



FINANCIAL CONDITION REPORT ALIMCO RE LTD.

All financial figures in this report are presented in thousands (000s).

December 31, 2023

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Executive Summary

This Financial Condition Report for Alimco Re Ltd. the “Company” forms part of the annual submission to the Bermuda Monetary Authority (the “BMA” or the “Authority”) in accordance with Insurance (Public Disclosures) Rules 2015.

Financial information is presented using a combination of unaudited statutory financial statements as included in the current year’s Class 3A BSCR. All other financial information was calculated on Generally Accepted Accounting Principles (“GAAP”) basis.

The Company was incorporated on October 18, 2019, in Bermuda and is licensed as a Class 3A insurer by the BMA. The Company is a wholly owned subsidiary of Alimco Financial Corporation, a holding company registered in Delaware, USA. During 2023, the Company acquired 100% of the shares of SRTI Blockchain Generation LLC, a company registered in Delaware, USA.

The Company sources all reinsurance business through MultiStrat¹, an entity established for the sole purpose of sourcing business for investor-based segregated accounts and other reinsurance vehicles, such as the Company. MultiStrat sources business from captive insurance managers, specialist brokers, underwriters and runoff specialists, and from its own professional networks.

The Company’s Underwriting Guidelines require MultiStrat to produce reinsurance business with relatively predictable expected loss profiles, low volatility, and clearly defined exposure limits. As such, the Company targets primarily structured risk casualty business and prepares financial projections based on the modeled-expected claims payment flow for these lines of business.

From time to time the Company may opportunistically participate on other classes of business that may be presented by MutiStrat consistent with the Underwriting Guidelines. In no case will the Company be assuming “long term” businesses as defined within the Insurance Act.

¹ MultiStrat Advisors Ltd. - (“MultiStrat”) is an Insurance Agent licensed by the Bermuda Monetary Authority.

DISCLAIMER AND CAUTIONARY STATEMENT

The Company has prepared and is required to disclose this report as an authorized insurance undertaking with the BMA and pursuant to Insurance (Public Disclosures) Rules 2015 (the “Regulation”).

Only to the extent required by the Regulation or other applicable law, neither the Company nor any member of the Alimco Financial Corporation and its companies (collectively the “Group”) nor any of their respective officers, employees, consultants, advisors, representatives or agents:

- (a) Makes any representation or warranty as to the accuracy, completeness, timeliness, fairness, or reliability of the information in this report or the opinions contained herein; or
- (b) Accepts any liability (including without limitation, any liability arising from fault or negligence on the part of any of them) for any use of this report or otherwise arising in connection with it.

Section i. BUSINESS AND PERFORMANCE

Name of Insurer

Alimco Re Ltd. # 54989

Supervisor

Insurance Supervisor: Bermuda Monetary Authority
BMA House
43 Victoria Street,
Hamilton Bermuda

Group Supervisor

Not applicable

Approved Auditor

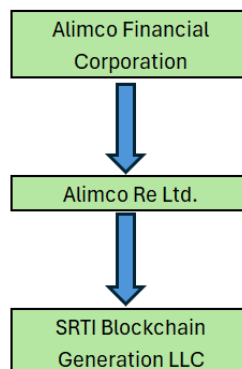
Mazars Limited
A.S. Cooper Building
4th Floor
26 Reid Street
Hamilton, HM 11
Bermuda

Ownership Details

The Company is a wholly owned subsidiary of Alimco Financial Corporation, a corporation incorporated in the State of Delaware, United States of America.

During 2023, Alimco Financial Corporation contributed 100% of the issued and outstanding shares of SRTI Blockchain Generation LLC (“SRTI”), a company incorporated in the State of Delaware, United States of America, to Alimco Re Ltd. by way of capital contribution, the rationale being for Alimco Re Ltd. to acquire SRTI’s cash and liquid assets for use in its insurance business.

The shareholder controller (as such term is defined in the Insurance Act) of the Company is Alimco Financial Corporation.



Group Structure

See above organization chart.

Insurance Business Written by Segment and by Geographical Region

The company entered into a loss portfolio transfer agreement in 2020 to assume US casualty risk covering Construction Liability Defects on policy years 2008 to 2017. The premium written for the loss portfolio transfer was \$13,750.

During 2021, the Company entered into six quota share agreements with various US cedants across several lines of business including workers' compensation, general liability, professional liability and commercial automotive. The gross premiums written for 2021 were \$59,660.

During 2022, the Company renewed five contracts and entered into two new contracts, a small US Commercial Auto quota share contract and a mixed quota share contract, including two US programs originally written on a standalone basis. The gross premiums written for 2022 were \$91,193.

During 2023, the Company renewed three contracts and entered into four new contracts with various cedants across several lines of business including workers' compensation, general liability, professional liability and commercial automotive. The gross premiums written for 2023 were \$61,810. The assumed risks are based in the United States with the exception of one quota share contract that includes exposure in Europe & Canada.

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

Performance of Investments for the Reporting Period:

The allocations within the investment portfolio have been designed to maximize return within specified risk constraints. Furthermore, the allocation allows for a portion of assets with longer time horizons to be invested in securities with an increased potential for appreciation, thus seeking to match the tenor and inflation risk of longer-tail liabilities. As such, each asset category (i.e., equities, intermediate-term fixed-income, etc.) has a unique role within the overall investment strategy.

The following table outlines the investment allocations and each strategy's role within the overall investment portfolio:

Investment Vehicle	Role
<i>Cash Equivalents</i>	Source of liquidity to provide cash to meet anticipated Policyholder settlement obligations. A portion of the portfolio should be held in short maturities to meet projected payouts. Knowledge of actuarial estimations and timing projections for these payouts and the implementation strategy to effectively meet them is an integral part of the portfolio's management.

<i>High Grade Fixed Income</i>	The core fixed-income allocation of the portfolio should target the broad bond market while emphasizing principal preservation during down markets. This portfolio component is intended to match the mid-to-long tail liabilities which are known or projected by the actuary based upon industry expectations.
<i>Listed Equity</i>	These assets are to provide growth of principal with a long-term time horizon to match the long-term nature of some liabilities and decrease the inflation risk inherent in longer-term claims liability.
<i>Unlisted Preferred Equities</i>	Unlisted Preferred Equities can exploit special situations and investment in these opportunities reflects the special expertise of the manager. These assets are to provide growth of principal with a long-term time horizon to match the long-term nature of certain of the Company's liabilities.
<i>Alternatives</i>	Alternatives strategies are utilized as a complement to the core portfolio to reduce volatility and manage overall portfolio characteristics. Investment in these strategies also reflect the special expertise of the manager. It is expected these will be valued on a periodic basis consistent with industry standards.

The company's overall investment return for the year ended December 31, 2023, was 13.57% based on average invested assets for the year.

Material Income & Expenses for the Reporting Period:

Material income and expenses for the period included the gross written premium of \$61,810 plus cancelled ceded premiums of \$800, resulting in net written premiums of \$62,610, with \$72,634 of earned premium.

The company reported losses incurred and acquisition costs of \$78,339 resulting in an underwriting loss of \$5,705.

Also included was a net investment income for the year ended December 31, 2023 of \$36,319 net of investment manager fees of \$5,994.

General and administrative expenses for the year totaled \$1,396 including various service providers, consultants, and director's fees.

Section ii. GOVERNANCE STRUCTURE

The Company's Board of Directors (the "Board") is responsible for maintaining the organizational structure to maximize the potential to achieve the Company's business goals including:

- An appropriate business strategy;
- Effective governance, including a risk management framework and related policies;
- Appropriate financial resources; and
- Adequate internal controls.

The Board has delegated the authority relating to day-to-day management of operations of the Company to various committees. The Risk Management & Compliance Committee is responsible for maintaining and monitoring the Risk Management Framework and related policies, guidelines and reporting all relevant risk matters to the Board. The Risk Register is used to assist in managing key risks and controls.

a. Board and Senior Executive

Board and Senior Executive Structure, and Roles of Alimco Re Ltd.

Board of Directors:

Name	Board Position
Jonathan Marcus	Non-Executive Director
Robert Forness	Non-Executive Director
Dennis Johnson	Independent Director

Officers:

Name	Position
Christopher Dougherty	Chief Executive Officer
Compass Administration Services Ltd.	Corporate Secretary

b. Fitness and Propriety Requirements

Fit and Proper Process in assessing the Board and Senior Executive:

In determining whether a person is a fit and proper person to hold a particular position, consideration is made to his/her probity, to his/her competence and soundness of judgement for fulfilling the responsibilities of that position, to the diligence with which he/she is fulfilling or likely to fulfil those responsibilities and to whether the interests of clients or potential clients are, or are likely to be, in any way threatened by his/her holding that position.

The Company ensures the Board and Senior Executive are fit and proper to hold their positions through the following process:

Board and senior executive positions are staffed with experienced professionals with a history of strong performance in their roles. Before being hired by the Company or nominated by the Board, candidates are vetted to ensure they have the appropriate skills, knowledge, character and experience required for the position;

Each member of the Board will sign a Conflict of Interest Statement;

The Company maintains a good reputation within the business community to help attract well-qualified applicants and;

Appropriate segregation of duties across functions is maintained and all Committees are overseen by the Board.

Biographies of the Board members and Executive Officers can be found below;

Non-Executive Board Members:

Jonathan Marcus: Advisor to Milfam LLC, the family office for the estate of Lloyd I. Miller III. He has over thirty-five years of experience in the investment industry including particular expertise in securities of financially troubled companies. Through March 2019, Jon was a managing member and co-founder with Neil Subin of Broadbill Partners, L.P., an asset management company focused on special situations and distressed securities. . Prior to Broadbill's inception in 2011, he was the chief investment officer of Cypress Management, L.P., the predecessor fund to Broadbill, which he founded in 1995 to specialize in investing in distressed securities. Jon's career also includes extensive investment banking and financial advisory work at Prudential-Bache Securities and Credit Suisse First Boston, with a substantial focus advising financially troubled companies or their creditors. He received his undergraduate degree from Cornell University and his master's degree from the Sloan School of Management at the Massachusetts Institute of Technology. Jon currently serves on the board of directors of Alimco Financial Corporation.

Robert Forness: Chairman and CEO of MultiStrat. Former Chief Underwriting Officer and Interim CEO of Imagine Group, an asset manager owned specialty insurer and reinsurer. He also served as Head of Underwriting and Managing Director for Imagine at Lloyd's. Former Chief Operating Officer for Odyssey Re Group's international companies and Managing Director of Riverstone UK for the Odyssey Re Group. CLU, CPCU, ASLI, Cornell B.S., Columbia MBA.

Dennis Johnson: Former Senior Vice President & Chief Underwriting Officer (CUO), Mr. Johnson became CUO of Falls Lake in April 2018. From 2012, he served as President and CEO of JRG Re, a subsidiary of James River Group Holdings engaged in the casualty reinsurance business. Prior to this, Mr. Johnson was employed by QBE Reinsurance Corp., the reinsurance division of QBE Insurance Group, from 1997 through 2012, having last served as Vice President and Casualty Treaty Manager. From 1991-1997, he served as Vice President and Casualty Treaty Manager at Great Lakes American Reinsurance Company. Before that, he served as Assistant Vice President

at National Reinsurance Corporation. Mr. Johnson received his undergraduate degree from the University of Connecticut and his MBA in Finance from Long Island University.

c. Risk Management and Solvency Self-Assessment Systems Implementation

The Company's compliance and risk management function consists of the Board, the Risk and Compliance Committee with support from the Company's insurance manager, Strategic Risk Solutions (Bermuda) Limited ("SRS"). In accordance with the proportionality principles underpinning the requirements of the Insurance Code of Conduct applicable to the Company, the Company is of the view that in the initial new company phase of its operations employing or engaging additional compliance and risk management resources is not necessary given the limited nature, small scale and minimal complexity of the Company's business. However, as the business of the Company grows and develops over time following its initial phase, the Company will seek to engage such additional compliance and risk resources as are appropriate to the then-current scale of the Company's operations.

The Company has established a Risk & Compliance Committee that has created a framework by which risks are identified, measured, mitigated and managed. As the Company grows it is appropriately enhancing its framework of internal controls which seeks to mitigate risks and limit the probability of losses or other adverse outcomes during the implementation of the strategic objectives and business plan and provide a framework for the overall management and oversight of the business. The framework provides a basis for understanding the capital risk the Company is exposed to and its ability to identify, assess, control and mitigate these risks.

Risk Appetite:

The Board approves the Company's risk appetite and underwriting and investment guidelines and meets regularly to approve any commercial, regulatory and organizational requirements of such guidelines. These various guidelines serve to memorialize and define the Company's identification of risks and its interpretation of these risks, establish a framework to ensure appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the Company goals and specify reporting requirements.

The risk exposures are identified in the Risk Register.

Responsibility for Risk Management:

The Company's Board has overall responsibility for ensuring the adequacy of the systems and controls underlying the Risk Management Framework. The Board has delegated the responsibility relating to these controls to the Risk & Compliance Committee who are also responsible for assessing all risks facing the Company and for establishing appropriate controls to manage and or mitigate each risk. The Risk & Compliance Committee will assess the level of each risk classification and identify where additional controls or changes to the systems, processes and or controls may be required. Qualitative and quantitative risk assessments shall be performed, both before and after allowance for existing controls.

Risk & Compliance Committee:

The Company maintains a Risk & Compliance Committee to identify, measure, monitor, manage and continuously report on the risks to which it is or could be exposed. This function is comprised of the requisite strategies, controls and reporting processes.

Responsibility for monitoring each identified risk has been assigned to Risk Owners.

The Risk & Compliance Committee periodically (but at least annually) prepares a report for the Board covering the Company's risk management efforts. The Risk Register is presented to the Board on an annual basis for approval. Any material changes in the risk management strategy, policies, processes, procedures and/or our financial models that the Risk & Compliance Committee might recommend require the approval of the Board.

i) Risk Management and Solvency Self-Assessment Systems Implementation:

The Company prepared a 5-year forecast at inception and performs annual stress testing using the latest financials and 12-month forecasts. These forecasts were input into the Bermuda Solvency Capital Requirement model for analysis. The Company has a strong understanding of the key drivers of its BMA capital requirements. The capital implications of its business decisions are considered and understood by the Board. The Company maintains capital in excess of BMA requirements and confirms compliance annually via statutory reporting.

These forecasts and models are used as a risk management tool and form part of the risk management system. The following reports are periodically reviewed by the Company and may constitute part of the Company's Solvency Self- Assessment;

- Quarterly detailed actuarial reviews;
- Ceded reinsurance arrangements, including outstanding and uncollectible recoveries and;
- Review of the risks in the Risk Register.

ii) Relationship Between Solvency Self-Assessment, Solvency Needs & Capital, and Risk Management:

The Company considers its solvency needs through proforma running of the BSCR model on a quarterly basis, and the calculation of the required and target risk capital is reviewed by the Risk & Compliance Committee.

The capital needs of the company are considered during various decision-making processes at the Board level, including:

- Review and approval of underwriting guidelines
- Asset allocation of capital assets to support reinsurance liabilities and corporate operations
- Future expansion of reinsurance writings and operations

The Risk Management and Solvency Self-Assessment systems are also used to project future solvency needs and perform stress testing.

iii) Solvency Self-Assessment Approval Process:

Once a solvency self-assessment report has been prepared and the Risk & Compliance Committee review has been completed, then it is presented to the Board for final approval.

Internal Controls

Internal Control System:

The Company, through a contractual arrangement with its highly-experienced insurance manager SRS, maintains an effective internal control system, which includes administrative and accounting procedures, an internal control framework, and appropriate reporting arrangements, all as outlined in the insurance management agreement. The Company relies on SRS's expertise, experience and robust infrastructure to maintain these internal controls on the Company's behalf. SRS undergoes an annual audit in accordance with the Standards for Attestation Engagements (SSAE) 18, which assesses the effectiveness of their internal controls. The Company places significant reliance on the outcomes of these audits to ensure the integrity and reliability of internal controls.

Compliance Function:

The primary purpose of the Company's Compliance function is to ensure that operations continue to adhere to all corporate legal requirements, BMA and other regulatory requirements and applicable laws.

This is achieved by formulating effective policies and procedures and monitoring adherence to internal policies, processes and reporting procedures.

The Compliance function is responsible for the ongoing assessment of potential impacts of changes in the legal or regulatory environment on the Company's operations and for the identification and assessment of Legal / Regulatory risk. The Company's approach to monitoring and mitigating this risk is contained within the Risk Register.

To manage this Legal / Regulatory Risk, the Risk & Compliance Committee monitors actual and anticipated changes in legislation and regulations. This ongoing monitoring includes insurance and non-insurance related issues. Any impact on operations is discussed with the relevant Committees and a plan for implementing a revised approach to ensure compliance is established.

Internal Audit

The internal audit function rests with the Board with support from the Company's insurance manager, SRS. In accordance with the proportionality principles underpinning the requirements of the Insurance Code of Conduct applicable to the Company, the Company is of the view that in its current small company phase employing internal audit personnel or engaging a third-party internal audit service provider is not necessary given the limited nature, small scale and minimal

complexity of the Company's business. However, as the business of the Company grows and develops over time, the Company will assess whether an in-house or outsourced internal audit resource becomes appropriate based on the scale of the Company's operations.

Actuarial

The Actuarial function for the Company is responsible for:

- Performing reserve estimates, including assessing the quality of underlying data;
- Assisting with the underwriting processes, including those surrounding pricing and writing of underwriting contracts and risk transfer mechanisms (e.g., ceding reinsurance, derivative instruments, etc.); and
- Providing supporting financial information to multiple internal and external stakeholders including regulatory bodies and rating agencies.

The Company's claims and reserving oversight consists of the Board and MultiStrat, who at the Company's request provides a representative on the Loss Reserve Committee.

Mr. Josh Worsham FCAS MAAA, of Mid Atlantic Actuarial is the Loss Reserve Specialist for the Company. He provides an independent review of the reserving analysis once a year prior to the closing of the financial year-end. The year-end actuarial report is presented to the Board on an annual basis. There are also quarterly reviews performed against expectations throughout the year.

Outsourcing

Outsourcing Policy and functions that have been outsourced:

The Insurance Code of Conduct permits the Company to outsource functions either externally to third parties or internally to other affiliated entities, provided: (i) the Company's Board has assessed the impact on the Company; (ii) the Board ensures that there is oversight and clear accountability for all outsourced functions as if these functions were performed internally and subject to the Company's own standards and controls; and (iii) the Board should not outsource a function which may adversely affect the Company's ability to operate in a prudent manner. In accordance with these guidelines, the Company maintains an Outsourcing Policy that outlines the governance and oversight mechanisms in place to manage and control all outsourced functions.

The Board has considered the Company's outsourcing arrangements and assessed the impact on the Company and has determined that the current outsourcing arrangements provide a cost-effective benefit to the Company allowing access to professional expertise at a fair cost, and that none of such outsourcing arrangements adversely affects the Company's ability to operate in a prudent manner. In addition, each agreement under which functions are outsourced includes terms requiring the service provider to maintain full compliance with Bermuda's laws and regulations applicable to the Company, co-operation with the BMA and access to data and records in a timely manner.

The Board is ultimately responsible for the oversight of all outsourced functions as follows:

With respect to the outsourced underwriting function, MultiStrat has been retained by the Company to act as its underwriting agent within a strict set of conservative and prudent underwriting guidelines approved by the Board. The Board has oversight of this relationship, including amending the guidelines as it deems fit, or terminating the agency agreement.

With respect to the actuarial function, MultiStrat has been retained by the Company to provide actuarial support on programs that the Company will participate on. The Board has oversight of this relationship, including challenging the actuarial reporting or terminating the agency agreement for these services.

As the Company's insurance manager and principal representative, SRS assists the Board with accounting and financial reporting requirements.

With respect to the outsourced investment management function, Ocmila Advisors LLC has been retained as investment manager for the Company's assets and is required to operate within a strict set of prudent investment guidelines approved by the Board. The Board and the CEO provide oversight of this function, including amending the guidelines or terminating the investment management agreement.

Selection

One or more factors may drive the need for outsourcing to an external service provider including, but not limited to cost savings, and access to professional knowledge and operational expertise. The Company's CEO is responsible for ensuring qualified vendors are properly vetted.

Approval

Contracted outsource providers are subject to an approval process that includes:

- Analysis of details of the proposed services, the effect on the current business strategy and overall risk profile and any regulatory considerations;
- Cost analysis including effect on the annual budgets;
- Due diligence of the outsource provider's financial stability and expertise;
- The plan for the Company to monitor and control its operational risk exposure and strategic objectives;
- The plan to transition current operations to the new outsourcing arrangement; and
- Procedures to monitor and evaluate the outsourced service provider.

The Company maintains a Schedule of Service Providers with all material outsource arrangements.

Monitoring

For each outsourced services arrangement, the Company has implemented a process to ensure service levels are consistently achieved. This process includes the identification and monitoring

of qualitative and/or quantitative performance metrics and targets. Any material issues of inadequate performance are reported to the Board for remedial action.

Material Intra-Group Outsourcing:

The main material intra-group outsourced services arrangement relates to Ocmila Advisors LLC, which is an affiliate of the Company, as the investment manager.

The company also outsources some minor investment support functions to Milfam LLC under an investment service agreement. Milfam LLC is also an affiliate of the Company.

The company has a tax-sharing agreement with its parent, Alimco Financial Corporation Inc, which files US tax returns on a consolidated basis for the group.

Other Material Information

No other material information to report.

Section iii. RISK PROFILE

Material Risks to which the Insurer is Exposed During the Reporting Period

Major risks include:

- Underwriting - the risk of loss, or adverse change in the value of insurance liabilities due to inadequate pricing and provisioning assumptions.
- Liquidity - the risk that the Company is unable to settle its financial obligations when they fall due.
- Market - the risk that changes in financial market prices and rates will reduce the value of the Company's asset portfolio or increase the carrying value of its liabilities.
- Credit - the risk of loss, or adverse change in financial condition, resulting from fluctuations in the credit standing of insureds and reinsurers and any other debtors to which the Company is exposed, in the form of counterparty default risk, or concentration risk. Credit risk includes the risk that a change in the credit quality of a counterparty will affect the value of a bond or a premium receivable or reinsurance recoverable.
- Operational - the risk of loss arising from inadequate or failed internal processes, or from personnel and systems, or from external events. Operational risk includes the risk of loss resulting from failure to comply with laws as well as prudent ethical standards and contractual obligations. It also includes the exposure to litigation from all aspects of business activities.

The numerical calculation of quantifiable risks arises from a series of metrics performed using modeling tools and other techniques to measure exposures.

The risks identified and their related controls are detailed in the Company's Risk Register and are assessed on a gross (i.e. before controls) and net (i.e. after controls) basis. All risks and controls are reviewed regularly by the Risk & Compliance Committee and by those responsible for identifying new, emerging or changing risks and any consequent control changes required to realign the risks with the risk appetite.

There were no material changes that occurred during the reporting period.

Risk Mitigation in the Organization

All risk management stems from the Company's risk framework. This framework is articulated in various policies including the Capital Management Policy and the Risk Register that details all major risks, along with each risk's corresponding controls.

This framework has been adopted by the Risk & Compliance Committee and approved by the Board.

The Company maintains a risk management function to identify, measure, monitor, manage and continuously report on the risks to which it is or could be exposed. This function is comprised of the requisite strategies, controls and reporting processes. Key elements of the Company's Risk Management function are contained within the Risk & Compliance Committee's responsibilities. Responsibility for each risk has been assigned to Risk Owners.

The Risk & Compliance Committee periodically (but at least annually) prepares a report for the Board covering risk management. The Risk Register is presented to the Board on an annual basis for approval. Any material changes in the risk management strategy, policies, processes, procedures and/or our financial models that the Risk & Compliance Committee might recommend require the approval of the Board.

Material Risk Concentrations

The Company has policies governing risk concentrations, such as underwriting and investment guidelines. The risk management framework defines the Company's risk appetite for each major risk and sets out controls to ensure limits are met.

In the investment portfolio, concentration risk is mitigated by investing in a diversified, high-quality portfolio of assets. Investments are restricted to limited concentrations and exposures by type, asset class and issuer.

Investment in Assets in Accordance With the Prudent Person Principles of the Code of Conduct

The Investment Portfolio Risk appetite is set by the Company's Investment Committee and conforms to the Investment Guidelines, which are reviewed at least annually. The Company's primary investment objective is to preserve capital while ensuring adequate liquidity for cedant claims, as well as seeking to supplement the underwriting return generated by the reinsurance operations.

The Company maintains a well-diversified investment portfolio, including a large component invested in fixed income securities, in compliance with regulatory requirements and restrictions in the Investment Guidelines.

The Company's investments are managed by an experienced investment manager in accordance with the strategy and risk guidelines set by the Company's Investment Committee and accepted by the Company's Board. Investment in equities and other similar securities is permitted subject to limitations prescribed within the approved investment policy.

Stress Testing and Sensitivity Analysis to Assess Material Risks

The Company performs stress testing within its internal capital model at least annually as part of its own risk and solvency assessment process. The risk and capital assessments, and conclusions arising therefrom, are used within the Company's business decision-making processes, including the assessment that the business plan is aligned with the Company's risk appetite. Scenarios and stress tests are designed to simulate both individual risks and risk aggregations.

Section iv. SOLVENCY VALUATION

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

The Company has used the valuation principles outlined by the Bermuda Monetary Authority's "Guidance Notes for Statutory Reporting Regime" for the reporting period's statutory filing.

The economic valuation principles outlined in this document are to measure assets and liabilities on a fair value basis (which is the value that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between open market participants at the measurement date).

All assets are held at fair market value.

Cash and Cash Equivalents:

The Company considers highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents are carried at cost, which approximates fair value.

Premiums Receivable and Funds Held by Ceding Reinsurers:

Premiums receivable from cedants in respect of contracts are due to be settled within 60 days of month end.

Premiums Receivable are recorded under US GAAP which is assessed for credit risk.

For EBS, receivables are valued in the same way with the exception that any amounts due in more than one year are discounted at the relevant risk-free rate. As such, there is no such premium receivable as at December 31, 2023.

Advances to Affiliates:

Not Applicable

Deferred Acquisition Costs

Deferred acquisition costs are included in the premium provision valuation within the Company's technical provision for EBS.

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

Technical provisions are based on the best estimate of future cash flows required to settle the insurance and reinsurance obligations associated with existing business as at December 31, 2023.

In addition, a risk margin is included to reflect the inherent uncertainty contained within the underlying cash flows associated with insurance and reinsurance liabilities. The risk margin is calculated based on the cost of capital approach as described in the BMA's risk margin template. This method calculates the risk margin as the discounted cost of capital, net of investment expenses, required to support the liabilities until settled.

The best estimate for the EBS technical provision is calculated by starting with the US GAAP undiscounted and unpaid gross and net of reinsurance loss and loss adjustment expenses for losses incurred on or prior to December 31, 2023. Technical provisions also reflect future claim estimates on unexpired risks incepting on or prior to December 31, 2023.

Technical provisions use the US GAAP reserves, adjusted for the following:

- Incorporation of expected reinsurance counterparty defaults
- Incorporate of Events not in Data ("ENIDs")
- Other adjustments related to consideration for investment expenses
- Discounting of cash flows

The best estimate of the premium provision is calculated using the unearned premium reserve ("UEPR") on a US GAAP basis and applying expected future loss ratios, expense ratios and appropriate claims payout patterns to derive future expected cash flows. The provisions are then discounted to take into account the time value of money, using the relevant risk free interest rate term structures as published by the BMA as of December 31, 2023.

As at December 31, 2023, the total technical provisions amounted to \$119,427 comprising the following:

	USD 000s
Best estimate premium provisions	11,841
Best estimate loss and loss adjustment expense provisions	99,570
Risk margin	8,016
Total general business insurance technical provisions	119,427

Description of Recoverable from Reinsurance Contracts

Not applicable

Valuation Bases, Assumptions and Methods to Derive the Value of Other Liabilities

Similar to the valuation principles for assets, the Company's liabilities follow the valuation principles outlined by the BMA's "Guidance Note for Statutory Reporting Regime" which values liabilities using a fair value basis for EBS.

The Company's other liabilities are valued on a US GAAP basis as there are no obligations expected to be settled in more than one year.

Any Other Material Information

No additional material information to report.

Section v. CAPITAL MANAGEMENT

Eligible Capital

Capital Management Policy and Process for Capital Needs, How Capital is Managed and Material Changes during the Reporting Period:

The Company prepares a quarterly capital model for the Board to review and approve. Each reinsurance transaction underwritten by the Company will be monitored on a capital and risk basis.

Eligible Capital Categorized by Tiers in Accordance with the Eligible Capital Rules:

At the end of December 31, 2023, the Company's Eligible Capital was categorized as follows:

Tier	USD 000s
Tier 1	173,113
Tier 2	-
Tier 3	-
Total	173,113

All capital is provided in the form of Common Stock, Contributed Surplus and Statutory Surplus and is considered Tier 1 eligible capital.

Eligible Capital Categorized by Tiers in Accordance to the Eligible Capital Rules Used to Meet ECR and MSM Requirements of the Insurance Act:

Tier	USD 000s
Tier 1	173,113
Tier 2	-
Tier 3	-
Total	173,113

Confirmation of Eligible Capital That is Subject to Transitional Arrangements:

None

Identification of Any Factors Affecting Encumbrances on the Availability and Transferability of Capital to Meet the ECR:

None

Identification of Ancillary Capital Instruments Approved by the Authority:

None

Identification of Differences in Shareholder's Equity as Stated in the Financial Statements Versus the Statutory Economic Capital and Surplus:

The differences in Shareholder's Equity versus the Statutory Capital Surplus versus the Economic Capital and Surplus generally relate to differences in accounting approach. The financial statements are prepared using U.S GAAP accounting standards, whereas the Statutory Capital and Surplus is prepared using the BMA's Insurance Account Rules and the Statutory Economic Capital and Surplus is prepared using the BMA's Economic Balance Sheet (EBS) rules.

The differences are reconciled in the table below:

	USD 000s
Issued common share capital	120
Contributed surplus	135,226
U.S GAAP OCI and retained earnings	32,521
U.S GAAP shareholder's equity	167,867
Adjustment for prepayments	(12)
Statutory Capital and surplus	167,855
Adjustment for insurance reserves to net technical provisions	13,274
Risk margin	(8,016)
Statutory Economic Capital and Surplus	173,113

Regulatory Capital Requirements

ECR and MSM Requirements at the End of the Reporting Period:

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

Minimum Solvency Margin	\$16,962	(Met)
Enhanced Capital Requirement	\$67,849	(Met)

Identification of Any Non-Compliance with the MSM and the ECR:

The Company was compliant with the MSM and ECR requirement throughout the reporting period.

A Description of the Amount and Circumstances Surrounding the Non-Compliance, the Remedial Measures and Their Effectiveness:

Not applicable.

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

Not applicable.

Approved Internal Capital Model

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

Section vi. SUBSEQUENT EVENTS

None to report.

ALIMCO RE LTD.

Cumberland House
6th Flr, 1 Victoria Street
Hamilton, HM11
Bermuda

DECLARATION ON FINANCIAL CONDITION REPORT

For the Year Ending December 31, 2023

We declare to the best of our knowledge and belief that the Financial Condition Report of Alimco Re Ltd. ("the Company") fairly represents the financial condition of the Company in all material respects.



Dennis Johnson
Director

30 April 2024
Date



Jonathan Marcus
Director

30 April 2024
Date