



# Arthur Morris & Company Limited

Chartered Professional Accountants

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**April 28, 2021**

## **Report of Independent Auditors**

### **To the Board of Directors of Radiant Ltd.**

We have audited the accompanying condensed financial statements of Radiant Ltd., which comprise the condensed balance sheets and condensed statements of capital and surplus as of December 31, 2020 and 2019, and the related condensed statements of income for the years then ended, and the related notes to the condensed financial statements.

#### **Management's responsibility for the condensed financial statements**

Management is responsible for the preparation and fair presentation of the condensed financial statements in accordance with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to condensed general purpose financial statements (the 'Legislation'). Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of condensed financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the condensed financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the condensed financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the condensed 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 Company'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 condensed financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Arthur Morris & Company Limited**  
**Report of Independent Auditors – Radiant Ltd.**

**Basis for adverse opinion on U.S. generally accepted accounting principles**

As described in Note 3 of the condensed financial statements, the condensed financial statements are prepared by the Company on the basis of the financial reporting provisions of the Legislation, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the condensed financial statements of the variances between the regulatory basis of accounting described in Note 3 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Adverse opinion on U.S. generally accepted accounting principles**

In our opinion, because of the significance of the matter discussed in the “Basis for adverse opinion on U.S. generally accepted accounting principles” paragraph, the condensed financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2020 and 2019, or the results of its operations or its cash flows for the years then ended.

**Opinion on regulatory basis of accounting**

In our opinion, the condensed financial statements referred to above present fairly, in all material respects, the financial position of Radiant Ltd. as of December 31, 2020 and 2019, and the results of its operations for the years then ended in accordance with the financial reporting provisions of the Legislation described in Note 3 of the condensed financial statements.

*Arthur Morris + Company Limited*

**Arthur Morris & Company Limited**  
**Chartered Professional Accountants**

**CONDENSED CONSOLIDATED BALANCE SHEET**

**Radiant Ltd.**

As at  
expressed in

**December 31, 2020**  
**United States Dollars**

LINE No.		2020	2019
1.	CASH AND CASH EQUIVALENTS	17,260,829	28,577,858
2.	QUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity		
	ii. Other		
(b)	Total Bonds and Debentures	-	-
(c)	Equities		
	i. Common stocks		
	ii. Preferred stocks		
	iii. Mutual funds		
(d)	Total equities	-	-
(e)	Other quoted investments		
(f)	Total quoted investments	-	-
3.	UNQUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity		
	ii. Other		
(b)	Total Bonds and Debentures	-	-
(c)	Equities		
	i. Common stocks		
	ii. Preferred stocks		
	iii. Mutual funds		
(d)	Total equities	-	-
(e)	Other unquoted investments		
(f)	Total unquoted investments	-	-
4.	INVESTMENTS IN AND ADVANCES TO AFFILIATES		
(a)	Unregulated entities that conduct ancillary services		
(b)	Unregulated non-financial operating entities		
(c)	Unregulated financial operating entities		
(d)	Regulated non-insurance financial operating entities		
(e)	Regulated insurance financial operating entities		
(f)	Total investments in affiliates	-	-
(g)	Advances to affiliates	10,203	
(h)	Total investments in and advances to affiliates	10,203	-
5.	INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:		
(a)	First liens		
(b)	Other than first liens		
(c)	Total investments in mortgage loans on real estate	-	-
6.	POLICY LOANS		
7.	REAL ESTATE:		
(a)	Occupied by the company (less encumbrances)		
(b)	Other properties (less encumbrances)		
(c)	Total real estate	-	-
8.	COLLATERAL LOANS		
9.	INVESTMENT INCOME DUE AND ACCRUED	3,351	631
10.	ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a)	In course of collection		1,939,119
(b)	Deferred - not yet due		
(c)	Receivables from retrocessional contracts		
(d)	Total accounts and premiums receivable	-	1,939,119
11.	REINSURANCE BALANCES RECEIVABLE:		
(a)	Foreign affiliates		
(b)	Domestic affiliates		
(c)	Pools & associations		
(d)	All other insurers		
(e)	Total reinsurance balance receivable	-	-
12.	FUNDS HELD BY CEDING REINSURERS		

**CONDENSED CONSOLIDATED BALANCE SHEET**

**Radiant Ltd.**

As at  
expressed in

**December 31, 2020**

**United States Dollars**

LINE No.		2020	2019
13.	<b>SUNDRY ASSETS:</b>		
(a)	Derivative instruments		
(b)	Segregated accounts companies - long-term business - variable annuities		
(c)	Segregated accounts companies - long-term business - other		
(d)	Segregated accounts companies - general business		
(e)	Deposit assets		
(f)	Deferred acquisition costs		
(g)	Net receivables for investments sold		
(h)	Deferred Tax Asset	505,646	199,468
(i)	Income Tax Recoverable	1,524,912	-
(j)	Other Sundry Assets (Specify)		
(k)	Total sundry assets	2,030,558	199,468
14.	<b>LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS</b>		
(a)	Letters of credit		
(b)	Guarantees		
(c)	Other instruments		
(e)	Total letters of credit, guarantees and other instruments	-	-
15.	<b>TOTAL</b>	<b>19,304,941</b>	<b>30,717,076</b>
	<b>TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS</b>		
16.	<b>UNEARNED PREMIUM RESERVE</b>		
(a)	Gross unearned premium reserves	-	4,854,014
(b)	Less: Ceded unearned premium reserve		
	i. Foreign affiliates		
	ii. Domestic affiliates		
	iii. Pools & associations		
	iv. All other insurers	-	342,623
(c)	Total ceded unearned premium reserve	-	342,623
(d)	Net unearned premium reserve	-	4,511,391
17.	<b>LOSS AND LOSS EXPENSE PROVISIONS:</b>		
(a)	Gross loss and loss expense provisions	10,039,373	7,010,060
(b)	Less: Reinsurance recoverable balance		
	i. Foreign affiliates		
	ii. Domestic affiliates		
	iii. Pools & associations		
	iv. All other reinsurers		
(c)	Total reinsurance recoverable balance	-	-
(d)	Net loss and loss expense provisions	10,039,373	7,010,060
18.	<b>OTHER GENERAL BUSINESS INSURANCE RESERVES</b>		
19.	<b>TOTAL GENERAL BUSINESS INSURANCE RESERVES</b>	<b>10,039,373</b>	<b>11,521,451</b>
	<b>LONG-TERM BUSINESS INSURANCE RESERVES</b>		
20.	RESERVE FOR REPORTED CLAIMS		
21.	RESERVE FOR UNREPORTED CLAIMS		
22.	POLICY RESERVES - LIFE		
23.	POLICY RESERVES - ACCIDENT AND HEALTH		
24.	POLICYHOLDERS' FUNDS ON DEPOSIT		
25.	LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS		
26.	OTHER LONG-TERM BUSINESS INSURANCE RESERVES		

**CONDENSED CONSOLIDATED BALANCE SHEET**

Radiant Ltd.  
As at  
expressed in

**December 31, 2020**  
**United States Dollars**

LINE No.		2020	2019
27.	TOTAL LONG-TERM BUSINESS INSURANCE RESERVES		
(a)	Total Gross Long-Term Business Insurance Reserves	-	-
(b)	Less: Reinsurance recoverable balance on long-term business		
	(i) Foreign Affiliates		
	(ii) Domestic Affiliates		
	(iii) Pools and Associations		
	(iv) All Other Insurers		
(c)	Total Reinsurance Recoverable Balance	-	-
(d)	<b>Total Net Long-Term Business Insurance Reserves</b>	-	-
	<b>OTHER LIABILITIES</b>		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	4,985,907	6,033,415
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE		
30.	LOANS AND NOTES PAYABLE		
31.	(a) INCOME TAXES PAYABLE		2,356,433
	(b) DEFERRED INCOME TAXES		
32.	AMOUNTS DUE TO AFFILIATES		3,988
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	35,312	46,898
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS:		
35.	DIVIDENDS PAYABLE		
36.	SUNDRY LIABILITIES:		
(a)	Derivative Instruments		
(b)	Segregated accounts companies		
(c)	Deposit liabilities		
(d)	Net payable for investments purchased		
(e)	Other sundry liabilities (specify)		
(f)	Other sundry liabilities (specify)		
(g)	Other sundry liabilities (specify)		
(h)	Total sundry liabilities	-	-
37.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:		
(a)	Letters of credit		
(b)	Guarantees		
(c)	Other Instruments		
(d)	Total letters of credit, guarantees and other instruments	-	-
38.	TOTAL OTHER LIABILITIES	5,021,219	8,440,734
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	15,060,592	19,962,185
	<b>CAPITAL AND SURPLUS</b>		
40.	TOTAL CAPITAL AND SURPLUS	4,244,349	10,754,891
41.	TOTAL	19,304,941	30,717,076
		TRUE	TRUE

**CONDENSED CONSOLIDATED STATEMENT OF INCOME**

**Radiant Ltd.**

As at  
expressed in

**December 31, 2020**  
**United States Dollars**

LINE No.		2020	2019
	<b>GENERAL BUSINESS UNDERWRITING INCOME</b>		
1.	GROSS PREMIUMS WRITTEN		
	(a) Direct gross premiums written	10,400,000	11,589,279
	(b) Assumed gross premiums written		
	(c) Total gross premiums written	10,400,000	11,589,279
2.	REINSURANCE PREMIUMS CEDED	-	825,000
3.	NET PREMIUMS WRITTEN	10,400,000	10,764,279
4.	INCREASE (DECREASE) IN UNEARNED PREMIUMS	4,511,391	(2,473,129)
5.	NET PREMIUMS EARNED	14,911,391	8,291,150
6.	OTHER INSURANCE INCOME		
7.	TOTAL GENERAL BUSINESS UNDERWRITING INCOME	14,911,391	8,291,150
	<b>GENERAL BUSINESS UNDERWRITING EXPENSES</b>		
8.	NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED	23,317,530	3,732,767
9.	COMMISSIONS AND BROKERAGE		
10.	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	23,317,530	3,732,767
11.	<b>NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS</b>	(8,406,139)	4,558,383
	<b>LONG-TERM BUSINESS INCOME</b>		
12.	GROSS PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Direct gross premiums and other considerations		
	(b) Assumed gross premiums and other considerations		
	(c) Total gross premiums and other considerations	-	-
13.	PREMIUMS CEDED		
14.	NET PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Life		
	(b) Annuities		
	(c) Accident and health		
	(d) Total net premiums and other considerations	-	-
15.	OTHER INSURANCE INCOME		
16.	TOTAL LONG-TERM BUSINESS INCOME	-	-
	<b>LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES</b>		
17.	CLAIMS - LIFE		
18.	POLICYHOLDERS' DIVIDENDS		
19.	SURRENDERS		
20.	MATURITIES		
21.	ANNUITIES		
22.	ACCIDENT AND HEALTH BENEFITS		
23.	COMMISSIONS		
24.	OTHER		
25.	TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	-	-
26.	INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES):		
	(a) Life		
	(b) Annuities		
	(c) Accident and health		
	(d) Total increase (decrease) in policy reserves	-	-

**CONDENSED CONSOLIDATED STATEMENT OF INCOME**

**Radiant Ltd.**

As at  
expressed in

**December 31, 2020**  
**United States Dollars**

LINE No.		2020	2019
27.	TOTAL LONG-TERM BUSINESS EXPENSES	-	-
28.	NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS	-	-
29.	COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS	(8,406,139)	4,558,383
	<b>UNDERNOTED ITEMS</b>		
30.	COMBINED OPERATING EXPENSE		
	(a) General and administration	132,512	148,911
	(b) Personnel cost		
	(c) Other		
	(d) Total combined operating expenses	132,512	148,911
31.	COMBINED INVESTMENT INCOME - NET	197,019	372,162
32.	COMBINED OTHER INCOME (DEDUCTIONS)		
33.	COMBINED INCOME BEFORE TAXES	(8,341,632)	4,781,634
34.	COMBINED INCOME TAXES (IF APPLICABLE):		
	(a) Current	(1,524,912)	1,137,111
	(b) Deferred	(306,178)	(91,597)
	(c) Total	(1,831,090)	1,045,514
35.	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	(6,510,542)	3,736,120
36.	COMBINED REALIZED GAINS (LOSSES)		
37.	COMBINED INTEREST CHARGES		
38.	NET INCOME	(6,510,542)	3,736,120

**CONDENSED CONSOLIDATED STATEMENT OF CAPITAL AND SURPLUS**

**Radiant Ltd.**

As at  
expressed in

**December 31, 2020**  
**United States Dollars**

LINE No.		2020	2019
1.	<b>CAPITAL:</b>		
(a)	Capital Stock		
	(i) Common Shares		
	authorized <span style="border: 1px solid black; padding: 0 5px;">120,000</span> shares of par	<span style="border: 1px solid black; padding: 0 5px;">120,000</span>	<span style="border: 1px solid black; padding: 0 5px;">120,000</span>
	value <span style="border: 1px solid black; padding: 0 5px;">\$ 1,000</span> each issued and		
	fully paid <span style="border: 1px solid black; padding: 0 5px;">120,000</span> shares		
	(ii)		
	(A) Preferred shares:		
	authorized <span style="border: 1px solid black; padding: 0 5px;"></span> shares of par		
	value <span style="border: 1px solid black; padding: 0 5px;"></span> each issued and		
	fully paid <span style="border: 1px solid black; padding: 0 5px;"></span> shares		
	aggregate liquidation value for —		
	2020 <span style="border: 1px solid black; padding: 0 5px;"></span>		
	2019 <span style="border: 1px solid black; padding: 0 5px;"></span>		
	(B) Preferred shares issued by a subsidiary:		
	authorized <span style="border: 1px solid black; padding: 0 5px;"></span> shares of par		
	value <span style="border: 1px solid black; padding: 0 5px;"></span> each issued and		
	fully paid <span style="border: 1px solid black; padding: 0 5px;"></span> shares		
	aggregate liquidation value for —		
	2020 <span style="border: 1px solid black; padding: 0 5px;"></span>		
	2019 <span style="border: 1px solid black; padding: 0 5px;"></span>		
	(iii) Treasury Shares		
	repurchased <span style="border: 1px solid black; padding: 0 5px;"></span> shares of par		
	value <span style="border: 1px solid black; padding: 0 5px;"></span> each issued		
(b)	Contributed surplus	<span style="border: 1px solid black; padding: 0 5px;">1,755,100</span>	<span style="border: 1px solid black; padding: 0 5px;">1,755,100</span>
(c)	Any other fixed capital		
	(i) Hybrid capital instruments		
	(ii) Guarantees and others		
	(iii) Total any other fixed capital	<span style="border: 1px solid black; padding: 0 5px;">-</span>	<span style="border: 1px solid black; padding: 0 5px;">-</span>
(d)	Total Capital	<span style="border: 1px solid black; padding: 0 5px;">1,875,100</span>	<span style="border: 1px solid black; padding: 0 5px;">1,875,100</span>
2.	<b>SURPLUS:</b>		
(a)	Surplus - Beginning of Year	<span style="border: 1px solid black; padding: 0 5px;">8,879,791</span>	<span style="border: 1px solid black; padding: 0 5px;">5,143,671</span>
(b)	Add: Income for the year	<span style="border: 1px solid black; padding: 0 5px;">(6,510,542)</span>	<span style="border: 1px solid black; padding: 0 5px;">3,736,120</span>
(c)	Less: Dividends paid and payable		
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments		
(e)	Add (Deduct) change in any other surplus		
(f)	Surplus - End of Year	<span style="border: 1px solid black; padding: 0 5px;">2,369,249</span>	<span style="border: 1px solid black; padding: 0 5px;">8,879,791</span>
3.	<b>MINORITY INTEREST</b>		
4.	<b>TOTAL CAPITAL AND SURPLUS</b>	<span style="border: 1px solid black; padding: 0 5px;">4,244,349</span>	<span style="border: 1px solid black; padding: 0 5px;">10,754,891</span>



**Schedule X**  
**RADIANT LTD.**

**NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**Matters to be set forth in a General Note to the Financial Statements**

1. Radiant Ltd. (the "Company") was incorporated as an exempted company on July 19, 2011 under the laws of Bermuda. Effective July 10, 2013, the Company was registered as a Class 3A insurer under the Insurance Act 1978, amendments thereto and related regulations. The Company is a wholly owned subsidiary of Radiant Holdings Corporation ("RHC") which is wholly owned by Gemini Financial Holding Corporation ("GFHC"). RHC and GFHC are both incorporated in Delaware, U.S.A.
2. The Company provides property catastrophe excess of loss reinsurance on a fully collateralized basis to Olympus Insurance Company ("Olympus"), an affiliated primary insurance company writing Homeowners and Dwelling Property business in Florida, U.S.A. The Company provides reinsurance for \$6,500,000 per loss occurrence in excess of a retention of \$1,000,000 and \$13,000,000 in the aggregate in respect of all loss occurrences, for the renewal year beginning June 1, 2020.

The Company also provides reinstatement premium protection reinsurance to Olympus, for the renewal year beginning June 1, 2019, for any reinstatement premium Olympus becomes liable for, as a result of loss occurrences covered under the property excess of loss reinsurance contract. The Company is liable for \$887,750 of reinstatement premium payable under the First Excess Layer and this is fully collateralised.

In 2018, the Company entered into an adverse development cover reinsurance contract with Olympus where it provides reinsurance for the lesser of i) 100% of any adverse development on Olympus's net loss and loss adjustment expenses for accident years 2017 and prior, or ii) \$5,000,000.

No reinsurance was purchased for the renewal year beginning June 1, 2020.

3. These condensed financial statements have been prepared in accordance with generally accepted accounting principles in the U.S. adjusted for filters prescribed by Insurance Account Rules 2016 and Related Regulations and are not intended to be presented in conformity with generally accepted accounting principles.
4. The Insurer's significant accounting policies are as follows:

(a) Premiums

Premiums written are recorded on the accruals basis and are included in income on a pro-rata basis over the period the coverage is provided with the unearned portion deferred in the condensed statutory balance sheet. Reinsurance premiums ceded are similarly pro-rated over the period the coverage is provided with the unearned portion being deferred in the condensed statutory balance sheet net of unearned premiums. In the event that the aggregate limit is reached prior to the end of a policy period, any unearned portion of premium will be released to income immediately.

(b) Loss and loss expense provisions

Loss and loss expense provisions include a provision for losses incurred but not reported and are recorded as reported by the reinsured. Such liabilities are necessarily based on estimates and while the directors and management believe that the amounts are fairly stated, the ultimate liability may be in excess of, or less than, the amounts provided. The methods of making such estimates and for establishing the resulting provisions are continually reviewed and any adjustments resulting therefrom are reflected in the periods in which they become known.

(c) Cash and time deposits

The Company considers all cash on hand, money market funds, deposits with financial institutions that can be withdrawn without prior notice or penalty, and short-term deposits with an original maturity of ninety days or less as equivalent to cash.

5. (a) Premium: Refer to Note 4(a)

(b) Investment income

Investment income is recorded on an accrual basis and is presented net of interest expense.

(c) Commission income: N/A

6-14 N/A

15. See Matters to be set forth in a General Note to the Financial Statements, item 2 and see matters set forth in Notes to the Balance Sheet, note 4.

16. N/A

17. Unless otherwise indicated, all information included in these condensed financial statements is as of December 31, 2020 and you should not assume that valuations of assets or other matters are current as of any later date. On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen that have had serious and adverse consequences to business conditions around the globe following this. The COVID-19 outbreak has resulted in limitations on travel, transportation, education, production of goods, provision of services and business operations generally. However, given the Company's type of reinsurance exposure and that all investments are in low risk, short-term, money market deposits the impact, through to the date these financial statements were available to be issued on April 28, 2021, has been minimal.

#### **Matters to be set forth in Notes to the Statement of Capital and Surplus**

1(a) Capital Stock

		2020	2019
<b>Authorized:</b>			
120,000	Ordinary Shares of \$1 par value each	\$ 120,000	\$120,000
<b>Issued and fully paid:</b>			
120,000	Ordinary Shares of \$1 par value each	\$ 120,000	\$120,000

1(b) N/A

2(c) N/A

#### **Matters to be set forth in Notes to the Balance Sheet**

1. Cash and time deposits of \$16,007,326 (2019: \$28,222,641) are held in trust on behalf of Olympus as collateral for future liabilities.

2-3. N/A

4. Amounts due from affiliates totaling \$10,203 (2019: amounts due to affiliates totaled \$3,988) are unsecured, repayable on demand and non-interest bearing and relate to administrative expenses paid by the Company on behalf of an affiliate (2019: administrative expenses paid by the parent on behalf of the Company).

5-8. N/A

9. Investment income accrued as at December 31, 2020 amounted to \$3,351 (2019: \$631).

10. Premium receivable amounting to \$Nil (2019: \$1,939,119) is outstanding from Olympus relating to the June 1, 2020 renewal (June 1, 2019 renewal).

11-12. N/A

13. Effective July 19, 2011, the Company made an irrevocable election under Section 953(d) of the Internal Revenue Code of 1986, as amended, to treat the Company as a domestic insurance company for United States federal income tax purposes. As a result of the "domestic election" the Company will continue to be subject to U.S. taxation on its worldwide income as if it were a U.S. corporation. In connection with the Section 953(d) election the Company has also elected to be included in the consolidated tax return of GFHC and therefore all taxes accrued are due to the Parent for the Company's portion of the related consolidated tax.

The Company reports its liability and expense for income taxes under the requirements of accounting guidance issued by the Financial Accounting Standards Board related to accounting for income taxes. Deferred income taxes reflect the impact of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and such amounts recognized for income tax purposes, measured by applying currently enacted laws. The Company measures its deferred tax items at an effective tax rate of 21%. Although realization is not assured, management believes it is more likely than not that the entire deferred federal income tax asset will be realized. The amount of the deferred federal income tax considered realizable could be reduced in the near term if estimates of future taxable income are reduced.

Temporary differences between generally accepted accounting principles in the U.S. and U.S. tax accounting exist for the reserve for losses and loss adjustment expenses, unearned premiums and net operating loss carried forward, resulting in a deferred tax asset of \$505,646 (2019: \$199,468). The deferred tax asset relating to the net operating loss carried forward amounts to \$416,514 (2019: \$Nil). No valuation allowance has been established as based on the available evidence, the deferred tax asset will more likely than not be realized.

As at December 31, 2020 income tax recoverable amounted to \$1,524,912 (2019: income tax payable of \$2,356,433).

14. N/A

16. See Matters to be set forth in a General Note to the Financial Statements, item 4(a).

17. See Matters to be set forth in a General Note to the Financial Statements, item 4(b).

	2020	2019
Gross loss and loss expense provisions at beginning of year	7,010,060	5,176,459
Less: Reinsurance recoverable at beginning of year	-	-
Net loss and loss expense provisions at beginning of year	7,010,060	5,176,459
Current year	13,001,208	1,831,921
Prior years	10,316,322	1,900,846
Total net incurred losses and loss expenses	23,317,530	3,732,767
Net loss and loss expenses paid or payable related to:		
Current year	10,936,402	-
Prior years	9,351,815	1,899,166
Total losses and loss expenses paid or payable	20,288,217	1,899,166
Foreign exchange and other		-
Net loss and loss expense provisions at end of year	10,039,373	7,010,060
<b>Gross loss and loss expense provisions at end of year</b>	<b>10,039,373</b>	<b>7,010,060</b>

As a result of changes in estimates of insured events in prior years, the liability for losses and loss adjustment expenses increased by \$10,316,322 and \$1,900,846 for the years ended December 31, 2020 and 2019, respectively. Assets restricted for reserves are disclosed in note 1 of Matters to be set forth in the Notes to the Balance Sheet.

20-27. N/A

28. The Company has losses payable to Olympus amounting to \$4,985,907 (2019: \$31,362) as of December 31, 2020.

29-30. N/A

31. See Matters to be set forth in Notes to the Balance Sheet, item 13.

32. N/A

33. Accounts payable and accrued liabilities of \$35,312 (2019: \$46,898) pertain to management, audit, actuarial and legal and secretarial fees.

34-37. N/A

**Matters to be set forth in Notes to the Statement of Income**

6-36. N/A