Warwick Re Limited

Financial Condition Report

For the Year Ended December 31, 2023

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I. Executive Summary

This Financial Condition Report (**FCR**) is prepared in accordance with the Insurance (Public Disclosure) Rules 2015. This FCR documents the measures governing the business operations, corporate governance framework, solvency, and financial results of Warwick Re Limited (**Warwick** or the **Company**) for the year ended December 31, 2023. This FCR is prepared to provide information to enable an informed assessment of how Warwick's business is run in a prudent manner.

Warwick was incorporated as a Bermuda exempted company with limited liability on May 16, 2014 and licensed as a Class E insurer by the Bermuda Monetary Authority (**BMA**) under The Insurance Act 1978 (as amended) of Bermuda, effective September 18, 2018.

II. Business and Performance

A. Name of Insurer

Warwick Re Limited

B. Supervisor

Bermuda Monetary Authority
BMA House
43 Victoria Street, Hamilton HM 12
Bermuda

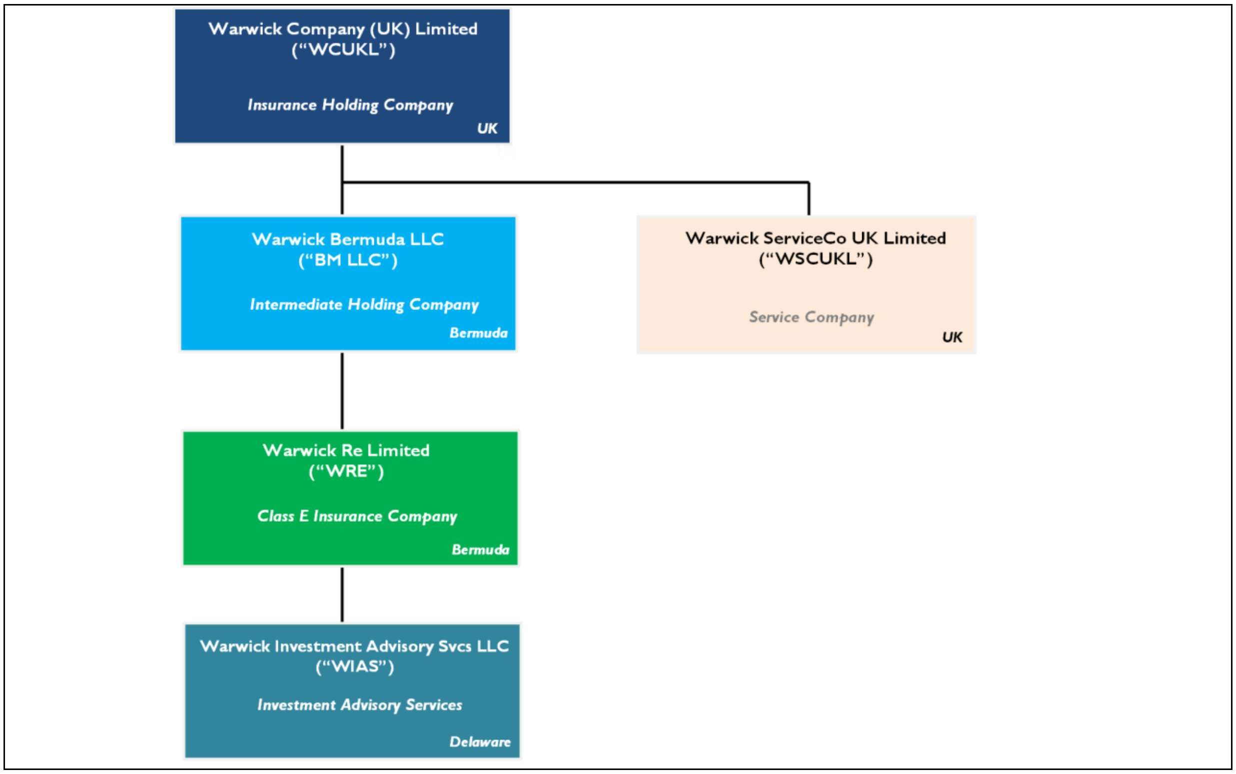
C. Approved Auditor

Statutory Reporting & GAAP reporting
Deloitte Bermuda
20 Church Street
Hamilton HM 12
Bermuda

D. Ownership Details

The Company is wholly owned by Warwick Bermuda LLC, a limited liability company established under the laws of Bermuda. Warwick Company (UK) Limited, a holding company incorporated under the laws of England and Wales, is the direct shareholder of Warwick Bermuda LLC. Warwick Company (UK) Limited is owned by a group including long-term institutional investors and senior management.

E. Group Structure



F. Insurance business written by business segment and geographical region

Warwick seeks asset and capital intensive, long duration liabilities with defined cash flows and quantifiable risks, focusing on UK bulk purchase annuities (**BPA**), US fixed deferred annuities (**FDA**) and US pension risk transfer (**PRT**) whose unique characteristics are attractive given current competitive landscape and rising rate environment.

Warwick reinsures pension risk transfer from unaffiliated third party cedants up to 100% quota share in the form of co-insurance. The Company had premiums of $488 million in 2023. The reinsurance contract has coverage in the United Kingdom.

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

The Company invests in a combination of high quality fixed income securities (fixed income bonds, mortgage-backed securities and asset-backed securities). The Company's portfolio of assets is governed by the agreed upon investment guidelines of the Company and the agreed investment guidelines with cedants. The Company's assets, that are used to enhance capital and surplus, are invested in diversified portfolio designed to return short-term gains whilst being in line with our risk appetite and desire for capital preservation to ensure we meet the long-term financial objectives of the Company. The management of the portfolio is governed by the Prudent Person principle in accordance with the regulations of the BMA.

As of December 31, 2023, Warwick's investment portfolio comprised fixed maturity assets; including corporate & government bonds, mortgage-backed securities and asset-backed securities valued, recorded at fair value of $510 million (2022: $104 million). The net investment income for year ended December 31, 2023, excluding unrealized gains, was $12.6 million (2022: $4.1 million). The Company uses derivative instruments to hedge certain risks in our liabilities including foreign exchange risks associated with asset purchased to back non-dollar denominated liabilities.

In December 2023, the Company enter a 100% quota share agreement with a UK insurer to reinsure pension risk transfer business.

H. Any other material information

Not applicable - no other material information.

III. Governance Structure

The Company has established a risk and governance framework proportionate to the nature, scale and complexity of its current business. Warwick is committed to complying with standards of corporate governance and considers good corporate governance practices essential to our growth.

A. Board and Senior Executives

1. Board and Senior Executive Structure, role, responsibilities and segregation of responsibilities:

The role of the Board of Directors (**Board**) is to exercise oversight of the organization and meets at least quarterly to exercise these responsibilities. The Board is comprised of seven (7) members: one executive director, two investor representatives and four independent non-executives. The Board has delegated responsibility for day-to-day management of the Company to the Chief Executive Officer (**CEO**). Other members of senior management include: Chief Investment Officer, Chief Operations Officer, Chief Financial Officer, Head of Structuring and Asset Liability Management, and Director of Finance; whom assist the CEO in the exercise of their functions.

2. Remuneration Policy

The Company's remuneration decisions are made by the Remuneration Committee. Employees are provided with a fixed base salary with an annual discretionary and performance-based bonus which varies in accordance with the Company's and individual's performance. Employees are also eligible to receive restricted shares to align executive remuneration with the interests of its owners.

Non-executive board members receive fees as remuneration for their work as directors and do not receive any bonuses or shares.

The CEO and COO, working with independent consultants, conduct periodic reviews of compensation levels and reviews results with the Remuneration Committee to ensure remuneration is in-line with market and the performance of the Company.

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

The Company provides employees with pension benefits by contributing to a defined pension contribution plan. There are no early retirement schemes and there is no pension plan for non-executive directors.

4. ***Material Transactions with Shareholder Controllers, Person who exercise significant influence, the Board or Senior Executive.***

As at December 31, 2023, the Company had invested in a $5.0 million Note issued by ITE Rail Fund LP which is controlled by the ultimate beneficial owner of the Company. This Note was redeemed in March 2024.

B. *Fitness and Proprietary Requirements*

1. ***Fit and proper process in assessing the Board and Senior Executive***

The Company appoints members of the Board based on the individual' expertise and work experience. Two of the board members are designated by ultimate shareholders as per the terms of the shareholders' agreement.

2. ***Professional qualifications, skills and expertise of the Board and Senior Executives***

Christopher McGlashan – Director and CEO

Mr. McGlashan has over 30 years of experience as a senior insurance and investment banking executive in insurance and capital markets. He is founder of Warwick, which is the third Bermuda-based reinsurance company he has held a senior executive position. Prior to establishing the Company, Mr. McGlashan was Group Managing Director at Citigroup, where he headed the Insurance and Pension Solutions Group for the Global Investment Banking Division and constructed its Bermuda reinsurer to accommodate annuity transactions. Previously, he ran the Insurance capital markets group for Citigroup. Prior to Citigroup, he spent 6 years at Lehman Brothers, where he served in its structured finance division and established and managed its "A-" rated Bermuda reinsurer, in the L&A and P&C insurance sectors. Mr. McGlashan has also worked at three law firms in the U.S. and U.K. as a dual-qualified lawyer. His global financial experience includes advising on American, Asian and European deals, working closely with insurance jurisdictions in Bermuda, Cayman, Puerto Rico, the USA, Ireland and other European countries, and providing cross border joint venture and transaction advice in Brazil, France and the U.K. Mr. McGlashan holds a BA Honors from Hull University, a law degree from Nottingham University and a Masters (LLM) in Securities and International Law from Georgetown University.

David Smilow – Director

Mr. Smilow has managed portfolios of alternative fixed income assets and secured investments, including railcars, real estate securities, and distressed assets. He also has sponsored and been an officer or director of over a dozen related start-up companies. Mr. Smilow was the Founder and Chairman of Jefferson National Financial (**JNF**), an insurance company with over USD $2 billion of assets that offers variable annuity and other retirement products. Mr. Smilow oversaw investment activities and strategic planning for JNF, which was sold to Citibank in 2011. In addition, Mr. Smilow was the Founder, Chairman, CEO and CIO of TeleBanc (now E*Trade Bank). Under his direction, TeleBanc became the largest Internet bank worldwide before its sale to E*Trade in 1999. Prior to founding TeleBanc, Mr. Smilow was a fixed income portfolio manager and trader at Goldman Sachs and Drexel Burnham Lambert. Mr. Smilow lectures at Harvard Business School, New York University and Johns Hopkins University. Mr. Smilow received a BA from Johns Hopkins University and an MBA from Harvard Business School. He serves on numerous non-profit and corporate boards.

Mark O'Sullivan – Director

Mr. O'Sullivan has over 20 years of experience in investments. He is currently the Managing Director the Dyal Capital Partners, a private equity fund managed by Blue Owl Capital. He is responsible for executing transactions for private equity and debt portfolios, head of Portfolio Monitoring function and a member of Investment and Valuation committees. He was previously at Lehman Brothers from 2007 to 2011 as an SVP of the Principal Investments and Private Equity division. Prior to that, from 2003 to 2007, he was at Oliver Wyman as a Senior Project Manager responsible for projects in the firm's capital markers. From 2001 to 2003 he was an analyst at Merrill Lynch.

Ida Levine – Non-Executive Director

Ms. Levine had over 25 years of experience in asset management in the UK and continental Europe as a member of the European Management Team at Capital Group and JP Morgan investment management. She worked at Capital Group from 1998-2020. Capital Group is one of the oldest and largest independently owned global active asset management groups with assets under management of over US$2 trillion. At Capital Group, she served on the Board of its UK regulated investment manager, Capital International Limited, chairing its Audit Committee; and the UK boards of Capital Research Company and the Capital Group Global Private Equity business. Ms. Levine also sat on the Global Audit and Risk Committee, Trading Oversight Committee and Investment Committee for Capital Group International. At JP Morgan, Ms. Levine served on the European Management Committee and Global Derivatives Committee for the investment management business. She also set up the JP Morgan UK insurance company. Before joining JP Morgan, Ms. Levine was a Partner in the international law firm Jones Day based in London and New York.

David Collinson – Non-Executive Director

Mr. Collinson was a founding member of the executive management team of Pension Insurance Corporation plc (**PIC**, a £40 billion UK annuity insurer) since its establishment in 2006 until 2020. He had specific executive responsibilities over this period included: new business (marketing, origination, pricing and execution), strategy, business planning, investor and analyst interaction, capital raising and corporate transactions. He was a member of the Executive Management Committee, with regulatory responsibility to both the FCA and PRA under the SIMR regulatory regime. Mr. Collinson played a key role the building of PIC's brand and reputation with its clients (pension fund trustees and employers), and its capital providers (equity and bond investors and analysts), as well as helping to build the overall market for bulk annuities. He initiated and managed some of the largest and most complex transactions in the bulk annuity market, as well as leading a series of bespoke reinsurance deals and managed both equity (£250 million) and debt (£650 million) capital raising projects. Prior to 2006, Mr. Collinson was at Watson Wyatt from 1987 to 2006 where he was a full equity partner and global head of M&A services. This role included coordinating, leading and delivering Watson Wyatt's global M&A service offering.

Yulanda Francis – Non-Executive Director

Ms. Francis was most recently the President of Horseshoe Re Limited (**Horseshoe Re**), the transformer vehicle within the Horseshoe Group, which provides services to a broad range of investors who invest in collateralized reinsurance transactions . She headed up Horseshoe Re and was responsible for the management and structuring of collateralized reinsurance transactions and client servicing. In addition, she oversaw the management of the Horseshoe Re teams that include Underwriting, Accounting and Collateral Management. Ms. Francis has over 20 years of experience in the insurance and reinsurance industry including captive management and insurance linked securities. Prior to Horseshoe, she worked in captive management, and was responsible for a large portfolio of top tier captives. She is a Certified Professional Accountant (CPA), Certified Management Accountant (CMA), in addition holds an Associate in Reinsurance (ARe).

Natalie Watson – Non-executive Director; Insurance Manager representative

Ms. Watson works as a Senior Vice President and Team Leader for Marsh. She manages a portfolio of Single Parent Captive, Commercial Re (Insurer) and Life Insurance entities. She acts as a Principal Representative and/or Director/Alternate Director for her portfolio of Captive and Commercial entities. Her duties include reporting under US GAAP, Condensed GAAP, IFRS, and Bermuda Statutory Reporting for Captives licensed as classes 1, 2, 3, ISAC, and Commercial entities reporting Economic Balance Sheet (EBS) and Bermuda Solvency Capital Reporting (BSCR) licensed as a class 3A, C & E. She has the overall oversight and responsibility to ensure annual audits are complete and regulatory compliance with the Bermuda Monetary Authority reporting requirements, and the Registrar of Companies. Ms. Watson has previously worked at Aon Insurance Managers (Bermuda) Limited and KPMG in Bermuda and Jamaica. Ms. Watson is a fellow of the Association of Chartered Certified Accounts (UK) and at the Institute of Chartered Accountants (Jamaica).

Anne Eastep – COO & CFO

Ms. Eastep was previously a senior insurance investment banking executive with over 25 years of experience in providing a broad range of advisory services, including mergers and acquisitions, restructuring, debt and equity financings, structured solutions and capital markets activities for the global insurance industry. During her career, she has completed transactions in Life/Health, P&C and reinsurance sectors in the U.S., Canada, Latin America, U.K., Europe and Australasia. Prior to joining Warwick, Ms. Eastep was a Managing Director at Greenhill in New York, focusing on advisory services to public and private insurance companies in the U.S., Europe and Asia. She has also held similar senior positions in the investment banking groups at Citigroup, Deutsche Bank and ABM AMRO. She began her career in the Global Insurance Group – Corporate Banking at the Chase Manhattan Bank. Ms. Eastep holds a Bachelor's degree from Wellesley College.

C. Risk Management and Solvency Self-Assessment

1. Risk Management process and procedures to identify, measure, manage and report on risk exposures

Given the nature of the Warwick's business, most of the risks assumed are long-term in nature and specific to individual transactions. The primary source of risk management is therefore, at the initial transaction analysis after which we are bound by the terms of the transaction. At this stage in the Company's development, capital deployment and transaction approval is contingent on the approval of the Company's Underwriting & Risk Committee (**UWC**) and the Investment Committee. They ensure the quality of the transaction that the Company is underwriting and recommend proposals to the Board to consider. The Company then monitors ongoing risks by monitoring the transaction via the Company's Asset Liability Management Policy. This is then reported to the UWC on a quarterly basis.

2. Risk management and solvency self-assessments systems

The Company's risk management framework is implemented and integrated into its operations through systems, processes, procedures, and controls developed and documented by management.

Management information obtained from the risk management process is used to complete solvency self-assessments of the quantity and quality of capital required to support the Company's objectives and liabilities. The solvency self-assessment is reviewed at least quarterly and when transactions are being considered to ensure the Company's capital adequacy and liquidity resources are sufficient. The Company uses proprietary and third-party models / information to determine the capital adequacy.

3. Relationship between solvency self-assessment, solvency needs & capital and risk management

The Company's self-assessment process is a fundamental part of the Company's risk management framework as governed by the CISSA. The Company has developed the Bermuda statutory model to assist in it's self-assessment. This allows the Company to maintain confidence that it can continue to meet its regulatory capital requirements in accordance with the Company's own risk tolerances. If the Company identifies any key risks, these are notified to the relevant committees and Board.

4. Solvency self-assessment approval process

The Company's model for self-assessment as noted above relies on the CISSA as well as the Company's own Bermuda Statutory model of whose findings are reported to relevant committees and Board.

D. Internal Controls

1. Internal control system

Warwick has systems, processes to ensure that data and reporting is reliable, company policies are adhered to and adequate security measures are implemented. If any issues arise, they will be reported to the Audit & Compliance Committee.

2. Compliance function

The Company monitors its ongoing compliance on an ongoing basis and regularly reports to the Board on compliance matters as governed by this document.

E. Internal Audit

Due to the Company's small size, there is no internal audit function as of the date of this report. The Company monitors closely all aspects of operations as part of the internal controls and utilizes third-party service providers to assist with specific subject matters. The Company will continue to monitor the necessity for a formal internal audit process.

F. Actuarial Function

Each transaction is subject to a detailed actuarial analysis and sophisticated modelling from both a cash flow and investment return perspective. This analysis is carried out by the Company's internal actuarial team and third-party actuarial consultants, if applicable. Canterbury Consulting LLC serves as the appointed actuary of the Company for the purposes of the Bermuda Actuarial Opinion for statutory purposes.

G. Outsourcing

Warwick carefully selects all service providers that it utilizes. The Company evaluates several vendors, including their capabilities, reputation, costs and fit within the Company. The Company evaluates the terms of the agreement with the service providers for: services provided; ownership of records and data; exit strategies and length of contracts. The outsourced service providers are reviewed regularly by the management and the Board to determine whether they are still appropriate and required.

H. *Other Material Information*

Not applicable – no other material information to report.

IV. Risk Profile

A. *Material Risks the Insurer is exposed to during the reporting period*

The key risk categories that the Company is exposed to include Investment Risk, Operational Risk, Underwriting Risk and Liquidity Risk. The Company's Underwriting Risks consist primarily of longevity, mortality and policyholder behaviour risk. The Investment risk is defined as the uncertainty or loss relative to expected return on investments. The Company's main source of profit on reinsurance transactions is from the investment spread between returns on assets and funding costs for liabilities. Liquidity risk is the potential inability to meet obligations when they become due because the Company has insufficient liquid funds, liquid assets or cannot obtain new funding. Operational Risk is the risk of losses caused by inadequate internal processes, people or systems.

B. *Risk mitigation in the organization*

The Company controls risk in a number of ways but ultimately the risks are reported to and monitored by the UWC. The Risk function verifies that the risks are either kept within agreed limits or temporary breaches for unique situations are reported to the UWC for approval or correction. The CEO, the UWC and the Board ensure the controls are in place for risk exposures and operate as intended.

C. *Material risk concentrations*

The Company utilizes the BSCR solvency capital risk charge for concentration risk as a key metric of monitoring concentration risk. The Company also manages concentration risk in compliance with both its counter-party investment guidelines and investment risk policies as approved by the Board.

D. *Investment in assets in accordance with the Prudent Person Principles of the Code of Conduct*

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

E. *Stress Testing and sensitivity analysis to assess material risks*

The Company performs various stress tests to determine the adequacy of capital & liquidity and to ensure we meet regulatory requirements. Based on these tests, the Company believes that it has sufficient capital and liquidity to comply with contractual obligations of the Company and regulatory requirements.

V. Solvency Valuation

A. *Valuation bases, assumptions and methods to drive the value of each asset class*

The Company use valuation principles outlined by the BMA for the reporting period's statutory filing. The economic valuation principes outlined in this document are to measure assets and liabilities on a fair value basis (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 as at the measurement date).

B. *Valuation bases, assumption and methods to derive the vale of technical provisions*

The Company's technical provisions comprise of best estimate liability, or reserve, and risk margin. The best estimate reserve is determined as the highest asset requirement needed to fund cashflows using the BMA's standard discount rate curves as at December 31, 2023. The risk margin, which reflects the uncertainty contained inherent in the underlying cashflows, is calculated using the cost of capital approach and a risk-free discount rate term structure. As at December 31, 2023, the total Net Technical Provisions amount to $616.4 million comprising the following:

	USD (000's)
Best Estimate Policy Reserves – Life	$589,276
Risk Margin	27,123
Total	**$616,399**

C. *Description of recoverables from reinsurance contracts*

Not applicable.

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

As noted in a., the Company's liabilities are valued at fair value on accordance with the valuation principles outlined by the BMA's "Guidance Note for the Statutory Reporting Regime".

E. *Any other material information*

Not applicable – no material information to report.

VI. Capital Management

A. *Eligible capital*

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

The primary capital management objective is to hold sufficient capital to meet all of the Company's obligations to cedants, meet regulatory requirements (including the Bermuda Solvency Capital Requirement set out in the Insurance (Prudential Standards) (Class C, Class D and Class E Solvency Requirement) Rules 2011) and support its position as one of the stronger reinsurers in the industry. Management closely monitors its capital needs and capital level throughout the reinsurance cycle and in times of volatility and turmoil in global capital markets actively takes steps to increase or decrease the Company's capital to achieve an appropriate balance between financial strength, liquidity and shareholder returns. Capital management is achieved in several ways: (i) setting initial capital levels at a transactional level to adequately decrease future liabilities; (ii) ensuring compliance with its ALM and risk management strategy, which dampens exposure to volatility by equalizing exposure on both asset and liability sides of its balance sheet; and (iii) by ensuring liquidity and margin is retained in its business to meet cashflow variability. The Company's transactional objectives seek to either deploy capital to fund attractive business opportunities inside prescribed and Board approved Internal Rate of Return (**IRR**) hurdles, or in times of excess capital and times when business opportunities are less attractive, returning capital to its shareholder by way of dividends.

As part of its long-term strategy, the Company will continue to seek to grow capital resources to support its operations throughout market cycles, maintaining ratings and claims paying ability.

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

As a Class E long-term insurer, the Company is required to disclose the capital in accordance with a 3 tiered-capital system. Tier 1 capital includes statutory economic surplus, capital stock and contributed surplus. As of 31 December 2023, all the capital was Tier 1 capital, and is likely to continue to be so without necessitating inclusion of debt for the next 3 years.

The Company is licensed as a Class E long term insurer under the Act and is required to maintain a minimum statutory solvency margin equal to the greater of a minimum solvency margin (**MSM**) and a percentage of the Enhanced Capital Requirement (**ECR**). The MSM is equal to the greater of (i) $8 million (ii) 2% of the first $500 million of assets plus 1.5% of assets above $500 million or (iii) 25% of ECR. The ECR is calculated based on a standard risk-based capital model developed by the BMA. As at December 31, 2023, the Company is required to maintain an estimated MSM of $13.0 million. The actual statutory capital and surplus, as determined using statutory accounting principles, is $176.1 million as at December 31, 2023.

Confirmation of Eligible Capital that is Subject to Transitional Arrangements

Not applicable.

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

Not applicable.

Identification of Ancillary Capital Instruments Approved by the Authority

Not applicable.

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

Other than the impact of removing the Company's non-admitted assets, equaling $749,000, there are no significant differences between the Company's Shareholder's Equity and available statutory capital and surplus.

B. *Regulatory Capital Requirements*

ECR and MSM Requirements at the End of The Reporting Period

	USD (000's)
Minimum Margin of Solvency	$13,014
Transition Enhanced Capital Requirement	37,023
Transition Enhanced Capital Requirement Ratio	204%

Identification of any Non-Compliance with the MSM and the ECR

Not applicable. The Company was compliant with the MSM and ECR requirements as at December 31, 2023.

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

Not applicable.

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

Not applicable.

C. Approved Internal Capital Model

Not applicable.

D. Any other material information

Not applicable.

VII. Subsequent Events

The Company entered a transaction with a US direct insurer to reinsure multi-year guaranteed annuities. The transaction included in-force business as well as flow business for future premiums written. This transaction has had no impact on the financial year ended December 31, 2023 and is effective in 2024.

VIII. Declaration on the Financial Condition Report

We, the undersigned, declare that to the best of our knowledge and belief, the Financial Condition Report fairly represents the financial condition of the Company in all material aspects as at December 31, 2023.

Christopher McGlashan
Director and CEO

Sue Anne Eastep
COO and CFO