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DELTA REPORT

10-Q

GLOBAL INDEMNITY GROUP, L

10-Q - MARCH 31, 2023 COMPARED TO 10-Q - SEPTEMBER 30, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	1828
CHANGES	338
DELETIONS	1009
ADDITIONS	481

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2022 March 31, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from to

001-34809

Commission File Number

GLOBAL INDEMNITY GROUP, LLC

(Exact name of registrant as specified in its charter)

Delaware	**85-2619578**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

112 S. French Street, Suite 105

Wilmington, DE 19801

(Address of principal executive office including zip code)

Registrant's telephone number, including area code: ((302) 302) 691-6276

Three Bala Plaza East, Suite 300

Bala Cynwyd, PA19004

(Former name or former address, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that registrant was required to submit such files.). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or emerging growth company. See definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.:

Large accelerated filer	☐;	Accelerated filer	☒;

Non-accelerated filer ☐;	Smaller reporting company ☐;
Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common Shares	GBLI	New York Stock Exchange

As of November 1, 2022 May 1, 2023, the registrant had outstanding 10,668,423 9,672,697 Class A Common Shares and 3,947,206 3,793,612 Class B Common Shares.

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[PART II – OTHER INFORMATION]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

GLOBAL INDEMNITY GROUP, LLC

Consolidated Balance Sheets

(In thousands, except share amounts)

	(Unaudited) September 30, 2022	December 31, 2021	(Unaudited) March 31, 2023	December 31, 2022
ASSETS				
Fixed maturities:				
Available for sale, at fair value (amortized cost: $1,337,014 and $1,193,746; net of allowance for expected credit losses of $0 at September 30, 2022 and December 31, 2021)	$ 1,281,074	$ 1,201,866		
Available for sale, at fair value (amortized cost: $1,300,148 and $1,301,723 ; net of allowance for expected credit losses of $0 at March 31, 2023 and December 31, 2022)			$ 1,257,357	$ 1,248,198
Equity securities, at fair value	18,006	99,978	17,342	17,520
Other invested assets	38,222	152,651	37,669	38,176
Total investments	1,337,302	1,454,495	1,312,368	1,303,894

Cash and cash equivalents	18,891	78,278	35,737	38,846
Premium receivables, net of allowance for expected credit losses of $2,851 at September 30, 2022 and $2,996 at December 31, 2021	160,714	128,444		
Reinsurance receivables, net of allowance for expected credit losses of $8,992 at September 30, 2022 and December 31, 2021	108,541	99,864		
Premium receivables, net of allowance for expected credit losses of $3,379 at March 31, 2023 and $3,322 at December 31, 2022			154,624	168,743
Reinsurance receivables, net of allowance for expected credit losses of $8,992 at March 31, 2023 and December 31, 2022			86,772	85,721
Funds held by ceding insurers	21,780	27,958	17,339	19,191
Deferred federal income taxes	46,540	37,329	44,489	47,099
Deferred acquisition costs	70,164	60,331	58,354	64,894
Intangible assets	14,898	20,261	14,721	14,810
Goodwill	4,820	5,398	4,820	4,820
Prepaid reinsurance premiums	56,205	53,494	14,224	17,421
Lease right of use assets	13,461	16,051	11,265	11,739
Other assets	25,821	30,906	22,565	23,597
Total assets	$ 1,879,137	$ 2,012,809	$ 1,777,278	$ 1,800,775
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities:				
Unpaid losses and loss adjustment expenses	$ 825,594	$ 759,904	$ 857,520	$ 832,404

Unearned premiums	330,536	316,566	241,945	269,353
Ceded balances payable	16,607	35,340	5,997	17,241
Payable for securities purchased	98	794	1,008	66
Contingent commissions	8,357	7,903	3,772	8,816
Debt	—	126,430		
Lease liabilities	16,734	19,079	15,042	15,701
Other liabilities	37,617	40,172	23,756	30,965
Total liabilities	$ 1,235,543	$ 1,306,188	$ 1,149,040	$ 1,174,546
Commitments and contingencies (Note 14)	—	—		
Commitments and contingencies (Note 11)			—	—
Shareholders' equity:				
Series A cumulative fixed rate preferred shares, $1,000 par value; 100,000,000 shares authorized, shares issued and outstanding: 4,000 and 4,000 shares, respectively, liquidation preference: $1,000 per share and $1,000 per share, respectively	4,000	4,000	4,000	4,000
Common shares: no par value; 900,000,000 common shares authorized; class A common shares issued: 10,701,873 and 10,574,589 respectively; class A common shares outstanding: 10,668,423 and 10,557,093, respectively; class B common shares issued and outstanding: 3,947,206 and 3,947,206, respectively	—	—		
Common shares: no par value; 900,000,000 common shares authorized; class A common shares issued: 10,928,380 and 10,876,041 respectively; class A common shares outstanding: 9,872,697 and 10,073,660, respectively; class B common shares issued and outstanding: 3,793,612 and 3,793,612, respectively			—	—

Additional paid-in capital	451,1 42	447,4 06	452, 385	451,3 05
Accumulated other comprehensive income (loss), net of tax	(45,33 7)	6,404	(34,6 15)	(43,0 58)
Retained earnings	234,6 93	249,3 01	232, 506	233,4 68
Class A common shares in treasury, at cost: 33,450 and 17,496 shares, respectively	(904)	(490)		
Class A common shares in treasury, at cost: 1,055,683 and 802,381 shares, respectively			(26,0 38)	(19,4 86)
Total shareholders' equity	643,5 94	706,6 21	628, 238	626,2 29
Total liabilities and shareholders' equity	$ 1,879, 137	$ 2,012, 809	$ 1,77 7,27 8	$ 1,800, 775

See accompanying notes to consolidated financial statements.

GLOBAL INDEMNITY GROUP, LLC

Consolidated Statements of Operations

(In thousands, except shares and per share data)

	(Unaudited) Quarters Ended September 30,		(Unaudited) Nine Months Ended September 30,		(Unaudited) Quarters Ended March 31,	
	2022	2021	2022	2021	2023	2022
Revenues:						
Gross written premiums	$ 175,8 27	$ 174,3 03	$ 563,6 33	$ 513,0 97	$ 122,9 85	$ 190,9 83
Ceded written premiums	(32,9 92)	(12,0 04)	(94,1 58)	(42,4 62)	(7,12 4)	(31,5 01)
Net written premiums	142,8 35	162,2 99	469,4 75	470,6 35	115,8 61	159,4 82
Change in net unearned premiums	10,80 9	(4,73 4)	(11,2 59)	(19,9 62)	24,21 1	(10,6 59)

Net earned premiums	153,644	157,565	458,216	450,673	140,072	148,823
Net investment income	8,389	9,344	16,911	29,813	12,008	6,592
Net realized investment gains (losses)	2,234	(310)	(33,067)	7,342		
Net realized investment losses					(1,520)	(25,385)
Other income	30,316	389	30,839	1,287	354	426
Total revenues	194,583	166,988	472,899	489,115	150,914	130,456
Losses and Expenses:						
Net losses and loss adjustment expenses	88,459	109,195	265,772	290,916	88,001	84,695
Acquisition costs and other underwriting expenses	60,876	59,282	178,666	171,259	53,478	56,692
Corporate and other operating expenses	14,064	5,387	21,718	15,992	6,368	4,660
Interest expense	—	2,596	3,004	7,887	—	2,595
Loss on extinguishment of debt	—	—	3,529	—		
Income (loss) before income taxes	31,184	(9,472)	210	3,061	3,067	(18,186)
Income tax expense (benefit)	7,438	(1,759)	3,399	(1,118)	573	(3,413)
Net income (loss)	$ 23,746	$ (7,713)	$ (3,189)	$ 4,179	$ 2,494	$ (14,773)
Less: preferred stock distributions	110	110	330	330	110	110

Net income (loss) available to common shareholders	$ 23,636	$ (7,823)	$ (3,519)	$ 3,849	$ 2,384	$ (14,883)
Per share data:						
Net income (loss) available to common shareholders (1)						
Basic	$ 1.62	$ (0.54)	$ (0.24)	$ 0.27	$ 0.17	$ (1.03)
Diluted	$ 1.60	$ (0.54)	$ (0.24)	$ 0.26	$ 0.17	$ (1.03)
Weighted-average number of shares outstanding						
Basic	14,589,797	14,445,434	14,549,601	14,413,006	13,670,732	14,514,950
Diluted	14,795,962	14,445,434	14,549,601	14,650,599	13,929,146	14,514,950
Cash distributions declared per common share	$ 0.25	$ 0.25	$ 0.75	$ 0.75	$ 0.25	$ 0.25

(1) For the nine months ended September 30, 2022 and the quarter ended September 30, 2021 March 31, 2022, “weighted average shares outstanding – basic” was used to calculate “diluted earnings per share” due to a net loss for the this period.

See accompanying notes to consolidated financial statements.

GLOBAL INDEMNITY GROUP, LLC

Consolidated Statements of Comprehensive Income (Loss)

(In thousands)

	(Unaudited) Quarters Ended September 30,		(Unaudited) Nine Months Ended September 30,		(Unaudited) Quarters Ended March 31,	
	2022	**2021**	**2022**	**2021**	**2023**	**2022**
Net income (loss)	$ 23,746	$ (7,713)	$ (3,189)	$ 4,179	$ 2,494	$ (14,773)

Other comprehensive income (loss), net of tax:						
Unrealized holding losses	(18,777)	(2,636)	(82,653)	(18,337)		
Unrealized holding gains (losses)					8,157	(42,372)
Reclassification adjustment for (gains) losses included in net income (loss)	194	(1,132)	31,156	(611)	487	23,085
Unrealized foreign currency translation losses	(129)	(164)	(244)	(324)		
Other comprehensive loss, net of tax	(18,712)	(3,932)	(51,741)	(19,272)		
Unrealized foreign currency translation gains (losses)					(201)	111
Other comprehensive income (loss), net of tax					8,443	(19,176)
Comprehensive income (loss), net of tax	$ 5,034	$ (11,645)	$ (54,930)	$ (15,093)	$ 10,937	$ (33,949)

See accompanying notes to consolidated financial statements.

GLOBAL INDEMNITY GROUP, LLC

Consolidated Statements of Changes in Shareholders' Equity

(In thousands, except share amounts)

	(Unaudited) Quarters Ended September 30,		(Unaudited) Nine Months Ended September 30,		(Unaudited) Quarters Ended March 31,	
	2022	**2021**	**2022**	**2021**	**2023**	**2022**
Number of Series A Cumulative Fixed Rate Preferred Shares						
Number at beginning and end of period	4,000	4,000	4,000	4,000	4,000	4,000

Number of class A common shares issued:						
Number at beginning of period	10,675,757	10,532,270	10,574,589	10,263,722	10,876,041	10,574,589
Common shares issued under share incentive plans, net of forfeitures	—	(2,404)	50,598	40,240	25,913	15,156
Common shares issued to directors	26,116	21,472	76,686	61,216	26,426	24,810
Share conversion	—	—	—	186,160		
Number at end of period	10,701,873	10,551,338	10,701,873	10,551,338	10,928,380	10,614,555
Number of class B common shares issued:						
Number at beginning of period	3,947,206	3,947,206	3,947,206	4,133,366		
Share conversion	—	—	—	(186,160)		
Number at end of period	3,947,206	3,947,206	3,947,206	3,947,206		
Number at beginning and end of period					3,793,612	3,947,206
Par value of Series A Cumulative Fixed Rate Preferred Shares						
Balance at beginning and end of period	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000
Additional paid-in capital:						
Balance at beginning of period	$ 450,052	$ 447,804	$ 447,406	$ 445,051	$ 451,305	$ 447,406
Share compensation plans	1,090	972	3,736	3,725	1,080	860
Balance at end of period	$ 451,142	$ 448,776	$ 451,142	$ 448,776	$ 452,385	$ 448,266
Accumulated other comprehensive income (loss), net of deferred income tax:						

Balance at beginning of period	$ (26,625)	$ 18,968	$ 6,404	$ 34,308	$ (43,058)	$ 6,404
Other comprehensive income (loss):						
Change in unrealized holding losses	(18,583)	(3,768)	(51,497)	(18,948)		
Unrealized foreign currency translation losses	(129)	(164)	(244)	(324)		
Change in unrealized holding gains (losses)					8,644	(19,287)
Unrealized foreign currency translation gains (losses)					(201)	111
Other comprehensive income (loss)	(18,712)	(3,932)	(51,741)	(19,272)	8,443	(19,176)
Balance at end of period	$ (45,337)	$ 15,036	$ (45,337)	$ 15,036	$ (34,615)	$ (12,772)
Retained earnings:						
Balance at beginning of period	$ 214,757	$ 239,272	$ 249,301	$ 234,965	$ 233,468	$ 249,301
Net income (loss)	23,746	(7,713)	(3,189)	4,179	2,494	(14,773)
Preferred share distributions	(110)	(110)	(330)	(330)	(110)	(110)
Distributions to shareholders ($0.25 per share per quarter in 2022 and 2021)	(3,700)	(3,596)	(11,089)	(10,961)		
Distributions to shareholders ($0.25 per share per quarter in 2023 and 2022)					(3,346)	(3,647)
Balance at end of period	$ 234,693	$ 227,853	$ 234,693	$ 227,853	$ 232,506	$ 230,771
Number of treasury shares:						
Number at beginning of period	33,450	17,093	17,496	—	802,381	17,496
Class A common shares purchased	—	—	15,954	16,915	253,302	4,781

Forfeited shares	—	—	—	178		
Number at end of period	33,450	17,093	33,450	17,093	1,055,683	22,277
Treasury shares, at cost:						
Balance at beginning of period	$ (904)	$ (479)	$ (490)	$ —	$ (19,486)	$ (490)
Class A common shares purchased, at cost	—	—	(414)	(479)	(6,552)	(120)
Balance at end of period	$ (904)	$ (479)	$ (904)	$ (479)	$ (26,038)	$ (610)
Total shareholders' equity	$ 643,594	$ 695,186	$ 643,594	$ 695,186	$ 628,238	$ 669,655

See accompanying notes to consolidated financial statements.

GLOBAL INDEMNITY GROUP, LLC

Consolidated Statements of Cash Flows

(In thousands)

	(Unaudited) Nine Months Ended September 30,		(Unaudited) Quarters Ended March 31,	
	2022	**2021**	**2023**	**2022**
Cash flows from operating activities:				
Net income (loss)	$ (3,189)	$ 4,179	$ 2,494	$ (14,773)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:				
Amortization and depreciation	6,436	6,080	1,687	1,605
Amortization of debt issuance costs	41	106	—	35
Gross proceeds from sale of renewal rights related to Farm, Ranch & Stable business lines	(30,000)	—		
Impairment loss on right of use lease assets	488	—		
Impairment loss on software	508	—		
Impairment loss on goodwill and intangible assets	5,657	—		

Restricted stock and stock option expense	3,737	3,725	1,080	860
Deferred federal income taxes	3,418	(1,129)	573	(3,413)
Amortization of bond premium and discount, net	1,335	4,734	(547)	1,461
Net realized investment (gains) losses	33,067	(7,342)		
Loss on extinguishment of debt	3,529	—		
(Income) loss from equity method investments, net of distributions	6,362	(2,512)		
Net realized investment losses			1,520	25,385
Loss from equity method investments, net of distributions			82	483
Changes in:				
Premium receivables, net	(32,270)	(16,739)	14,119	(5,834)
Reinsurance receivables, net	(8,677)	(4,190)	(1,051)	186
Funds held by ceding insurers	5,868	13,736	1,598	1,455
Unpaid losses and loss adjustment expenses	65,690	68,954	25,116	10,428
Unearned premiums	13,970	21,512	(27,408)	9,784
Ceded balances payable	(18,733)	468	(11,244)	(22,093)
Other assets and liabilities	(3,398)	(16,278)	(7,386)	(8,559)
Contingent commissions	454	(2,626)	(5,044)	(2,945)
Deferred acquisition costs	(9,833)	(5,074)	6,540	(5,002)
Prepaid reinsurance premiums	(2,711)	(1,550)	3,197	875
Net cash provided by operating activities	41,749	66,054		
Net cash provided by (used for) operating activities			5,326	(10,062)
Cash flows from investing activities:				
Proceeds from sale of fixed maturities	866,458	889,080	44,381	140,150
Proceeds from sale of equity securities	88,726	48,661	—	86,173

Proceeds from maturity of fixed maturities	54,228	71,137	17,515	16,312
Proceeds from maturity of preferred stock	—	666	270	—
Proceeds from other invested assets	108,066	14,183	425	4,679
Amounts received in connection with derivatives	4,390	685	—	2,567
Purchases of fixed maturities	(1,104,326)	(1,001,066)	(60,426)	(145,955)
Purchases of equity securities	(10,573)	(34,530)	(19)	(10,362)
Purchases of other invested assets	—	(70,000)		
Gross proceeds from sale of renewal rights related to Farm, Ranch & Stable business lines	30,000	—		
Net cash provided by (used for) investing activities	36,969	(81,184)		
Net cash provided by investing activities			2,146	93,564
Cash flows from financing activities:				
Distributions paid to common shareholders	(7,361)	(10,842)	(3,919)	(3,654)
Distributions paid to preferred shareholders	(330)	(330)	(110)	(110)
Purchases of class A common shares	(414)	(479)	(6,552)	(120)
Redemption of subordinated notes	(130,000)	—		
Net cash used for financing activities	(138,105)	(11,651)	(10,581)	(3,884)
Net change in cash and cash equivalents	(59,387)	(26,781)	(3,109)	79,618
Cash and cash equivalents at beginning of period	78,278	67,359	38,846	78,278
Cash and cash equivalents at end of period	$ 18,891	$ 40,578	$ 35,737	$ 157,896

See accompanying notes to consolidated financial statements.

1. Principles of Consolidation and Basis of Presentation

Global Indemnity Group, LLC (“Global Indemnity”, "GBLI", or “the Company”), a Delaware limited liability company formed on June 23, 2020, replaced Global Indemnity Limited, incorporated in the Cayman Islands as an exempted company with limited liability, as the ultimate parent company of the Global Indemnity group of companies as a result of a redomestication transaction completed on August 28, 2020. Global Indemnity Group, LLC’s class A common shares are publicly traded on the New York Stock Exchange under the ticker symbol GBLI. Global Indemnity Group, LLC’s predecessors have been publicly traded since 2003. See Note 2 of the notes to the consolidated financial statements in Item 8 Part II of the Company’s 2021 2022 Annual Report on Form 10-K for additional information regarding the redomestication.

On August 8, 2022, the Company sold the renewal rights related to all business lines within its Farm, Ranch & Stable segment for business written on or after August 8, 2022 to Everett Cash Mutual Insurance Company. During the 2nd quarter of 2022, the Company decided that Farm, Ranch & Stable would not be a core business and a decision was made to not allocate additional resources to this segment. Previously, on October 26, 2021, the Company sold the renewal rights related to its manufactured and dwelling homes products which were part of the Specialty Property segment. In 2021, the Company decided to cease writing certain Property Brokerage business which was part of the Commercial Specialty segment, as well as exit certain property and catastrophe lines within the Reinsurance Operations segment. Based on the decisions to exit these lines of business, the Company changed the way it manages and analyzes its operating results. The chief operating decision makers decided they will be reviewing the specific results of the Exited Lines in a separate segment. The chief operating decision makers also determined that the small amount of specialty property business that remained from the Specialty Property segment would be included as programs in the Commercial Specialty segment for purpose of reviewing results and allocating resources. The Reinsurance Operations segment continues to write casualty and professional treaties as well as individual excess policies. Accordingly, the Company has three reportable segments: Commercial Specialty, Reinsurance Operations, and Exited Lines. Management believes these segments allow users of the Company’s financial statements to better understand the Company's performance, better assess prospects for future net cash flows, and make more informed judgments about the Company as a whole. The segment results for the quarter and nine months ended September 30, 2021 have been revised to reflect these changes. See Note 17 for additional information regarding segments.

Global Indemnity Group, LLC is a holding company that is classified as a publicly traded partnership for U.S. federal income tax purposes and meets the qualifying income exception to maintain partnership status.

Global Indemnity Group, LLC owns all shares of its direct and indirect subsidiaries, including those of its insurance companies: United National Insurance Company, Diamond State Insurance Company, Penn-America Insurance Company, Penn-Star Insurance Company, Penn-Patriot Insurance Company, and American Reliable Insurance Company.

The insurance companies’ primary activity is providing insurance products across a distribution network that includes binding authority, program, brokerage, and reinsurance. The insurance companies manage the distribution of these products through two ongoing business segments: Commercial Specialty and Reinsurance Operations. Commercial Specialty offers specialty property and casualty products designed for product lines such as small business binding authority, professional lines, excess casualty, environmental, InsurTech business, and specialized programs. These product lines are offered primarily in the excess and surplus lines marketplace. Reinsurance Operations provides reinsurance and insurance solutions through brokers and primary writers including insurance and reinsurance companies.

The company also has an Exited Lines segment that contains lines of business that are no longer being written or are in runoff, including specialty personal lines and property and casualty products such as manufactured home, dwelling, motorcycle, watercraft, and certain homeowners business, certain business lines within property brokerage, property and catastrophe reinsurance treaties, and the farm, ranch and equine business. Collectively, the Company's insurance subsidiaries are licensed in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

The Commercial Specialty segment comprises the Company's Insurance Operations ("Insurance Operations").

The interim consolidated financial statements are unaudited, but have been prepared in conformity with United States of America generally accepted accounting principles ("GAAP"), which differs in certain respects from those principles followed in reports to insurance regulatory authorities. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

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The unaudited consolidated financial statements include all adjustments that are, in the opinion of management, of a normal recurring nature and are necessary for a fair statement of results for the interim periods. Results of operations for the quarters ended March 31, 2023 and nine months ended September 30, 2022 and 2021 2022 are not necessarily indicative of the results of a full year. The accompanying notes to the unaudited consolidated financial statements should be read in conjunction with the notes to the consolidated financial statements contained in the Company's 2021 2022 Annual Report on Form 10-K.

The consolidated financial statements include the accounts of Global Indemnity Group, LLC and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Certain amounts not reported in the Consolidated Statements of Operations on the Form 10-Q for the quarter ended March 31, 2022 have been reported to conform to the presentation adopted in the 2nd quarter of 2022. Specifically, the Company reported ceded written premiums and change in net unearned premiums in the current year presentation. This change had no effect on total revenues, total expenses, or net loss reported for the prior year.

2. Sale of Renewal Rights Restructuring

On August 8, 2022,The Company is restructuring its insurance operations in an effort to strengthen its market presence and enhance its focus on GBLI's core Wholesale Commercial and InsurTech products. As a result, the Company sold the renewal rights related to all business lines within exited its Farm, Ranch & Stable segment for business written on or after August 8, 2022 to Everett Cash Mutual Insurance Company for $30.0 million. four brokerage divisions: Professional Liability, Excess Casualty, Environmental, and Middle Market Property. The Company will retain ceased writing new business and existing renewals were placed in run-off for these four divisions. The restructuring plan, which was initiated in the unearned premium reserves for business written prior to August 8, 2022fourth quarter of 2022, was completed in the first quarter of 2023. Everett Cash Mutual Insurance

In connection with the restructuring plan, the Company is also acquiring the Company's wholly owned subsidiary, American Reliable Insurance Company, for book value which is expected to be incurred restructuring costs of $10.0 3.4 million at the time of closing. The transaction is subject to receiving regulatory approval which is expected to be received during the

4th fourth quarter of 2022. Under 2022 and $2.2 million during the agreements, first quarter of 2023 for total consideration to be paid by Everett Cash Mutual Insurance Company is restructuring costs of $40.0 5.6 million.

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The gross proceeds from this sale following table summarizes charges incurred by expense type and the remaining liability as of $ December 31, 2022 and March 31, 2023:30.0

million are included in other income on

(Dollars in thousands)	Consolidated Statements of Operations Line	Employee Termination	Lease Right of Use Asset Impairment	Total
Charges incurred in 2022	Corporate and other operating expenses	$ 2,635	$ —	$ 2,635
Charges incurred in 2022	Acquisition costs and other underwriting expenses (1)	—	812	812
Non-cash asset charges		—	(812)	(812)
Liability at December 31, 2022		2,635	—	2,635
Charges incurred in 2023	Corporate and other operating expenses	2,171	—	2,171
Cash payments in 2023		(2,678)	—	(2,678)
Liability at March 31, 2023		$ 2,128	$ —	$ 2,128

(1) These charges were recorded within the Company's consolidated statements of operations. In addition, the Company also recorded an impairment of goodwill, intangible assets, software, and lease costs in the amount of $ Company's Exited Line segment.0.6

million, $

5.1 million, $0.5 million, and $0.5 million, respectively. Legal expenses and merger and acquisition fees Any information technology initiatives related to the sale were $2.5 million. The impairments, legal expenses, and merger and acquisition fees are included in corporate and other operating expenses on the Company's consolidated statements of operations for the quarter and nine months ended September 30, 2022. See Note 6 for additional information on the impairment of goodwill and intangible assets and Note 11 for additional information on impairment of leases.business lines within Exited Lines have been discontinued.

3. Investments

The amortized cost and estimated fair value of the Company's fixed maturities securities were as follows as of September 30, 2022 March 31, 2023 and December 31, 2021 December 31, 2022:

(Dollars in thousands)	Amortized Cost	Allowance for Expected Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Allowance for Expected Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
As of September 30, 2022										
As of March 31, 2023										
Fixed maturities:										
U.S. treasuries	$ 407,592	$ —	$ 9	$ (9,266)	$ 398,335	$ 337,865	$ —	$ 102	$ (5,661)	$ 332,306
Obligations of states and political subdivisions	34,879	—	—	(1,845)	33,034	33,386	—	—	(1,513)	31,873
Mortgage-backed securities	69,971	—	371	(4,561)	65,781	66,799	—	421	(4,738)	62,482
Asset-backed securities	160,425	—	9	(8,561)	151,873	214,005	—	695	(6,995)	207,705

Commercial mortgage-backed securities	107,748	—	26	(5,755)	102,019	104,788	—	22	(5,723)	99,087
Corporate bonds	349,487	—	9	(16,701)	332,795	353,329	—	68	(12,237)	341,160
Foreign corporate bonds	206,912	—	7	(9,682)	197,237	189,976	—	5	(7,237)	182,744
Total fixed maturities	$ 1,337,014	$ —	$ 431	$ (56,371)	$ 1,281,074	$ 1,300,148	$ —	$ 1,313	$ (44,104)	$ 1,257,357

(Dollars in thousands)	Amortized Cost	Allowance for Expected Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
As of December 31, 2022					
Fixed maturities:					
U.S. treasuries	$ 352,533	$ —	$ —	$ (8,430)	$ 344,103
Obligations of states and political subdivisions	33,471	—	—	(1,876)	31,595
Mortgage-backed securities	67,560	—	165	(5,609)	62,116
Asset-backed securities	198,161	—	390	(9,151)	189,400
Commercial mortgage-backed securities	104,777	—	20	(6,133)	98,664
Corporate bonds	353,622	—	16	(14,858)	338,780
Foreign corporate bonds	191,599	—	—	(8,059)	183,540
Total fixed maturities	$ 1,301,723	$ —	$ 591	$ (54,116)	$ 1,248,198

(Dollars in thousands)	Amortized Cost	Allowance for Expected Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
As of December 31, 2021					
Fixed maturities:					
U.S. treasuries	$ 149,934	$ —	$ 603	$ (419)	$ 150,118
Agency obligations	5,697	—	1	(68)	5,630
Obligations of states and political subdivisions	53,637	—	1,385	(301)	54,721
Mortgage-backed securities	250,007	—	2,618	(2,284)	250,341
Asset-backed securities	172,916	—	700	(974)	172,642
Commercial mortgage-backed securities	135,017	—	2,503	(627)	136,893
Corporate bonds	288,866	—	5,571	(2,054)	292,383
Foreign corporate bonds	137,672	—	2,370	(904)	139,138
Total fixed maturities	$ 1,193,746	$ —	$ 15,751	$ (7,631)	$ 1,201,866

As of September 30, 2022 March 31, 2023 and December 31, 2021 December 31, 2022, the Company's investments in equity securities consist of the following:

(Dollars in thousands)	September 30, 2022	December 31, 2021	March 31, 2023	December 31, 2022
Common stock	$ 1,070	$ 75,987	$ 1,230	$ 1,271
Preferred stock	16,936	23,991	16,112	16,249
Total	$ 18,006	$ 99,978	$ 17,342	$ 17,520

Excluding U.S. treasuries limited liability companies, and limited partnerships, the Company did not hold any debt or equity investments in a single issuer in excess of 2.0 2.4% of shareholders' equity at September 30, 2022 March 31, 2023 and December 31, 2021. December 31, 2022, respectively.

The amortized cost and estimated fair value of the Company's fixed maturities portfolio classified as available for sale at September 30, 2022 March 31, 2023, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

(Dollars in thousands)	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 82,727	$ 81,807	$ 323,345	$ 318,732
Due in one year through five years	868,488	838,908	556,218	538,542

Due in five years through ten years	33,402	29,112	22,295	19,921
Due in ten years through fifteen years	203	196		
Due after fifteen years	14,050	11,378	12,698	10,888
Mortgage-backed securities	69,971	65,781	66,799	62,482
Asset-backed securities	160,425	151,873	214,005	207,705
Commercial mortgage-backed securities	107,748	102,019	104,788	99,087
Total	$ 1,337,014	$ 1,281,074	$ 1,300,148	$ 1,257,357

The following table contains an analysis of the Company’s fixed income securities with gross unrealized losses that are not deemed to have credit losses, categorized by the period that the securities were in a continuous loss position as of September 30, 2022 March 31, 2023. The fair value amounts reported in the table are estimates that are prepared using the process described in Note 5.

	Less than 12 months		12 months or longer		Total		Less than 12 months		12 months or longer		Total	
(Dollars in thousands)	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**
Fixed maturities:												
U.S. treasuries	$ 391,828	$ (8,690)	$ 4,676	$ (576)	$ 396,504	$ (9,266)	$ 298,152	$ (4,692)	$ 12,768	$ (969)	$ 310,920	$ (5,661)

Obligations of states and political subdivisions	29,830	(1,360)	3,205	(485)	33,035	(1,845)	16,216	(285)	15,657	(1,228)	31,873	(1,513)
Mortgage-backed securities	50,421	(3,996)	3,926	(565)	54,347	(4,561)	25,678	(1,788)	25,407	(2,950)	51,085	(4,738)
Asset-backed securities	106,690	(5,007)	43,973	(3,554)	150,663	(8,561)	57,761	(1,230)	94,079	(5,765)	151,840	(6,995)
Commercial mortgage-backed securities	81,892	(4,657)	17,245	(1,098)	99,137	(5,755)	19,425	(811)	76,881	(4,912)	96,306	(5,723)
Corporate bonds	303,246	(12,855)	27,912	(3,846)	331,158	(16,701)	201,660	(3,963)	124,030	(8,274)	325,690	(12,237)

Foreign corporate bonds	170,675	(7,964)	20,892	(1,718)	191,567	(9,682)	112,509	(1,719)	66,293	(5,518)	178,802	(7,237)
Total fixed maturities	$ 1,134,582	$ (44,529)	$ 121,829	$ (11,842)	$ 1,256,411	$ (56,371)	$ 731,401	$ (14,488)	$ 415,115	$ (29,616)	$ 1,146,516	$ (44,104)

The following table contains an analysis of the Company's fixed income securities with gross unrealized losses that are not deemed to have credit losses, categorized by the period that the securities were in a continuous loss position as of December 31, 2021.

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December 31, 2022. The fair value amounts reported in the table are estimates that are prepared using the process described in Note 5.

	Less than 12 months		12 months or longer		Total		Less than 12 months		12 months or longer		Total	
(Dollars in thousands)	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**
Fixed maturities:												
U.S. treasuries	$ 114,894	$ (390)	$ 970	$ (29)	$ 115,864	$ (419)	$ 335,781	$ (7,518)	$ 8,322	$ (912)	$ 344,103	$ (8,430)

Agency obligations	5,380	(68)	—	—	5,380	(68)						
Obligations of states and political subdivisions	13,346	(301)	—	—	13,346	(301)	27,772	(1,378)	3,778	(498)	31,550	(1,876)
Mortgage-backed securities	143,674	(2,222)	3,009	(62)	146,683	(2,284)	51,517	(4,228)	7,860	(1,381)	59,377	(5,609)
Asset-backed securities	102,309	(703)	10,662	(271)	112,971	(974)	97,857	(3,610)	62,689	(5,541)	160,546	(9,151)
Commercial mortgage-backed securities	50,448	(466)	1,286	(161)	51,734	(627)	67,926	(4,072)	27,907	(2,061)	95,833	(6,133)

Corporate bonds	129,146	(1,954)	2,633	(100)	131,779	(2,054)	261,123	(8,480)	71,192	(6,378)	332,315	(14,858)
Foreign corporate bonds	67,915	(893)	412	(11)	68,327	(904)	150,308	(5,469)	31,232	(2,590)	181,540	(8,059)
Total fixed maturities	$ 627,112	$ (6,997)	$ 18,972	$ (634)	$ 646,084	$ (7,631)	$ 992,284	$ (34,755)	$ 212,980	$ (19,361)	$ 1,205,264	$ (54,116)

The Company regularly performs various analytical valuation procedures with respect to its investments, including reviewing each available for sale debt security in an unrealized loss position to assess whether the decline in fair value below amortized cost basis has resulted from a credit loss or other factors. In assessing whether a credit loss exists, the Company compares the present value of the cash flows expected to be collected from the security to the amortized cost basis of the security. If the present value of the cash flows expected to be collected is less than the amortized cost basis of the security, a credit loss exists and an allowance for expected credit losses is recorded. Subsequent changes in the allowances are recorded in the period of change as either credit loss expense or reversal of credit loss expense. Any impairments related to factors other than credit losses and the intent to sell are recorded through other comprehensive income, net of taxes.

For fixed maturities, the factors considered in reaching the conclusion that a credit loss exists include, among others, whether:

(1) the extent to which the fair value is less than the amortized cost basis;
(2) the issuer is in financial distress;
(3) the investment is secured;
(4) a significant credit rating action occurred;
(5) scheduled interest payments were delayed or missed;
(6) changes in laws or regulations have affected an issuer or industry;

(7) the investment has an unrealized loss and was identified by the Company's investment manager as an investmer to be sold before recovery or maturity;
(8) the investment failed cash flow projection testing to determine if anticipated principal and interest payments will be realized; and
(9) changes in US Treasury rates and/or credit spreads since original purchase to identify whether the unrealized los: is simply due to interest rate movement.

According to accounting guidance for debt securities in an unrealized loss position, the Company is required to assess whether it has the intent to sell the debt security or more likely than not will be required to sell the debt security before the anticipated recovery. If either of these conditions is met, any allowance for expected credit losses is written off and the amortized cost basis is written down to the fair value of the fixed maturity security with any incremental impairment reported in earnings. That new amortized cost basis shall not be adjusted for subsequent recoveries in fair value.

The Company elected the practical expedient to exclude accrued interest from both the fair value and the amortized cost basis of the available for sale debt securities for the purposes of identifying and measuring an impairment and to not measure an allowance for expected credit losses for accrued interest receivables. Accrued interest receivable is written off through net realized investment gains (losses) at the time the issuer of the bond defaults or is expected to default on payment. The Company made an accounting policy election to present the accrued interest receivable balance with other assets on the

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Company's consolidated statements of financial position. Accrued interest receivable related to fixed maturities was $6.9 7.0 million and $5.2 8.4 million as of September 30, 2022 March 31, 2023 and December 31, 2021 December 31, 2022, respectively.

The following is a description, by asset type, of the methodology and significant inputs that the Company used to measure the amount of credit loss recognized in earnings, if any:

U.S. treasuries – As of September 30, 2022 March 31, 2023, gross unrealized losses related to U.S. treasuries were $9.266 5.661 million. To assess whether the decline in fair value below amortized cost has resulted from a credit loss or other factors, macroeconomic and market analysis is conducted in evaluating these securities. Consideration is given to the interest rate environment, duration and yield curve management of the portfolio, sector allocation and security selection. Based on the analysis performed, the Company did not recognize a credit loss on U.S. treasuries during the period.

Obligations of states and political subdivisions – As of September 30, 2022 March 31, 2023, gross unrealized losses related to obligations of states and political subdivisions were $1.845 1.513 million. To assess whether the decline in fair value below amortized cost has resulted from a credit loss or other factors, elements that may influence the performance of the municipal bond market are considered in evaluating these securities such as investor expectations, supply and demand patterns, and current versus historical yield and spread relationships. The analysis relies on the output of fixed income credit analysts, as well as dedicated municipal bond analysts who perform extensive in-house fundamental analysis on each issuer, regardless of their rating by the major agencies. Based on the analysis performed, the Company did not recognize a credit loss on obligations of states and political subdivisions during the period.

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Mortgage-backed securities ("MBS") – As of September 30, 2022 March 31, 2023, gross unrealized losses related to mortgage-backed securities were $4.561 4.738 million. To assess whether the decline in fair value below amortized cost has resulted from a credit loss or other factors, mortgage-backed securities are modeled to project principal losses under downside, base, and upside scenarios for the economy and home prices. The primary assumption that drives the security and loan level modeling is the Home Price Index ("HPI") projection. These forecasts incorporate not just national macro-economic trends, but also regional impacts to arrive at the most granular and accurate projections. These assumptions are incorporated into the model as a basis to generate delinquency probabilities, default curves, loss severity curves, and voluntary prepayment curves at the loan level within each deal. The model utilizes HPI-adjusted current loan to value, payment history, loan terms, loan modification history, and borrower characteristics as inputs to generate expected cash flows and principal loss for each bond under various scenarios. Based on the analysis performed, the Company did not recognize a credit loss on mortgage-backed securities during the period.

Asset backed securities ("ABS") - As of September 30, 2022 March 31, 2023, gross unrealized losses related to asset backed securities were $8.561 6.995 million. The weighted average credit enhancement for the Company's asset backed portfolio is 32.5 34.1. This represents the percentage of pool losses that can occur before an asset backed security will incur its first dollar of principal losses. To assess whether the decline in fair value below amortized cost has resulted from a credit loss or other factors, every ABS transaction is analyzed on a stand-alone basis. This analysis involves a thorough review of the collateral, prepayment, and structural risk in each transaction. Additionally, the analysis includes an in-depth credit analysis of the originator and servicer of the collateral. The analysis projects an expected loss for a deal given a set of assumptions specific to the asset type. These assumptions are used to calculate at what level of losses the deal will incur its first dollar of principal loss. The major assumptions used to calculate this ratio are loss severities, recovery lags, and no advances on principal and interest. Based on the analysis performed, the Company did not recognize a credit loss on asset backed securities during the period.

Commercial mortgage-backed securities ("CMBS") - As of September 30, 2022 March 31, 2023, gross unrealized losses related to the CMBS portfolio were $5.755 5.723 million. The weighted average credit enhancement for the Company's CMBS portfolio is 47.0 46.5. This represents the percentage of pool losses that can occur before a commercial mortgage-backed security will incur its first dollar of principal loss. To assess whether the decline in fair value below amortized cost has resulted from a credit loss or other factors, a loan level analysis is utilized where every underlying CMBS loan is re-underwritten based on a set of assumptions reflecting expectations for the future path of the economy. Each loan is analyzed over time using a series of tests to determine if a credit event will occur during the life of the loan. Inherent in this process are several economic scenarios and their corresponding rent/vacancy and capital market states. The five primary credit events that frame the analysis include loan modifications, term default, balloon default, extension, and ability to pay off at balloon. The resulting output is the expected loss adjusted cash flows for each bond under the base case and distressed scenarios. Based on the analysis performed, the Company did not recognize a credit loss on commercial mortgage-backed securities during the period.

Corporate bonds - As of September 30, 2022 March 31, 2023, gross unrealized losses related to corporate bonds were $16.701 12.237 million. To assess whether the decline in fair value below amortized cost has resulted from a credit loss or other factors, analysis for this asset class includes maintaining detailed financial models that include a projection of each issuer's future financial performance, including prospective debt servicing capabilities, capital structure composition, and the value of the collateral. The analysis incorporates the macroeconomic environment, industry conditions in which the issuer operates, the issuer's current competitive position, its vulnerability to changes in the competitive and regulatory environment, issuer liquidity, issuer commitment to bondholders, issuer creditworthiness, and asset protection. Part of the process also includes running downside scenarios to evaluate the expected likelihood of default as well as potential losses in the event of default. Based on the analysis performed, the Company did not recognize a credit loss on corporate bonds during the period.

Foreign bonds – As of September 30, 2022 March 31, 2023, gross unrealized losses related to foreign bonds were $9.682 7.237 million. To assess whether the decline in fair value below amortized cost has resulted from a credit loss or other factors, detailed financial models are maintained that include a projection of each issuer's future financial performance, including prospective debt servicing capabilities, capital structure composition, and the value of the collateral. The analysis incorporates the macroeconomic environment, industry conditions in which the issuer operates, the issuer's current competitive position, its vulnerability to changes in the competitive and regulatory environment, issuer liquidity, issuer commitment to bondholders, issuer creditworthiness, and asset protection. Part of the process also includes running downside scenarios to evaluate the expected likelihood of default as well as potential losses in the event of default. Based on the analysis performed, the Company did not recognize a credit loss on foreign bonds during the period.

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The Company has evaluated its investment portfolio and has determined that an allowance for expected credit losses on its investments is not required.

The Company recorded the following impairments on its investment portfolio for the quarters ended March 31, 2023 and nine months ended September 30, 2022 and 2021 2022 and are related to securities in an unrealized loss position where the Company had an intent to sell the securities:

	Quarters Ended September 30,		Nine Months Ended September 30,	
(Dollars in thousands)	**2022**	**2021**	**2022**	**2021**
Fixed maturities:				
Impairment related to intent to sell	—	—	(26,205)	—
Total	$ —	$ —	$ (26,205)	$ —

	Quarters Ended March 31,	
(Dollars in thousands)	**2023**	**2022 (1)**
Fixed maturities:		
Impairment related to intent to sell	—	(25,525)
Total	$ —	$ (25,525)

(1) In response to a rising interest rate environment, the Company took action early in April 2022 to shorten the duration of its fixed maturities portfolio. The In connection with these actions, the Company identified fixed maturities securities with a weighted average life of five years or greater as having an intent to sell. sell resulting in other-than-temporary impairment losses. The majority of which were sold in the 2nd quarter

of 2022. Most of the proceeds from the sale of these securities were reinvested into fixed income investments with maturities of two years and less. . As a result of these actions, book yield increased from 2.2

% at December 31, 2021 to 3.6% at March 31, 2023.

Accumulated Other Comprehensive Income (Loss), Net of Tax

Accumulated other comprehensive income, net of tax, as of September 30, 2022 March 31, 2023 and December 31, 2021 December 31, 2022 was as follows:

(Dollars in thousands)	September 30, 2022	December 31, 2021	March 31, 2023	December 31, 2022
Net unrealized gains (losses) from:				
Fixed maturities	$ (55,940)	$ 8,120	$ (42,791)	$ (53,525)
Foreign currency fluctuations	(454)	(145)	(381)	(127)
Deferred taxes	11,057	(1,571)	8,557	10,594
Accumulated other comprehensive income (loss), net of tax	$ (45,337)	$ 6,404	$ (34,615)	$ (43,058)

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The following tables present the changes in accumulated other comprehensive income, net of tax, by components, for the quarters ended March 31, 2023 and nine months ended September 30, 2022 and 2021: 2022:

Quarter Ended September 30, 2022 (Dollars in thousands) / Quarter Ended March 31, 2023 (Dollars in thousands)	Unrealized Gains and Losses on Available for Sale Securities (September 30, 2022)	Foreign Currency Items (September 30, 2022)	Accumulated Other Comprehensive Income (Loss) (September 30, 2022)	Unrealized Gains and Losses on Available for Sale Securities (March 31, 2023)	Foreign Currency Items (March 31, 2023)	Accumulated Other Comprehensive Income (Loss) (March 31, 2023)
Beginning balance, net of tax	$ (26,395)	$ (230)	$ (26,625)	$ (42,958)	$ (100)	$ (43,058)

Other comprehensive (loss) before reclassification, before tax	(23,133)	(163)	(23,296)			
Other comprehensive income (loss) before reclassification, before tax				10,128	(254)	9,874
Amounts reclassified from accumulated other comprehensive income, before tax	259	—	259	606	—	606
Other comprehensive (loss), before tax	(22,874)	(163)	(23,037)			
Other comprehensive income (loss), before tax				10,734	(254)	10,480
Income tax benefit	4,291	34	4,325	(2,090)	53	(2,037)
Ending balance, net of tax	$ (44,978)	$ (359)	$ (45,337)	$ (34,314)	$ (301)	$ (34,615)

Quarter Ended September 30, 2021 (Dollars in thousands)	**Unrealized Gains and Losses on Available for Sale Securities**	**Foreign Currency Items**	**Accumulated Other Comprehensive Income**

Quarter Ended March 31, 2022 (Dollars in thousands)				Unrealized Gains and Losses on Available for Sale Securities	Foreign Currency Items	Accumulated Other Comprehensive Income
Beginning balance, net of tax	$ 19,001	$ (33)	$ 18,968	$ 6,519	$ (115)	$ 6,404
Other comprehensive (loss) before reclassification, before tax	(3,190)	(208)	(3,398)			
Other comprehensive income (loss) before reclassification, before tax				(52,749)	141	(52,608)
Amounts reclassified from accumulated other comprehensive income, before tax	(1,447)	—	(1,447)	28,764	—	28,764
Other comprehensive (loss), before tax	(4,637)	(208)	(4,845)			
Other comprehensive income (loss), before tax				(23,985)	141	(23,844)
Income tax benefit	869	44	913	4,697	(29)	4,668

Ending balance, net of tax	$ 15,233	$ (197)	$ 15,036	$ (12,769)	$ (3)	$ (12,772)

Nine Months Ended September 30, 2022 (Dollars in thousands)	Unrealized Gains and Losses on Available for Sale Securities	Foreign Currency Items	Accumulated Other Comprehensive Income
Beginning balance, net of tax	$ 6,519	$ (115)	$ 6,404
Other comprehensive (loss) before reclassification, before tax	(102,400)	(309)	(102,709)
Amounts reclassified from accumulated other comprehensive income, before tax	38,340	—	38,340
Other comprehensive (loss), before tax	(64,060)	(309)	(64,369)
Income tax benefit	12,563	65	12,628
Ending balance, net of tax	$ (44,978)	$ (359)	$ (45,337)

Nine Months Ended September 30, 2021 (Dollars in thousands)	Unrealized Gains and Losses on Available for Sale Securities	Foreign Currency Items	Accumulated Other Comprehensive Income
Beginning balance, net of tax	$ 34,181	$ 127	$ 34,308
Other comprehensive (loss) before reclassification, before tax	(22,579)	(410)	(22,989)
Amounts reclassified from accumulated other comprehensive income, before tax	(741)	—	(741)
Other comprehensive (loss), before tax	(23,320)	(410)	(23,730)
Income tax benefit	4,372	86	4,458
Ending balance, net of tax	$ 15,233	$ (197)	$ 15,036

The reclassifications out of accumulated other comprehensive income for the quarters ended March 31, 2023 and nine months ended September 30, 2022 and 2021 2022 were as follows:

(Dollars in thousands)	Amounts Reclassified from Accumulated Other Comprehensive Income	Amounts Reclassified from Accumulated Other Comprehensive Income
	Quarters Ended September 30,	Quarters Ended March 31,

Details about Accumulated Other Comprehensive Income Components	Affected Line Item in the Consolidated Statements of Operations	2022	2021	Affected Line Item in the Consolidated Statements of Operations	2023	2022
Unrealized gains and losses on available for sale securities	Other net realized investment (gains) losses	$ 259	$ (1,447)	Other net realized investment (gains) losses	$ 606	$ 28,764
	Income tax expense (benefit)	(65)	315	Income tax expense (benefit)	(119)	(5,679)
	Total reclassifications, net of tax	$ 194	$ (1,132)	Total reclassifications, net of tax	$ 487	$ 23,085

(Dollars in thousands)		Amounts Reclassified from Accumulated Other Comprehensive Income Nine Months Ended September 30,	
Details about Accumulated Other Comprehensive Income Components	Affected Line Item in the Consolidated Statements of Operations	2022	2021
Unrealized gains and losses on available for sale securities	Other net realized investment (gains) losses	$ 38,340	$ (741)
	Income tax expense (benefit)	(7,184)	130
	Total reclassifications, net of tax	$ 31,156	$ (611)

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Net Realized Investment Gains (Losses)

The components of net realized investment gains (losses) for the quarters ended March 31, 2023 and nine months ended September 30, 2022 and 2021 2022 were as follows:

	Quarters Ended September 30,	Nine Months Ended September 30,	Quarters Ended March 31,

(Dollars in thousands)	2022	2021	2022	2021	2023	2022
Fixed maturities:						
Gross realized gains	$ 226	$ 3,364	$ 512	$ 9,042	$ 5	$ 206
Gross realized losses	(485)	(1,917)	(38,852)	(8,301)	(611)	(28,970)
Net realized gains (losses)	(259)	1,447	(38,340)	741	(606)	(28,764)
Equity securities:						
Gross realized gains	159	1,629	1,803	8,577	627	1,806
Gross realized losses	(219)	(3,291)	(5,623)	(2,476)	(1,541)	(3,151)
Net realized gains (losses)	(60)	(1,662)	(3,820)	6,101	(914)	(1,345)
Derivatives:						
Gross realized gains	2,906	1,267	11,867	4,985	—	6,088
Gross realized losses	(353)	(1,362)	(2,774)	(4,485)	—	(1,364)
Net realized gains (losses) (1)	2,553	(95)	9,093	500	—	4,724
Total net realized investment gains (losses)	$ 2,234	$ (310)	$ (33,067)	$ 7,342	$ (1,520)	$ (25,385)

(1) Includes periodic net interest settlements related to the derivatives of $0.5 million and $1.4 million for the quarters quarter ended September 30, 2022 and 2021, respectively, and $3.0 million and $4.2 million for the nine months ended September 30, 2022 and 2021, respectively. March 31, 2022.

The following table shows the calculation of the portion of realized gains and losses related to equity securities held as of September 30, 2022 March 31, 2023 and 2021: 2022:

	Quarters Ended September 30,		Nine Months Ended September 30,		Quarters Ended March 31,	
(Dollars in thousands)	2022	2021	2022	2021	2023	2022

Net gains (losses) recognized during the period on equity securities	$ (60)	$ (1,662)	$ (3,820)	$ 6,101	$ (914)	$ (1,345)
Less: net gains (losses) recognized during the period on equity securities sold during the period	—	1,005	10,616	3,810	18	11,114
Unrealized gains (losses) recognized during the reporting period on equity securities	$ (60)	$ (2,667)	$ (14,436)	$ 2,291	$ (932)	$ (12,459)

The proceeds from sales and redemptions of available for sale and equity securities resulting in net realized investment gains (losses) for the nine months quarters ended September 30, 2022 March 31, 2023 and 2021 2022 were as follows:

(Dollars in thousands)	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	Quarters Ended March 31, 2023	Quarters Ended March 31, 2022
Fixed maturities	$ 866,458	$ 889,080	$ 44,381	$ 140,150
Equity securities	88,726	48,661	—	86,173

Net Investment Income

The sources of net investment income for the quarters ended March 31, 2023 and nine months ended September 30, 2022 and 2021 2022 were as follows:

(Dollars in thousands)	Quarters Ended September 30, 2022	Quarters Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	Quarters Ended March 31, 2023	Quarters Ended March 31, 2022
Fixed maturities	$ 9,595	$ 6,197	$ 23,466	$ 19,672	$ 11,460	$ 6,404
Equity securities	233	699	842	1,992	190	334
Cash and cash equivalents	89	64	220	328	263	32
Other invested assets	(1,061)	3,050	(5,935)	9,835	467	426

Total investment income	8,856	10,010	18,593	31,827	12,380	7,196
Investment expense	(467)	(666)	(1,682)	(2,014)	(372)	(604)
Net investment income	$ 8,389	$ 9,344	$ 16,911	$ 29,813	$ 12,008	$ 6,592

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The Company’s total investment return on a pre-tax basis for the quarters ended March 31, 2023 and nine months ended September 30, 2022 and 2021 2022 were as follows:

	Quarters Ended September 30,		Nine Months Ended September 30,		Quarters Ended March 31,	
(Dollars in thousands)	**2022**	**2021**	**2022**	**2021**	**2023**	**2022**
Net investment income	$ 8,389	$ 9,344	$ 16,911	$ 29,813	$ 12,008	$ 6,592
Net realized investment gains (losses)	2,234	(310)	(33,067)	7,342	(1,520)	(25,385)
Change in unrealized holding gains (losses)	(23,037)	(4,845)	(64,369)	(23,730)	10,480	(23,844)
Net realized and unrealized investment returns	(20,803)	(5,155)	(97,436)	(16,388)	8,960	(49,229)
Total investment return	$ (12,414)	$ 4,189	$ (80,525)	$ 13,425	$ 20,968	$ (42,637)
Total investment return % (1)	(0.9%)	0.3%	(5.6%)	0.9%	1.6%	(2.8%)

Average investment portfolio (2)	$ 1,341,285	$ 1,481,220	$ 1,444,037	$ 1,468,080	$ 1,344,886	$ 1,498,272

(1) Not annualized.

(2) Average of total cash and invested assets, net of receivable/payable for securities purchased and sold, as of the beginning and end of the period.

As of September 30, 2022 March 31, 2023 and December 31, 2021 December 31, 2022, the Company did not own any fixed maturity securities that were non-income producing for the preceding twelve months.

Insurance Enhanced Asset-Backed and Credit Securities

As of September 30, 2022 March 31, 2023, the Company held insurance enhanced municipal bonds with a market value of approximately $19.0 6.8 million which represented 1.4 0.5% of the Company's total cash and invested assets, net of payable/ receivable for securities purchased and sold.

The insurance enhanced bonds are comprised of $6.8 million of municipal bonds, $4.4 million of commercial mortgage-backed securities, and 7.8 million of collateralized mortgage obligations. The financial guarantors of the Company's $19.0 6.8 million of insurance enhanced commercial-mortgage-backed, municipal securities, and collateralized mortgage obligations bonds include Assured Guaranty Corporation ($5.4 5.3 million), Federal Home Loan Mortgage Corporation ($12.1 million), and Ambac Financial Group ($1.5 million).

The Company had no direct investments in the entities that have provided financial guarantees or other credit support to any security held by the Company at September 30, 2022 March 31, 2023.

Bonds Held on Deposit

Certain cash balances, and cash equivalents and bonds available for sale were deposited with various governmental authorities in accordance with statutory requirements, were held as collateral, or were held in trust. The fair values were as follows as of September 30, 2022 March 31, 2023 and December 31, 2021 December 31, 2022:

	Estimated Fair Value		Estimated Fair Value	
(Dollars in thousands)	September 30, 2022	December 31, 2021	March 31, 2023	December 31, 2022
On deposit with governmental authorities	$ 23,954	$ 26,093	$ 19,476	$ 19,290
Held in trust pursuant to third party requirements	105,640	119,513	164,429	161,901
Letter of credit held for third party requirements	—	2,512		
Total	$ 129,594	$ 148,118		
Total (1)			$ 183,905	$ 181,191

(1) Includes cash and cash equivalents of $4.1 million and $3.7 million at March 31, 2023 and December 31, 2022, respectively, with the remainder related to bonds available for sale.

Variable Interest Entities

A Variable Interest Entity ("VIE") refers to an investment in which an investor holds a controlling interest that is not based on the majority of voting rights. Under the VIE model, the party that has the power to exercise significant management influence and maintain a controlling financial interest in the entity's economics is said to be the primary beneficiary, and is

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required to consolidate the entity within their results. Other entities that participate in a VIE, for which their financial interests fluctuate with changes in the fair value of the investment entity's net assets but do not have significant management influence and the ability to direct the VIE's significant economic activities are said to have a variable interest in the VIE but do not consolidate the VIE in their financial results.

The Company has variable interests in three two VIE's for which it is not the primary beneficiary. These investments are accounted for under the equity method of accounting as their ownership interest exceeds 3% of their respective investments.

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The carrying value of one of the Company's VIE's, which invests in distressed securities and assets, was $4.8 4.6 million and $8.6 4.8 million as of September 30, 2022 March 31, 2023 and December 31, 2021 December 31, 2022, respectively. The Company's maximum exposure to loss from this VIE, which factors in future funding commitments, was $19.0 18.8 million and $22.8 19.0 million at September 30, 2022 March 31, 2023 and December 31, 2021, respectively. The carrying value of a second VIE that also invests in distressed securities and assets was less than $0.1 million and $0.3 million at September 30, 2022 and December 31, 2021, respectively. The Company's maximum exposure to loss from this VIE, which factors in future funding commitments, was $17.0 million and $17.3 million at September 30, 2022 and December 31, 2021 December 31, 2022, respectively. The carrying value and maximum exposure to loss of a third second VIE that invests in Real Estate Investment Trust ("REIT") qualifying assets was $9.6 million and $11.7 9.8 million as of September 30, 2022 March 31, 2023 and December 31, 2021 December 31, 2022, respectively. The Company's investment in VIEs is included in other invested assets on the consolidated balance sheets with changes in carrying value recorded in the consolidated statements of operations.

4. Derivative Instruments

Derivatives are were used by the Company to reduce risks from changes in interest rates and limit exposure to severe equity market changes. The Company has used interest rate swaps with terms to exchange, at specified intervals, the difference between fixed rate and floating rate interest amounts as calculated by reference to an agreed notional amount. The Company has also used exchange-traded futures contracts, which give the holder the right and obligation to participate in market movements at a future date, to allow the Company to react faster to market conditions. When using derivatives, the Company posts collateral and settles variation margin in cash on a daily basis equal to the amount of the derivatives' change in value.

The Company accounts for the interest rate swaps and futures as non-hedge instruments and recognizes the fair value of the interest rate swaps in other assets or other liabilities on the consolidated balance sheets with the changes in fair value recognized as net realized investment gains or losses in the consolidated statements of operations. The Company is ultimately responsible for the valuation of the interest rate swaps. To aid in determining the estimated fair value of the interest rate swaps, the Company relies on the forward interest rate curve and information obtained from a third party financial institution.

The following table summarizes information on the location and the gross amount of the derivatives on the consolidated balance sheets as of September 30, 2022 and December 31, 2021:

(Dollars in thousands)		**September 30, 2022**		**December 31, 2021**	
Derivatives Not Designated as Hedging Instruments under ASC 815	**Balance Sheet Location**	**Notional Amount**	**Fair Value**	**Notional Amount**	**Fair Value**
Interest rate swap agreements	Other assets/liabilities	$ 213,022	$ 3,472	$ 213,022	$ (8,395)
Total (1)		$ 213,022	$ 3,472	$ 213,022	$ (8,395)

(1) The derivatives are held by GBLI Holdings, LLC and are guaranteed by Global Indemnity Group, LLC

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The following table summarizes the net gains (losses) included in the consolidated statements of operations for changes in the fair value of the derivatives and the periodic net interest settlements under the derivatives for the quarters ended March 31, 2023 and nine months ended September 30, 2022 and 2021: 2022:

		Quarters Ended September 30,		**Nine Months Ended September 30,**			**Quarters Ended March 31,**	
(Dollars in thousands)	**Consolidated Statements of Operations Line**	**2022**	**2021**	**2022**	**2021**	**Consolidated Statements of Operations Line**	**2023**	**2022**
Interest rate swap agreements	Net realized investment gains (losses)	$ 2,553	$ (95)	$ 9,093	$ 819	Net realized investment gains (losses)	$ —	$ 4,724
Futures contracts on bonds	Net realized investment gains (losses)	—	—	—	(319)			
Total		$ 2,553	$ (95)	$ 9,093	$ 500		$ —	$ 4,724

As The Company terminated its outstanding interest rate swaps in the fourth quarter of September 30, 2022 2022 and December 31, 2021, the Company is due $ was not utilizing interest rate swap agreements as of December 31, 2022. There are 1.6 no million and $1.8 million, respectively, for funds it needed outstanding amounts related to post to execute the swap transaction and $2.3 million and $9.8 million, respectively, for margin calls made in connection with the interest rate swaps. These amounts are included in other assets swap agreements on the consolidated balance sheets. sheets as of March 31, 2023 or December 31, 2022.

5. Fair Value Measurements

The accounting standards related to fair value measurements define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value, and enhance disclosure requirements for fair value measurements. These standards do not change existing guidance as to whether or not an instrument is carried at fair value. The Company has determined that its fair value measurements are in accordance with the requirements of these accounting standards.

The Company's invested assets and derivative instruments are carried at their fair value and are categorized based upon a fair value hierarchy:

- Level 1 – inputs utilize quoted prices (unadjusted) in active markets for identical assets that the Company has the ability to access at the measurement date.
- Level 2 – inputs utilize other than quoted prices included in Level 1 that are observable for similar assets, either direc or indirectly.
- Level 3 – inputs are unobservable for the asset, and include situations where there is little, if any, market activity for t asset.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset.

The following table presents information about the Company's invested assets and derivative instruments measured at fair value on a recurring basis as of September 30, 2022 March 31, 2023 and December 31, 2021 December 31, 2022 and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value.

	Fair Value Measurements				Fair Value Measurements			
As of September 30, 2022 (Dollars in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**				
As of March 31, 2023 (Dollars in thousands)					**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:								

Fixed maturities:								
U.S. treasuries	$ 398,335	$ —	$ —	$ 398,335	$ 332,306	$ —	$ —	$ 332,306
Obligations of states and political subdivisions	—	33,034	—	33,034	—	31,873	—	31,873
Mortgage-backed securities	—	64,820	961	65,781	—	61,518	964	62,482
Commercial mortgage-backed securities	—	102,019	—	102,019	—	99,087	—	99,087
Asset-backed securities	—	151,521	352	151,873	—	207,386	319	207,705
Corporate bonds	—	330,931	1,864	332,795	—	339,338	1,822	341,160
Foreign corporate bonds	—	197,237	—	197,237	—	182,744	—	182,744
Total fixed maturities	398,335	879,562	3,177	1,281,074	332,306	921,946	3,105	1,257,357
Equity securities	—	16,936	1,070	18,006	—	16,112	1,230	17,342
Derivative instruments	—	3,472	—	3,472				
Total assets measured at fair value	$ 398,335	$ 899,970	$ 4,247	$ 1,302,552	$ 332,306	$ 938,058	$ 4,335	$ 1,274,699

	Fair Value Measurements				Fair Value Measurements			
As of December 31, 2021 (Dollars in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**				
As of December 31, 2022 (Dollars in thousands)					**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:								
Fixed maturities:								

U.S. treasuries	$ 150,118	$ —	$ —	$ 150,118	$ 344,103	$ —	$ —	$ 344,103
Agency obligations	—	5,630	—	5,630				
Obligations of states and political subdivisions	—	54,721	—	54,721	—	31,595	—	31,595
Mortgage-backed securities	—	250,341	—	250,341	—	61,156	960	62,116
Commercial mortgage-backed securities	—	136,893	—	136,893	—	98,664	—	98,664
Asset-backed securities	—	171,686	956	172,642	—	189,073	327	189,400
Corporate bonds	—	290,807	1,576	292,383	—	336,767	2,013	338,780
Foreign corporate bonds	—	139,138	—	139,138	—	183,540	—	183,540
Total fixed maturities	150,118	1,049,216	2,532	1,201,866	344,103	900,795	3,300	1,248,198
Equity securities	75,750	23,991	237	99,978	—	16,249	1,271	17,520
Total assets measured at fair value	$ 225,868	$ 1,073,207	$ 2,769	$ 1,301,844	$ 344,103	$ 917,044	$ 4,571	$ 1,265,718
Liabilities:								
Derivative instruments	$ —	$ 8,395	$ —	$ 8,395				
Total liabilities measured at fair value	$ —	$ 8,395	$ —	$ 8,395				

The securities classified as Level 1 in the above table tables consist of U.S. treasuries and equity securities actively traded on an exchange.

The securities classified as Level 2 in the above table tables consist primarily of fixed maturities, and equity securities, and derivative instruments. securities. Based on the typical trading volumes and the lack of quoted market prices for fixed maturities, security prices are derived through recent reported trades for identical or similar securities making adjustments through the reporting date based upon available market observable information. If there are no recent reported trades, matrix or model processes are used to develop a security price where future cash flow expectations are developed based upon collateral performance and discounted at an estimated market rate. Included in the pricing of asset-backed securities, collateralized mortgage obligations, and mortgage-backed securities are estimates of the rate of future prepayments of principal over the remaining life of the securities. Such estimates are derived based on the characteristics of the underlying structure and prepayment speeds previously experienced at the interest rate levels projected for the underlying collateral. The estimated fair value of the derivative instruments, consisting of interest rate swaps, is obtained from a third party financial institution that utilizes observable inputs such as the forward interest rate curve.

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The investments classified as Level 3 in the above table consist of fixed maturities and equity securities with unobservable inputs.

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The following table presents changes in Level 3 investments measured at fair value on a recurring basis for the quarters ended March 31, 2023 and nine months ended September 30, 2022 and 2021: 2022:

	Quarters Ended September 30,		Nine Months Ended September 30,	
(Dollars in thousands)	**2022**	**2021**	**2022**	**2021**
Beginning balance	$ 4,350	$ 1,235	$ 2,769	$ —
Total gains (realized / unrealized):				
Included in accumulated other comprehensive income	(45)	66	(29)	34
Included in earnings attributable to realized	(4)	—	(175)	—
Transfers into level 3	—	96	857	798
Transfers out of level 3	—	—	—	(1,720)
Amortization of bond premium and discount, net	2	1	4	1
Purchases	596	201	2,075	2,486
Sales	(652)	(61)	(1,254)	(61)
Ending balance	$ 4,247	1,538	$ 4,247	1,538
Gains (losses) included in earnings attributable to the change in unrealized gains (losses) related to assets still held at end of reporting period	$ (4)	$ —	$ (19)	$ —

For the Company's material debt arrangements, the current fair value of the Company's debt at September 30, 2022 and December 31, 2021 was as follows:

	September 30, 2022		December 31, 2021	
(Dollars in thousands)	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
7.875% Subordinated Notes due 2047 (1)	$ —	$ —	$ 126,430	$ 129,238

Total	$	—	$	—	$	126,430	$	129,238

	Quarters Ended March 31,	
(Dollars in thousands)	2023	2022
Beginning balance	$ 4,571	$ 2,769
Total gains (realized / unrealized):		
Included in accumulated other comprehensive income	10	(8)
Included in earnings attributable to realized gains / losses	(59)	(68)
Transfers into level 3	—	250
Transfers out of level 3	—	—
Amortization of bond premium and discount, net	2	—
Purchases	74	1,424
Sales	(263)	(79)
Ending balance	4,335	4,288
Gains (losses) included in earnings attributable to the change in unrealized gains (losses) related to assets still held at end of reporting period	$ (59)	$ (5)

(1) As of December 31, 2021, the carrying value and fair value of the 7.875% Subordinated Notes due 2047 are net of unamortized debt issuance cost of $3.6 million. In April 2022, the Company redeemed all of its outstanding 7.875% subordinated notes due 2047 and unamortized debt issuance cost of $3.5 million was written off included in the consolidated statements of operations as loss on extinguishment of debt.

The subordinated notes due 2047 were publicly traded instruments which were classified as Level 1 in the fair value hierarchy.

Fair Value of Alternative Investments

Other invested assets consist of limited liability companies and limited partnerships whose carrying value approximates fair value. The following table provides the fair value and future funding commitments related to these investments at September 30, 2022 March 31, 2023 and December 31, 2021 December 31, 2022.

	September 30, 2022		December 31, 2021	
(Dollars in thousands)	Fair Value	Future Funding Commitment	Fair Value	Future Funding Commitment
European Non-Performing Loan Fund, LP (1)	$ 4,776	$ 14,214	$ 8,636	$ 14,214
Distressed Debt Fund, LP (2)	21	17,000	349	17,000
Mortgage Debt Fund, LP (3)	9,614	—	11,707	—
Credit Fund, LLC (4)	—	—	106,162	—

Global Debt Fund, LP (5)	23,811	—	25,797	—
Total	$ 38,222	$ 31,214	$ 152,651	$ 31,214

(Dollars in thousands)	March 31, 2023 Fair Value	March 31, 2023 Future Funding Commitment	December 31, 2022 Fair Value	December 31, 2022 Future Funding Commitment
European Non-Performing Loan Fund, LP (1)	$ 4,572	$ 14,214	$ 4,832	$ 14,214
Mortgage Debt Fund, LP (2)	9,798	—	9,771	—
Global Debt Fund, LP (3)	23,299	—	23,573	—
Total	$ 37,669	$ 14,214	$ 38,176	$ 14,214

(1) This limited partnership invests in distressed securities and assets through senior and subordinated, secured and unsecured debt and equity, in both public and private large-cap and middle-market companies. The Company does not have the ability to sell or transfer its limited partnership interest without consent from the general partner. The Company does not have the contractual option to redeem its limited partnership interest but receives distributions based on the liquidation of the underlying assets.

(2) This limited partnership invests in stressed and distressed securities and structured products. The Company does not have the ability to sell or transfer limited partnership interest without consent from the general partner. The Company does not have the contractual option to redeem its limited partnersh interest but receives distributions based on the liquidation of the underlying assets.

(3) This limited partnership invests in REIT qualifying assets such as mortgage loans, investor property loans, and commercial mortgage loans. The Company does not have the ability to sell or transfer its limited partnership interest without consent from the general partner. The Company does not ha the contractual option to redeem its limited partnership interest but receives distributions based on the liquidation of the underlying assets.

(4) This limited liability company invests in a broad portfolio of non-investment grade loans, secured and unsecured corporate debt, credit default swaps, reverse repurchase agreements and synthetic indices. The Company does have the ability to sell its interest by providing notice to the fund.

(5) (3)This limited partnership invests in performing, stressed or distressed securities and loans across the global fixed income markets. The Company does have the ability to sell or transfer its limited partnership interest without consent from the general partner. The Company does not have the contractual option to redeem withdraw all or a portion of its limited partnership interest but receives distributions based on by providing notice to the liquidation of th underlying assets. fund.

Limited Liability Companies and Limited Partnerships with ownership interest exceeding 3%

The Company uses the equity method to account for investments in limited liability companies and limited partnerships where its ownership interest exceeds 3%. The equity method of accounting for an investment in limited liability companies and limited partnerships requires that its cost basis be updated to account for the income or loss earned on the investment. In the Fair Value of Alternative Investments table above, all of the investments except for the Credit Fund, LLC, are booked on a one quarter lag due to non-availability of data at the time the financial statements are prepared. Information for the Credit Fund, LLC is received on a timely basis and is included in current results. The investment income (loss) associated with the limited liability companies and limited partnerships whose ownership interest exceeds 3% is reflected in the consolidated statements of operations in the amounts of $0.1 million and $ $(2.6 0.1) million for the quarters ended September 30, 2022 March 31, 2023 and 2021, respectively, and ($5.2) million and $9.3 million for the nine months ended September 30, 2022 and 2021, 2022, respectively.

Pricing

The Company's pricing vendors provide prices for all investment categories except for investments in limited liability companies and limited partnerships. Two primary vendors are utilized to provide prices for equity and fixed maturity securities.

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The following is a description of the valuation methodologies used by the Company's pricing vendors for investment securities carried at fair value:

- Equity security prices are received from primary and secondary exchanges.
- Corporate and agency bonds are evaluated by utilizing a spread to a benchmark curve. Bonds with similar characteristics are grouped into specific sectors. Inputs for both asset classes consist of trade prices, broker quotes, the new issue market, and prices on comparable securities.

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- Data from commercial vendors is aggregated with market information, then converted into an option adjusted spread ("OAS") matrix and prepayment model used for collateralized mortgage obligations ("CMO"). CMOs are categorized with mortgage-backed securities in the tables listed above. For asset-backed securities, spread data is derived from trade prices, dealer quotations, and research reports. For both asset classes, evaluations utilize standard inputs plus new issue data, and collateral performance. The evaluated pricing models incorporate cash flows, broker quotes, market trades, historical prepayment speeds, and dealer projected speeds.

- For obligations of state and political subdivisions, an attribute-based modeling system is used. The pricing model incorporates trades, market clearing yields, market color, and fundamental credit research.

- U.S. treasuries are evaluated by obtaining feeds from a number of live data sources including primary and secondary dealers as well as inter-dealer brokers.

- For mortgage-backed securities, various external analytical products are utilized and purchased from commercial vendors.

The Company performs certain procedures to validate whether the pricing information received from the pricing vendors is reasonable, to ensure that the fair value determination is consistent with accounting guidance, and to ensure that its assets are properly classified in the fair value hierarchy. The Company's procedures include, but are not limited to:

- Reviewing periodic reports provided by the Investment Manager that provides information regarding rating changes and securities placed on watch. This procedure allows the Company to understand why a particular security's market value may have changed or may potentially change.

- Understanding and periodically evaluating the various pricing methods and procedures used by the Company's pricing vendors to ensure that investments are properly classified within the fair value hierarchy.

- On a quarterly basis, the Company corroborates investment security prices received from its pricing vendors by obtaining pricing from a second pricing vendor for a sample of securities.

During the quarters ended March 31, 2023 and nine months ended September 30, 2022 and 2021, 2022, the Company has not adjusted quotes or prices obtained from the pricing vendors.

6. Goodwill and Intangible Assets

Goodwill

As a result of an acquisition in 2010, the Company has goodwill of $4.8 million within the Commercial Specialty segment. The goodwill represents the excess purchase price over the Company's best estimate of the fair value of the assets acquired.

As a result of an acquisition in 2015, the Company had goodwill of $0.6 million allocated to its Farm, Ranch & Stable business. This goodwill, which is part of the Exited Lines segment, was impaired due to the sale of the renewal rights related to all business lines within Farm, Ranch & Stable. An impairment loss of $0.6 million was included in corporate and other operating expenses on the Company's consolidated statements of operations for the quarter and nine months ended September 30, 2022. Please see Note 2 for additional information on the sale of the renewal rights related to the Company's Farm, Ranch & Stable business lines.

The changes in the carrying amount of goodwill for the quarter and nine months ended September 30, 2022 are as follows:

(Dollars in thousands)	Commercial Specialty	Exited Lines	Total
Balance as of January 1, 2022 and July 1, 2022	$ 4,820	$ 578	$ 5,398
Impairment	—	(578)	(578)
Balance as of September 30, 2022	$ 4,820	$ —	$ 4,820

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Intangible assets

The following table presents details of the Company's intangible assets as of September 30, 2022:

(Dollars in thousands) Description	Weighted Average Amortization Period	Cost	Accumulated Amortization	Impairment	Net Value
Trademarks	Indefinite	$ 4,800	$ —	$ —	$ 4,800
Tradenames	Indefinite	4,200	—	—	4,200
State insurance licenses	Indefinite	10,000	—	5,000	5,000
Customer relationships	15 years	5,300	4,402	—	898
Agent relationships	10 years	900	649	251	—
Tradenames	7 years	600	600	—	—
		$ 25,800	$ 5,651	$ 5,251	$ 14,898

The following table presents details of the Company's intangible assets as of December 31, 2021:

(Dollars in thousands) Description	Weighted Average Amortization Period	Cost	Accumulated Amortization	Impairment	Net Value
Trademarks	Indefinite	$ 4,800	$ —	$ —	$ 4,800
Tradenames	Indefinite	4,200	—	—	4,200
State insurance licenses	Indefinite	10,000	—	—	10,000
Customer relationships	15 years	5,300	4,137	—	1,163
Agent relationships	10 years	900	630	172	98
Tradenames	7 years	600	600	—	—
		$ 25,800	$ 5,367	$ 172	$ 20,261

Amortization related to the Company's definite lived intangible assets was $0.1 million for each of the quarters ended September 30, 2022 and 2021 and $0.3 million and $0.4 million for the nine months ended September 30, 2022 and 2021, respectively. The weighted average amortization period for total definite lived intangible assets was 13.6 years.

The Company expects that amortization expense for the next five years will be as follows:

(Dollars in thousands)		
2022 (1)	$	88
2023		353
2024		353
2025		104

(1) Excludes the nine months ended September 30, 2022

Intangible assets with indefinite lives

As of September 30, 2022 and December 31, 2021, indefinite lived intangible assets, which are comprised of tradenames, trademarks, and state insurance licenses, was $14.0 million and $19.0 million, respectively.

State licenses with a net value of $5.0 million, within the Company's Exited Lines segment, were impaired due to the sale of the renewal rights related to the Company's Farm, Ranch & Stable business lines. This impairment loss of $5.0 million was included in corporate and other operating expenses on the Company's consolidated statements of operations for the quarter and nine months ended September 30, 2022. Please see Note 2 for additional information on the sale of the renewal rights related to the Company's Farm, Ranch & Stable business lines.

Intangible assets with definite lives

As of September 30, 2022 and December 31, 2021, definite lived intangible assets, net of accumulated amortization, were $0.9 million and $1.3 million, respectively, and were comprised of customer relationships, agent relationships, and tradenames.

Agent relationships with a net value of $0.1 million, within the Company's Exited Lines segment, were impaired due to the sale of the renewal rights related to the Company's Farm, Ranch & Stable business lines. This impairment loss of $0.1 million was included in corporate and other operating expenses on the Company's consolidated statements of operations for the quarter and nine months ended September 30, 2022. Cumulative impairments of agent relationships, which include impairments from prior periods, were $0.3 million as of September 30, 2022. Please see Note 2 for additional information on the sale of the renewal rights related to the Company's Farm, Ranch & Stable business lines.

7. Allowance for Expected Credit Losses - Premium Receivables and Reinsurance Receivables

For premium receivables, the allowance is based upon the Company's ongoing review of key aspects of amounts outstanding, including but not limited to, length of collection periods, direct placement with collection agencies, solvency of insured or agent, terminated agents, and other relevant factors.

The following table is an analysis of the allowance for expected credit losses related to the Company's premium receivables for the quarters ended March 31, 2023 and nine months ended September 30, 2022 and 2021: 2022:

(Dollars in thousands)	Quarters Ended September 30, 2022	Quarters Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	Quarters Ended March 31, 2023	Quarters Ended March 31, 2022
Beginning balance	$ 2,919	$ 2,822	$ 2,996	$ 2,900	$ 3,322	$ 2,996
Current period provision for expected credit losses	393	217	1,012	477	348	83
Write-offs	(461)	51	(1,157)	(287)	(291)	(142)
Ending balance	$ 2,851	$ 3,090	$ 2,851	$ 3,090	$ 3,379	$ 2,937

For reinsurance receivables, the allowance is based upon the Company’s ongoing review of key aspects of amounts outstanding, including but not limited to, length of collection periods, disputes, applicable coverage defenses, insolvent reinsurers, financial strength of solvent reinsurers based on AM Best Ratings and other relevant factors.

The following table is an analysis of the allowance for expected credit losses related to the Company's reinsurance receivables for the quarters ended March 31, 2023 and nine months ended September 30, 2022 and 2021: 2022:

(Dollars in thousands)	Quarters Ended September 30, 2022	Quarters Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	Quarters Ended March 31, 2023	Quarters Ended March 31, 2022
Beginning balance	$ 8,992	$ 8,992	$ 8,992	$ 8,992	$ 8,992	$ 8,992
Current period provision for expected credit losses	—	—	—	—	—	—
Write-offs	—	—	—	—	—	—
Recoveries of amounts previously written off	—	—	—	—	—	—
Ending balance	$ 8,992	$ 8,992	$ 8,992	$ 8,992	$ 8,992	$ 8,992

8. 7. Income Taxes

Global Indemnity Group, LLC is a publicly traded partnership for U.S. federal income tax purposes and meets the qualifying income exception to maintain partnership status. As a publicly traded partnership, Global Indemnity Group, LLC is generally not subject to federal income tax and most state income taxes. However, income earned by the subsidiaries of Global Indemnity Group, LLC is subject to corporate tax in the United States and certain foreign jurisdictions.

As of September 30, 2022 March 31, 2023, the statutory income tax rates of the countries where the Company conducts or conducted business are 21% in the United States, 0% in Bermuda, and 25% on non-trading income, 33% on capital gains and 12.5% on trading income in the Republic of Ireland. The statutory income tax rate of each country is applied against the expected annual taxable income of the Company in each country to estimate the annual income tax expense.

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The Company's income (loss) before income taxes is derived from its U.S. subsidiaries for the quarters ended March 31, 2023 and nine months ended September 30, 2022 and 2021. 2022.

The following table summarizes the components of income tax expense (benefit):

(Dollars in thousands)	Quarters Ended September 30, 2022	Quarters Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	Quarters Ended March 31, 2023	Quarters Ended March 31, 2022
Current income tax expense (benefit):						
U.S. Federal	$ (19)	$ 11	$ (19)	$ 11		
Total current income tax expense (benefit)	$ (19)	$ 11	$ (19)	$ 11		
Deferred income tax expense (benefit):						
U.S. Federal	$ 7,457	$ (1,770)	$ 3,418	$ (1,129)	$ 573	$ (3,413)
Total deferred income tax expense (benefit)	7,457	(1,770)	3,418	(1,129)	573	(3,413)
Total income tax expense (benefit)	$ 7,438	$ (1,759)	$ 3,399	$ (1,118)	$ 573	$ (3,413)

The weighted average expected tax provision has been calculated using income (loss) before income taxes in each jurisdiction multiplied by that jurisdiction's applicable statutory tax rate.

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The following table summarizes the differences between the tax provision for financial statement purposes and the expected tax provision at the weighted average tax rate:

	Quarters Ended September 30,	Quarters Ended March 31,

(Dollars in thousands)	2022 Amount	2022 % of Pre-Tax Income	2021 Amount	2021 % of Pre-Tax Income	2023 Amount	2023 % of Pre-Tax Income	2022 Amount	2022 % of Pre-Tax Income
Expected tax provision at weighted average tax rate	$ 6,549	21.0 %	$ (1,989)	21.0 %	$ 644	21.0 %	$ (3,819)	21.0 %
Adjustments:								
Dividend exclusion	(20)	(0.1)	(20)	0.2	(17)	(0.5)	(22)	0.1
Change in tax status	700	2.4	—	—	—	—	—	—
Parent income treated as partnership for tax	101	0.3	41	(0.4)	(196)	(6.4)	243	(1.3)
Other	108	0.3	209	(2.2)	142	4.6	185	(1.0)
Effective income tax expense (benefit)	$ 7,438	23.9 %	$ (1,759)	18.6 %	$ 573	18.7 %	$ (3,413)	18.8 %

The effective income tax expense rate for the quarter ended September 30, 2022 March 31, 2023 was 23.9 18.7% compared to an effective income tax benefit rate of 18.6 18.8% for the quarter ended September 30, 2021 March 31, 2022. The difference between 2022 and 2021 is primarily due to a change in income or loss at the parent company which is treated as a partnership for tax.

	Nine Months Ended September 30,			
	2022		2021	
(Dollars in thousands)	Amount	% of Pre-Tax Income	Amount	% of Pre-Tax Income
Expected tax provision at weighted average tax rate	$ 44	21.0 %	$ 643	21.0 %
Adjustments:				
Dividend exclusion	(66)	(31.4)	(56)	(1.8)
Change in tax status	700	333.3	—	—
Parent (income) loss treated as partnership for tax	2,171	1,033.8	(2,145)	(70.1)
Other	550	261.9	440	14.4
Effective income tax expense (benefit)	$ 3,399	1,618.6 %	$ (1,118)	(36.5 %)

The effective income expense benefit rate for the nine months ended September 30, 2022 was 1,618.6% compared to an effective income tax benefit rate of 36.50% for the nine months ended September 30, 2021. The difference between 2022 and 2021 is primarily due to a change in income or loss at the parent company which is treated as a partnership for tax. The Company has a net operating loss ("NOL") carryforward of $24.7 109.7 million as of September 30, 2022 March 31, 2023, which begins to expire in 2036 based on when the original NOL was generated. The Company's NOL carryforward as of December 31, 2021 December 31, 2022 was $28.6 116.4 million.

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As of September 30, 2022, the The Company has a did not have any Section 163(j) ("("163(j)"") carryforward of $0.7 million which can be carried forward indefinitely. as March 31, 2023 or 2022. The 163(j) carryforward relates to the limitation on the deduction for business interest expense paid or accrued.

9. 8. Liability for Unpaid Losses and Loss Adjustment Expenses

Activity in the liability for unpaid losses and loss adjustment expenses is summarized as follows:

	Quarters Ended September 30,		Nine Months Ended September 30,		Quarters Ended March 31,	
(Dollars in thousands)	**2022**	**2021**	**2022**	**2021**	**2023**	**2022**
Balance at beginning of period	$ 804,661	$ 697,618	$ 759,904	$ 662,811	$ 832,404	$ 759,904
Less: Ceded reinsurance receivables	94,185	87,151	94,443	82,158	73,021	94,443
Net balance at beginning of period	710,476	610,467	665,461	580,653	759,383	665,461
Incurred losses and loss adjustment expenses related to:						
Current year	91,451	110,644	275,398	290,247	88,001	87,758
Prior years	(2,992)	(1,449)	(9,626)	669	—	(3,063)
Total incurred losses and loss adjustment expenses	88,459	109,195	265,772	290,916	88,001	84,695
Paid losses and loss adjustment expenses related to:						

Current year	33,972	46,501	76,366	106,778	9,617	13,315
Prior years	35,282	30,128	125,186	121,758	53,912	59,703
Total paid losses and loss adjustment expenses	69,254	76,629	201,552	228,536	63,529	73,018
Net balance at end of period	729,681	643,033	729,681	643,033	783,855	677,138
Plus: Ceded reinsurance receivables	95,913	88,732	95,913	88,732	73,665	93,194
Balance at end of period	$ 825,594	$ 731,765	$ 825,594	$ 731,765	$ 857,520	$ 770,332

When analyzing loss reserves and prior year development, the Company considers many factors, including the frequency and severity of claims, loss trends, case reserve settlements that may have resulted in significant development, and any other additional or pertinent factors that may impact reserve estimates.

During the third first quarter of 2022, 2023, the Company decreased its Company's adjustments to prior accident year loss reserves by $ netted to 3.0 zero million, which . This consisted of a $0.3 1.5 million decrease increase related to Commercial Specialty a $1.2 million decrease related to Reinsurance Operations, and a $1.5 million decrease related to Exited Lines. The $0.3 1.5 million decrease of increase in prior accident year loss reserves related to Commercial Specialty primarily consisted of the following:

- **Property:** A $0.9 0.2 million decrease increase primarily recognizes higher than expected claims severity in the 2018 through 2020 and 2022 accident years, mostly offset by a decrease in the 2021 accident year reflecting lower than expected claims severity in the 2020 and 2021 accident years, partially offset by increases in the 2016 and 2017 accident years. that year.
- **General Liability:** A $0.7 1.3 million increase primarily in accident years prior to 2005 and the 2013, 2015, 2016, 2019, 2020, and 2022 accident years mainly reflects higher than expected claims severity, in accident years prior to 2005, 2006, 2017 and 2019 accident years, partially offset by decreases in the 2010, 2013, 2014, 2016, 2011 and 2018 and 2020 accident years.
- **Professional:** A $0.1 million decrease primarily in the 2020 accident year.

The $1.2 million reduction of prior accident year loss reserves related to Reinsurance Operations primarily consisted of the following:

- **Professional:** A $1.2 million decrease was recognized in the 2016 accident year reflecting a reduction in the ultimate for the claims-made segment. The inception-to-date case incurred remains zero in this year.

The $1.5 million reduction of decrease in prior accident year loss reserves related to Exited Lines consisted of the following:

- **Property:** A $1.2 million increase recognizes a $0.8 million increase in Property Brokerage, primarily in the 2014, 2016, 2018, 2020 and 2021 accident years and a $0.7 million increase in the Specialty Property lines of business,

primarily in the 2018, 2020 and 2021 accident years, partially offset by a $0.2 1.0 million decrease in the Farm, Ranch and Stable lines of business, primarily total, mainly in the 2018 and 2019 accident years.

- **Reinsurance:** A $2.7 million decrease primarily one reinsurance treaty in the 2017 through 2021 and 2020 accident years partially offset by an increase in the 2016 accident year was based on the reported information from cedants. the cedant and decreases in the 2016 and 2018 accident years in property brokerage, partially offset by increases in the 2021 and 2022 accident years in property brokerage, specialty property and farm, ranch & stable lines of business.

- **General Liability:** A $0.5 million decrease in total primarily in the 2014 through 2017, 2019 and 2020 accident years, partially offset by increases in the 2018, 2021, and 2022 accident years. These prior year reserve loss adjustments were mainly in the specialty property and farm, ranch & stable lines of business.

During the third first quarter of 2021, 2022, the Company decreased its prior accident year loss reserves by $1.4 3.1 million, which primarily consisted of a $2.1 1.9 million decrease increase related to Commercial Specialty and a $0.6 4.9 million increase decrease related to Exited Lines.

The $2.1 1.9 million decrease increase of prior accident year loss reserves related to Commercial Specialty primarily consisted of the following:

- **Property:** A $5.7 1.9 million increase primarily recognizes higher than expected claims severity mainly in the 2016 through 2015, 2018, and 2020 accident years.
- **General Liability:** A $7.7 million decrease in aggregate with $2.4 million of favorable development in the construction defect reserve category and $5.3 million of favorable development in the other general liability reserve categories. The reduction in the construction defect reserve category recognizes lower than expected claims frequency and severity in accident years prior to 2005 and the 2005 through 2010 accident years. For the other general liability reserve categories, lower than anticipated claims severity was the main driver of the favorable development primarily in accident years prior to 2005 and the 2012, 2016 and 2018 accident years, partially offset by increases in the 2005 through 2007, 2009, 2010, 2015, 2017, 2019 and 2020 accident years.

- **Professional:** A $0.1 million a decrease primarily in the 2019 and 2020 2021 accident years.

The $0.6 4.9 million increase reduction of prior accident year loss reserves related to Exited Lines primarily consisted of the following:

- **Property:** A $2.1 million increase decrease primarily recognizes higher than expected claims severity in the 2016, 2015, 2018 and 2020, 2021 accident years, partially offset by decreases increases in the 2017 and 2020 accident year. years.

- **General Liability:** A $1.0 million decrease primarily reflects lower than expected claims severity in the 2015 through 2017 and 2020 accident years, partially offset by an increase in the 2007, 2018, and 2019 accident years.

- **Reinsurance:** A $0.5 million decrease in the property lines was recognized primarily in the 2015, 2017, 2018 and 2020 accident years, partially offset by increases in the 2012 and 2019 accident years based on the reported information from cedants.

During the first nine months of 2022, the Company decreased its prior accident year loss reserves by $9.6 million, which consisted of a $0.2 million increase related to Commercial Specialty, a $2.4 million decrease related to Reinsurance Operations, and a $7.4 million decrease related to Exited Lines.

The $0.2 million increase of prior accident year loss reserves related to Commercial Specialty primarily consisted of the following:

- **Property:** A $1.6 million decrease primarily recognizes lower than expected claims severity in the 2018, 2020 and 2021 accident years, partially offset by increases in the 2015 through 2017 and 2019 accident years.
- **General Liability:** A $2.2 million increase mainly reflects higher than expected claims severity in accident years prior to 2006, 2017, 2019 and 2020 accident years, partially offset by decreases in the 2006, 2007, 2011 through 2016, 2018 and 2021 accident years.
- **Professional:** A $0.4 0.6 million decrease primarily in the 2006, 2017, 2019, and 2020 accident years.

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The $2.4 million reduction of prior accident year loss reserves related to Reinsurance Operations primarily consisted of the following:

- **Professional:** A $2.4 million decrease was recognized in the 2016 accident year reflecting a reduction in the ultimate for the claims-made segment. The inception-to-date case incurred remains zero in this year.

The $7.4 million reduction of prior accident year loss reserves related to Exited Lines primarily consisted of the following:

- **Property:** A $0.2 million increase recognizes a $0.5 million increase in Property Brokerage, primarily in the 2014, 2016, 2017 and 2020 accident years, partially offset by decreases in the 2011, 2018, 2019 and 2021 accident years and a $0.3 million increase in the Specialty Property lines of business, primarily in the 2019 and 2020 accident years, partially offset by decreases in the 2016, 2017 and 2021 accident years, and a $0.6 million decrease in the Farm, Ranch and Stable lines of business, primarily in the 2018 through 2020 accident years, partially offset by an increase in the 2021 accident year.
- **General Liability:** A $0.5 million reduction reflects a $0.3 million decrease in the Specialty Property lines of business, primarily in the 2016, 2017 and 2021 accident years, partially offset by increases in the 2019 and 2020 accident years and a $0.2 million decrease in the Farm, Ranch and Stable lines of business, primarily in the 2017 and 2019 accident years, offset in part by an increase in the 2011 and 2018 accident years.
- **Reinsurance:** A $7.0 million decrease in the 2017 through 2021 accident years partially offset by an increase in the 2016 2018 accident year based on reported information from the cedants.

During the first nine months of 2021, the Company increased its prior accident year loss reserves by $0.7 million, which consisted of a $5.2 million decrease related to Commercial Specialty and a $5.9 million increase related to Exited Lines.

The $5.2 million decrease in prior accident year loss reserves related to Commercial Specialty primarily consisted of the following:

- **Property:** An increase of $3.7 million primarily recognizes higher than expected claims severity mainly in the 2016 and 2020 accident years partially offset by decreases in the 2018 and 2019 accident years. year.

- **General Liability:** A $8.4 million decrease in aggregate with $2.4 million of favorable development in the construction defect reserve category and $6.0 million of favorable development in the other general liability reserve categories. The reduction in the construction defect reserve category recognizes lower than expected claims frequency and severity in accident years prior to 2005 and the 2005 through 2009 and 2011 accident years. For the other general liability reserve categories, lower than anticipated claims severity was the main driver of the favorable development primarily in accident years prior to 2005 and 2008 and 2012 through 2016 accident years, partially offset by increases in the 2005 through 2007, 2009 and 2017 through 2020 accident years.

- **Professional:** A $0.5 million decrease primarily in the 2019 and 2020 accident years which mainly reflects lower than anticipated claims severity.

The $5.9 million increase in prior accident year loss reserves related to Exited Lines primarily consisted of the following:

- **General Liability: Reinsurance:** A $2.2 million reduction decrease was primarily reflects lower than expected claims severity from one treaty and in the 2015 2017 through 2018 and 2020 accident years, partially offset by an increase in the 2007 and 2019 accident years.

- **Property:** A $9.6 million increase mostly in the 2016, 2018 and 2020 accident years due to increases in expected claims severity, partially offset by decreases in the 2015, 2017, and 2019 accidents year driven by lower than anticipated claims severity. Much of the increase in the 2018 accident year reflects an increase in the estimated ultimate for Hurricane Michael and case incurred emergence on a Property Brokerage claim.

- **Reinsurance:** A $1.5 million decrease in the property lines was recognized primarily in the 2011, 2015, 2017, 2018 and 2020 accident years, partially offset by increases in the 2010, 2012 and 2019 2021 accident years based on the reported information from cedants. the cedant.

9. Shareholders' Equity

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10. Debt

The Company's outstanding debt consisted Repurchases of the following at September 30, 2022 and December 31, 2021: Company's class A common shares

(Dollars in thousands)	September 30, 2022		December 31, 2021	
7.875% Subordinated Notes due 2047	$	—	$	126,430
Total	$	—	$	126,430

Margin Borrowing Facility

The Company has available On October 21, 2022, Global Indemnity Group, LLC announced it commenced a margin borrowing facility. The borrowing rate for this facility is tied to stock repurchase program beginning in the Fed Funds Effective rate and was approximately 3.8% and 0.8% at September 30, 2022 and December 31, 2021 fourth quarter of 2022. On January 3, 2023, respectively. This facility is due on demand. The borrowings are subject to maintenance margin, which is a minimum account balance Global Indemnity Group, LLC announced that must be maintained. A decline it had authorized an increase in market conditions could require an additional deposit of collateral. The Company did not have any securities that were deposited as collateral at September 30, 2022 or December 31, 2021. The amount borrowed against the margin account may fluctuate as routine investment transactions, such as dividends received, investment income received, maturities and pay-downs, impact cash balances. The margin facility contains customary events of default, including, without limitation, insolvency, failure to make required payments, failure to comply with any representations or warranties, failure to adequately assure future performance, and failure of a guarantor to perform under its guarantee. The Company did not have any amounts outstanding on the margin borrowing facility as of September 30, 2022 or December 31, 2021.

The Company did not incur any interest expense related to the Margin Borrowing Facility for the quarters and nine months ended September 30, 2022 and 2021.

7.875% Subordinated Notes due 2047 (the "2047 Notes")

On April 15, 2022, the Company redeemed the entire aggregate stock purchase program from $130.0 million in aggregate principal amount of the outstanding 2047 Notes plus accrued and unpaid interest on the 2047 Notes redeemed to, but not including the Redemption Date of April 15, 2022. In connection with the redemption, the Company wrote off deferred issuance costs of $3.5 32 million, which was recognized as authorized on October 21, 2022, to $60 million. The authorization to repurchase will expire on December 31, 2027. The timing and actual number of shares repurchased, if any, will depend on a loss on extinguishment variety of debt in its consolidated statements of operations for the nine months ended September 30, 2022. There was no loss on extinguishment of debt recognized during the quarters ended September 30, 2022 factors, including price, general business and 2021 market conditions, and the nine months ended September 30, 2021.alternative investment opportunities.

Interest expense, including amortization of deferred issuance costs through the date of redemption, recognized on the 2047 Notes was $2.6 million for the quarter ended September 30, 2021, and $3.0 million and $7.8 million for the nine months ended September 30, 2022 and 2021, respectively. There was no interest expense recognized on the 2047 Notes during the quarter ended September 30, 2022.

In connection with the redemption of the 2047 Notes, the Supplemental Indenture and the co-obligor transaction are no longer effective. Please see Note 13 of the notes to the consolidated financial statements in Item 8 Part II of the Company's 2021 Annual Report on Form 10-K for more information on the Supplemental Indenture and the co-obligor transaction.

11. Leases

The Company leases office space and equipment under various operating lease arrangements. The Company's leases have remaining lease terms ranging from 11 months to 8 years. Some building leases have options to extend, terminate, or retract the leased area. During the nine months ended September 30, 2021, the Company exercised the contraction clause of one of its leases. The Company incurred a $0.3 million contraction fee in conjunction with exercising the contraction clause. The related lease ROU asset and lease liability were revalued when the Company exercised the contraction clause. The Company did not factor in any other term extension, terminations, or space retractions into the lease terms used to calculate the right-of-use assets and lease liabilities since it was uncertain as to whether these options would be executed.

In conjunction with the sale of the renewal rights related to the Farm, Ranch & Stable business lines, lease ROU assets related to building space, parking, and equipment at the Company's Omaha Nebraska location were evaluated for impairment. An impairment loss of $0.5 million was recognized and included in corporate and other operating expenses on the Company’s consolidated statements of operations for the quarter and nine months ended September 30, 2022. The lease

ROU assets and lease liabilities related to the Omaha Nebraska building and parking lease were also re-measured due to the Company’s intention to exercise the early termination clause which allows the Company to reduce the length of the lease term from 125 months to 65 months.

Please see Note 2 for additional information on the sale of renewal rights.

Lease expenses for minimum lease payments are recognized on a straight-line basis over the lease term.

The components of lease expenses were as follows:

	Quarters Ended September 30,		Nine Months Ended September 30,	
(Dollars in thousands)	**2022**	**2021**	**2022**	**2021**
Operating lease expenses	$ 599	$ 667	$ 1,820	$ 2,118
Short-term lease expenses	6	2	11	7
Sublease income	(90)	—	(256)	—
Total lease expenses	$ 515	$ 669	$ 1,575	$ 2,125

Supplemental cash flow information related to leases was as follows:

	Nine Months Ended September 30,	
(Dollars in thousands)	**2022**	**2021**
Cash paid for amounts included in the measurement of liabilities:		
Operating leases	$ 1,574	$ 2,125
Right-of-use assets obtained in exchange for new lease obligations:		
Operating leases	$ —	$ 635

Supplemental balance sheet information related to leases was as follows:

The table below presents the lease-related assets and liabilities recorded on the consolidated balance sheets.

(Dollars in thousands)	**Classification on the consolidated balance sheets**	**September 30, 2022**	**December 31, 2021**
Assets:			
Operating lease assets	Lease right of use assets	$ 13,461	$ 16,051
Liabilities:			
Operating lease liabilities	Lease liabilities	$ 16,734	$ 19,079
Weighted-average remaining lease term:			
Operating leases		6.9 years	7.7 years

Weighted-average discount rate:		
Operating leases (1)	0.8 %	0.9 %

(1) Represents the Company's incremental borrowing rate at the time the leases were contracted.

At September 30, 2022, future minimum lease payments under non-cancelable operating leases were as follows:

(Dollars in thousands)	**Operating Leases**	**Expected Sublease Income**
2022 (1)	$ 723	$ 72
2023	2,995	291
2024	2,799	297
2025	2,866	388
2026	2,720	342
Thereafter	5,077	—
Total future minimum lease payments	17,180	1,390
Less: amount representing interest	446	—
Present value of minimum lease payments	$ 16,734	$ 1,390

(1) Excludes the nine months ended September 30, 2022

12. Shareholders' Equity

There were no A common shares that were surrendered or repurchased during the quarters ended September 30, 2022 and 2021.

The following table provides information with respect to the class A common shares that were surrendered or repurchased during the nine months quarter ended September 30, 2022 March 31, 2023:

Period (1)	**Total Number of Shares Purchased**	**Average Price Paid Per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Plan or Program**	**Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs**	**Total Number of Shares Purchased**	**Average Price Paid Per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Plan or Program**	**Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)**

January 1-31, 2022	4,781	(2)	$	25.13	—	—						
June 1-30, 2022	11,173	(2)	$	26.28	—	—						
January 1-31, 2023							3,302	(3)	$	23.31	—	—
January 1-31, 2023							250,000	(4)	$	25.90	250,000	31,604,066
Total	15,954		$	25.94	—	—	253,302		$	25.82	—	—

(1) Based on settlement date.

(2) Based on the $60 million share repurchase authorization.

(3) Surrendered by employees as payment of taxes withheld on the vesting of restricted stock and/or restricted stock units.

(4) Purchased as part of the repurchase program announced in October 2022.

The following table provides information with respect to the class A common shares that were surrendered or repurchased during the nine months quarter ended September 30, 2021 March 31, 2022:

Period (1)	**Total Number of Shares**	**Average Price Paid**	**Total Number of Shares Purchased**	**Approximate Dollar Value of Shares that**

	Purchased		Per Share	as Part of Publicly Announced Plan or Program	May Yet Be Purchased Under the Plans or Programs
January 1-31, 2021	6,720	(2)	$ 28.59	—	—
March 1-31, 2021	3,095	(2)	$ 29.40	—	—
June 1-30, 2021	7,100	(2)	$ 27.64	—	—
Total	16,915		$ 28.34	—	—

Period (1)	Total Number of Shares Purchased		Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
January 1-31, 2022	4,781	(2)	$ 25.13	—	—
Total	4,781		$ 25.13	—	—

(1) Based on settlement date.
(2) Surrendered by employees as payment of taxes withheld on the vesting of restricted stock and/or restricted stock units.

On April 5, 2021, Global Indemnity Group, LLC converted 186,160 of class B common shares to class A common shares.

There were no other class B common shares that were surrendered or repurchased during the quarters ended March 31, 2023 or 2022.

Each class A common share has one vote and nine months ended September 30, 2022 or 2021. each class B common share has ten votes.

As of September 30, 2022 March 31, 2023, Global Indemnity Group, LLC's class A common shares were held by approximately 155 145 shareholders of record. There were three two holders of record of Global Indemnity Group, LLC's class B common shares, all of whom are affiliated investment funds of Fox Paine & Company, LLC, as of September 30, 2022 March 31, 2023. Global Indemnity Group, LLC's preferred shares were held by 1 holder of record, an affiliate of Fox Paine & Company, LLC, as of September 30, 2022 March 31, 2023.

Please see Note 15 16 of the notes to the consolidated financial statements in Item 8 Part II of the Company's 2021 2022 Annual Report on Form 10-K for more information on the Company's repurchase program.

Distributions

Distribution payments of $0.25 per common share were declared during the nine months quarter ended September 30, 2022 March 31, 2023 as follows:

Approval Date	Record Date	Payment Date	Total Distributions Declared (Dollars in thousands)	Record Date	Payment Date	Total Distributions Declared (Dollars in thousands)
March 3, 2022	March 21, 2022	March 31, 2022	$ 3,597			
June 2, 2022	June 20, 2022	June 30, 2022	3,602			
September 23, 2022	October 4, 2022	October 11, 2022	3,616			
March 2, 2023				March 24, 2023	March 31, 2023	$ 3,410
Various (1)	Various	Various	274	Various	Various	(64)
Total			$ 11,089			$ 3,346

(1) Represents distributions declared on unvested shares, net of forfeitures.

Distribution payments of $0.25 per common share were declared during the nine months quarter ended September 30, 2021 March 31, 2022 as follows:

Approval Date	Record Date	Payment Date	Total Distributions Declared (Dollars in thousands)	Record Date	Payment Date	Total Distributions Declared (Dollars in thousands)
February 14, 2021	March 22, 2021	March 31, 2021	$ 3,570			
June 5, 2021	June 21, 2021	June 30, 2021	3,579			
September 11, 2021	September 23, 2021	September 30, 2021	3,583			

March 3, 2022				March 21, 2022	March 31, 2022	$ 3,597
Various	Various	Various		Various	Various	
(1)			229			50
Total			$ 10,961			$ 3,647

(1) Represents distributions declared on unvested shares, net of forfeitures.

In addition, distributions paid to Global Indemnity Group, LLC's preferred shareholder were $0.1 million in each of the quarters ended September 30, 2022 March 31, 2023 and 2021 and $0.3 million in each of the nine months ended September 30, 2022 and 2021. 2022.

Accrued distributions on unvested shares, which were included in other liabilities on the consolidated balance sheets, were $1.0 0.5 million and $0.9 1.1 million as of September 30, 2022 March 31, 2023 and December 31, 2021 December 31, 2022, respectively. In addition, distributions of $3.6 million, which were declared on September 23, 2022 but not paid until October 11, 2022, were also included in other liabilities on the consolidated balance sheets as of September 30, 2022. Accrued preferred distributions were less than $0.1 million as of both September 30, 2022 March 31, 2023 and December 31, 2021 December 31, 2022 and were included in other liabilities on the consolidated balance sheets.

Please see Note 15 16 of the notes to the consolidated financial statements in Item 8 Part II of the Company's 2021 2022 Annual Report on Form 10-K for more information on the Company's distribution program.

13. 10. Related Party Transactions

Fox Paine Entities

Pursuant to Global Indemnity Group, LLC's Limited Liability Company Agreement ("LLCA"), Fox Paine Capital Fund II International, L.P. and certain of its affiliates (the "Fox Paine Funds" Fund"), together with Fox Mercury Investments, L.P. and certain of its affiliates (the "FM Entities"), and Fox Paine & Company LLC (collectively, the "Fox Paine Entities") currently

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constitute a Class B Majority Shareholder (as defined in the LLCA) and, as such, have the right to appoint a number of Global Indemnity Group, LLC's directors equal in aggregate to the pro rata percentage of the voting power in Global Indemnity Group, LLC beneficially held by the Fox Paine Entities, rounded up to the nearest whole number of directors. The Fox Paine Entities beneficially own shares representing approximately 82.8 83.6% of the voting power of Global Indemnity Group, LLC as of September 30, 2022 March 31, 2023. The Fox Paine Entities control the appointment or election of all of Global Indemnity Group, LLC's Directors due to the LLCA and their controlling share ownership. Global Indemnity Group, LLC's Chairman is the chief executive and founder of Fox Paine & Company, LLC.

On August 27, 2020, Global Indemnity Group, LLC issued and sold to Wyncote LLC, an affiliate of Fox Paine & Company, LLC, 4,000 Series A Cumulative Fixed Rate Preferred Interests at a price of $1,000 per Series A Preferred Interest, for the aggregate purchase price of $4,000,000. While these preferred interests are non-voting, the preferred shareholders are entitled to appoint two additional members to Global Indemnity Group, LLC's Board of Directors whenever the "Unpaid Targeted Priority Return" with respect to the preferred interests exceed zero immediately following six or more "Distribution Dates", whether or not such Distribution Dates occur consecutively. Global Indemnity Group, LLC's Board of Directors is obligated to take, and cause Global Indemnity Group, LLC's officers to take, any necessary actions to effectuate such appointments, including expanding the size of the Board of Directors, in connection with any exercise of the foregoing provisions.

Management fee expense of $0.7 million was incurred during each of the quarters ended September 30, 2022 and 2021 and management fee expense of $2.1 0.8 million and $2.0 0.7 million was were incurred during the nine months quarters ended September 30, 2022 March 31, 2023 and 2021, 2022, respectively. As of September 30, 2022, accrued management fees, which were included in other liabilities on the consolidated balance sheets, were $0.2 million. Prepaid management fees, which were included in other assets on the consolidated balance sheets, were $1.9 1.3 million and $2.1 million as of December 31, 2021. March 31, 2023 and December 31, 2022, respectively.

In addition, Fox Paine & Company, LLC may also propose and negotiate transaction fees with the Company subject to the provisions of the Company's related party transaction and conflict matter policies, including approval of Global Indemnity Group, LLC's Conflicts Committee of the Board of Directors, for those services from time to time. Each of the Company's transactions with Fox Paine & Company, LLC are reviewed and approved by Global Indemnity Group, LLC's Conflicts Committee, which is composed of independent directors, and the Board of Directors (other than Saul A. Fox, Chairman of the Board of Directors of Global Indemnity Group, LLC and Chief Executive of Fox Paine & Company, LLC, who is not a member of the Conflicts Committee and recused himself from the Board of Directors' deliberations related to fees paid to Fox Paine & Company, LLC or its affiliates).

14. 11. Commitments and Contingencies

Legal Proceedings

The Company is, from time to time, involved in various legal proceedings in the ordinary course of business. The Company maintains insurance and reinsurance coverage for such risks in amounts that it considers adequate. However, there can be no assurance that the insurance and reinsurance coverage that the Company maintains is sufficient or will be available in adequate amounts or at a reasonable cost. The Company does not believe that the resolution of any currently pending legal

proceedings, either individually or taken as a whole, will have a material adverse effect on its business, results of operations, cash flows, or financial condition.

There is a greater potential for disputes with reinsurers who are in runoff. Some of the Company's reinsurers' reinsurers have operations that are in runoff, and therefore, the Company closely monitors those relationships. The Company anticipates that, similar to the rest of the insurance and reinsurance industry, it will continue to be subject to litigation and arbitration proceedings in the ordinary course of business.

Commitments

In 2014, the Company entered into a $50 million commitment to purchase an alternative investment vehicle which is comprised of European non-performing loans. As of September 30, 2022 March 31, 2023, the Company has funded $35.8

million of this commitment leaving $14.2 million as unfunded. Since the investment period has concluded, the Company expects minimal capital calls will be made prospectively.

In 2017, the Company entered into a $50 million commitment to purchase an alternative investment vehicle comprised of stressed and distressed securities and structured products. As of September 30, 2022, the Company has funded $33.0 million of this commitment leaving $17.0 million as unfunded.Since the investment period has concluded, the Company expects minimal capital calls will be made prospectively.

In 2021, the Company entered into a $25 million commitment to purchase an alternative investment vehicle comprised of performing, stressed or distressed securities and loans across the global fixed income markets. As of September 30, 2022, the Company has fully funded this commitment.

Other Commitments

The Company is party to a Management Agreement, as amended, with Fox Paine & Company, LLC, whereby in connection with certain management services provided to it by Fox Paine & Company, LLC, the Company agreed to pay an annual management fee to Fox Paine & Company, LLC. See Note 13 10 above for additional information pertaining to this management agreement.

COVID-19

There is risk that legislation could be passed or there could be a court ruling which would require the Company to cover business interruption claims regardless of terms, exclusions including the virus exclusions contained within the Company's Commercial Specialty and Exited Lines policies, or other conditions included in policies that would otherwise preclude coverage.

15. 12. Share-Based Compensation Plans

Options

During the first quarter of 2021, the Company granted 140,000 Performance-Based Options under the Plan. The Performance-Based Options vest in 33% increments over a three-year period subject to the achievement of certain underwriting results and expire ten years after the grant date or the occurrence of certain events specified in the agreement, whichever is earlier. Of these options, 46,667 options, which were due to vest on April 1, 2022, were recorded as forfeitures in the year ended December 31, 2021 as a result of not meeting performance requirements related to 2021. No stock options were awarded during the quarter and nine months quarters ended September 30, 2022 March 31, 2023 or the quarter ended September 30, 2021. 2022. No unvested stock options were forfeited during the quarter and nine months quarters ended September 30, 2022 March 31, 2023 or the quarter ended September 30, 2021. 300,000 unvested stock options were forfeited during the nine months ended September 30, 2021. 2022.

Restricted Shares / Restricted Stock Units

There were no restricted class A common shares or restricted stock units granted to key employees during the quarters ended March 31, 2023 and nine months 2022. There were no restricted class A common shares or restricted stock units forfeited during the quarter ended September 30, 2022 March 31, 2023. There were 395,777 restricted class A common shares and 2021.318,958 restricted stock units that were forfeited during the quarter ended March 31, 2022.

There were no 25,913 restricted stock units that vested during the quarters quarter ended September 30, 2022 and 2021 March 31, 2023 and 61,522 and 42,977 26,080 restricted stock units that vested during the nine months quarter ended September 30, 2022 and 2021, respectively. March 31, 2022. Upon vesting, the restricted stock units converted to restricted class A common shares.

During the quarters ended September 30, 2022 March 31, 2023 and 2021, 2022, the Company granted 26,116 26,426 and 21,472 24,810 class A common shares, respectively, at a weighted average grant date value of $25.13 25.46 and $26.39 25.64 per share, respectively, to non-employee directors of the Company under the Plan. Of the The Company previously granted 157,139 shares granted to a non-employee director with deferred vesting. These shares vested during the quarters quarter ended September 30, 2022 and 2021, the vesting of 9,120 and 5,263 shares, respectively, is deferred until January 1, 2024 or a change of control, whichever is earlier. The remaining March 31, 2023. All other shares granted to non-employee directors of the Company in 2022 and 2021 were are fully vested but are subject to certain restrictions. During the nine months ended September 30, 2022 and 2021, the Company granted 76,686 and 61,216 class A common shares, respectively, at a weighted average grant date value of $25.57 and $27.77 per share, respectively, to non-employee directors of the Company under the Plan. Of the shares granted during the nine months ended September 30, 2022 and 2021, the vesting of 25,260 shares and 15,004 shares, respectively, is deferred until January 1, 2024 or a change of control,

whichever is earlier. The remaining shares granted to non-employee directors of the Company in 2022 and 2021 were fully vested but are subject to certain restrictions.

16. 13. Earnings Per Share

Earnings per share have been computed using the weighted average number of common shares and common share equivalents outstanding during the period.

The following table sets forth the computation of basic and diluted earnings per share:

(Dollars in thousands, except share and per share data)	Quarters Ended September 30,		Nine Months Ended September 30,		Quarters Ended March 31,	
	2022	2021	2022	2021	2023	2022
Numerator:						
Net income (loss)	$ 23,746	$ (7,713)	$ (3,189)	$ 4,179	$ 2,494	$ (14,773)

Less: preferred stock distributions	110	110	330	330	110	110
Net income (loss) available to common shareholders	$ 23,636	$ (7,823)	$ (3,519)	$ 3,849	$ 2,384	$ (14,883)
Denominator:						
Weighted average shares for basic earnings per share	14,589,797	14,445,434	14,549,601	14,413,006	13,670,732	14,514,950
Non-vested restricted stock	—	—	—	10,339		
Non-vested restricted stock units	119,469	—	—	117,750	103,407	—
Options	86,696	—	—	109,504	155,007	—
Weighted average shares for diluted earnings per share (1)	14,795,962	14,445,434	14,549,601	14,650,599	13,929,146	14,514,950
Earnings per share - Basic	$ 1.62	$ (0.54)	$ (0.24)	$ 0.27	$ 0.17	$ (1.03)
Earnings per share - Diluted	$ 1.60	$ (0.54)	$ (0.24)	$ 0.26	$ 0.17	$ (1.03)

(1) For the nine months ended September 30, 2022 and the quarter ended September 30, 2021 March 31, 2022, “weighted average shares outstanding – basic” was used to calculate “diluted earnings per share” due to a net loss in each this period.

If the Company had not incurred a loss in the quarter ended September 30, 2021 March 31, 2022, 14,708,389 14,701,350 weighted average shares would have been used to compute the diluted loss per share calculation. In addition to the basic shares, weighted average shares for the diluted calculation for the quarter ended March 31, 2022 would have included 11,974 shares of non-vested restricted stock, 151,538 91,435 shares of non-vested restricted stock units and 99,442 94,965 share equivalents for options.

If the Company had not incurred a loss in the nine months ended September 30, 2022, 14,748,967 weighted average shares would have been used to compute the diluted loss per share calculation. In addition to the basic shares, weighted average shares for the diluted calculation would have included 107,005 shares of non-vested restricted stock units and 92,360 share equivalents for options.

The weighted average shares outstanding used to determine dilutive earnings per share does not include 346,667 shares and 393,333 shares for both the quarter quarters ended March 31, 2023 and nine months ended September 30, 2022 and

540,000 shares for both the quarter and nine months ended September 30, 2021, 2022, respectively, which were deemed to be anti-dilutive.

17. 14. Segment Information

During the fourth quarter of 2022, the Company decided to restructure its insurance operations in an effort to strengthen its market presence and enhance its focus on GBLI's core Wholesale Commercial and InsurTech products. As a result, the Company exited Commercial Specialty's four brokerage divisions: Professional Liability, Excess Casualty, Environmental, and Middle Market Property. The Company ceased writing new business and existing renewals were placed in run-off for these four divisions. On August 8, 2022, the Company sold the renewal rights related to all business lines within its Farm, Ranch & Stable segment business for business policies written on or after August 8, 2022 to Everett Cash Mutual Insurance Company. During the 2nd quarter of 2022, the Company decided that Farm, Ranch & Stable would not be a core business and a decision was made to not allocate additional resources to this segment. Previously, on October 26, 2021, the Company sold the renewal rights related to its manufactured and dwelling homes products which were part of the Specialty Property segment. In 2021, the Company decided to cease writing certain Property Brokerage business which was part of the Commercial Specialty segment, as well as exit certain property and catastrophe lines within the Reinsurance Operations segment. Based on the decisions to exit these lines of business, the Company changed the way it manages and analyzes its operating results. The chief operating decision makers decided they will be reviewing the specific results of these exited lines within the Company's Exited Lines in segment. In addition, a separate segment. The chief operating

decision makers also determined that the small amount of specialty property business that remained from the Specialty Property segment would be included as programs was made in the Commercial Specialty segment for purpose fourth quarter of reviewing results and allocating resources. The 2022 to reclassify several smaller reinsurance treaties from Reinsurance Operations segment continues to write casualty and professional treaties as well as individual excess policies. Accordingly, the Company has three reportable segments: Commercial Specialty, Reinsurance Operations, and Exited Lines. Specialty. Management believes these segments segment changes allow users of the Company's financial statements to better understand the Company's performance, better assess prospects for future net cash flows, and make more informed judgments about the Company as a whole. The Accordingly, the segment results for the quarter and nine months ended September 30, 2021 March 31, 2022 have been revised to reflect these changes.

The Company manages its business through two ongoing business segments. Commercial Specialty offers specialty property and casualty products designed for GBLI's Wholesale Commercial and InsurTech product lines such as small business binding authority, professional lines, excess casualty, environmental, InsurTech business, and specialized programs. offerings. Reinsurance Operations provides reinsurance and insurance solutions through brokers and primary writers including insurance and

reinsurance companies. The company Company also has an Exited Lines segment that contains lines of business that are no longer being written or are in runoff.

The following are tabulations of business segment information for the quarters ended March 31, 2023 and nine months ended September 30, 2022 and 2021: 2022. Corporate information is included to reconcile segment data to the consolidated financial statements.

Quarter Ended September 30, 2022 (Dollars in thousands)	Commercial Specialty	Reinsurance Operations (1)	Exited Lines	Total				
Quarter Ended March 31, 2023 (Dollars in thousands)					**Commercial Specialty**	**Reinsurance Operations (1)**	**Exited Lines**	**Total**
Revenues:								
Gross written premiums	$ 100,598	$ 43,717	$ 31,512	$ 175,827	$ 95,508	$ 23,416	$ 4,061	$ 122,985
Net written premiums	$ 95,917	$ 43,717	$ 3,201	$ 142,835	$ 91,234	$ 23,416	$ 1,211	$ 115,861
Net earned premiums	$ 100,822	$ 35,148	$ 17,674	$ 153,644	$ 93,182	$ 34,847	$ 12,043	$ 140,072
Other income (loss)	272	(38)	145	379	267	(9)	77	335
Total revenues	101,094	35,110	17,819	154,023	93,449	34,838	12,120	140,407
Losses and Expenses:								
Net losses and loss adjustment expenses	58,919	20,393	9,147	88,459	60,119	21,263	6,619	88,001
Acquisition costs and other underwriting expenses	39,463	13,050	8,363	60,876	35,526	12,816	5,136	53,478
Income from segments	$ 2,712	$ 1,667	$ 309	$ 4,688				
Income (loss) from segments					$ (2,196)	$ 759	$ 365	$ (1,072)
Unallocated Items:								

Net investment income				8,389				12,008
Net realized investment gains				2,234				
Net realized investment losses								(1,520)
Other income				29,937				19
Corporate and other operating expenses				(14,064)				(6,368)
Income before income taxes				31,184				3,067
Income tax expense				(7,438)				(573)
Net income				$ 23,746				$ 2,494
Segment assets	$ 996,336	$ 372,036	$ 336,668	$ 1,705,040	$ 985,557	$ 368,751	$ 249,302	$ 1,603,610
Corporate assets				174,097				173,668
Total assets				$ 1,879,137				$ 1,777,278

(1) External business only, excluding business assumed from affiliates.

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Quarter Ended September 30, 2021 (Dollars in thousands)	Commercial Specialty	Reinsurance Operations (1)	Exited Lines	Total

Quarter Ended March 31, 2022 (Dollars in thousands)					Commercial Specialty	Reinsurance Operations (1)	Exited Lines	Total
Revenues:								
Gross written premiums	$ 97,950	$ 29,748	$ 46,605	$ 174,303	$ 102,848	$ 40,996	$ 47,139	$ 190,983
Net written premiums	$ 92,822	$ 29,748	$ 39,729	$ 162,299	$ 98,163	$ 40,996	$ 20,323	$ 159,482
Net earned premiums	$ 88,807	$ 24,235	$ 44,523	$ 157,565	$ 91,197	$ 34,298	$ 23,328	$ 148,823
Other income (loss)	227	(58)	245	414	259	(20)	200	439
Total revenues	89,034	24,177	44,768	157,979	91,456	34,278	23,528	149,262
Losses and Expenses:								
Net losses and loss adjustment expenses	58,125	15,288	35,782	109,195	53,659	21,059	9,977	84,695
Acquisition costs and other underwriting expenses	32,025	8,510	18,747	59,282	33,526	11,961	11,205	56,692
Income (loss) from segments	$ (1,116)	$ 379	$ (9,761)	$ (10,498)				
Income from segments					$ 4,271	$ 1,258	$ 2,346	$ 7,875
Unallocated Items:								
Net investment income				9,344				6,592
Net realized investment losses				(310)				(25,385)
Other loss				(25)				(13)

Corporate and other operating expenses				(5,387)				(4,660)
Interest expense				(2,596)				(2,595)
Loss before income taxes				(9,472)				(18,186)
Income tax benefit				1,759				3,413
Net loss				$ (7,713)				(14,773)
Segment assets	$ 904,051	$ 305,107	$ 336,443	$ 1,545,601	$ 964,718	$ 267,466	$ 396,227	$ 1,628,411
Corporate assets				405,020				331,085
Total assets				$ 1,950,621				$ 1,959,496

(1) External business only, excluding business assumed from affiliates.

Nine Months Ended September 30, 2022 (Dollars in thousands)	Commercial Specialty	Reinsurance Operations (1)	Exited Lines	Total
Revenues:				
Gross written premiums	$ 314,661	$ 131,556	$ 117,416	$ 563,633
Net written premiums	$ 295,401	$ 131,556	$ 42,518	$ 469,475
Net earned premiums	$ 287,757	$ 108,707	$ 61,752	$ 458,216
Other income (loss)	791	(119)	320	992
Total revenues	288,548	108,588	62,072	459,208
Losses and Expenses:				
Net losses and loss adjustment expenses	167,014	64,331	34,427	265,772
Acquisition costs and other underwriting expenses	109,374	39,596	29,696	178,666
Income (loss) from segments	$ 12,160	$ 4,661	$ (2,051)	$ 14,770
Unallocated Items:				
Net investment income				16,911

Net realized investment losses				(33,067)
Other income				29,847
Corporate and other operating expenses				(21,718)
Interest expense				(3,004)
Loss on extinguishment of debt				(3,529)
Income before income taxes				210
Income tax expense				(3,399)
Net loss				$ (3,189)
Segment assets	$ 996,336	$ 372,036	$ 336,668	$ 1,705,040
Corporate assets				174,097
Total assets				$ 1,879,137

(1) External business only, excluding business assumed from affiliates.

Nine Months Ended September 30, 2021 (Dollars in thousands)	Commercial Specialty	Reinsurance Operations (1)	Exited Lines	Total
Revenues:				
Gross written premiums	$ 286,690	$ 76,186	$ 150,221	$ 513,097
Net written premiums	$ 266,641	$ 76,186	$ 127,808	$ 470,635
Net earned premiums	$ 249,464	$ 59,094	$ 142,115	$ 450,673
Other income (loss)	679	(100)	755	1,334
Total revenues	250,143	58,994	142,870	452,007
Losses and Expenses:				
Net losses and loss adjustment expenses	150,584	37,763	102,569	290,916
Acquisition costs and other underwriting expenses	91,624	20,487	59,148	171,259
Income (loss) from segments	$ 7,935	$ 744	$ (18,847)	$ (10,168)
Unallocated Items:				
Net investment income				29,813
Net realized investment gains				7,342
Other loss				(47)
Corporate and other operating expenses				(15,992)
Interest expense				(7,887)
Income before income taxes				3,061
Income tax benefit				1,118

Net income				$ 4,179
Segment assets	$ 904,051	$ 305,107	$ 336,443	$ 1,545,601
Corporate assets				405,020
Total assets				$ 1,950,621

(1) External business only, excluding business assumed from affiliates.

18. 15. New Accounting Pronouncements

The Company did not adopt any new accounting pronouncements during the nine months quarter ended September 30, 2022 March 31, 2023.

Please see Note 24 of the notes to the consolidated financial statements in Item 8 Part II of the Company's 2021 Annual Report on Form 10-K for more information on accounting pronouncements issued but not yet adopted.

19. 16. Subsequent Events

Appointment of new Chief Executive Officer

Effective October 21, 2022, David S. Charlton, Chief Executive Officer, and Reiner R. Mauer, Chief Operations Officer, are no longer officers or directors of Global Indemnity Group, LLC (including its subsidiaries). In conjunction with the departure of Mr. Charlton and Mr. Mauer, the Company estimates that approximately $4.0 million of accrued compensation expense will be reversed in the fourth quarter of 2022. Share Repurchases

Global Indemnity Group, LLC's Board From April 1, 2023 through May 1, 2023, an additional 200,000 shares with an average cost of Directors appointed Joseph W. Brown $28.00 per share were repurchased as its Chief Executive Officer. Mr. Brown has served as a Global Indemnity Group, LLC director since December 2015 and will remain on Global Indemnity Group, LLC's Board of Directors. Mr. Brown has close to 50 years of insurance industry experience, including prior tenures as a Director, Chairman, and Chief Executive Officer of MBIA, Inc. (NYSE: MBI), Chairman part of the Board share repurchase program. Including these purchases, a total of Safeco, Chairman 1,357,082 shares with average purchase price of $25.05 per share were repurchased under the Board of Talegen Holdings, Inc., Chairman of Noblr, Inc., and President and Chief Executive Officer of Fireman's Fund Insurance Company. share repurchase program that was initially authorized on October 21, 2022.

Board of Directors

Global Indemnity Group, LLC also announced that Jason B. Hurwitz rejoined Global Indemnity Group, LLC's Board of Directors. Mr. Hurwitz had previously served on Global Indemnity Group, LLC's Board from September 2017 to January 2022. Mr. Hurwitz is a partner with Osier Capital LLC, an investment firm focused on insurance and other long-term investments. As a principal and advisor during his career, Mr. Hurwitz completed 28 corporate acquisitions or divestitures totaling over $5 billion and served on the Boards of Directors of eight of these companies. Mr. Hurwitz will join Global Indemnity Group, LLC's Audit Committee.

Effective November 1, 2022, Gary Tolman joined the Board of Directors of Global Indemnity Group, LLC pursuant to the Class B Majority Shareholder's rights under Global Indemnity Group, LLC's Second Amended and Restated Limited Liability Company Agreement. Mr. Tolman has over 45 years of experience in the property and casualty insurance and reinsurance industry. He was the chief executive officer and co-founder of Noblr, Inc. and previously served as the chief executive officer and president of Esurance Holdings, Inc. He also served as the chairman of Answer Financial, Inc. and president and treasurer of Talegen Holdings, Inc. Mr. Tolman spent 15 years at the Fireman's Fund Insurance Company, ultimately serving as senior vice president. He previously served on the board of directors of the White Mountains Insurance Group, Ltd. (NYSE: WTM). Mr. Tolman will serve as a member of the Audit Committee.

On November 1, 2022, James R. Holt, Jr. resigned from Global Indemnity Group, LLC's Board of Directors by providing notice to Global Indemnity Group, LLC. Mr. Holt's decision to resign was due to the time demands presented by his primary commercial activities.

Stock Repurchase

GBLI also announced that it will commence a stock repurchase program beginning in the fourth quarter of 2022. Repurchases of up to $32 million of Global Indemnity Group LLC's currently outstanding Class A Common Shares have been authorized by Global Indemnity Group, LLC's Board of Directors. The authorization to repurchase will expire on December 31, 2027. The timing and actual number of shares repurchased, if any, will depend on a variety of factors, including price, general business and market conditions, and alternative investment opportunities.

Under the repurchase program, repurchases may be made from time to time using a variety of methods, including open market purchases or privately negotiated transactions, all in compliance with Global Indemnity Group, LLC's Insider Trading Policy, the United States Securities and Exchange Commission, and other applicable legal requirements. The repurchase program does not obligate Global Indemnity Group, LLC to acquire any particular amount of Class A Common Shares, and the repurchase program may be suspended or discontinued at any time at Global Indemnity Group, LLC's discretion.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the consolidated financial statements and accompanying notes of the Company included elsewhere in this report. Some of the information contained in this discussion and analysis or set forth elsewhere in this report, including information with respect to the Company's plans and strategy, constitutes forward-looking statements that involve risks and uncertainties. Please see "Cautionary Note Regarding Forward-Looking Statements" at the end of this Item 2 for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained herein. For more information regarding the Company's business and operations, please see the Company's Annual Report on Form 10-K for the year ended December 31, 2021 December 31, 2022.

Recent Developments

Sale of Renewal Rights related to Farm, Ranch & Stable and Sale of American Reliable Insurance Company.

On August 8, 2022, the Company sold the renewal rights related to all business lines within its Farm, Ranch & Stable segment for business written on or after August 8, 2022 to Everett Cash Mutual Insurance Company for $30.0 million. The Company will retain the unearned premium reserves for business written prior to August 8, 2022. Everett Cash Mutual Insurance Company is also acquiring the Company's wholly owned subsidiary, American Reliable Insurance Company, for book value which is expected to be $10.0 million at the time of closing. The transaction is subject to receiving regulatory approval which is expected to be received during the 4th quarter of 2022. Under the agreements, total consideration to be paid by Everett Cash Mutual Insurance Company is $40.0 million.

Appointment of new Chief Executive Officer

Effective October 21, 2022, David S. Charlton, Chief Executive Officer, and Reiner R. Mauer, Chief Operations Officer, are no longer officers or directors of Global Indemnity Group, LLC (including its subsidiaries).

Global Indemnity Group, LLC's Board of Directors appointed Joseph W. Brown as its Chief Executive Officer. Mr. Brown has served as a Global Indemnity Group, LLC director since December 2015 and will remain on Global Indemnity Group, LLC's Board of Directors. Mr. Brown has close to 50 years of insurance industry experience, including prior tenures as a Director, Chairman, and Chief Executive Officer of MBIA, Inc. (NYSE: MBI), Chairman of the Board of Safeco, Chairman of the Board of Talegen Holdings, Inc., Chairman of Noblr, Inc., and President and Chief Executive Officer of Fireman's Fund Insurance Company.

Board of Directors

Global Indemnity Group, LLC also announced that Jason B. Hurwitz rejoined Global Indemnity Group, LLC's Board of Directors. Mr. Hurwitz had previously served on Global Indemnity Group, LLC's Board from September 2017 to January 2022. Mr. Hurwitz is a partner with Osier Capital LLC, an investment firm focused on insurance and other long-term investments. As a principal and advisor during his career, Mr. Hurwitz completed 28 corporate acquisitions or divestitures totaling over $5 billion and served on the Boards of Directors of eight of these companies. Mr. Hurwitz will join Global Indemnity Group, LLC's Audit Committee.

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On November 1, 2022, James R. Holt, Jr. resigned from Global Indemnity Group, LLC's Board of Directors by providing notice to Global Indemnity Group, LLC. Mr. Holt's decision to resign was due to the time demands presented by his primary commercial activities.

Stock Repurchase

GBLI also announced that it will commence From April 1, 2023 through May 1, 2023, an additional 200,000 shares with an average cost of $28.00 per share were repurchased as part of the share repurchase program. Including these purchases, a stock total of 1,357,082 shares with average purchase price of $25.05 per share were repurchased under the share repurchase program beginning in the fourth quarter of 2022. Repurchases of up to $32 million of Global Indemnity Group LLC's currently outstanding Class A Common Shares have been that was initially authorized by Global Indemnity Group, LLC's Board of Directors. The authorization to repurchase will expire on December 31, 2027 October 21, 2022. The timing and actual number of shares repurchased, if any, will depend on a variety of factors, including price, general business and market conditions, and alternative investment opportunities.

Under the repurchase program, repurchases may be made from time to time using a variety of methods, including open market purchases or privately negotiated transactions, all in compliance with Global Indemnity Group, LLC's Insider Trading Policy, the United States Securities and Exchange Commission, and other applicable legal requirements. The repurchase program does not obligate Global Indemnity Group, LLC to acquire any particular amount of Class A Common Shares, and the repurchase program may be suspended or discontinued at any time at Global Indemnity Group, LLC's discretion.

Distributions

The Board of Directors approved a distribution payment of $0.25 per common share to all shareholders of record on the close of business on March 21, 2022, June 20, 2022, and October 4, 2022 March 24, 2023. Distributions paid to common shareholders were $7.4 million $3.9 million during the nine months quarter ended September 30, 2022 March 31, 2023. In addition, distributions of $0.3 million $0.1 million were paid to Global Indemnity Group, LLC's preferred shareholder during the nine months quarter ended September 30, 2022 March 31, 2023.

AM Best Rating

AM Best has seven Rating Categories in the AM Best Financial Strength Rating Scale. The categories ranging from best to worst are Superior, Excellent, Good, Fair, Marginal, Weak and Poor. Within each rating category, there are rating notches of plus or minus to show additional gradation of the ratings. On May 19, 2022, AM Best affirmed the financial strength rating of "A" (Excellent) for the U.S. operating subsidiaries of Global Indemnity Group, LLC.

Redemption of Debt

On April 15, 2022, the Company redeemed the entire $130 million in aggregate principal amount of the outstanding 2047 Notes plus accrued and unpaid interest on the 2047 Notes redeemed to, but not including the Redemption Date of April 15, 2022.

Overview

The Company operates and manages its business through three business segments: Commercial Specialty, Reinsurance Operations, and Exited Lines.

The Company's Commercial Specialty segment sells its property products are distributed through approximately 365 wholesale general agent and casualty insurance products through a group of approximately 205 professional wholesale broker offices. The Company's wholesale general agencies that agents have limited quoting and binding authority, as well as a number of wholesale insurance brokers who in turn sell the Company's insurance products to insureds through retail insurance brokers. Commercial Specialty operates predominantly in the excess and surplus lines marketplace. authority. Commercial Specialty offers specialty property and casualty products designed for GBLI's Wholesale Commercial and

InsurTech product offerings. These product lines such as small business binding authority, professional are offered primarily in the excess and surplus lines excess casualty, environmental, InsurTech business, and specialized programs. marketplace.

The Company's Reinsurance Operations provides reinsurance and insurance solutions through brokers and primary writers including insurance and reinsurance companies. It uses its capital capacity to write niche and casualty-focused treaties and business which meet the Company's risk tolerance and return thresholds. To support future growth in the Company's Commercial Specialty segment and provide capital for business initiatives including share repurchases, a decision was made to reduce writings in its Reinsurance Operations. The Company anticipates that its Reinsurance Operations will comprise a smaller percentage of the Company's overall business prospectively.

The Company's Exited Lines segment represents lines of business that are no longer being written or are in runoff. Exited Lines includes specialty personal lines and property and casualty products such as manufactured home, dwelling, motorcycle, watercraft, and certain homeowners business, certain business lines within property brokerage, property and catastrophe

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reinsurance treaties, several smaller casualty lines, and the farm, ranch and equine business. These insurance products were distributed through wholesale general agents, wholesale insurance brokers, program administrators, and retail agents.

The Company derives its revenues primarily from premiums paid on insurance policies that it writes and from income generated by its investment portfolio, net of fees paid for investment management services. The amount of insurance premiums that the Company receives is a function of the amount and type of policies it writes, as well as prevailing market prices.

The Company's expenses include losses and loss adjustment expenses, acquisition costs and other underwriting expenses, corporate and other operating expenses, interest, investment expenses, and income taxes. Losses and loss adjustment expenses are estimated by management and reflect the Company's best estimate of ultimate losses and costs arising during the reporting period and revisions of prior period estimates. The Company records its best estimate of losses and loss adjustment expenses considering both internal and external actuarial analyses of the estimated losses the Company expects to incur on the insurance policies it writes. The ultimate losses and loss adjustment expenses will depend on the actual costs to resolve claims. Acquisition costs consist principally of commissions and premium taxes that are typically a percentage of the premiums on the insurance policies the Company writes, net of ceding commissions earned from reinsurers. Other underwriting expenses consist primarily of personnel expenses and general operating expenses related to underwriting activities. Corporate and other operating expenses are comprised primarily of outside legal fees, other professional and accounting fees, directors' fees, management fees & advisory fees, and salaries and benefits for company personnel whose services relate to the support of corporate activities. Interest expense is primarily comprised of amounts due on outstanding debt.

Critical Accounting Estimates and Policies

The Company's consolidated financial statements are prepared in conformity with GAAP, which require it to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates and assumptions.

The most critical accounting policies involve significant estimates and include those used in determining the liability for unpaid losses and loss adjustment expenses, recoverability of reinsurance receivables, investments, fair value measurements, goodwill and intangible assets, deferred acquisition costs, and taxation. For a detailed discussion on each of these policies, please see the Company's Annual Report on Form 10-K for the year ended December 31, 2021 December 31, 2022. There have been no significant changes to any of these policies or underlying methodologies during the current year.

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Results of Operations

The following table summarizes the Company's results for the quarters ended March 31, 2023 and nine months ended September 30, 2022 and 2021: 2022:

(Dollars in thousands)	Quarters Ended September 30, 2022	Quarters Ended September 30, 2021	% Change	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	% Change	Quarters Ended March 31, 2023	Quarters Ended March 31, 2022	% Change
Gross written premiums	$ 175,827	$ 174,303	0.9%	$ 563,633	$ 513,097	9.8%	$ 122,985	$ 190,983	(35.6%)
Net written premiums	$ 142,835	$ 162,299	(12.0%)	$ 469,475	$ 470,635	(0.2%)	$ 115,861	$ 159,482	(27.4%)
Net earned premiums	$ 153,644	$ 157,565	(2.5%)	$ 458,216	$ 450,673	1.7%	$ 140,072	$ 148,823	(5.9%)
Other income	379	414	(8.5%)	992	1,334	(25.6%)	335	439	(23.7%)

Total revenues	154,023	157,979	(2.5%)	459,208	452,007	1.6%	140,407	149,262	(5.9%)
Losses and expenses:									
Net losses and loss adjustment expenses (4)	88,459	109,195	(19.0%)	265,772	290,916	(8.6%)	88,001	84,695	3.9%
Acquisition costs and other underwriting expenses	60,876	59,282	2.7%	178,666	171,259	4.3%	53,478	56,692	(5.7%)
Underwriting income (loss)	4,688	(10,498)	(144.7%)	14,770	(10,168)	NM	(1,072)	7,875	(113.6%)
Net investment income	8,389	9,344	(10.2%)	16,911	29,813	(43.3%)	12,008	6,592	82.2%
Net realized investment gains (losses)	2,234	(310)	NM	(33,067)	7,342	NM			
Net realized investment losses							(1,520)	(25,385)	(94.0%)
Other income (loss)	29,937	(25)	NM	29,847	(47)	NM	19	(13)	NM

Corporate and other operating expenses	(14,064)	(5,387)	161.1%	(21,718)	(15,992)	35.8%	(6,368)	(4,660)	36.7%
Interest expense	—	(2,596)	(100.0%)	(3,004)	(7,887)	(61.9%)	—	(2,595)	(100.0%)
Loss on extinguishment of debt	—	—	—	(3,529)	—	NM			
Income (loss) before income taxes	31,184	(9,472)	NM	210	3,061	(93.1%)	3,067	(18,186)	(116.9%)
Income tax expense (benefit)	7,438	(1,759)	NM	3,399	(1,118)	NM	573	(3,413)	(116.8%)
Net income (loss)	$ 23,746	$ (7,713)	NM	$ (3,189)	$ 4,179	(176.3%)	$ 2,494	$ (14,773)	(116.9%)
Underwriting Ratios:									
Loss ratio (1):	57.6%	69.3%		58.0%	64.5%		62.8%	56.9%	
Expense ratio (2)	39.6%	37.6%		39.0%	38.0%		38.2%	38.1%	
Combined ratio (3)	97.2%	106.9%		97.0%	102.5%		101.0%	95.0%	

NM – not meaningful

(1) The loss ratio is a GAAP financial measure that is generally viewed in the insurance industry as an indicator of underwriting profitability and is calculate by dividing net losses and loss adjustment expenses by net earned premiums.

(2) The expense ratio is a GAAP financial measure that is calculated by dividing the sum of acquisition costs and other underwriting expenses by net earn

premiums.

(3) The combined ratio is a GAAP financial measure and is the sum of the Company’s loss and expense ratios.

(4) Losses related to Hurricane Ian are estimated to be $1.5 million for the quarter and nine months ended September 30, 2022.

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Premiums

The following table summarizes the change in premium volume by business segment:

(Dollars in thousands)	Quarters Ended September 30, 2022	Quarters Ended September 30, 2021	% Change	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	% Change	Quarters Ended March 31, 2023	Quarters Ended March 31, 2022	% Change
Gross written premiums (1)									
Commercial Specialty	$ 100,598	$ 97,950	2.7 %	$ 314,661	$ 286,690	9.8 %	$ 95,508	$ 102,848	(7.1 %)
Reinsurance Operations (3)	43,717	29,748	47.0 %	131,556	76,186	72.7 %	23,416	40,996	(42.9 %)
Continuing Lines	144,315	127,698	13.0 %	446,217	362,876	23.0 %	118,924	143,844	(17.3 %)
Exited Lines	31,512	46,605	(32.4 %)	117,416	150,221	(21.8 %)	4,061	47,139	(91.4 %)
Total gross written premiums	$ 175,827	$ 174,303	0.9 %	$ 563,633	$ 513,097	9.8 %	$ 122,985	$ 190,983	(35.6 %)

Ceded written premiums									
Commercial Specialty	$ 4,681	$ 5,128	(8.7%)	$ 19,260	$ 20,049	(3.9%)	$ 4,274	$ 4,685	(8.8%)
Reinsurance Operations (3)	—	—	—	—	—	—	—	—	—
Continuing Lines	4,681	5,128	(8.7%)	19,260	20,049	(3.9%)	4,274	4,685	(8.8%)
Exited Lines	28,311	6,876	NM	74,898	22,413	NM	2,850	26,816	(89.4%)
Total ceded written premiums	$ 32,992	$ 12,004	174.8%	$ 94,158	$ 42,462	121.7%	$ 7,124	$ 31,501	(77.4%)
Net written premiums (2)									
Commercial Specialty	$ 95,917	$ 92,822	3.3%	$ 295,401	$ 266,641	10.8%	$ 91,234	$ 98,163	(7.1%)
Reinsurance Operations (3)	43,717	29,748	47.0%	131,556	76,186	72.7%	23,416	40,996	(42.9%)
Continuing Lines	139,634	122,570	13.9%	426,957	342,827	24.5%	114,650	139,159	(17.6%)

Exited Lines	3,201	39,729	(91.9%)	42,518	127,808	(66.7%)	1,211	20,323	(94.0%)
Total net written premiums	$ 142,835	$ 162,299	(12.0%)	$ 469,475	$ 470,635	(0.2%)	$ 115,861	$ 159,482	(27.4%)
Net earned premiums									
Commercial Specialty	$ 100,822	$ 88,807	13.5%	$ 287,757	$ 249,464	15.4%	$ 93,182	$ 91,197	2.2%
Reinsurance Operations (3)	35,148	24,235	45.0%	108,707	59,094	84.0%	34,847	34,298	1.6%
Continuing Lines	135,970	113,042	20.3%	396,464	308,558	28.5%	128,029	125,495	2.0%
Exited Lines	17,674	44,523	(60.3%)	61,752	142,115	(56.5%)	12,043	23,328	(48.4%)
Total net earned premiums	$ 153,644	$ 157,565	(2.5%)	$ 458,216	$ 450,673	1.7%	$ 140,072	$ 148,823	(5.9%)

NM – not meaningful

(1) Gross written premiums represent the amount received or to be received for insurance policies written without reduction for reinsurance costs, ceded premiums, or other deductions.

(2) Net written premiums equal gross written premiums less ceded written premiums.

(3) External business only, excluding business assumed from affiliates.

Gross written premiums increased decreased by 0.9% and 9.8% 35.6% for the quarter and nine months ended September 30, 2022, respectively, March 31, 2023 as compared to same periods period in 2021. 2022. The increase decrease in gross written premiums is mainly being driven by a reduction in premiums in both Continuing Lines as well as Exited Lines. The reduction in Continuing Lines is primarily due to the continued growth non-renewal of existing programs, increased pricing, and several new programs a casualty treaty within Reinsurance Operations, the non-renewal of a restaurant book of business within Commercial Specialty, and the organic growth of existing casualty treaties within Reinsurance Operations. This increase was partially offset by actions taken within Commercial Specialty to improve underwriting results by not renewing underperforming business as well as a reduction in premiums business. These decreases were partially offset by increased pricing within Exited Lines. Commercial Specialty.

To support future growth in the Company's Commercial Specialty segment and provide capital for business initiatives including share repurchases, a decision was made to reduce writings in its Reinsurance Operations. The Company anticipates that its Reinsurance Operations will comprise a smaller percentage of the Company's overall business prospectively.

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Underwriting Ratios

	Quarters Ended September 30,		Point Change	Nine Months Ended September 30,		Point Change	Quarters Ended March 31,		Point Change
	2022	2021		2022	2021		2023	2022	
Loss ratio									
Commercial Specialty	58.4%	65.4%	(7.0)	58.0%	60.4%	(2.4)	64.5%	58.9%	5.6
Reinsurance Operations	58.0%	63.1%	(5.1)	59.2%	63.9%	(4.7)	61.0%	61.4%	(0.4)
Continuing Lines	58.3%	64.9%	(6.6)	58.4%	61.0%	(2.6)	63.6%	59.5%	4.1
Exited Lines	51.8%	80.4%	(28.6)	55.8%	72.2%	(16.4)	55.0%	42.8%	12.2
Total loss ratio	57.6%	69.3%	(11.7)	58.0%	64.5%	(6.5)	62.8%	56.9%	5.9
Expense ratio									

Commercial Specialty	39.1%	36.1%	3.0	38.0%	36.7%	1.3	38.1%	36.8%	1.3
Reinsurance Operations	37.1%	35.1%	2.0	36.4%	34.7%	1.7	36.8%	34.9%	1.9
Continuing Lines	38.6%	35.9%	2.7	37.6%	36.3%	1.3	37.8%	36.2%	1.6
Exited Lines	47.3%	42.1%	5.2	48.1%	41.6%	6.5	42.6%	48.0%	(5.4)
Total expense ratio	39.6%	37.6%	2.0	39.0%	38.0%	1.0	38.2%	38.1%	0.1
Combined ratio									
Commercial Specialty	97.5%	101.5%	(4.0)	96.0%	97.1%	(1.1)	102.6%	95.7%	6.9
Reinsurance Operations	95.1%	98.2%	(3.1)	95.6%	98.6%	(3.0)	97.8%	96.3%	1.5
Continuing Lines	96.9%	100.8%	(3.9)	96.0%	97.3%	(1.3)	101.4%	95.7%	5.7
Exited Lines	99.1%	122.5%	(23.4)	103.9%	113.8%	(9.9)	97.6%	90.8%	6.8
Total combined ratio	97.2%	106.9%	(9.7)	97.0%	102.5%	(5.5)	101.0%	95.0%	6.0

Net Retention

The ratio of net written premiums to gross written premiums is referred to as the Company's net premium retention. The Company's net premium retention is summarized by segments as follows:

(Dollars in thousands)	Quarters Ended September 30, 2022	Quarters Ended September 30, 2021	Point Change	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	Point Change	Quarters Ended March 31, 2023	Quarters Ended March 31, 2022	Point Change
Commercial Specialty	95.3%	94.8%	0.5	93.9%	93.0%	0.9	95.5%	95.4%	0.1
Reinsurance Operations	100.0%	100.0%	—	100.0%	100.0%	—	100.0%	100.0%	—
Continuing Lines	96.8%	96.0%	0.8	95.7%	94.5%	1.2	96.4%	96.7%	(0.3)
Exited Lines	10.2%	85.2%	(75.0)	36.2%	100.0%	(63.8)	29.8%	43.1%	(13.3)
Total	81.2%	93.1%	(11.9)	83.3%	91.7%	(8.4)	94.2%	83.5%	10.7

The net premium retention for the quarter and nine months ended September 30, 2022 decreased March 31, 2023 increased by 11.9 10.7 points and 8.4 points, respectively, as compared to the same periods period in 2021. The reduction in retention is primarily driven by 2022. While the Company entering into an agreement effective November 30, 2021 where American Family Mutual Insurance Company agreed still has ceding arrangements in place related to reinsure 100% of the Company's unearned premium reserves of the same types as the policies included in the sale of the renewal rights, the Company's overall net retention is not significantly impacted in 2023 as Exited Lines' gross written premiums comprise a much smaller percentage of the Company's manufactured and dwelling homes products that were in force as of November 30, 2021. In addition, in conjunction with the sale of the renewal rights related to the Company's Farm, Ranch & Stable business lines on August 8, 2022, Everett Cash Mutual Insurance Company is reinsuring 100% of the unearned premium reserves related to the policies included in this sale of renewal rights. consolidated gross written premiums. See Note 3 of the notes to the consolidated financial statements in Item 8 of Part II of the Company's 2021 2022 Annual Report on Form 10-K for additional information on this reinsurance agreement as well as the sale of renewal rights related to the

Company’s manufactured and dwelling home products. Please see Note 2 of homes business and the notes Company's Farm, Ranch & Stable business.

Net earned premiums within the Commercial Specialty segment increased by 2.2% for the quarter ended March 31, 2023 as compared to the consolidated financial statements same period in Item 1 2022. The increase in net earned premiums was primarily due to the growth in premiums written in the prior year as a result of Part I organic growth from existing agents and pricing increases. Property net earned premiums were $37.7 million and $34.3 million for the quarters ended March 31, 2023 and 2022, respectively. Casualty net earned premiums were $55.5 million and $56.9 million for the quarters ended March 31, 2023 and 2022, respectively.

Net earned premiums within the Reinsurance Operations segment increased by 1.6% for the quarter ended March 31, 2023 as compared to the same period in 2022 primarily due to organic growth of this report existing casualty treaties experienced in prior years. There were no property net earned premiums for additional information on the quarter ended March 31, 2023. Property net earned premiums were less than $0.1 million for the quarter ended March 31, 2022. Casualty net earned premiums were $34.8 million and $34.3 million for the quarters ended March 31, 2023 and 2022, respectively.

Net earned premiums within the Exited Lines segment decreased by 48.4% for the quarter ended March 31, 2023 as compared to the same period in 2022 primarily due to the sale of renewal rights related to the Company's Farm, Ranch & Stable business lines.

Net Earned Premiums

Net earned premiums within the Commercial Specialty segment increased by 13.5% and 15.4% for the quarter and nine months ended September 30, 2022, respectively, as compared to the same periods in 2021. The increase in net earned premiums was primarily due to a growth in premiums written as a result of organic growth from existing agents, pricing increases, and several new programs. Property net earned premiums were $37.4 million and $39.3 million for the quarters

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ended September 30, 2022 and 2021, respectively, and $109.8 million and $111.2 million for the nine months ended September 30, 2022 and 2021, respectively. Casualty net earned premiums were $63.4 million and $49.5 million for the quarters ended September 30, 2022 and 2021, respectively, and $178.0 million and $138.3 million for the nine months ended September 30, 2022 and 2021, respectively.

Net earned premiums within the Reinsurance Operations segment increased by 45.0% and 84.0% for the quarter and nine months ended September 30, 2022, respectively, as compared to the same periods in 2021 primarily due to organic growth of existing casualty treaties. There was no property net earned premiums for the quarters and nine months ended September 30, 2022 and 2021. Casualty net earned premiums were $35.1 million and $24.2 million for the quarters ended September 30, 2022 and 2021, respectively, and $108.7 million and $59.1 million for the nine months ended September 30, 2022 and 2021, respectively.

Net earned premiums within the Exited Lines segment decreased by 60.3% and 56.5% for the quarter and nine months ended September 30, 2022, respectively, as compared to the same periods in 2021 primarily due to the sale of the renewal rights related to the Company’s manufactured and dwelling home products on October 26, 2021 and the sale of renewal rights related to the Company's Farm, Ranch & Stable business lines on August 8, 2022. The decrease in net earned premiums is also due to exiting lines of business unrelated to the company's Company's continuing businesses.Property net earned premiums were $13.1 million $8.7 million and $38.4 million $18.8 million for the quarters ended September 30, 2022 March 31, 2023 and 2021, respectively, and $48.1 million and $123.4 million for the nine months ended September 30, 2022 and 2021, 2022, respectively. Casualty net earned premiums were $4.6 million $3.4 million and $6.2 million $4.5 million for the quarters ended September 30, 2022 March 31, 2023 and 2021, respectively, and $13.7 million and $18.7 million for the nine months ended September 30, 2022 and 2021, 2022, respectively.

Reserves

Management's best estimate at September 30, 2022 March 31, 2023 was recorded as the loss reserve. Management's best estimate is as of a particular point in time and is based upon known facts, the Company's actuarial analyses, current law, and the Company's judgment. This resulted in carried gross and net reserves of $825.6 million $857.5 million and $729.7 million $783.9 million, respectively, as of September 30, 2022 March 31, 2023. A breakout of the Company's gross and net reserves, as of September 30, 2022 March 31, 2023, is as follows:

	Gross Reserves			Gross Reserves		
(Dollars in thousands)	**Case**	**IBNR (1)**	**Total**	**Case**	**IBNR (1)**	**Total**
Commercial Specialty	$ 159,583	$ 326,525	$ 486,108	$ 168,430	$ 335,871	$ 504,301
Reinsurance Operations	8,310	154,077	162,387	9,419	192,036	201,455
Continuing Lines	167,893	480,602	648,495	177,849	527,907	705,756
Exited Lines	78,390	98,709	177,099	70,441	81,323	151,764
Total	$ 246,283	$ 579,311	$ 825,594	$ 248,290	$ 609,230	$ 857,520

	Net Reserves (2)			Net Reserves (2)		
(Dollars in thousands)	**Case**	**IBNR (1)**	**Total**	**Case**	**IBNR (1)**	**Total**
Commercial Specialty	$ 137,928	$ 294,459	$ 432,387	$ 150,240	$ 305,591	$ 455,831
Reinsurance Operations	8,310	154,077	162,387	9,419	192,036	201,455
Continuing Lines	146,238	448,536	594,774	159,659	497,627	657,286

Exited Lines	57,852	77,055	134,907	53,237	73,332	126,569
Total	$ 204,090	$ 525,591	$ 729,681	$ 212,896	$ 570,959	$ 783,855

(1) Losses incurred but not reported, including the expected future emergence of case reserves.
(2) Does not include reinsurance receivable receivables on paid losses.

Each reserve category has an implicit frequency and severity for each accident year as a result of the various assumptions made. If the actual levels of loss frequency and severity are higher or lower than expected, the ultimate losses will be different than management's best estimate. For most of its reserve categories, the Company believes that frequency can be predicted with greater accuracy than severity. Therefore, the Company believes management's best estimate is more likely influenced by changes in severity than frequency. The following table, which the Company believes reflects a reasonable range of variability around its best estimate based on historical loss experience and management's judgment, reflects the

impact of changes (which could be favorable or unfavorable) in frequency and severity on the Company's current accident year net loss estimate of $275.4 million $88.0 million for claims occurring during the nine months quarter ended September 30, 2022 March 31, 2023:

		Severity Change						Severity Change				
(Dollars in thousands)	(Dollars in thousands)	-10%	-5%	0%	5%	10%	(Dollars in thousands)	-10%	-5%	0%	5%	10%
Frequency Change	-5%	(39,933)	(26,852)	(13,770)	(689)	12,393	-5%	(12,760)	(8,580)	(4,400)	(220)	3,960
	-3%	(34,976)	(21,619)	(8,262)	5,095	18,452	-3%	(11,176)	(6,908)	(2,640)	1,628	5,896
	-2%	(32,497)	(19,003)	(5,508)	7,987	21,481	-2%	(10,384)	(6,072)	(1,760)	2,552	6,864

-1%	(30,019)	(16,386)	(2,754)	10,878	24,511	-1%	(9,592)	(5,236)	(880)	3,476	7,832
0%	(27,540)	(13,770)	—	13,770	27,540	0%	(8,800)	(4,400)	—	4,400	8,800
1%	(25,061)	(11,154)	2,754	16,662	30,569	1%	(8,008)	(3,564)	880	5,324	9,768
2%	(22,583)	(8,537)	5,508	19,553	33,599	2%	(7,216)	(2,728)	1,760	6,248	10,736
3%	(20,104)	(5,921)	8,262	22,445	36,628	3%	(6,424)	(1,892)	2,640	7,172	11,704
5%	(15,147)	(689)	13,770	28,229	42,687	5%	(4,840)	(220)	4,400	9,020	13,640
					35						

The Company's net reserves for losses and loss adjustment expenses of $729.7 million $783.9 million as of September 30, 2022 March 31, 2023 relate to multiple accident years. Therefore, the impact of changes in frequency and severity for more than one accident year could be higher or lower than the amounts reflected above.

Underwriting Results

Commercial Specialty

The components of income (loss) from the Company's Commercial Specialty segment and corresponding underwriting ratios are as follows:

(Dollars in thousands)	Quarters Ended September 30, 2022	Quarters Ended September 30, 2021	% Change	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	% Change	Quarters Ended March 31, 2023	Quarters Ended March 31, 2022	% Change
Gross written premiums	$ 100,598	$ 97,950	2.7%	$ 314,661	$ 286,690	9.8%	$ 95,508	$ 102,848	(7.1%)
Net written premiums	$ 95,917	$ 92,822	3.3%	$ 295,401	$ 266,641	10.8%	$ 91,234	$ 98,163	(7.1%)
Net earned premiums	$ 100,822	$ 88,807	13.5%	$ 287,757	$ 249,464	15.4%	$ 93,182	$ 91,197	2.2%
Other income	272	$ 227	19.8%	$ 791	$ 679	16.5%	267	259	3.1%
Total revenues	101,094	89,034	13.5%	288,548	250,143	15.4%	93,449	91,456	2.2%
Losses and expenses:									
Net losses and loss adjustment expenses	58,919	58,125	1.4%	167,014	150,584	10.9%	60,119	53,659	12.0%
Acquisition costs and other underwriting expenses	39,463	32,025	23.2%	109,374	91,624	19.4%	35,526	33,526	6.0%

	Quarters Ended September 30, 2022	Quarters Ended September 30, 2021	Point Change	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	Point Change	Quarters Ended March 31, 2023	Quarters Ended March 31, 2022	Point Change
Underwriting income (loss)	$ 2,712	$ (1,116)	NM	$ 12,160	$ 7,935	53.2%	$ (2,196)	$ 4,271	(151.4%)
Underwriting Ratios:									
Loss ratio:									
Current accident year	58.7%	67.8%	(9.1)	57.9%	62.5%	(4.6)	62.9%	56.8%	6.1
Prior accident year	(0.3%)	(2.4%)	2.1	0.1%	(2.1%)	2.2	1.6%	2.1%	(0.5)
Calendar year loss ratio	58.4%	65.4%	(7.0)	58.0%	60.4%	(2.4)	64.5%	58.9%	5.6
Expense ratio	39.1%	36.1%	3.0	38.0%	36.7%	1.3	38.1%	36.8%	1.3
Combined ratio	97.5%	101.5%	(4.0)	96.0%	97.1%	(1.1)	102.6%	95.7%	6.9

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Reconciliation of non-GAAP financial measures and ratios

The table below reconciles the non-GAAP measures or ratios, which excludes the impact of prior accident year adjustments, to its most directly comparable GAAP measure or ratio. The Company believes the non-GAAP measures or ratios are useful to investors when evaluating the Company's underwriting performance as trends within Commercial Specialty may be obscured by prior accident year adjustments. These non-GAAP measures or ratios should not be considered as a substitute for its most directly comparable GAAP measure or ratio and does not reflect the overall underwriting profitability of the Company.

(Dollars in thousands)	Quarters Ended September 30,				Nine Months Ended September 30,				Quarters Ended March 31,			
	2022		2021		2022		2021		2023		2022	
	Losses	Loss Ratio	Losses	Loss Ratio	Losses	Loss Ratio	Losses	Loss Ratio	Losses	Loss Ratio	Losses	Loss Ratio
Property												
Non catastrophe property losses and ratio excluding the effect of prior accident year (1)	$ 17,829	47.7%	$ 19,473	49.5%	$ 53,536	48.8%	$ 53,263	47.9%	$ 22,576	59.9%	$ 17,334	50.5%
Effect of prior accident year	(2,653)	(7.1%)	3,994	10.2%	(3,027)	(2.8%)	2,460	2.2%	(1,259)	(3.4%)	1,823	5.3%
Non catastrophe property losses and ratio (2)	$ 15,176	40.6%	$ 23,467	59.7%	$ 50,509	46.0%	$ 55,723	50.1%	$ 21,317	56.5%	$ 19,157	55.8%
Catastrophe losses and ratio excluding the effect of prior accident year (1)	$ 3,896	10.4%	$ 8,910	22.7%	$ 9,319	8.5%	$ 20,483	18.4%	$ 3,328	8.8%	$ 2,152	6.3%

Effect of prior accident year	1,840	4.9%	1,781	4.5%	1,487	1.4%	1,389	1.3%	1,422	3.8%	74	0.2%
Catastrophe losses and ratio (2)	$5,736	15.3%	$10,691	27.2%	$10,806	9.9%	$21,872	19.7%	$4,750	12.6%	$2,226	6.5%
Total property losses and ratio excluding the effect of prior accident year (1)	$21,725	58.1%	$28,383	72.2%	$62,855	57.3%	$73,746	66.3%	$25,904	68.7%	$19,486	56.8%
Effect of prior accident year	(813)	(2.2%)	5,775	14.7%	(1,540)	(1.4%)	3,849	3.5%	163	0.4%	1,897	5.5%
Total property losses and ratio (2)	$20,912	55.9%	$34,158	86.9%	$61,315	55.9%	$77,595	69.8%	$26,067	69.1%	$21,383	62.3%
Casualty												
Total casualty losses and ratio excluding the effect of prior accident year (1)	$37,492	59.1%	$31,839	64.3%	$103,912	58.4%	$82,059	59.3%	$32,737	59.0%	$32,287	56.8%

Effect of prior accident year	515	0.8%	(7,872)	(15.9%)	1,787	1.0%	(9,070)	(6.6%)	1,315	2.4%	(11)	(0.0%)
Total casualty losses and ratio (2)	$ 38,007	59.9%	$ 23,967	48.4%	$ 105,699	59.4%	$ 72,989	52.7%	$ 34,052	61.4%	$ 32,276	56.8%
Total												
Total net losses and loss adjustment expense and total loss ratio excluding the effect of prior accident year (1)	$ 59,217	58.7%	$ 60,222	67.8%	$ 166,767	57.9%	$ 155,805	62.5%	$ 58,641	62.9%	$ 51,773	56.8%
Effect of prior accident year	(298)	(0.3%)	(2,097)	(2.4%)	247	0.1%	(5,221)	(2.1%)	1,478	1.6%	1,886	2.1%
Total net losses and loss adjustment expense and total loss ratio (2)	$ 58,919	58.4%	$ 58,125	65.4%	$ 167,014	58.0%	$ 150,584	60.4%	$ 60,119	64.5%	$ 53,659	58.9%

(1) Non-GAAP measure / ratio
(2) Most directly comparable GAAP measure / ratio

Premiums

See “Result “Results of Operations” above for a discussion on consolidated premiums.

Other Income

Other income was $0.3 million and $0.2 million for each of the quarters ended September 30, 2022 March 31, 2023 and 2021, respectively, and $0.8 million and $0.7 million for the nine months ended September 30, 2022 and 2021, respectively. 2022. Other income is primarily comprised of fee income.

Loss Ratio

The current accident year losses and loss ratio is summarized as follows:

(Dollars in thousands)	Quarters Ended September 30, 2022	Quarters Ended September 30, 2021	% Change	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	% Change	Quarters Ended March 31, 2023	Quarters Ended March 31, 2022	% Change
Property losses									
Non-catastrophe	$ 17,829	$ 19,473	(8.4%)	$ 53,536	$ 53,263	0.5%	$ 22,576	$ 17,334	30.2%
Catastrophe	3,896	8,910	(56.3%)	9,319	20,483	(54.5%)	3,328	2,152	54.7%
Property losses	21,725	28,383	(23.5%)	62,855	73,746	(14.8%)	25,904	19,486	32.9%
Casualty losses	37,492	31,839	17.8%	103,912	82,059	26.6%	32,737	32,287	1.4%

Total accident year losses	$ 59,217	$ 60,222	(1.7%)	$ 166,767	$ 155,805	7.0%	$ 58,641	$ 51,773	13.3%

	Quarters Ended September 30, 2022	Quarters Ended September 30, 2021	Point Change	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	Point Change
Current accident year loss ratio:						
Property						
Non-catastrophe	47.7%	49.5%	(1.8)	48.8%	47.9%	0.9
Catastrophe	10.4%	22.7%	(12.3)	8.5%	18.4%	(9.9)
Property loss ratio	58.1%	72.2%	(14.1)	57.3%	66.3%	(9.0)
Casualty loss ratio	59.1%	64.3%	(5.2)	58.4%	59.3%	(0.9)
Total accident year loss ratio	58.7%	67.8%	(9.1)	57.9%	62.5%	(4.6)

The current accident year non-catastrophe property loss ratio improved by 1.8 points during the quarter ended September 30, 2022 as compared to the same period in 2021 reflecting lower claims severity in the current calendar quarter.

	Quarters Ended March 31, 2023	Quarters Ended March 31, 2022	Point Change
Current accident year loss ratio:			
Property			
Non-catastrophe	59.9%	50.5%	9.4
Catastrophe	8.8%	6.3%	2.5
Property loss ratio	68.7%	56.8%	11.9
Casualty loss ratio	59.0%	56.8%	2.2
Total accident year loss ratio	62.9%	56.8%	6.1

The current accident year non-catastrophe property loss ratio increased by 0.9 9.4 points during the nine months quarter ended September 30, 2022 March 31, 2023 as compared to the same period in 2021 due to 2022 reflecting higher claims severity mainly due to fire losses in the first nine months accident quarter compared to last year.

The current accident year catastrophe loss ratio improved increased by 12.3 2.5 points during the quarter ended September 30, 2022 March 31, 2023 as compared to the same period in 2021 2022 recognizing lower claims frequency in the current calendar quarter.

The current accident year catastrophe loss ratio improved by 9.9 points during the nine months ended September 30, 2022 as compared to the same period in 2021 due to lower higher claims frequency in the first nine months accident quarter compared to last year.

The current accident year casualty loss ratio improved increased by 5.2 2.2 points during the quarter ended September 30, 2022 March 31, 2023 as compared to the same period in 2021 2022 reflecting lower higher claims frequency in the current calendar quarter.

The current accident year casualty loss ratio improved by 0.9 points during the nine months ended September 30, 2022 as compared to the same period in 2021 due to lower claims frequency severity in the first nine months accident quarter compared to last year.

The calendar year loss ratio for the quarter and nine months ended September 30, 2022 March 31, 2023 includes a decrease of $0.3 million, or 0.3 percentage points, and an increase of $0.2 million $1.5 million, or 0.1 1.6 percentage points respectively, related to reserve development on prior accident years. The calendar year loss ratio for the quarter and nine months ended September 30, 2021 March 31, 2022 includes a decrease an increase of $2.1 million, or 2.4 percentage points, and a decrease of $5.2 million $1.9 million, or 2.1 percentage points respectively, related to reserve development on prior accident years. Please see Note 9 8 of the notes to the consolidated financial statements in Item 1 of Part I of this report for further discussion on prior accident year development.

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Expense Ratios

The expense ratio for the Company's Commercial Specialty segment increased by 3.0 1.3 points from 36.1% 36.8% for the quarter ended September 30, 2021 March 31, 2022 to 39.1% 38.1% for the quarter ended September 30, 2022 and increased by 1.3 points from 36.7% for the nine months ended September 30, 2021 to 38.0% for the nine months ended September 30, 2022 March 31, 2023 . The increase in the expense ratio is primarily due to higher an increase in compensation cost resulting from the start-up business lines partially offset by a reduction in the commission rate. and advertising expense.
COVID-19

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COVID-19's lasting impacts could result in declines in business, non-payment of premiums, and increases in claims that could adversely affect Commercial Specialty's business, financial condition, and results of operation.
There is continued risk that legislation could be passed or there could be a court ruling which would require the Company to cover business interruption claims regardless of terms, exclusions including the virus exclusions contained within the Company's Commercial Specialty policies, or other conditions included in these policies that would otherwise preclude coverage.

<u>Reinsurance Operations</u>

The components of income from the Company's Reinsurance Operations segment and corresponding underwriting ratios are as follows:

(Dollars in thousands)	Quarters Ended September 30, 2022 (1)	Quarters Ended September 30, 2021 (1)	% Change	Nine Months Ended September 30, 2022 (1)	Nine Months Ended September 30, 2021 (1)	% Change	Quarters Ended March 31, 2023 (1)	Quarters Ended March 31, 2022 (1)	% Change
Gross written premiums	$ 43,717	$ 29,748	47.0%	$ 131,556	$ 76,186	72.7%	$ 23,416	$ 40,996	(42.9%)
Net written premiums	$ 43,717	$ 29,748	47.0%	$ 131,556	$ 76,186	72.7%	$ 23,416	$ 40,996	(42.9%)
Net earned premiums	$ 35,148	$ 24,235	45.0%	$ 108,707	$ 59,094	84.0%	$ 34,847	$ 34,298	1.6%
Other income (loss)	(38)	(58)	(34.5%)	(119)	(100)	19.0%			
Other loss							(9)	(20)	(55.0%)
Total revenues	35,110	24,177	45.2%	108,588	58,994	84.1%	34,838	34,278	1.6%
Losses and expenses:									
Net losses and loss adjustment expenses	20,393	15,288	33.4%	64,331	37,763	70.4%	21,263	21,059	1.0%

Acquisition costs and other underwriting expenses	13,050	8,510	53.3%	39,596	20,487	93.3%	12,816	11,961	7.1%
Underwriting income	$ 1,667	$ 379	NM	$ 4,661	$ 744	NM	$ 759	$ 1,258	(39.7%)

	Quarters Ended September 30,		Point Change	Nine Months Ended September 30,		Point Change	Quarters Ended March 31,		Point Change
	2022	2021		2022	2021		2023	2022	
Underwriting Ratios:									
Loss ratio:									
Current accident year (2)	61.5%	63.0%	(1.5)	61.4%	63.9%	(2.5)	61.0%	61.5%	(0.5)
Prior accident year	(3.5%)	0.1%	(3.6)	(2.2%)	—	(2.2)	—%	(0.1%)	0.1
Calendar year loss ratio (3)	58.0%	63.1%	(5.1)	59.2%	63.9%	(4.7)	61.0%	61.4%	(0.4)
Expense ratio	37.1%	35.1%	2.0	36.4%	34.7%	1.7	36.8%	34.9%	1.9
Combined ratio	95.1%	98.2%	(3.1)	95.6%	98.6%	(3.0)	97.8%	96.3%	1.5

(1) External business only, excluding business assumed from affiliates
(2) Non-GAAP ratio
(3) Most directly comparable GAAP ratio

NM – not meaningful

Reconciliation of non-GAAP financial ratios

The table above reconciles the non-GAAP ratios, which excludes the impact of prior accident year adjustments, to its most directly comparable GAAP ratio. The Company believes the non-GAAP ratios are useful to investors when evaluating the Company's underwriting performance as trends within Reinsurance Operations may be obscured by prior accident year adjustments. These non-GAAP ratios should not be considered as a substitute for its most directly comparable GAAP ratio and does not reflect the overall underwriting profitability of the Company.

Premiums

See “Result “Results of Operations” above for a discussion on consolidated premiums.

Other Loss

The Company recognized a loss of less than $0.1 million and $0.1 million during the quarters ended September 30, 2022 and 2021, respectively, and recognized a loss of $0.1 million during each of the nine months quarters ended September 30, 2022 March 31, 2023 and 2021. 2022. Other loss is primarily comprised of foreign exchange gains and losses.

Loss Ratio

The current accident year loss ratio improved by 1.5 0.5 points during the quarter ended September 30, 2022 March 31, 2023 as compared to the same period in 2021 2022 reflecting a mix of business change and growth in as more earned premium is from a treaty that has with a lower expected loss ratio than last year.

The current accident year loss ratio improved by 2.5 points during the nine months ended September 30, 2022 as compared to the same period in 2021 reflecting a mix of business change and growth in a treaty that has a lower expected loss ratio than last year.

The calendar year loss ratios for the quarter and nine months ended September 30, 2022 includes a decrease of $1.2 million or 3.5 percentage points, and a decrease of $2.4 million, or 2.2 percentage points, respectively, related to March 31, 2023 did not include any reserve development on prior accident years. The calendar year loss ratios for the quarter ended September 30, 2021 March 31, 2022 includes an increase a decrease of less than $0.1 million or 0.1 percentage point related to reserve development on prior accident years. There was no adjustment related to reserve development on prior accident years for the nine months ended September 30, 2021. Please see Note 9 8 of the notes to the consolidated financial statements in Item 1 of Part I of this report for further discussion on prior accident year development.

Expense Ratios

The expense ratio for the Company's Reinsurance Operations segment increased 2.0 1.9 points from 35.1% 34.9% for the quarter ended September 30, 2021 March 31, 2022 to 37.1% 36.8% for the quarter ended September 30, 2022 and increased 1.7 points from 34.7% for the nine months ended September 30, 2021 to 36.4% for the nine months ended September 30, 2022 March 31, 2023. This increase in the expense ratio was primarily due to an increase in commission expense which was partially offset by a reduction in the expense ratio as a result of a growth in net earned premiums. expense.

COVID-19

COVID-19's lasting impacts could result in declines in business, non-payment of premiums, and increases in claims that could adversely affect Reinsurance Operations' business, financial condition, and results of operation.

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Exited Lines

The components of income (loss) from the Company's Exited Lines segment and corresponding underwriting ratios are as follows:

(Dollars in thousands)	Quarters Ended September 30, 2022	Quarters Ended September 30, 2021	% Change	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	% Change	Quarters Ended March 31, 2023	Quarters Ended March 31, 2022	% Change
Gross written premiums	$ 31,512	$ 46,605	(32.4%)	$ 117,416	$ 150,221	(21.8%)	$ 4,061	$ 47,139	(91.4%)
Net written premiums	$ 3,201	$ 39,729	(91.9%)	$ 42,518	$ 127,808	(66.7%)	$ 1,211	$ 20,323	(94.0%)
Net earned premiums	$ 17,674	$ 44,523	(60.3%)	$ 61,752	$ 142,115	(56.5%)	$ 12,043	$ 23,328	(48.4%)
Other income (loss)	145	245	(40.8%)	320	755	(57.6%)			
Other income							77	200	(61.5%)

Total revenues	17,819	44,768	(60.2%)	62,072	142,870	(56.6%)	12,120	23,528	(48.5%)
Losses and expenses:									
Net losses and loss adjustment expenses	9,147	35,782	(74.4%)	34,427	102,569	(66.4%)	6,619	9,977	(33.7%)
Acquisition costs and other underwriting expenses	8,363	18,747	(55.4%)	29,696	59,148	(49.8%)	5,136	11,205	(54.2%)
Underwriting income (loss)	$ 309	$ (9,761)	103.2%	$ (2,051)	$ (18,847)	89.1%			
Underwriting income							$ 365	$ 2,346	(84.4%)

	Quarters Ended September 30,		Point Change	Nine Months Ended September 30,		Point Change	Quarters Ended March 31,		Point Change
	2022	2021		2022	2021		2023	2022	
Underwriting Ratios:									
Loss ratio:									
Current accident year	60.2%	79.0%	(18.8)	67.9%	68.1%	(0.2)	67.2%	63.9%	3.3
Prior accident year	(8.4%)	1.4%	(9.8)	(12.1%)	4.1%	(16.2)	(12.2%)	(21.1%)	8.9

Calendar year loss ratio	51.8%	80.4%	(28.6)	55.8%	72.2%	(16.4)	55.0%	42.8%	12.2
Expense ratio	47.3%	42.1%	5.2	48.1%	41.6%	6.5	42.6%	48.0%	(5.4)
Combined ratio	99.1%	122.5%	(23.4)	103.9%	113.8%	(9.9)	97.6%	90.8%	6.8

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Reconciliation of non-GAAP financial measures and ratios

The table below reconciles the non-GAAP measures or ratios, which excludes the impact of prior accident year adjustments, to its most directly comparable GAAP measure or ratio. The Company believes the non-GAAP measures or ratios are useful to investors when evaluating the Company's underwriting performance as trends within Exited Lines may be obscured by prior accident year adjustments. These non-GAAP measures or ratios should not be considered as a substitute for its most directly comparable GAAP measure or ratio and does not reflect the overall underwriting profitability of the Company.

	Quarters Ended September 30,				Nine Months Ended September 30,				Quarters Ended March 31,			
	2022		2021		2022		2021		2023		2022	
(Dollars in thousands)	**Losses**	**Loss Ratio**	**Losses**	**Loss Ratio**	**Losses**	**Loss Ratio**	**Losses**	**Loss Ratio**	**Losses**	**Loss Ratio**	**Losses**	**Loss Ratio**
<u>Property</u>												
Non catastrophe property losses and ratio excluding the effect of prior accident year (1)	$ 6,636	50.7%	$ 18,600	48.5%	$ 25,744	53.6%	$ 60,208	48.8%	$ 3,652	42.0%	$ 10,261	54.6%

Effect of prior accident year	102	0.8%	1,591	4.2%	(4,189)	(8.7%)	3,355	2.7%	(1,165)	(13.4%)	(3,867)	(20.6%)
Non catastrophe property losses and ratio (2)	$ 6,738	51.5%	$ 20,191	52.7%	$ 21,555	44.9%	$ 63,563	51.5%	$ 2,487	28.6%	$ 6,394	34.0%
Catastrophe losses and ratio excluding the effect of prior accident year (1)	$ 1,986	15.2%	$ 13,368	34.9%	$ 9,248	19.2%	$ 26,518	21.5%	$ 2,142	24.7%	$ 2,152	11.4%
Effect of prior accident year	(1,542)	(11.8%)	172	0.4%	(2,707)	(5.6%)	4,863	3.9%	149	1.7%	(471)	(2.5%)
Catastrophe losses and ratio (2)	$ 444	3.4%	$ 13,540	35.3%	$ 6,541	13.6%	$ 31,381	25.4%	$ 2,291	26.4%	$ 1,681	8.9%

Total property losses and ratio excluding the effect of prior accident year (1)	$ 8,622	65.9%	$ 31,968	83.4%	$ 34,992	72.8%	$ 86,726	70.3%	$ 5,794	66.7%	$ 12,413	66.0%
Effect of prior accident year	(1,440)	(11.0%)	1,763	4.6%	(6,896)	(14.3%)	8,218	6.6%	(1,016)	(11.7%)	(4,338)	(23.1%)
Total property losses and ratio (2)	$ 7,182	54.9%	$ 33,731	88.0%	$ 28,096	58.5%	$ 94,944	76.9%	$ 4,778	55.0%	$ 8,075	42.9%
Casualty												
Total casualty losses and ratio excluding the effect of prior accident year (1)	$ 2,004	43.7%	$ 3,189	51.7%	$ 6,884	50.2%	$ 9,953	53.2%	$ 2,303	68.7%	$ 2,493	55.1%
Effect of prior accident year	(39)	(0.9%)	(1,138)	(18.5%)	(553)	(4.0%)	(2,328)	(12.4%)	(462)	(13.8%)	(591)	(13.1%)

Total casualty losses and ratio (2)	$ 1,965	42.8%	$ 2,051	33.2%	$ 6,331	46.2%	$ 7,625	40.8%	$ 1,841	54.9%	$ 1,902	42.0%
Total												
Total net losses and loss adjustment expense and total loss ratio excluding the effect of prior accident year (1)	$ 10,626	60.2%	$ 35,157	79.0%	$ 41,876	67.9%	$ 96,679	68.1%	$ 8,097	67.2%	$ 14,906	63.9%
Effect of prior accident year	(1,479)	(8.4%)	625	1.4%	(7,449)	(12.1%)	5,890	4.1%	(1,478)	(12.2%)	(4,929)	(21.1%)
Total net losses and loss adjustment expense and total loss ratio (2)	$ 9,147	51.8%	$ 35,782	80.4%	$ 34,427	55.8%	$ 102,569	72.2%	$ 6,619	55.0%	$ 9,977	42.8%

(1) Non-GAAP measure / ratio
(2) Most directly comparable GAAP measure / ratio

Premiums

See “Result“Results of Operations” above for a discussion on consolidated premiums.

Other Income

The Company recognized income of $0.1 million and $0.2 million for the quarters ended September 30, 2022 March 31, 2023 and 2021, respectively, and income of $0.3 million and $0.8 million for the nine months ended September 30, 2022 and 2021, 2022, respectively. Other income is primarily comprised of fee income net of bank fees.

Loss Ratio

The current accident year losses and loss ratio is summarized as follows:

(Dollars in thousands)	Quarters Ended September 30, 2022	Quarters Ended September 30, 2021	% Change	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	% Change	Quarters Ended March 31, 2023	Quarters Ended March 31, 2022	% Change
Property losses									
Non-catastrophe	$ 6,636	$ 18,600	(64.3%)	$ 25,744	$ 60,208	(57.2%)	$ 3,652	$ 10,261	(64.4%)
Catastrophe	1,986	13,368	(85.1%)	9,248	26,518	(65.1%)	2,142	2,152	(0.5%)
Property losses	8,622	31,968	(73.0%)	34,992	86,726	(59.7%)	5,794	12,413	(53.3%)
Casualty losses	2,004	3,189	(37.2%)	6,884	9,953	(30.8%)	2,303	2,493	(7.6%)
Total accident year losses	$ 10,626	$ 35,157	(69.8%)	$ 41,876	$ 96,679	(56.7%)	$ 8,097	$ 14,906	(45.7%)

	Quarters Ended September 30,		Point Change	Nine Months Ended September 30,		Point Change	Quarters Ended March 31,		Point Change
	2022	2021		2022	2021		2023	2022	
Current accident year loss ratio:									
Property									
Non-catastrophe	50.7%	48.5%	2.2	53.6%	48.8%	4.8	42.0%	54.6%	(12.6)
Catastrophe	15.2%	34.9%	(19.7)	19.2%	21.5%	(2.3)	24.7%	11.4%	13.3
Property loss ratio	65.9%	83.4%	(17.5)	72.8%	70.3%	2.5	66.7%	66.0%	0.7
Casualty loss ratio	43.7%	51.7%	(8.0)	50.2%	53.2%	(3.0)	68.7%	55.1%	13.6
Total accident year loss ratio	60.2%	79.0%	(18.8)	67.9%	68.1%	(0.2)	67.2%	63.9%	3.3

The current accident year non-catastrophe property loss ratio increased by 2.2 points during the quarter ended September 30, 2022 as compared to the same period in 2021 recognizing higher claims frequency in the current calendar quarter.

The current accident year non-catastrophe property loss ratio increased improved by 4.8 12.6 points during nine months the quarter ended September 30, 2022 March 31, 2023 as compared to the same period in 2021 due to higher 2022 reflecting lower claims frequency severity in the first nine months accident quarter compared to last year.

The current accident year catastrophe loss ratio improved by 19.7 points during the quarter ended September 30, 2022 as compared to the same period in 2021 recognizing lower claims frequency in the current calendar quarter.

The current accident year catastrophe loss ratio improved increased by 2.3 13.3 points during the nine months quarter ended September 30, 2022 March 31, 2023 as compared to the same period in 2021 reflecting lower 2022 primarily recognizing higher claims frequency in the first nine months accident quarter compared to last year.

The current accident year casualty loss ratio improved increased by 8.0 13.6 points during the quarter ended September 30, 2022 March 31, 2023 as compared to the same period in 2021 which mainly reflects lower 2022 primarily reflecting higher claims severity frequency in Farm, Ranch farm, ranch & Stable business stable lines in the current calendar quarter.

The current accident year casualty loss ratio improved by 3.0 points during the nine months ended September 30, 2022 as compared to the same period in 2021 primarily due to lower claims severity in the Farm, Ranch & Stable business lines in for the first nine months accident quarter compared to last year. year and growth in the brokerage divisions which had a higher expected loss ratio.

The calendar year loss ratio for the quarter and nine months ended September 30, 2022 March 31, 2023 includes a decrease of $1.5 million, or 8.4 12.2 percentage points and a decrease of $7.4 million, or 12.1 percentage points, respectively related to reserve development on prior accident years. The calendar year loss ratio for the quarter and nine months ended September 30, 2021 March 31, 2022 includes an increase a decrease of $0.6 million $4.9 million, or 1.4 21.1 percentage points and an increase of $5.9 million, or 4.1 percentage points, respectively, related to reserve development on prior accident years. Please see Note 9 8 of the notes to the consolidated financial statements in Item 1 of Part I of this report for further discussion on prior accident year development.

Expense Ratio

The expense ratio for the Company's Exited Lines increased decreased by 5.2 5.4 points from 42.1% 48.0% for the quarter ended September 30, 2021 March 31, 2022 to 47.3% 42.6% for the quarter ended September 30, 2022. The expense ratio for the Company's Exited Lines increased by 6.5 points from 41.6% for the nine months ended September 30, 2021 to 48.1% for the nine months ended September 30, 2022. The increase in the expense ratio is primarily March 31, 2023 due to the reduction in earned premiums resulting from the runoff of lines of business that the Company is no longer writing.

COVID-19

There is continued risk that legislation could be passed or there could be a court ruling restructuring actions which would require the Company to cover business interruption claims regardless of terms, exclusions including the virus exclusions contained within the Company's Exited Lines' policies, or other conditions included in these policies that would otherwise preclude coverage.

COVID-19's lasting impacts could result in declines in business, non-payment of premiums, and increases in claims that could adversely affect the Exited Lines' business, financial condition, and results of operation. reduced expenses.

Unallocated Corporate Items

The Company's fixed income portfolio, excluding cash, continues to maintain high quality with an A+ A average rating and a duration of 1.7 1.5 years.

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Net Investment Income

(Dollars in thousands)	Quarters Ended September 30, 2022	Quarters Ended September 30, 2021	% Change	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	% Change	Quarters Ended March 31, 2023	Quarters Ended March 31, 2022	% Change

Gross investment income (1)	$ 8,856	$ 10,010	(11.5%)	$ 18,593	$ 31,827	(41.6%)	$ 12,380	$ 7,196	72.0%
Investment expenses	(467)	(666)	(29.9%)	(1,682)	(2,014)	(16.5%)	(372)	(604)	(38.4%)
Net investment income	$ 8,389	$ 9,344	(10.2%)	$ 16,911	$ 29,813	(43.3%)	$ 12,008	$ 6,592	82.2%

(1) Excludes realized gains and losses

Gross investment income decreased increased by 11.5% and 41.6% 72.0% for the quarter and nine months ended September 30, 2022 March 31, 2023 as compared to the same periods period in 2021 2022. The increase was primarily due to decreased returns from alternative investments and a decrease in dividend income as a result of the liquidation of the Company's common stock portfolio during the first quarter of 2022, offset by an increase in yield within the fixed maturities portfolio due to the rise in rates. The proceeds from the sale of the common stock portfolio as well as other proceeds were used to retire the 2047 Notes in April 2022.

Investment expenses decreased by 29.9% and 16.5% 38.4% for the quarter and nine months ended September 30, 2022 March 31, 2023 as compared to the same periods period in 2021 2022 due to decreased investment management expenses as a result of the liquidation of the Company's common stock portfolio during the year. expenses.

At September 30, 2022 March 31, 2023, the Company held agency mortgage-backed securities with a market value of $3.5 million $3.2 million. Excluding the agency mortgage-backed securities, the average duration of the Company's fixed maturities portfolio was 1.7

1.5 years as of September 30, 2022 March 31, 2023, compared with 3.8 3.2 years as of September 30, 2021 March 31, 2022. Including cash and short-term investments, the average duration of the Company's fixed maturities portfolio, excluding agency mortgage-backed securities was 1.7 1.5 years and 3.6 2.8 years as of September 30, 2022 March 31, 2023 and September 30, 2021 March 31, 2022, respectively. Changes in interest rates can cause principal payments on certain investments to extend or shorten which can impact duration. The Company's embedded book yield on its fixed maturities, not including cash, was 3.1% 3.6% as of September 30, 2022 March 31, 2023, compared to 2.1% 2.6% as of September 30, 2021 March 31, 2022. The embedded book yield on the $33.0 million $31.9 million of taxable municipal bonds in the Company's portfolio was 3.0% 3.1% at September 30, 2022 March 31, 2023, compared to an embedded book yield of 2.7% 3.2% on the Company's taxable municipal bonds of $54.4 million $47.0 million at September 30, 2021 March 31, 2022.

Net Realized Investment Gains (Losses)

The components of net realized investment gains (losses) for the quarters ended March 31, 2023 and nine months ended September 30, 2022 and 2021 2022 were as follows:

(Dollars in thousands)	Quarters Ended September 30, 2022	Quarters Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	Quarters Ended March 31, 2023	Quarters Ended March 31, 2022
Equity securities	$ (60)	$ (1,662)	$ (3,820)	$ 6,101	$ (914)	$ (1,345)
Fixed maturities	(259)	1,447	(12,135)	741	(606)	(3,239)
Derivatives	2,553	(95)	9,093	500	—	4,724
Other-than-temporary impairment losses (1)	—	—	(26,205)	—	—	(25,525)
Net realized investment gains (losses)	$ 2,234	$ (310)	$ (33,067)	$ 7,342	$ (1,520)	$ (25,385)

(1) In response to a rising interest rate environment, the Company took action early in April 2022 to shorten the duration of its fixed maturities portfolio. The In connection with these actions, the Company identified fixed maturities securities with a weighted average life of five years or greater as having an intent to sell. sell resulting in other-than-temporary impairment losses. The majority of which were sold in the 2nd quarter of 2022. Most of the proceeds from the sale of these securities were reinvested into fixed income investments with maturities of two years and less. years. As a result of these actions, book yield increased from 2.2% at December 31, 2021 to 3.6% at March 31, 2023.

See Note 3 of the notes to the consolidated financial statements in Item 1 of Part I of this report for an analysis of total investment return on a pre-tax basis for the quarters ended March 31, 2023 and nine months ended September 30, 2022 and 2021. 2022.

Corporate and Other Operating Expenses

(Dollars in thousands)	Quarters Ended September 30, 2022	Quarters Ended September 30, 2021	% Change	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	% Change
Corporate expenses - nondisposition related	$ 4,911	$ 5,387	(8.8 %)	$ 12,565	$ 15,992	(21.4 %)
Impairments and expenses related to dispositions within Exited Lines	9,153	—	NM	9,153	—	NM
Corporate and other Operating Expenses	$ 14,064	$ 5,387	161.1 %	$ 21,718	$ 15,992	35.8 %

NM – not meaningful

Corporate and other operating expenses - nondisposition related consist of outside legal fees, other professional fees, directors' fees, management fees & advisory fees, salaries and benefits for holding company personnel, development costs for new products, impairment losses, and taxes incurred which are not directly related to operations. Corporate and other operating expenses - nondisposition related were $4.9 million $6.4 million and $5.4 million $4.7 million during the quarters ended September 30, 2022 March 31, 2023 and 2021, respectively, and $12.6 million and $16.0 million during the nine months ended September 30, 2022 and 2021, 2022, respectively. The decrease increase in corporate and other operating expenses - nondisposition related for the nine months ended September 30, 2022 as compared to the same period in 2021 was is primarily due to restructuring costs incurred in the Company receiving an employee retention credit under the CARES Act first quarter of $2.7 million. This credit, which reduced compensation cost, was received in May 2022. 2023.

Impairments and expenses related to dispositions within Exited Lines represent impairments of goodwill, intangible assets, software, and lease costs as well as legal expenses and merger and acquisition fees related to the sale of renewal rights related to the Company's Farm, Ranch & Stable business lines. Impairments and expenses related to dispositions within Exited Lines were $9.2 million during both the quarter and nine months ended September 30, 2022. There no impairments and expenses related to dispositions within Exited Lines during the quarter and nine months ended September 30, 2021. Please see Note 2 of the notes to the consolidated financial statements in Item 1 of Part I of this report for additional information on the sale of renewal rights related to the Company's Farm, Ranch & Stable business lines.

Interest Expense

Interest expense was $2.6 million during the quarter ended September 30, 2021 and $3.0 million and $7.9 million during the nine months ended September 30, 2022 and 2021, respectively. March 31, 2022. There was no interest expense during the quarter ended September 30, 2022 March 31, 2023. The reduction in interest expense was due to the redemption of the 7.875% Subordinated Notes due 2047 Notes on April 15, 2022.

Income Tax Expense / Benefit

Income tax expense was $7.4 million $0.6 million for the quarter ended September 30, 2022 March 31, 2023 compared with income tax benefit of $1.8 million $3.4 million for the quarter ended September 30, 2021 March 31, 2022. The increase in income tax expense is primarily due to higher taxable income in the sale of the Farm, Ranch & Stable renewal rights by the Company's Company's U.S. subsidiaries during the quarter ended September 30, 2022. Subsidiaries in 2023.

Income tax expense was $3.4 million for the nine months ended September 30, 2022 compared with an income tax benefit of $1.1 million for the nine months ended September 30, 2021. The increase in income tax expense is primarily due to the sale of the Farm, Ranch & Stable renewal rights by the Company's U.S. subsidiaries during the nine months ended September 30, 2022.

See Note 8 7 of the notes to the consolidated financial statements in Item 1 of Part I of this report for a comparison of income tax between periods.

Net Income (Loss)

The factors described above resulted in a net income of $23.7 million $2.5 million and a net loss of $7.7 million $14.8 million for the quarters ended September 30, 2022 March 31, 2023 and 2021, respectively and a net loss of $3.2 million and net income of $4.2 million for the nine months ended September 30, 2022 and 2021, 2022, respectively.

Liquidity and Capital Resources

Sources and Uses of Funds

Global Indemnity Group, LLC is a holding company. Its principal asset is its ownership of the shares of its direct and indirect subsidiaries, including those of its insurance companies: United National Insurance Company, Diamond State Insurance Company, Penn-America Insurance Company, Penn-Star Insurance Company, Penn-Patriot Insurance Company, and American Reliable Penn-Patriot Insurance Company.

Global Indemnity Group, LLC's short term and long term liquidity needs include but are not limited to the payment of corporate expenses, debt service payments, distributions to shareholders, and share repurchases. The Company also has commitments in the form of operating leases, commitments to fund limited liability investments, and unpaid losses and loss expense obligations. In order to meet its short term and long term needs, Global Indemnity Group, LLC's principal sources

of cash includes investment income, dividends from subsidiaries, other permitted disbursements from its direct and indirect subsidiaries, reimbursement for equity awards granted to employees and intercompany borrowings. The principal sources of funds at these direct and indirect subsidiaries include underwriting operations, investment income, proceeds from sales and redemptions of investments, capital contributions, intercompany borrowings, and dividends from subsidiaries. Funds are used principally by these operating subsidiaries to pay claims and operating expenses, to make debt payments, fund margin requirements on interest rate swap agreements, to purchase investments, and to make distribution payments. In addition, the Company periodically reviews opportunities related to business acquisitions, and as a result, liquidity may be needed in the future.

GBLI Holdings, LLC is a holding company which is a wholly-owned subsidiary of Penn-Patriot Insurance Company. GBLI Holdings, LLC's principal asset is its ownership of the shares of its direct and indirect subsidiaries which include United National Insurance Company, Diamond State Insurance Company, Penn-America Insurance Company, Penn-Star Insurance Company, and American Reliable Penn-Star Insurance Company. GBLI Holdings, LLC is dependent on dividends from its subsidiaries as well as reimbursements from its subsidiaries for utilization of net operating losses and other tax attributes in order to meet its debt corporate expense obligations as well as corporate expense and intercompany financing obligations.

As of September 30, 2022 March 31, 2023, the Company also had future funding commitments of $31.2 million $14.2 million related to investments that are currently in their harvest period and it is unlikely that a capital call will be made. The future liquidity of both Global Indemnity Group, LLC and GBLI Holdings, LLC is dependent on the ability of its subsidiaries to generate income to pay dividends. Global Indemnity Group, LLC and GBLI Holdings, LLC's insurance companies are restricted by statute as to the amount of dividends that they may pay without the prior approval of regulatory authorities. The dividend limitations imposed by state laws are based on the statutory financial results of each insurance company that are determined by using statutory accounting practices that differ in various respects from accounting principles used in financial statements prepared in conformity with GAAP. See "Regulation - Statutory Accounting

Principles" in Item 1 of Part I of the Company's 2021 2022 Annual Report on Form 10-K. Key differences relate to, among other items, deferred acquisition costs, limitations on deferred income taxes, reserve calculation assumptions and surplus notes. See Note 21 22 of the notes to the consolidated financial statements in Item 8 of Part II of the Company's 2021 2022 Annual Report on Form 10-K for further information on dividend limitations related to the Insurance Companies. The United National insurance companies, Penn-America insurance companies, and American Reliable Insurance Company paid dividends in the amount of $4.5 million, $7.5 million, and $22.5 million, respectively, during the nine months ended September 30, 2022. There were no dividend declared or paid during the quarter ended September 30, 2022 March 31, 2023.

Cash Flows

Sources of operating funds consist primarily of net written premiums and investment income. Funds are used primarily to pay claims and operating expenses and to purchase investments. As a result of the distribution policy, funds may are also be used to pay distributions to shareholders of the Company.

The Company's reconciliation of net income (loss) to net cash provided by (used for) operations is generally influenced by the following:

- the fact that the Company collects premiums, net of commissions, in advance of losses paid;
- the timing of the Company's settlements with its reinsurers; and
- the timing of the Company's loss payments.

Net cash provided by (used for) operating activities was $41.7 million $5.3 million and $66.1 million ($10.1) million for the nine months quarters ended September 30, 2022 March 31, 2023 and 2021, 2022, respectively. The decrease increase in operating cash flows of approximately $24.3 million $15.4 million from the prior year was primarily a net result of the following items:

(Dollars in thousands)	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	Change	Quarters Ended March 31, 2023	Quarters Ended March 31, 2022	Change
Net premiums collected	$ 423,744	$ 464,650	$ (40,906)	$ 120,397	$ 132,367	$ (11,970)
Net losses paid	(208,759)	(226,152)	17,393	(63,936)	(74,081)	10,145
Underwriting and corporate expenses	(191,126)	(192,147)	1,021	(64,116)	(74,087)	9,971

Net investment income	22,996	27,495	(4,499)	12,981	8,299	4,682
Net federal income taxes recovered (paid)	19	(11)	30			
Interest paid	(5,125)	(7,781)	2,656	—	(2,560)	2,560
Net cash provided by operating activities	$ 41,749	$ 66,054	$ (24,305)			
Net cash provided by (used for) operating activities				$ 5,326	$ (10,062)	$ 15,388

See the consolidated statements of cash flows in the consolidated financial statements in Item 1 of Part I of this report for details concerning the Company's investing and financing activities.

Liquidity

Sale of Renewal Rights related to Farm, Ranch & Stable and Sale of American Reliable Insurance Company

On August 8, 2022, the Company sold the renewal rights related to all business lines within its Farm, Ranch & Stable segment for business written on or after August 8, 2022 to Everett Cash Mutual Insurance Company for $30.0 million. The Company will retain the unearned premium reserves for business written prior to August 8, 2022. Everett Cash Mutual Insurance Company is also acquiring the Company's wholly owned subsidiary, American Reliable Insurance Company, for book value which is expected to be $10.0 million at the time of closing. The transaction is subject to receiving regulatory approval which is expected to be received during the 4th quarter of 2022. Under the agreements, total consideration to be paid by Everett Cash Mutual Insurance Company is $40.0 million.

Stock Repurchase

GBLI also From April, 1, 2023 through May 1, 2023, an additional 200,000 shares were repurchased as part of the share repurchase program. On October 21, 2022, Global Indemnity Group, LLC announced that up to $32 million of share repurchases were authorized. On January 3, 2023, Global Indemnity Group, LLC announced that it will commence authorized an increase in the aggregate stock purchases from $32 million to $60 million. From the time of the initial announcement, a stock repurchase program beginning total of 1,357,082 shares were repurchased for approximately $34.0 million at an average purchase price of $25.05 per share. 138,151 shares that were acquired were reissued at an average price per share of $24.17. As a result of these transactions, book value per share increased by $1.69 per share.

Restructuring

The Company is restructuring its insurance operations in an effort to strengthen its market presence and enhance its focus on GBLI's core Wholesale Commercial and InsurTech products. The restructuring plan, which was initiated in the fourth quarter of 2022. Repurchases 2022, was completed in the first quarter of up to $32 million 2023. The Company incurred restructuring charges of Global Indemnity Group LLC's currently outstanding Class A Common Shares have been authorized by Global Indemnity Group, LLC's Board $3.4 million in the fourth quarter of Directors. The authorization to repurchase will expire on December 31, 2027 2022 and $2.2 million in the first quarter of 2023 for a total of $5.6 million. The timing and actual number Post completion of shares repurchased, if any, will depend on a variety the restructuring, the Company anticipates recurring annual expense savings of factors, including price, general business and market conditions, and alternative investment opportunities. $16.0 million.

Under the repurchase program, repurchases may be made from time to time using a variety of methods, including open market purchases or privately negotiated transactions, all in compliance with Global Indemnity Group, LLC's Insider Trading Policy, the United States Securities and Exchange Commission, and other applicable legal requirements. The repurchase program does not obligate Global Indemnity Group, LLC to acquire any particular amount of Class A Common Shares, and the repurchase program may be suspended or discontinued at any time at Global Indemnity Group, LLC's discretion.

COVID-19

The Company's liquidity could be negatively impacted by the cancellation, delays, or non-payment of premiums related to the ongoing COVID-19 pandemic and its lasting impacts. There is continued risk that legislation could be passed or there could be a court ruling which would require the Company to cover business interruption claims regardless of terms, exclusions including the virus exclusions contained within the Company's Commercial Specialty and Farm, Ranch & Stable policies, or other conditions included in policies that would otherwise preclude coverage which would negatively impact liquidity. In addition, the liquidity of the Company's investment portfolio could be negatively impacted by disruption experienced in global financial markets. Management is taking actions it considers prudent to minimize the impact on the Company's liquidity. However, given the ongoing uncertainty surrounding the duration, magnitude and geographic reach of COVID-19, the Company is regularly evaluating the impact of COVID-19 on its liquidity.

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Distributions

The Board of Directors approved a distribution payment of $0.25 per common share to all shareholders of record on the close of business on March 21, 2022, June 20, 2022, and October 4, 2022 March 24, 2023. Distributions paid to common shareholders were $7.4 million $3.9 million during the nine months quarter ended September 30, 2022 March 31, 2023. In addition, distributions of $0.3 million $0.1 million were paid to Global Indemnity Group, LLC's preferred shareholder during the nine months quarter ended September 30, 2022 March 31, 2023.

Investment Portfolio

Due to shortening duration, significantly more of the investment portfolio will mature annually.

On May 18th, 2022, the Company provided the Credit Fund, LLC with formal withdrawal requests in full. Proceeds of $99.6 million were received on July 29, 2022 and were invested in fixed income investments with maturities of two years and less.

Other than the items discussed in the preceding paragraphs, there have been no material changes to the Company's liquidity during the quarter and nine months ended September 30, 2022 March 31, 2023. Please see Item 7 of Part II in the Company's 2021 2022 Annual Report on Form 10-K for information regarding the Company's liquidity.

Capital Resources

Investment Portfolio

In response to a rising interest rate environment, the Company took action early in April 2022 to shorten the duration of its fixed maturities portfolio. The Company identified fixed maturities securities with a weighted average life of five years or greater as having an intent to sell. Most of the proceeds from the sale of these securities are being reinvested into fixed income investments with maturities of two years and less.

Redemption of Debt

On April 15, 2022, the Company redeemed the entire $130 million in aggregate principal amount of the outstanding 2047 Notes plus accrued and unpaid interest on the 2047 Notes redeemed to, but not including the Redemption Date of April 15, 2022. The funds to redeem the debt were primarily obtained through the sale of the Company's equity portfolio in the amount of $75.9 million, $32.0 million in dividends from insurance company subsidiaries, $18.4 million from distributions received from private equity investments, and the remainder from its subsidiary, GBLI Holdings, LLC.

Intercompany Pooling Arrangement

The Company's U.S. insurance company participate in an intercompany pooling arrangement whereby premiums, losses, and expenses are shared pro rata amongst the U.S. insurance companies. American Reliable currently comprises 30% of the pool. Prior to the completion of the sale of American Reliable and subject to appropriate regulatory approvals, the intercompany pooling agreement will be amended. American Reliable will be removed from the pool and its 30% participation in the business and capital will be allocated to the Company's remaining five insurance companies.

For additional information on the Sale of American Reliable, please see the liquidity section above.

Other than the item discussed in the preceding paragraphs, there There have been no material changes to the Company's capital resources during the quarter and nine months ended September 30, 2022 March 31, 2023. Please see Item 7 of Part II in the Company's 2021 2022 Annual Report on Form 10-K for information regarding the Company's capital resources.

Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

Cautionary Note Regarding Forward-Looking Statements

Some of the statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this report may include forward-looking statements within the meaning of Section 21E of the Security

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Exchange Act of 1934, as amended, that reflect the Company's current views with respect to future events and financial performance. Forward-looking statements are statements that are not historical facts. These statements can be identified by the use of forward-looking terminology such as "believe," "expect," "may," "will," "should," "project," "plan," "seek," "intend," or "anticipate" or the negative thereof or comparable terminology, and include discussions of strategy, financial projections and estimates and their underlying assumptions, statements regarding plans, objectives, expectations or consequences of identified transactions or natural disasters, and statements about the future performance, operations, products and services of the companies.

The Company's business and operations are and will be subject to a variety of risks, uncertainties and other factors. Consequently, actual results and experience may materially differ from those contained in any forward-looking statements.

See “Risk Factors” in Item 1A of Part I in the Company’s 2021 2022 Annual Report on Form 10-K for risks, uncertainties and other factors that could cause actual results and experience to differ from those projected. The Company’s forward-looking statements speak only as of the date of this report or as of the date they were made. The Company undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For the quarter ended September 30, 2022 March 31, 2023, global equities fell rose approximately 6.7% 8.0% with U.S equities modestly outperforming, losing underperforming, gaining approximately 4.9% 7.5%. U.S fixed income lost gained approximately 4.8% 3.0% with the average spread moving wider during the quarter. Heightened global uncertainty In March, Federal Reserve Chair Jerome Powell provided hawkish testimony in his semi-annual assessment of the economy to Congress. This was quickly followed by a shock to financial stability and confidence as we witnessed three bank failures that required swift and coordinated actions from monetary authorities. These measures played a critical role in calming fears. Just two weeks later, the Fed increased rates while making the clear delineation that it has the tools to manage financial stability while at the same time battling inflation. This has all combined with aggressive monetary policy on to leave market participants parsing each piece of economic data for indications of the part of most major central banks continues to fuel increases next moves by the FOMC, resulting in continued large swings in interest rates and downward pressure on both equity and fixed-income valuations. This prolonged period of market volatility has led to wider spreads across many sectors of the bonds market. With the Fed in relentless pursuit of reducing demand to bring down inflation, tight monetary policy is expected to remain in place into 2023. In the meantime, despite the U.S. economy continuing to decelerate from the past two years of strong growth, fundamentals across most sectors remain supportive. rates.

The Company’s investment grade fixed income portfolio continues to maintain high quality with an A+ A average rating and a duration of 1.7 1.5 years. Portfolio purchases were focused within US Treasury, asset backed, and investment grade credit securities. These purchases were funded primarily through cash inflows, and full redemption sales of the Credit Fund, LLC US Treasury securities, as well as maturities and paydowns. During the third first quarter, the portfolio’s allocation to US Treasuries and asset backed securities increased, while the portfolio’s exposure to CMBS US Treasury securities decreased.

Other than the changes described in the preceding paragraph, there have been no other material changes to the Company’s market risk since December 31, 2021 December 31, 2022. Please see Item 7A of Part II in the Company’s 2021 2022 Annual Report on Form 10-K for information regarding the Company’s market risk.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) that are designed to ensure that information required to be disclosed in the Company's reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of September 30, 2022 March 31, 2023. Based upon that evaluation, and subject to the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2022 March 31, 2023, the design and operation of the Company's disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

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Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal controls over financial reporting that occurred during the quarter ended September 30, 2022 March 31, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

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PART II-OTHER INFORMATION

Item 1. Legal Proceedings

The Company is, from time to time, involved in various legal proceedings in the ordinary course of business. The Company maintains insurance and reinsurance coverage for risks in amounts that it considers adequate. However, there can be no assurance that the insurance and reinsurance coverage that the Company maintains is sufficient or will be available in adequate amounts or at a reasonable cost. The Company does not believe that the resolution of any currently pending legal proceedings, either individually or taken as a whole, will have a material adverse effect on its business, results of operations, cash flows, or financial condition.

There is a greater potential for disputes with reinsurers who are in runoff. Some of the Company's reinsurers' have operations that are in runoff, and therefore, the Company closely monitors those relationships. The Company anticipates that, similar to the rest of the insurance and reinsurance industry, it will continue to be subject to litigation and arbitration proceedings in the ordinary course of business.

Item 1A. Risk Factors

The Company's results of operations and financial condition are subject to numerous risks and uncertainties described in Item 1A of Part I in the Company's 2021 2022 Annual Report on Form 10-K, filed with the SEC on March 16, 2022 March 15, 2023. The risk factors identified therein have not materially changed.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The Company's Share Incentive Plan allows employees to surrender the Company's class A common shares as payment for the tax liability incurred upon the vesting of restricted stock. There were 15,954 shares surrendered by the Company's employees during the nine months ended September 30, 2022. There were no 3,302 shares surrendered by the Company's employees during the quarter ended September 30, 2022 March 31, 2023. All class A common shares surrendered by the Company's employees are held as treasury stock and recorded at cost until formally retired. Global Indemnity Group, LLC repurchased 250,000 shares from third parties under its repurchase program during the quarter ended March 31, 2023. All class A common shares repurchased from third parties under its repurchase program are held as treasury stock and recorded at cost until formally retired.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

31.1+	Certification of Chief Executive Officer pursuant to Rule 13a-14 (a) / 15d-14 (a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2+	Certification of Chief Financial Officer pursuant to Rule 13a-14 (a) / 15d-14 (a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1+	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2+	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document

101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

+ Filed or furnished herewith, as applicable.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GLOBAL INDEMNITY GROUP, LLC

Registrant

Dated: November 9, 2022 May 10, 2023	By: /s/ Thomas M. McGeehan
	Thomas M. McGeehan
	Chief Financial Officer
	(Authorized Signatory and Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph W. Brown, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Global Indemnity Group, LLC;

2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state material fact necessary to make the statements made, in light of the circumstances under which such statements we made, not misleading with respect to the period covered by this Quarterly Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fai present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and f the periods presented in this Quarterly Report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls a procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to designed under our supervision, to ensure that material information relating to the registrant, including consolidated subsidiaries, is made known to us by others within those entities, particularly during the perioc which this Quarterly Report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting tc designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting the preparation of financial statements for external purposes in accordance with generally accepted accoun principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period cove by this Quarterly Report based on such evaluation; and

d) Disclosed in this Quarterly Report any change in the registrant's internal control over financial reporting occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal cor over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control ov financial reporting, to the registrant's independent registered public accounting firm and the audit committee of t registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize anc report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in registrant's internal control over financial reporting.

Dated: November 9, 2022 May 10, 2023

/s/ Joseph W. Brown

Joseph W. Brown

Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO

RULE 13a-14(a)/15d-14(a),

AS ADOPTED PURSUANT TO SECTION 302

OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas M. McGeehan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Global Indemnity Group, LLC;

2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state material fact necessary to make the statements made, in light of the circumstances under which such statements we made, not misleading with respect to the period covered by this Quarterly Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fai present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and f the periods presented in this Quarterly Report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls a procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to designed under our supervision, to ensure that material information relating to the registrant, including consolidated subsidiaries, is made known to us by others within those entities, particularly during the perio which this Quarterly Report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting the preparation of financial statements for external purposes in accordance with generally accepted accoun principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period cove by this Quarterly Report based on such evaluation; and

    d) Disclosed in this Quarterly Report any change in the registrant's internal control over financial reporting occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal cor over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control ov financial reporting, to the registrant's independent registered public accounting firm and the audit committee of t registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in registrant's internal control over financial reporting.

Dated: November 9, 2022 May 10, 2023

/s/ Thomas M. McGeehan

Thomas M. McGeehan

Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906

OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Global Indemnity Group, LLC (the "Company") on Form 10-Q for the quarterly period ended September 30, 2022 March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph W. Brown, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; a

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results o operations of the Company.

Dated: November 9, 2022 May 10, 2023

/s/ Joseph W. Brown

Joseph W. Brown

Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Global Indemnity Group, LLC (the "Company") on Form 10-Q for the quarterly period ended September 30, 2022 March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas M. McGeehan, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; a

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results o operations of the Company.

Dated: November 9, 2022 May 10, 2023

/s/ Thomas M. McGeehan
Thomas M. McGeehan
Chief Financial Officer

DISCLAIMER

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