vary significantly as claims are settled. Accordingly, ultimate losses and loss expenses may differ materially from the amounts recorded in the financial statements. These estimates are reviewed regularly and, as experience develops and new information becomes known, the reserves are adjusted as necessary. Such adjustments, if any, are recorded in earnings in the periods in which they become known.

g. Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents include money market funds and highly liquid short-term deposits and securities with maturities of 90 days or less at the time of purchase. Bank deposits are not considered to be fair value measurements and as such are not subject to the authoritative guidance on fair value measurement disclosures. Money market funds are classified as Level 1 as these instruments are considered actively traded; however, certificates of deposit are classified as Level 2.

Restricted cash primarily relates to funds held in trust supporting a portion of the Lloyd's capital requirements.

h. Investments

Investments - Trading

The Company elects the fair value option for all of its fixed maturities, short-term investments, equities and certain other invested assets (excluding those that are accounted for using specialized Investment Company accounting as noted below). All changes in the fair value of investments are recorded within net investment income in the Consolidated Statements of Operations.

All investment transactions are recorded on a trade date basis and are valued using pricing data received from third parties. Realized gains or losses on sales of investments are determined on a weighted average basis. Investment income is recognized when earned and includes interest and dividend income, recorded as of the ex-dividend date, together with the amortization of premium and discount on fixed maturities and short-term investments computed using the effective yield method. Net investment income includes related investment expenses.

Short-Term Investments

Short-term investments comprise securities with a maturity greater than three months but less than one year from the date of purchase.

Investments in Two Sigma Funds

TS Hamilton Fund invests in Two Sigma Funds ("Two Sigma Funds"), which are stated at their estimated fair values, that generally represent the Company’s proportionate interest in the members’ equity of the Two Sigma Funds as reported by the respective funds based on the net asset value ("NAV") provided by the fund administrator. The Company accounts for its investment in Two Sigma Funds under the variable interest model at NAV as a practical expedient for fair value in the Consolidated Balance Sheets. Increases or decreases in such fair values are recorded within net investment income in the Consolidated Statements of Operations. Realized gains or losses upon any redemptions of investments in the Two Sigma Funds are calculated using the weighted average method. The assets and liabilities of the Two Sigma Funds are recorded at fair value, or at amounts approximating fair value. The Company records contributions and withdrawals related to its investments in the Two Sigma Funds on the transaction date.

The specialized investment company accounting, as described above, is retained in the Company’s consolidated financial statements upon consolidation of TS Hamilton Fund.

i. Foreign Exchange

Monetary assets and liabilities denominated in foreign currencies are revalued into the functional currency of each entity at the exchange rates in effect at the balance sheet date with the resulting foreign exchange gains and losses included in earnings. Revenues and expenses denominated in foreign currencies are revalued at the prevailing exchange rate on the transaction date.

The Company’s reporting currency is the U.S. dollar ("USD"). Prior to January 1, 2017, the financial statements of the Company's U.K. subsidiaries, where the functional currency was the British Pound ("GBP"), were translated to USD as part of the consolidation process. Assets and liabilities were converted into USD using the rates of exchange in effect at the balance sheet dates and revenues and expenses were converted using the weighted average foreign exchange rates for the period. The effect of translation adjustments was reported as a separate component of Accumulated other comprehensive loss in shareholders’ equity called Currency translation adjustments.

Effective January 1, 2017, the functional currency of the Company's U.K. subsidiaries changed from GBP to USD due to evolving facts and circumstances under which the majority of the U.K. operations' revenues, the capital supporting the U.K. operations, and intercompany transactions between the U.K. subsidiaries and other members of the Hamilton Group are currently denominated in USD. In accordance with GAAP, the change has been accounted for prospectively from that date, and Accumulated other comprehensive loss recorded prior to the change in functional currency will remain on the balance sheet until such time as the U.K. operations are sold, or substantially liquidated.

j. Stock-Based Compensation

The Company issues restricted stock units, performance stock units, restricted stock, warrants and options, and may issue other equity-based awards to its employees. The fair value of the compensation cost is measured at the grant date and expensed over the period for which the employee is required to provide services in exchange for the award. For awards subject to graded vesting, the awards are separated into vesting tranches, which are amortized over their respective vesting periods. The fair value of awards with performance conditions is remeasured at each reporting period with any changes in the expected outcome of the performance conditions recorded in compensation expense by a cumulative catch-up adjustment to apply the revised estimate. Forfeitures are recognized as they occur.

k. Business Combinations

The Company accounts for business combinations in accordance with FASB ASC Topic *Business Combinations*. Business combinations are accounted for using the acquisition method. The Company records the identifiable assets and liabilities at their acquisition date fair values. The excess of the purchase price over the tangible net assets acquired is recorded as goodwill or other intangible assets, according to their nature. Transaction expenses incurred related to an acquisition, including legal and financial advisory services, are expensed as incurred.

l. Goodwill and Intangible Assets

The Company accounts for goodwill and other intangible assets that arise from business combinations in accordance with FASB ASC Topic *Intangibles - Goodwill and Other*. A purchase price that is in excess of the fair value of the net assets acquired arising from a business combination is recorded as goodwill or other intangible assets, according to their nature. Goodwill and other intangible assets with indefinite useful lives are not amortized. Other intangible assets with a finite life are amortized over the estimated useful lives of the assets.

Goodwill and other indefinite life intangible assets are tested for impairment on an annual basis or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. Finite lived intangible assets are reviewed for indicators of impairment on an annual basis or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable, and tested for impairment if appropriate. For purposes of the annual impairment evaluation, goodwill is evaluated at the applicable reporting unit of the acquired entities giving rise to the goodwill.

The Company has established the fourth quarter as the date for performing its annual impairment tests. The Company has the option to first assess qualitative factors to determine whether is is necessary to perform the quantitative goodwill impairment test. Under this option, the Company would not be required to calculate the fair value of a reporting unit unless the Company determines, based on its qualitative assessment, that it is more likely than not that a reporting unit's fair value is less than its carrying amount. If goodwill or other intangible assets are impaired, they are written down to their estimated fair value with a corresponding expense recorded in the Company's consolidated statement of operations.

m. Variable Interest Entities

The Company accounts for variable interest entities ("VIE") in accordance with GAAP guidance, which requires the consolidation of all VIEs by the primary beneficiary, that being the investor that has the power to direct the activities of the VIE and will absorb a majority of the VIE's expected losses or residual returns. The Company determines whether it is the primary beneficiary of a VIE by performing an analysis that principally considers: (i) the VIE's purpose and design, including the risks the VIE was designed to create and pass through to its variable interest holders; (ii) the VIE's capital structure; (iii) the terms between the VIE and its variable interest holders and other parties involved with the VIE; (iv) which variable interest holders have the power to direct the activities of the VIE that most significantly impact the VIE's economic performance; (v) which variable interest holders have the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE; and (vi) related party relationships. The Company reassesses its initial evaluation of an entity as a VIE upon the occurrence of certain reconsideration events. The Company also reassesses its determination of whether the Company is the primary beneficiary of a VIE upon changes in facts and circumstances that could potentially alter the Company's assessment.

n. Non-Controlling Interest

The share classes related to the redeemable non-controlling interest portion of TS Hamilton Fund are not considered liabilities in accordance with GAAP and have redemption features that are not solely within the control of TS Hamilton Fund. Therefore, the redeemable non-controlling interest in TS Hamilton Fund is presented in the mezzanine section on the Company's consolidated balance sheets. The net income (loss) attributable to non-controlling interest is presented separately in the Company's Consolidated Statements of Operations. Refer to Note 4, Variable Interest Entities, for further discussion of non-controlling interest in the Company.

o. Income Taxes

The Company records deferred income taxes that reflect the tax effect of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date. A valuation allowance against deferred tax assets is recorded if it is not more likely than not that all, or some portion, of the benefits related to deferred tax assets will be realized. The valuation allowance assessment considers tax planning strategies, where applicable.

p. Recent Accounting Pronouncements

In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2019-12 *Simplifying the Accounting for Income Taxes* which simplifies accounting for income taxes, changes the accounting for certain income tax transactions and makes minor improvements to the accounting guidance. This guidance is effective for annual reporting periods beginning after December 15, 2021 for private companies. Early adoption is permitted. This guidance is not expected to have a material impact on the Company's results of operations, financial position or cash flows.

In October 2018, the FASB issued ASU 2018-17 *Targeted Improvements to Related Party Guidance for Variable Interest Entities* permitting private companies to elect not to apply VIE guidance to legal entities under common control if both the parent and the legal entity being evaluated for consolidation are not public businesses. The guidance is effective for fiscal years beginning after December 15, 2020 and early adoption is permitted. The Company has determined that it will not elect the private company option, and therefore this guidance is not expected to have an impact on the Company's results of operations, financial position or cash flows.

In August 2018, the FASB issued ASU 2018-15 *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* which updated accounting guidance on the treatment of fees paid by a customer in a cloud computing arrangement. The guidance specifies that if a license is included in the arrangement, the related costs should be recorded on the balance sheet; if no license is included, the costs should be expensed. The guidance is effective for annual reporting periods beginning after December 15, 2020. Early adoption is permitted. This guidance is not expected to have an impact on the Company's results of operations, financial position or cash flows.

In August 2018, the FASB issued ASU 2018-13 *Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement* which updated accounting guidance to simplify and streamline fair value disclosures by eliminating certain disclosures, while enhancing the usefulness of information about investments in Level 3 of the fair value hierarchy. The enhancements include disclosure of transfers into and out of Level 3; the changes in unrealized gains and losses for the period included in other comprehensive income related to assets and liabilities in Level 3 at the end of the reporting period; and the range and weighted average of significant observable inputs used to develop Level 3 fair values. The guidance is effective for fiscal years beginning after December 15, 2019. This guidance relates to disclosures and will not have an impact on the Company's results of operations, financial position or cash flows.

In January 2017, the FASB issued ASU 2017-04 *Simplifying the Test for Goodwill Impairment*. Among other things, the guidance requires:

(1) the elimination of step two of the goodwill impairment test; entities will no longer utilize the implied fair value of their assets and liabilities for purposes of testing goodwill for impairment,
(2) the quantitative portion of the goodwill impairment test will be performed by comparing the fair value of a reporting unit with its carrying amount; an impairment charge is to be recognized for the excess of carrying amount over fair value, but only to the extent of the amount of goodwill allocated to that reporting unit, and
(3) foreign currency translation adjustments are not to be allocated to a reporting unit from an entity's accumulated other comprehensive income; the reporting unit's carrying amount should include only the currently translated balances of the assets and liabilities assigned to the reporting unit.

This guidance is effective for years beginning after December 15, 2020 for private companies. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017.The Company adopted this guidance effective December 1, 2019. It did not have an impact on the Company's results of operations or financial position.

In June 2016, the FASB issued ASU 2016-13 *Measurement of Credit Losses on Financial Instruments* (further clarified in November 2019 ASU 2019-11 *Codification Improvements Financial Instruments - Credit Losses*), which updated accounting guidance that replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to record credit loss estimates. This guidance is effective for annual periods beginning after December 15, 2022 for private companies. Early adoption is permitted for annual periods beginning after December 15, 2018. This guidance is not expected to have a material impact on the Company's results of operations, financial position or cash flows.

In February 2016, the FASB issued ASU 2016-02 *Leases* (further clarified in July 2018 (ASU 2018-11 *Leases - Targeted Improvements*) and in January 2019 (ASU 2019-01 *Leases - Codification Improvements*)) which updated accounting guidance that applies to any entity that enters into a lease that does not meet certain scope exceptions. The guidance requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous guidance. The Company expects that, as a lessee, the primary impact to the Company will be the gross-up of the balance sheet by recognition of an operating lease liability in respect of future lease payments and the associated right-of-use asset in respect of the right to use the underlying asset for the lease term. This guidance is effective for years beginning after December 15, 2021 for private companies. Early adoption is permitted. This guidance is not expected to have a material impact on the Company's results of operations, financial position or cash flows.

3. Investments

Fixed Maturity and Short-Term Investments - Trading

The Company’s fixed maturity and short-term investments at November 30, 2020 and November 30, 2019 are as follows:

(Expressed in thousands of United States Dollars)	2020			
	Amortized Cost	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Fixed maturities:				
U.S. government treasuries	$ 161,379	$ 3,510	$ (140)	$ 164,749
Non-U.S. sovereign governments and supranationals	12,226	465	(20)	12,671
Corporate	424,227	13,270	(120)	437,377
Residential mortgage-backed securities - Agency	176,430	3,335	(3,598)	176,167
Residential mortgage-backed securities - Non-agency	6,900	33	(145)	6,788
Commercial mortgage-backed securities - Non-agency	7,633	162	(13)	7,782
Other asset-backed securities	23,458	400	(14)	23,844
Total fixed maturities	812,253	21,175	(4,050)	829,378
Short-term investments	711,415	142	(43)	711,514
Total	$ 1,523,668	$ 21,317	$ (4,093)	$ 1,540,892

(Expressed in thousands of United States Dollars)	2019			
	Amortized Cost	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Fixed maturities:				
U.S. government treasuries	$ 213,618	$ 2,025	$ (32)	$ 215,611
U.S. states, territories and municipalities	1,151	60	(4)	1,207
Non-U.S. sovereign governments and supranationals	17,062	215	(182)	17,095
Corporate	211,639	2,617	(638)	213,618
Residential mortgage-backed securities - Agency	73,203	765	(105)	73,863
Commercial mortgage-backed securities - Agency	729	9	—	738
Commercial mortgage-backed securities - Non-agency	11,590	225	(30)	11,785
Other asset-backed securities	22,320	285	(4)	22,601
Total fixed maturities	551,312	6,201	(995)	556,518
Short-term investments	756,894	877	(151)	757,620
Total	$ 1,308,206	$ 7,078	$ (1,146)	$ 1,314,138

The Company’s fixed maturity and short-term investments are considered to be Level 2 in the fair value hierarchy.

Contractual Maturities Summary

Contractual maturities of fixed maturity securities at November 30, 2020 are presented in the following table. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	2020	
(Expressed in thousands of United States Dollars)	**Amortized Cost**	**Fair Value**
Due less than one year	$ 30,498	$ 30,660
Due after one through five years	515,642	530,047
Due after five through ten years	51,692	54,090
Mortgage backed	190,963	190,737
Asset backed	23,458	23,844
Total	$ 812,253	$ 829,378

Investments in Two Sigma Funds

The Company's investments in Two Sigma Funds at November 30, 2020 and November 30, 2019 are as follows:

	2020			2019		
(Expressed in thousands of United States Dollars)	**Cost**	**Net Unrealized Gains (Losses)**	**Fair Value**	**Cost**	**Net Unrealized Gains (Losses)**	**Fair Value**
Two Sigma Futures Portfolio, LLC (FTV)	279,006	$ (10,198)	$ 268,808	$ 271,569	$ (20,674)	$ 250,895
Two Sigma Spectrum Portfolio, LLC (STV)	221,031	32,139	253,170	234,723	35,283	270,006
Two Sigma Equity Spectrum Portfolio, LLC (ESTV)	94,470	17,246	111,716	127,256	11,643	138,899
Total	$ 594,507	$ 39,187	$ 633,694	$ 633,548	$ 26,252	$ 659,800

The Company, through its investments in FTV, STV and ESTV, seeks to achieve absolute dollar-denominated returns on a substantial capital base primarily by combining multiple hedged and leveraged systematic investment strategies with proprietary risk management and execution techniques. These systematic strategies include, but are not limited to, technical and statistically-based, fundamental-based, event-based, market condition-based and spread-based strategies as well as contributor-based and/or sentiment-based strategies and blended strategies. FTV primarily trades equity securities, exchange memberships, government debt securities, option contracts, swap contracts, futures and forward contracts. STV and ESTV primarily trade equity securities, swap contracts and foreign currency forward contracts. At November 30, 2020, the Company owns an 11.7%, 16.2% and 8.3% interest in each of the FTV, STV and ESTV funds, respectively.

The following table summarizes certain investments of FTV, STV and ESTV where TS Hamilton Fund's proportionate share of the fair value of the investment represents more than 5% of TS Hamilton Fund's members' equity at November 30, 2020:

(Expressed in thousands of United States Dollars)	**Principal/ Shares** [(1)]	**Fair Value** [(1)]	**% of Members' Equity**
U.S. Treasury Securities, 0.000%-2.750%, due 12/17/2020 - 11/15/2030	$ 1,008,597	$ 1,010,420	62.7 %
State Street Treasury Obligations Money Market Fund	130,911	130,911	8.1 %
U.S. Treasury Securities, 1.625%, due 11/15/50	$ (6,218)	$ (6,302)	(0.4)%

[(1)] *Values represent TS Hamilton Fund's proportionate share of the aggregate of FTV, STV and ESTV total holdings (expressed in thousands).*

The components of net investment income for the years ended November 30, 2020, 2019 and 2018 are as follows:

(Expressed in thousands of United States Dollars)	2020	2019	2018
Investment income:			
Net realized gains (losses) on investments	$ (19,349)	$ 444,410	$ 518,733
Change in net unrealized gains (losses) on investments	25,050	(200,534)	99,192
Loss on equity-method investment	(8,987)	(6,946)	(8,563)
Interest	21,569	26,519	11,858
Total investment income	18,283	263,449	621,220
Investment expenses:			
Management fees	(50,079)	(58,341)	(55,747)
Other expenses	(1,103)	(861)	(630)
Total expenses	(51,182)	(59,202)	(56,377)
Net investment income	$ (32,899)	$ 204,247	$ 564,843

Two Sigma and the Managing Member are related parties to the Company (see Note 1, *Organization*). The investment management agreement with Two Sigma requires TS Hamilton Fund to incur a management fee of 3% of the non-managing members' equity in the net asset value of the TS Hamilton Fund per annum.The management fee for the years ended November 30, 2020, 2019 and 2018 was $49.5 million, $58.0 million and $55.7 million, respectively. Under the terms of the limited liability company agreement between Hamilton Re and the Managing Member, the Managing Member is entitled to an incentive allocation equal to 30% of TS Hamilton Fund's net profits, subject to high watermark provisions, and adjusted for withdrawals, and any incentive allocation to the Managing Member; provided, however, that in the event there is a net loss during a quarter and a net profit during any subsequent quarter, the Managing Member is entitled to a modified incentive allocation whereby the regular incentive allocation will be reduced by 50% until subsequent cumulative net profits are credited in an amount equal to 200% of the previously allocated net losses.

The Managing Member is also entitled to receive an additional incentive allocation as of the end of each fiscal year (or on any date Hamilton Re withdraws all or a portion of its capital), in an amount equal to 20% of the Excess Profits; where "Excess Profits" for any given fiscal year (or other such accounting period) means the net profits over 15% for such fiscal year, net of management fees and expenses and gross of incentive allocations, but only after recouping previously unrecouped net losses. To the extent Hamilton Re contributes capital other than at the beginning of a fiscal year or withdraws capital other than at the end of a fiscal year, the additional incentive allocation hurdle with respect to such capital is prorated.

The aggregate incentive allocation (inclusive of the additional incentive allocation) for the years ended November 30, 2020, 2019 and 2018 was $24.9 million, $67.8 million and $232.0 million, respectively.

Hamilton Re has a commitment with TS Hamilton Fund to maintain at least approximately 93% of its investable assets in TS Hamilton Fund for a period (the "Commitment Period"), subject to certain circumstances and the liquidity options described below, with the Commitment Period ending on December 31, 2023. The Commitment Period consists of a 3-year rolling term that automatically renews on an annual basis unless Hamilton Re or the Managing Member provide advance notice of non-renewal. The commitment is subject to a waiver that permits Hamilton Re to maintain a minimum investment in TS Hamilton equal to a minimum of 95% of the consolidated net tangible assets of Hamilton Group. The waiver is applicable to December 31, 2021, is intended to automatically renew annually, and may be revoked by the Managing Member in its sole discretion upon 90 days' prior written notice. The TS Hamilton Fund generally has two liquidity options, subject to Hamilton Re's minimum investment commitment, which are as follows:

Monthly liquidity - Subject to certain conditions, Hamilton Re may request a whole or partial withdrawal of its capital account, no later than fifteen days prior to the end of a calendar month, effective as of the last day of such calendar month.

Daily liquidity - Subject to certain limited circumstances, including the need to meet obligations pursuant to Hamilton Re's underwriting operations, Hamilton Re may request a withdrawal of all or a portion of its capital account upon at least one business day's written notice of such withdrawal request date to the Managing Member.

The Managing Member may, at its discretion, but is not required to, permit or require Hamilton Re to withdraw all or any portion of its respective capital account at other times or waive or reduce certain notice periods or allow a notice to be revoked. The Managing Member may withdraw all or any portion of its capital account at any time.

Pledged Assets

At November 30, 2020, $323.2 million of investments secured a portion of the Lloyd's capital requirements and $19.7 million of investments at fair value were in trust accounts for the benefit of U.S. state regulatory authorities. In addition, certain investments were pledged as security for letter of credit facilities as described further in Note 9, *Debt and Credit Facilities*.

At November 30, 2020, restricted cash balances were comprised of $13.4 million of cash balances held at Lloyd's securing a portion of the capital requirements and $3.8 million of cash securing other underwriting obligations.

4. Variable Interest Entities

Two Sigma Hamilton Fund

TS Hamilton Fund meets the definition of a VIE principally because the Managing Member does not hold substantive equity at risk in the entity and controls all of the decision making authority over it. Therefore, the Company assessed its ownership in the VIE to determine if it is the primary beneficiary. A quantitative assessment of the VIE's expected losses and expected residual returns was not applied because the Managing Member is a related party to the Company and collectively they hold all of the variable interest. The Company performed a qualitative assessment of all relevant facts and circumstances and determined that it is the entity within the related party group that is most closely related to the VIE. As a result, the Company concluded that it is the primary beneficiary of TS Hamilton Fund.

Activity in the non-controlling interest of TS Hamilton Fund for the years ended November 30, 2020, 2019 and 2018 was as follows:

(Expressed in thousands of United States Dollars)	2020	2019	2018
Non-controlling interest - balance at beginning of period	$ 177	$ 385	$ 10,561
Withdrawals	(24,988)	(68,033)	(242,180)
Equity in earnings	(1)	33	107
Incentive allocation	24,931	67,792	231,897
Non-controlling interest - balance at end of period	$ 119	$ 177	$ 385

The following table represents the total assets and total liabilities of TS Hamilton Fund at November 30, 2020 and November 30, 2019. Creditors or beneficial interest holders of TS Hamilton Fund have no recourse to the general credit of the Company as the Company's obligation is limited to the amount of its committed investment.

(Expressed in thousands of United States Dollars)	2020	2019
Assets		
Cash and cash equivalents	$ 340,192	$ 411,312
Short-term investments	694,208	743,173
Investments in Two Sigma Funds, at fair value	633,694	659,800
Receivables for investments sold	78,398	43,285
Interest and dividends receivable	149	1,933
Total assets	1,746,641	1,859,503
Liabilities		
Accounts payable and accrued expenses	171	255
Payable for investments purchased	134,701	73,029
Total liabilities	134,872	73,284
Total net assets managed by TS Hamilton Fund	$ 1,611,769	$ 1,786,219

Attune Holdings, LLC ("Attune")

On September 20, 2016, the Company entered into an agreement with AIG and affiliates of Two Sigma to form Attune, a corporate joint venture with a technology-enabled platform to serve the U.S. Small to Medium Sized Enterprise ("SME") commercial insurance market.

Each principal contributed $5.0 million to capitalize Attune, and ownership is allocated 33.33% the Company, 33.34% AIG Property Casualty U.S., Inc., and 33.33% Two Sigma Coverage Technologies Holdings, LP (the "Principals"). In addition, the Company contributed $1.2 million of internally-developed software. The Principals also committed to provide a further $45 million of capital contributions each to support Attune's operations. Attune meets the definition of a VIE because its current GAAP equity is not sufficient to support its operations without future financial support. Although the future commitments of capital are believed to be sufficient to support Attune's operations and the purpose for which it was designed, future capital commitments do not qualify as GAAP equity until called, and therefore were not considered in the VIE determination.

Attune's Board of Directors is comprised of six members, two appointed by each of the Principals. All actions of the Board or its committees require the affirmative vote of at least one director appointed by each Principal. The Principals share equally in the risks and rewards of Attune's operations, and no individual participant, or combination of participants, may generally direct Attune's operations without the consent of at least one Director appointed by each Principal. As a result, the Company determined that it was not the primary beneficiary of its variable interest in Attune.

The Company's maximum exposure to loss as a result of its investment in Attune is limited to the $50 million of capital the Company has committed to provide, inclusive of the cumulative cash contributions made to date. As of November 30, 2020, the

Company has recorded its net inception-to-date contributions of $42.5 million in Attune on the balance sheet and has recorded its proportionate share of Attune's net earnings in its results, following the equity method of accounting. The net investment in Attune at November 30, 2020 and November 30, 2019 is included in Other assets on the balance sheet.

Changes in the investment in Attune for the years ended November 30, 2020, 2019, and 2018 were as follows:

(Expressed in thousands of United States Dollars)	2020	2019	2018
Net investment in Attune - balance at beginning of period	$ 7,310	$ 5,089	$ 3,652
Contributions	8,333	9,167	10,000
Loss on equity-method investment	(8,987)	(6,946)	(8,563)
Net investment in Attune - balance at end of period	$ 6,656	$ 7,310	$ 5,089

The Company has not provided support to Attune, financial or otherwise, beyond that contractually required. There are no liquidity arrangements, guarantees, or other commitments by third parties that may affect the fair value or risk of the Company's interest in Attune.

5. Business Combinations

On August 20, 2019, the Company completed a share purchase transaction with Liberty Mutual to acquire HMA, HIDAC and other related entities. Under the terms of the share purchase agreement, the Company is responsible for the 2019 Year of Account for Lloyd’s Syndicate 4000 and Liberty Mutual has retained the corporate member supporting prior years. Furthermore, Liberty Mutual has provided 100% quota share reinsurance of HIDAC’s reserves for losses and loss adjustment expenses as well as unearned premiums as at the acquisition date.

The acquisition added significant depth of global underwriting and operational expertise to the Company. The acquisition also provided the Company with a Dublin-based insurer with a UK branch that has excess and surplus lines licenses providing access to the United States. In addition, the acquired businesses diversified Hamilton Group’s earnings profile by managing third-party capital and providing turnkey services within the Lloyd’s market.

The Company purchased all of the issued and outstanding shares in each acquired entity. The transaction was accounted for using the acquisition method under which the Company recorded the identifiable assets and liabilities at their acquisition date estimated fair values. The preliminary purchase price of $186.5 million consisted entirely of cash. This initial purchase price was subject to potential adjustment pending the agreement of the purchaser and seller over amounts included in the final completion accounts. Upon completion of the purchase price discussions, the final purchase price was $185.0 million consisting of total cash payments of $189.5 million, offset by a receivable of $4.5 million that was settled during 2020.

In connection with the acquisition, transaction-related, integration, and other expenses of $22.6 million were recorded in Other income (expense) for the year ended November 30, 2019.

The following table summarizes the fair values of major classes of identifiable assets acquired and liabilities assumed as of August 20, 2019, updated to reflect the final purchase price allocation:

(Expressed in thousands of United States Dollars)	**August 20, 2019**
Identifiable net assets:	
Cash and cash equivalents	$ 133,341
Investments	89,683
Premiums and other insurance receivables	272,937
Unpaid losses and loss expenses recoverable	546,451
Prepaid reinsurance	200,296
Other assets	15,690
Total assets	1,258,398
Reserve for losses and loss adjustment expenses	587,823
Unearned premiums	271,339
Reinsurance balances payable	220,905
Other liabilities	101,508
Total liabilities	1,181,575
Total identifiable net assets acquired	76,823
Total net purchase price paid by the Company	184,999
Excess purchase price over the fair value of net assets acquired assigned to goodwill and intangible assets	$ 108,176

Significant fair value adjustments are as follows:

- Net deferred acquisition costs and value of business acquired ("VOBA") - to reflect the elimination of the acquired entities' net deferred acquisition costs, partially offset by the establishment of the value of business acquired asset, which represents the present value of the expected underwriting profit within the unearned premiums liability, net of reinsurance, less costs to service the related policies and a risk premium. The adjustment for VOBA will be amortized as the contracts for business in-force as of the acquisition date expire;
- Reserve for claims and claim expenses and unearned premiums - to reflect adjustments related to the present value of the net unpaid claims and claim expenses based on the estimated payout pattern, partially offset by an increase in net claims and claim expenses related to the estimated market based risk margin. The risk margin represents the estimated cost of capital required by a market participant to assume the net claims and claim expenses. This will be amortized using the projected discount and risk margin patterns of the net claims and claims expenses as of the acquisition date;
- Identifiable indefinite lived and finite lived intangible assets - to establish the fair value of identifiable intangible assets related to the acquisition to reflect Lloyd's syndicate capacity, coverholder and broker relationships, managing agency contracts and licenses; and
- Other liabilities - to reflect the net deferred tax liability on identifiable intangible assets.

The following table includes the allocation of the excess of the purchase price over the acquired net assets to goodwill and intangible assets at the acquisition date:

	Amount	Estimated Useful Life
Goodwill	$ 21,809	Indefinite
Indefinite lived intangible assets		
Lloyd's syndicate capacity	19,539	Indefinite
Licenses	1,625	Indefinite
	21,164	
Finite lived other intangible assets		
Coverholder and broker relationships	44,515	10 years
VOBA	13,309	3.5 years
Managing General Agent ("MGA") contracts	7,379	3 years
	65,203	
Goodwill and intangible assets at August 20, 2019	$ 108,176	

The valuation of identifiable intangibles are explained as follows:

- Lloyd's syndicate capacity: The value of Pembroke's capacity to underwrite in the Lloyd's market;
- Coverholder and broker relationships: The value of distribution channels given the expectation of renewal of these relationships and the associated expenses;
- VOBA: represents the present value of the expected underwriting profit within the unearned premiums liability, net of reinsurance, less costs to service the related policies and a risk premium;
- MGA contracts: The estimated present value of management fees and commission income in existing MGA contracts;
- Licenses: The value of licenses providing the ability to write insurance in multiple countries.

A deferred tax asset of $1.2 million and a deferred tax liability of $14.6 million, arising from the adjustment of the fair value of net assets acquired, are included in other assets and other liabilities in the table above.

The goodwill recognised is primarily attributable to the assembled workforce acquired, expected future synergies arising from the combined businesses and other future business not included in intangible assets. The goodwill recorded is not expected to be deductible for income tax purposes.

6 . Goodwill and intangible assets

The following table provides a summary of the Company's goodwill and intangible assets:

(Expressed in thousands of United States Dollars)	Goodwill	Intangible assets subject to amortization	Intangible assets not subject to amortization	Total
Net balance, November 30, 2018	$ —	$ 5,014	$ 16,044	$ 21,058
Plus: additions	21,809	66,717	21,164	109,690
Less: impairment	—	(1,925)	—	(1,925)
Less: amortization	—	(5,411)	—	(5,411)
Net balance, November 30, 2019	21,809	64,395	37,208	123,412
Plus: additions	—	4,830	—	4,830
Less: amortization	—	(12,489)	—	(12,489)
Net balance, November 30, 2020	$ 21,809	$ 56,736	$ 37,208	$ 115,753
Gross balance, November 30, 2020	21,809	81,551	37,208	140,568
Accumulated amortization and impairment	—	(24,815)	—	(24,815)
Net balance, November 30, 2020	21,809	56,736	37,208	115,753

In November 2019, the Company determined that Acappella Syndicate 2014 ("Acappella"), the management of which was acquired as part of the HMA acquisition described further in Note 5, *"Business Combinations*", was being placed into run-off and would cease writing business with immediate effect. As such, an impairment was recorded to the carried value of the MGA contracts intangible asset of $1.9 million. This amount is included in Amortization of intangible assets in the Consolidated Statements of Operations.

The following tables present the components of goodwill and intangible assets at November 30, 2020 and 2019:

	2020		
(Expressed in thousands of United States Dollars)	Gross Balance	Accumulated Amortization and Impairment	Net Balance
Goodwill	$ 21,809	$ —	$ 21,809
Intangible assets subject to amortization			
Coverholder and broker relationships	44,515	(5,564)	38,951
VOBA	13,309	(4,753)	8,556
Internally developed software	16,348	(10,198)	6,150
MGA contracts	7,379	(4,300)	3,079
Intangible assets not subject to amortization			
Lloyd's syndicate capacity	35,583	—	35,583
Licenses	1,625	—	1,625
	$ 140,568	$ (24,815)	$ 115,753

(Expressed in thousands of United States Dollars)	2019 Gross Balance	 Accumulated Amortization and Impairment	 Net Balance
Goodwill	$ 21,809	$ —	$ 21,809
Intangible assets subject to amortization			
Coverholder and broker relationships	44,515	(1,113)	43,402
VOBA	13,309	(951)	12,358
Internally developed software	11,519	(7,723)	3,796
MGA contracts	7,379	(2,540)	4,839
Intangible assets not subject to amortization			
Lloyd's syndicate capacity	35,583	—	35,583
Licenses	1,625	—	1,625
	$ 135,739	$ (12,327)	$ 123,412

The Company's finite-lived intangible assets consist of coverholder and broker relationships, VOBA, internally-developed software and MGA contracts which are amortized on a straight-line basis over their estimated useful lives, which range from three to ten years. Costs incurred to renew or extend the assets' useful lives are expensed straight-line over the remaining life of the related asset or asset class. The weighted-average amortization period is 3.5 years and the estimated amortization expense for each of the five succeeding fiscal years and thereafter related to these assets is as follows:

(Expressed in thousands of United States Dollars) **Year Ending November 30,**	Estimated Amortization Expense
2021	$ 12,305
2022	11,011
2023	6,286
2024	5,203
2025	5,203
Thereafter	16,728
Total	$ 56,736

Intangible assets not subject to amortization consist of Lloyd's syndicate capacity and insurance licenses. The Company did not recognize any impairment losses as a result of the annual impairment review of indefinite-lived assets for the years ended November 30, 2020, 2019 and 2018.

7. Reinsurance

The Company purchases reinsurance and other protection to manage its risk portfolio and to reduce its exposure to large losses. The Company currently has in place contracts that provide for recovery of a portion of certain claims and claim expenses, generally in excess of various retentions or on a proportional basis. Amounts recoverable under reinsurance contracts are recorded as assets. The Company remains liable to the extent that any reinsurance company fails to meet its obligations.

The following tables set forth the effect of reinsurance and retrocessional activity on premiums written and earned and on net claims and claim expenses incurred during the years ended November 30, 2020, 2019 and 2018:

	Premiums written			Premiums earned		
(Expressed in thousands of United States Dollars)	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**
Assumed	$ 579,425	$ 454,215	$ 361,823	$ 554,962	$ 452,268	$ 381,005
Direct	507,115	276,726	209,659	565,890	284,853	192,960
Ceded	(357,217)	(241,474)	(162,810)	(413,391)	(279,730)	(159,348)
Net	$ 729,323	$ 489,467	$ 408,672	$ 707,461	$ 457,391	$ 414,617

	Losses and loss adjustment expenses		
(Expressed in thousands of United States Dollars)	**2020**	**2019**	**2018**
Gross losses and loss adjustment expenses	$ 630,073	$ 708,895	$ 590,716
Losses and loss adjustment expenses ceded	(124,804)	(318,479)	(230,573)
Net	$ 505,269	$ 390,416	$ 360,143

The Company evaluates the financial condition of its reinsurers on a regular basis and also monitors concentrations of credit risk with reinsurers. A provision for uncollectible reinsurance would be required due to the potential failure of reinsurers to indemnify the Company for either disputes under reinsurance contracts or insolvencies. There was no allowance for doubtful recoveries recorded at November 30, 2020 or 2019.

Loss Portfolio Transfer

On February 6, 2020, the Company entered into a loss portfolio transfer agreement (the "LPT") pursuant to which the insurance liabilities arising from certain casualty risks written by Hamilton Syndicate 3334 within professional indemnity, financial institutions and directors & officers lines of business for the Lloyd's Years of Account 2016, 2017 and 2018, were retroceded to a third party in exchange for total premium of $72.1 million. The premium payment schedule is 25%, 33%, 42% on February 6 for each of 2020, 2021, and 2022, respectively. Payments will be net of recoveries due on paid claims and bound by funds withheld terms as stipulated within the contract.

This transaction was accounted for as retroactive reinsurance under which cumulative ceded losses exceeding the LPT premium are recognized as a deferred gain liability and amortized into income over the settlement period of the ceded reserves in proportion to cumulative losses collected over the estimated ultimate reinsurance recoverable. Reinsurance recoverable on unpaid losses under the LPT was $93.2 million, resulting in a deferred gain liability of $21.1 million as of the signing date.

The amount of the deferral is recalculated each period based on updated ultimate loss estimates. Consequently, cumulative adverse development subsequent to the signing of the LPT may result in significant losses from operations until periods when the deferred gain is recognized as a benefit to earnings.

The balance of reinsurance recoverable on unpaid losses due under this LPT was $71.7 million at November 30, 2020. Amortization of the deferred gain of $5.2 million was recorded as a reduction of losses and loss adjustment expenses during the year ended November 30, 2020, respectively, in accordance with the actual loss payments and updated estimates of ultimate losses of the subject business.

8. Reserve for Losses and Loss Adjustment Expenses

The following table presents a reconciliation of unpaid losses and loss adjustment expenses ("LAE") for the years ended November 30, 2020, 2019, and 2018:

(Expressed in thousands of United States Dollars)	2020	2019	2018
Gross unpaid losses and loss expenses, beginning of period	$ 1,957,989	$ 1,035,664	$ 697,224
Reinsurance recoverable on unpaid losses	1,087,619	404,395	244,636
Net unpaid losses and loss expenses, beginning of period	870,370	631,269	452,588
Net losses and loss expenses incurred in respect of losses occurring in:			
Current period	546,250	366,847	359,325
Prior periods	(40,981)	23,569	818
Total incurred	505,269	390,416	360,143
Net losses and loss expenses paid in respect of losses occurring in:			
Current period	67,774	36,761	41,050
Prior periods	253,038	164,226	140,464
Total paid	320,812	200,987	181,514
Retroactive reinsurance recoverable	(93,179)	—	—
Net reserve for losses and loss expenses acquired	—	41,372	—
	(93,179)	41,372	—
Foreign currency revaluation and other	16,917	8,300	52
Net unpaid losses and loss expenses, end of period	978,565	870,370	631,269
Reinsurance recoverable on unpaid losses	1,076,063	1,087,619	404,395
Gross unpaid losses and loss expenses, end of period	$ 2,054,628	$ 1,957,989	$ 1,035,664

Net favorable prior year development of $41.0 million for the year ended November 30, 2020 was primarily comprised of:

- Net favorable development of $20.2 million on property contracts as a result of reductions in loss estimates for Hurricanes Harvey, Irma and Maria and other catastrophe events along with lower than expected attritional losses;
- Net favorable development of $22.5 million on specialty contracts as a result of lower than expected loss experience in marine and energy and mortgage credit lines of business; and
- Net unfavorable development of $1.7 million on casualty contracts, net of amortization of the gain on the loss portfolio transfer discussed in Note 7, *Reinsurance.*

Net unfavorable prior year development of $23.6 million for the year ended November 30, 2019 was comprised of amounts related to revisions to prior year premium estimates, discussed further below, and $9.5 million of net unfavorable prior year loss development arising from the following significant components:

- Net unfavorable loss development of $39.7 million in casualty lines of business, arising from reserve strengthening in anticipation of increased loss trends and mass tort losses. Reserve strengthening related primarily to casualty classes including international professional indemnity, tort liability, U.S. high excess casualty and financial institutions business.
- Net favorable loss development of $26.8 million in specialty lines of business, due primarily to reductions in estimates on financial lines of business, attritional loss reductions in marine and energy exposures, and 2017 and prior accident year catastrophes; and

- Net favorable loss development of $3.4 million in property lines of business from the 2017 and prior accident year catastrophes.

In addition to the above noted items were revisions to premium estimates relating to casualty contracts written in 2018 and prior which increased earned premium by $17.0 million during 2019. Associated loss estimates of $14.1 million, recorded relating to the increased 2018 and prior year premiums, are included in the prior periods development line in the above table.

Net unfavorable prior year development of $0.8 million for the year ended November 30, 2018 was comprised of amounts related to revisions to prior year premium estimates, discussed further below, and $12.4 million of net favorable prior year loss development arising from the following significant components:

- Net favorable development of $26.6 million in specialty lines of business, driven primarily by $17.3 million of reductions on attritional losses in marine and aviation business and $9.3 million of reductions related to hurricanes Harvey, Irma and Maria; and
- Net unfavorable development of $10.5 million in casualty lines of business, driven primarily by $4.9 million on medical malpractice contracts written in 2014 and 2013 underwriting years, $3.0 million on a 2015 casualty retro contract and adverse development on the 2017 and 2016 underwriting years of professional lines, all of which was partially offset by favorable development from financial lines and general liability.

In addition, revisions to premium estimates relating to long-tail contracts written in 2017 and prior increased earned premium by $23.8 million during 2018. Associated loss estimates of $13.2 million recorded relating to the increased 2017 and prior year premiums are included in the prior periods development line in the above table.

Reinsurance recoverable on unpaid losses related to the LPT of $93.2 million was recognized in the year ended November 30, 2020 in the reconciliation of beginning and ending gross and net loss and LAE reserves presented above. See Note 7, *Reinsurance* for further information.

The Company has incurred net losses and loss adjustment expenses of $76.3 million for the year ended November 30, 2020 relating to the Covid-19 pandemic. The determination of the Company's net reserves for losses and loss adjustment expenses was based on its ground-up assessment of coverage from individual contracts, including a review of contracts with potential exposure to the Covid-19 pandemic. In addition, the determination of the Company’s net reserve for losses and loss adjustment expenses for its reinsurance segment was supplemented by notifications received from cedants, a review of further treaties that may provide coverage, and supplemented by industry insured loss estimates and market share analysis. The Company also considered preliminary information received from clients, brokers and loss adjusters.

The estimate of net reserves for losses and loss adjustment expenses related to the Covid-19 pandemic remains subject to significant uncertainty. This uncertainty is driven by the inherent complexity of assumptions around the impact of the Covid-19 pandemic due to the lack of comparable events, the ongoing nature of the event, and its vast impact on the global economy and the health of the human population. Significant estimates have been made around items including, but not limited to, the severity, nature and duration of the pandemic, the coverage provided under the Company's contracts, the legislative interpretation of coverage in subsequent court cases, the coverage provided by the Company's ceded reinsurance, the outcome of actions taken to minimize losses and loss adjustment expenses, and the impact that the economic environment has had on our insurance exposure in credit, financial and professional lines.

The pandemic has given rise to a significant amount of coverage litigation between policyholders and insurance companies across the world. The Company is actively following litigation surrounding Covid-19 related losses and any associated rulings in updating our estimates of Covid-19 related loss and loss adjustment expenses.

While the Company believes its estimate of net reserves for losses and loss expenses is adequate for losses and loss adjustment expenses that have been incurred at November 30, 2020 based on current facts and circumstances, the Company will continue to monitor the appropriateness of its assumptions as new information comes to light and will adjust its estimate of net reserves for losses and loss adjustment expenses, as appropriate. Actual ultimate losses for these events may differ materially from the Company's current estimates.

The Company amortized acquisition costs of $168.3 million, $108.3 million and $95.8 million in the years ended November 30, 2020, 2019, and 2018, respectively.

The Company's reserve for losses and loss expenses consists of case reserves and IBNR reserves. Case reserves are reserves for reported losses and loss expenses that have not yet been settled. IBNR are reserves for incurred but not reported losses and loss expenses, and include reserves for reported losses in excess of case reserves.

Case Reserves

For reinsurance business, the Company typically receives loss notifications from its cedants in the form of loss bordereaux or individual loss notifications. These notifications generally include varying amounts of information about the nature and quantum of the loss including paid amounts and estimates of outstanding loss. The Company records the estimates of outstanding loss from its cedants as Case Reserves. Typically there is a timing lag between the cedant establishing a reserve and notifying the loss to the Company. In addition, different cedants have different claims handling practices which result in case reserve estimates that vary in the level of prudence embedded in them.

For insurance business, the Company records a case reserve for the estimated amount of settlement. This amount is based on the judgment of the Company’s claims team and takes into account the class of business, nature of the claim and if appropriate, the advice of specialist legal counsel and external loss adjusters and includes the estimated expenses of settling the claim such as legal and other fees. The Company may sometimes use third party claims administrators to handle claims and set case reserves, but within defined authority levels and service level agreements. In syndicated markets such as Lloyd’s, the Company’s case reserve will be based in part on information provided by the lead insurer, where the Company is not an agreement party. Any adjustments to case reserves are accounted for as changes in estimates and recorded in the period in which such changes are identified.

IBNR Reserves

The Company establishes IBNR reserves for large events based on a number of different factors, including discussions with brokers and cedants, proprietary loss modelling and pricing software, estimates of market loss and market share, experience from historical large events and other information that can guide the estimates of loss reserves. These estimates are reviewed periodically as new information emerges on the events.

IBNR reserves for attritional losses are established using actuarial loss reserving techniques. These techniques include the loss development factor method (“LDF”), Bornheutter Ferguson method (“BF”), the Initial Expected Loss Ratio method ("IELR") and other techniques. These techniques rely on estimates of paid and reported loss development patterns and estimates of loss ratio at the inception of the contract. The Company’s actuaries review the estimates of IBNR reserves on a quarterly basis and adjust the estimates as new information becomes available. Any such adjustments are accounted for as changes in estimates and recorded in the periods in which they become known.

To establish IBNR reserves for attritional losses, contracts are grouped into cohorts, or reserving classes, that have similar coverage, inception period and loss reporting characteristics. The paid and reported losses for these reserving classes are tracked over time against expectations and against the actuarial loss reserving indications and IBNR reserve is selected for each cohort.

Claims Development and Frequency

The information provided herein about incurred and paid accident year claims development, net of reinsurance, for the periods ended prior to November 30, 2020 and the annual percentage payouts of incurred claims by age, net of reinsurance, is presented as supplementary information. For incurred and paid accident year claims denominated in foreign currency, the Company used the current year-end balance sheet foreign exchange rate for all periods provided, thereby eliminating the effects of changes in foreign currency translation rates from the incurred and paid accident year claims development information included in the tables below.

In determining the cumulative number of reported claims, the Company measures claim counts on its insurance business by individual claimant where information is available. The claim counts include all claims reported where the Company has identified a potential liability for the claim even if there is no existing reserve. Reinsurance business is typically written under either proportional (quota share arrangements) or non-proportional arrangements (excess of loss or other facultative covers).

The Company typically does not have direct access to claim frequency information underlying its assumed quota share arrangements given the nature of that business. In addition, multiple claims are often aggregated by the ceding company before being reported to the Company. The Company generally does not use claim frequency information in the determination of loss reserves or for other internal purposes relating to proportional business. In addition, the nature, size, terms and conditions of contracts entered into by the Company changes from one accident year to the next and the quantum of contractual or policy limits, and accordingly the potential amount of claims and claim expenses associated with a reported claim, can range from nominal, to significant, and therefore the Company does not believe providing claims frequency information is practicable as it relates to its proportional business.

The Company has developed claims frequency information associated with its non-proportional reinsurance contracts. In determining claims frequency for its excess of loss reinsurance contracts, claims counts include all claims reported by each insured where a reserve for loss and loss adjustment expenses has been recorded. The Company has assumed that claims below the loss layer of a contract are excluded; if an insured's claim impacts multiple layers of a contract, the Company considers each impact to be a separate claim; and for an insured loss impacting more than one operating subsidiary, each impact is considered a separate claim.

The information provided about incurred and paid accident year claims development for the periods ended prior to November 30, 2020 on a consolidated basis is presented as supplementary information. The following tables show the paid and incurred loss development by broad classification based on groupings of contracts that are similar in coverage and duration:

Bermuda Property

(Expressed in thousands of United States Dollars, except claim count)

	Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance									As of November 30, 2020	
	For the years ended November 30,										
Accident year	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020	IBNR [1]	Cumulative Number of Reported Claims
2012	$—	$—	$4	$1	$—	$—	$—	$—	$—	$—	$—
2013		15,447	14,779	12,065	10,948	9,265	9,644	9,712	9,406	—	28
2014			19,416	20,563	19,374	18,205	18,119	18,093	17,774	393	48
2015				29,519	17,011	12,585	12,178	7,887	6,495	23	42
2016					56,248	38,735	37,760	36,329	35,258	256	96
2017						101,040	98,305	93,646	81,108	(11,575)	262
2018							95,191	96,673	83,741	(20,637)	207
2019								56,025	63,252	(1,201)	93
2020									115,490	71,963	124
								Total	$412,524	$39,222	

(1) Total of incurred but not reported liabilities plus expected development on reported claims

	Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance								
	For the years ended November 30,								
Accident year	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020
2012	$—	$—	$—	$—	$—	$—	$—	$—	$—
2013		4,295	6,136	8,345	8,874	8,689	9,250	9,464	9,226
2014			8,047	14,310	15,920	16,640	17,229	17,454	17,313
2015				1,775	4,664	5,060	5,269	5,470	5,608
2016					12,840	25,116	29,599	31,872	32,882
2017						24,491	90,856	71,359	82,940
2018							12,651	74,696	85,660
2019								2,427	32,433
2020									13,253
								Total	$279,315
				Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance					$ 133,209

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance[1]							
Years	1 (unaudited)	2 (unaudited)	3 (unaudited)	4 (unaudited)	5 (unaudited)	6 (unaudited)	7 (unaudited)	8 (unaudited)
	19 %	61 %	— %	10 %	2 %	3 %	— %	(3)%

(1) Unaudited supplementary information

Bermuda Casualty

(Expressed in thousands of United States Dollars, except claim count)

	Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance								As of November 30, 2020	
	For the years ended November 30,									
Accident year	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020	IBNR (1)	Cumulative Number of Reported Claims
2013	$2,201	$2,758	$2,911	$2,501	$3,666	$4,450	$4,445	$4,449	$565	1
2014		13,350	13,408	18,549	13,062	18,644	20,435	16,773	2,977	4
2015			19,729	18,378	31,861	30,763	39,066	39,682	11,570	25
2016				44,749	50,407	54,868	55,242	57,319	20,570	3
2017					85,485	97,167	103,333	106,690	32,631	23
2018						102,361	118,503	124,874	52,852	31
2019							86,347	96,986	70,647	6
2020								82,447	69,096	12
							Total	$529,220	$260,908	

(1) Total of incurred but not reported liabilities plus expected development on reported claims

	Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance							
	For the years ended November 30,							
Accident year	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020
2013	$55	$229	$572	$958	$1,865	$2,251	$2,631	$2,890
2014		776	2,026	3,330	4,644	6,276	10,666	12,847
2015			708	2,111	3,544	11,280	17,052	18,828
2016				1,541	5,131	12,718	20,620	27,103
2017					3,777	11,020	23,007	50,882
2018						3,848	22,988	51,704
2019							3,990	11,177
2020								5,415
							Total	$180,846
					Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance			$348,374

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance[(1)]							
Years	1 (unaudited)	2 (unaudited)	3 (unaudited)	4 (unaudited)	5 (unaudited)	6 (unaudited)	7 (unaudited)	8 (unaudited)
	4 %	9 %	15 %	20 %	13 %	11 %	12 %	6 %

(1) Unaudited supplementary information

Bermuda Specialty

(Expressed in thousands of United States Dollars, except claim count)

	Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance								As of November 30, 2020	
	For the years ended November 30,									Cumulative Number of Reported Claims
Accident year	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020	IBNR (1)	
2013	$1,742	$2,284	$827	$571	$819	$781	$709	$674	$49	3
2014		11,857	12,478	10,293	8,374	9,124	8,867	8,730	188	19
2015			27,712	26,686	19,331	19,246	17,484	16,821	1,916	39
2016				38,154	34,914	29,032	23,256	19,868	5,059	57
2017					57,699	44,330	36,448	29,649	8,301	71
2018						59,225	53,219	48,594	11,820	91
2019							62,825	56,609	23,413	80
2020								63,595	41,695	41
							Total	$244,540	$92,441	

(1) Total of incurred but not reported liabilities plus expected development on reported claims

	Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance							
	For the years ended November 30,							
Accident year	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020
2013	$14	$438	$406	$425	$517	$583	$590	$589
2014		2,218	7,196	6,767	6,359	7,455	7,505	7,519
2015			3,330	8,638	13,115	13,119	14,209	14,397
2016				2,938	8,602	5,637	10,835	13,116
2017					2,178	10,193	14,146	16,417
2018						7,603	19,522	25,826
2019							6,422	20,505
2020								9,160
							Total	$107,529
	Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance							$137,011

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance(1)							
Years	1 (unaudited)	2 (unaudited)	3 (unaudited)	4 (unaudited)	5 (unaudited)	6 (unaudited)	7 (unaudited)	8 (unaudited)
	14 %	28 %	9 %	9 %	10 %	1 %	— %	— %

(1) Unaudited supplementary information

International Property

(Expressed in thousands of United States Dollars, except claim count)

	Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance						As of November 30, 2020	
	For the years ended November 30,							
Accident year	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020	IBNR [1]	Cumulative Number of Reported Claims
2015	$1	$1	$1	$—	$—	$—	$—	—
2016		7,527	6,551	6,212	6,351	6,011	12	137
2017			38,379	42,986	44,911	41,819	(1,604)	701
2018				24,037	26,191	24,873	3,585	1,125
2019					32,695	33,895	4,042	1,309
2020						134,743	93,189	1,233
					Total	$241,341	$99,224	

(1) Total of incurred but not reported liabilities plus expected development on reported claims

	Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance					
	For the years ended November 30,					
Accident year	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020
2015	$—	$—	$—	$—	$—	$—
2016		171	3,428	4,567	6,668	7,049
2017			9,249	29,283	34,363	40,193
2018				1,322	12,036	17,340
2019					8,307	21,106
2020						24,365
					Total	$110,053
	Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance					$131,288

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance[1]					
Years	1 (unaudited)	2 (unaudited)	3 (unaudited)	4 (unaudited)	5 (unaudited)	6 (unaudited)
	18 %	62 %	77 %	98 %	117 %	100 %

(1) Unaudited supplementary information

International Casualty

(Expressed in thousands of United States Dollars, except claim count)

The following table discloses losses incurred, losses paid and claims data net of the effect of the loss portfolio transfer discussed in further detail in Note 7, *Reinsurance.*

	Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance						As of November 30, 2020	
	For the years ended November 30,							
Accident year	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020	IBNR (1)	Cumulative Number of Reported Claims
2015	$—	$—	$—	$—	$—	$—	$—	4
2016		171	278	243	342	342	342	475
2017			648	5,187	7,354	6,332	4,427	1,677
2018				302	5,276	4,926	1,879	2,218
2019					18,243	15,759	12,211	3,111
2020						24,285	17,976	2,100
					Total	$51,644	$36,835	

(1) Total of incurred but not reported liabilities plus expected development on reported claims

	Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance					
	For the years ended November 30,					
Accident year	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020
2015	$—	$—	$—	$—	$—	$—
2016		—	—	82	—	—
2017			—	22	629	2,285
2018				35	384	1,787
2019					57	1,097
2020						3,226
					Total	$8,395
Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance						$43,249

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance(1)					
Years	1 (unaudited)	2 (unaudited)	3 (unaudited)	4 (unaudited)	5 (unaudited)	6 (unaudited)
	6 %	6 %	22 %	34 %	— %	— %

(1) Unaudited supplementary information

International Specialty

(Expressed in thousands of United States Dollars, except claim count)

	Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance						As of November 30, 2020	
	For the years ended November 30,							
Accident year	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020	IBNR [1]	Cumulative Number of Reported Claims
2015	$—	$93	$138	$218	$212	$144	$(2)	3
2016		2,534	4,771	5,383	5,232	5,370	21	107
2017			22,378	17,430	16,943	15,256	385	511
2018				32,119	31,221	29,935	3,662	925
2019					109,674	113,410	6,141	2,504
2020						124,196	94,690	2,512
					Total	$288,311	$104,897	

(1) Total of incurred but not reported liabilities plus expected development on reported claims

	Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance					
	For the years ended November 30,					
Accident year	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020
$2,015	$—	$16	$62	$119	$147	$150
$2,016		248	2,141	4,000	3,098	3,446
$2,017			2,427	8,992	16,986	21,763
$2,018				2,054	17,209	31,130
$2,019					14,196	60,774
$2,020						12,355
					Total	$129,618
	Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance					$158,693

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance[1]					
Years	1 (unaudited)	2 (unaudited)	3 (unaudited)	4 (unaudited)	5 (unaudited)	6 (unaudited)
	11 %	54 %	103 %	120 %	65 %	100 %

(1) Unaudited supplementary information

Reconciliation
(Expressed in thousands of United States Dollars)

		November 30, 2020
Net outstanding liabilities		
Bermuda - Property	$	133,209
Bermuda - Casualty		348,374
Bermuda - Specialty		137,011
International - Property		131,288
International - Casualty		43,249
International - Specialty		158,693
Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance		951,824
Reinsurance recoverable on unpaid claims		
Bermuda - Property		184,396
Bermuda - Casualty		116,266
Bermuda - Specialty		18,996
International - Property		124,546
International - Casualty		482,743
International - Specialty		149,116
Total reinsurance recoverable on unpaid claims		1,076,063
Other insurance lines		2,649
Unallocated loss adjustment expenses		24,092
		26,741
Total gross liability for unpaid losses and loss adjustment expenses	**$**	**2,054,628**

9. Debt and Credit Facilities

Debt

On July 26, 2019, Hamilton Group entered into an unsecured $150 million term loan credit arrangement, as amended from time to time (the "Facility") with various lenders as arranged by Wells Fargo Bank, National Association as lead arranger. All or a portion of the loan issued under the Facility bears interest at either (a) the Base Rate plus the Applicable Margin or (b) the LIBOR rate plus the Applicable Margin, at Hamilton Group's discretion. In the event of default, an additional 2% interest in excess of (a) or (b) will be levied, not to exceed the highest rate permissible under applicable law, and certain types of loans may not be available for borrowing by Hamilton Group under the Facility. The Facility matures on July 26, 2022, unless sooner accelerated pursuant to the terms of the Facility and it contains usual and customary representations, warranties, conditions and covenants for bank loan facilities of this type. The Facility also contains certain financial covenants which cap the ratio of consolidated debt to capital and require that Hamilton Group maintain a certain minimum consolidated net worth. The net worth requirement is recalculated effective as of the end of each fiscal quarter. As of November 30, 2020, the outstanding loan balance was $150.0 million, the unamortized issuance costs were $0.3 million and the Company was in compliance with all covenants.

Debt issuance costs are amortized over the period of time during which the Facility is outstanding, and offset against investment income. The Company amortized debt issuance costs of $0.2 million and less than $0.1 million in the years ended November 30, 2020 and 2019 respectively.

Credit Facilities

The Company has several available letter of credit facilities and a revolving loan facility provided by commercial banks. The letter of credit facilities are utilized to provide collateral to reinsureds of Hamilton Re and its affiliates to the extent required under reinsurance agreements and to support capital requirements at Lloyd's.

On December 5, 2018 Hamilton Re entered into a committed letter of credit facility agreement with Citibank Europe PLC ("Citi") under which Citi agreed to make available to Hamilton Re a secured letter of credit facility of $50 million for a term that will expire on December 5, 2020. On December 4, 2020 Hamilton Re amended and restated its committed letter of credit facility agreement with Citibank Europe PLC under which Citi agreed to make available to Hamilton Re a secured letter of credit facility of $75 million for a term that will expire on December 5, 2022.

On June 28, 2019, Hamilton Re amended its letter of credit facility agreement with Macquarie Funding LLC ("Macquarie") (the "Macquarie Facility"), as further amended on September 30, 2019, under which Macquarie and certain of its affiliates agreed to make available to Hamilton Re, a secured letter of credit facility for up to an aggregate amount of $50 million. Unless renewed or otherwise terminated in accordance with its terms, the Macquarie Facility is scheduled to terminate on June 30, 2021.

On December 10, 2019, Hamilton Group and Hamilton Re amended and restated their unsecured credit agreement with a syndication of lenders, as further amended on January 22, 2020 (the "Unsecured Facility). Under the Unsecured Facility, the lenders have agreed to provide up to an aggregate of $350 million of letter of credit capacity for Hamilton Re, up to $150 million of which may be utilized for revolving loans to be issued to Hamilton Group. To the extent such loans are issued, the available letter of credit capacity shall decrease proportionally, such that the aggregate credit exposure for the lenders under the credit agreement is $350 million. Subject to the receipt of commitments and satisfaction of other conditions set out therein, the Unsecured Facility may be increased to $375 million. Capacity is provided by Wells Fargo, National Association, Truist Bank, BMO Harris Bank N.A., Commerzbank AG, New York Branch, HSBC Bank USA, National Association and Citibank, N.A. Unless renewed or otherwise terminated in accordance with its terms, the Unsecured Facility is scheduled to terminate on September 23, 2021. In March 2020, Hamilton Group drew down $100 million as a liquidity buffer against the uncertain cash flows arising from the Covid-19 pandemic. The funds were repaid in November 2020. At November 30, 2020, there were no loan amounts outstanding under this facility.

On October 29, 2020, Hamilton Re amended its letter of credit facility agreement with UBS AG ("UBS") under which UBS and certain of its affiliates agreed to make available to Hamilton Re a secured letter of credit facility of $100 million for a term that will expire on October 29, 2021.

In addition, Hamilton Re is the borrower under an unsecured letter of credit facility agreement that it utilizes to provide Funds at Lloyd's ("FAL") ("FAL LOC Facility") to support the FAL requirements of Syndicate 3334 and Syndicate 4000. See Note 14., *Commitments and Contingencies*, for further details. Capacity is provided by Barclays Bank PLC, ING Bank N.V., London Branch, Bank of Montreal, London Branch, and Citibank Europe PLC.

The Company's obligations under its credit facilities require Hamilton Group, Hamilton Re and the other parties thereto to comply with various financial and reporting covenants. All applicable entities were in compliance with all such covenants at November 30, 2020 and 2019.

Certain of the Company's credit facilities are secured by pledged interests in the TS Hamilton Fund or the Company's fixed income security portfolio. The Company’s credit facilities at November 30, 2020, and associated securities pledged, were as follows:

(Expressed in thousands of United States Dollars)		2020
Available letter of credit and revolving loan facilities - commitments	$	837,257
Available letter of credit and revolving loan facilities - in use		549,496
Security pledged under letter of credit and revolving loan facilities:		
Pledged interests in TS Hamilton Fund		231,195
Pledged interests in fixed income portfolio	$	58,751

The Company has recognized interest expense related to the above Credit Facilities of $18.9 million, $11.4 million and $9.3 million for the years ended November 30, 2020, 2019 and 2018, respectively.

10. Share Capital

(a) Authorized and Issued

Hamilton Group’s share capital at November 30, 2020 and 2019, is comprised as follows:

(Expressed in thousands of United States Dollars, except share information)				
Authorized:				
135,000,000 common shares of $0.01 par value each				
Issued, outstanding and fully paid:		**2020**		**2019**
Class A common shares (2020 and 2019, 30,320,078)	$	303	$	303
Class B common shares (2020, 72,134,229 and 2019, 71,898,507)		721		719
Total	$	1,024	$	1,022

There was no activity related to Class A common shares issued and outstanding for the year ended November 30, 2020.

The following is a summary of the activity related to Class B common shares issued and outstanding for the year ended November 30, 2020:

	2020
Class B common shares - beginning of year	71,898,507
Vesting of awards	279,270
Employee and director share purchases	142,307
Director share awards granted	56,577
Share repurchases	(242,432)
Class B common shares - end of year	72,134,229

In general, the common shareholders have one vote for each common share held. However, each holder of common shares is limited to voting (directly, indirectly or constructively, as determined for U.S. federal income tax purposes) that number of common shares equal to 9.5% of the total combined voting power of all classes of shares of Hamilton Group. In addition, the Board of Directors may limit a shareholder’s voting rights when it deems it appropriate to do so to avoid certain material adverse tax, legal or regulatory consequences to the Company or any direct or indirect shareholder or its affiliates.

Certain of Hamilton Group’s shareholders that own an aggregate of 49.3 million Class A and Class B common shares at November 30, 2020 have liquidity rights stipulating that on either December 23, 2021, or at the end of each three-year period thereafter, or upon the occurrence of a trigger event, such shareholders may cause, at the Company's election, for the Company to either repurchase all or any portion of the common shares held by such shareholder(s) at diluted book value or require an auction for a cash sale of the Company, at the Company's option. For purposes of these liquidity rights a trigger event includes any of the following: (i) various adverse tax determinations, including if the Company is determined to be a "passive foreign investment company" for U.S. federal income tax purposes; (ii) various changes in law that have material adverse consequences to either the Company or the applicable shareholder's interests in the Company; (iii) a downgrade in Hamilton Re's (or any other material subsidiary's) financial strength rating to any level below A- by A.M. Best Company; or (iv) one or more changes in law (including regulatory requirements) that in the aggregate result in (a) a reduction in the investable assets of the Company invested with Two Sigma specifically, or alternative investment managers employing similar strategies generally, such that 75% or less of the Company's investable assets will be invested with Two Sigma or such alternative investment managers or (b) Two Sigma specifically, or alternative investment managers employing similar strategies generally, being required to adopt a materially different investment strategy with respect to the investable assets of the Company. Should the Company elect to repurchase all or a portion of the common shares held by such shareholder(s), such repurchase is subject to (i) applicable law and (ii) reasonable determination by the Board of Directors that AM Best Company will not downgrade or take any ratings action with respect to Hamilton Re's financial strength rating as a result.

One shareholder has the right to request repurchase of its shares at diluted book value on either December 23, 2021, or at the end of each three-year period thereafter, subject to (i) applicable law and (ii) reasonable determination by the Board of Directors that AM Best Company will not downgrade or take any ratings action with respect to Hamilton Re's financial strength rating as a result.

Hamilton Group's bye-laws generally restrict transfers of common shares except in certain circumstances and subject to specified approvals.

11. Stock Incentive Plans

The Company has a stock incentive plan (the Hamilton Insurance Group, Ltd. 2013 Equity Incentive Plan) (the "Plan") under which employees, directors, and consultants of the Company may be granted restricted stock units ("RSUs"), performance stock units ("PSUs"), restricted stock awards ("RSAs"), warrants, options, stock appreciation rights, and stock bonus awards. Under the terms of the Plan, a total of 7,500,000 Class B common shares were initially reserved for issuance of awards of all types. The following table outlines the number of shares available for grant under the Plan:

	2020
Shares available for grant - beginning of year	2,865,846
Awards granted under the Plan	(1,027,103)
Awards canceled / expired	696,855
Shares repurchased and canceled	216,142
Shares available for grant - end of year	2,751,740

The following table presents the compensation expense relating to each award type that was recognized in earnings during the years ended November 30, 2020, 2019 and 2018:

	2020	2019	2018
Share-based compensation expense:			
RSUs	$ 8,098	$ 6,450	$ 6,418
PSUs	(930)	1,659	832
Warrants	—	9	71
Options	—	—	3
Total share-based compensation expense:	7,168	8,118	7,324
Tax benefit	(717)	(227)	(326)
Share-based compensation expense, net of taxes:	$ 6,451	$ 7,891	$ 6,998

The following table presents the unrecognized compensation expense relating to each award type as at November 30, 2020, and the weighted-average period in years over which it is expected to be recognized.

	November 30, 2020	
(Expressed in thousands of United States Dollars, except for weighted-average recognition period)	**Unrecognized share-based compensation expense**	**Weighted-average recognition period in years**
Unrecognized share-based compensation expense:		
RSUs	$ 6,766	1.8
PSUs	1,877	2.0
Total unrecognized share-based compensation expense:	$ 8,643	

Restricted Stock Units

During the years ended November 30, 2020, 2019 and 2018, the Company granted RSUs with a total estimated fair value of $8.8 million, $8.0 million, and $7.2 million, respectively, to employees and directors, which generally vest over a three-year period. During 2018 and 2016, the Company also granted RSUs with a total estimated fair value of $1.2 million and $0.9 million, respectively, to employees, which vest over a four- or five-year period.

The following table presents a roll forward of the Company's RSUs based upon expected vesting:

	Number of RSUs	Weighted-Average Grant Date Fair Value
Unvested RSUs, November 30, 2019	922,108	$ 16.98
Granted	514,256	$ 17.58
Vested	(279,270)	$ 16.61
Forfeited/ canceled	(90,505)	$ 17.34
Unvested RSUs, November 30, 2020	1,066,589	$ 17.33

Performance Stock Units

During the years ended November 30, 2020, 2019 and 2018, the Company granted PSUs that vest on the third January 1st following their respective grant dates and entitle participants to between 0-200% of the target award. Settlement of the PSUs is subject to achievement of defined performance metrics and to each participant's continued employment through each vesting date. One-third of each award will be settled in shares on each of the third, fourth and fifth January 1st following their respective grant dates, with the ultimate number of shares settled being determined by the outcome of the performance metrics through to the final settlement date of each award. The Performance Payout calculation is subject to specified adjustments and ultimately adjustable at the discretion of the Compensation Committee.

During the year ended November 30, 2018, the Company also granted PSUs that vest in equal installments on the third, fourth and fifth January 1st following their respective grant dates, subject to achievement of defined performance metrics and the participant's continued employment through each vesting date. All other significant terms and conditions are consistent with the PSUs described above.

During 2020, the Board of Directors' Compensation Committee determined that, on a prospective basis beginning with the 2021 grants, PSUs will vest and settle contemporaneously, the third January 1st following their respective grant dates.

The following table presents a grant-date summary of the PSUs granted to certain employees of the Company for the years ended November 30, 2020, 2019 and 2018:

($ amounts expressed in thousands of United States Dollars)	2020	2019	2018
Performance units granted	228,135	123,207	258,951
Potential maximum share payout	456,270	246,414	517,902
Aggregate grant date fair value	$ 4,022	$ 2,209	$ 4,161

The following table presents an inception-to-date roll forward of the Company's unvested PSUs based upon expected vesting percentages:

	Grant Year		
	2020	2019	2018
Unvested PSUs at target, grant date	228,135	123,207	258,951
Forfeited/ canceled	(100,695)	(97,245)	(161,240)
Change in expected performance factor	—	—	(23,038)
Unvested PSUs at current expected performance percentage, November 30, 2020	127,440	25,962	74,673

Warrants

During 2014, the Company issued 1,290,000 warrants, with a total estimated fair value of $5.8 million, which vested over three- to five-year periods. During 2014, the Company also issued 240,000 warrants with a total estimated fair value of $1.0 million, which vested over three years. Each warrant entitles the holder to purchase one common share of Hamilton Group at an exercise price of $10.00.

The Company uses the Black-Scholes model to value warrants and options issued under the Plan. When issuing warrants or options, the volatility assumption is derived from the historical volatility of the share prices of a selection of publicly traded insurance companies of a similar business nature to the Company. No allowance is made for any potential illiquidity associated with the private nature of the Company's shares. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected lives of the awards were estimated at the maximum term of the awards as the Company has insufficient historical experience to support using a term of less than the contractual 10-year life of each award.

The following table presents a summary of the Company's outstanding and exercisable warrants:

(Intrinsic value in thousands of United States Dollars)	**Number of Warrants**	**Weighted-Average Exercise Price**	**Weighted-Average Grant Date Fair Value**	**Total Intrinsic Value**	**Weighted-Average Remaining Contractual Term**
Warrants outstanding and exercisable, November 30, 2020	1,152,500	$ 10.00	$ 4.44	$ 2,835	3.4

Options

During 2015, the Company granted 50,000 options, with a total estimated fair value of $0.6 million, which vested one-third each on January 1, 2016, 2017, and 2018. The options had a 10-year contractual life. In 2020, all 50,000 options were repurchased for $4.80 each and canceled prior to exercise.

Board of Directors' Fees

The Company pays a portion of its board of directors fees in shares at each director's option. Included in stock-based compensation expense for the years ended November 30, 2020, 2019 and 2018 were stock-settled directors' fees of $0.7 million, $1.1 million, and $0.9 million, respectively.

12. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings (loss) per common share for the years ended November 30, 2020, 2019 and 2018:

(Expressed in thousands of United States Dollars, except share information)	2020	2019	2018
Numerator:			
Net income (loss) attributable to common shareholders	$ (210,447)	$ (32,428)	$ 186,419
Denominator:			
Weighted average common shares outstanding - basic	102,557	102,092	101,633
Effect of dilutive securities	—	—	928
Weighted average common shares outstanding - diluted	102,557	102,092	102,561
Earnings (loss) per common share - basic:	$ (2.05)	$ (0.32)	$ 1.83
Earnings (loss) per common share - diluted:	$ (2.05)	$ (0.32)	$ 1.82

For each of the years ended November 30, 2020, 2019, and 2018, common shares available for issuance under share-based compensation plans of 2.5 million, 2.5 million and fewer than 0.1 million were not included in the calculation of diluted earnings per share because the assumed exercise or issuance of such shares would be anti-dilutive.

13. Income Taxes

Hamilton Group and its Bermuda domiciled subsidiaries are not subject to Bermuda income tax under current Bermuda law. In the event there is a change in the current law and taxes are imposed, Hamilton Group and its Bermuda domiciled subsidiaries would be exempt from tax until 2035, pursuant to the Exempted Undertakings Tax Protection Act of 1966 of Bermuda, as amended. Hamilton Group has subsidiaries and branches that operate in various other jurisdictions around the world that are subject to tax in the jurisdictions they operate. The jurisdictions in which Hamilton Group's subsidiaries and branches are subject to tax are the United Kingdom, Ireland and the United States.

Net income (loss) before taxes by tax jurisdiction for the years ended November 30, 2020, 2019 and 2018 is as follows:

	2020	2019	2018
Jurisdiction:			
Bermuda	$ (135,632)	$ 112,602	$ 461,301
United States	(15,546)	(6,591)	(8,767)
United Kingdom	(22,106)	(63,542)	(24,716)
Ireland	(1,075)	(202)	—
Dubai	334	27	—
Income before income tax	$ (174,025)	$ 42,294	$ 427,818

Income tax expense/(benefit) consists of the following components for the years ended November 30, 2020, 2019 and 2018:

(Expressed in thousands of United States Dollars)	2020	2019	2018
Current - Bermuda	$ 9,426	$ 8,078	$ 9,395
Current - United States	—	1	—
Current - United Kingdom	470	(15)	—
Current - Ireland	(28)	(14)	—
Total current tax	9,868	8,050	9,395
Deferred - United Kingdom	1,563	(1,142)	—
Deferred - Ireland	61	(11)	—
Total deferred tax	1,624	(1,153)	—
Total income tax expense	$ 11,492	$ 6,897	$ 9,395

The following table presents a reconciliation of taxes calculated using the 0% Bermudian statutory rate (the tax rate at which the majority of Hamilton Groups worldwide operations are taxed) to the income tax benefit (expense) on pre-tax (loss) income for the years ended November 30, 2020, 2019 and 2018:

(Expressed in thousands of United States Dollars)	2020	2019	2018
Expected tax provision at Bermuda statutory tax rate of 0%	$ —	$ —	$ —
Permanent differences:			
Taxes on earnings subject to rate other than Bermuda statutory rate	(7,599)	(13,482)	(6,537)
Change in valuation allowance	11,292	13,414	6,537
Other permanent adjustments	545	66	—
Other prior period adjustments	(703)	(2,322)	—
Tax rate changes	(1,468)	1,142	—
Withholding tax	9,425	8,079	9,395
Total income tax expense:	$ 11,492	$ 6,897	$ 9,395

Withholding taxes on investment income from TS Hamilton Fund represent the only cash taxes paid by Hamilton Group in the amount of $9.4 million, $8.1 million, and $9.4 million for the years ended November 30, 2020, 2019 and 2018, respectively.

On July 22, 2020, the UK government enacted its 2020 budget which maintained the UK tax rate at 19% indefinitely where it had been expected to be reduced to 17% on April 1, 2020. Deferred tax assets and liabilities are valued at the rate at which they are expected to be recognized. Hamilton Group had previously recorded the tax effect of its UK deferred tax assets and liabilities at 17%. Upon the enactment of the 2020 UK budget, Hamilton Group revalued its UK deferred tax assets and liabilities to 19%. This change did not have a material impact on the financial statements as Hamilton Group maintains a full valuation allowance against its deferred tax assets.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for tax purposes. The following table presents Hamilton Group's significant deferred tax assets and liabilities for the years ended November 30, 2020, 2019 and 2018:

(Expressed in thousands of United States Dollars)	2020	2019	2018
Deferred tax assets:			
U.S. net operating loss carryforwards	$ 5,297	$ 2,255	$ —
Ireland net operating loss carryforwards	131	—	—
U.K. net operating loss carryforwards	27,277	23,601	12,420
Share-based compensation	2,769	—	—
Deferred acqusition costs	2,915	—	—
Other	4,144	7,000	—
Total deferred tax assets	42,533	32,856	12,420
Deferred tax liabilities:			
Intangible assets	(13,445)	(13,799)	—
Other	(2,353)	(3,276)	—
Total deferred tax liabilities	(15,798)	(17,075)	—
Net deferred tax asset/(liability) before valuation allowance	26,735	15,781	12,420
Valuation allowance	(40,139)	(27,964)	(12,420)
Net deferred tax asset/(liability)	$ (13,404)	$ (12,183)	$ —

Hamilton Group records a valuation allowance against deferred tax assets if it becomes more likely than not that all or a portion of a deferred tax asset will not be realized. Changes in valuation allowances from period to period are included in income tax expense in the period of change. In evaluating the Company's ability to realize the benefit of its deferred tax assets/(liabilities), the Company considers the relevant impact of all available positive and negative evidence including historical operating results and forecasts of future taxable income. A significant piece of objectively verifiable negative evidence considered in the Company's evaluation is current period pre-tax loss. Accordingly, based on all available evidence, management has concluded that a valuation allowance of $40.1 million should be recorded as of November 30, 2020. This includes $3.0 million which was recorded in the opening balance sheet of the newly-acquired entities instead of the income statement. Future realization of the Company's deferred tax asset will ultimately depend on the existence of objectively verifiable positive evidence including sufficient taxable income of the appropriate character (ordinary income versus capital gains) within the applicable carry-forward periods provided under the tax law.

The Company had the following net operating loss carry-forwards, inclusive of cumulative currency translation adjustments, as of November 30, 2020:

(Expressed in thousands of United States Dollars)

Tax jurisdiction	Losses carried forward	Tax effect	Expiration
Ireland	$ 1,046	$ 131	n/a
United States	$ 25,224	$ 5,297	2027-2029
United Kingdom	$ 143,564	$ 27,277	No expiry

Recognition of the benefit of a given tax position is based upon whether a company determines that it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. At November 30, 2020, the Company believes that it has no uncertain tax positions that, if challenged on technical merits, would cause a material effect on the Company's consolidated financial statements.

Hamilton Group classifies all interest and penalties on unrecognized tax benefits as part of income tax expense. During the years ended November 30, 2020, 2019 and 2018, the Company did not recognize any net interest (income) expense. There was no accrued interest as of November 30, 2020.

With few exceptions, Hamilton Group is no longer subject to tax examinations by U.S. federal, state or non-U.S. tax examinations before 2017. Where the Company is subject to tax examinations related to the recently acquired companies, the Company is indemnified for tax liabilities not provided for in the seller's closing balance sheet. Hamilton Group is not currently under open examination by any tax jurisdiction.

14. Commitments and Contingencies

a. Concentrations of Credit Risks

Credit risk arises out of the failure of a counter-party to perform according to the terms of the contract. The Company underwrites most of its insurance and reinsurance business through brokers, and credit risk exists should any of these brokers be unable to fulfill their contractual obligations with respect to the payments of insurance and reinsurance balances to the Company. During the years ended November 30, 2020, 2019 and 2018, gross premiums written generated from or placed by the below organizations individually accounted for more than 10% of the Company's consolidated gross written premiums, as follows:

(Percentage of consolidated gross premiums written)	**2020**	**2019**	**2018**
Aon plc	20 %	31 %	32 %
Marsh & McLennan Companies, Inc.	24 %	29 %	24 %
Willis Towers Watson Public Limited Company	10 %	12 %	14 %
All others/direct	46 %	28 %	30 %
Total	100 %	100 %	100 %

The Company believes that the brokers will meet all of their obligations. The Company's credit risk is generally reduced by the contractual right to offset loss obligations against premiums receivable.

b. Operating Leases

The Company leases office space under operating leases in Bermuda, the United States, the United Kingdom, Ireland and Dubai. Operating lease expense for the years ended November 30, 2020, 2019 and 2018 was $4.3 million, $3.3 million, and $1.8 million, respectively. Future minimum lease payments under the leases are expected to be as follows:

(Expressed in thousands of United States Dollars)

Year Ending November 30,	**Minimum Lease Payments**
2021	$ 4,266
2022	2,675
2023	1,615
2024	1,256
2025	983
Thereafter	1,803
Total	$ 12,598

c. Funds at Lloyd's ("FAL") and Funds in Syndicate ("FIS")

The Company provides capital in the form of FAL to its Lloyd's business through its corporate members, Hamilton Corporate Member Limited ("HCML") and Ironshore CC (Three) Ltd. ("ICCL"). The Company also provides capital in the form of FIS held in Syndicate 3334, and as such, this can only support the capital requirements resulting from HCML's participation on Syndicate 3334.

HCML was the sole participant in Syndicate 3334 for the 2015-2019 underwriting years of account and the sole participant in Syndicate 4000 for its 2020 underwriting year of account. ICCL was the sole participant in Syndicate 4000 for the 2019 underwriting year of account only. For the 2020 underwriting year of account onwards, the Company's operations consist of a managing agent, Hamilton Managing Agency Limited, which manages the affairs of Syndicate 4000 and the run-off of Syndicate 3334 on behalf of HCML and ICCL.

Lloyd's sets HCML's and ICCL's total capital requirements semi-annually based on the latest approved Economic Capital Assessment ("ECA"), which itself is determined by the business plans, internal capital models, performance and other factors. At November 30, 2020, the total capital made available in support of the capital requirements for Syndicate 3334 and Syndicate 4000 is comprised of the following:

	ICCL	HCML	Syndicate 3334	Total
Unsecured LOC capacity	$ 100,000	$ 185,000	$ —	$ 285,000
Fixed income securities	252,861	—	70,298	323,159
Cash	—	13,401	—	13,401
Total	$ 352,861	$ 198,401	$ 70,298	$ 621,560

d. Indemnifications

In the ordinary course of its business, the Company may enter into contracts or agreements that contain indemnifications. Future events could occur that lead to the execution of these provisions against the Company. Management currently believes that the likelihood of such an event is remote.

e. Bermuda Infrastructure Fund

On April 27, 2018, Hamilton Re entered into a limited partnership agreement with Fortress Bermuda Infrastructure Partners (A) LP (the "Fund"), whose purpose is to provide capital for development of various Bermuda-based infrastructure projects. Hamilton Re committed to subscribing to the Fund for up to an aggregate of $5.0 million, upon demand. As of November 30, 2020, an aggregate of less than $0.2 million had been called under the agreement.

15. Related Party Transactions

In 2017, Hamilton Re established Turing Re, a special purpose insurer, to provide collateralized reinsurance capacity for Hamilton Re's property treaty business. The following table summarizes the impact of the business ceded to Turing Re for the years ended November 30, 2020, 2019 and 2018:

(Expressed in thousands of United States Dollars)	2020	2019	2018
Reinsurance premiums ceded	$ (17,348)	$ (24,149)	$ (18,330)
Net premiums earned	(18,404)	(23,184)	(22,357)
Losses and loss adjustment expenses	(866)	32,523	34,802
Acquisition costs	3,550	4,082	3,189
Net gain (loss) on related party reinsurance	$ (15,720)	$ 13,421	$ 15,634

In 2020, Hamilton Re established ACML, as more fully described in Note 1., *Organization*. As of November 30, 2020, no business had been ceded to Ada Re.

The Company was party to a services agreement with Two Sigma Investments, LP, under which the Company received certain advisory services. The agreement expired on March 7, 2019 and was not renewed. For the years ended November 30, 2019 and 2018, the Company paid $0.1 million and $0.3 million, respectively, in consideration for the contracted services.

Certain managed investment vehicles of Capital Z Partners Management, LLC and co-investors (collectively, the Capital Z Group) held enhanced shareholder interests, including economic interests, in Hamilton Re's former parent. As part of the acquisition of Hamilton Re in 2013, the Capital Z Group participated in the Company's private offering, and the Company committed to making cash payments to the Capital Z Group of $125,000 per quarter for five years ($2.5 million in aggregate). In addition, the Company was required to make a cash payment to the Capital Z Group of between nil and approximately $7.6 million, depending on the book value per share of the Company's common shares measured on or about December 23, 2018 (the Contingent Payment). The Contingent Payment was recorded at its estimated fair value of $0.7 million at the date of acquisition. Changes in estimated fair value of the Contingent Payment in future periods was recorded in earnings. The $5.3 million ultimate fair value of the Contingent Payment was settled in full in 2019.

16. Statutory Requirements

The Company's ability to pay dividends is subject to certain regulatory restrictions on the payment of dividends by its subsidiaries. The payment of such dividends is limited by applicable laws and statutory requirements of the jurisdictions in which the Company and its subsidiaries operate, detailed further below. The minimum required statutory capital and surplus is the amount of statutory capital and surplus necessary to satisfy regulatory requirements based on the Company's current operations. The Bermuda Monetary Authority (the "BMA") is the Company's group supervisor. The BMA's group rules require an assessment of group capital and solvency and Hamilton Group is required to meet these group capital requirements. The statutory capital and surplus and minimum required statutory capital and surplus for the Company's principal operating subsidiaries by regulatory jurisdiction at November 30, 2020 and 2019 were as follows:

	Bermuda (1)		**United Kingdom** (2)		**Ireland** (3)	
(Expressed in thousands of United States Dollars)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Minimum statutory capital and surplus	$ 286,494	$ 199,892	$ 94,834	$ 127,618	$ 63,353	$ 51,536
Actual statutory capital and surplus	$1,508,465	$1,672,161	$ 621,559	$ 593,148	$ 117,901	$ 104,023

(1) Minimum statutory capital and surplus at November 30, 2020 for the Bermuda operating subsidiary is required to be maintained at the greater of a minimum solvency margin ("MSM"), as disclosed in the table above, and the Enhanced Capital Requirement ("ECR") where applicable.
(2) Minimum statutory capital and surplus at November 30, 2020 for the U.K. operating entities is determined by reference to the entities' Solvency Capital Requirement and the Solvency II capital regime.UK operations are subject to Lloyd's requirements where underwriting members hold acceptable Funds at Lloyd's FAL and/or Syndicates hold acceptable FIS, for their own account, in support of the total actual statutory capital and surplus amount. Actual statutory capital and surplus is comprised of an Economic Capital Assessment ("ECA"), derived from an approved Solvency II basis Internal model, plus any accumulated trading deficits calculated on a solvency II basis.
(3) Our Irish operations are subject to the Solvency II regime, which requires insurance companies to hold assets that cover at least the best estimate of insurance liabilities, a risk margin, plus a risk-based Solvency Capital Requirement designed to protect against extreme stress events.

The statutory net income (loss) for the Company's principal operating subsidiaries by regulatory jurisdictions for the years ended November 30, 2020, 2019 and 2018 was as follows:

(Expressed in thousands of United States Dollars)	**2020**	**2019**	**2018**
Bermuda	$ (140,743)	$ 56,090	$ 245,935
United Kingdom	(19,525)	(70,182)	(24,026)
Ireland	$ (2,545)	$ (437)	$ —

At November 30, 2020, the difference between statutory financial statements and statements prepared in accordance with GAAP varies by jurisdiction; however, the primary difference is generally that statutory financial statements do not reflect deferred acquisition costs or goodwill and intangible assets.

Bermuda Operations

Under the Insurance Act 1978, amendments thereto and Related Regulations of Bermuda (the "Insurance Act"), Hamilton Re is required to prepare statutory financial statements and to file with the BMA a statutory financial return. As a Class 4 (re)insurer, Hamilton Re must maintain capital at the greater of their MSM and their ECR, which is established by reference to the Bermuda Solvency Capital Requirement ("BSCR") model. The BSCR model is a risk-based capital model that provides a method for determining a (re)insurer's capital requirements (statutory capital and surplus) by taking into account the risk characteristics of different aspects of the (re)insurer's business. The Insurance Act also requires Hamilton Re to maintain certain measures of solvency and liquidity. The MSM that must be maintained by a Class 4 insurer with respect to its general business is the greater of (i) $100 million, or (ii) 50% of net premiums written (with a credit for reinsurance premiums ceded up to 25% of gross premiums written) or (iii) 15% of net discounted aggregate loss and loss expense provisions and other insurance reserves.

The BSCR for Hamilton Re for the year ended November 30, 2020 will not be filed with the BMA until March 2021. As a result, the required statutory capital and surplus disclosed as of November 30, 2020 is based on the MSM. At November 30, 2020, the actual statutory capital and surplus of Hamilton Re was $1.5 billion and the MSM was $286.5 million.

The BMA utilizes the economic balance sheet ("EBS") framework as the basis to determine the Company's ECR. Under the EBS, assets and liabilities are mainly assessed and reported at fair value, using the (re)insurer's GAAP balance sheet as the starting point. The model also requires insurers to estimate insurance technical provisions, which consist of the insurer's insurance-related balances valued based on best-estimate cash flows, adjusted to reflect the time value of money using a risk-free discount rate, with the addition of a risk margin to reflect the uncertainty in the underlying cash flows.

Independent of the Insurance Act, the BMA has also established a target capital level (TCL) for Class 4 (re)insurers, equal to 120% of their ECR. While Hamilton Re is not required to maintain their statutory capital and surplus at this level, the TCL serves as an early warning tool for the BMA and failure to maintain statutory capital at least equal to the TCL will likely result in increased regulatory oversight. Hamilton Re's actual capital and surplus levels are expected to exceed the TCL at November 30, 2020.

Hamilton Re received approval from the BMA to treat its investment in TS Hamilton Fund as a "Relevant Asset" for the purpose of computing its "Liquidity Ratio" (under which relevant assets must be maintained at not less than 75% of relevant liabilities) in respect of 2021 and 2020. Hamilton Re is in compliance with the Liquidity Ratio at November 30, 2020.

Under the Insurance Act, Hamilton Re is restricted as to the payment of dividends and/or distributions for amounts greater than 25% of the prior year's statutory capital and surplus. In addition, before reducing its total statutory capital by 15% or more (as set out in its previous year's statutory financial statements), a Class 4 Bermuda insurance subsidiary must make application to the BMA for permission to do so; such application shall consist of an affidavit signed by at least two directors and such insurance subsidiary's principal representative stating that, in their opinion, the proposed reduction in capital will not cause such subsidiary to fail to meet its relevant margins, and such other information as the BMA may require. For the year ended November 30, 2020, Hamilton Re had capacity to pay dividends of $250.8 million without prior approval under Bermuda law, of which $24.2 million of dividends were paid during the year. It is estimated that Hamilton Re will have capacity to pay dividends in 2021 of $254.8 million.

United Kingdom Operations

A UK company's ability to propose and pay a dividend is dependent upon UK law and may, where appropriate, require the approval of a local regulatory body where a minimum capital requirement is appropriate.

Underwriting capacity of a member of Lloyd's must be supported by providing a deposit to Lloyd's in the form of cash, acceptable securities, or letters of credit, which are referred to as Funds At Lloyd's ("FAL"). Where capacity is provided by an aligned corporate member, FAL can be supplemented by funds held directly in the Syndicate, referred to as Funds In Syndicate ("FIS"). The syndicate's capital requirement is determined by Hamilton Managing Agency Limited by reference to the internal model, the business plan and the solvency position as per the Solvency II balance sheet. Once approved by Lloyd's, the syndicate's resulting capital requirement is posted by way of FAL, FIS, or some combination of both. As of November 30, 2020, actual levels of solvency, liquidity and capital were in compliance with the Lloyd's requirements.

Profits arising in HCML or ICCL, following distributions received from Hamilton Syndicate 3334 and 4000, are available for onwards distribution subject to UK law. Profits arising in HMA, which is subject to oversight by Lloyds and regulation by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"), are available for onwards distribution subject to UK law and the preservation of a minimum capital requirement calculated with referenced to Lloyd's capital tests.

The PRA regulatory requirements impose no explicit restrictions on the U.K. subsidiaries' ability to pay a dividend, but the Company would have to notify the PRA 28 days prior to any proposed dividend payment. Dividends may only be distributed from profits available for distribution. At November 30, 2020, the Company's U.K. subsidiaries did not have retained profits available for distribution.

Ireland

The Irish subsidiary, HIDAC, holds a Certificate of Authorization from the Central Bank of Ireland to operate as an insurance intermediary company. The company is subject to the Corporate Governance Requirements for Insurance Undertakings 2015, which came into effect from January 1, 2016 in Ireland. The Central Bank of Ireland has designated the company as a 'medium-low' impact undertaking for the purposes of this requirement. Profits arising are available for distribution subject to Irish law.

Our Irish operations are subject to the Solvency II regime, which requires insurance companies to hold assets ("Own Funds") that cover at least the best estimate of insurance liabilities, a risk margin, plus a risk-based Solvency Capital Requirement designed to protect against extreme stress events, as reported through the ORSA process. In addition, the Company has its own capital management objectives, including supporting new business growth, satisfying policyholder needs, meeting regulatory requirements, maintaining sufficient liquidity, efficient capital allocation, and managing exposure to movements in foreign exchange rates. As such, the Board of HIDAC has maintained a Risk Appetite, in relation to SCR coverage ratio, of at least 135%. At November 30, 2020, HIDAC has an estimated SCR Coverage Ratio of 186% and estimates that the dividend capacity available for distribution in 2021 in excess of this Board mandated Risk Appetite is approximately $22.9 million.

17. Transactions with American International Group, Inc. ("AIG")

In 2017, Hamilton Group and AIG entered into a Purchase and Sale Agreement, pursuant to which AIG acquired all of the outstanding shares of Hamilton USA for a purchase price equal to Hamilton USA's shareholder's equity at closing, plus $30 million. In a related transaction, Hamilton Group entered into a waiver agreement with AIG which released Hamilton Group's former CEO from certain restrictive employment covenants in exchange for $40 million. The Company received $20 million in each of May 2019 and 2017, and recorded each installment as Other income when received.

18. Subsequent Events

The Company has evaluated subsequent events through February 11, 2021, the date these financial statements were available to be issued, and concluded that there are no subsequent events requiring recognition or disclosure.