Roosevelt Road Re Ltd

Financial Condition Report
For the twelve-month (12) period ending 31st December 2023

Roosevelt Road Re Ltd. ("the Company") was incorporated as a Bermuda exempted company with limited liability by the Bermuda Monetary Authority (BMA) on December 18, 2014. It was registered as a Class 3A insurer on February 25, 2015, and re-registered as a Class 3B insurer on October 12, 2022 under the Insurance Act 1978. Additionally, the Company was registered as a Segregated Accounts Company on December 2, 2015 under the Segregated Accounts Companies Act 2000. On March 31, 2018, Insuratex Ltd. merged with the Company, with Roosevelt Road Re Ltd. continuing as the surviving entity.

1. BUSINESS AND PERFORMANCE

a. Name of Insurer

Roosevelt Road Re, Ltd. ("the Company')

b. Supervisors

Insurance Supervisor

Bermuda Monetary Authority

BMA House
43 Victoria Street, Hamilton Bermuda

c. Approved Auditor

Statutory and GAAP Reporting
Mazars
A.S. Cooper Building, 4th Floor 26 Reid Street
Hamilton HM 11 Bermuda

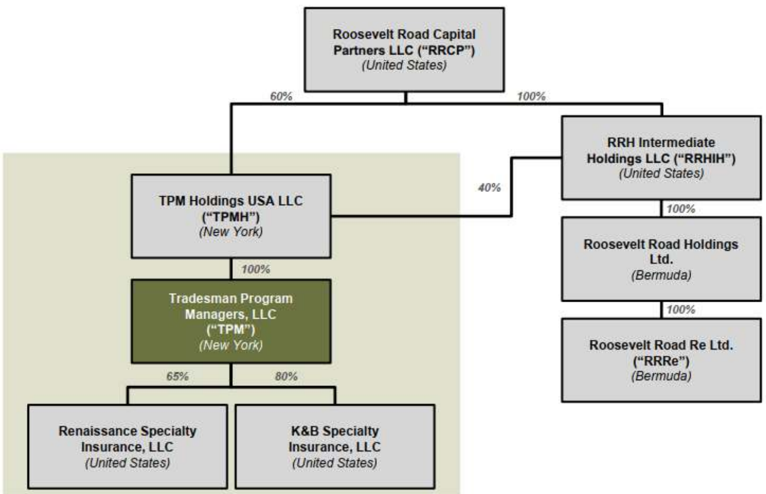
d. Ownership Details

The Company was a wholly owned subsidiary of Sandell Holdings Ltd., which was acquired by Randall & Quilter Investment Holdings Ltd. (RQIH) on October 7, 2019. On October 29, 2020, Roosevelt Road Capital Partners (RRCP), which also owns Tradesman Program Managers LLC (TPM), purchased 65% of the Company from Sandell Holdings Ltd. and renamed it Roosevelt Road Re Ltd. TPM, based in the United States, are in partnership with Accredited Surety and Casualty Company, Inc., a wholly owned subsidiary of RQIH. Effective August 30, 2022, 100% ownership of the Company's shares were transferred from RRCP to Roosevelt Road Holdings Ltd. ("RRHL"), a Bermuda based company. The Company's ultimate parent remains RRCP.

e. **Group Structure**

The following provides details of Roosevelt Road Re within the Group Structure:

Legal Entity Organizational Structure



f. **Insurance Business Written**

The Company reinsures U.S. property and casualty business from seven counterparties (2022:four), including one related party (2022: one). It participates in a quota share retrocession agreement with Multi-Strat Re Ltd. (MSRe), assuming a quota share percentage of five contracts reinsured by MSRe. As of December 31, 2023, four of these contracts had reached their contractual limits (2022: four).The remaining contract, covering U.S. workers compensation liabilities, is reserved to its contractual limits.

On July 1, 2016, the Company entered into a quota share reinsurance contract with American Millennium Insurance Company (AMIC) for commercial automobile risk, which was not renewed after December 18, 2018. The participation percentage varied from 23.75% to 33.75%.

From 2017 to 2023, the Company entered into various quota share reinsurance agreements with ASCCI, covering contractors' general liability, habitational real estate general liability, automobile excess liability, and workers compensation. In 2022, the Company also entered into a quota share reinsurance agreement with Knight Specialty Insurance Company, covering professional liability, general liability, and employee benefits liability for a senior living care program.

During 2023, the Company entered into various quota share reinsurance agreements with Clear Blue Insurance Company ("Clear Blue"), covering contractors' general liability risks, habitational real estate general liability and professional liability, general liability and employee benefits liability for a senior living care program. In addition the Company entered into various third-party insurance agreements with Clear Blue and Redstone Underwriters, LLC Quantum Risk Solutions LLC and QEO Group, LLC covering general liability and automobile excess liability.

The net premium written by line of business for the year ended December 31, 2023 and 2022 is as follows:

Line of Business	2023 $000's	2022 $000's
Worker's Compensation	1,184	13,128
Contractor's General Liability	93,925	53,815
Commercial Auto Liability	10,197	-
Habitational	17,393	11,255
Event	20,265	6,076
Senior Living	4,230	120
QEO	56,335	-
QRS	6,161	-
TOTAL	**$209,690**	**$84,394**

All premium written was relating to US business.

g. Performance of Investments & Material Income & Expenses for the Reporting Period

Performance of Investments for the Reporting Period

As of December 31, 2023, the Company's cash and investments were as follows:

Investment type	2023 $000's	2022 $000's
CASH & CASH EQUIVALENTS	37,749	78,438
BONDS & DEBENTURES	128,329	136,664
EQUITIES	-	-
FIXED DEPOSITS	174,150	-
PRIVATE INVESTMENT	200	-
TOTAL	**$340,428**	**$215,102**

The Company's net investment income for the year ended December 31, 2023 was as follows:

	2023 $000's	2022 $000's
NET INVESTMENT INCOME/(LOSS)	12,379	(6,710)

Pursuant to its reinsurance agreements, the Company is required to provide its ceding companies with collateral to secure its obligations to them. The Company has satisfied such obligations with letters of credit and reinsurance trusts which are issued and held by two financial institutions, Bank of New York Mellon and Barclays Bank PLC.

Material Income and Expenses for the Reporting Period

In 2023, the Company's primary sources of revenue were premiums and investment income. Premium income mainly came from contractors' general liability reinsurance, with additional premiums from commercial auto liability reinsurance and quota share treaties covering workers compensation. Investment income increased by $19 million, largely due to an unrealized gain in the portfolio of $5.8 million combined with $7.4m bond coupon interest income.

The Company's main expenses were as follows:

Expenses	2023 $000's	2022 $000's
LOSSES AND LOSS ADJUSTMENT	$153,474	$84,852
GENERAL AND ADMINISTRATION	$7,638	$4,440

Loss and loss adjustment expenses increased in 2023 due to the unfavorable development of prior loss estimates. The reserves for the Multi-Strat programs were already at aggregate limits. General and administrative expenses rose primarily due to higher D&O and employee expenses, management fees, and LOC costs.

h. Any Other Material Information

No additional material information to report.

2. GOVERNANCE STRUCTURE

The Company has established a governance structure proportionate to its business model's nature, scale, and complexity, aligned with its risk profile.

When functions are shared or outsourced from related companies, the Board retains overall responsibility for these "in-sourced" functions, regardless of the line manager within the Group. In exceptional cases, a Committee may assume this responsibility.

The Board of Directors recognizes the need to demonstrate to the BMA that a System of Governance is in place that:

- meets regulatory expectations.
- is proportionate to the nature of the business.
- complies with existing requirements.
- is flexible enough to be able to adapt to changes in the regulatory and statutory environment.

The Group System of Governance is based on a few principles to achieve this, sound and prudent management requiring:

- Clear Organizational Structure
- Effective Communication & Information
- Common Directors and Senior Managers wherever possible
- In relation to Roosevelt Road Re Ltd, the board meets quarterly and as required on an ad-hoc basis.

a. Board and Senior Executive

Board and Senior Executive Structure, role, responsibilities and segregation of responsibilities.

Roosevelt Road Re Ltd. is managed day-to-day by a "lead" Director, supported by a Board of 5 Executive Directors. The Board primarily oversees financial reporting, investment decisions, and regulatory compliance.

The Company's Governance framework, ensures sound oversight and effective operation of the Board and its Underwriting Committee.

The Board upholds principles of good governance, maintains an internal control and risk management framework, and utilizes the three lines of defense model to manage risk.

Remuneration Policy

In 2023, the Company had 1 full-time hire in Bermuda; Head of Reinsurance, SVP Underwriting.

Pension or Early Retirement Schemes for Members, Board and Senior Employees

The Company did not provide any pension or early retirement schemes for its members or directors in 2023.

Shareholder Controllers, Persons who Exercise Significant Influence, the Board or Senior Executive Material Transactions

There are no material transactions to note.

b. Fitness and Proprietary Requirements

i. Fit and Proper Process in assessing the Board and Senior Executive

The Company ensures that it is directed and managed by sufficient persons who are fit and proper to hold their respective positions. Furthermore, those Directors are:

- professionally competent and capable to carry out their responsibilities and have demonstrated this through their experience & training; and
- honest, have integrity and are reputable.

Individuals' management skills and technical competence are assessed based on their previous experience, knowledge, and professional standing, demonstrating due skill, care, diligence, and compliance with relevant standards. Director appointments also consider how the proposed appointment would enhance the overall fitness and propriety of the Board.

The assessment of reputation includes checks for any past conduct indicating a failure to discharge duties in line with applicable rules, regulations, and guidelines. Initial assessment occurs before appointment, with regular reassessment as part of an annual performance review process.

ii. Board and Senior Executives Professional Qualifications, Skills and Expertise

Below are details of the qualifications, skills and expertise of the Board members:

Daniel Hickey – Director

- Engaged in the Insurance and Reinsurance markets since 1990.
- CEO of Roosevelt Road Re and US MGA Tradesman Program Managers.
- Served as CEO and Chairman of Majestic Holdings, which he took public in 2005.
- Worked closely with AM Best to turn Majestic Insurance Company from a B++ company into
- rated.
- Deep understanding of Property and Casualty Insurance markets.
- Founder of a US MGA with a focus on Casualty Insurance.
- Graduated from Northeastern University in 1990 with a B.A. in Business Administration.

Richard Ecklord – Director

- Over 25+ years of experience managing risk assets.
- CFO of Roosevelt Road Re and US MGA Tradesman Program Managers.
- Experience running a Hedge Fund. Managing a book of Merger Arbitrage,
- Equity/Credit Assets and portfolio of delta-neutral equity options.
- Founded Sandell Re, predecessor company to Roosevelt Road Re.
- Managed a Bermuda Class 3a carrier and handled all operational aspects and sourcing of premium.
- Graduated from The Citadel, The Military College of South Carolina, with a BS in Business

Administration concentrating in Finance.

Kenneth Randall – Director

- Ken has worked in the insurance industry for more than 45 years.
- In the 1980's Ken was head of regulation at Lloyd's, as the time a self-regulated institution.
- Founded Randall & Quilter in 1991 – a leading provider of run-off and legacy solutions to the insurance industry. This firm remains headquartered in Bermuda.
- In 2007 Ken led Randall & Quilters admission to the AIM exchange, part of the London Stock Exchange. In essence, he took R&Q public
- Ken possesses knowledge and insight unrivaled within the insurance industry.

Thomas Kelly - Director

- Tom has practiced law for over 35 years. A New York State attorney who is admitted to the Southern and Northern District Federal Courts as well as the 2nd Circuit Court of Appeals.
- Tom's expertise in personal injury litigation, insurance coverage disputes and regulatory compliance play an integral role in much of the casualty business our Carrier writing.
- Tom has immense experience in handling Labor Law Claims again of paramount importance to RRRe's book of business.
- Tom has represented a number of insurance carriers including Main Street America, Liberty Mutual and Lloyd's of London. He has also represented several municipalities in defense of personal injury and constitutional violation claims including the City of Poughkeepsie Police, Town of Poughkeepsie and County of Duchess.

Michael Morrill - Director

- Michael has over 20 years of experience in the (re) insurance industry.
- Michael was a director for Ironshore Insurance Company and chaired the risk and underwriting committee.
- Michael served as the CEO and President of Axis Re US and Axis Capital Holdings Ltd from 2002 until 2011.
- Michael from 2001 to 2002 served as the President and CEO of Gerling Global Reinsurance Corporation of America. From 1996 to 2001, he served as the CUO for North America and SVP at Transatlantic Reinsurance Company.
- Michael has held senior management and underwriting positions at Munich American Reinsurance Company, Cologne Reinsurance Company of America and Christiania General Insurance Company

c. Risk Management & Solvency Self-Assessment

i. Risk management process and procedures to identify, measure, manage and report on risk exposures.

The Company's risk management system is aligned with the group's risk management framework which comprises the following iterative approach:

- **Identification**: Identify material risks that could impact the corporate objectives or financial position of the Company. Determine the risk appetite and include identified risks in the risk register.
- **Assessment**: Quantify and measure risks within the Company. Each risk exposure is assessed based on the organization's risk framework and appetite, detailing the inherent and residual exposures (e.g., exposure, solvency, liquidity).
- **Control/Mitigation:** Design risk mitigation strategies and controls in response to risk exposure, aligning with the Company's risk appetite, tolerances, and limits. Ensure controls are in place to manage risks.
- **Reporting**: Ensure the Risk Management function reports to the Board on material risk exposures. Monitor these against the Group's and Company's risk appetite and tolerances, and report any breaches to the Board.
- **Review**: Periodically review control and mitigation activities to ensure they are effective and that the risk and control assessments remain valid.

i. Risk Management and Solvency Self-Assessment System Implementation

The Company's risk management framework is integrated into its operations through management-developed systems, processes, procedures, and controls. The Risk & Compliance Committee oversees risk management activities, while the outsourced Internal Audit function reviews the effectiveness of these controls and provides recommendations to the Board and the Committee.

The Board oversees the capital required to support the Company's reinsurance business, conducting quarterly reviews to ensure capital adequacy and sufficient liquidity based on operational risks.

ii. Relationship Between Solvency Assessment, Solvency Needs & Capital, and Risk

Management

The Company's solvency assessment shows the latest capital requirement as calculated in Bermuda Solvency Capital Requirement (BSCR) model.

This model looks in detail at the capital requirements of the Company and the amount, quality and quantity of capital needed to support its business. The solvency assessment seeks to identify and measure all material risks, and aids in the decision-making process regarding those risks it can eliminate, transfer or retain within its agreed risk appetite and tolerance.

iii. Solvency Self-Assessment Approval Process

The Company's solvency assessment is prepared by management in consultation with relevant functions, including risk management and the outsourced actuarial function. This assessment is reviewed and approved by the lead Director and the Board, with a focus on the Company's capital position, significant changes, risk exposures, and mitigation strategies within the risk management framework. The Board ensures these exposures align with the Company's risk appetite, following the 'Three Lines of Defense' model.

c. Internal Controls

The Company is aligning its evolving internal control processes with the Group's compliance, actuarial, risk management, and internal audit assurance functions.

i. Internal Control System

The Company is progressing systems, processes, procedures, and controls to ensure data reliability and accurate financial reporting. Any identified deficiencies or material weaknesses are documented and reported to the Board, which monitors progress on remediation plans through internal and external audit reporting.

- The Company is dedicated to establishing an effective internal control system with the following objectives:
- Ensuring effective and efficient operations aligned with its risks and objectives
- Providing available and reliable financial and non-financial reporting
- Ensuring compliance with relevant legislation and regulations

An effective internal control system is essential for the successful operation and daily functioning of Roosevelt Road Re ltd.

- **Constituent Elements of the Internal Control Framework**

  The Group has an Internal Control Framework for the identification, measurement, management and monitoring of internal controls.

- **Linkage with Risk Management Framework**

  The Internal Control Framework is linked with the Risk Management Framework through each Risk in the Risk Register being allocated a series of mitigating controls, to bring the overall risk ratings to a level which are acceptable to the organization, i.e., are within Risk Appetite and tolerance limits.

- **Roles and Responsibilities**

  Roles and responsibilities of committees are set out in detail in their respective Terms of Reference ("TOR").

  Roles and responsibilities of the Risk and Control Owners (being the key players within the Internal Control Framework) are, detailed in the Risk Policy.

- **Review of On-Going Appropriateness**

The Internal Control Framework, along with the Risk Management Framework, is reviewed at least annually by the Risk & Compliance Committee.

- **Operating Policies and Procedures**
  The Group has a comprehensive suite of Policy and Procedural documentation for each of its functional areas. The Governance Structure owns these documents and is responsible for reviewing these regularly (at least annually and/or whenever there is a material change if this occurs within the year).

- **Risk Governance Structure**
  The Risk Governance Structure follows the three lines of defense model.

- **Administrative and Accounting Procedures**
  Administrative and Accounting procedures are documented within the Controls Registers. Furthermore, the Overall Governance Requirements cover internal and external reporting.

ii. Compliance Function

The Chief Finance Officer, and local corporate secretarial advisors are tasked with monitoring regulatory changes and ensuring compliance with existing laws, including regulatory reporting and public disclosure requirements. Both the Chief Executive Officer and the Chief Finance Officer oversee compliance with organizational policies, procedures, and the BMA's Insurance Code of Conduct. Any compliance breaches are promptly reported to the Board.

d. <u>Internal Audit</u>

The Company has appointed PWC to fulfill the role of the internal audit function.

e. <u>Actuarial Function</u>

The Company has appointed Perr and Knight, Inc to provide actuarial support to the Company. Michael Covert from Perr and Knight, Inc is the approved Loss Reserve Specialist (LRS). Perr and Knight, LLC establish the technical provisions for both premium and loss reserve best estimates and risk margin.

The key actuarial services include:

- Calculation of regulatory capital requirements.
- Capital modelling to meet regulatory requirements and quantitative analysis for risk management purposes; and
- Developing technical provisions for Economic Balance Sheet (EBS) reporting.

f. <u>Outsourcing</u>

<u>Outsourcing policy and key functions that have been outsourced and Material intra-group outsourcing.</u>

The Company outsources actuarial and finance functions. The actuarial and finance functions are outsourced to external service providers. The Company has oversight responsibility for these outsourced functions and the Board takes full responsibility for the work produced.

The services outsourced to external service providers are subject to formal outsourcing arrangements, with formal oversight from the Chief Finance Officer.

j. Other Material Information

No other material information to report.

3. RISK PROFILE

a. Material Risks the Insurer is Exposed to During the Reporting Period

The Company's main risk categories are:

Underwriting Risk

Underwriting risk encompasses risk with insufficient premium for risk's exposures with loss reserves that develop adversely. With our underwriting model, we accept the price determined by the primary carrier, in conjunction with the managing general underwriter. With respect to the risk of adverse development on the loss reserves, the Company has a low-risk appetite for adverse loss development.

The residual risk of reserves developing adversely is mitigated by:

- Appropriate reserving approach to existing live portfolios
- Scheduled and ad hoc reviews and benchmarking provided by external actuarial consultancies
- Having a conservative approach in setting reserves, having regard to internal and external advice, and up to-date relevant information in respect of actual or anticipated developments
- Frequent monitoring and oversight of case reserves.

This risk is monitored by reviewing the development of losses over time as a percentage of the base or open reserve at each reporting period.

Market Risk

The Company has no appetite for significant investment losses. Market risk is

mitigated as follows:

- Adherence to the Company investment guidelines and oversight by the relevant entity board
- Utilization of intra-group loans between entities as part of the investment strategy subject to appropriate controls
- Dedicated Company cash flow, treasury management and invested assets function to monitor investment concentration and returns
- Investments are primarily made in marketable, investment grade-rated, short- and intermediate-term securities.

The Company's appetite and tolerances are framed using one or more of the dimensions of risk/return, concentration/diversification by asset type/quality and value at risk.

Credit Risk

Credit risk is the risk that a counterparty to the Company is unable to perform their obligations under the contract. The most significant credit exposure as of December 31, 2023, is with respect to $194,580,638 invested in Barclays fixed deposit accounts.

As a Company, we have no appetite for significant risks to our balance sheet due to counterparty failure. The Company has reduced the concentration risk by investing the cash balances into investment grade fixed income securities.

This risk is mitigated as follows:

- Monitoring of credit ratings, concentration levels and sufficiency of collateral
- Identification of potentially significant concentrations of individual counterparties.

Liquidity Risk

Liquidity risk is the risk that the Company has insufficiently liquid assets (or assets that can be quickly converted into liquid assets) to settle liabilities as they fall due. This risk would crystallize from an inappropriate investment strategy or a failure to anticipate cash flow needs of the Company.

There is no appetite or tolerance for shortfalls in liquidity preventing the timely settlement of liabilities or forcing the suboptimal sale of assets.

The risk is mitigated as follows:

- Dedicated cash flow, treasury management and invested assets capability, providing focused effort and a tight control regime
- Forward-looking monitoring of the Company's cash flow projecting the likely liquidity position over a twelve-month planning horizon, embedded into the cash flow monitoring mechanism

In terms of risk reporting, this is primarily on a "by exception" basis with breaches being reported and aggregated.

Operational Risk

Operational risk is the risk associated with inadequate or failed operational processes (whether internal or outsourced), or from external events. Operational risk, in the context of the Company's business, encompasses risks associated with a lack of control over expenditure, poor control over financial reporting and interruptions to the business from external events.

The Company has a low tolerance for operational risk and seeks to mitigate this risk through applying policies and procedures as follows:

- Ongoing strategic expense and cost allocation review
- Robust and reliable financial and management reporting and forecasting framework, with appropriate controls around data, outputs and review and oversight
- Highly skilled and trained staff
- Appropriate reporting mechanisms to manage various aspects of operational risk
- Robust business continuity and disaster recovery plans which are regularly evaluated.

In terms of risk reporting, this is primarily on a 'by exception' basis with breaches of appetite or near miss / actual losses being aggregated across entities.

Capital Management Risk

Capital management risk is the risk that the level and composition of the Company's capital is not adequate or appropriate, and/or that the level of capital required to manage the business has been under-estimated.

The Company has low appetite for capital management risk and seeks to maintain capital in excess of regulatory requirements to support both its existing business and potential new transactions.

This risk is mitigated as follows:

- Active management of relationships with all regulators within whose jurisdictions the Company operates
- Active involvement of actuarial, risk management, capital and compliance functions
- Deployment of appropriate sources of capital to underpin strategic objectives, commensurate with capacity to take risk and with prevailing regulatory stipulations in force
- Maintenance of capital providing an adequate margin over the Bermuda Solvency Capital Requirement while maintaining local capital which meets or exceeds the relevant local minimum.

Regulatory & Legal Risk

Regulatory and legal risk is the risk of action by regulators or legislators resulting in sanction or financial loss as a result of non-compliance with applicable laws, regulations and conditions to which the Company is subject. This also comprises the risk that the Company fails to implement or adapt to emerging new regulatory or political or legislative changes.

There is no appetite for any major regulatory infringement or non-compliance with laws and regulations.

The following is performed to mitigate this risk:

- Oversight by the Chief Executive Officer, and Chief Finance Officer.
- Employing staff with strong regulatory backgrounds in each of our key markets
- Active management of relationships with all local regulators where the Group has a presence
- Internal working and steering groups to analyze, interpret and oversee the implementation of all emerging external changes
- Active oversight by Risk and Compliance Committee
- Maintenance and operation of an effective governance framework that leverages the expertise of the Group and individual entity boards and management
- Leverage of specific additional local regulatory and legal expertise as and when appropriate.

In terms of risk reporting, this is primarily on a 'by exception' basis.

b. Risk Mitigation in the Organization

The Company has implemented a comprehensive risk management framework using a three line defense model. Operational Risk owners are clearly identified, Risk oversight is facilitated by the Risk and Compliance committee which reports directly to the board. The Internal audit function provides independent assurance.

c. Material Risk Concentrations

The Company follows policies governing risk concentrations in relation to counterparties, credit quality, concentration and geographical locations. As at December 31, 2023, the Company had no material risk concentrations.

d. Investment in Assets in Accordance with the Prudent Person Principles of the Code of Conduct

The Company's investment portfolio at December 31, 2023 are invested primarily in bond and cash and cash equivalent instruments. These amounts have been invested in accordance with the Company investment guidelines. These guidelines are designed to ensure that liquid and low volatility investments are made to support technical provisions, which will ensure that claims can be paid as they fall due. The investment policy and guidelines are reviewed on an annual or ad hoc basis if any significant developments have occurred that affect the financial markets.

e. Stress Testing and Sensitivity Analysis to Assess Material Risks

The Company performs various stress tests on an annual basis to determine the adequacy of capital/solvency/liquidity to ensure regulatory requirements are met. The stress tests performed relate to underwriting risk exposures, interest rate risk and credit risk.

4. SOLVENCY VALUATION

a. Valuation Bases, Assumptions and Methods to Derive the Value of Each Asset Class

The Company has used the Bermuda Monetary Authority's "Guidance Note for Statutory Reporting Regime" for the statutory filing. Assets and liabilities are measured on a fair value basis, defined as the value received from selling an asset or paid to transfer a liability in an orderly market transaction on the measurement date. The fair value principles applied to the assets are as follows:

- Cash and Cash Equivalents – includes cash time deposits and investments maturing within three months. The fair value of these holdings is determined by using mark to market valuation, or quoted market prices in active markets for similar assets with adjustments to reflect differences if mark to market valuation is not possible, or mark to model valuation otherwise.
- Accounts Receivable and Premium Receivable – are recorded at a fair value and balances due in more than one year have been discounted at the relevant risk-free rate.
- Derivative instruments - are valued at quoted market prices. In the absence of an active market, prices are based on observable market inputs.

b. Valuation Bases, Assumptions and Methods to Derive the Value of Technical Provisions

Insurance technical provisions are valued based on best estimate cash flows, adjusted for the time value of money using a risk-free discount rate term structure with an appropriate illiquidity adjustment. A risk margin, calculated using the cost of capital approach, reflects the uncertainty in the cash flows. The Bermuda Monetary Authority prescribes the discount rate term structures for each reporting period.

The best estimate for the loss and loss expense provision starts with United States Generally Accepted Accounting Principles (US GAAP) reserves and includes a series of adjustments:

- Removal of prudence margins.
- Incorporation of events not in data (ENID).
- Discounting of cash flows.

At 31st December 2023, the total Technical Provisions amounted to $218.7 million comprising of the following:

- Best Estimate Loss and Loss Expense Provision $227.6 million
- Best Estimate Premium Provision $(37.1) million
- Risk Margin $28.0 million

c. Description of Recoverables from Reinsurance Contracts

The Company bills deductible recoverables quarterly, on a paid loss basis.

d. Valuation Bases, Assumptions and Methods to Derive the Value of Other Liabilities The Company's liabilities are valued at fair value per Bermuda Monetary Authority's "Guidance Note for Statutory Reporting Regime." Other liabilities are valued on a GAAP basis and discounted using prescribed rates for settlements beyond one year as of December 31, 2023. In the absence of an active market, valuations rely on observable market inputs.

e. Any Other Material Information

No additional material information to report.

5. CAPITAL MANAGEMENT [PROVISIONAL BSCR NUMBERS – TO BE FINALIZED]

a. Eligible capital

i. Capital Management Policy and Process for Capital Needs, How Capital is Managed and Material Changes During the Reporting Period

The Company's primary capital management objective is to maintain a strong capital base to support business development and meet regulatory requirements. It aims for an efficient capital structure that aligns risk with capital.

To achieve this, the Company identifies, assesses, manages, and monitors various risk sources, both current and anticipated. This process determines the necessary capital to maintain targeted solvency given the firm's risk profile.

The Company expects future cash flows from earnings to be accretive to its Tier 1 capital.

ii. Eligible Capital Categorized by Tiers in Accordance with the Eligible Capital Rules

At the end of the reporting period, the Company's Eligible Capital was categorized as follows:

		$000's
Tier 1 Capital	Share Capital	120
	Contributed Surplus and retained earnings	214,090
Total Eligible Capital		214,210

iii. Eligible Capital Categorized by Tiers in Accordance to the Eligible Capital Rules Used

to Meet ECR and MSM Requirements of the Insurance Act

At the end of the reporting period, the Company's Eligible Capital for its Minimum Margin of Solvency (MSM) and Enhanced Capital Requirement (ECR) was categorized as follows:

	Minimum Solvency Margin	Enhanced Capital Requirement
Tier 1	39,930	151,082

iv. **Confirmation of Eligible Capital That is Subject to Transitional Arrangements**
Not Applicable.

v. **Identification of Any Factors Affecting Encumbrances on the Availability and Transferability of Capital to Meet the ECR**
The Company has entered contracts with cedants that require the Company to collateralize estimates of its obligations calculated by the cedant. Assets are held in trust accounts for the benefit for the cedant. These assets are released to the Company upon the payment of the obligations.

vi. **Identification of Ancillary Capital Instruments Approved by the Authority**
Not Applicable.

vii. **Identification of Differences in Shareholder's Equity as Stated in the Financial Statements Versus the Available Capital and Surplus**
Other than the impact of employing statutory-based technical provision valuation techniques, there are no significant differences between GAAP shareholder equity and available statutory capital and surplus.

b. Regulatory capital requirements

i. ECR and MSM Requirements at the End of the Reporting Period [Numbers draft]

At the end of the reporting period, the Company's regulatory capital requirements were assessed as follows:

Requirement	Actual $000's (exc. %)
Minimum Solvency Margin	39,930
Enhanced Capital Requirement	151,082
Statutory Economic Capital & Surplus	214,090
Enhanced Capital Requirement ratio	142%

ii. Identification of Any Non-Compliance with the MSM and the ECR
The Company was compliant with the MSM and ECR during the year.

iii. A Description of the Amount and Circumstances Surrounding the Non-Compliance, the Remedial Measures and Their Effectiveness
Not applicable

iv. Where the Non-Compliance is not Resolved, a Description of the Amount of the Non-Compliance

Not applicable.

c. Approved Internal Capital Model

i. Description of the Purpose and Scope of the Business and Risk Areas Where the Internal Model is Used

Not applicable - the Company have not applied to have its internal capital model approved to determine regulatory capital requirements.

ii. Where a Partial Internal Model is Used, Description of the Integration with the BSCR Model

Not applicable.

iii. Description of Methods Used in the Internal Model to Calculate the ECR

Not applicable.

iv. Description of Aggregation Methodologies and Diversification Effects

Not applicable.

v. Description of the Main Differences in the Methods and Assumptions Used for the Risk Areas in the Internal Model Versus the BSCR Model

Not applicable.

vi. Description of the Nature & Suitability of the Data Used in the Internal Model

Not applicable.

vii. Any Other Material Information

Not applicable.

d. Approved Internal Capital Model

i. Description of the Purpose and Scope of the Business and Risk Areas Where the Internal Model is Used

Not applicable - the Company have not applied to have its internal capital model approved to determine regulatory capital requirements.

ii. Where a Partial Internal Model is Used, Description of the Integration with the BSCR Model

Not applicable.

iii. Description of Methods Used in the Internal Model to Calculate the ECR

Not applicable.

iv. Description of Aggregation Methodologies and Diversification Effects

Not applicable.

v. Description of the Main Differences in the Methods and Assumptions Used for the Risk Areas in the Internal Model Versus the BSCR Model

Not applicable.

vi. **Description of the Nature & Suitability of the Data Used in the Internal Model**
Not applicable.

vii. **Any Other Material Information**
Not applicable.

6. SUBSEQUENT EVENTS [TO BE FINALIZED TO ALIGN WITH GAAPS]

RRRe declared a dividend of $3,061,822 to RRHL in April 2024.

Appendix 2 – Declaration

To the best of my knowledge and belief, Roosevelt Road Re Ltd.'s Financial Condition Report for the year ended December 31, 2023 fairly represents the financial condition of the insurer in all material respects.

Daniel Hickey Jr. – Director

June 28, 2024

Richard Ecklord – Director

June 28, 2024