FINANCIAL CONDITION REPORT

For the year ended
31 December 2022

INSURANCE | HEALTH | PENSIONS | LIFE

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Executive Summary

Coralisle Group Ltd. (the "Company"), formerly Colonial Group International Ltd., was incorporated in Bermuda as a holding company in 1996. The Company and its subsidiaries (collectively the "Group" or "CG") have commercial operations in Bermuda, the Cayman Islands, the Bahamas, the British Virgin Islands, Barbados and the Turks and Caicos Islands. The Group is comprised of independently incorporated companies in these jurisdictions offering primarily health and property and casualty insurance. The Group also underwrites certain life products and issues a diversified portfolio of investment contracts to provide its customers with asset management solutions for their savings and retirement assets. CG draws commercial strength from the cohesion of a group of companies accessing a variety of skills, experience and local knowledge in different geographic settings. Our mission is to innovatively provide superior insurance products and financial services globally and at the same time, humanize the insurance and financial business process by emphasizing friendly, flexible and personalized service. Most importantly, we are in the business of providing care for people, both employees and clients. We believe that people come first.

The general purpose of the Financial Condition Report ("FCR" or "Report") is to provide publicly disclosed information about the Company's business, financial performance, corporate governance and risk management framework, risk profile, solvency position, capital management, regulatory capital requirements and significant events. The FCR is prepared in accordance with the Insurance (Group Supervision) Rules 2011 and the Insurance (Public Disclosure) Rules 2015 and is reviewed and approved by the Risk Committee and the Board of Directors of CG (the "Board"). The Group has obtained approval from the Bermuda Monetary Authority to include its Bermuda based licensed insurance operating subsidiaries into the scope of the Group's FCR. Information that is specific and unique to each of these subsidiaries has been disclosed where appropriate. Where no specific or unique information has been disclosed, the Group level disclosure is considered applicable to these subsidiaries:

Licensed Entity	Domicile	Principle Activities	Class of License
Coralisle Insurance Company Ltd.	Bermuda	Property and casualty insurance: motor; home and commercial property; marine; and general liability.	Class 3A
Coralisle Medical Insurance Company Ltd.	Bermuda	Group and individual medical; and group life insurance.	Class 3B
Coralisle Life Assurance Company Ltd.	Bermuda	Individual life and annuities; and accidental death. CLAC also writes unit linked investment policies.	Class C
Coralisle Re Ltd.	Bermuda	Property catastrophe reinsurance.	Class 3A

The Group generated strong operating results for the 12 months ended December 31, 2022 primarily led by its underwriting business units, Health & Life and Property and Casualty. However, market volatility and the rise in interest rates during the year led to an overall net unrealized investment loss for the Group, resulting in net loss for the period. As of December 31, 2022, shareholder's equity was $383.6 million compared to $398.7 million as of December 31, 2021. On March 2, 2023, A.M. Best re-affirmed CG"s Financial Strength Rating of "A" (Excellent) and its Long-Term Issuer Credit Rating of "a" (Excellent) for the Group's member operating subsidiaries with a stable outlook. This requires the Group not only to be sufficiently capitalized to that ratings level under the A.M. Best BCAR model for Insurers, and, in addition, to satisfy the ratings agency under a number of established qualitative criteria as well.

On May 4, 2022, the Group acquired 100% of Massy United Insurance Ltd. which was rebranded to CG United Insurance Ltd. ("United"). The acquisition of United has significantly increased CG's existing presence in the Caribbean and has added 14 new jurisdictions where United operates. It strategically positions CG as one of the largest insurers in the region with potential for cross-selling complementary health and life products, additional scale in CG's growing property and casualty business as well as synergies in revenues and expenses of the combined organizations. In addition, United has its own A.M. Best rating which was re-affirmed on March 2, 2023 as follows: Financial Strength Rating of "A-" and long-term Issuer Credit Rating of "A-" (Excellent) with a "positive" outlook associated with both ratings.

1. Business and Performance

a. Name of the Insurance Group and Insurers

Insurance Group – Coralisle Group Ltd.

Insurers – Coralisle Insurance Company Ltd. ("CIC") , Coralisle Medical Insurance Company Ltd. ("CMIC") , Coralisle Life Assurance Company Ltd. ("CLAC") and Coralisle Re Ltd. ("CRe").

b. Name and contact details of the group supervisor and insurance supervisor

Bermuda Monetary Authority (the "Authority", or "BMA")
BMA House
43 Victoria Street, Hamilton HM 12, Bermuda
Tel. 441 295 5278

c. Name and contact details of the approved auditor

Ernst and Young
3 Bermudiana Road, Hamilton HM 08, Bermuda
Tel. 441 295 7000

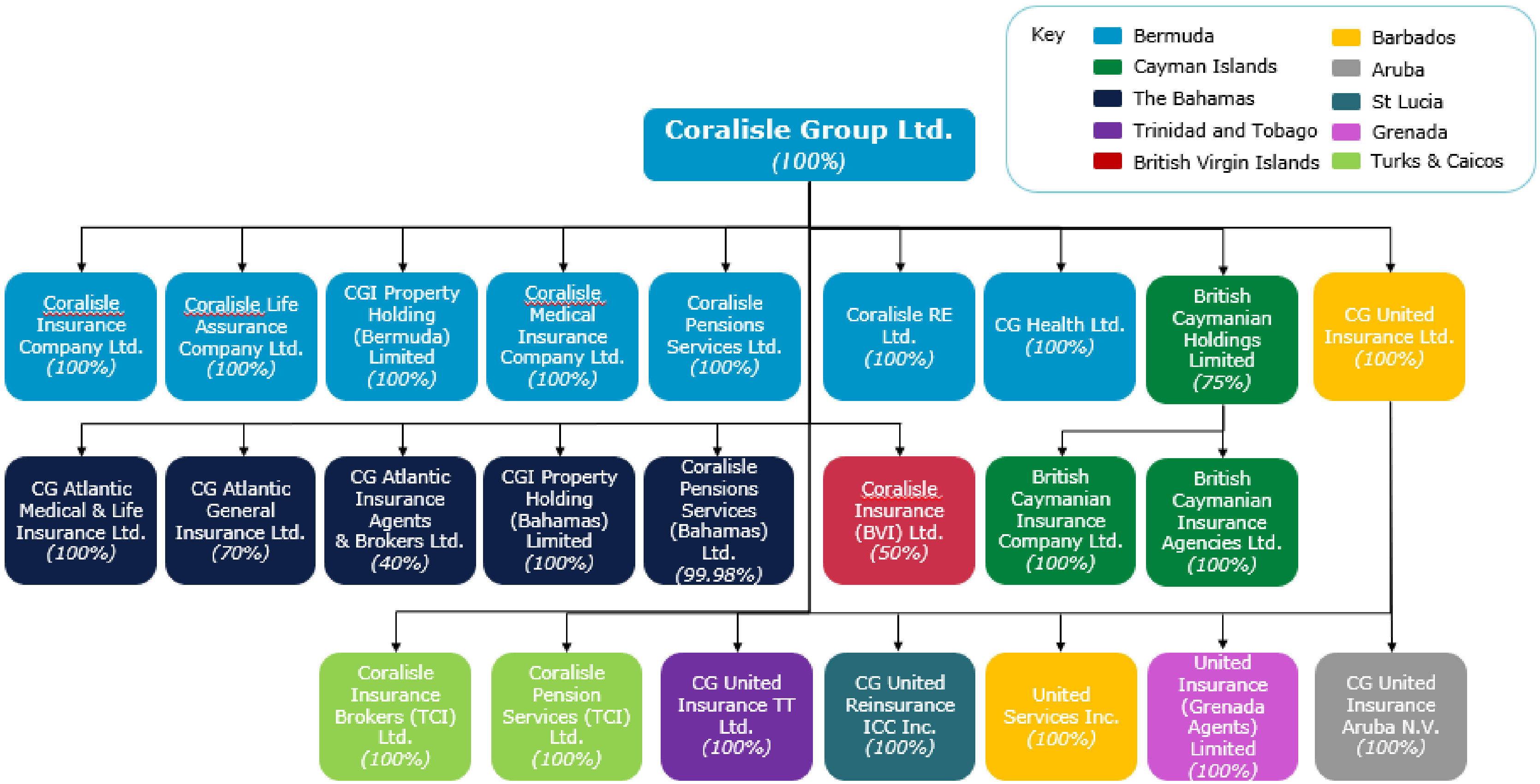
d. A description of the ownership details including proportion of ownership interest

The Company is a wholly owned subsidiary of Edmund Gibbons Limited ("EGL").

CIC, CMIC, CLAC and CRe are all wholly owned subsidiaries of the Company.

e. Group Structure

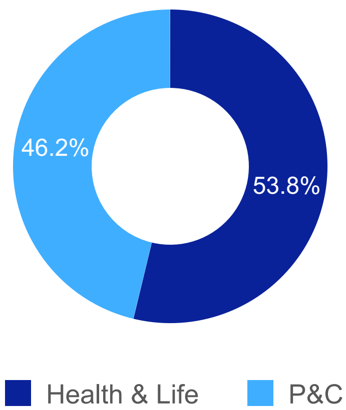
The Group structure as of December 31, 2022 was as follows:



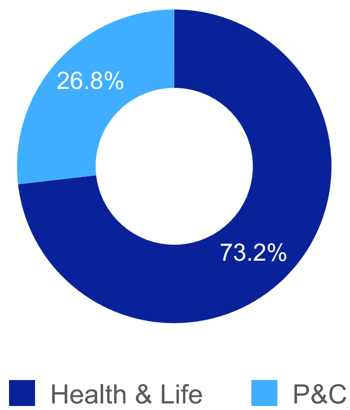
f. Insurance business written by segment and by geographical region during the reporting period

The Group's insurance products are split into Life & Health ("L&H") and Property & Casualty ("P&C") insurance segments and cater to commercial and retail customers. The distribution of Gross Written Premium ("GWP") is shown below by business unit and jurisdiction.

2022 GWP: BD$ 690.6m



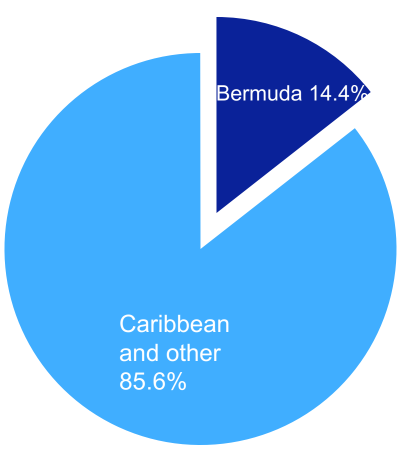
2021 GWP: BD$ 476.7m



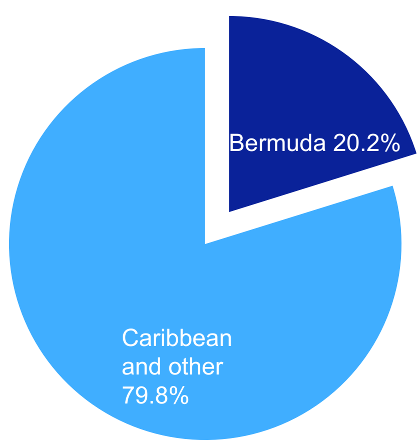
Source – total GWP figures agree back to the 2022 & 2021 Audited Financial Statements prepared under IFRS. The breakdown of the GWP agrees back to internal working papers prepared under IFRS.

The Group offers coverage in Bermuda, several jurisdictions throughout the Caribbean islands as well as Guyana and Belize.

2022 GWP: BD$ 690.6m



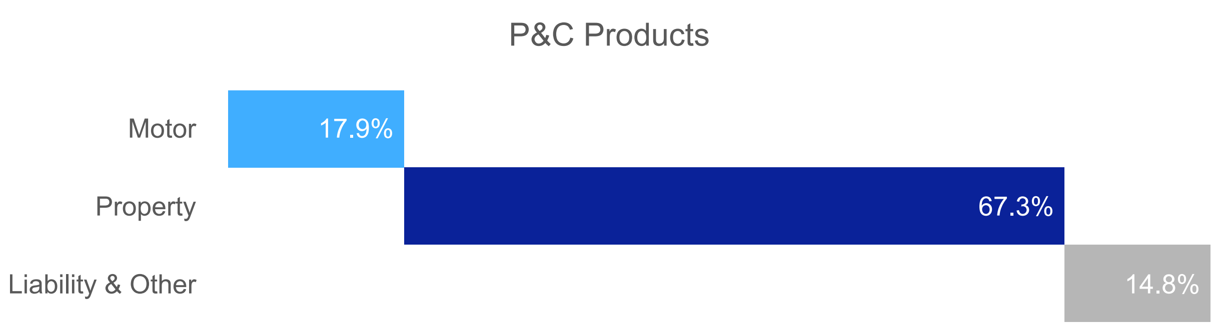
2021 GWP: BD$ 476.7m



Source – total GWP figures agree back to the 2022 & 2021 Audited Financial Statements prepared under IFRS. The breakdown of the GWP agrees back to internal working papers prepared under IFRS.

L&H products constitute the largest segment of the Group's business at $371.4m, of GWP in 2022. The Group is the market leader in providing medical insurance in Cayman and the Bahamas and in the top three in Bermuda.

P&C products represent $319.2m, of GWP in 2022.



Source – The breakdown of the GWP agrees back to internal working papers prepared under IFRS.

Coralisle Insurance Company Ltd.

CIC was incorporated in Bermuda in 1958 and carries on business as an insurance company. It holds a Class 3A License under the Insurance Act 1978 (the "Act") in Bermuda.

CIC provides P&C insurance, which includes home, motor, marine, travel, liability, and business cover. In Bermuda, CIC has long been a major provider of motor cover. P&C lines are covered by Personal or Business Insurance.

CIC acts as a reinsurer in the British Virgin Islands, as it provides 80% quota share reinsurance treaty covering property risks and 100% quota share reinsurance covering motor and marine risks for an affiliate company, Coralisle Insurance (BVI) Ltd. ("CI (BVI)").

The table below provides an overview of CIC's GWP by product and jurisdiction:

Company/Products	GWP (BD$000)	
CIC	**2022**	**2021**
Property	20,833	19,462
Motor	14,734	14,719
Liability & Other	2,354	1,905
Total	**37,921**	**36,086**

Source – total GWP figures agree back to the 2022 & 2021 Audited Financial Statements prepared under IFRS. The breakdown of the GWP agrees back to internal working papers prepared under IFRS.

Company/Jurisdiction	GWP (BD$000)	
CIC	**2022**	**2021**
Bermuda	33,463	31,643
Caribbean	4,458	4,443
Total	**37,921**	**36,086**

Source – total GWP figures agree back to the 2022 & 2021 Audited Financial Statements prepared under IFRS. The breakdown of the GWP agrees back to internal working papers prepared under IFRS.

Coralisle Medical Insurance Company Ltd.

CMIC, incorporated in Bermuda in 1990, carries on business as an insurance company. It holds a Class 3B License under the Act in Bermuda and is the designated insurer for the Group.

CMIC provides health insurance coverage in Bermuda, the Cayman Islands, Barbados, the Turks and Caicos Islands and in the Eastern Caribbean for medical, dental, vision, long-term disability, group life and accidental death and dismemberment risks.

CMIC also offers international health insurance coverage for medical, dental, life, long term disability and accidental death as well as dismemberment risks for individuals and groups working outside their home country.

CMIC acts as a reinsurer in the British Virgin Islands, as it reinsures all health policies written by its sister company CI (BVI). Additionally, it provides administrative services to a number of self-insured programs, under which it assumes no net underwriting risk but receives an administration fee.

The table below provides an overview of CMIC's GWP by product and jurisdiction:

Company/Products	GWP (BD$000)	
CMIC	**2022**	**2021**
Medical	201,120	169,103
Group Life	3,876	3,025
Other related products	25,198	20,001
Total	**230,194**	**192,129**

Source – total GWP figures agree back to the 2022 & 2021 Audited Financial Statements prepared under IFRS. The breakdown of the GWP agrees back to internal working papers prepared under IFRS.

Company/Jurisdiction	GWP (BD$000)	
CMIC	**2022**	**2021**
Bermuda	62,160	60,609
Caribbean and other	168,034	131,520
Total	**230,194**	**192,129**

Source – total GWP figures agree back to the 2022 & 2021 Audited Financial Statements prepared under IFRS. The breakdown of the GWP agrees back to internal working papers prepared under IFRS.

Coralisle Life Assurance Company Ltd.

CLAC, incorporated in Bermuda in 1991, carries on business as a life insurance company. It holds a Class C ("long-term") License under the Act in Bermuda.

CLAC currently markets life insurance products in Bermuda, the Cayman Islands and the British Virgin Islands for Term Life, Whole of Life and investment related products which provide marginal life benefit. CLAC no longer offers, but currently still carries on its books variable life policies sold in Bermuda, the Cayman Islands and internationally.

CLAC began writing annuity business in late 2014, with the majority being clients of Coralisle Pension Services Ltd. CLAC continues to focus the annuity business on supporting clients of other affiliate companies in the Group.

The table below provides an overview of CLAC's GWP by product and jurisdiction:

Company/Products	GWP (BD$000)	
CLAC	**2022**	**2021**
Mortality Products	6,623	6,128
Annuities	559	520
Other	138	444
Total	**7,320**	**7,092**

Source – total GWP figures agree back to the 2022 & 2021 Audited Financial Statements prepared under IFRS. The breakdown of the GWP agrees back to internal working papers prepared under IFRS.

Company/Jurisdiction	GWP (BD$000)	
CLAC	**2022**	**2021**
Bermuda	4,084	3,989
Caribbean and other	3,236	3,103
Total	**7,320**	**7,092**

Source – total GWP figures agree back to the 2022 & 2021 Audited Financial Statements prepared under IFRS. The breakdown of the GWP agrees back to internal working papers prepared under IFRS.

Coralisle Re Ltd.

CRe, incorporated in Bermuda in 2004, holds a Class 3A License under the Act of Bermuda. As such, CRe can only write/reinsure all classes of related party property and casualty business. It was formed to act as an internal mechanism for reducing the Group's reliance on the external purchase of reinsurance and to effectively reduce the retention that applies under the Group's outwards Property Catastrophe Excess of Loss Treaty. This retention is currently up to BD$8.5 million for the first event and then decreases to BD$3.5 million for the second and third events.

The primary purpose of CRe is to provide a property catastrophe excess of loss reinsurance program that reduces the net retention for the various insurance companies related through common control. CRe has four separate catastrophe excess of loss treaties in place to provide protection to CIC, CI (BVI), CG Atlantic General Insurance Ltd. and British Caymanian Insurance Company Limited which are subsidiaries of the Group. Each of the above related companies pays an annual premium to CRe for this protection.

The table below provides an overview of CRe's GWP by product:

Company/Products	GWP (BD$000)	
CRe	**2022**	**2021**
Property Catastrophe	2,950	1,794
Total	**2,950**	**1,794**

Source – total GWP figures agree back to the 2022 & 2021 Audited Financial Statements prepared under IFRS. The breakdown of the GWP agrees back to internal working papers prepared under IFRS.

Company/Jurisdiction	GWP (BD$000)	
CRe	**2022**	**2021**
Bermuda	256	249
Caribbean	2,694	1,545
Total	**2,950**	**1,794**

Source – total GWP figures agree back to the 2022 & 2021 Audited Financial Statements prepared under IFRS. The breakdown of the GWP agrees back to internal working papers prepared under IFRS.

g. Performance of investments, by asset class and details on material income and expenses incurred during the reporting period

The Group's investment management framework sets out its Portfolio Asset Allocation methodology that is approved by the Board and is reviewed annually. Asset categories that are included are those that are suitable for the Group's liabilities profile by nature, term and currency and for which the investment managers can assess, monitor and control risks.

In line with investment allocations set out in the Investment Policy Statements, the Group holds a diversified investment portfolio in government bonds, corporate bonds, managed funds, equities, alternatives, investments in group undertakings and cash. The Group covers its technical provisions with investments in high grade fixed income securities and managed fixed income funds. When determining the size of this investment pool, a conservative buffer is added to ensure that the requirement for top-up is remote in the event of material adverse development of technical provisions. A prudent allocation of the portfolio is invested in more speculative investments to enhance long-term returns while preserving sufficient capital to meet insurance obligations and take advantage of growth opportunities. The Group's Investment Policy Statement meaningfully restricts the amount of currency risk that can be assumed in its investment portfolios. CIC, CMIC and CRe have similar investment portfolios in respect of asset mix, security selection and risk profile. CLAC, given the long-term nature of its liabilities, has a greater concentration of high quality, long-duration fixed income securities as per its asset liability matching policy. For the financial year ended December 31, 2022 the Group recorded an investment loss. This was exclusively due to unrealized losses recorded throughout the year as both fixed income and equity markets sold off aggressively in the face of surging inflation, tighter central bank monetary policy and geopolitical uncertainty. During the course of the year the Group's risk tolerance for investment market risk was reached as unrealized losses approached the 3-standard deviation tail event threshold. Consistent with Board policy, the Board's Investment Committee and Risk Oversight Committee regularly reviewed the level of unrealized losses and associated market volatility and were satisfied that the risks were being appropriately monitored, managed and reported.

Group	**2022 (BD$000)**			**2021 (BD$000)**		
	Balance	**Return**	**%**	**Balance**	**Return**	**%**
Managed Funds	228,284	(20,185)	(8.98)%	221,449	7,591	3.43%
US Government bonds	19,454	(1,037)	(6.55)%	12,204	(124)	N/A
Equities	1,459	(93)	N/A	14	77	N/A
Preferred Stock	0	(3)	N/A	-	(5)	N/A
Fixed maturity securities	103,786	(4,807)	(5.72)%	64,252	4,179	6.52%
Total	**352,983**	**(26,125)**	**(8.03)%**	**297,919**	**11,718**	**3.93%**
Interest and other		1,888			1,840	
Management fees		(404)			(698)	
Total		**(24,641)**			**12,860**	

Source – Total financial assets agree back to the 2022 & 2021 Audited Financial Statements prepared under IFRS. The asset and return analysis agrees back to internal working papers prepared under IFRS. Note that % return numbers for some groupings of assets are not useful or comparable to prior periods due to a change in asset mix that occurred during 2021 – as such these groupings have been marked as N/A.

The investment performance of the insurance entities within the scope of this report is outlined below:

CIC	**2022 (BD$000)**			**2021 (BD$000)**		
	Balance	**Return**	**%**	**Balance**	**Return**	**%**
Managed Funds	39,866	(2,884)	(8.91)%	24,892	771	3.10%
US Government bonds	0	0		-	(4)	N/A
Equities	0	0		6	3	N/A
Preferred Stock	0	0		-	-	N/A
Fixed maturity securities	0	0		-	167	N/A
Total	**39,866**	**(2,884)**	**(8.91)%**	**24,898**	**937**	**3.76%**
Interest and other		(5)			(162)	
Management fees		(10)			(84)	
Total		**(2,899)**			**691**	

Source – Total financial assets agree back to the 2022 & 2021 Audited Financial Statements prepared under IFRS. The asset and return analysis agrees back to internal working papers prepared under IFRS. Note that % return numbers for some groupings of assets are not useful or comparable to prior periods due to a change in asset mix that occurred during 2021 – as such these groupings have been marked as N/A.

CMIC	2022 (BD$000)			2021 (BD$000)		
	Balance	Return	%	Balance	Return	%
Managed Funds	79,071	(12,882)	(13.02)%	118,823	3,051	2.57%
US Government bonds	17,706	(565)	(3.99)%	10,592	(77)	N/A
Equities				2	89	N/A
Preferred Stock				-	(2)	N/A
Fixed maturity securities	2,987	(32)	(1.08)%	2,954	452	N/A
Total	**99,764**	**(13,479)**	**(11.61)%**	**132,371**	**3,513**	**2.65%**
Interest and other		72			109	
Management fees		(59)			(186)	
Total		**(13,466)**			**3,436**	

Source – Total financial assets agree back to the 2022 & 2021 Audited Financial Statements prepared under IFRS. The asset and return analysis agrees back to internal working papers prepared under IFRS.

CLAC	2022 (BD$000)			2021 (BD$000)		
	Balance	$ Return	%	Balance	Return	%
Managed Funds	4,884	(625)	(11.61)%	5,884	11	0.18%
US Government bonds	1,748	(175)	(10.42)%	1,611	(39)	N/A
Equities				1	(15)	N/A
Preferred Stock	0			-	(1)	N/A
Fixed maturity securities	14,663	408	2.98%	12,679	1,031	8.13%
Total	**21,295**	**(392)**	**(1.89)%**	**20,175**	**987**	**4.88%**
Interest and other		211			351	
Management fees		(43)			(55)	
Total		**(224)**			**1,283**	

Source – Total financial assets agree back to the 2022 & 2021 Audited Financial Statements prepared under IFRS. The asset and return analysis agrees back to internal working papers prepared under IFRS. Note that % return numbers for some groupings of assets are not useful or comparable to prior periods due to a change in asset mix that occurred during 2021 – as such these groupings have been marked as N/A.

CRe	2022 (BD$000)			2021 (BD$000)		
	Balance	$ Return	%	Balance	Return	%
Managed Funds	13,840	(1,508)	(11.69)%	11,950	334	2.79%
US Government bonds				-	(2)	N/A
Equities				-	-	N/A
Preferred Stock				-	(1)	N/A
Fixed maturity securities				-	69	N/A
Total	**13,840**	**(1,508)**	**(11.69)%**	**11,950**	**400**	**3.35%**
Interest and other		308			224	
Management fees		(4)			(42)	
Total		**(1,204)**			**582**	

Source – Total financial assets agree back to the 2022 & 2021 Audited Financial Statements prepared under IFRS. The asset and return analysis agrees back to internal working papers prepared under IFRS. Note that % return numbers for some groupings of assets are not useful or comparable to prior periods due to a change in asset mix that occurred during 2021 – as such these groupings have been marked as N/A.

Material Income & Expenses

The Group’s main revenue source is premiums which increased in 2022. This increase was due to the growth achieved across all our business lines as well as the acquisition of CG United.

The table below provides a summary of the Group’s material income and expenses for the years ended December 31, 2022 and 2021:

Group	2022 (BD$000)	2021 (BD$000)
Gross Written Premiums	690,598	476,753
Net Premiums Earned	433,094	342,615
Net Investment (loss)/income	(24,641)	12,860
Claims and Policyholder benefits	310,693	251,277
Net Commission expense/(income)	(15,545)	(17,381)
General & Administrative expenses	119,924	95,373
Income tax	2,580	nil

Source: 2022 & 2021 Audited Financial Statements prepared under IFRS.

The table below provides a summary of CIC’s material income and expenses for the years ended December 31, 2022 and 2021:

CIC	2022 (BD$000)	2021 (BD$000)
Gross Written Premiums	37,921	36,086
Net Premiums Earned	17,196	16,602
Net Investment (loss)/income	(2,899)	691
Claims and Policyholder benefits	7,613	6,503
Net Commission income	(2,861)	(2,932)
General & Administrative expenses	10,286	10,200

Source: 2022 & 2021 Audited Financial Statements prepared under IFRS.

The table below provides a summary of CMIC’s material income and expenses for the years ended December 31, 2022 and 2021:

CMIC	2022 (BD$000)	2021 (BD$000)
Gross Written Premiums	230,194	192,130
Net Premiums Earned	217,784	181,948
Net Investment (loss)/income	(13,466)	3,436
Claims and Policyholder benefits	167,791	135,953
Net Commission expense	20,929	16,228
Other underwriting expenses	3,204	2,530
General & Administrative expenses	16,274	14,376

Source: 2022 & 2021 Audited Financial Statements prepared under IFRS.

The table below provides a summary of CLAC's material income and expenses for the years ended December 31, 2022 and 2021:

CLAC	2022 (BD$000)	2021 (BD$000)
Gross Written Premiums	7,320	7,092
Net Premiums Earned	5,528	5,474
Fees and other income earned	2,751	2,975
Net Investment (loss)/income	(224)	1,283
Claims and Policyholder benefits	768	4,877
Net Commission expense	984	966
General & Administrative expenses	3,860	3,879

Source: 2022 & 2021 Audited Financial Statements prepared under IFRS.

The table below provides a summary of CRe's material income and expenses for the years ended December 31, 2022 and 2021:

CRe	2022 (BD$000)	2021 (BD$000)
Gross Written Premiums	2,950	1,793
Net Premiums Earned	2,950	1,793
Net Investment (loss)/income	(1,204)	582
Claims and Policyholder benefits	0	—
General & Administrative expenses	107	109

Source: 2022 & 2021 Audited Financial Statements prepared under IFRS.

h. Any other material information

The Group contracts with the rating agency, A.M. Best, to conduct on an annual basis independent assessments of capital strength for all the licensed insurance entities of the Group. The results of these assessments are published and available to the public on the A.M. Best website.

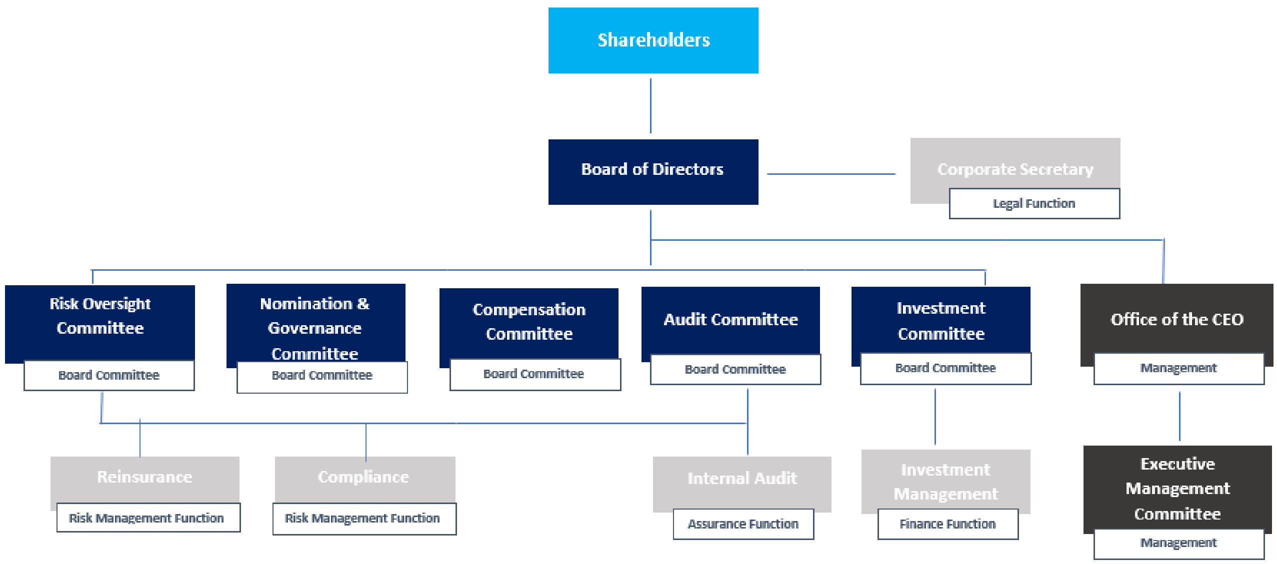
The ratings methodology employed by A.M. Best underwent a meaningful change during 2017. The methodology used to assess insurer balance sheet strength is now stochastic in nature, with a number of qualitative factors then taken into consideration prior to determination of the insurer's rating. This methodology is designed to assess each insurer's ability to remain in business in the wake of multiple stress events that can be reasonably foreseen.

CG also holds an "A" Excellent financial strength rating (FSR) from A.M. Best, reaffirmed on March 2, 2023 with an Outlook of Stable and an Issuer Credit Rating (ICR) of "a" Excellent with an Outlook of Stable. This requires the Group not only to be sufficiently capitalized to that ratings level under the A.M. Best BCAR model for Insurers, but also to satisfy the agency under a number of established qualitative criteria as well. In regards to the latter, the Group's senior management meets annually with the A.M. Best review team for information sharing and discussions. Best also affirmed United's Financial Strength Rating of "A-" and its long-term Issuer Credit Rating of "A-" (Excellent) and assigned a "positive" outlook to the ratings.

2. Governance Structure

a. Parent Board and Senior Management

i. A description of the structure of the parent board and its senior executive, the roles, responsibilities and segregation of these responsibilities.



The Board is committed to exercising compelling and effective leadership of the Group and its operations across jurisdictions through the strategic use of its corporate governance framework. This is evidenced by sufficient levels of visibility, very high levels of integrity and effective communication methods combined with demanding expectations and appropriate levels of oversight.

The Board is responsible for the stewardship of the Group, including the supervision of the management of the business affairs of all CG operating entities. The Board, either directly or through its established committees, is responsible for oversight of the following areas: strategic planning; the promotion of culture and integrity; the identification and management of risk; internal controls; succession planning and evaluation of senior management; communication and public disclosure; and corporate governance.

The activities of the Group involve the use of insurance contracts and financial instruments. As such, the Group is exposed to insurance risks and financial risks. The Board has overall responsibility for the oversight of the Group's risk management framework. The Group is also guided by its Enterprise Risk Management ("ERM") Framework. The Board has established the Investment Committee, the Audit Committee, the Compensation Committee, the Nomination and Governance Committee and the Risk Oversight Committee which, along with the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Chief Operating Officers ("COOs") and Executive Management are responsible for developing and monitoring the Group's risk management policies. The committees, the CEO, CFO, COOs and Executive Management report regularly to the Board on their business activities and how risks are being managed.

The Board regularly identifies and assesses risks potentially impacting the Group, including financial, operational, reputational, environmental, industry-related and legal and/or compliance risks. The Board (through the work of the Risk Oversight Committee) is responsible for strategic leadership in establishing the Group's risk appetite and tolerance and developing a framework of clear accountabilities for managing risk. The Board regularly reviews the adequacy of the systems and controls management put in place to identify, assess, mitigate and monitor risk and the sufficiency of its reporting. The Board is responsible for understanding the current and emerging short and long-term risks facing the Group and the relevant performance implications. The Board routinely enquires into and, where necessary, challenges management's assumptions and the adequacy of the Group's risk management processes and procedures.

The Group maintains clear lines of accountability from the Board through to Executive and Management levels. Board and committee charters set out applicable duties, responsibilities and accountabilities while detailed job descriptions are in place in respect of key management roles within the Group. In addition, separate roles are held by the Board Chairman and the CEO.

The segregation of these duties and responsibilities are clearly outlined in the Group's Bye-Laws, policies, guidelines, and the charters of the various Board committees listed below.

Risk Oversight Committee

Refer to Risk Management and Solvency section of the FCR for an overview of the roles and responsibilities of this committee.

Nomination & Governance Committee ("NGC")

Refer to the Fitness and Proprietary section of the FCR for an overview of the roles and responsibilities of this committee.

Executive Committee ("EXCO")

The purpose of EXCO is to ensure effective management communication, reporting and good corporate governance in accordance with the BMA's Insurance Code of Conduct. EXCO assists the Board, the Group CEO, the Group CFO, the Group Senior Managers and Executive Management in their oversight duties in respect of the management and operation of the Group including:

- Development and implementation of strategy, operational plans, policies, procedures, and budgets;
- Monitoring operating and financial performance;
- Maintaining a sound, integrated risk management and internal controls framework;
- Monitoring and compliance with regulatory and legal requirements; and
- Ensuring sound corporate governance.

Compensation Committee

The Compensation Committee is appointed to establish policies with respect to compensation of the Company's officers. The Committee has overall responsibility for approving and evaluating compensation and benefit plans, policies and programs of the Group. The Committee's responsibilities include, but are not limited to the following:

- Reviewing the overall compensation structure of the Group, including compensation plans, programs or policies of individual business units within the Group, to determine that it establishes appropriate incentives for employees;
- Review, approve and oversee the succession plan for the CEO and executive officers of the Company; and
- Review and approve the compensation of all executive officers and senior managers, including awards under incentive compensation plans.

Audit Committee

The Audit Committee is responsible for establishing the internal audit function and ensuring it has the necessary resources and access to information to enable it to fulfil its mandate. The Committee meets at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required. Following each meeting, the Committee reports to the Board on any significant issues in relation to the financial statements, its assessment of the effectiveness of the external audit and any other issues as requested by the Board. The Committee is responsible for reviewing the adequacy and effectiveness of CG's internal controls and risk management systems. The Committee chairman also maintains a dialogue with key individuals involved in the Group's governance, including the Board Chairman, the Group CEO, the Group Chief Financial Officer, the Group General Counsel, the Group Chief Compliance Officer, the COOs, the Group Internal Auditor and the external audit lead partner.

The responsibilities of the Committee include, but are not limited to, the following:

- Monitoring and reviewing the integrity of the financial statements including its annual and quarterly management statements, and any other formal announcement relating to its financial performance;
- Assessing the Group's process for monitoring compliance with laws and regulations and the code of conduct;
- Reviewing the adequacy and effectiveness of the company's internal financial controls and internal controls and risk management systems;
- Review of the policy and procedures for detection of fraud, systems and controls for prevention of bribery, adequacy and effectiveness of the AML/ATF systems and controls;
- Monitoring of the internal audit function, which includes the work plan, results and management's responsiveness to internal audit findings and recommendations.

Investment Committee

The purpose of the Investment Committee is to take responsibility, subject to the overall direction of the Board, of all aspects of the investment of Company funds. The Committee will review the implementation and effectiveness of these policies within the framework of any risk management approach and parameters that may be set by the Board. The Committee carries out the duties for the parent Company, major subsidiary undertakings and the Group as a whole, as appropriate.

The responsibilities of the Committee include, but are not limited to, the following:

- Determining the Company's Investment Guidelines for the portfolios of each legal entity within the Group including the asset mix and appropriate benchmarks;
- Approving the Investment Management Agreements ("IMA") and monitoring the performance of the investment managers to ensure risk profile and returns are in compliance with the Group Investment Policy Statement ("IPS");

- Establishing and monitoring compliance with investment operating guidelines relating to custody of investments, internal control, accounting; and
- Reporting performance results of each portfolio to the Board and to the boards of each legal entity on a regular basis outlining the extent to which the performance matched appropriate benchmarks and the return projected in the annual consolidated budget.

ii. A description of remuneration policy and practices and performance-based criteria governing the parent board, and its senior executives and employees

The Group's remuneration policy provides a fixed base salary with the potential for an annual performance-based bonus, subject to individual performance, performance of the Group and approval by the COO, CFO, CEO or Compensation Committee. The bonus potential varies for employees, supervisors/managers/professional employees and senior executives. Board members receive a flat fee in accordance with established policies approved by the Board.

The Human Resource Department, working with external service providers, undertakes periodic industry reviews to ensure that compensation is appropriate.

iii. A description of the supplementary pension or early retirement schemes for members of the insurance group, the parent board and its senior executives

The Group provides all employees with pension benefits through a defined contribution pension programme. The Group provides contributions matching the employee's level of required contribution. The funds are invested, based on the employee's preference, in the Group's pension investment platform, which is administered by an affiliated pension administration company.

The Group does not have an early retirement, supplementary or enhanced pension scheme for the Board, senior executive or any employees.

iv. Any material transactions with shareholder controllers, persons who exercise significant influence, the parent board or its senior executives

The Group's subsidiaries insure the commercial and health risks of several related companies. These risks are written at standard commercial rates and are subject to the normal reinsurance protections of the Group.

The following services, included in the general and administrative expenses, are payable to related parties: accountancy services; rent, payroll and pension costs.

The amounts due to and from companies related through common control ($nil and $16.6 million respectively) are due on demand, with the exception of approximately $5.7 million due to CLAC from Gibbons Management Services Limited ("GMSL"). GMSL is a wholly owned subsidiary of EGL, which is also the sole shareholder of CG. This amount was structured in 2016 into individual loan notes with varying maturities through to 2045. Interest on the notes are settled monthly with the settlement of any maturing notes occurring on June 30th of the year for which they become due. The balances due from GMSL bears interest at rates varying from 3% to 5.75% per annum. Included in the Group's investment income is net interest income received from GMSL. Balances with all other related parties are non-interest bearing.

Source: 2022 Audited Financial Statements prepared under IFRS.

During the year, the Group used Clarien Bank Limited and its wholly owned subsidiaries (Clarien) for certain banking, investment custodian, and investment management services. Clarien is related through common shareholding and all transactions with Clarien occur on standard commercial terms.

Dividends

Group

During the year, the Group declared a dividend payable to its sole shareholder of BD$6.0 million (2021 - BD$9.0 million). Subsequent to year end, a dividend in the amount of BD$3.0 million was declared.

Source: 2022 & 2021 Audited Financial Statements prepared under IFRS.

CMIC

During the year, CMIC declared a dividend payable to its sole shareholder of BD$64 million (2021 - BD$3.2 million).

Source: 2022 & 2021 Audited Financial Statements prepared under IFRS.

CLAC

During the year, CLAC declared a dividend payable to its sole shareholder of BD$2 million. (2021 - BD$nil)

Source: 2022 & 2021 Audited Financial Statements prepared under IFRS.

b. Fitness and Propriety Requirements

i. A description of the fit and proper process in assessing the parent board and senior executive

Board of Directors

The Group's NGC assists the Board in i) establishing criteria for board member selection and retention; ii) regularly reviewing the structure, size and composition (including the skills, knowledge, experience, diversity and independence) of the board and make recommendations to the board with regard to any changes; iii) identifying and nominating qualified candidates to become board members or members of the committees of the Board to be considered for election or when vacancies arise; and iv) reviewing and recommending changes, at least annually, to the Group's corporate governance policies. The other duties and responsibilities of the NGC are set forth in the committee's terms of reference.

The NGC uses a set of guidelines when considering nominating candidates to become board members or members of the board committees of any entity within the Group and when evaluating existing board directors to determine whether they continue to demonstrate the necessary criteria to continue as a director.

The Board is comprised of directors who are knowledgeable, have expertise relevant to the business, are qualified and competent and have high ethical standards and integrity. Individual directors on the Board have diverse backgrounds, skill sets, and commit sufficient time to fulfil their respective and collective duties.

As expected, directors must declare conflicts of interest and refrain from voting on matters in which they have an interest or potential interest arising. More importantly, a general culture of integrity in business dealings and compliance with laws and policies is embedded within the Group's corporate culture through the implementation and adherence to key policies and procedures such as the Group Corporate Governance Guidelines and the CG Business Code of Conduct Policy.

Senior Executives

The Group CEO is authorized by the Board to ensure the senior executives have the appropriate skills, knowledge and experience to execute the Group's strategic plans and fulfill its day to day operations. The Group maintains a recruitment process policy to assist in the assessment of whether candidates for senior executive positions are fit and proper. The recruitment process includes i) an assessment of the individuals professional and formal qualifications, knowledge and relevant experience required for the position, ii) appropriate pre-employment background checks (that might include criminal record, financial, employment references, education history etc.). To ensure continued monitoring of the fitness and propriety of the senior executive, CG performs annual performance appraisals against their roles and responsibilities to identify any potential gaps or areas of concern.

ii. A description of the professional qualifications, skills, and expertise of the parent board and its senior executives to carry out their functions

The directors and key senior executives of the Group, along with their relevant experience, qualifications and skills are set out below:

Board

Dr. the Hon. E. Graham (Grant) Gibbons, O.B.E., JP – Non-Executive Chairman

Grant Gibbons is the Chairman of the CG Board of Directors and the CG Compensation Committee and a member of the CG Audit Committee, the CG Risk Oversight Committee and the CG Nomination and Governance Committee. Grant is a former Director of International Licensing, Bristol Myers Squibb; former Managing Director, Gibbons Company Ltd.; former Managing Director, Peniston Brown; former Minister of Finance (Bermuda); former Minister of Economic Development (Bermuda) and former Member of Parliament (Bermuda). He has served on the boards of a number of public and private companies. Grant holds a Bachelor of Science Degree in Chemistry from Brown University, a Master of Arts Degree in Philosophy, Politics and Economics from Oxford University (Rhodes Scholar) and a Ph.D. in Organic Chemistry from Harvard University.

J. David Gibbons, O.B.E., E.D., JP – Non-Executive Deputy Chairman

David Gibbons is the Deputy Chairman of the CG Board of Directors; Chairman of the CG Nomination and Governance Committee and a member of the CG Risk Oversight Committee, the CG Compensation Committee and the CG Audit Committee. David is a former Commanding Officer, Bermuda Regiment; former Aide-de-Camp to the Governor of Bermuda; and former Director, Clarien Bank Limited. David attended Harrow School (UK) and Dartmouth College (USA). Currently David is a director of Gibbons Company Ltd., Bermuda Motors Ltd., Burrows Lightbourne Ltd. and Gibbons Management Services Ltd.

S. Naz Farrow – Executive Director and Group CEO

Naz Farrow is an Executive Director of CG, a member of the CG Investment Committee and the Group CEO. Prior to being appointed Group CEO, Naz was the COO of the Group's health insurance business – which included oversight of CMIC and AMI. Naz has been responsible for managing and operating the Group's health insurance business since 1998 and has over 20 years of business experience, having worked for insurance and financial organizations both locally and in the UK. Naz holds graduate and post graduate qualifications from UK universities.

Mansfield H. R. (Jim) Brock – Independent Non-Executive Director

Jim Brock is a Non-Executive Director of CG, the Chairman of the CG Investment Committee and a member of the CG Audit Committee. Jim is a former Permanent Secretary of Education (Bermuda); former Financial Secretary of Bermuda; former General Manager of Butterfield Bank; former Chairman of the Bermuda Monetary Authority; and former Chief Administration Officer of CG. Jim holds a Bachelor of Science Degree in Physics and Mathematics from McGll University and a Master's Degree in Educational Administration from the University of Toronto. Currently Jim is retired and sits as a member of various boards and other organizations in Bermuda.

Yan Leclerc – Executive Director and Group Chief Financial Officer

Yan Leclerc is an Executive Director of CG, the Group CFO and serves on the CG Investment Committee as a member. Yan has over 18 years of experience developing and leading financial management functions in the insurance and reinsurance industry. He has been consistently successful in high growth, rapidly evolving and entrepreneurial environments. Prior to joining the Group, Yan was the Chief Accounting Officer of Third Point Reinsurance Ltd where he worked from 2014 to 2020 and held various position (including Financial Controller and VP, Assistant Controller) for Alterra Bermuda Limited from 2006 to 2013. He started his career at Grant Thornton in Quebec, Canada before moving to Bermuda with PricewaterhouseCoopers in 2004. Yan is a Certified Professional Accountant (CPA, CA) of Quebec, Canada and Bermuda. He graduated from Laval University in 2003 with a Bachelor of Business and Administration and obtained a post-graduate diploma in accounting in 2004.

Jon L. Brunson – Independent Non-Executive Director

Jon Brunson is an Independent Non-Executive Director of CG, a member of the CG Audit Committee and the CG Compensation Committee. Jon is a former Head of General Administration, HR Development and Premises Management for Orbis Investment Management Limited. Jon holds a Bachelor's Degree in Business Administration and Computer Science from Flagler College and Master's Degrees in Management and Human Resources Development from Webster University. Currently Jon sits as a member of various other boards and organizations in Bermuda.

James O'Shaughnessy – Independent Non-Executive Director

James O'Shaughnessy is an Independent Non-Executive Director of CG and the Chairman of the CG Audit Committee. James is a former Group CFO of Flagstone Re Ltd and former Chief Accounting Officer and Group Controller of Axis Capital Holding Limited. James is a Chartered Accountant and an Associate of the Chartered Insurance Institute with over 30 years' professional experience. James sits as a member of various other boards and organizations in Bermuda and is a Chartered Director.

Cheryl A. Packwood – Independent Non-Executive Director

Cheryl Packwood is an Independent Non-Executive Director of CG and a member of the CG Risk Oversight Committee. Cheryl is a former Chief Executive Officer and Deputy Chairman for Business Bermuda; former General Manager of Digicel Bermuda; former Director, Legal Services and Enforcement of International Affairs for the Bermuda Monetary Authority; and a former Overseas Representative to the United States for the Government of Bermuda. Cheryl holds a Bachelor of Arts Degree in History from Yale University, a Juris Doctor (JD) Degree from Harvard Law School and is admitted to the Bar in both New York and Washington, D.C. Currently Cheryl sits as a member of various other boards and organizations in Bermuda and overseas.

Christian S. Dunleavy – Independent Non-Executive Director.

Christian Dunleavy is an Independent Non-Executive Director of CG and the Chairman of the CG Risk Oversight Committee. Christian Dunleavy was appointed Chief Underwriting Officer, Aspen Re, in May 2019. He has also served as Chief Executive Officer of Aspen Bermuda Limited since May 2019 and Chief Underwriting Officer of Aspen Bermuda Limited since May 2017. Christian joined Aspen Re in September 2015 as Head of Global Property Catastrophe. He had previously been at Axis Reinsurance where he was a Senior Vice President, responsible for U.S. Property Treaty, Caribbean Property and Workers Compensation Catastrophe business. Prior to joining Axis in 2002, Christian was a Senior Analyst at RenaissanceRe, responsible for multiperil modeling, pricing and portfolio analysis. Christian is a Director of the Association of Bermuda International Companies and an Independent Director of Coralisle Group International.

Kirsten Beasley – Independent Non-Executive Director.

Kirsten Beasley is an Independent Non-Executive Director of CG and a member of the CG Audit Committee. Kirsten is Head of Office at Willis Towers Watson (Bermuda) (WTW) in which she also serves as the geographic leader for WTW and oversees its insurance broking operations in all insurance product lines. Prior to joining WTW in 2016 as Senior Vice President, Kirsten worked at Allied World Assurance Company Bermuda for 14 years during which she served as Chief Operations Officer and headed its North American healthcare underwriting practice. Kirsten sits on various business and community boards including the Association of Bermuda International Companies, having chaired its Diversity, Equity and Inclusion subcommittee; and the Bermuda Health Council, which operates as the regulatory body for Bermuda’s health services. As a member of Bermuda First, Kirsten serves on the steering committee for the development of Bermuda’s Universal Healthcare Strategy and leads a working group responsible for the development of Bermuda’s National Digital Health Strategy. Kirsten holds a Bachelor of Arts degree from McGill University in Montreal and a Master of Science degree in Global eHealth from the University of Edinburgh.

Senior Executives

S. Naz Farrow – President and CEO

Per Board details above.

Yan Leclerc – Executive Director and Group Chief Financial Officer

Per Board details above.

Elliot Hubbard – Group General Counsel

Elliot Hubbard is the Group General Counsel with overall responsibility for the Group's legal function. Elliot is a former Corporate Associate Attorney of Conyers Dill & Pearman (Bermuda) and holds a Bachelor of Laws (LLB) Degree from the University of Kent, a Post Graduate Diploma in Legal Practice from BPP Professional Education. He has been a practicing member of the Bermuda Bar Association since 2006 and joined the Group in his current role in 2014. Elliot is also a former Deputy Chairman of the Human Rights Commission of Bermuda and has experience with a variety of both contentious and non-contentious legal matters. With a particular focus on insurance, company and employment laws, Elliot has advised the Group on several mergers and acquisitions and has overall responsibility for and oversight of the Group's corporate governance framework.

Candace Steele – Group Chief Compliance Officer & Chief Risk Officer

Candace Steele has been appointed as Group Chief Compliance Officer and Chief Risk Officer for Coralisle Group International Ltd. Candace has extensive experience in Compliance and Risk Management. She has a Bachelor of Commerce, a Bachelors of Law, a CPCU, an Associate in Risk Management, a Leading Professional in Ethics and Compliance Certification. She is a Chartered Accountant, a Certified Compliance & Ethics Professional-International, a certified AML Specialist, and a Certified Fraud Examiner. She has worked at the Bermuda Monetary Authority for 4 years as a Principal, leading a team undertaking risk-based supervision of licensed/regulated entities and groups in the insurance sector. For the last 8 years she has held 3 ERM/Compliance related positions at Validus Holdings, Ltd.

Meghan Longworth – Corporate Secretary

Meghan Longworth is the Group Corporate Secretary with direct responsibility for the Group's Bermuda incorporated entities. She is responsible for ensuring the efficient and effective administration of the Group's corporate governance framework providing support and guidance for all operating jurisdictions. Meghan holds a Bachelor of Laws (LLB) Degree and a Post-Graduate Diploma in Legal Practice from the Leeds Metropolitan University. Meghan has worked with the Group for the past five years, previously as a Paralegal. Currently Meghan is pursuing a designation with The Chartered Governance Institute.

Insurers

The Board and senior executives for each entity within the scope of this report are listed below:

Board

Name	CIC	CMIC	CLAC	CRe
Dr. the Hon. E. Graham (Grant) Gibbons, JP, MP	✓	✓	✓	✓
J. David Gibbons, O.B.E., E.D., JP	✓	✓	✓	✓
S. Naz Farrow	✓	✓	✓	✓
Yan Leclerc	✓	✓	✓	✓
James O'Shaughnessy	✓	✓	✓	✓
Christian Dunleavy	✓			✓
Cheryl Packwood			✓	
Beth Frazier		✓		
Randy Graham	✓			✓
Kirsten Beasley		✓		

Randy Graham – Chief Operating Officer – P&C

Randy is the current Chief Operating Officer for the P&C business. He has worked in the Caribbean P&C industry for over 18 years, most recently as the CEO of CG United Insurance Ltd. (formerly Massy United Insurance Ltd.) which was acquired by the CG Group in 2022. Mr. Graham previously served as the CEO of the Financial Services Commission in Barbados as well as General Manager of Insurance Management and Professional Services. Mr. Graham graduated Suma Cum Laude from Southwest Missouri State University with a degree in Insurance. He holds a Master of Science degree in Risk Management from St. John's University in New York and is a designated Barbados Charter Insurer. Randy has the overall responsibility for the strategic vision of the P&C business.

Beth Frazier – Chief Operating Officer – Medical

Beth is the current Chief Operating Officer for the Medical business and the former Director of Operations. She has worked in the health insurance industry for 30 years, and has been employed with the Group for the last 13 years. Beth has overall responsibility for the business operations of CMIC in all jurisdictions and will ensure the delivery of the strategic and operational goals of CMIC.

Senior Executive

Name	CIC	CMIC	CLAC	CRe
Meghan Longworth	✓	✓	✓	✓
Blake Alexander	✓			✓
Randy Graham	✓			
Nives Filice		✓		
Beth Frazier		✓		
Bonnie Mills			✓	

Blake Alexander – Financial Controller

Blake Alexander has a Bachelor of Commerce degree from Dalhousie University and is the current financial controller of Coralisle Insurance (BVI) Ltd., CIC & CRe. From 2011 to 2021, he was the financial controller of CLAC and prior to joining Coralisle Group Ltd., he worked in the insurance industry for Marsh Management Service (Bermuda) Ltd., a captive management company from 1982 to 2010. He was the Financial Controller at Marsh for 19 of the 27 years he spent with the company.

Nives Filice – Vice President, Finance – Health

Nives Filice is the current Vice President of Finance for CMIC. Nives is the former Assistant Tax Commissioner-Operations at the Office of the Tax Commissioner and a former Management Accountant-Salaries and Benefits at the Accountant General's Department. Nives is a qualified Chartered Professional Accountant and a Certified Information Technology Professional.

Bonnie Mills – Financial Controller

Bonnie Mills is a Chartered Professional Accountant and has a bachelor's degree in business administration. Bonnie Mills is the current financial controller of CLAC having worked for the company over the last 13 years.

c. Risk Management and Solvency Self-Assessment

i. A description of the insurance group's risk management process and procedures to effectively identify, measure, manage and report on risk exposures

Enterprise Risk Management Framework ("ERM")

The key objectives of the Group's ERM Framework are to:

- Identify and document all material risks relevant for each business unit using pre-defined risk categories;
- Document the key controls which have been established to manage the material risks;
- Introduce and maintain risk ownership as a concept at a business level to empower business risk owners as the first line of defense in mitigating the residual risk exposure through policy and procedure setting (risk and controls self-assessments and risk registers are employed to this end);
- Employ centralized assurance providers (Risk Management and Compliance) as a second line of defense against risk;
- Leverage Internal Audit as the third line of defense to periodically provide an independent assessment of the ongoing operational effectiveness of documented controls and report any inadequacies in risk treatment to the Audit Committee;
- Provide information and reports to support the Executive's regular review of risk management and overall Enterprise Risk management effort; and
- Minimize risk exposures.

As part of the ongoing development of the Group's ERM Framework, CG's risk management department, in conjunction with risk owners, reviews and monitors the operating environment, documenting key risk causes and consequences along with their associated controls. CG maintains a key risk and control register which forms an integral part of the Group's forward-looking risk management process.

Policy and procedure setting are key components in the risk management process. They manage existing threats by addressing them with controls to ensure that the level of risk remains acceptable to the Group. Key policies and procedures set at an operating unit level usually require formal approval from Management and/or the Board based on the nature and materiality of the risk exposure.

Internal Audit periodically monitors and reviews key risks and controls to ensure operating effectiveness based on the risk register. Reporting is provided to the Group Risk Management Committee for the purpose of identifying incomplete or overdue certifications as well as any key risks where controls implementation remains outstanding.

The risk oversight committee receive a report on the risk management framework annually from Internal Audit. This report includes the evaluation of the effectiveness of CG's control environment.

Risk Governance

Risk Governance is the process by which oversight and decision-making bodies review, consider and ultimately approve risk taking activities within the Group. Governance processes are designed to ensure that transactions and activities are carried out in accordance with the Group's policies, procedures, risk appetites, risk limits and risk concentrations.

Risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

In order to enhance governance over its ERM activities, CG has established both a management committee as well as a subcommittee of the board (the "Risk Oversight Committee") to oversee Board and Management's responsibilities relating to the management of all material risks to which the Group is, or may in the future, be exposed. The Risk Oversight Committee reviews, among other things, the overall risk capacity of the Group, policies for the establishment of risk limits, and adherence to such limits and recommends any specific actions to the Board, based on management's recommendation. The Risk Oversight Committee also assesses the integrity and adequacy of both the risk management function and the ERM framework and evaluates the risk impact of any strategic initiatives under consideration to determine whether they are consistent with the Group's risk profile.

CG is managed in a conservative and prudent manner, as evidenced by its consistently solid financial performance over many years. CG's investment and ongoing focus in the area of ERM evidences the Group's intent to strengthen the risk culture within the organization and use risk management as a means to create value and aid in the strategic decision-making process.

Risk Appetite

The Group believes that the management of risk appetite is fundamental to strong governance and necessary in order to produce high quality products and services and consistent earnings. The Group's risk appetite framework establishes the risk preferences and risk agenda for the organization, which helps set a context for where risk capital should be deployed in pursuit of value creation over time. Risk appetite statements are a central component of the Group's risk management framework and sets out the parameters of risk that CG is prepared to assume to deliver a target return.

The risk appetite is reviewed and approved by the CG Risk Oversight Committee and ultimately the CG Board. At a minimum, the risk appetite statement is reviewed annually by the Board to determine its appropriateness.

The risk appetite standards, which have historically been very conservative, are fully embedded into the business and forms a key part of the business and strategic planning process. The standards are supported by a robust governance process, including monitoring and real-time management of information, to ensure that risk is being assessed in line with the overall risk appetite and business unit limits.

ii. A description of how the insurance group's risk management and solvency self- assessment systems are implemented and integrated into the insurance group's operations; including strategic planning and organizational and decision-making process

CG believes an integrated approach to developing, measuring and reporting its Group Solvency Self-Assessment ("GSSA") and the Commercial Insurers' Solvency Self-Assessment ("CISSA") is an integral part of the Group's ERM Framework. The GSSA/CISSA process provides the link between the Group's risk profile, its Board-approved risk appetite (including approved risk tolerances and limits), its business strategy and its overall regulatory solvency requirements. The GSSA/CISSA is the basis for risk reporting to the Board and its committees and acts as a mechanism to embed the ERM Framework within the Group's decision-making processes and operations.

The GSSA and CISSA are the entirety of the processes and procedures employed to identify, assess, monitor, manage, and report the short-term and long-term risks to which the Group/Companies are potentially exposed and determines the capital necessary to ensure CG's, CIC's, CMIC's, CLAC's and CRe's overall solvency needs, taking into consideration the nature, scale, and complexity of the risks inherent in their respective businesses.

The GSSA and CISSA are fundamental to the success of operations at CG. The strategic planning process determines the basic goals and objectives of the business, the adoption of courses of action and the allocation of resources necessary for achieving a successful outcome. Strategic planning engages in a detailed analysis of the markets in which we conduct business, the opportunities or threats that may exist, product and pricing positioning, service plan, staff requirements, systems requirements, and marketing implementation. Projections also include a review of risk and return on capital. Reinsurance support is often required and is incorporated into the analysis. Strategic planning is an embedded ongoing process that works with the annual budget review.

iii. A description of the relationship between the solvency self-assessment, solvency needs, and capital and risk management systems of the insurance group

The Group uses a market leading governance risk and compliance ("GRC") software platform called Camms to efficiently manage the ERM process. The system has been configured to support a tiered approach to risk management such that risk identification is initiated by considering which governing body should have oversight of the risk identified.

When a risk is first identified, an initial risk assessment is completed with details of the risk, such as its ownership, categorization, causes and consequences captured in the Camms platform. An inherent risk score is determined, and the risk is approved before it is added to its respective risk register. After a risk is approved, a residual risk assessment is completed including the identification and assignment of controls required to mitigate the risk.

Risks and controls are formally monitored on an annual basis by way of risk and control reviews. This process is largely automated within the Camms platform prompting each risk and control owner to review and update their records. Risk Management oversees this process and provides training to ensure responsibilities are known and the process is followed.

iv. A description of the solvency self-assessment approval process including the level of oversight and independent verification by the parent board and senior executives

The Board has delegated responsibility for the supervision and oversight of GSSA/CISSA to the CG Risk Oversight Committee. This oversight includes regular reviews of the GSSA/CISSA process and outputs.

GSSA/CISSA Reports are produced annually and the results of each assessment are reported to the respective Boards. The Boards actively participate in the GSSA/CISSA process by steering how the assessment is performed and challenging its results. This assessment is also considered when formulating strategic decisions for the Group. The results of solvency self- assessments are included in the annual economic capital model reporting to the Risk Oversight Committee. They are also incorporated into the GSSA/CISSA reports produced by the CRO, which are then reviewed by the Risk Oversight Committee and the Board for approval.

d. Internal Controls

i. A description of the internal control system

The Group has multiple systems, processes, policies and procedures to ensure that data and business information is reported appropriately throughout the enterprise in a timely manner. The Board, senior management, Internal Audit, and all employees have a shared commitment to maintain, and wherever possible enhance, the Group's control environment. CG maintains a key risk and control register which forms an integral part of the Group's forward-looking risk management process. The key controls in place help to mitigate and manage risk within the Group's risk appetite levels. Risk and control owners are responsible for maintaining and periodically reviewing the risk or control record to ensure the information is kept up to date. The internal control framework includes these components:

Control Environment – CG's Audit Committee is responsible for reviewing and assessing the adequacy and effectiveness of the Group's internal control structure. The Internal Audit function is responsible for evaluating, testing and reporting on the adequacy and effectiveness of the internal controls to the Audit Committee. Internal Audit also periodically monitors and reviews key risks and controls to ensure key controls are operating effectively based on the risk register. Reporting is provided to the Group Risk Management Committee identifying incomplete or overdue certifications as well as any key risks where controls implementation remains outstanding. In addition, there are several oversight committees which help set the tone in terms of the control environment.

Risk Assessment – is conducted at a minimum, on an annual basis and is reviewed by CG's Risk Oversight Committee to ensure both qualitative and quantitative metrics are used. The Risk Oversight Committee also review and approve the parameters and methodology used in performing the risk assessments.

Control Activities – Control owners are responsible for maintaining their control record and periodically assessing the overall effectiveness of their assigned control. These certifications play an important role in determining any breakdown in the control environment. Certification failures are escalated to the Group Risk Management Committee and CG Risk Oversight Committee on a quarterly basis. Risk owners are responsible for designing and implementing an adequate and efficient control environment to manage their respective risks. They ensure that significant risk issues are escalated to the Group Risk Management Committee and/or the Risk Oversight Committee.

Monitoring – the effectiveness of the internal control framework is independently validated through internal audit reviews with findings reported to the Audit Committee. Risk owners are also responsible for ensuring controls are performing as intended. In addition, CG has various monitoring activities performed by the second line of defense which include Group Risk and Legal and Compliance functions.

ii. A description of how the compliance function of the insurance group is executed

The Group Chief Compliance Officer ("CCO") is responsible for formulating and implementation of an effective compliance program for the Group and its subsidiaries. The Compliance function assists the Group and all its employees to conduct business operations and activities ethically; with the highest level of integrity; and in line with legal and regulatory requirements. It performs the role of assisting each business unit and internal support department to comply with applicable legal and regulatory requirements, providing recommendations to management with respect to requirements and the implementation of measures at the operational level to ensure ongoing compliance. The CCO oversees the compliance function and ensures it is appropriately resourced based on the nature, scale and complexity of the Group. The Group has legal entities and subsidiaries that are subject to regulation and supervision requirements in other jurisdictions and licensed to do business. These regulated entities have a designated officer that oversees the compliance function in the respective jurisdiction and ultimately reports to the CCO.

The primary purpose of the Compliance function is to:

- Ensure that the Group and its subsidiaries are in compliance with all applicable laws and regulations in jurisdictions where it conducts business;
- Ensure compliance with the Group's internal systems of control and policies;
- Protect the Group from any potential financial or reputational damage that could arise from being non-compliant;
- Assist in the detection, prevention and remediation of compliance failures and risks; and
- Establish adequate compliance training programs for all employees, including board of directors.

e. Internal Audit

i. A description of how the internal audit function of the insurance group is implemented and how it maintains its independence and objectivity when conducting its functions

The Audit Committee is responsible for establishing the internal audit function and ensuring it has the necessary resources and access to information to enable it to properly and sustainably fulfil its mandate. CG's Internal Audit function, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all the Group's records, physical properties, and personnel pertinent to carrying out any engagement. Internal Audit exhibits the highest level of professional objectivity in gathering, evaluating, and communicating information about any activity or process being examined. Internal Audit makes balanced assessments of all relevant circumstances and is not unduly influenced by its own interests or by others in forming judgments. All employees are required to assist the internal audit function in fulfilling its roles and responsibilities.

To provide for the independence of the Internal Audit function, the Group Internal Auditor reports functionally to the Audit Committee and if requested without the presence of management. The Internal Audit function also has free and unrestricted access to the Audit Committee and the Board.

Internal Audit is required to confirm to the Audit Committee, at least annually, the organizational independence of its activities. The Audit Committee assesses annually their independence and objectivity, including the internal audit function, taking into account relevant professional and regulatory requirements and the relationship with the external auditor and Company.

f. Actuarial Function

i. A description of how the insurance group's actuarial function is implemented

CG effectively outsources its actuarial function via the appointment of specific, highly qualified consulting actuaries for each primary insurance line, i.e. Medical, Property & Casualty and Life. These consulting actuaries are responsible for setting, monitoring and adjusting technical provisions for premium, loss, loss expense best estimates, and the risk margin. The technical provisions are reviewed by the business COO's, the Group CFO, the Group CEO and the Board on a quarterly basis, as well as being independently reviewed by other third-party actuaries as deemed appropriate. All of CG's consulting actuaries are duly approved by the BMA, both in respect of specific legal entities and the Group.

g. Outsourcing

i. A description of the insurance group's outsourcing policy and information on key or important functions that have been outsourced

The Group has an outsourcing policy that governs all Group outsourcing arrangements. This policy defines what constitutes an outsourcing arrangement and sets out the protocol and criteria for approval of the same. The purpose of the policy is: (i) to bring appropriate focus to internal functions that have been outsourced by any Group company to service providers; (ii) to ensure that there is oversight and clear accountability for all outsourcing arrangements as if these functions were performed internally and subject to the Group's own standards of governance and internal controls; and (iii) to ensure that all Group outsourcing arrangements are in the best interest of the Group and its stakeholders. All material outsourcing arrangements are reviewed and approved by the Audit Committee and the Board. Key outsourcing arrangements are as follows:

- IT software development and management;
- Pension administration services;
- Actuarial services; and
- Payroll.

ii. A description of insurance group's material intra-group outsourcing

The Group provides resources and services to entities within the Group through the use of service level agreements to sufficiently document material intra-group outsourcing arrangements. These service level agreements fall under the same Outsourcing policy as external arrangements and are also reviewed and approved by the Audit Committee of the Board of Directors. The services that are provided under these agreements include: IT, Compliance, ERM, Reinsurance and Legal. The nature of each agreement varies based on the nature, scale and complexity of each operation to which it is intended to apply.

h. Any other material information

Not applicable

3. Risk Profile

a. Material risks that the insurance group is exposed to, including how these risks are measured and any material changes that have occurred during the reporting period

The overall risk profile of the Group has been recalibrated during 2022 as a result of the acquisition of United expanding the Group's presence throughout Bermuda, Guyana, Belize and several jurisdictions across the Caribbean islands.

Insurance risk – is the risk of loss arising from inadequate pricing or an adverse change in the value of insurance liabilities. The primary risk is that the actual premium earned will be insufficient to cover future claims or the risk of insured losses being higher than expectation. This could arise as from the frequency or severity of claims being greater than estimated or the corresponding premium being insufficient to cover current and future losses. Insurance events are random and the actual number and amount of claims will vary from year to year from the level established using statistical techniques.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered. The Group mitigates this risk through geographic diversification by conducting business in a number of different geographical locations including Bermuda, Guyana, Belize and several jurisdictions across the Caribbean. There is a concentration of industry risk which is managed through the Group’s underwriting strategy and reinsurance arrangements. The Group actively manages and pursues early settlements of claims to mitigate its exposure to unpredictable developments. In addition, the Group places a ceiling on its exposure by establishing life-time maximum pay-outs for certain types of claims.

Credit risk – is the risk that a counterparty will fail to discharge an obligation or commitment that it has entered into with the Group. The Group’s maximum credit risk exposure is the carrying value of assets less any provisions for irrecoverable amounts.

Liquidity risk – is the risk that the Group will not be able to meet its financial obligations as they come due. The Group is exposed to daily calls on its available cash resources for the payment of claims and operating expenses. In order to manage liquidity, management seeks to maintain levels of cash and short-term deposits sufficient to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation. In addition, CG maintains a highly liquid investment portfolio to ensure that investment assets could, if the need arose, be liquidated in order to raise funds to pay claims or meet any other obligation of the Group.

Market risk – is the risk that changes in market prices such as equity prices, interest rates and foreign exchange rates will affect the Group income or the value of its holdings of financial instruments. The objective of the Group’s market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk is effectively monitored and controlled via the various investment policy statements with oversight performed by the Investment Committee.

Operational Risk – Operational risks can result from, among other things, fraud, errors, lack of authorization and review, information technology failures and external events. CG manages these risks using several direct controls. Detailed policy and procedure documents outline the correct way to undertake key processes. In addition, software controls for claims and underwriting form an integral part of CG’s information technology control environment. CG has business continuity and disaster recovery plans which are tested on an annual basis.

As a result of increased access, availability and effectiveness of the Covid-19 vaccine there was a gradual transition back to more stable working arrangements over 2022. Based on both business need and feedback, a permanent hybrid working arrangement for non-client facing staff was implemented effective January 2023.

CG recognizes that cyber and IT risks (those risk related to inadequate or failed internal and/or external (third party) IT processes and systems) have increasingly become a potential threat to the Group and its customers. Accordingly, with the constantly evolving and changing threat landscape we accept that there will always be some level of cyber/ IT security risk associated with the pursuit of our business given our growing dependence on technology and electronic communication. To reduce the impact of losses suffered in the normal course of business and to meaningfully reduce the likelihood of suffering a large or unexpected loss, CG continually invests in the development of a robust IT security architecture comprising both physical and logical controls, policies and procedures, third party controls over access to IT systems and employee training. In addition, CG has in place a comprehensive suite of cyber security tools and monitoring services in place as well as IT Incident Response policy and procedures to fully address and mitigate cyber-attacks and security incidents should they occur.

CG uses Third Parties to provide products or services in support of business operations. Such outsourced relationships may benefit CG by reducing costs, improving performance, augmenting staff, increasing business competitiveness, providing access to specific expertise, and establishing distribution channels. However, Senior Management and the Board of Directors recognize that CG’s reliance on third-party relationships presents many risks that must be identified, assessed, and managed. Failure to manage these risks can expose CG to financial loss, litigation, or other damages or may even impair CG’s ability to service existing customer relationships or establish new ones.

Strategic Risk – is defined as the risk associated with future business plans and strategies, including plans for entering new business lines, expanding existing services through mergers and acquisitions, enhancing infrastructure, etc. CG has a robust strategic planning process which determines the organizational strategy regarding jurisdictions and products. The plan is subject to Board approval and has the full support and involvement of its legal and risk management departments.

Legal and Compliance Risk – is the risk of non-compliance with jurisdictional laws and regulations and potentially unfavorable legal proceedings. CG has the support of a sound compliance structure in all jurisdictions and an internal legal team. There are controls in place to ensure that filing and reporting requirements are met, possible changes to legislation are notified, and any regulatory issues are addressed. CG has negotiated provider agreements for its primary operating entities which help to ensure high performance standards thereby reducing the risk of litigation.

Political Risk – is the risk that political decisions, events, or conditions will significantly affect the profitability of a business or alters the expected outcome and value of a given economic action. In August 2019, the Health Minister announced the Bermuda Government’s intention to move Bermuda toward a unified healthcare system in which all residents would be grouped into a government-structured insurance pool sharing costs for the provision of a basic healthcare package for all. CG will participate in, and maintain close watch of, these proceedings and assess the potential impact this might have on the Medical business platform going forward.

Climate Risk - is a global issue and we, at CG, recognize that we play an important role in supporting the transition towards a more sustainable society. CG, through our Environmental, Social and Governance program is committed to providing care for people, both employees and clients, and seeks to strengthen the communities where we do business and live. We are dedicated to addressing community needs and climate change risks through investments that provide meaningful, direct, sustainable, and ethical social benefit and align with our business priorities.

b. How risks of the insurance group are mitigated including the methods used and the process to monitor the effectiveness of these methods

Refer to Section a) above.

c. Material risk concentrations

The Group has policies governing risk concentrations in relation to counterparties within its managed investment portfolios. Obligor, market sector and geographical diversification is prescribed in the investment policy statements governing the management of the portfolios. Apart from highly rated sovereigns and associated sponsored agencies, the Group has a policy that prohibits exposure exceeding 5% of its statutory capital and surplus to any single counterparty (not including affiliates and related parties) in its investment portfolios without Board approval. Counterparty exposure is monitored by both the CG Investment Committee and the Risk Management Function. The Group is currently in compliance with this policy.

Financial Asset Concentration		
CG	**2022**	**2021**
PIMCO Global Bond ESG Fund	18.11%	25.50%
Government of Bahamas	13.22%	14.40%
PIMCO Dynamic Bond Fund	9.45%	10.30%
PIMCO Diversified Income Fund	8.15%	9.82%
PIMCO Low Average Duration Fund	7.29%	—%

Source – the 2022 & 2021 Audited Financial Statements prepared under IFRS. The Financial Asset concentration agrees back to internal working papers prepared under IFRS.

d. How assets are invested by and on behalf of an insurance group in accordance with the prudent person principle as stated in paragraph 12 (1) (a) of the Insurance (Group Supervision) Rules 2011

The Group's investments primarily comprise of managed funds, government bonds, high investment grade corporate bonds, common equity securities and bank deposits. The managed funds owned by the Group invest in a number of different types of investments which include: large cap, small cap and emerging market equity, sovereign bonds, investment grade corporate bonds, high yield bonds, asset backed securities, derivatives and alternative investments, which can include private equity and real estate. These investments are subject to the conditions and restrictions as further defined in the terms of the offering of each fund, which are usually contained in a formal Offering Memoranda. Such Offering Memoranda generally define the nature and types of investments in which a managed fund can invest and provide for specified procedures regarding further investment in and redemption from the particular fund.

Whilst investments in managed investment funds can achieve investment diversification, these investments can also subject the Group to a concentration of risk in one group or investment strategy. Because the investments in managed investment funds can only be redeemed or transferred in accordance with the terms of the offering of the particular fund, generally daily or quarterly the ability of the Group to realize some managed fund investments may be restricted.

The investment portfolio is monitored by the Investment Committee of the Board and management and is subject to the Investment Policy Statement approved by the Board of Directors. These investment guidelines are reviewed on an annual basis or as necessary.

e. The stress testing and sensitivity analysis to assess material risks, including the methods and assumptions used, and the outcomes

The Group has constructed economic capital models which are used to assess the likely range of outcomes and results, and the resulting capital requirements for CG and the majority of its insurance operating subsidiaries, under a variety of scenarios. These models were constructed using the Risk Explorer platform of Ultimate Risk Solutions ("URS"), a leading third-party vendor of dynamic financial analytic software solutions. Risk Explorer is a simulation-based financial analyses software package developed specifically for the insurance industry. For CLAC we continue to use A.M. Best's BCAR model as a proxy for our own view of capital which at the A level is, in our view, conservative.

The capital models include simulated economic environment data generated from an Economic Scenario Generator ("ESG") which contribute towards the evaluation of market risk within the models' capital allocation. The ESG provides a set of systemic economic drivers which determine the basis for discounting future cash flows and the valuation of the investment portfolio. It is capable of capturing the economic drivers for multiple currencies. The valuation principles applied to the asset portfolio are to derive a simulated market value at each future time period using the ESG outputs and the specific characteristics of the individual assets.

The calibration of the loss models is a function of the historical data, where available, and a degree of judgment in the selection of frequency and severity distributions for the per-risk large losses. A set of correlation assumptions is applied to the claim's models based on management's views and experience. Models are run at the base Solvency II standard which requires outputs to demonstrate insurer solvency over a one-year time horizon at a 99.5% confidence level. The BSCR use of 99.0% TVaR for property catastrophe exposure, versus the 99.5% VaR standard used in our economic capital model meaningfully increases net losses in the tail for both CIC and the Group.

The Group's economic capital models are used to run a variety of both regulatory prescribed and self-constructed stress scenarios to independently assess the level of capital buffer above the BMA's Enhanced Capital Requirement ("ECR"). Several stress scenarios are tested using the internal capital models to assess the Group's capital position at the end of one year. These scenarios include: higher frequency hurricane activity in multiple jurisdictions, stressing investment asset performance, stressing the frequency of large medical losses and assuming extreme claims inflation. As at 31 December 2022 none of these scenarios alone would bring the Group's economic capital ratio below 200% .

Stress scenarios are discussed and selected by business leaders in collaboration with senior risk management personnel. Once stress scenarios have been established and capital implications determined, this information is then reviewed and approved by senior management and the Boards of Directors. For CLAC, the Company's consulting actuary conducts a comprehensive set of stress tests using a variety of adverse scenarios (both BMA prescribed and company specific) with the scenarios and capital implications presented to the Company's Board for review and approval. Stress testing is performed on an annual basis but will be done more frequently as market and business conditions dictate.

The Group also performs annual Reverse Stress Testing exercises to identify and assess events and circumstances that would cause the Group to become unviable. Reverse Stress Testing allows the Group to assess extreme risks which could threaten the Group and consequently ensures that both pre-event and post event mitigation/remediation are appropriately considered by senior management and the Board.

f. Any other material information

Not Applicable.

4. Solvency Valuation

a. Valuation bases, assumptions and methods to derive the value of each asset class

The consolidated financial statements of the Group, and the financial statements of each legal entity in the Group, are compiled on the going concern basis and prepared on the historical cost basis, except for the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are stated at fair value, and financial assets held-to-maturity, which are carried at amortized cost.

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the year. These financial statements are the basis for the preparation of the Statutory Financial Statements, as required under Bermuda insurance regulations, and the Economic Balance Sheet (EBS). These statements are used by the Group, and each Bermuda legal entity regulated by the Bermuda Monetary Authority, to assess the minimum solvency and required capital, both current and projected future needs.

The Group has used the valuation principles outlined by Bermuda Monetary Authority's "Guidance Note for Statutory Reporting Regime" for the reporting period's statutory filing. The economic valuation principles outlined in this document are to measure assets and liabilities on a fair value basis (which is the value that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between open market participants at the measurement date). The fair value principles used for each asset class are stated below:

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 Securities – 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 securities that are not actively traded and for which similar assets are also not actively traded, the Group uses pricing services to prepare inputs to assist the Company with marked to model valuations.

Equities and investment funds - includes common stock, preferred shares, and mutual funds. Valued using quoted market prices as well as net asset value where applicable.

Advances to Affiliates - includes advances to affiliates that are unregulated non-financial operating entities included in our group structure (GMSL and Coralisle Master Retirement Trust, Coralisle Individual Master Retirement Trust, Coralisle Global Master Trust, Coralisle Global Master Trust and Colonial Master Deed).

Accounts Receivable and Premium Receivable – are recorded at a fair value and balances due in more than one year have been discounted at the relevant risk-free rate.

Real Estate – has been valued at amortized original cost. The Group obtains independent appraisals on a three-year cycle or more often if the market indicates a risk of significant permanent diminution in value has occurred.

b. Valuation bases, assumptions and methods to derive the value of technical provisions

Insurance technical provisions are valued based on best estimate cash flows, adjusted to reflect the time value of money using a risk-free discount rate term structure with an appropriate illiquidity adjustment. In addition, there is a risk margin to reflect the uncertainty contained 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 Bermuda Monetary Authority for each reporting period.

The best estimate for the loss and loss expense provision is calculated by using IFRS reserves as the starting point and then performing a series of adjustments:

- Incorporation of expected reinsurance counterparty defaults.
- Incorporation of events not in data ("ENID").
- Other adjustments related to consideration for investment expenses, etc.
- Reinsurance recoveries.
- Discounting of cash flows.

The best estimate for the premium provision is calculated by starting with the unearned premium reserve on an IFRS basis, adjusting for bound but not incepted business at year-end and applying expected future loss ratios, expense ratios and appropriate claims pay-out patterns to derive cash flows which are then discounted.

The risk margin will be calculated using the cost of capital method, which reflects the uncertainty (insurance risk, credit risk, and operational risk) associated with the best estimate liabilities. The application of the risk margin shall be for the full period needed to run-off the insurance liabilities.

c. Technical Provisions

The Technical Provisions for the Group are outlined in the tables below:

Group	General Business	Long-Term Business	
2022 (BD$000)	**Insurance**	**Insurance**	**Consolidated**
Net Premium Provisions	50,617	0	50,617
Net Loss & Loss Expense Provisions	87,949	4,092	92,041
Risk Margin	8,483	1,021	9,504
Total Technical Provisions	**147,049**	**5,113**	**152,162**

Source: 2022 Capital & Solvency Returns on an EBS basis

Group 2021 (BD$000)	General Business Insurance	Long-Term Business Insurance	Consolidated
Net Premium Provisions	28,084	-	28,084
Net Loss & Loss Expense Provisions	38,262	12,042	50,304
Risk Margin	2,156	1,597	3,753
Total Technical Provisions	**68,502**	**13,639**	**82,141**

Source: 2021 Capital & Solvency Returns on an EBS basis

The Technical Provisions for the legal entities in scope of this Report are outlined in the tables below:

CIC	2022	2021
(BD$000)	General Business Insurance	General Business Insurance
Net Premium Provisions	11,925	11,786
Net Loss & Loss Expense Provisions	5,468	5,005
Risk Margin	576	516
Total Technical Provisions	**17,969**	**17,307**

Source: 2022 & 2021 Capital & Solvency Returns on an EBS basis

CMIC	2022	2021
(BD$000)	General Business Insurance	General Business Insurance
Net Premium Provisions	260	229
Net Loss & Loss Expense Provisions	16,603	13,385
Risk Margin	159	120
Total Technical Provisions	**17,022**	**13,734**

Source: 2022 & 2021 Capital & Solvency Returns on an EBS basis

Long Term

The technical provisions for the Life portfolio differ from those reported on a statutory basis in significant ways and are computed on a best estimate basis. This is, the margins that are built into every assumption used in the statutory valuation are removed.

These technical provision reserves are discounted at currency specific rates promulgated by the BMA – these rates are reflective of current yield curves adjusted for liquidity and defaults which are low given the current interest rate environment. This has the effect of increasing positive reserves but decreasing (improving) the level of negative reserves. A 100bp margin has been used in the computation of the negative Unit-Linked insurance reserves to allow for a sudden market decline scenario. This could be considered an allowance for ENID's for this sub-line/product.

The calculation of the total technical provisions requires a computation of risk margins. In 2015, the BMA provided a computation guide that has again been used this year to develop the discounted value of future risk margins. These risk margins are based on factors for a variety of risks – such as mortality, longevity or operational risks. Projected cash flows are used to estimate future risk levels.

The Technical Provisions for CLAC are outlined in the table below:

CLAC	2022	2021
(BD$000)	Long-Term Business Insurance	Long-Term Business Insurance
Net Premium Provisions	-	-
Net Loss & Loss Expense Provisions	4,850	11,253
Risk Margin	717	1,122
Total Technical Provisions	**5,567**	**12,375**

Source: 2022 & 2021 Capital & Solvency Returns on an EBS basis

d. Description of Recoverables from Reinsurance contracts, including special purpose insurers and other risk transfer mechanisms.

Recoverables from reinsurance contracts are based on principles similar to the gross best estimate. The reinsurance structure for the existing business is considered in the projection of the best estimate by the actuarial team. The balance is then adjusted for counterparty credit rating based on rating agency and experience default statistics. The reinsurance recoveries are calculated separately for the claims provision and the premiums provision, with the ceded IFRS reserves and ceded unearned premium reserves respectively used as the start point in the calculations.

CG has a clear and well-defined strategy to mitigate and diversify risks, such as defining limits on the amount of risk retained, purchasing appropriate reinsurance cover or using other risk transfer arrangements consistent with their nature, business and capital position.

e. Valuation bases, assumptions and methods to derive the value of other liabilities

Similar to the valuation principles for assets, the Group's liabilities follow the valuations principles outlined by BMA's "Guidance Note for Statutory Reporting Regime" which values liabilities at a fair value basis. All other liabilities (with the exception of Loans and Notes Payable) are valued on an IFRS basis and settlements not expected to be settled within a year, are discounted using the prescribed discount rates provided by the Bermuda Monetary Authority as at 31 December 2022. Loans and Notes Payable are valued on an IFRS basis.

f. Any other material information

Not applicable.

5. Capital Management

a. Eligible Capital

i. A description of the capital management policy and process of the insurance group to determine capital needs for business planning, how capital is managed and any material changes during the reporting period

The Group's capital base is structured to exceed regulatory targets and desired capital ratios, maintain strong credit ratings and provide flexibility to take advantage of growth opportunities and provide an adequate return to shareholders. Capital is managed on a consolidated basis under principles that consider all the risks associated with the business. It is also managed at the business unit level under the principles appropriate to the jurisdiction in which it operates. The Board of Directors is responsible for devising the Group's capital plan with management responsible for the implementation of the plan. The policy is designed to provide an appropriate level of risk management over capital adequacy risk, which is defined as the risk that capital is not or will not be sufficient to withstand adverse economic conditions, to maintain financial strength or to allow the Group to take advantage of opportunities for expansion.

The primary capital management objectives of the Group are to maintain a strong capital base to support the development of its business and to meet regulatory and rating agency capital requirements at all times. The Group recognizes the impact on shareholder returns of the level of equity capital employed and seeks to maintain a prudent balance. It strives for an appropriate capital structure that efficiently allocates the risk to the capital. The Group's capital and risk management strategy are primarily unchanged over the prior year.

This section of the report describes the internal operational structures/procedures underlying capital management within the company as well as the projections of capital position over a one-year planning horizon. The capital plan is updated annually or more frequently if a material change occurs to the Group's risk or capital profile, business strategy, the macro-economic outlook or if regulatory feedback warrants a change. Key elements include:

- Eligible capital;
- ECR and MSM; and
- Rating Agency Review.

ii. A description of eligible capital categorized by tiers in accordance with the Eligible Capital Rules

Group

Eligible Capital	Total as at December 31, 2022 (BD$000)	Total as at December 31, 2021 (BD$000)
Tier 1 Capital	330,640	347,344
Tier 2 Capital	18,458	10,301
Tier 3 Capital	-	-
Total	**349,098**	**357,645**

Source: 2022 & 2021 Capital & Solvency Returns on an EBS basis

The majority of Eligible Capital for Group is Tier 1, the highest quality capital, consisting of ordinary share capital, contributed surplus and statutory surplus. The Group also has Tier 2 capital consisting of encumbered assets in excess of policyholder obligations. These relate to funds placed in trust to meet licensing requirements where the Group's subsidiaries operate as foreign insurers.

Coralisle Insurance Company Ltd.

Eligible Capital	Total as at December 31, 2022 (BD$000)	Total as at December 31, 2021 (BD$000)
Tier 1 Capital	32,873	32,337
Tier 2 Capital	-	-
Tier 3 Capital	-	-
Total	**32,873**	**32,337**

Source: 2022 & 2021 Capital & Solvency Returns on an EBS basis

The Eligible Capital for CIC is composed of 100% Tier 1, the highest quality capital, consisting of ordinary share capital, contributed surplus and statutory surplus.

Coralisle Medical Insurance Company Ltd.

Eligible Capital	Total as at December 31, 2022 (BD$000)	Total as at December 31, 2021 (BD$000)
Tier 1 Capital	77,389	144,747
Tier 2 Capital	-	-
Tier 3 Capital	-	-
Total	**77,389**	**144,747**

Source: 2022 & 2021 Capital & Solvency Returns on an EBS basis

The Eligible Capital for CMIC is composed of 100% Tier 1, the highest quality capital, consisting of ordinary share capital, contributed surplus and statutory surplus.

Coralisle Life Assurance Company Ltd.

Eligible Capital	Total as at December 31, 2022 (BD$000)	Total as at December 31, 2021 (BD$000)
Tier 1 Capital	20,415	19,091
Tier 2 Capital	2,859	2,363
Tier 3 Capital	-	-
Total	**23,274**	**21,454**

Source: 2022 & 2021 Capital & Solvency Returns on an EBS basis

The majority of Eligible Capital for CLAC is Tier 1, the highest quality capital, consisting of ordinary share capital, contributed surplus and statutory surplus. CLAC also has Tier 2 capital consisting of encumbered assets in excess of policyholder obligations. These relate to funds placed in trust to meet licensing requirements where the Group's subsidiaries operate as foreign insurers.

Coralisle Re Ltd.

Eligible Capital	Total as at December 31, 2022 (BD$000)	Total as at December 31, 2021 (BD$000)
Tier 1 Capital	19,345	17,712
Tier 2 Capital	-	-
Tier 3 Capital	-	-
Total	**19,345**	**17,712**

Source: 2022 & 2021 Capital & Solvency Returns on an EBS basis

The Eligible Capital for CRe is composed of 100% Tier 1, the highest quality capital, consisting of ordinary share capital, contributed surplus and statutory surplus.

iii. A description of the eligible capital categorized by tiers, used to meet the ECR and the MSM defined in accordance with section (1) (1) of the Act

Eligible Capital for the Group, CIC, CMIC, CLAC and CRe were categorized in accordance to the Act. A description of the eligible capital by tiers applied to the MSM and ECR were categorized as follows:

Group

	As at 31 December, 2022	
Eligible Capital	**Applied to MSM (BD$000)**	**Applied to ECR (BD$000)**
Tier 1 Capital	330,640	330,640
Tier 2 Capital	18,458	18,458
Tier 3 Capital	0	0
Total	**349,098**	**349,098**

Source: 2022 Capital & Solvency Returns on an EBS basis

	As at 31 December, 2021	
Eligible Capital	**Applied to MSM (BD$000)**	**Applied to ECR (BD$000)**
Tier 1 Capital	347,344	347,344
Tier 2 Capital	10,301	10,301
Tier 3 Capital	-	-
Total	**357,645**	**357,645**

Source: 2021 Capital & Solvency Returns on an EBS basis

Coralisle Insurance Company Ltd.

	As at 31 December, 2022	
Eligible Capital	**Applied to MSM (BD$000)**	**Applied to ECR (BD$000)**
Tier 1 Capital	32,873	32,873
Tier 2 Capital	-	-
Tier 3 Capital	-	-
Total	**32,873**	**32,873**

Source: 2022 Capital & Solvency Returns on an EBS basis

	As at 31 December, 2021	
Eligible Capital	**Applied to MSM (BD$000)**	**Applied to ECR (BD$000)**
Tier 1 Capital	32,337	32,337
Tier 2 Capital	-	-
Tier 3 Capital	-	-
Total	**32,337**	**32,337**

Source: 2021 Capital & Solvency Returns on an EBS basis

Coralisle Medical Insurance Company Ltd.

	As at 31 December, 2022	
Eligible Capital	**Applied to MSM (BD$000)**	**Applied to ECR (BD$000)**
Tier 1 Capital	77,389	77,389
Tier 2 Capital	-	-
Tier 3 Capital	-	-
Total	**77,389**	**77,389**

Source: 2022 Capital & Solvency Returns on an EBS basis

	As at 31 December, 2021	
Eligible Capital	**Applied to MSM (BD$000)**	**Applied to ECR (BD$000)**
Tier 1 Capital	144,747	144,747
Tier 2 Capital	-	-
Tier 3 Capital	-	-
Total	**144,747**	**144,747**

Source: 2021 Capital & Solvency Returns on an EBS basis

Coralisle Life Assurance Company Ltd.

	As at 31 December, 2022	
Eligible Capital	**Applied to MSM (BD$000)**	**Applied to ECR (BD$000)**
Tier 1 Capital	20,415	20,415
Tier 2 Capital	2,859	2,859
Tier 3 Capital	-	-
Total	**23,274**	**23,274**

Source: 2022 Capital & Solvency Returns on an EBS basis

	As at 31 December, 2021	
Eligible Capital	**Applied to MSM (BD$000)**	**Applied to ECR (BD$000)**
Tier 1 Capital	19,091	19,091
Tier 2 Capital	2,363	2,363
Tier 3 Capital	-	-
Total	**21,454**	**21,454**

Source: 2021 Capital & Solvency Returns on an EBS basis

Coralisle Re Ltd.

	As at 31 December, 2022	
Eligible Capital	**Applied to MSM (BD$000)**	**Applied to ECR (BD$000)**
Tier 1 Capital	19,345	19,345
Tier 2 Capital	-	-
Tier 3 Capital	-	-
Total	**19,345**	**19,345**

Source: 2022 Capital & Solvency Returns on an EBS basis

	As at 31 December, 2021	
Eligible Capital	**Applied to MSM (BD$000)**	**Applied to ECR (BD$000)**
Tier 1 Capital	17,712	17,712
Tier 2 Capital	-	-
Tier 3 Capital	-	-
Total	**17,712**	**17,712**

Source: 2021 Capital & Solvency Returns on an EBS basis

iv. Confirmation that the eligible capital is subject to transitional arrangements as required under these Rules

Not Applicable.

v. Identification of any factors affecting encumbrances and the availability and transferability of capital to meet the ECR

The Group, CMIC and CLAC have assets pledged to regulatory trusts in several jurisdictions to support policyholder liabilities. This does not significantly impact the transferability of capital or any of the reporting Bermuda entities ability to meet their respective ECRs.

vi. Identification of ancillary capital instruments that have been approved by the Authority

Not applicable.

vii. Identification of differences in shareholder’s equity as stated in the financial statements versus available statutory capital and surplus

Identification of differences in shareholder’s equity as stated in the financial statements versus available statutory capital and surplus include the following:

2022 - BD$000’s	CIC	CMIC	CLAC	CRe	Group
Reported Under IFRS	32,114	79,059	21,976	19,351	383,585
Adjustments for Statutory Capital & Surplus:					
Non-admitted asset - prepaid expenses	(178)	(835)	(54)	(6)	
Non-admitted asset - property, plant & equipment	(162)	(202)	(53)	-	
Non-admitted intangible assets	(42)	(474)	(3)	-	(8,303)
Non-admitted asset - goodwill	-	-	-	-	(15,793)
Non-admitted asset - deferred acquisition expenses	-	-	(503)	-	(17,683)
Non-admitted asset - net property	-	-	-	-	(29,722)
Non-admitted deferred commission income	-	-	-	-	22,198
Statutory Capital & Surplus	**31,732**	**77,548**	**21,363**	**19,345**	**334,282**
Adjustments for Economic Balance Sheet:					
Net technical provisions	(157)	(159)	5,744	-	18,289
Fair value of financial assets	-	-	(3,833)	-	(3,473)
Deferred acquisition costs	1,298	-	-	-	
Economic Capital & Surplus	**32,873**	**77,389**	**23,274**	**19,345**	**349,098**

Source: 2022 Capital & Solvency Returns on an EBS basis

2021 - BD$000's	CIC	CMIC	CLAC	CRe	Group
Reported Under IFRS	32,856	146,937	21,530	17,712	398,709
Adjustments for Statutory Capital & Surplus:					
Non-admitted asset - prepaid expenses	(668)	(1,299)	(63)	-	-
Non-admitted asset - property, plant & equipment	(365)	(228)	(64)	-	-
Non-admitted intangible assets	(124)	(543)	(6)	-	(2,440)
Non-admitted asset - goodwill	-	-	-	-	(6,518)
Non-admitted asset - deferred acquisition expenses	-	-	(558)	-	(5,891)
Non-admitted asset - net property	-	-	-	-	(32,791)
Non-admitted deferred commission income	-	-	-	-	9,257
Statutory Capital & Surplus	**31,699**	**144,867**	**20,839**	**17,712**	**360,326**
Adjustments for Economic Balance Sheet:					
Net technical provisions	(516)	(120)	(558)	-	(3,854)
Fair value of financial assets	-	-	1,173	-	1,173
Deferred acquisition costs	1,154	-	-	-	-
Economic Capital & Surplus	**32,337**	**144,747**	**21,454**	**17,712**	**357,645**

Source: 2021 Capital & Solvency Returns on an EBS basis

Other than the impact of applying statutory-based technical provision valuation techniques, significant differences between GAAP shareholder equity and available statutory capital and surplus include the elimination of the value of goodwill and other intangible assets from statutory capital and surplus.

viii. Any other material information

Not Applicable.

b. Regulatory Capital Requirements

i. Identification of the of the ECR and MSM at the end of the reporting period

The ECR reflects a level of eligible capital that enables the Group and each legal entity regulated by the Bermuda Monetary Authority to absorb significant losses and that gives reasonable assurance to policyholders and beneficiaries that payments will be made as they fall due.

The MSM should ensure a minimum level below which the amount of resources should not fall.

The MSM, ECR and capital requirement ratios of the Group and insurance entities regulated by the BMA are summarized in the table below:

2022 (‘000s)	MSM	ECR	Available Statutory Capital and Surplus	Capital Requirement Ratio
Group	77,288	194,797	349,098	179%
CIC	5,222	20,887	32,873	157%
CMIC	32,972	39,416	77,389	196%
CLAC	535	2,285	23,274	1018%
CRe	1,345	5,379	19,345	360%

Source: 2022 Capital & Solvency Returns on an EBS basis

2021 (‘000s)	MSM	ECR	Available Statutory Capital and Surplus	Capital Requirement Ratio
Group	68,110	92,164	357,645	388%
CIC	4,717	18,867	32,337	171%
CMIC	27,590	36,728	144,747	394%
CLAC	518	1,919	21,454	1118%
CRe	2,084	8,336	17,712	212%

Source: 2021 Capital & Solvency Returns on an EBS basis

ii. Identification of any non-compliance with the MSM and the ECR

Not applicable. For years ended December 31, 2022 and 2021, the Group, CIC, CIMC, CLAC and CRe are compliant with the MSM and ECR requirement.

iii. Description of the amount and circumstances surrounding the insurance

Not applicable.

iv. Description of the amount and circumstances surrounding the non-compliance, the remedial measures taken and their effectiveness

Not applicable.

v. Where the non-compliance has not been resolved, a description of the amount of the noncompliance at the end of the reporting period

Not applicable

c. Approved ICM used to derive the insurance group’s and insurer’s ECR

i. A description of the purpose and scope of the business and risk areas where the Group and Insurers BSCR Models is used

The Company and its insurers do not have an approved internal capital model. The Group primarily uses its own economic capital models to determine its CISSA and GSSA capital. For CLAC the BMA’s standard deterministic approach is used. The capital requirements for the Group and insurance entities regulated by the BMA are not determined by the internal capital models. Rather, the standard BSCRs are used to determine the ECR and MSM.

ii. Where a partial internal model is used, a description of how it is integrated with the Group and Insurers BSCR Models

Not applicable

iii. A description of methods used in the Group and Insurers BSCR Models to calculate the ECR

Not applicable.

iv. A description of aggregation methodologies and diversification effects

Not applicable.

v. A description of the main differences in the methods and assumptions used for the risk areas in the internal model versus the Group and Insurers BSCR Models

Not applicable

vi. A description of the nature and suitability of the data used in the Group and Insurers BSCR Models

Not applicable.

vii. Any other material information

Not applicable.

6. Subsequent Event

a. A description of the significant event

On February 28, 2023, the Group made a payment of $17.5m towards its interest-bearing loan.

Subsequent to year end, the Group declared a dividend of $3m. British Caymanian Holdings Ltd. also declared a dividend of $6.1. Minority shareholders were attributed $1.5m from this dividend. The remaining amount had no impact on the Group as a whole.

b. Approximate date(s) or proposed timing of the significant event

N/A refer to section a) above

c. Confirmation of how the significant event has impacted or will impact, any information provided in the most recent financial condition report filed with the Authority

N/A refer to section a) above

d. Any other material information.

Not applicable.

Declaration

We declare to the best of our knowledge and belief that the information in this Financial Condition Report represents the financial condition of the Group and or the Companies (as the case may be) in all material respects.

S. Naz Farrow
President and Chief Executive Officer

Candace Steele
Chief Risk Officer

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