

Financial Condition Report

For the year ending 31st December 2022

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1. EXECUTIVE SUMMARY

This Financial Condition Report ("FCR") for 777 Re Ltd. ("777 Re" or the "Company") is produced in accordance with the Insurance (Public Disclosure) Rules 2015 under the Bermuda Insurance Act 1978 ("the Act"). This outlines the financial condition of the Company as of December 31, 2022. The FCR contains qualitative and quantitative information of the Company's business and performance, governance structure, risk profile, solvency valuation and capital management.

2. COMPANY BACKGROUND INFORMATION

On March 4, 2019, the Company was incorporated as a Bermuda exempt company in accordance with Section 14 of the Companies Act 1981. The Company is registered as a Class E Insurer by the Bermuda Monetary Authority ("BMA") pursuant to Section 4 of the Act to write long-term (life) reinsurance. The Company was established as a long-term reinsurer to acquire both active and run-off blocks of life insurance and annuity business underwritten by global insurance companies. The product focus includes multi-year guaranteed annuities, fixed indexed annuities, structured settlements, whole-life insurance, and pension risk transfer. The Company's financial strength rating of A- and long-term issuer credit rating of a- from AM Best was reaffirmed on November 15, 2022.

The Company has a wholly owned subsidiary Salt Lake Acquisition Corporation ("SLAC"), a company incorporated in the state of Delaware in the US on July 1, 2019. SLAC is a single purpose entity with no operations other than to hold an investment in a debt security which was paid off in the first quarter of 2022. Effective April 11, 2022 SLAC dissolved.

3. BUSINESS AND PERFORMANCE

a. Name of Insurer

777 Re Ltd.

b. Supervisors

Insurance Supervisor

Bermuda Monetary Authority
BMA House
43 Victoria Street, Hamilton
Bermuda

Group Supervisor

Bermuda Monetary Authority
BMA House
43 Victoria Street, Hamilton
Bermuda

**c. Approved Auditor**Statutory Reporting

Grant Thornton (Bermuda) Limited
Atlantic House
11 Par-la-Ville Road
Hamilton HM 11
Bermuda

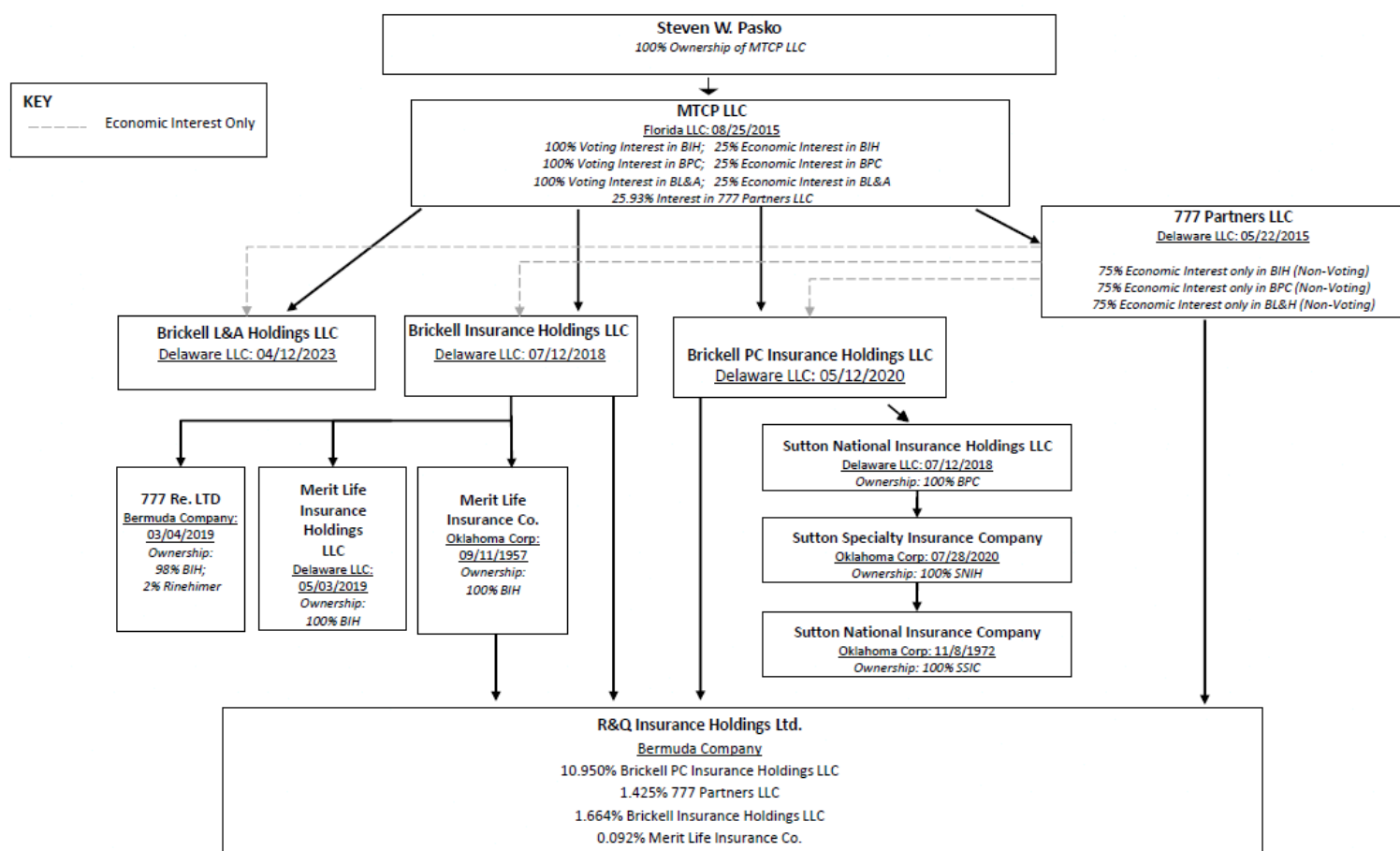
GAAP Reporting

Grant Thornton LLP
Suite 300
1301 International Parkway
Ft. Lauderdale, FL 33323-2874
US

d. Ownership Details

The Company is a 98% directly held subsidiary of Brickell Insurance Holdings LLC (the "Holding Company") and 2% directly held by management. The Holding Company was registered as a corporation in Delaware on July 12, 2018. The Holding Company is an affiliate of 777 Partners LLC (the "Parent"). The Parent was incorporated in the state of Delaware on September 10, 2015. The Parent is structured as a holding company, a Miami based private investment firm that invests across a number of attractive high growth verticals with a focus on financial services. The Parent initially applied its expertise in underwriting and financing esoteric assets to diversify across a broad spectrum of financial services businesses, asset originators, and financial technology/service providers. The Parent has broadened its mandate and now invests across the following different industries: insurance, litigation finance, aviation, fintech, private credit, sustainability and sports, media and entertainment.

The following provides details of the Company in respect of the Group Structure:



As of December 31, 2022, the Company had \$3.0BN of funds withheld receivable, at fair value (“funds withheld receivable”) and \$2.6BN of insurance liabilities, at fair value (“insurance liabilities”). In accordance with the provisions of ASC 825-10-15-4 of the US Generally Accepted



Accounting Principles ("US GAAP"), the Company elected to carry assets and liabilities associated with reinsurance contracts at fair value. This election is made on a contract-by-contract basis. For those contracts for which this election is made, assets and liabilities associated with the reinsurance contract are carried at fair value with the change in the fair value of the assets and the liabilities being recorded in fair value changes associated with reinsurance contracts on the US GAAP Consolidated Statements of Operations and Comprehensive Income (Loss). This reduces earnings volatility in the accounting of the reinsurance agreements.

g. Performance of Investments and Material Income and Expenses for the Reporting Year

i. Performance of Investments for the Reporting Year

The Company invests within the boundaries of Board approved investments, primarily in high quality diversified fixed income investments and equities. The funds withheld receivable has not been included in the performance of investments analysis as the ownership of these investments belong to the cedent. The investments are owned by the cedent for the benefit of the Company to pay liabilities and, as such, the Company receives the risks and rewards attributable to such investments.

The return on investments for the reporting year was as follows:

(Reported in thousand units)

Investment Type	Balance Fair Value	Return Gains/(Losses)	Return Gross Investment Income	Return
Fixed income investments	\$ 11,264	\$ (3,380)	\$ 4,010	% 5.6
Common equity	1,747	(331)	-	(18.9)
Preferred equity	29,775	(3,252)	1,500	(5.9)
Investment funds	1,050	270	281	1.0
Total	\$ 43,836	\$ (7,233)	\$ 5,791	

ii. Material Income and Expenses for the Reporting Year

The Company's main revenue sources are the:

- spread between net investment income earned on the assets within the funds withheld receivable and the interest credited to policyholders on the block of annuities;
- difference in fair value between the funds withheld receivable and the insurance liabilities;
- net investment income earned on the investments; and
- market value gain earned on the investments.



The Company's major expenses include operating and income tax expenses.

The Consolidated Statement of Operations for the reporting year was as follows:

(Reported in thousand units)

Revenues

Fair value changes associated with reinsurance contracts	\$ 156,394
Net investment income	5,320
Net investment losses	(5,172)
Total revenues	156,542

Expenses

Professional fees	2,188
Salaries and benefits	2,283
General and administrative	1,486
Depreciation and amortization	38
Total expenses	5,995

Net income before income taxes	150,547
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Income tax expense	31,661
Net income	\$ 118,886



h. Any Other Material Information

None

4. GOVERNANCE STRUCTURE

The Company's governance structure is established to:

- ensure the enterprise risk management is maintained at high standards;
- ensure the business is operating in an efficient and effective manner; and
- align control procedures for units within the organization based on the risks they carry.

a. Board and Senior Executive

i. Board and Senior Executive structure, role, responsibilities, and segregation of responsibilities

The Board of Director's ("the Board") role is to exercise oversight in relation to the organization. This includes establishing the Company's risk appetite and decision-making relating to certain matters which are considered of strategic importance.

During the year ended December 31, 2022, the Board consisted of six directors, of the following classifications: one Non-executive (Affiliate), one Executive, and four Non-executive (Independent).

The Company has three Board committees: Audit; Governance; and Risk; and two management committees: Pricing; and Investment and Asset Liability Management. Each of the Board committees has been established and authorized by the Board with unlimited duration to continue its work. Both the Board and management committees have a Committee Charter, which outlines, among other things, its composition, purpose, principal responsibilities, reporting and meeting frequency.

As at December 31, 2022, the Company's senior management includes the CEO (also holds the position of Chief Financial Officer ("CFO")), Chief Risk Officer ("CRO"), Chief Compliance Officer ("CCO"), Deputy CFO and Head of Asset-Liability Management (ALM).

ii. Remuneration policy

The Company's remuneration policy provides for a fixed base salary along with an annual performance-based bonus which varies in accordance with both the Company's and individual's performance. Non-executive independent Board members receive a flat fee in accordance with established policies approved by the Board. The CEO, working with external independent consultants, conducts periodic industry reviews to ensure compensation is appropriate.



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

The Company provides all employees with pension benefits through a defined contribution pension program. The Company provides contributions matching the employee's level of contribution. The funds are invested in one of the Company's pension investment portfolios based on the employee's preference, which is administered by a third-party advisor. The Company does not have any early retirement schemes.

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

The Company and Brickell Insurance Holdings LLC ("BIH"), the Company's principal shareholder, have entered into an intercompany services agreement. BIH provides a variety of services to the Company in the form of:

- Administration and Tax services;
- Information Technology;
- Human Resources;
- Legal and Compliance; and
- Maintenance of Certain Books and Records.

The Company pays BIH a management fees for these services, based upon BIH's customary practices for internal cost allocations, in accordance with services performed and in conformity with customary accounting practices consistently applied.

The Company and one of its affiliates, 777 Asset Management LLL ("777AM"), entered into an asset management contract. 777AM provides investment accounting and investment reporting services to the Company in exchange for asset management fees.

b. Fitness and Proprietary Requirements

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

The Company appoints members of the Board based on the individual's expertise and work experience as well as professional judgement. Before being appointed to the Board, all candidates must undergo a rigorous recruitment and background screening.

The CEO is responsible for all employee hires to ensure there is enough expertise to achieve the Company's goals, upon taking advice from the Board.

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

The Company has assembled Board and Officers consisting entirely of seasoned life insurance experts.



Below are details of the Board's qualifications, skills, and expertise as at December 31, 2022:

- Will Rinehimer (FSA, MAAA) – CEO and CFO, the Company – Bermuda Resident

Mr. Rinehimer has over 20 years of experience in the Bermuda reinsurance market, most recently serving as the President & CFO of Front Street Re. Previously he served as President and CFO of Ace Tempest Life Reinsurance. During Mr. Rinehimer's career, he was responsible for profitability, business plan, financial reporting, valuation, capital planning and budget of life reinsurance business. Mr. Rinehimer is a co-founder of Bermuda International Long-Term Insurers and Reinsurers (BILTIR) and is a member of the Bermuda Insurance Advisory Committee (IAC).

- Steven W. Pasko – Co-Founder & Managing Partner, the Parent, Chairman of the Board of Directors of the Company ("Chairman")

Mr. Pasko is co-founder and managing partner of the Parent. He is a specialty finance pioneer with over 40 years of industry experience, including leadership positions at both Salomon Brothers and Drexel Burnham, as well as Managing Director positions at Natixis Capital Markets and Bankers Trust. Mr. Pasko has significant experience investing in life and investment annuities as the co-founder of SuttonPark Capital. Founded in 2010, SuttonPark is the largest secondary market investor of structured settlements, lottery winnings, and life and investment annuities in the US. Mr. Pasko has an MBA from the Wharton School at the University of Pennsylvania.

- Corwin Zass (Independent Director)

Mr. Zass, a credentialed actuary in good standing, is the founder and principal of Actuarial Risk Management, Ltd ("ARM"), an independent member of the BDO Alliance USA since 2006. For 5 years he served as an executive and Chief Actuary in a home office setting for a life and annuity carrier prior to leveraging his hands-on insurance operational knowledge to the consulting arena where for the last 20 years he has transitioned into a senior consulting actuary aiding numerous US and global insurers on product management, capital strategy and management of financial reporting paradigms. His perspective ranges from roles as: Chief Actuary for \$2 Billion asset mid-size life/health insurer; appointed actuary to various insurers; auditing actuary for three Top 8 accounting firms; regulating (state) senior actuary on the examination of actuarial balance sheets of four Top 30 insurance companies; and consulting actuary.

- Shelby Weldon (Independent Director) – President and Deputy Chairman of HLB Bermuda Advisory and Accounting Ltd.

Mr. Weldon has served as Senior Vice President of Marsh Management Services (Bermuda) Ltd., providing insurance management services to a portfolio of captive and commercial insurance companies. Mr. Weldon spent 15 years as a member of the Executive Team of the Bermuda



Monetary Authority, Bermuda's integrated financial services regulator. Mr. Weldon served in various capacities including Director of Compliance and Director of Licensing and Authorizations. He was instrumental in the development of Bermuda's insurance regulatory and supervisory framework and also served as the Inspector of Companies at the Bermuda Government's Registrar of Companies Department. Mr. Weldon is a Certified Public Accountant by training and spent the first 5 years of his career as an auditor with Arthur Andersen.

- Dan Knipe (Independent Director)

Mr. Knipe has worked in the insurance industry for over 20 years, spending the last 13 years making investments into insurance businesses around the globe. Previously Mr. Knipe worked for mutual insurers, actuarial consultants, international reinsurers and in asset management. Mr. Knipe is a Fellow of the Institute of Actuaries.

- Simon Rich (Independent Director) - Group Treasurer of Prudential plc

Mr. Rich has responsibility for debt, liquidity, foreign exchange management, rating agency relationships and management of Prudential's bank group. Previously he held senior finance roles with Aviva in London, where he was first Group Treasurer and latterly Co-Head of Aviva Capital. Prior to that Mr. Rich worked for XL Group in London and Bermuda with roles including Group Financial Controller and Group Treasurer. Mr. Rich is a Chartered Accountant and started his career in the insurance and fund management practice at PwC.

Below are details of the Company's Officers qualifications, skills, and expertise during the year ended December 31, 2022:

- CEO and CFO - Will Rinehimer

See biography in Board section.

- CRO and Principal Representative – Steve Walton

Mr. Walton has held business, risk and audit roles in Banking, Insurance and Asset Management. Prior to joining 777 Re he held Interim CRO roles at Border to Coast Pensions Partnership and Intermediate Capital Group, having previously been the Group Head of Investment Oversight at Prudential plc and Global Head of Enterprise Risk Management at Deutsche Bank.

- CCO – Gayle Levy

Ms. Levy serves as General Counsel and Chief Compliance Officer for Brickell Insurance Holdings LLC, an affiliate of 777 Partners, and its portfolio companies providing critical business and legal advice in connection with transactional, regulatory and compliance matters pertaining to Brickell and its portfolio companies. Ms. Levy has over 30 years of experience in the regulatory and



corporate aspects of insurance industry transactions. Ms. Levy was previously a partner in the corporate insurance practice of several prominent international law firms, including Dewey Ballantine, Edwards Angell, and Dentons, and was General Counsel of Companion Property and Casualty Insurance Company which was acquired by Enstar (US) Inc. Ms. Levy earned undergraduate degrees from both the College of Arts and Sciences and the Wharton School at the University of Pennsylvania, and a J.D. from the University of Chicago Law School.

- Deputy CFO – Thelma Kachisa

Ms. Kachisa has over 13 years of accounting and finance experience, the majority of which are based in the Bermuda life and annuity reinsurance market. Most recently Ms. Kachisa served as the Financial Manager at Front Street Re. Prior to that she worked in the insurance practice at KPMG Bermuda. Ms. Kachisa is qualified as a Chartered Accountant (South Africa) and Chartered Professional Accountant (Canada, Bermuda). Ms. Kachisa has a consistent track record of working closely with executive management to compile and analyse information regularly presented to the Board, regulators, auditors, and other critical stakeholders.

- Head of ALM – Uzair Naeem

Mr. Naeem has over 13 years of actuarial experience working in the Canadian and UK markets. Most recently Mr. Naeem worked at Moody's Analytics based out of UK where he led the strategic growth initiative of AXIS actuarial system in EMEA region and provided actuarial modelling and model governance support to (re)insurance clients in the region. Prior to that Mr. Naeem also worked at Canada Life in various pricing and valuation roles. Mr. Naeem is a Fellow of Society of Actuaries, Chartered Enterprise Risk Analyst and an Associate of the Canadian Institute of Actuaries.

c. Risk Management and Solvency Self-Assessment

i. Risk Management Process & Procedures to Identify, Measure, Manage and Report on Risk Exposures

The Company has documented its Enterprise Risk Management Framework ("ERMF"), which was approved at the Board. Through the ERMF, the Company will identify, measure, evaluate, report and manage the material risks inherent in our business in alignment with the direction and risk appetite set by the Board and the overall objectives as outlined in the Company's business plan.

The Board will determine a risk strategy that provides a basis for setting risk appetites, tolerances, and limits within the overall ERMF. Ultimately, this will form an expression of the type and amount of risk that the Board is willing to seek, accept and avoid in pursuit of the Company's objectives.

The Company maintains a framework for stress and scenario testing which forms an integral part of the Commercial Insurer's Solvency Self-Assessment process, used to review the appropriateness of



our risk appetite and tolerances across key risks, as well as the appropriateness of key risk mitigants.

The risk management function of the Company has the following attributes and objectives:

- To establish a sound and effective risk and control framework including developing and implementing (with the support of the management team) policies, procedures, and internal controls promoting the identification, assessment, monitoring, and reporting of material risks in a timely manner;
- Assess the effectiveness of policies, procedures, and controls and compliance with established policies (e.g., investment, underwriting, etc.), risk appetite, risk tolerance/limits, and strategies;
- Employ measurement techniques such as benchmarking or stress and scenario testing;
- Review on a regular basis the risk management techniques employed considering changing operational, regulatory, and market developments to ensure continued effectiveness and adoption of international best practice;
- Defined and documented roles and responsibilities which are compliant with the Insurers Code of Conduct;
- Objectives which include the identification, measurement, assessment, monitoring, management and reporting of incurred and potential risks and their interdependencies, at both an individual and aggregated level; and
- The objectives of the function are to be exercised at the Company level and considering group-wide risks.

ii. Risk Management and Solvency Self-Assessment Systems Implementation

The Company's ERMF is implemented and integrated into its operations through the systems, processes and procedures, and controls developed by management. The Board, senior management and internal audit review the controls in place to ensure they are designed and operating effectively, providing recommendations to the Board on an at least annual basis. Management information arising from the risk management systems is used to complete Solvency Self-Assessments and assess the liquidity required to support the Company's business goals given the amount of risk the Company has taken on (or plans to take on) and environmental factors.

The Solvency Self-Assessment is reviewed at least annually to ensure that the Company's capital adequacy and liquidity resources are sufficient based on the risks to the Company that arise from its operations. The Company uses the Bermuda Solvency and Capital Requirements ("BSCR") model to determine the adequacy of capital.

iii. Relationship Between Solvency Self-Assessment, Solvency Needs & Capital, and Risk Management

The Solvency Self-Assessment process is a fundamental part of the Company's ERMF, providing the overall framework for the identification, measurement, monitoring and reporting of risks. The process starts with the setting of the Company's risk strategy and associated appetite statements,



which are reviewed and updated at least annually as part of the business planning process. Risks are then identified, assessed and a risk appetite set with each risk assessed relative to their materiality to the delivery of the business plan.

As the Company implements the business plan, the risk function works collaboratively with other functional areas to perform quantitative and qualitative analysis of the most material risks to plan, reporting risk exposures against appetite quarterly to the Risk Committee.

The Company's Solvency Self-Assessment report ("CISSA") is the final output of the CISSA process, which provides a comprehensive description of the business and its risk management activities throughout the year and key expected developments going forward. Given the CISSA process is an ongoing process, the CISSA report is then used alongside the risk appetite setting and business planning processes.

iv. Solvency Self-Assessment Approval Process

Through the ERMF, the Company will identify, measure, evaluate, report, and manage the material risks inherent in its business in alignment with the direction set by the Board, including the Risk Committee, and the overall objectives as outlined in the Company's business plan.

The Board is ultimately responsible for ensuring an effective implementation of the framework and delegates the day-to-day and operational management to the Risk function at the Company and executive management under the oversight of the Risk Committee. To this end, any changes to the ERMF and key risk reports will be reviewed and approved by the Risk Committee. Any matters considered significant will be escalated to the Board.

d. Internal Controls

i. Internal Control System

The Company has systems, processes, and procedures to ensure that data and reporting is reliable, organizational policies are adhered to, and adequate security measures are implemented. The Company uses the services of external consultants, Deloitte, to act as the Internal Audit function and perform independent assessments of the internal control system. If any deficiencies or material weaknesses are found, they are documented and presented to the Audit Committee. The Audit Committee monitors the progress on remediation plans through the internal audit reports.

ii. Compliance Function

The Company appointed a Chief Compliance Officer who has the responsibility to monitor regulatory changes in the relevant jurisdictions and compliance with applicable existing laws, including regulatory reporting and public disclosure requirements. The Compliance function, through a risk-



based approach. will also monitor compliance with organizational policies and procedures and adherence to the Company's Code of Ethics. All material violations are reported to the Board and or its Board committees and corrected accordingly.

e. Internal Audit

The Company uses Deloitte to perform a risk based annual program of audit coverage. Deloitte is engaged by the Company and has unrestricted access to all areas and property of the organization, including personnel records, records held by third-party service providers, and has direct access to the Board to report their findings. Upon completion of the internal audits, Deloitte prepares a report of their findings which includes recommendations for improvements as well as responses from senior management with an action plan for remediation. This is presented to the Audit Committee. The Audit Committee monitors the progress on remediation plans through the internal audit reports.

f. Actuarial Function

The Company has an in-house Actuarial function. The Actuarial function is responsible for setting, monitoring, and adjusting technical provisions and the risk margin as well as the oversight and review of any outsourced actuarial services.

The technical provisions are reviewed by the Board and an external appointed actuary at least annually, to ensure they fall within a reasonable range.

g. Outsourcing

i. Outsourcing Policy and Key Functions that have been Outsourced

Outsourced services are governed by the Company's Outsourcing policy. The policy requires that service providers are reviewed periodically by the responsible risk owner. Outsourcing risk has three major components: selection risk, contracting risk and delivery risk. Selection risk addresses the choice of the best fit provider. To manage selection risks, the Company evaluates alternative vendors, reviewing their capabilities, fit to our business, reputation in the marketplace and all-in costs. Contracting risk is mitigated by evaluating the terms of the agreements, the specified services to be delivered, the performance levels to be delivered, the ownership of records and processes, remedies for underperformance, exit strategies and length of the contracts, and security and backups. Delivery risk is controlled by the ongoing monitoring of the services, including timeliness, provided by senior management of the areas being serviced, independent reconciliation of results with other sources where possible and internal and external audit reviews where possible.

ii. Material Intra-Group Outsourcing

As provided in Section 4(iv), the Company and BIH have entered into an intercompany services agreement.



The Company pays BIH a management fees for these services. The Company and 777AM entered into an investment management agreement. 777AM provides investment and investment reporting services to the Company in exchange for asset management fees.

h. Other Material Information

No other material information to report.

5. COMPANY RISK PROFILE

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

During 2022, the Company identified its material risks as follows:

- Investment risk: This is defined as the uncertainty or loss relative to the expected return on investments. The Company's main source of profits from its reinsurance transaction stem from the investment spread, investment risk is therefore the primary risk undertaken by the Company.
- Liquidity risk: This refers to the inability to meet payment obligations when they become due because the Company has insufficient liquid funds, cannot obtain new funding, or has the inability to sell or transform its assets into cash without significant losses.
- Market risk: This is defined as the uncertainty or loss arising from changes in market prices or volatility of assets or market indices, including the impact of credit spreads and costs of embedded financial options and guarantees.
- Operational risk: This is the risk of a change in value caused by the fact that actual losses, incurred for inadequate or failed internal processes, people and systems, or from external events, differ from the expected losses.

b. Risk Mitigation in the Organization

The Company controls risk in the organization through a variety of ways, but ultimately risks are reported and monitored centrally under the ERMF, overseen by the CRO and the Risk Committee. The Risk Management Function verifies that risks are either kept within agreed limits or temporary breaches for unique situations are appropriately escalated to the Board and or the relevant Board committee and either approved or corrected. Further, the CEO and the Board and or the relevant Board committee review the ERMF and ensure the controls in place for managing the risk exposures are operating as intended. If a new risk emerges, the CRO will facilitate the review and integration of the risk into the ERMF.

c. Material Risk Concentrations

The BSCR solvency capital risk charge for concentration risk is a key metric which is monitored by the Board. Concentrations of investments are controlled through the risk appetite framework and includes limits and tolerances at both the transaction and portfolio levels.



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

The Company's investment portfolio is managed by its CIO and contracted investment managers in accordance with the Company's investment and risk management standards.

e. Stress Testing and Sensitivity Analysis to Assess Material Risks

The Company performs various stress tests to determine the adequacy of capital/liquidity and ensure regulatory requirements can be met on annual basis. The tests performed relate to the quantifiable risk identified in section 5.a.

Based on the latest results, management of the Company believes that it has sufficient capital and liquidity to comply with the contractual obligations of the organization and regulatory requirements upon experiencing losses within its risk tolerance.

6. SOLVENCY VALUATION

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

The Company has used the valuation principles outlined by BMA's "Guidance Note for Statutory Reporting Regime". The economic valuation principles outlined in this document are to measure assets and liabilities on a fair value basis (which is the value that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between open market participants at the measurement date). The fair value principles used for the assets held directly or assets supporting the funds withheld receivable are as follows:

- Cash and cash equivalents – includes cash time deposits and investments maturing within three months. The fair value of these holdings is determined by using mark to market valuation, or quoted market prices in active markets for similar assets with adjustments to reflect differences if mark to market valuation is not possible, or mark to model valuation otherwise.
- Fixed income investments - are valued in accordance with mark to market principles where possible or quoted market prices in active markets for similar assets with adjustments to reflect differences if mark to market valuation is not possible. For fixed income investments that are not actively traded and for which similar assets are also not actively traded, the Company engages the services of a third-party service provider who specializes in asset valuations to perform an independent asset valuation as of the reporting date.
- Equities - includes common and preferred equities. The fair values of publicly traded equities are based on quoted market prices and for private equities or equity securities not traded on an exchange are valued based on other sources, such as commercial pricing services or brokers. Where prices cannot be obtained from these sources, the Company engages the services of a third-party service provider who specializes in asset valuations to perform an independent asset



valuation as of the reporting date.

- Equity method investments – the Company engages the services of a third-party service provider who specializes in asset valuations to perform an independent asset valuation as of the reporting date.
- Investment funds – are carried at fair value using net asset values provided by the respective entities. These entities generally carry their trading positions and investments at fair value as determined by their respective fund administrators. The Company also engages the services of a third-party service provider who specializes in asset valuations to perform an independent asset valuation as of the reporting date.

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

The Company has considered valuation principles outlined by the BMA's "Guidance Note for Statutory Reporting Regime" when determining insurance technical provisions. The Company believes that the techniques it uses in developing the insurance technical provisions are consistent with BMA guidance. The primary valuation method that was used to determine the best estimate technical provisions was the BMA's Scenario Based Approach. The best estimate cash flows have been discounted reflecting the projected performance of the Company's assets under the most severe interest rate stress scenario.

In addition, the Company also holds a risk margin to reflect the uncertainty inherent in the underlying cash flows which is calculated using the cost of capital approach and a risk-free discount rate term structure. The discount rate term structures are prescribed by the BMA for each reporting year.

As at December 31, 2022, the total Technical Provisions amounted to \$2,669,204 comprising the following:

(reported in thousand units)

• Best Estimate Reserves – Annuity	\$	2,661,340
• Risk Margin	\$	7,864

c. Description of Recoverables from Reinsurance Contracts

Not applicable

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

Similar to the valuation principles for assets, the Company's liabilities follow the valuations principles outlined by BMA's "Guidance Note for Statutory Reporting Regime" which values liabilities at a fair value basis. Insurance liabilities include amounts for unpaid losses and future policy benefits. The fair value related to insurance liabilities is determined using the income approach allowed under US GAAP ASC 820. The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. Those valuation techniques



include present value techniques. The liability cash flows are discounted using a rate that is composed of the risk-free rate plus non-performance risk spread less risk margin to reflect uncertainty. The non-performance risk spread refers to the risk that the obligation will not be fulfilled and includes the Company's own credit risk.

e. Any Other Material Information

No additional material information to report.

7. CAPITAL MANAGEMENT

a. Eligible capital

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

The primary capital management objectives of the Company are always to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements. The Company sets its risk appetite based on both qualitative and quantitative measures. Risk capacity is set to be equal to the amount of capital necessary to meet the Bermuda Statutory and Economic Balance Sheet/BSCR requirements. The Company currently maintains sufficient capital to meet a target BSCR set by management. Risk capacity may be additionally defined at the treaty level based on collateral requirements from the ceding company.

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

To enable the BMA to better assess the quality of the insurer's capital resources, a Class E insurer is required to disclose the makeup of its capital in accordance with the '3-tiered capital system'. Highest quality capital is classified as Tier 1 Capital, lesser quality capital is classified as either Tier 2 or Tier 3 Capital. The Act requires that Class E insurers have Tier 1 Capital equal to or greater than 50% of the value of its Enhanced Capital Requirement ("ECR") and Tier 3 Capital of not more than 17.65% of the aggregate of its Tier 1 Capital and Tier 2 Capital.

As of December 31, 2022, all the eligible capital used by the Company to meet the Minimum Margin of Solvency ("MMS") and ECR was Tier 1 Capital. The Company monitors its capital tiers and any encumbrances on capital when determining capital tiers, including assessing any capital restricted in trusts and reinsurance agreements.

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

At the end of the reporting year, the Company's Eligible Capital for its MSM and ECR was categorized as follows:



(reported in thousand units)

	MMS	ECR
Tier 1	\$343,549	\$343,549
Tier 2	-	-
Tier 3	-	-
TOTAL	\$343,549	\$343,549

iii. Confirmation of Eligible Capital That is Subject to Transitional Arrangements

Not applicable

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

The Company has entered into contracts with cedents that require the Company to fully collateralize estimates of its obligations calculated by the cedent. Assets are held in trust accounts for the benefit for the cedent. These assets are released to the Company upon the payment of the obligations. Interest income arising from these assets accrues to the Company.

v. Identification of Ancillary Capital Instruments Approved by the Authority

Not applicable

vi. Identification of Differences in Shareholder's Equity as Stated in the Financial Statements Versus the Available Capital and Surplus

Not applicable

b. Regulatory capital requirements

i. ECR and MSM Requirements at the End of the Reporting Year

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

(reported in thousand units)

Requirement	<u>Amount</u>
Statutory Capital (EBS)	\$343,549
MMS	\$47,917
Transition ECR	\$140,046

ii. Identification of Any Non-Compliance with the MSM and the ECR



Not applicable

- iii. Description of the Amount and Circumstances Surrounding the Non- Compliance, the Remedial Measures and Their Effectiveness

Not applicable

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

Not applicable

c. Approved Internal Capital Model

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

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

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

Not applicable

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

Not applicable

- iv. Description of Aggregation Methodologies and Diversification Effects

Not applicable

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

Not applicable

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

Not applicable

- vii. Any Other Material Information

Not applicable



777 Re Ltd.

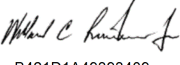
8. SUBSEQUENT EVENTS

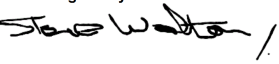
Not applicable



9. DECLARATION

We, the undersigned, declare that to the best of our knowledge and belief, the Financial Condition Report fairly represents the financial condition of the Company in all material respects as at December 31, 2022.

DocuSigned by:

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Willard C. Rinehimer, Jr.
CEO & CFO
July 31, 2023
777 Re Ltd

DocuSigned by:

D68AE3C8FE10420...
Steve Walton
CRO and Principal Representative
July 31, 2023
777 Re Ltd