Continental Reinsurance Corporation International Limited

(A Wholly Owned Subsidiary of The Continental Corporation)

Condensed General Purpose Financial Statements
as at and for the Year Ended 31 December 2020

Deloitte & Touche LLP
111 S. Wacker Drive
Chicago, IL 60606-4301
USA

Tel: +1 312 486 1000
Fax: +1 312 486 1486
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

Board of Directors of
Continental Reinsurance Corporation International Limited
Hamilton, Bermuda

We have audited the accompanying condensed financial statements of Continental Reinsurance Corporation International Limited (the "Company"), 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 these 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.

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

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 Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America" 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 for the years then ended.

Opinion on Condensed Financial Statements

In our opinion, the condensed financial statements referred to above present fairly, in all material respects, the financial position of the Company 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.

Deloitte and Touche LLP

June 16, 2021

CONDENSED BALANCE SHEET

CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED
AS AT 31 DECEMBER 2020
(EXPRESSED IN UNITED STATES DOLLARS)

Line No.		2020	2019
	ASSETS		
1.	**Cash and cash equivalents**	$ 517,469	$ 695,635
2.	**Quoted investments:**		
(a)	Bonds and debentures		
	(i) Held to maturity	—	—
	(ii) Other	241,088,626	218,518,501
(b)	Total bonds and debentures	241,088,626	218,518,501
(c)	Equities		
	(i) Common stocks	—	—
	(ii) Preferred stocks	—	—
	(iii) Mutual funds	—	—
(d)	Total equities	—	—
(e)	Other quoted investments	—	—
(f)	Total quoted investments	241,088,626	218,518,501
3.	**Unquoted investments:**		
(a)	Bonds and debentures		
	(i) Held to maturity	—	—
	(ii) Other	—	993,984
(b)	Total bonds and debentures	—	993,984
(c)	Equities		
	(i) Common stocks	—	—
	(ii) Preferred stocks	—	—
	(iii) Mutual funds	—	—
(d)	Total equities	—	—
(e)	Other unquoted investments	—	—
(f)	Total unquoted investments	—	993,984
4.	**Investments in and advances to affiliates:**		
(a)	Unregulated entities that conduct ancillary services	—	—
(b)	Unregulated non-financial operating entities	1,024,386	1,011,473
(c)	Unregulated financial operating entities	—	—
(d)	Regulated non-insurance financial operating entities	—	—
(e)	Regulated insurance financial operating entities	—	—
(f)	Total investments in affiliates	1,024,386	1,011,473
(g)	Advances to affiliates	—	—
(h)	Total investments in and advances to affiliates	1,024,386	1,011,473
5.	**Investments in mortgage loans on real estate:**		
(a)	First liens	—	—
(b)	Other than first liens	—	—
(c)	Total investment 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**	1,365,587	1,489,816

See accompanying Notes to Condensed General Purpose Financial Statements.

Line No.		2020	2019
10.	**Accounts and premiums receivable:**		
(a)	In course of collection	—	—
(b)	Deferred - not yet due	—	—
(c)	Receivables from retrocessional contracts	200,133	79,454
(d)	Total accounts and premiums receivable	200,133	79,454
11.	**Reinsurance balances receivable:**		
(a)	Foreign affiliates	—	—
(b)	Domestic affiliates	—	—
(c)	Pools & associations	—	—
(d)	All other insurers	372,737	182,213
(e)	Total reinsurance balances receivable	372,737	182,213
12.	**Funds held by ceding reinsurers**	251,408	282,653
13.	**Sundry assets:**		
(a)	Derivative instruments	—	—
(b)	Segregated accounts - Long-term business - variable annuities	—	—
(c)	Segregated accounts - Long-term business - other	—	—
(d)	Segregated accounts - General business	—	—
(e)	Deposit assets	—	—
(f)	Deferred acquisition costs	—	—
(g)	Net receivables for investments sold	—	—
(h)	Other sundry assets 1 - N/A	—	—
(i)	Other sundry assets 2 - N/A	—	—
(j)	Other sundry assets 3 - N/A	—	—
(k)	Total sundry assets	—	—
14.	**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	—	—
15.	**Total**	$ 244,820,346	$ 223,253,729
	TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND CAPITAL AND SURPLUS		
16.	**Unearned premium reserve:**		
(a)	Gross unearned premium reserves	$ —	$ —
(b)	Less: Ceded unearned premium reserve		
	(i) Foreign affiliates	—	—
	(ii) Domestic affiliates	—	—
	(iii) Pools & associations	—	—
	(iv) All other reinsurers	—	—
(c)	Total ceded unearned premium reserve	—	—
(d)	Net unearned premium reserve	—	—
17.	**Loss and loss expense provisions:**		
(a)	Gross loss and loss expense provisions	15,929,708	17,534,092
(b)	Less: Reinsurance recoverable balance		
	(i) Foreign affiliates	—	—
	(ii) Domestic affiliates	—	—
	(iii) Pools & associations	—	—
	(iv) All other reinsurers	(13,914,820)	(15,795,820)
(c)	Total reinsurance recoverable balance	(13,914,820)	(15,795,820)
(d)	Net loss and loss expenses provisions	2,014,888	1,738,272
18.	**Other general business insurance reserves**	—	—
19.	**Total general business insurance reserves**	2,014,888	1,738,272

See accompanying Notes to Condensed General Purpose Financial Statements.

Line No.		2020	2019
	LONG-TERM BUSINESS INSURANCE RESERVES		
20.	**Reserve for reported claims**	—	—
21.	**Reserve for unreported claims**	—	—
22.	**Policy reserves - Life**	292,076,746	265,925,743
23	**Policy reserves - Accident and Health**	—	—
24.	**Policyholders' funds on deposit**	—	—
25.	**Liability for future policyholders' dividends**	—	—
26.	**Other long-term business insurance reserves**	—	—
27.	**Total long-term business insurance reserves:**		
(a)	Total gross long-term business insurance reserves	292,076,746	265,925,743
(b)	Less: Reinsurance recoverable balance on long-term business		
	(i) Foreign affiliates	—	—
	(ii) Domestic affiliates	—	—
	(iii) Pools & associations	—	—
	(iv) All other reinsurers	(292,076,746)	(265,925,743)
(c)	Total reinsurance recoverable balance	(292,076,746)	(265,925,743)
(d)	Total net long-term business insurance reserves	—	—
	OTHER LIABILITIES		
28.	**Insurance and reinsurance balances payable**	308,406	129,240
29.	**Commissions, expenses, fees and taxes payable**	—	—
30.	**Loans and notes payable**	—	—
31.	**(a) Income taxes payable**	—	—
	(b) Deferred income taxes	—	—
32.	**Amounts due to affiliates**	115,896	216,834
33.	**Accounts payable and accrued liabilities**	—	—
34.	**Funds held under reinsurance contracts**	189,998,990	181,927,427
35.	**Dividends payable**	—	—
36.	**Sundry liabilities:**		
(a)	Derivative instruments	19,378,835	6,555,805
(b)	Segregated accounts companies	—	—
(c)	Deposit liabilities	—	—
(d)	Net payable for investments purchased	—	—
(e)	Other sundry liabilities 1 - Due to National Indemnity Company (NICO)	87	784
(f)	Other sundry liabilities 2 - N/A	—	—
(g)	Other sundry liabilities 3 - N/A	—	—
(h)	Total sundry liabilities	19,378,922	6,556,589
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**	209,802,214	188,830,090
39.	**Total insurance reserves and other liabilities**	211,817,102	190,568,362
	CAPITAL AND SURPLUS		
40.	**Total capital and surplus**	33,003,244	32,685,367
41.	**Total**	$ 244,820,346	$ 223,253,729

See accompanying Notes to Condensed General Purpose Financial Statements.

CONDENSED STATEMENT OF INCOME

CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020
(EXPRESSED IN UNITED STATES DOLLARS)

Line No.		2020	2019
	GENERAL BUSINESS UNDERWRITING INCOME		
1.	**Gross premiums written:**		
(a)	Direct gross premiums written	$ —	$ —
(b)	Assumed gross premiums written	21	(1,065)
(c)	Total gross premiums written	21	(1,065)
2.	**Reinsurance premiums ceded**	—	—
3.	**Net premiums written**	21	(1,065)
4.	**Increase (decrease) in unearned premiums**	—	—
5.	**Net premiums earned**	21	(1,065)
6.	**Other insurance income**	—	—
7.	**Total general business underwriting income**	21	(1,065)
	GENERAL BUSINESS UNDERWRITING EXPENSES		
8.	**Net losses incurred and net loss expenses incurred**	—	22,458
9.	**Commissions and brokerage**	8	4
10.	**Total general business underwriting expenses**	8	22,462
11.	**Net underwriting profit (loss) - General business**	13	(23,527)
	LONG-TERM BUSINESS INCOME		
12.	**Gross premiums and other consideration:**		
(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**	—	—
	LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES		
17.	**Claims - Life**	—	—
18.	**Policyholders' dividends**	—	—
19.	**Surrenders**	—	—
20.	**Maturities**	—	—
21.	**Annuities**	—	—
22.	**Accident and Health benefits**	—	—
23.	**Commissions**	—	—
24.	**Other**	7,004,036	6,879,356
25.	**Total long-term business deductions and expenses**	7,004,036	6,879,356
26.	**Increase (decrease) in policy reserves (actuarial liabilities):**		
(a)	Life	—	—
(b)	Annuities	—	—
(c)	Accident and Health	—	—
(d)	Total increase (decrease) in policy reserves	—	—
27.	**Total long-term business expenses**	7,004,036	6,879,356
28.	**Net underwriting profit (loss) - Long-term business**	(7,004,036)	(6,879,356)
29.	**Combined net underwriting results before the undernoted items**	(7,004,023)	(6,902,883)

See accompanying Notes to Condensed General Purpose Financial Statements.

Line No.		2020	2019
	UNDERNOTED ITEMS		
30.	**Combined operating expense:**		
(a)	General and administration	119,969	121,439
(b)	Personnel cost	—	—
(c)	Other	—	—
(d)	Total combined operating expenses	119,969	121,439
31.	**Combined investment income - net**	7,353,441	7,787,086
32.	**Combined other income (deductions)**	(172,722)	(228,796)
33.	**Combined income (loss) before taxes**	56,727	533,968
34.	**Combined income taxes (if applicable):**		
(a)	Current	—	—
(b)	Deferred	—	—
(c)	Total	—	—
35.	**Combined income before realized gains (losses)**	56,727	533,968
36.	**Combined realized gains (losses)**	(10,815,548)	(10,041,505)
37.	**Combined interest charges**	—	—
38.	**Net income**	$ (10,758,821)	$ (9,507,537)

See accompanying Notes to Condensed General Purpose Financial Statements.

CONDENSED STATEMENT OF CAPITAL AND SURPLUS

CONTINENTAL REINSURANCE CORPORATION INTERNATIONAL LIMITED
AS AT 31 DECEMBER 2020
(EXPRESSED IN UNITED STATES DOLLARS)

LINE No.		2020	2019
1.	**Capital:**		
(a)	Capital stock:		
	(i) Common shares (18,500 authorized shares of $1.00 par value each; 18,500 issued and fully paid shares)	$ 18,500	$ 18,500
	(ii) Preferred shares (550,000 authorized shares of $1.00 par value each; 550,000 issued and fully paid shares aggregate liquidation value for par value at 2020 and 2019)	550,000	550,000
	(iii) Treasury shares (Repurchased shares of par value each issued and fully paid)	—	—
(b)	Contributed surplus	158,426,824	158,426,824
(c)	Any other fixed capital	—	—
	(i) Hybrid capital instruments	—	—
	(ii) Guarantees and others	—	—
	(iii) Total any other fixed capital	—	—
(d)	Total capital	158,995,324	158,995,324
2.	**Surplus:**		
(a)	Surplus - beginning of year	(126,309,957)	(126,830,693)
(b)	Add: Income (loss) for the year	(10,758,821)	(9,507,537)
(c)	Less: Dividends paid and payable	—	—
(d)	Add (deduct) change in unrealized appreciation (depreciation) of investments	11,076,698	10,028,273
(e)	Add (deduct) change in any other surplus	—	—
(f)	Surplus - end of year	(125,992,080)	(126,309,957)
3.	**Minority Interest**	—	—
4.	**Total capital and surplus**	$ 33,003,244	$ 32,685,367

See accompanying Notes to Condensed General Purpose Financial Statements.

NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

General Notes to the Financial Statements

1. Continental Reinsurance Corporation International Limited (the Company) was incorporated in Bermuda in 1959 and is a wholly-owned subsidiary of The Continental Corporation (TCC). TCC is a wholly owned subsidiary of CNA Financial Corporation (CNAF), a company incorporated in the United States of America. CNAF was approximately 89.6% owned by Loews Corporation at 31 December 2020.

2. The Company carries on a reinsurance business, assuming risks from a number of international insurance markets by retrocession from affiliates. These risks are being run-off by the Company.

   In August 2014, the Company entered into a 100% coinsurance agreement (Coinsurance Agreement) covering the entirety of the Company's long-term business. The Coinsurance Agreement required the transfer of assets with a book value equal to the reinsured liabilities on the inception date of the contract. Because a substantial portion of the assets supporting these liabilities are held in a trust for the benefit of the original cedant, those assets were transferred on a funds withheld basis. Under this approach the Company maintains legal ownership of the assets, but the investment income and realized gains and losses on those assets inure to the reinsurer.

   The funds withheld aspect of the Coinsurance Agreement is considered an embedded derivative which is separately accounted for at fair value from the host contract and is included in Sundry liabilities on the Condensed Balance Sheet. The Company does not invest in or issue other derivative instruments.

3. The Condensed General Purpose Financial Statements have been prepared in accordance with accounting practices prescribed or permitted in Bermuda by the Insurance Act of 1978 and the Insurance Account Rules 2016.

4. On 1 January 2020, the Company adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The updated accounting guidance predominantly applies to the Company's bonds and reinsurance recoverables. For available-for-sale bonds carried at fair value, estimated credit losses will continue to be measured at the present value of expected cash flows, but will now be recorded through an allowance rather than as a write-down of amortized cost. For assets measured at cost, the guidance requires immediate recognition of estimated credit losses over the life of the asset and presentation of the asset at the net amount expected to be collected. The Company adopted the updated guidance prospectively for bonds and using the modified retrospective method for reinsurance recoverables. While the updated guidance changed the criteria for recognition of estimated credit losses, the Company recorded no estimated credit losses upon adoption on 1 January 2020, or for the year ended 31 December 2020, and therefore the updated guidance had no impact on the Company's Condensed General Purpose Financial Statements for the year ended 31 December 2020.

   Significant accounting policies are as follows:

   a) Cash and cash equivalents consist of cash balances available on demand. Amounts are stated at cost, which approximates fair value.

   b) Quoted and unquoted investments are carried at fair value with unrealized gains or losses treated as a separate component of statutory surplus. The amortized cost of bonds is adjusted for amortization of premiums and accretion of discounts, which are included in Combined investment income – net on the Condensed Statement of Income. The amortization of premium and accretion of discount for bonds takes into consideration call and maturity dates that produce the lowest yield.

      A security is impaired if the fair value of the security is less than its cost adjusted for accretion, amortization and allowance for credit losses. When a security is impaired, it is evaluated to determine whether the Company intends to sell the security before recovery of amortized cost or whether a credit loss exists. Losses on bonds that the Company intends to sell, or it more likely than not will be required to sell before recovery of amortized cost, are recognized as impairment losses within Combined realized gains (losses) on the Condensed Statement of Income. If a credit loss exists, an allowance is established and the corresponding amount is recognized as an impairment loss within Combined realized gains (losses) on the Condensed Statement of Income. The allowance for credit losses on bonds is the difference between the present value of cash flows expected to be collected and the amortized cost basis, limited by the amount that the fair value is less than the amortized cost basis. In subsequent periods, the allowance is reviewed, with any changes in the allowance presented as a component of Combined realized gains (losses) on the Condensed Statement of Income. Changes in the difference between the amortized cost basis, net of the allowance, and the fair value, are recognized as changes in unrealized appreciation (depreciation) of investments on the Condensed Statement of Capital and Surplus. There were no impairment losses for the year ended 31 December 2020.

Purchases and sales of all securities are recorded on the trade date. Realized investment gains and losses are determined on the basis of the cost or amortized cost, net of any allowance for credit losses, of the specific securities sold.

c) Loss and loss expense provisions on the Condensed Balance Sheet represent estimates of losses reported by ceding reinsurers plus an estimate for losses incurred but not reported based on past experience on each class of business. See Notes to the Condensed Balance Sheet, Note 17.

Apart from the adoption of ASU 2016-13, there were no significant changes in accounting policy during the year.

5. The basis of recognition of premium, investment and commission income is as follows:

a) Premiums are recorded as reported by ceding companies. Premiums written, net of reinsurance ceded, are taken into income over the terms of the reinsurance treaties. As the business is in run-off, written premiums recognized in the current reporting year have been fully earned and no unearned premiums have been established since the premiums relate to prior accident years.

b) Investment income is accounted for on an accrual basis and includes amortization of premium or accretion of discount. Investment income on funds held liabilities inure to the reinsurer and is included in Line 24 of the Condensed Statement of Income.

c) Commission income - not applicable.

6. Foreign currency assets and liabilities are translated at exchange rates in effect at the balance sheet date. Revenues and expenses are translated at an average exchange rate in effect during the month in which they are recorded. Exchange gains and losses are included in Combined other income (deductions) on the Condensed Statement of Income. All assets and liabilities subject to foreign exchange gains and losses are monetary in nature.

7 - 12. Not applicable.

13. The fair value hierarchy of investments is based on the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities that the reporting entity can access at the measurement date.

Level 2: Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly.

Level 3: Unobservable inputs.

The following provides fair value hierarchy for all quoted and unquoted investments.

31 December 2020	**Level 1**	**Level 2**	**Level 3**	**Total Assets at Fair Value**
Quoted investments				
Fixed maturity securities:				
Corporate and other taxable bonds	$ —	$ 80,768,691	$ —	$ 80,768,691
State, municipalities and political subdivisions	—	47,998,000	—	47,998,000
Asset-backed:				
Residential mortgage-backed	—	32,147,629	—	32,147,629
Commercial mortgage-backed	—	25,741,561	—	25,741,561
Other asset-backed	—	14,827,778		14,827,778
Total asset-backed	—	72,716,968	—	72,716,968
U.S Treasury and obligations of government-sponsored enterprises	5,692,355	5,069,315	—	10,761,670
Total fixed maturity securities	5,692,355	206,552,974	—	212,245,329
Short term investments	28,843,297	—	—	28,843,297
Total quoted investments	$ 34,535,652	$ 206,552,974	$ —	$ 241,088,626

14. The following provides the contractual maturity profile of the insurers' fixed maturity and short term investments. Actual maturities may differ from contractual maturities because certain securities may be called or prepaid. Securities not due on a single date are allocated based on weighted average life.

31 December	**2020**	
	Cost or Amortized Cost	**Estimated Fair Value**
Due in one year or less	$ 30,025,758	$ 30,030,835
Due after one year through five years	51,287,406	54,384,048
Due after five years through ten years	24,875,094	26,890,532
Due after ten years	110,892,396	129,783,211
Total	$ 217,080,654	$ 241,088,626

15. The Amounts due to affiliates are presented in the following table:

31 December	**2020**
Due to Continental Casualty Company	$ 111,289
Due to The Continental Insurance Company	4,607
Amounts due to affiliates	$ 115,896

The amounts above primarily include audit fees and the balances payable from the Company's share of a ceded reinsurance agreement, both paid by an affiliate on the Company's behalf.

16. Not applicable.

17. a) Continental Casualty Company, an affiliate, provided certain administrative services and other facilities in relation to the Company's operations at no cost to the Company in 2020.

    b) Due to the significance of the related party transactions between the Company and affiliates of CNAF, the Condensed General Purpose Financial Statements of the Company may not be indicative of the conditions that would have existed or the results that would have been achieved if the Company had operated entirely independent of CNAF and its affiliates.

Notes to the Statement of Capital and Surplus

1(a) Capital Stock

As respects authorized capital stock there shall be disclosed severally—

a) There are 18,500 ordinary shares authorized of U.S. dollars $1.00 each. There are 550,000 non-voting preference shares of U.S. dollars $1.00 each. The holders of the preference shares have preference upon liquidation over the ordinary shareholder. All of the authorized shares are issued and fully paid.

b) Not applicable.

c) Not applicable.

d) Not applicable.

1(b) Not applicable.

2(c) Not applicable.

Notes to the Condensed Balance Sheet

1. Not applicable.

2. Debt securities are valued using quoted market prices, if available. If quoted prices are not available, securities are valued using a methodology based on information generated by market transactions involving identical or comparable assets, a discounted cash flow methodology, or a combination of both when necessary. Common inputs include prices from recently executed transactions of similar securities, marketplace quotes, benchmark yields, spreads off benchmark yields, interest rates and U.S. Treasury or swap curves. Specifically for asset-backed securities, key inputs include prepayment and default projections based on past performance of the underlying collateral and current market data. In certain cases broker/dealer quotes are significant inputs to the valuation and there is a lack of transparency as to whether these quotes are based on information that is observable in the marketplace.

   As at 31 December 2020, $208,038,316 of quoted investments on the Condensed Balance Sheet were deposited in a trust with a financial institution to secure reinsurance obligations.

3. Not applicable.

4. Investments in and advances to affiliates represent an investment in a partially owned affiliate which is accounted for using the equity method. Under the equity method, the Company records the investment at its proportionate share of the net asset value of the affiliate, with changes in the net asset value recorded within Combined investment income.

5 - 8. Not applicable.

9. Investment income due and accrued was $1,365,587 at 31 December 2020.

10. a) NICO established a collateral trust account as security for its obligations to the Company and certain affiliates related to receivables under the contract discussed in the Notes to the Condensed Balance Sheet, Note 17b.

    b) There were no amounts due from affiliates at 31 December 2020.

11. The reinsurance balances receivable at 31 December 2020 relate to recoverable balances from ceded reinsurers.

12 - 14. Not applicable.

16. Not applicable.

17.

a)

Year Ended 31 December	2020	2019
General Business Reserves		
Gross loss and loss expense provisions at beginning of year	$ 17,534,092	$ 19,640,050
Less: Reinsurance recoverable at beginning of year	15,795,820	17,523,524
Net loss and loss expense provisions at beginning of year	1,738,272	2,116,526
Net losses incurred and net loss expenses incurred related to:		
(a) Current year	—	—
(b) Prior years	—	22,458
Total net losses incurred and net loss expenses incurred	—	22,458
Less: Losses and loss expenses paid or payable related to:		
(a) Current year	—	—
(b) Prior years	(192,357)	378,254
Total losses and loss expenses paid or payable	(192,357)	378,254
Foreign exchange and other	84,259	(22,458)
Net loss and loss expense provisions at end of year	2,014,888	1,738,272
Add: Reinsurance recoverable at end of year	13,914,820	15,795,820
Gross loss and loss expense provisions at end of year	$ 15,929,708	$ 17,534,092

b) The General Business Loss and loss expense provisions represent estimates of losses reported by ceding reinsurers plus an estimate for losses incurred but not reported based on past experience on each class of business. The Company's loss and loss expense provisions are believed to be adequate to cover the ultimate net cost of losses incurred to date, but the provisions are estimates and there can be no assurance that the ultimate settlement of claims may not vary from the provisions recorded. Any adjustments to the amount recorded as at 31 December 2020 resulting from the continual review process as well as differences between estimates and ultimate payments, will be reflected on the Company's Condensed Statement of Income in future years when such adjustments become known. Such adjustments could be material and require additional capital for the Company to comply with regulatory requirements.

Net loss and loss expense provisions of $2,014,888 as at 31 December 2020 were all related to prior accident years.

On 31 August 2010 the Company along with other CNAF insurance subsidiaries (collectively referred to as the CNA parties) completed a transaction with NICO under which substantially all of the CNA parties' net legacy asbestos and environmental pollution (A&EP) liabilities were ceded to NICO through a Loss Portfolio Transfer (LPT) with an aggregate limit of $4 billion. The aggregate limit of the LPT also covers credit risk under existing third-party reinsurance related to these liabilities.

Through 31 December 2020 the Company has ceded $48 million of net A&EP Losses incurred and loss expenses incurred to NICO under the LPT, and in the aggregate, the CNA parties have ceded $3.3 billion under the LPT.

c) Not applicable.

20 - 21. Not applicable.

22. Long-term business insurance reserves represent the Company's assumption of a portfolio of single premium immediate annuity business which was issued in calendar years 1983 to 1988. The gross policy reserves of $292,076,746 represent the current discounted value of future benefit payments based upon an actuarial valuation. This includes gross reserve strengthening of $31,267,977 driven by a $16,009,812 change in mortality assumptions and a $15,258,165 change driven by updated discount rates. As at 31 December 2020, reserves were calculated by projecting each contract and discounting the resulting expenses and benefits. Mortality is based on the 2013 SSA table through age 110, applying multiples based on attained age for standard contracts (130% for ages <80, 110% for ages 80 - 89, and 100% for ages >90), 91.75% for moderate substandard contracts and 105% for severe substandard contracts, where substandard

mortality is based on attained rated age (defined as 75% of rated age determined at issue and 25% of issue age) which grades to attained age starting at age 80 (attained rated age) with mortality improvement using Scale G2 starting in 2013 and continuing for 15 years after the valuation date. Projected liability cash flows were discounted at 3.27% which is reflective of the investments supporting these liabilities.

The Long-term business insurance reserves are 100% ceded, to Wilton Re Bermuda, so the Company's net policy reserves are $0.

The reserves are primarily supported by investments designated to support these liabilities. See Notes to the Condensed Balance Sheet, Note 2.

The policy reserves are reviewed annually and, if a deficiency develops between the policy reserves recorded and the policy reserves required, an additional gross liability would be recorded by the Company.

23 - 26. Not applicable.

27. a) See Notes to the Condensed Balance Sheet, Note 2.

b) Not applicable.

28. Insurance and reinsurance balances payable to affiliates was $34,387 at 31 December 2020.

29 - 31. Not applicable.

32. Amounts due to affiliates at 31 December 2020 are currently due and are further discussed in the General Notes to the Financial Statements, Note 15. There is no interest charged on Amounts due to affiliates.

33 - 35. Not applicable.

36. Sundry liabilities primarily include derivative instruments. At 31 December 2020, an embedded derivative instrument with a notional value of $189,998,990 and a fair value of $19,378,835 was reflected in Sundry liabilities on the Condensed Balance Sheet. See General Notes to the Financial Statements, Note 2.

37. Not applicable.

<u>Notes to the Condensed Statement of Income</u>

6. Not applicable.

15. Not applicable.

32. Combined other income (deductions) for the year ended 31 December 2020 primarily includes management and government fees, foreign exchange gains (losses) and miscellaneous claim expenses.

36. Combined realized gains (losses) represent net capital gains (losses) arising from the sale of investments, any impairment losses, including losses on investments that the Company intends to sell and changes in the allowance for credit losses, and changes in the fair value of the embedded derivative. See General Notes to the Financial Statements, Note 4b.