CIGNA GLOBAL INSURANCE COMPANY LIMITED
(a Guernsey Company)

Annual Report and Financial Statements

For the year ended 31 December 2023

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MANAGEMENT AND ADMINISTRATION

DIRECTORS:	Mr M J Best Mr M J Cutts-Watson Mr K Dhir Mr R Lofthouse Mr 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
FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors present their report and the audited financial statements for the year ended 31 December 2023 of Cigna Global Insurance Company Limited (the "Company").

Structure of Company & Principal Activities

The Company is a wholly owned subsidiary of Cigna Holdings Overseas Inc. (the "Parent"), an indirect wholly-owned subsidiary of The Cigna Group (the "Ultimate Parent").

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.

The majority of the Company's products are offered through employers and other groups such as governmental and non-governmental organizations, unions and associations. The Cigna Group 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, The Cigna Group also has certain run-off operations.

Results

The results for the year are shown in the Statement of Comprehensive Income on page 6.

Dividends

In December 2023, the Directors declared and paid an interim dividend of $20,000,000 (2022: $15,000,000). The Directors have not proposed a final dividend for the year ended 31 December 2023 (2022: $nil).

Directors

The Directors of the Company throughout the year, and to the date of signing, are shown on page 1.

Secretary

The secretary of the Company during the year, and to the date of signing, 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 Group.

Going Concern

The conflict between Israel and Hamas which escalated in October 2023 introduced a number of risks to the Company. There was a heightened medical, accident and life insurance risk of customers living in or near the conflict area, however, no significant claims have been received to date and there is limited exposure from members in those locations. There is an ongoing risk that further escalation in the conflict could impact the Company through our members in other countries being affected or through wider macro-economic effects.

The Israel / Hamas conflict and the ongoing conflict between Russia and Ukraine reflects an increased geopolitical risk which is relevant for the Company due to the international nature of its business. The risks from these conflicts are not significant risks to the Company's going concern, but Management continues to monitor the position in case of further escalation or spreading of either conflict.

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.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

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
Mazars LLP were appointed as statutory auditor of the Company for the year ended 31 December 2023. A resolution for reappointment of Mazars LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

MCuttell

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Director

Date: 30 April 2024

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 2023 which comprise the statement of comprehensive income, the statement of financial position, 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 2023 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 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.

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 controls 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 (Apr 30, 2024 17:44 GMT+1)

Mazars LLP
Chartered Accountants

30 Old Bailey
London
EC4M 7AU

Date: 30 April 2024

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 $	2022 Restated $
INCOME			
Gross premiums written		271,385,506	183,831,980
Movement in unearned premium reserve	9	(14,386,038)	(4,560,825)
		256,999,468	179,271,155
Reinsurance premium		(143,547,330)	(93,446,616)
Movement in ceded unearned premium reserves	9	7,705,225	2,283,464
		(135,842,105)	(91,163,152)
Net premiums earned		**121,157,363**	**88,108,003**
Ceding commissions		56,053,088	37,450,243
Premium fees		2,184,552	8,291,867
Fronting fees		1,285,047	556,142
Investment income		4,417,730	977,281
Gain on foreign exchange		228,581	309,239
Total income		**185,326,361**	**135,692,775**
EXPENSES			
Claims paid		(127,501,665)	(96,346,714)
Claims recoverable from reinsurers		66,994,795	48,260,446
Movement in FPB reserve	9	(3,412,300)	(2,629,037)
Remeasurement gain	9	635,940	97,907
Movement in unpaid claims and claims expenses	9	(22,047,516)	(2,886,605)
Movement in reinsurance claims reserves	9	13,677,091	3,319,372
Interest on deposits held for reinsurers		(1,618,342)	(322,008)
Broker fees		(21,232,509)	(15,136,905)
Management fees	13	(230,662)	(157,677)
Directors' fees	13	(66,864)	(59,223)
Registration/filing fees		(17,715)	(24,681)
Bank charges		(2,444,159)	(2,912,482)
Administration expenses	14	(49,946,339)	(44,284,547)
Total expenses		**(147,210,245)**	**(113,082,154)**
TOTAL INCOME BEFORE TAX		**38,116,116**	**22,610,621**
Income tax	8	(7,255,948)	(4,037,614)
NET INCOME		**30,860,168**	**18,573,007**
Other comprehensive (loss)/income	15	(1,795,051)	3,086,153
TOTAL COMPREHENSIVE INCOME		**29,065,117**	**21,659,160**

The notes on pages 10 to 26 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 $	2022 Restated $
ASSETS			
Investments	10	44,960,440	29,905,017
Cash and cash equivalents		42,259,671	71,240,064
Fixed deposits		50,000,000	15,000,000
Premium receivable		50,303,791	25,435,536
Deferred acquisition costs	5	12,726,914	5,279,849
Accounts receivable and prepaid expenses	6	18,711,532	15,463,647
Deferred tax asset	8	-	1,898,618
Receivable from reinsurers		1,919,213	3,184,266
Reinsurance claims reserves	9	41,224,990	27,073,345
Ceded unearned premium reserve	9	21,286,737	14,597,252
TOTAL ASSETS		**283,393,288**	**209,077,594**
LIABILITIES			
Unpaid claims and claims expenses	9	57,801,308	35,459,390
Future policy benefit reserve	9	22,830,775	17,789,138
Deposits received from reinsurers		57,520,080	38,616,447
Unearned premium reserve	9	45,238,458	30,827,116
Deferred tax liability	8	881,885	-
TOTAL INSURANCE LIABILITIES		**184,272,506**	**122,692,091**
Owed to other group companies	13	6,728,684	3,605,206
Accrued expenses and other liabilities	7	20,810,290	20,263,606
TOTAL LIABILITIES		**211,811,480**	**146,560,903**
CAPITAL AND RESERVES			
Equity share capital	11	38,500,000	38,500,000
Accumulated other comprehensive income	15	901,453	2,696,504
Retained earnings		32,180,355	21,320,187
TOTAL SHAREHOLDER'S EQUITY		**71,581,808**	**62,516,691**
TOTAL LIABILITIES AND EQUITY		**283,393,288**	**209,077,594**

The notes on pages 10 to 26 form an integral part of these financial statements.

The financial statements on pages 6 to 9 were approved by the Board of Directors on 30 April 2024 and signed on its behalf by:

STATEMENT OF CHANGES IN TOTAL EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Equity share capital $	Accumulated other comprehensive (loss)/ income $	Retained earnings $	Total shareholder's equity $
At 1 January 2022 - Restated		**38,500,000**	**(389,649)**	**17,747,180**	**55,857,531**
Income for the year		-	-	18,573,007	18,573,007
Other comprehensive income for the year	15	-	3,086,153	-	3,086,153
Dividends paid	17	-	-	(15,000,000)	(15,000,000)
At 31 December 2022 - Restated		**38,500,000**	**2,696,504**	**21,320,187**	**62,516,691**
Income for the year		-	-	30,860,168	30,860,168
Other comprehensive (loss)/income for the year	15	-	(1,795,051)	-	(1,795,051)
Dividends paid	17	-	-	(20,000,000)	(20,000,000)
At 31 December 2023		**38,500,000**	**901,453**	**32,180,355**	**71,581,808**

The notes on pages 10 to 26 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 $	2022 Restated $
Cash flows from operating activities		
Total income before tax	38,116,116	22,610,621
<u>Adjustments to reconcile net income to net cash from operating activities</u>		
Investment income	(4,417,730)	(977,281)
(Gain)/loss on foreign exchange on bank accounts	(625,371)	708,177
Operating income before working capital changes	**33,073,015**	**22,341,517**
<u>Net changes in assets and liabilities, net of non-operating effects</u>		
(Increase)/decrease in premium receivable	(24,868,255)	3,386,261
Increase in deferred acquisition costs	(7,447,065)	(2,996,592)
Decrease/(increase) in debtors and prepaid expenses	1,003,374	(4,540,558)
Increase in reinsurance claims reserves	(14,151,645)	(1,499,125)
Decrease/(increase) in receivable from reinsurers	1,265,053	(1,139,267)
Increase/(decrease) in owed to group companies	3,123,478	(2,859,787)
Increase in deposits received from reinsurers	18,903,633	4,630,405
Increase in accrued expenses and other liabilities	2,211,607	3,707,919
Increase in unpaid claims and claims expenses	22,341,918	2,887,362
Increase in future policy benefit reserve	2,566,105	2,263,158
Increase in unearned premium reserve	14,411,342	5,127,790
Increase in ceded unearned premium reserve	(6,689,485)	(1,782,940)
Net cash generated from operations	**45,743,075**	**29,526,143**
Income taxes paid	(10,102,409)	(3,267,943)
Net cash from operating activities	**35,640,666**	**26,258,200**
<u>Cash flows from investing activities</u>		
(Purchase)/maturity of fixed deposit	(35,000,000)	5,000,000
Interest income from fixed deposits	234,297	309,925
Net bank interest income	2,676,929	338,607
Income from investments	1,173,191	133,065
Purchase of bonds	(22,384,842)	(18,733,724)
Bonds matured or called early	8,053,995	11,511,557
Net cash used in investing activities	**(45,246,430)**	**(1,440,570)**
<u>Cash flows from financing activities</u>		
Dividends paid	(20,000,000)	(15,000,000)
Net cash used in financing activities	**(20,000,000)**	**(15,000,000)**
Net (decrease)/increase in cash and cash equivalents	**(29,605,764)**	**9,817,630**
Cash and cash equivalents at beginning of year	**71,240,064**	**62,130,611**
Effects of foreign exchange rates	625,371	(708,177)
Cash and cash equivalents at end of year	**42,259,671**	**71,240,064**

The notes on pages 10 to 26 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. ORGANISATION

Cigna Global Insurance Company Limited (the "Company"), is a wholly owned subsidiary of Cigna Holdings Overseas Inc. (the "Parent"), an indirect wholly-owned subsidiary of The Cigna Group (the "Ultimate Parent").

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. The Cigna Group 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, The Cigna Group also has certain run-off operations.

2. GOING CONCERN

As explained in detail in The Report of the Directors, 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 The Cigna Group whose own functional currency is US Dollars ("$" or "USD"). 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 Statement of Financial Position, Statement of Comprehensive Income, and Statement of Cash Flows, to reclassify all reserves for the effect of foreign exchange gains and losses. Note 9 has also been restated accordingly.

The impact on the prior year balances of recent relevant accounting pronouncements is set out on page 15 of these financial statements.

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 amortised 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 Statement of Comprehensive Income, 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 Statement of Financial Position 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

iii) Impairment of financial assets (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 Statement of Financial Position date. Unearned premiums are calculated on a time apportionment basis. Premiums received in advance are placed into a deferred account and held in the Statement of Financial Position 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 Statement of Financial Position date is carried forward as an unearned reinsurance premium balance.

Ceding commissions
Ceding commissions represent non-deferrable expenses incurred by the Company which are reimbursed by the Reinsurer. The commissions recoverable are based on forecast loss ratios for the Company's business segments and are set for the year.

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

Expenses
Expenses are accounted for on an accruals basis.

Broker fees
Broker fees comprise amounts due in relation to contracts entered into during the year irrespective of whether they relate in whole or part to a later accounting year. Provision is made, as appropriate, for any portion of unearned broker fees. Unearned broker fees which are held within the unearned commission reserve account is that proportion of fees that relates to periods of risk after the Statement of Financial Position date. Unearned broker fees are calculated on a time apportionment basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred acquisition costs

Costs eligible for deferral include incremental, direct costs of acquiring new or renewal insurance and investment contracts and other costs directly related to successful contract acquisition. Examples of deferrable costs include commissions, sales compensation and benefits, policy issuance and underwriting costs, and solicitation costs (primarily related to telemarketing, direct marketing or advertising campaigns). Deferred acquisition costs (“DAC”) related to long-duration insurance contracts are amortised at the cohort level on a constant-level basis over the expected term of the related contracts. Policy count is used as the amortisation basis.

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 Statement of Financial Position date whether reported or not.

FPB represent the present value of estimated future obligations, estimated using actuarial methods, for long-duration insurance policies and annuity products currently in force, consisting primarily of reserves for annuity contracts, life insurance benefits, and certain supplemental health products that are guaranteed renewable beyond one year. FPB reserves comprise of liabilities for future policy benefits (policy reserves) and are accrued when premium revenue is recognised.

Contracts are grouped at a level no higher than issue year, based on the original contract issue date, and at lower levels of disaggregation within each issue year for certain businesses to reflect factors including product type, plan type and currency. Management estimates these obligations based on assumptions for premiums, interest rates, mortality or morbidity, future claim adjudication expenses and lapses. Mortality, morbidity, and surrender assumptions are based on the Company's own experience and published actuarial tables, and are updated at least annually, to the extent changes in circumstances require.

Interest rate assumptions are based on market-level yields for low credit risk fixed income instruments ("upper-medium grade fixed income instrument"). For interest accretion purposes, interest rates are fixed at the year of the cohort's inception, however for purposes of liability measurement, are updated to the current rate quarterly, with all changes in the interest rate from inception to current period reported through accumulated other comprehensive income. For policies written in USD, the Company uses observable inputs from a published spot rate curve for terms up to 30 years and extrapolate for longer terms using a constant forward rate approach.

For policies written in a currency other than USD, we use observable inputs to approximate a risk-free rate and add a credit spread adjustment to align with a low credit risk fixed income instrument. For terms beyond the last observable risk-free rates, which vary by international market, we extrapolate to the ultimate forward rate assuming a constant credit spread.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 The Cigna Group 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 ("CGRC"). 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 Statement of Financial Position 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 Statement of Financial Position.

Foreign currency transactions
Financial assets and liabilities denominated in foreign currencies are translated to US Dollars at the rates of exchange ruling at the Statement of Financial Position 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 recognised 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. The funds are held and serve as security that the Company 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 The Cigna Group. The Company's tax liability is calculated and paid centrally and recharged to the Company. Pursuant with a tax sharing agreement with The Cigna Group, 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 unrecognised 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 Statement of Financial Position. See note 8 for additional information.

Recent Relevant Accounting Pronouncements
Targeted Improvements to the Accounting for Long-Duration Contracts ("LDTI"), Accounting Standards Update ("ASU") 2018-12.

The Company adopted LDTI from the year beginning 1 January 2023, which includes the following key provisions:

Changes to the measurement of the FPB liability for traditional and limited-pay insurance contracts:
- Assumptions used to measure cash flows are updated at least annually on a retrospective basis, with changes in those assumptions reflected in the Statement of Comprehensive Income.
- Discount rate assumptions are updated quarterly based on market-level yields for low credit risk fixed income instruments with any changes reflected in accumulated other comprehensive income in the Statement of Financial Position.

DAC related to long-duration insurance contracts are amortised on a constant-level basis over the expected term of the related contracts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Relevant Accounting Pronouncements (continued)

Additional disclosures, including disaggregated roll forwards for the liability for future policy benefits, and DAC, as well as information about significant inputs, judgments, assumptions and methods used in measurement.

The transition methods applied at adoption were:

- The liability for FPB was remeasured using a modified retrospective approach applied to all outstanding contracts as of the beginning of the earliest period presented and was recognised in the opening balance of retained earnings. The impact of remeasuring the FPB liability for the discount rate was recorded through accumulated other comprehensive income.
- DAC followed the transition method used for FPB.

Effects of adoption:

The new guidance applies to our long-duration insurance products which are within the Global Individual Health ("GIH") business only. These policies are deemed long duration as they have guaranteed renewability (on the customer side).

The cumulative effects of adopting the new standard were material. The impacts were a decrease to Shareholder's equity as at 31 December 2022 and as at 31 December 2021 of $2,733,030 and $1,876,138 respectively. The impacts of the transition on the future policy benefits reserve and deferred acquisition costs are summarised below (note that beginning balances are as per prior year signed financial statements):

	2022	2022	2021	2021
	DAC	FPB Reserve	DAC	FPB Reserve
	$	$	$	$
Beginning Balances	4,486,643	18,227,528	1,860,338	14,477,822
Cumulative effect of retrospective adoption	793,206	(576,412)	422,919	4,725,515
Effect of remeasurement of liability at current discount rate	-	138,022	-	(181,750)
Total at end of year	**5,279,849**	**17,789,138**	**2,283,257**	**19,021,587**

The prior periods within our Statement of Financial Position, Statement of Comprehensive, Statement of Changes in Total Equity and Statement of Cash Flows have been restated to conform to the current presentation.

It is possible that our income recognition pattern could change on a prospective basis for several reasons:

- Applying periodic assumption updates, versus the locked-in model, may change our timing of Statement of Comprehensive Income recognition.
- DAC amortisation is on a constant level basis over the expected term of the related contracts and no longer tied to the emergence of profit on such contracts.

Accounting Guidance Not Yet Adopted

There are no significant accounting pronouncements not yet adopted as at 31 December 2023.

4. FAIR VALUE MEASUREMENT

Valuation of Investments

The Company recognises 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 Statement of Financial Position date.

4. FAIR VALUE MEASUREMENT (CONTINUED)

Valuation of Investments (continued)

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") as well as ASC Topic 326, "Financial Instruments – Credit Losses" ("ASC 326-30"). 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 326-30 provides guidance regarding the impairment of AFS debt securities and the estimating of credit losses.

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 2023 were valued are contained in note 10.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

4. FAIR VALUE MEASUREMENT (CONTINUED)

Valuation of Investments (continued)
In line with ASC 326-30, the Company reviews declines in fair value from a security's amortised cost basis to determine whether a credit loss exists. If a credit loss is identified, the Company recognises an allowance for credit loss with a corresponding charge to credit loss expense, presented in realised investment gains and losses in the Company's Statement of Comprehensive Income. The allowance for credit loss represents the excess of amortised cost over the greater of its fair value or the net present value of the debt security's projected future cash flows (based on qualitative and quantitative factors, including the probability of default, and the estimated timing and amount of recovery). Each period, the allowance for credit loss is adjusted through credit loss expense.

5. DEFERRED ACQUISTION COSTS

	2023	2022
	$	$
Beginning balance	5,279,849	2,283,257
Capitalisations	10,627,716	3,699,727
Amortisation expense	(3,180,651)	(703,135)
Ending Balance	**12,726,914**	**5,279,849**

6. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

	2023	2022
	$	$
US Trust Account (see note 6 (a) below)	6,977,841	5,487,293
Debtors and prepaid expenses	-	2,913,105
Other receivables	5,428,447	3,830,781
Commissions receivable	585,653	1,157,407
Other taxes receivable	2,304,794	1,723,319
Accrued interest	685,055	351,742
Income tax receivable	2,729,742	-
	18,711,532	**15,463,647**

6 (a) US Trust Account
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 (see note 18).

7. ACCRUED EXPENSES AND OTHER LIABILITIES

	2023	2022
	$	$
Reinsurance premium due	2,907,450	3,627,850
Premium taxes due	868,196	659,069
Commissions payable	5,807,527	2,979,253
Other payables	8,415,604	8,753,768
Income tax liability	-	1,685,337
Experience rating refunds	2,811,513	2,558,329
	20,810,290	**20,263,606**

8. INCOME TAXES

The Company is taxed at the standard rate of tax in Guernsey of 0% (2022: 0%).

8 (a) Current Income taxes receivable

In keeping with the provisions of Section 953(d) of the Internal Revenue Code, the Company agreed to be treated as a domestic corporation for United States tax purposes. As a result, the Company is included in the consolidated United States federal income tax return that The Cigna Group (the Company'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 are 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 utilised in The Cigna Group's consolidated federal income tax provision. Below is a summary of the change in the Company's current income tax receivable for the years ended 31 December 2023 and 2022:

	2023	2022
Change in current income taxes receivable/(payable):	**$**	**$**
Balance, beginning of year due from The Cigna Group	(1,915,490)	(919,515)
Current tax provision	(5,368,986)	(4,263,918)
Payments	10,102,409	3,267,943
Balance, end of year due from The Cigna Group	**2,817,933**	**(1,915,490)**

8 (b) Deferred income taxes

Deferred income taxes are generally recognised when assets and liabilities have different values for financial statement and tax reporting purposes. These differences primarily result from the Company's insurance operations.

Below is the summary of the change in the net deferred tax (liability)/asset balance for the years ended 31 December 2023 and 2022:

	2023	2022
The net deferred tax (liability)/asset:	**$**	**$**
Balance, beginning of year	1,898,618	2,275,818
Current tax provision	(2,780,503)	(377,200)
Balance, end of year	**(881,885)**	**1,898,618**

The tax effect of the temporary differences that create deferred income tax assets as at 31 December 2023 and 2022 is as follows:

	2023	2022
Deferred tax assets:	**$**	**$**
Other insurance and contract holder liability	1,790,768	1,316,841
Deferred income from foreign operations	-	1,523,973
Total deferred tax assets	**1,790,768**	**2,840,814**

The tax effect of the temporary differences that create deferred income tax liability as at 31 December 2023 and 2022 is as follows:

	2023	2022
Deferred tax liabilities:	**$**	**$**
Policy acquisition expenses	2,672,653	942,196
Total deferred tax liabilities	2,672,653	942,196
Total net deferred tax (liability)/asset	**(881,885)**	**1,898,618**

8. INCOME TAXES (CONTINUED)

8 (c) Statutory income taxes

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:

	2023	
Items:	**$**	
Provision computed at statutory rate	7,996,681	21.00%
Withholding tax	196,904	0.52%
Foreign tax credits	(937,637)	(2.46)%
Total statutory income taxes	**7,255,948**	**19.06%**

	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 statutes of limitations for The Cigna Group's consolidated federal income tax returns through 2016 have closed. However, The Cigna Group filed amended returns for both the 2015 and 2016 tax years, which are under review by the Internal Revenue Service ("IRS"). Additionally, the IRS is examining The Cigna Group's returns for 2017 and 2018. The statutes of limitations for Express Scripts' consolidated federal income tax returns through 2012 has closed. However, for 2010 through 2012 tax years, there remains a significant disputed matter. The IRS is also examining Express Scripts' consolidated federal income tax returns for 2013 through 2018. The Company has established adequate reserves for these matters.

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 The Cigna Group'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 has no uncertain tax positions to report as at 31 December 2023 (2022: nil).

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 2023 (CONTINUED)

9. MOVEMENT IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

9 (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**			
	2019	**2020**	**2021**	**2022**	**2023**	**Total**
Estimate of ultimate claims incurred:	**$**	**$**	**$**	**$**	**$**	**$**
- at first year end	155,722,560	79,061,036	100,116,944	107,135,378	160,702,994	602,738,912
Movement in ultimate claims incurred:						
- one year later	2,589,275	457,091	(6,756,654)	(8,996,983)	-	(12,707,271)
- two years later	(762,565)	(59,936)	1,306,383	-	-	483,882
- three years later	(124,613)	292,977	-	-	-	168,364
- four years later	79,594	-	-	-	-	79,594
Current estimate of cumulative claims	157,504,251	79,751,168	94,666,673	98,138,395	160,702,994	590,763,481
Cumulative payments to date	157,504,251	79,751,168	94,330,805	96,029,473	105,346,476	532,962,173
Liability recognised in the Statement of Financial Position	**-**	**-**	**335,868**	**2,108,922**	**55,356,518**	**57,801,308**

Net of reinsurance			**Accident Year**			
	2019	**2020**	**2021**	**2022**	**2023**	**Total**
Estimate of ultimate claims incurred:	**$**	**$**	**$**	**$**	**$**	**$**
- at first year end	29,328,668	40,387,633	50,676,775	54,014,197	79,101,357	253,508,630
Movement in ultimate claims incurred:						
- one year later	(285,434)	(378,313)	(3,582,559)	(4,553,788)	-	(8,800,094)
- two years later	(26,244)	(280,988)	341,465	-	-	34,233
- three years later	18,553	57,402	-	-	-	75,955
- four years later	39,797	-	-	-	-	39,797
Current estimate of cumulative claims	29,075,340	39,785,734	47,435,681	49,460,409	79,101,357	244,858,521
Cumulative payments to date	29,075,340	39,785,734	47,165,403	48,014,736	51,987,299	216,028,512
Liability recognised in the Statement of Financial Position	**-**	**-**	**270,278**	**1,445,673**	**27,114,058**	**28,830,009**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

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

9 (b) Claims and claims expenses

	2023			2022		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Year ended 31 December	**$**	**$**	**$**	**$**	**$**	**$**
OSLR and IBNR	35,459,390	(18,178,776)	17,280,614	32,572,028	(16,063,427)	16,508,601
FPB	17,789,138	(8,894,569)	8,894,569	19,021,587	(9,510,794)	9,510,793
Total at beginning of year	**53,248,528**	**(27,073,345)**	**26,175,183**	**51,593,615**	**(25,574,221)**	**26,019,394**
Claims paid in the year	(127,501,665)	66,994,795	(60,506,870)	(96,346,714)	48,260,446	(48,086,268)
Increase/(decrease) in liabilities:						
- Arising from prior year claims	26,111,963	(13,675,751)	12,436,212	25,191,299	(12,785,722)	12,405,577
- Arising from current year claims	126,213,578	(66,996,135)	59,217,443	76,573,150	(38,794,096)	37,779,054
Effect of movements in exchange rates	2,559,679	(474,554)	2,085,125	(3,762,822)	1,820,248	(1,942,574)
Total at end of year	**80,632,083**	**(41,224,990)**	**39,407,093**	**53,248,528**	**(27,073,345)**	**26,175,183**
OSLR and IBNR	57,801,308	(30,343,177)	27,458,131	35,459,390	(18,178,776)	17,280,614
FPB	22,830,775	(10,881,813)	11,948,962	17,789,138	(8,894,569)	8,894,569
Total at end of year	**80,632,083**	**(41,224,990)**	**39,407,093**	**53,248,528**	**(27,073,345)**	**26,175,183**

9 (c) Provisions for unearned premiums

	2023			2022		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Year ended 31 December	**$**	**$**	**$**	**$**	**$**	**$**
Total at beginning of year	30,827,116	(14,597,252)	16,229,864	25,699,326	(12,814,312)	12,885,014
Increase in year	45,224,658	(21,827,641)	23,397,017	30,517,917	(14,863,792)	15,654,125
Release in year	(30,838,620)	14,122,416	(16,716,204)	(25,957,092)	12,580,328	(13,376,764)
Effect of movements in exchange rates	25,304	1,015,740	1,041,044	566,965	500,524	1,067,489
Total at end of year	**45,238,458**	**(21,286,737)**	**23,951,721**	**30,827,116**	**(14,597,252)**	**16,229,864**

9 (d) Future policy benefits reserve

The weighted average interest rates applied and duration for future policy benefits were as follows:

	2023	**2022**
Interest accretion rate	4.00%	2.88%
Current discount rate	4.74%	5.27%
Weighted average duration	6.3 years	6.7 years

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

9 (d) Future policy benefits reserve (continued)

The net liability for future policy benefits represents the present value of benefits expected to be paid to policyholders, net of the present value of expected net premiums, which is the portion of expected future gross premium expected to be collected from policyholders that is required to provide for all expected future benefits and expenses. The present values of expected net premiums and expected future policy benefits are as follows:

	2023	2022
	$	$
Present value of expected net premiums		
Beginning balance	155,029,857	156,340,772
Reversal of effect of beginning of period discount rate assumptions	12,126,657	(3,346,207)
Beginning balance at original discount rate	167,156,514	152,994,565
Effect of assumption changes and actual variances from expected experience (1)	16,989,305	-
Balance adjusted for variances from expectation	184,145,819	152,994,565
Issuances and lapses	184,822,198	133,698,446
Net premiums collected	(152,001,197)	(122,155,415)
Interest and other (2)	4,778,588	2,618,918
Current period experience	(4,146,985)	-
Ending balance at original discount rate	217,598,423	167,156,514
Effect of period discount rate assumptions	(8,151,558)	(12,126,657)
Ending balance (3)	**209,446,865**	**155,029,857**
Present value of expected policy benefits		
Beginning balance	172,818,996	175,362,359
Reversal of effect of discount rate assumptions	15,028,948	(3,860,861)
Beginning balance at original discount rate	187,847,944	171,501,498
Effect of assumption changes and actual variances from expected experience	16,337,170	-
Balance adjusted for variances from expectation	204,185,114	171,501,498
Issuances and lapses	160,036,467	115,174,570
Benefit payments	(128,360,964)	(101,830,405)
Interest and other (2)	5,294,133	3,002,281
Ending balance at original discount rate	241,154,750	187,847,944
Effect of discount rate assumptions	(8,877,109)	(15,028,948)
Ending balance (4)	**232,277,641**	**172,818,996**
Total liability for future policy benefits (5)	**22,830,775**	**17,789,138**

(1) Includes the effect of actual variances from expectations, which (decreased)/increased the total liability for future policy benefits by $2,323,619 for the year ended 31 December 2023.
(2) Includes the foreign exchange rate impact of translating from transactional and functional currency to United States dollar and the impact.
(3) As at 31 December 2023 undiscounted expected future gross premiums were $604,943,045 (2022: $447,369,815). As at 31 December 2023 discounted expected future gross premiums were $500,342,029 (2022: $371,407,291).
(4) As at 31 December 2023, undiscounted expected future policy benefits were $284,558,460 (2022: $220,195,602).
(5) $11,415,388 of reinsurance recoverable asset reported in the Statement of Financial Position as at 31 December 2023 relates to the liability for future policy benefits (2022: $8,894,569).

Please note that the effect of assumption changes for the year ended 31 December 2022 has not been explicitly shown in the above presentation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

10. 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 2023 **Class**	**Total** **$**	**Level 1** **$**	**Level 2** **$**	**Level 3** **$**
Bonds at fair value (Cost: $44,750,465)	44,960,440	-	44,960,440	-
Total	44,960,440	-	44,960,440	-

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	-

The investment balances disclosed above comprise of investments in 82 (2022: 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 2023 **Class**	**Total** **$**	**Less than 1 year** **$**	**Greater than 1 less than 5 years** **$**	**Greater than 5 years** **$**
Bonds at cost	44,750,465	6,285,513	38,464,952	-
Unrealised gains/(losses)	209,975	(122,110)	332,085	-
Allowance for expected credit losses	-	-	-	-
Total bonds at fair value	44,960,440	6,163,403	38,797,037	-

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 losses	(514,601)	(183,034)	(331,567)	-
Allowance for expected credit losses	-	-	-	-
Total bonds at fair value	29,905,017	7,973,271	21,931,746	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

11. EQUITY SHARE CAPITAL

Issued capital:

31 December 2023	**Number of Ordinary Shares**	**$**
Ordinary Shares at 1 January 2023	38,500,000	38,500,000
Ordinary Shares at 31 December 2023	38,500,000	38,500,000

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

No shares were issued or repurchased by the Company during the year (2022: none).

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.

12. 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, these are explained below:

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. Management has considered and determined there is minimal risk related to expected credit losses given that reinsurance receivables are predominantly internal to The Cigna Group.

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 the 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 2023 (CONTINUED)

13. 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 2023 amounted to $66,864 (2022: $59,223). Total fees paid to the Company's Insurance Manager during the year ended 31 December 2023 totalled $230,662 (2022: $157,677).

Various amounts are owed to and from other group companies. As at 31 December 2023, a net amount of $6,728,684 was owed by the Company (2022: $3,605,206).

14. ADMINISTRATION EXPENSES

	2023	2022
	$	$
Recharge of group overheads	36,668,727	30,503,716
Bank fees	2,444,159	2,190,224
Solicitation costs	7,499,073	6,833,287
Other expenses	3,334,380	4,757,320
	49,946,339	**44,284,547**

15. OTHER COMPREHENSIVE INCOME/(LOSS)

Year ended 31 December 2023

	Investments $	FPB reserve $	Capital gains $	Total $
Total at beginning of year	(514,601)	3,211,105	-	2,696,504
Movement in year (net of income taxes)	724,576	(2,475,532)	(44,095)	(1,795,051)
Total at end of year	**209,975**	**735,573**	**(44,095)**	**901,453**

Year ended 31 December 2022

	Investments $	FPB reserve $	Capital gains $	Total $
Total at beginning of year	(105,147)	(284,502)	-	(389,649)
Movement in year (net of income taxes)	(409,454)	3,495,607	-	3,086,153
Total at end of year	**(514,601)**	**3,211,105**	**-**	**2,696,504**

16. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

16. CAPITAL MANAGEMENT (CONTINUED)

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 2023, 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 2023, the Company held a surplus of $51,582,682 above its MCR requirement of $18,806,567 and a surplus of $21,757,021 above its PCR requirement of $49,507,228 (2022: $50,448,913 surplus and $28,084,711 surplus above its MCR requirement of $9,334,748 and PCR of $32,573,950 respectively).

17. DIVIDENDS

In December 2023, the Directors declared and paid an interim dividend of $20,000,00 (2022: $15,000,000). The Directors have not proposed a final dividend for the year ended 31 December 2023 (2022: $nil).

18. COMMITMENTS AND CONTINGENCIES

In accordance with the NAIC's requirements, a minimum balance of $6,500,000 must be held in a US Trust Account at all times (see note 6 (a)) (2022: $5,000,000).

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.

19. SUBSEQUENT EVENTS

There have been no 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.