CIGNA GLOBAL INSURANCE COMPANY LIMITED
(a Guernsey Company)

Annual Report and Financial Statements

For the year ended 31 December 2022

CONTENTS **PAGE**

Management and Administration	1
Report of the Directors	2 - 3
Independent Auditor's Report	4 - 5
Balance Sheet	6
Statement of Comprehensive Income	7
Statement of Changes in Total Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 – 20

MANAGEMENT AND ADMINISTRATION

DIRECTORS:	M J Best M J Cutts-Watson Mr K Dhir Mr R Lofthouse (appointed 11 May 2022) B Reynders
REGISTERED OFFICE:	Mill Court La Charroterie St. Peter Port Guernsey GY1 4ET
SECRETARY AND GENERAL REPRESENTATIVE:	Marsh Management Services Guernsey Limited Mill Court La Charroterie St. Peter Port Guernsey GY1 4ET
INDEPENDENT AUDITOR:	Mazars LLP 30 Old Bailey London England, EC4M 7AU

REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors of the Company present their annual report and the audited financial statements for the year ended 31 December 2022.

Structure of Company & Principal Activities
The Company was incorporated on 21 May 2004 in accordance with the provisions of The Companies (Guernsey) Law, 2008 and licensed under The Insurance Business (Bailiwick of Guernsey) Law, 2002 to carry on general insurance business, excluding domestic business.

Results
The results for the year are shown in the statement of comprehensive income on page 7.

Dividends
The Directors declared and paid a dividend of $15 million during the year (2021:$10 million).

Directors
The Directors of the Company during the year and as at 31 December 2022 were as stated on page 1.

Secretary
The secretary of the Company during the year and as at 31 December 2022 was Marsh Management Services Guernsey Limited.

Insurance Manager
The management of the Company is delegated to Marsh Management Services Guernsey Limited and other parties within the Cigna Corporation.

Going concern

The Directors have considered the impact of COVID-19, and are of the opinion that Company's financial statements for 2022 are not impacted.

The COVID-19 pandemic had a significant impact on the company in 2020 due to:

- Operational impacts to continue to run our business and service members through the pandemic (managing working from home and increased sickness levels).
- Claims costs incurred for specific treatment related to COVID-19.
- Reduced BAU claims as some members were not able to access regular treatment during the pandemic

The most significant impacts were experienced in 2020 and 2021 with much reduced impacts in 2022. Even during the peak, there was no significant impact on the solvency or going concern of the company. With the progression of the pandemic, risks related to COVID-19 are reduced and it is no longer included as one of our top risks for the company.

We do not consider there to be a significant risk to the company's going concern from COVID-19.

The Russian invasion of Ukraine introduced a number of risks to the company which were monitored and reported to the Board throughout the year. Cigna services customers and members all around the world, including in Russia and Ukraine and our priority was to ensure we can respond to the needs of those members. Key risks to the company included:

- **Insurance risk –** The Company's members in Ukraine are medical customers. Majority of Cigna members left the country early in the conflict although there were some international organisations with staff in the country during conflict. We have not seen a significant impact in claims costs as a result of the conflict.
- **Legal and Compliance risk -** Multiple countries issued sanctions to Russian organisations and individuals in response to the invasion. As these sanctions increased, we adjusted automated and manual processes to minimise the risk of non-compliance.
- **Longer term -** The war in Ukraine and related sanctions caused volatility in global markets, supply chains and geopolitical relations. An escalation in the conflict could cause further volatility which could impact either our customers or Cigna.

REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

The risk to the company from the conflict is now stable and we are continuing to monitor it, but we do not believe it is a significant risk to the company's going concern.

The financial statements have been prepared on a going concern basis. The directors believe that this basis is appropriate as the Company has net assets in excess of its regulatory solvency requirement, is not dependent on any external finance and is expected to continue to operate profitably in the foreseeable future.

Directors' Responsibilities
The Directors are required to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the Profit or Loss of the Company for that period and are in accordance with applicable Guernsey law and accounting principles generally accepted in the United States of America ("US GAAP"). In preparing these financial statements, the Directors are required to:

1. Select suitable accounting policies and apply them consistently;
2. Make judgments and estimates that are reasonable and prudent;
3. State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
4. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008 and The Insurance Business (Bailiwick of Guernsey) Law, 2002. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Auditors and disclosure of information to auditors
In accordance with Section 249 of The Companies (Guernsey) Law 2008, the Directors confirm that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware;
- the Directors have taken all the steps that he/ she ought to have taken as a Director in order to make him/ herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information; and
- the information given in the Report of the Directors is consistent with the financial statements.

Independent Auditor
A resolution for the reappointment of Mazars LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

M A Best

Director

Date: 31 July 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CIGNA GLOBAL INSURANCE COMPANY LIMITED

Opinion
We have audited the financial statements of Cigna Global Insurance Company Limited (the 'company') for the year ended 31 December 2022 which comprise the Balance Sheet, the Statement of comprehensive income, the Statement of changes in total equity, the Statement of cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United States of America Generally Accepted Accounting Principles.
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United States of America Generally Accepted Accounting Principles; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008 and The Insurance Business (Bailiwick of Guernsey) Law, 2002.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.
We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, including the International Auditing and Assurance Standards Board (IAASB) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information
The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.
Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purposes of our audit.

Responsibilities of Directors
As explained more fully in the directors' responsibilities statement set out on page 2-3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CIGNA GLOBAL INSURANCE COMPANY LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP

Leanne Finch (Jul 31, 2023 11:14 GMT+1)

Mazars LLP
Chartered Accountants

30 Old Bailey
London, EC4M 7AU

Date: 31 July 2023

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Notes	31 December 2022 $	31 December 2021 $
ASSETS			
Investments	4,9	29,905,017	23,092,303
Cash and cash equivalents		71,240,064	62,130,611
Fixed deposits		15,000,000	20,000,000
Premium receivable		25,435,536	26,661,308
Deferred acquisition costs	5	4,486,643	1,860,338
Accounts receivable & prepaid expenses	5	15,463,647	10,123,903
Deferred tax asset	7	1,898,618	2,275,818
Receivable from reinsurers		3,184,266	2,044,999
Reinsurance claims reserves	8	27,292,540	23,302,338
Ceded unearned premium reserve	8	14,597,252	12,814,312
TOTAL ASSETS		**208,503,583**	**184,305,930**
LIABILITIES			
Unpaid claims and claims expenses	8	35,459,390	32,572,028
Future policy benefit reserve	8	18,227,528	14,477,822
Deposits received from reinsurers		40,106,923	33,728,715
Unearned premium reserve	8	30,827,116	25,699,326
TOTAL INSURANCE LIABILITIES		**124,620,957**	**106,477,891**
Owed to other group companies	12	3,605,206	6,464,993
Accrued expenses & other liabilities	6	20,493,759	13,629,377
TOTAL LIABILITIES		**148,719,922**	**126,572,261**
Capital and reserves:			
Equity share capital	10	38,500,000	38,500,000
Accumulated other comprehensive income		(514,601)	(105,148)
Retained earnings		21,798,262	19,338,817
TOTAL SHAREHOLDER'S EQUITY		**59,783,661**	**57,733,669**
TOTAL LIABILITIES AND EQUITY		**208,503,583**	**184,305,930**

The financial statements on pages 6 to 9 were approved by the Board of Directors on 31 July 2023 and signed on its behalf by:

Director

The accompanying notes on pages 10 to 20 form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	31 December 2022 $	31 December 2021 $
INCOME			
Gross premiums written		183,831,980	157,865,002
Movement in unearned premium reserve	8	(5,127,790)	(3,843,524)
		178,704,190	154,021,478
Reinsurance premium		(93,446,616)	(80,075,439)
Movement in ceded unearned premium reserves	8	1,782,940	1,935,793
		(91,663,676)	(78,139,646)
Net premiums earned		**87,040,514**	**75,881,832**
Ceding commissions		37,450,243	30,753,853
Premium fees		8,601,106	10,427,165
Fronting fees		556,142	476,518
Investment income		977,281	153,362
Total income		**134,625,286**	**117,692,730**
EXPENSES			
Claims paid		(96,346,714)	(85,385,383)
Claims recoverable from reinsurers		48,260,446	43,597,172
Movement in FPB reserve		(3,749,706)	(5,466,140)
Movement in unpaid claims and claims expenses		(2,887,362)	(809,021)
Movement in reinsurance claims reserves		3,990,202	7,673,042
Interest on deposits held for reinsurers		(322,008)	(7,908)
Broker fees		(15,136,905)	(13,068,617)
Management fees	12	(157,677)	(143,880)
Directors' fees		(59,223)	(56,748)
Registration/filing fees		(24,681)	(20,867)
Bank charges		(2,912,482)	(1,908,901)
Gain on foreign exchange		872,719	408,697
Administration expenses		(44,654,836)	(41,327,640)
Total expenses		**(113,128,227)**	**(106,467,226)**
TOTAL INCOME BEFORE TAX		**21,497,059**	**11,225,504**
Income tax	7	(4,037,614)	(1,711,202)
NET INCOME		**17,459,445**	**9,514,302**
Other comprehensive loss		(409,453)	(128,373)
TOTAL COMPREHENSIVE INCOME		**17,049,992**	**9,385,929**

The accompanying notes on pages 10 to 20 form an integral part of the financial statements.

STATEMENT OF CHANGES IN TOTAL EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Equity share capital $	Accumulated other comprehensive income $	Retained earnings $	Total Equity $
At 1 January 2021	**38,500,000**	**23,225**	**19,824,515**	**58,347,740**
Income for the period	-	-	9,514,302	9,514,302
Other comprehensive loss for the period	-	(128,373)	-	(128,373)
Dividends paid	-	-	(10,000,000)	(10,000,000)
At 31 December 2021	**38,500,000**	**(105,148)**	**19,338,817**	**57,733,669**
Income for the period	-	-	17,459,445	17,459,445
Other comprehensive loss for the period	-	(409,453)	-	(409,453)
Dividends paid	-	-	(15,000,000)	(15,000,000)
At 31 December 2022	**38,500,000**	**(514,601)**	**21,798,262**	**59,783,661**

The accompanying notes on pages 10 to 20 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	31 December 2022	31 December 2021
	$	$
Cash flows from operating activities		
Total income after tax	17,459,445	9,514,302
Bond amortisation	140,218	349,515
Adjustments to reconcile increase in net assets resulting from operations to net cash from/(used in) operating activities:		
Decrease/(increase) in premium receivable	1,225,771	(2,021,743)
(Increase)/decrease in debtors & prepaid expenses	(7,588,849)	929,883
Increase in reinsurance claims reserves	(3,990,202)	(7,673,043)
Increase in receivable from reinsurers	(1,139,267)	(849,162)
(Decrease)/Increase in owed to other group companies	(2,859,787)	4,163,470
Increase in deposits received from reinsurers	6,378,208	13,284,099
Increase in accrued expenses	5,868,408	6,987,649
Increase in unpaid claims and claims expenses	2,887,362	10,760,053
Increase in FPB reserve	3,749,706	5,466,140
Increase in unearned premium reserve	5,127,790	3,843,524
Increase in ceded unearned premium reserve	(1,782,940)	(1,935,793)
Increase/(decrease) in tax provision	995,975	(88,947)
Net cash from operating activities	**26,471,838**	**42,729,947**
Cash flows from investment activities		
Sale/(Purchase) of fixed deposit	5,000,000	(5,000,000)
Purchase of investments	(18,733,724)	(3,323,329)
Bonds matured or called early	11,371,339	3,819,340
	(2,362,385)	(4,503,989)
Cash flows from financing activities		
Dividends paid	(15,000,000)	(10,000,000)
Net increase in cash	**9,109,453**	**28,225,958**
Cash and cash equivalents at beginning of year	62,130,611	33,904,653
Cash and cash equivalents at end of year	**71,240,064**	**62,130,611**

The accompanying notes on pages 10 to 20 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. ORGANISATION

CIGNA Global Insurance Company Limited (the "Company"), a wholly owned subsidiary of Cigna Holdings Overseas Inc. (the "Parent"), which is a wholly-owned subsidiary of Cigna Global Reinsurance Company Limited ("CGRC"), which in turn is wholly owned by Cigna Global Holdings, Inc., which is an indirect wholly-owned subsidiary of Cigna Holding Company ("Cigna").

The Company was incorporated in Guernsey on 21 May 2004 and is a Guernsey registered insurance company under The Companies (Guernsey) Law, 2008. The Company acts as a principal insurer of the insured risks in relation to policies issued by various business lines within the Cigna group and companies under the strategic management of a global insurance operation.

The majority of these products are offered through employers and other groups such as governmental and non-governmental organizations, unions and associations. Cigna also offers commercial health and dental insurance, Medicare and Medicaid products and health, life and accident insurance coverages to individuals in the United States and selected international markets. In addition to these ongoing operations, Cigna also has certain run-off operations.

2. GOING CONCERN

As explained in detail in the Director's Report, the financial statements have been prepared on a going concern basis. The directors believe that this basis is appropriate as the Company has net assets in excess of its regulatory solvency requirement, is not dependent on any external finance and is expected to continue to operate profitably in the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation
These financial statements have been prepared on a going concern and accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Amounts recorded in the financial statements necessarily reflect management's estimates and assumptions about medical costs, investment valuation, interest rates and other factors. Significant estimates are discussed throughout these Notes; however, actual results could differ from those estimates. The impact of change in estimate is included in earnings in the period of adjustment.

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its "functional currency"). The directors have considered the currency in which the capital is held, where distributions would be made and ultimately the currency in which capital would be returned in a liquidation. The Company is a subsidiary of Cigna whose own functional currency is US Dollars. On balance, the directors believe that US Dollars best represents the functional currency of the Company. For the purpose of the financial statements, the results and financial position are expressed in US Dollars, which is the reporting currency of the Company.

Critical accounting estimates
The preparation of the financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect reported amounts and related disclosures in the financial statements. Management considers an accounting estimate to be critical if:

- It requires assumptions to be made that were uncertain at the time the estimate was made; and
- Changes in the estimate or different estimates that could have been selected could have a material effect on the Company's results of operations or financial condition.

Management believes the assumptions used to estimate amounts reflected in the Company's financial statements are appropriate. However, if actual experience differs from the assumptions used in estimating amounts reflected in the financial statements, the resulting changes could have a material adverse effect on the Company's results of operations and, in certain situations, could have a material adverse effect on its liquidity and financial condition.

Reclassification of prior year presentation
Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported financial position or the results of operations. These adjustments have been made to the Balance Sheet and Statements of Cash Flows, to reclassify the OSLR, IBNR and Deferred Acquisition Costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents
Cash comprises bank balances with banks and financial institutions. Cash balances are carried at the notional value which equates to fair value. Foreign balances are converted to USD at the prevailing spot rate. All cash balances are readily accessible within 24 hours without penalty. Cash equivalents are classified as held to maturity and reported at amortized cost which approximates fair value.

Fixed deposits
Fixed deposits include fixed term bank deposits with an initial term of more than three months which cannot be withdrawn before maturity without penalty. Fixed deposits are classified as available for sale and carried at fair value which approximates cost.

Financial instruments
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

i) Initial recognition and subsequent measurement
All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial assets and liabilities are only offset in the Balance Sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii) Derecognition of financial instruments
Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

iii) Impairment of financial assets
The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following events;

(a) significant financial difficulty of the issuer or debtor
(b) a breach of contract, such as a default or delinquency in payments;
(c) it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
(d) the disappearance of an active market for that financial asset because of financial difficulties; or
(e) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
    i) adverse changes in the payment status of issuers or debtors in the group; or
    ii) national or local economic conditions that correlate with defaults on the assets in the group

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments, continued
If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Statement of Comprehensive Income. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed through the Statement of Comprehensive Income.

Bonds
Bonds include municipal bonds, corporate notes, U.S. Treasury securities, federal agency mortgage-backed securities and other asset-backed securities. These investments are classified as available-for-sale and are carried at fair value with changes in fair value recorded in accumulated other comprehensive income, net of applicable income taxes, within shareholder's equity.

Investment gains and losses
Realised investment gains and losses result from sales, investment asset write-downs based on specifically identified assets. Unrealised gains and losses on bonds carried at fair value are included in accumulated other comprehensive income, net of deferred taxes.

Premiums
Premium income, net of premium taxes, if any, are accounted for on an accruals basis. Gross premiums written and reinsurance premiums payable comprise the premiums on contracts entered during the year irrespective of whether they relate in whole or part to a later accounting year. Premiums collected on a monthly and quarterly basis are not annualised. Provision is made, as appropriate, for unearned premium, if any. Unearned premium is that proportion of premium written in a year that relates to periods of risk after the balance sheet date. Unearned premiums are calculated on a time apportionment basis. Premiums received in advance are placed into a deferred account and held in the Balances Sheet until the corresponding contract premium is recognised in the future.

Reinsurance premium
Reinsurance premiums relate to business incepted during the year together with any difference between reinsurance premiums for the prior year and those previously accrued. The proportion of any premium unexpensed at the balance sheet date is carried forward as an unearned reinsurance premium balance.

Investment income
Investment income represents interest receivable on deposits and bonds.

Expenses
Expenses are accounted for on an accruals basis.

Deferred acquisition costs
Acquisition costs are costs that are related directly to the successful acquisition of new or renewal insurance and comprise commissions and sales incentive compensation, solicitation costs (primarily related to telemarketing, direct marketing or advertising campaigns) and "other acquisition" costs (primarily related to underwriting and policy issuance functions). Acquisition costs are deferred over the period in which the related premiums are earned. For noninsurance customer contracts, the incremental costs of obtaining a contract are expensed as incurred.

Claims provisions
Claims provisions comprise provisions for the estimated cost of settling all claims and claims expenses reported but not paid ("OSLR"), incurred but not reported ("IBNR) and future policy benefits ("FPB"), at the balance sheet date whether reported or not.

FPB reserves comprise of liabilities for future policy benefits (policy reserves) and are accrued when premium revenue is recognized. This liability represents the present value of future benefits to be paid to or on behalf of policyholders and related expenses less the present value of future net premiums. The liability provides for adverse deviation as well as other actuarial assumptions.

Liabilities for unpaid claims and claim expenses are estimates of payments to be made on health insurance, prepaid health and dental, disability, life and accident claims for reported losses and estimates of IBNR. Such liabilities are established by book of business and are generally not discounted.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Claims provisions, continued
The Company consistently estimates incurred but not yet reported losses using actuarial principles and assumptions based on historical and projected claim incidence patterns, claim size and the expected payment period. Actuarial best estimate of the ultimate liability within a level of confidence is used, consistent with actuarial standards of practice that the liabilities be adequate under moderately adverse conditions.

When estimates of these liabilities change, an adjustment is recorded in benefits and expenses. The level of the provision has been set on the basis of the information which is currently available, including potential loss claims which have been intimated to the Company and experience of the development of similar claims.

Whilst the Directors consider that the provision for these claims is fairly stated on the basis of the information currently available to them, the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amount provided. Adjustments to the amounts of the provision are reflected in the financial statements in the accounting year in which the adjustments are made. Provision is made for reinsurance recoveries on a similar basis.

Interest on deposits received from reinsurers
Interest is payable to reinsurers on deposits which the Company holds on their behalf. Interest payable is included on an accruals basis.

Recharge of group overheads
Services are provided to the Company by other group companies under various contractual agreements and direct costs may be recharged to the Company as appropriate. In addition, charges incurred centrally by CIGNA are allocated to the Company on the basis of the entities' net premiums written relative to the total net premiums written. A proportion of such overheads are recharged to reinsurers under the relevant reinsurance agreements.

Reinsurance
Under various reinsurance agreements, the Company reinsures a proportion of the risks underwritten, one of which is with Cigna Global Reinsurance Company Limited. The amount reinsured varies from contract to contract. Gross claims paid are shown in the Statement of Comprehensive Income. Amounts recoverable from reinsurers are recognised in the Balance Sheet as the relevant proportion of claims paid and payable less the amounts already received. The movement in reinsurance recoveries is shown in the Statement of Comprehensive Income. Deposits may be received from reinsurers in order to fund claims payments. These are shown as a liability in the Balance Sheet.

Foreign currency transactions
Financial assets and liabilities denominated in foreign currencies are translated to US Dollars at the rates of exchange ruling at the balance sheet date. Other transactions are translated at the actual rate on the date of transactions. Foreign exchange differences are reported in the Statement of Comprehensive Income.

Premium fees
Premium fees represent administration charges on cancellation of policies where a claim has been reported against the policy. The balance of the premium is repaid to the customer as an administration charge, and are recognized in the Statement of Comprehensive Income when they are due.

Deposits received from reinsurers
Deposits received from reinsurers represent funds withheld from Cigna Global Reinsurance Company ("CGRC"). The funds are held and serve as security that CGIC will meet its obligations. The amount of these deposits is calculated in accordance with the terms of the reinsurance contract. Adjustments are recorded at the end of the contract period to reflect the actual amount of premium earned by and owed to the company for the reinsurance ceded.

Taxation
The Company is taxed at the standard rate of tax in Guernsey of 0%. The Company is resident in the United States for tax purposes and is liable for US income tax. The Company and its Parent are included in the consolidated United States federal income tax return filed by Cigna. The Company's tax liability is calculated and paid centrally and recharged to the Company. Pursuant with a tax sharing agreement with Cigna, the provision for federal income tax is computed as if the Company is filing separate federal income tax returns, except that benefits arising from tax credits and net operating losses are allocated to those subsidiaries producing such attributes only to the extent they have been utilised in the consolidated federal income tax provision. Deferred income taxes and benefits are generally recognised when assets and liabilities have different values for financial statement and tax reporting purposes. Interest and penalties related to unrecognized tax benefits on the income tax expense line in the statement of comprehensive income. Accrued interest and penalties are included on the related tax liability line in the balance sheet. See Note 7 for additional information.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Relevant Accounting Pronouncements
There were no new accounting standards adopted during the year ended December 31, 2022 that had a material impact on the financial statements.

Accounting Guidance Not Yet Adopted
ASU 2018-12 – (Targeted Improvements to the Accounting for Long-Duration Contracts)
This standard is effective date of January 1, 2023 for Cigna (early adoption permitted) but is not expected to impact this Company as it does not write long-duration contracts.

4. FAIR VALUE MEASUREMENT

Valuation of Investments
The Company recognizes bonds at fair value in the financial statements. Fair value is defined as the price at which an asset could be exchanged in an orderly transaction between market participants at the balance sheet date.

The investments of the Company are carried at fair value in accordance with Financial Accounting Standard Board ("FASB") ASC Topic 820, "Fair Value Measurements and Disclosures" ("ASC 820"). ASC 820 provides a framework for measuring the fair value of assets and liabilities. ASC 820 also provides guidance regarding a fair value hierarchy which prioritises information used to measure fair value and the effect of fair value measurements on earnings and provides for enhanced disclosures determined by the level within the hierarchy of information used in the valuation. ASC 820 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value but does not expand the use of fair value in any new circumstances.

ASC 820 defines fair value in terms of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The price used to measure the fair value is not adjusted for transaction costs while the cost basis of investments may include initial transaction costs.

Under ASC 820, the fair value measurement also assumes that the transaction to sell an asset occurs in the principal market for the asset or, in the absence of a principal market, the most advantageous market for the asset. The principal market is the market in which the reporting entity would sell or transfer the asset with the greatest volume and level of activity for the asset. In determining the principal market for an asset or liability under ASC 820, it is assumed that the reporting entity has access to the market as of the measurement date. If no market for the asset exists or if the reporting entity does not have access to the principal market, the reporting entity should use a hypothetical market.

Securities that are listed on an exchange and are freely transferable are valued at their latest closing price as published by the relevant exchange or clearing house quoted on such exchange. Securities which are not listed or quoted on any securities exchange or similar electronic system or if, being so listed or quoted, are not regularly traded thereon or in respect of which no prices are available, are valued on the basis of the latest available valuation provided by a relevant counterparty and are adjusted in such a manner as the Directors, in their sole discretion, think fit. If no such valuation is available, the Directors determine the value in good faith in consultation with the appropriate advisors having regard to such factors as they deem relevant.

Details of the basis upon which the investments held by the Company as at 31 December 2022 were valued are contained in note 9.

ASC 820 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1: Financial assets and liabilities whose values are based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Financial assets and liabilities whose values are based on the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in non-active markets;
- Pricing models whose inputs are observable for substantially the full term of the asset or liability; and
- Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4. FAIR VALUE MEASUREMENT (CONTINUED)

Level 3: Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable. These inputs reflect the Directors' own assumptions about the assumptions a market participant would use in pricing the asset or liability. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

5. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

	31 December 2022	31 December 2021
	$	$
US Trust Account (see note below)	5,487,293	5,498,319
Debtors and prepayments	5,964,346	2,423,008
Commissions receivable	1,157,407	621,739
Other taxes	1,723,319	1,265,777
Deferred acquisition costs	4,486,643	1,860,338
Accrued interest	351,742	156,059
Unapplied cash	779,540	159,001
	19,950,290	11,984,241

The Company is approved as a non-admitted insurer by the National Association of Insurance Commissioners (NAIC). In accordance with the NAIC's requirements a US Trust Account was established and this balance is held in trust at US Bank.

6. ACCRUED EXPENSES & OTHER LIABILITIES

	31 December 2022	31 December 2021
	$	$
Reinsurance premium due	3,627,850	1,792,882
Premium taxes due	659,069	474,764
Commissions payable	2,979,253	1,762,663
Other payables	8,753,768	4,474,881
Income tax liability	1,915,490	919,515
Experience rating refunds	2,558,329	2,112,661
Premium in advance	-	2,092,011
	20,493,759	13,629,377

7. INCOME TAXES

The Company is taxed at the standard rate of tax in Guernsey of 0%.

7 (a) Current Income taxes receivable:
In keeping with the provisions of Section 953(d) of the Internal Revenue Code, CGIC agreed to be treated as a domestic corporation for United States tax purposes. As a result, CGIC is included in the consolidated United States federal income tax return that Cigna (CGIC's ultimate parent) files. In accordance with a tax sharing agreement, the income tax provision is computed as if each company was filing a separate income tax return. The only exception to this is the benefits arising from foreign credits and net operating and capital losses which are allocated to those subsidiaries producing such attributes to the extent they are utilized in Cigna's consolidated federal income tax provision. Below is a summary of the change in CGIC's current income tax receivable for the years ended 31 December 2022 and 2021:

	31 December 2022	31 December 2021
Change in current income taxes receivable:	$	$
Balance, beginning of period due from Cigna Corp.	(919,515)	(1,008,463)
Current tax provision	(4,263,918)	(2,506,063)
Payments	3,267,943	2,595,011
Balance, end of period due from Cigna Corp.	(1,915,490)	(919,515)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

7. INCOME TAXES (CONTINUED)

7 (b) Deferred income taxes:
Deferred income taxes are generally recognized when assets and liabilities have different values for financial statement and tax reporting purposes. These differences primarily result from CGIC's insurance operations.

Below is the summary of the change in the net deferred tax asset balance for the years ended 31 December 2022 and 2021:

	31 December 2022	31 December 2021
Change in net deferred tax asset:	**$**	**$**
Balance, beginning of period	2,275,818	2,042,240
Current tax provision	(377,200)	233,578
Balance, end of period	1,898,618	2,275,818

The tax effect of the temporary differences that create deferred income tax assets as of 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Deferred tax assets:	**$**	**$**
Other Insurance and contract holder liability	1,316,841	1,142,516
Deferred income From Foreign Operations	1,523,973	1,523,973
Total Deferred Tax Assets	2,840,814	2,666,489

The tax effect of the temporary differences that create deferred income tax liability as of 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Deferred tax liabilities:	**$**	**$**
Policy acquisition expenses	942,196	390,671
Total deferred tax liabilities	942,196	390,671
Total net deferred tax assets	**1,898,618**	**2,275,818**

The provision for federal and foreign income taxes incurred is different from what would be obtained by applying the statutory Federal income tax rate to income before income taxes. Significant items that drive this difference are as follows:

	31 December 2022	
Items:	**$**	
Provision computed at statutory rate	4,514,382	21.00%
Withholding tax	126,736	0.59%
Foreign tax credits	(603,504)	-2.81%
Total statutory income taxes	**4,037,614**	**18.78%**

The statute of limitations for Cigna's consolidated income tax returns through 2016 has closed. Cigna has filed amended consolidated tax returns for various years and the pending refunds are subject to Internal Revenue Service (IRS) review. Cigna is currently under examination for 2015 through 2018. Express Scripts Inc. ("ESI") was acquired by Cigna in 2018. The IRS has examined ESI's tax returns for 2010 through 2012 for which there is a significant disputed tax matter, and ESI is currently under examination for 2013 through 2018. No material impacts are anticipated for the Company

In Management's opinion, the Company has adequate tax liabilities to address potential exposures involving tax positions the Company has taken that may be challenged by the IRS upon audit. These liabilities could be revised in the near term if estimates of Cigna's ultimate liability change as a result of new developments or a change in circumstances. No material contingent tax liability is included in the Company's current federal income tax payable. The Company does not expect a significant increase in federal or foreign contingent tax liability within the next twelve months.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

8. MOVEMENT IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

8 (a) Claims development table

The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The tables below illustrates how the Company's estimate of total claims notified during each financial year has changed at successive year-ends on a gross and net basis. FPB reserves are excluded from the tables.

Gross of reinsurance			**Accident Year**			
	2018	2019	2020	2021	2022	Total
Estimate of ultimate claims incurred:	$	$	$	$	$	$
- at first period end	152,204,451	156,231,389	79,914,394	101,141,721	106,468,457	595,960,412
Movement in ultimate claims incurred:						
- one year later	(1,399,791)	1,581,717	(564,129)	(7,738,978)		(8,121,181)
- two years later	(260,748)	(453,830)	205,343			(509,235)
- three years later	(88,980)	16,003				(72,977)
- four years later	36,565					36,565
Current estimate of cumulative claims	150,491,497	157,375,279	79,555,608	93,402,743	106,468,457	587,293,584
Cumulative payments to date	150,491,497	157,375,279	79,345,070	92,295,101	72,327,247	551,834,194
Liability recognised in the balance sheet	**-**	**-**	**210,538**	**1,107,642**	**34,141,210**	**35,459,390**

Net of reinsurance			**Accident Year**			
	2018	2019	2020	2021	2022	Total
Estimate of ultimate claims incurred:	$	$	$	$	$	$
- at first period end	26,876,893	29,545,314	40,160,538	50,647,034	53,085,760	200,315,539
Movement in ultimate claims incurred:						
- one year later	(1,463,163)	(680,067)	(402,369)	(3,732,014)		(6,277,613)
- two years later	(181,162)	111,133	(22,360)			(92,389)
- three years later	(22,319)	34,475				12,156
- four years later	18,283					18,283
Current estimate of cumulative claims	25,228,532	29,010,855	39,735,809	46,915,020	53,085,760	193,975,976
Cumulative payments to date	25,228,532	29,010,855	39,635,958	46,065,180	45,868,601	185,809,126
Liability recognised in the balance sheet	-	-	99,851	849,840	7,217,159	**8,166,850**

8 (b) Claims and claims expenses

	2022			**2021**		
	Gross	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
Year ended 31 December	$	$	$	$	$	$
OSLR and IBNR	32,572,028	(23,302,338)	9,269,690	21,811,975	(15,629,296)	6,182,679
FPB	14,477,822	-	14,477,822	9,011,682	-	9,011,682
Total at beginning of year	**47,049,850**	**(23,302,338)**	**23,747,512**	**30,823,657**	**(15,629,296)**	**15,194,361**
Claims paid in the year	(96,346,714)	48,260,446	(48,086,268)	(85,385,384)	43,597,172	(41,788,212)
Increase/(decrease) in liabilities:						
- Arising from prior year claims	24,259,831	(7,604,163)	16,655,668	17,173,032	(5,345,471)	11,827,561
- Arising from current year claims	78,723,951	(44,646,485)	34,077,466	84,438,545	(45,924,743)	38,513,802
Total at end of year	**53,686,918**	**(27,292,540)**	**26,394,378**	**47,049,850**	**(23,302,338)**	**23,747,512**
OSLR and IBNR	35,459,390	(27,292,540)	8,166,850	32,572,028	(23,302,338)	9,269,690
FPB	18,227,528	-	18,227,528	14,477,822	-	14,477,822
Total at end of year	**53,686,918**	**(27,292,540)**	**26,394,378**	**47,049,850**	**(23,302,338)**	**23,747,512**

8. MOVEMENT IN INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

8 (c) Provisions for unearned premiums

	2022			2021		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Year ended 31 December	$	$	$	$	$	$
Total at beginning of year	25,699,326	(12,814,312)	12,885,014	21,855,802	(10,878,519)	10,977,283
Increase in period	30,827,116	(14,597,252)	16,229,864	25,699,326	(12,814,312)	12,885,014
Release in period	(25,699,326)	12,814,312	(12,885,014)	(21,855,802)	10,878,519	(10,977,283)
Total at end of year	**30,827,116**	**(14,597,252)**	**16,229,864**	**25,699,326**	**(12,814,312)**	**12,885,014**

9. INVESTMENTS

The following table shows an analysis of assets and liabilities recorded at fair value, between those whose fair value was based on quoted market prices (Level 1), those involving valuation techniques where model inputs were observable in the market (Level 2) and those where the valuation technique involved the use of non-market observable inputs (Level 3).

Assets at fair value as at 31 December 2022 Class	**Total $**	**Level 1 $**	**Level 2 $**	**Level 3 $**
Bonds at fair value (Cost: $30,419,618)	29,905,017	-	29,905,017	-
Total	29,905,017	-	29,905,017	-

Assets at fair value as at 31 December 2021 Class	**Total $**	**Level 1 $**	**Level 2 $**	**Level 3 $**
Bonds at fair value (Cost: $23,197,451)	23,092,303	-	23,092,303	-
Total	23,092,303	-	23,092,303	-

The investment balances disclosed above comprised of a spread of holdings in 63 separate highly rated Corporate Bonds, with staggered maturity dates, and although available for sale, the investment strategy is to hold them to maturity.

The table below provides an analysis of the performance of these investments and by maturity date:

Assets at fair value as at 31 December 2022 Class	**Total $**	**Less than 1 year $**	**Greater than 1 less than 5 years $**	**Greater than 5 years $**
Bonds at cost	30,419,618	8,156,305	22,263,313	-
Unrealised gains/(losses)	(514,601)	(183,034)	(331,567)	-
Total bonds at fair value	29,905,017	7,973,271	21,931,746	-

Assets at fair value as at 31 December 2021 Class	**Total $**	**Less than 1 year $**	**Greater than 1 less than 5 years $**	**Greater than 5 years $**
Bonds at cost	23,197,451	9,839,474	13,357,977	-
Unrealised gains/(losses)	(105,148)	(9,103)	(96,045)	-
Total bonds at fair value	23,092,303	9,830,371	13,261,932	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10. SHAREHOLDER'S EQUITY

Issued capital:

31 December 2022	**Number of Ordinary Shares**	**$**
Ordinary Shares at 1 January 2022	38,500,000	38,500,000
Ordinary Shares outstanding at 31 December 2022	38,500,000	38,500,000

No shares were issued or repurchased by the Company during the year.

31 December 2021	**Number of Ordinary Shares**	**$**
Ordinary Shares at 1 January 2021	38,500,000	38,500,000
Ordinary Shares outstanding at 31 December 2021	38,500,000	38,500,000

The authorised share capital of the Company is represented by an unlimited number of Ordinary Shares of no par value which are denominated in USD. The holders of Ordinary Shares are entitled to:

- receive and participate in any dividends or other distributions out of the profits of the Company available for dividend or distribution;
- the right to the surplus assets remaining after payment of all the creditors of the Company in the case of winding up; and
- the right to receive notice of, and to attend and vote at, general meetings of the Company and each holder of Ordinary Shares being present in person or by attorney at a meeting upon a show of hands has one vote and upon a poll each such holder present in person or by proxy or by attorney has one vote in respect of each share held by him.

11. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

As a result of its investment strategy, the Company is also exposed to varying degrees of market risk, credit risk and liquidity risk.

a) Market Risk
Market risk is the risk that the value of the Company's investments will fluctuate due to changes in interest rates, currency rates and other market factors. Price risk embodies not only the potential for loss but also the potential for gain. Market risk also reflects that investments in unlisted companies are further subject to the limitations of fair value as a measurement device.

b) Credit Risk
Credit risk is represented by the possibility that counterparties or exchanges will not perform under the terms of contracts agreed to with the Company. Key areas where the Company is exposed to credit risk are:

- Accounts receivable;
- Receivable from reinsurers;
- Investments; and
- Cash and cash equivalents

Although there is concentration risk associated with the Company's reinsurance receivables, by virtue of these being held against a single intercompany counterparty, this risk is mitigated by collateral deposits received from the reinsurer in excess of the amounts receivable.

Cash and deposits are held with various banking counterparties. Credit risk includes the potential for covenant violations and possible repercussions therefrom of underlying debt instruments owned by investee companies. This also includes the potential of investee companies not meeting scheduled principal and interest payments. The Company continuously monitors the credit standing of its counterparties and does not expect any material losses.

c) Liquidity Risk
Liquidity risk is a risk that the Company may encounter as a result of its inability to sell its investments quickly at fair value. It also includes the risk of not meeting unscheduled demands from vendors and third parties. The Company is able to meet its liquidity requirements by only holding cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12. RELATED PARTIES

Related parties comprise subsidiary companies, associated undertakings, other related companies and key management personnel. The Company, in the normal course of business carries out transactions with various related parties on an arms-length basis, details of these transactions are as follows:

The total remuneration paid to the independent non-executive directors during the year ended 31 December 2022 amounted to $59,223 (2021: $56,748). Total fees paid to the Company's Insurance Manager during the year ended 31 December 2022 totaled $157,677 (2021: $143,880).

Various amounts are owed to and from other group companies. At the year-end a net amount of $3,605,206 was owed by the Company (2021: $6,464,993).

13. CAPITAL MANAGEMENT

The Company defines capital resources in accordance with regulations prescribed by the Guernsey Financial Services Commission (the "GFSC"). The capital structure of the Company consists of equity attributable to equity shareholders, comprising issued share capital and retained earnings.

The Company's objectives when managing capital are:

i) to comply with legal and statutory obligations and maintain capital resources commensurate with the nature, scale and risk profile of its business;
ii) to provide a framework for monitoring the financial and capital position of the Company, including the procedures to be followed during periods of general financial distress, either due to internal or external events; and
iii) to safeguard the Company's ability to continue as a going concern.

Under the rules prescribed by the GFSC, the Company must at all times maintain assets of a value sufficient to cover its liabilities, including liabilities arising under or in connection with contracts of insurance and that there is a suitable matching of assets and liabilities.

Management information to monitor the Company's capital requirements and solvency position is produced and presented to the Board on a regular basis ensuring that the Company meets its capital requirements at all times. The Company has complied with the rules in respect of capital during the period.

The Insurance Business (Solvency) Rules 2022, require that the Company must at all times hold Regulatory Capital Resources greater than or equal to its Minimum Capital Requirement ("MCR") and its Prescribed Capital Requirement ("PCR").

As at 31 December 2022, the Company held a surplus of $50,448,913 above its MCR requirement of $9,334,748 and a surplus of $28,084,711 above its PCR requirement of $32,573,950.

14. COMMITMENTS AND CONTINGENCIES

In accordance with the NAIC's requirements, a minimum balance of $5,000,000 must be held in a US Trust Account at all times (see note 5).

In the normal course of business, the Company may enter into contracts that provide general indemnifications. The Company's maximum exposure under these arrangements is unknown as this would be dependent on future claims that may be made against the Company. The risk of material loss from such claims is considered remote.

15. SUBSEQUENT EVENTS

There have been no other significant events between the reporting date and the date of approval of these financial statements which would require a change to or disclosure in the financial statements.