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# DELTA REPORT

## 10-Q

GLOBAL INDEMNITY GROUP, L

10-Q - JUNE 30, 2023 COMPARED TO 10-Q - MARCH 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1166
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 CHANGES	296
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 DELETIONS	293
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 ADDITIONS	577
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 10-Q**

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

For the Quarterly Period Ended **March 31, June 30, 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

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**GLOBAL INDEMNITY GROUP, LLC**

(Exact name of registrant as specified in its charter)

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**Delaware**

(State or other jurisdiction  
of incorporation or organization)

**85-2619578**

(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) 691-6276**

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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 **May 1, 2023** **August 4, 2023**, the registrant had outstanding **9,672,697** **9,729,046** Class A Common Shares and 3,793,612 Class B Common Shares.

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## PART I – FINANCIAL INFORMATION

### Item 1. Financial Statements

#### GLOBAL INDEMNITY GROUP, LLC

##### Consolidated Balance Sheets

(In thousands, except share amounts)

	(Unaudited)		(Unaudited)	
	March 31, 2023	December 31, 2022	June 30, 2023	December 31, 2022
<b>ASSETS</b>				
Fixed maturities:				
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		
Available for sale, at fair value (amortized cost: \$1,311,567 and \$1,301,723; net of allowance for expected credit losses of \$0 at June 30, 2023 and December 31, 2022)			1,265 \$ ,606	1,248, \$ 198
Equity securities, at fair value	17,34 2	17,520	17,15 3	17,520
Other invested assets	37,66 9	38,176	37,28 2	38,176
Total investments	1,312, 368	1,303, 894	1,320 ,041	1,303, 894
Cash and cash equivalents	35,73 7	38,846	45,44 7	38,846
Premium receivables, net of allowance for expected credit losses of \$3,379 at March 31, 2023 and \$3,322 at December 31, 2022	154,6 24	168,74 3		
Reinsurance receivables, net of allowance for expected credit losses of \$8,992 at March 31, 2023 and December 31, 2022	86,77 2	85,721		
Premium receivables, net of allowance for expected credit losses of \$4,056 at June 30, 2023 and \$3,322 at December 31, 2022			141,4 98	168,74 3
Reinsurance receivables, net of allowance for expected credit losses of \$8,992 at June 30, 2023 and December 31, 2022			95,61 6	85,721
Funds held by ceding insurers	17,33 9	19,191	16,66 0	19,191
Deferred federal income taxes	44,48 9	47,099	42,67 9	47,099

Deferred acquisition costs	58,35		52,01	
	4	64,894	9	64,894
Intangible assets	14,72		14,63	
	1	14,810	3	14,810
Goodwill	4,820	4,820	4,820	4,820
Prepaid reinsurance premiums	14,22		10,62	
	4	17,421	6	17,421
Lease right of use assets	11,26		10,79	
	5	11,739	0	11,739
Other assets	22,56		19,17	
	5	23,597	3	23,597
Total assets	1,777,	1,800,	1,774	1,800,
	\$ 278	\$ 775	\$ ,002	\$ 775
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Liabilities:</b>				
Unpaid losses and loss adjustment expenses	857,5	832,40	866,9	832,40
	\$ 20	\$ 4	\$ 51	\$ 4
Unearned premiums	241,9	269,35	215,1	269,35
	45	3	87	3
Ceded balances payable	5,997	17,241	3,844	17,241
Payable for securities purchased			22,11	
	1,008	66	5	66
Contingent commissions	3,772	8,816	3,431	8,816
Lease liabilities	15,04		14,19	
	2	15,701	4	15,701
Other liabilities	23,75		21,87	
	6	30,965	2	30,965
Total liabilities	1,149,	1,174,	1,147	1,174,
	\$ 040	\$ 546	\$ ,594	\$ 546
Commitments and contingencies (Note 11)	—	—	—	—
<b>Shareholders' equity:</b>				
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: 10,928,380 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					—	—		
Common shares: no par value; 900,000,000 common shares authorized; class A common shares issued: 11,000,287 and 10,876,041 respectively; class A common shares outstanding: 9,729,046 and 10,073,660, respectively; class B common shares issued and outstanding: 3,793,612 and 3,793,612, respectively							—	—
Additional paid-in capital	452,3	451,30	453,4	451,30				
	85	5	27	5				
Accumulated other comprehensive income (loss), net of tax	(34,6	(43,05	(37,1	(43,05				
	15)	8)	71)	8)				
Retained earnings	232,5	233,46	238,3	233,46				
	06	8	15	8				
Class A common shares in treasury, at cost: 1,055,683 and 802,381 shares, respectively	(26,0	(19,48						
	38)	6)						
Class A common shares in treasury, at cost: 1,271,241 and 802,381 shares, respectively			(32,1	(19,48				
			63)	6)				
Total shareholders' equity	628,2	626,22	626,4	626,22				
	38	9	08	9				
Total liabilities and shareholders' equity	1,777,	1,800,	1,774	1,800,				
	\$ 278	\$ 775	\$ ,002	\$ 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)		(Unaudited)		(Unaudited)	
	Quarters Ended March 31,		Quarters Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
	122,98	190,98	110,10	196,82	233,08	387,80
Gross written premiums	\$ 5	\$ 3	\$ 0	\$ 3	\$ 5	\$ 6
Ceded written premiums	(7,124)	(31,501)	(4,104)	(29,665)	(11,228)	(61,166)

	115,86	159,48	105,99	167,15	221,85	326,64
Net written premiums	1	2	6	8	7	0
Change in net unearned premiums	24,211	(10,659)	23,160	(11,409)	47,371	(22,068)
	140,07	148,82	129,15	155,74	269,22	304,57
Net earned premiums	2	3	6	9	8	2
Net investment income	12,008	6,592	13,216	1,930	25,224	8,522
Net realized investment losses	(1,520)	(25,385)	(761)	(9,916)	(2,281)	(35,301)
Other income	354	426	282	97	636	523
	150,91	130,45	141,89	147,86	292,80	278,31
Total revenues	4	6	3	0	7	6
<b>Losses and Expenses:</b>						
Net losses and loss adjustment expenses	88,001	84,695	78,082	92,618	166,08	177,31
					3	3
Acquisition costs and other underwriting expenses	53,478	56,692	47,101	61,098	100,57	117,79
					9	0
Corporate and other operating expenses	6,368	4,660	4,990	2,993	11,358	7,653
Interest expense	—	2,595	12	410	12	3,005
Loss on extinguishment of debt			—	3,529	—	3,529
Income (loss) before income taxes	3,067	(18,186)	11,708	(12,788)	14,775	(30,974)
Income tax expense (benefit)	573	(3,413)	2,371	(626)	2,944	(4,039)
Net income (loss)	\$ 2,494	\$ (14,773)	\$ 9,337	\$ (12,162)	\$ 11,831	\$ (26,935)
Less: preferred stock distributions	110	110	110	110	220	220
Net income (loss) available to common shareholders	\$ 2,384	\$ (14,883)	\$ 9,227	\$ (12,272)	\$ 11,611	\$ (27,155)
<b>Per share data:</b>						
Net income (loss) available to common shareholders <sup>(1)</sup>						
Basic	\$ 0.17	\$ (1.03)	\$ 0.68	\$ (0.84)	\$ 0.86	\$ (1.87)
Diluted	\$ 0.17	\$ (1.03)	\$ 0.67	\$ (0.84)	\$ 0.84	\$ (1.87)
Weighted-average number of shares outstanding						
	13,670,	14,514,	13,478,	14,543,	13,573,	14,529,
Basic	732	950	014	234	841	170



	13,929,	14,514,	13,707,	14,543,	13,794,	14,529,
Diluted	146	950	984	234	221	170
Cash distributions declared per common share	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.50	\$ 0.50

- (1) For the quarter and six months ended March 31, 2022 June 30, 2022, "weighted average shares outstanding – basic" was used to calculate "diluted earnings per share" due to a net loss for this in each period.

See accompanying notes to consolidated financial statements.

## GLOBAL INDEMNITY GROUP, LLC

### Consolidated Statements of Comprehensive Income (Loss)

(In thousands)

	(Unaudited) Quarters Ended March 31,		(Unaudited) Quarters Ended June 30,		(Unaudited) Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022
Net income (loss)	\$ 2,494	(14,773)	\$ 7	(12,162)	\$ 1	(26,935)
Other comprehensive income (loss), net of tax:						
Unrealized holding gains (losses)	8,157	(42,372)	(3,077)	(21,503)	5,080	(63,876)
Reclassification adjustment for (gains) losses included in net income (loss)	487	23,085				
Reclassification adjustment for losses included in net income (loss)			479	7,877	966	30,962
Unrealized foreign currency translation gains (losses)	(201)	111	42	(227)	(159)	(115)
Other comprehensive income (loss), net of tax	8,443	(19,176)	(2,556)	(13,853)	5,887	(33,029)
Comprehensive income (loss), net of tax	10,937	(33,949)	6,781	(26,015)	17,711	(59,964)

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 March 31,		(Unaudited) Quarters Ended June 30,		(Unaudited) Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022
<b>Number of Series A Cumulative Fixed Rate Preferred Shares</b>						
Number at beginning and end of period	4,000	4,000	4,000	4,000	4,000	4,000
<b>Number of class A common shares issued:</b>						
Number at beginning of period	10,876,0	10,574,5	10,928,3	10,614,5	10,876,	10,574,5
Common shares issued under share incentive plans, net of forfeitures	41	89	80	55	041	89
Common shares issued to directors	25,913	15,156	49,628	35,442	75,541	50,598
	26,426	24,810	22,279	25,760	48,705	50,570
Number at end of period	10,928,3	10,614,5	11,000,2	10,675,7	11,000,	10,675,7
	80	55	87	57	287	57
<b>Number of class B common shares issued:</b>						
Number at beginning and end of period	3,793,61	3,947,20	3,793,61	3,947,20	3,793,6	3,947,20
	2	6	2	6	12	6
<b>Par value of Series A Cumulative Fixed Rate Preferred Shares</b>						
Balance at beginning and end of period	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
<b>Additional paid-in capital:</b>						
Balance at beginning of period	\$ 451,305	\$ 447,406	\$ 452,385	\$ 448,266	\$ 451,305	\$ 447,406
Share compensation plans	1,080	860	1,042	1,786	2,122	2,646
Balance at end of period	\$ 452,385	\$ 448,266	\$ 453,427	\$ 450,052	\$ 453,427	\$ 450,052
<b>Accumulated other comprehensive income (loss), net of deferred income tax:</b>						
Balance at beginning of period	\$ (43,058)	\$ 6,404	\$ (34,615)	\$ (12,772)	\$ (43,058)	\$ 6,404
Other comprehensive income (loss):						
Change in unrealized holding gains (losses)	8,644	(19,287)	(2,598)	(13,626)	6,046	(32,914)
Unrealized foreign currency translation gains (losses)	(201)	111	42	(227)	(159)	(115)

Other comprehensive income (loss)	8,443	(19,176)	(2,556)	(13,853)	5,887	(33,029)
Balance at end of period	\$ (34,615)	\$ (12,772)	\$ (37,171)	\$ (26,625)	\$ (37,171)	\$ (26,625)
<b>Retained earnings:</b>						
Balance at beginning of period	\$ 233,468	\$ 249,301	\$ 232,506	\$ 230,771	\$ 233,468	\$ 249,301
Net income (loss)	2,494	(14,773)	9,337	(12,162)	11,831	(26,935)
Preferred share distributions	(110)	(110)	(110)	(110)	(220)	(220)
Distributions to shareholders (\$0.25 per share per quarter in 2023 and 2022)	(3,346)	(3,647)	(3,418)	(3,742)	(6,764)	(7,389)
Balance at end of period	\$ 232,506	\$ 230,771	\$ 238,315	\$ 214,757	\$ 238,315	\$ 214,757
<b>Number of treasury shares:</b>						
			1,055,68			
Number at beginning of period	802,381	17,496	3	22,277	802,381	17,496
Class A common shares purchased	253,302	4,781	215,558	11,173	468,860	15,954
	1,055,68		1,271,24		1,271,2	
Number at end of period	3	22,277	1	33,450	41	33,450
<b>Treasury shares, at cost:</b>						
Balance at beginning of period	\$ (19,486)	\$ (490)	\$ (26,038)	\$ (610)	\$ (19,486)	\$ (490)
Class A common shares purchased, at cost	(6,552)	(120)	(6,125)	(294)	(12,677)	(414)
Balance at end of period	\$ (26,038)	\$ (610)	\$ (32,163)	\$ (904)	\$ (32,163)	\$ (904)
<b>Total shareholders' equity</b>	<b>\$ 628,238</b>	<b>\$ 669,655</b>	<b>\$ 626,408</b>	<b>\$ 641,280</b>	<b>\$ 626,408</b>	<b>\$ 641,280</b>

See accompanying notes to consolidated financial statements.

## GLOBAL INDEMNITY GROUP, LLC

### Consolidated Statements of Cash Flows

(In thousands)

	(Unaudited)		(Unaudited)	
	Quarters Ended March 31,		Six Months Ended June 30,	
	2023	2022	2023	2022
<b>Cash flows from operating activities:</b>				
Net income (loss)	\$ 2,494	\$ (14,773)	\$ 11,831	\$ (26,935)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:				

Adjustments to reconcile net income (loss) to net cash provided  
by operating activities:

Amortization and depreciation	1,687	1,605	3,342	3,265
Amortization of debt issuance costs	—	35	—	41
Restricted stock and stock option expense	1,080	860	2,122	2,646
Deferred federal income taxes	573	(3,413)	2,944	(4,039)
Amortization of bond premium and discount, net	(547)	1,461	(1,725)	1,628
Net realized investment losses	1,520	25,385	2,281	35,301
Loss on extinguishment of debt			—	3,529
Loss from equity method investments, net of distributions	82	483	106	5,913
Changes in:				
Premium receivables, net	14,119	(5,834)	27,245	(33,515)
Reinsurance receivables, net	(1,051)	186	(9,895)	(4,200)
Funds held by ceding insurers	1,598	1,455	2,330	3,905
Unpaid losses and loss adjustment expenses	25,116	10,428	34,547	44,757
	(27,40			
Unearned premiums	8)	9,784	(54,166)	20,111
	(11,24			
Ceded balances payable	4)	(22,093)	(13,397)	(20,585)
Other assets and liabilities	(7,386)	(8,559)	(7,679)	(3,986)
Contingent commissions	(5,044)	(2,945)	(5,385)	(1,575)
Deferred acquisition costs	6,540	(5,002)	12,875	(9,758)
Prepaid reinsurance premiums	3,197	875	6,795	1,956
Net cash provided by (used for) operating activities	5,326	(10,062)		
Net cash provided by operating activities			14,171	18,459
<b>Cash flows from investing activities:</b>				
				829,20
Proceeds from sale of fixed maturities	44,381	140,150	96,890	5
Proceeds from sale of equity securities	—	86,173	24	88,726
Proceeds from maturity of fixed maturities	17,515	16,312	50,685	42,483
Proceeds from maturity of preferred stock	270	—	270	—
Proceeds from other invested assets	425	4,679	789	6,542
Amounts received in connection with derivatives	—	2,567	—	4,490
	(60,42	(145,95	(135,82	(860,07
Purchases of fixed maturities	6)	5)	6)	6)
Purchases of equity securities	(19)	(10,362)	(28)	(10,376)

				100,99
Net cash provided by investing activities	2,146	93,564	12,804	4
<b>Cash flows from financing activities:</b>				
Distributions paid to common shareholders	(3,919)	(3,654)	(7,477)	(7,255)
Distributions paid to preferred shareholders	(110)	(110)	(220)	(220)
Purchases of class A common shares	(6,552)	(120)	(12,677)	(414)
				(130,00
Redemption of subordinated notes			—	0)
	(10,58			(137,88
Net cash used for financing activities	1)	(3,884)	(20,374)	9)
Net change in cash and cash equivalents	(3,109)	79,618	6,601	(18,436)
Cash and cash equivalents at beginning of period	38,846	78,278	38,846	78,278
Cash and cash equivalents at end of period	\$ 35,737	\$ 157,896	\$ 45,447	\$ 59,842

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 2022 Annual Report on Form 10-K for additional information regarding the redomestication.

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.

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 and six months ended **March 31, 2023** **June 30, 2023** and 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 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. Restructuring

The Company is restructuring restructured its insurance operations in an effort to strengthen its market presence and enhance its focus on GBLI's core Wholesale Commercial Package Specialty and InsurTech Targeted Specialty products. As a result, the Company exited its 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. The restructuring plan, which was initiated in the fourth quarter of 2022, was completed in the first quarter of 2023.

In connection with the restructuring plan, the Company incurred restructuring costs of \$3.4 million during the fourth quarter of 2022 and \$2.2 million during the first quarter of 2023 six months ended June 30, 2023 for total restructuring costs of \$5.6 million.

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The following table summarizes charges incurred by expense type and the remaining liability as of December 31, 2022 and March 31, 2023 June 30, 2023:

(Dollar s in thousa nds)	Consolida ted Statement s of Operation s Line	Employee Terminatio n	Lease Right of Use Asset Impairmen t	Total		Consolida ted Statement s of Operation s Line	Employee Terminatio n	Lease Right of Use Asset Impairmen t	Total
Charg es incurr ed in 2022	Corporat e and other operatin g expense s	2,63 5		2,6 35		Corporat e and other operatin g expense s	2,63 5		2,6 35

Charges incurred in 2022	Acquisition costs and other underwriting expense				Acquisition costs and other underwriting expense			
	\$ (1)	—	812	812	\$ (1)	—	812	812
Non-cash asset charges		—	(812)	(812)		—	(812)	(812)
Liability at December 31, 2022								
		2,635	—	2,635		2,635	—	2,635
Charges incurred in 2023	Corporate and other operating expense	2,171	—	2,171	Corporate and other operating expense	2,121	—	2,121
Cash payments in 2023		(2,678)	—	(2,678)		(4,249)	—	(4,249)

Lia				
bilit				
y at				
Mar				
ch				
31,				
202	2,12		2,1	
3	\$ 8	\$ —	\$ 28	
Lia				
bilit				
y at				
Jun				
e				
30,				
202				
3			\$ 507	\$ — \$ 507

(1) These charges were recorded within the Company's Exited Line segment.

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Any information technology initiatives related to 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 **March 31, 2023** **June 30, 2023** and December 31, 2022:

(Dollars in thousands)	As of March 31, 2023					As of June 30, 2023				
	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
Fixed maturities:										
U.S. treasury securities	337,865	\$ —	\$ 102	\$ 1)	\$ 336,764	396,451	\$ —	\$ 12	\$ 1)	\$ 395,349



Obligations of states and political subdivisions	33,386	—	—	(1,513)	31,873	32,202	—	—	(1,326)	30,876
Mortgage-backed securities	66,799	—	421	(4,788)	62,411	65,086	—	39	(4,816)	60,300
Asset-backed securities	21,405	—	695	(6,995)	20,705	21,200	—	18	(7,966)	20,234
Commercial mortgage-backed securities	10,478	—	22	(5,723)	9,777	8,631	—	21	(5,880)	8,049
Corporate bonds	35,329	—	68	(2,770)	34,111	34,600	—	10	(2,038)	33,562
Foreign corporate bonds	18,990	—	5	(7,237)	18,758	17,500	—	30	(6,641)	16,887
Total fixed maturities	1,300,148	\$ —	\$ 1,313	(4,410)	1,295,771	1,311,556	\$ —	\$ 74	(4,780)	1,296,546

	Amortized Cost	Allowance for Expected Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
(Dollars in thousands)					
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	<u>\$ 1,301,723</u>	<u>\$ —</u>	<u>\$ 591</u>	<u>\$ (54,116)</u>	<u>\$ 1,248,198</u>
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As of **March 31, 2023** **June 30, 2023** and December 31, 2022, the Company's investments in equity securities consist of the following:

(Dollars in thousands)	March 31, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Common stock	\$ 1,230	\$ 1,271	\$ 1,113	\$ 1,271
Preferred stock	16,112	16,249	16,040	16,249
Total	<u>\$ 17,342</u>	<u>\$ 17,520</u>	<u>\$ 17,153</u>	<u>\$ 17,520</u>

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

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The amortized cost and estimated fair value of the Company's fixed maturities portfolio classified as available for sale at **March 31, 2023** **June 30, 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	\$ 323,345	\$ 318,732	\$ 489,914	\$ 483,894
Due in one year through five years	556,218	538,542	428,150	410,281
Due in five years through ten years	22,295	19,921	17,529	15,287
Due after fifteen years	12,698	10,888	12,480	10,709
Mortgage-backed securities	66,799	62,482	65,086	60,666
Asset-backed securities	214,005	207,705	212,095	204,315
Commercial mortgage-backed securities	104,788	99,087	86,313	80,454
Total	<u>\$ 1,300,148</u>	<u>\$ 1,257,357</u>	<u>\$ 1,311,567</u>	<u>\$ 1,265,606</u>

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 **March 31, 2023** **June 30, 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)	Gross Unrealized		Gross Unrealized		Gross Unrealized		Gross Unrealized		Gross Unrealized		Gross Unrealized	
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
Fixed maturities:												
							1		1			
							9		2			
	29				31	(5	8,		0,	(3	31	(7
U.S. treasuries	8,	(4,	12		0,	,6	4	(3	6	,7	9,	,7
	15	69	,7	(9	92	6	7	,9	7	4	15	0
	\$ 2	\$ 2)	\$ 68	\$ 69)	\$ 0	\$ 1)	\$ 7	\$ 53)	\$ 8	\$ 8)	\$ 5	\$ 1)
Obligations of states and political subdivisions									1			
						(1	7,		9,	(1		(1
	16		15	(1	31	,5	8		7	,4	27	,6
	,2	(2	,6	,2	,8	1	1	(2	9	4	,6	6
	16	85)	57	28)	73	3)	0	22)	5	4)	05	6)
Mortgage-backed securities						(4	1		3			
						,7	6,		3,	(4		(4
	25	(1,	25	(2	51	,7	3		9	,1	50	,8
	,6	78	,4	,9	,0	3	5	(7	1	0	,2	1
	78	8)	07	50)	85	8)	4	07)	3	9)	67	6)
Asset-backed securities					15	(6	9		9			
						,9	1,		5,	(6	18	(7
	57	(1,	94	(5	1,	,9	9	(1	2	,0	7,	,9
	,7	23	,0	,7	84	9	0	,8	6	7	17	6
	61	0)	79	65)	0	5)	4	88)	9	8)	3	6)
Commercial mortgage-backed securities						(5			7			
						,7	1,		6,	(5		(5
	19		76	(4	96	,7	6		0	,8	77	,8
	,4	(8	,8	,9	,3	2	7	(6	5	1	,7	8
	25	11)	81	12)	06	3)	8	9)	6	1)	34	0)

									2				
					(1	7		3	(1			(1	
	20		12		32	2,	4,	0,	0,	30	2,		
Corporate	1,	(3,	4,	(8	5,	2	0	(1	6	8	4,	0	
bonds	66	96	03	,2	69	3	1	,1	0	6	61	3	
	0	3)	0	74)	0	7)	0	75)	1	3)	1	8)	
									1				
							2		1				
Foreign	11				17	(7	3,		9,	(6	14	(6	
corpora	2,	(1,	66	(5	8,	,2	1		9	,4	3,	,6	
te	50	71	,2	,5	80	3	0	(1	4	8	04	4	
bonds	9	9)	93	18)	2	7)	0	54)	8	7)	8	1)	
							4		6				
					1,	(4	1		9	(3	1,	(4	
Total	73	(1	41	(2	14	4,	3,		6,	8,	10	6,	
fixed	1,	4,	5,	9,	6,	1	3	(8	2	5	9,	7	
matu	40	48	11	61	51	0	3	,1	6	4	59	0	
rities	\$ 1	\$ 8)	\$ 5	\$ 6)	\$ 6	\$ 4)	\$ 3	\$ 68)	\$ 0	\$ 0)	\$ 3	\$ 8)	

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

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

(Dollars in thousands)	Less than 12 months		12 months or longer		Total	
	Gross		Gross		Gross	
	Unrealized		Unrealized		Unrealized	
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
Fixed maturities:						
U.S. treasuries	\$ 335,781	\$ (7,518)	\$ 8,322	\$ (912)	\$ 344,103	\$ (8,430)
Obligations of states and political subdivisions	27,772	(1,378)	3,778	(498)	31,550	(1,876)
Mortgage-backed securities	51,517	(4,228)	7,860	(1,381)	59,377	(5,609)
Asset-backed securities	97,857	(3,610)	62,689	(5,541)	160,546	(9,151)
Commercial mortgage-backed securities	67,926	(4,072)	27,907	(2,061)	95,833	(6,133)
Corporate bonds	261,123	(8,480)	71,192	(6,378)	332,315	(14,858)
Foreign corporate bonds	150,308	(5,469)	31,232	(2,590)	181,540	(8,059)

Total fixed maturities	\$ 992,284	\$ (34,755)	\$ 212,980	\$ (19,361)	\$ 1,205,264	\$ (54,116)
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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 investment 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 loss 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 \$7.08.3 million and \$8.4 million as of March 31, 2023 June 30, 2023 and 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 **March 31, 2023** **June 30, 2023**, gross unrealized losses related to U.S. treasuries were \$**5.661** **7.701** 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 **March 31, 2023** **June 30, 2023**, gross unrealized losses related to obligations of states and political subdivisions were \$**1.513** **1.666** 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 **March 31, 2023** **June 30, 2023**, gross unrealized losses related to mortgage-backed securities were \$**4.738** **4.816** 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 **March 31, 2023** **June 30, 2023**, gross unrealized losses related to asset backed securities were \$**6.995** **7.966** million. The weighted average credit enhancement for the Company's asset backed portfolio is **34.1** **35.0**. 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 **March 31, 2023** **June 30, 2023**, gross unrealized losses related to the CMBS portfolio were **\$5.723** **5.880** million. The weighted average credit enhancement for the Company's CMBS portfolio is **46.5** **46.9**. 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.

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**Corporate bonds** - As of **March 31, 2023** **June 30, 2023**, gross unrealized losses related to corporate bonds were **\$12.237** **12.038** 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 **March 31, 2023** **June 30, 2023**, gross unrealized losses related to foreign bonds were **\$7.237** **6.641** 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 **and six months** ended **March 31, 2023** **June 30, 2023** and 2022 and are related to securities in an unrealized loss position where the Company had an intent to sell the securities:

**Quarters Ended March 31,**

(Dollars in thousands)	2023	2022 (1)
Fixed maturities:		
Impairment related to intent to sell	—	(25,525)
Total	\$ —	\$ (25,525)

  

	Quarters Ended June 30,		Six Months Ended June 30,	
(Dollars in thousands)	2023	2022 (1)	2023	2022
Fixed maturities:				
Impairment related to intent to sell	—	(680)	—	(26,205)
Total	\$ —	\$ (680)	\$ —	\$ (26,205)

- (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. 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 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. As a result of these actions, the Company's book yield increased from rose over time. Book yield was approximately 2.2% at December 31, 2021 to and 3.6 3.8% at March 31, 2023 June 30, 2023.

### Accumulated Other Comprehensive Income (Loss), Net of Tax

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

(Dollars in thousands)	March 31, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Net unrealized gains (losses) from:				
Fixed maturities	\$ (42,791)	\$ (53,525)	\$ (45,961)	\$ (53,525)
Foreign currency fluctuations	(381)	(127)	(328)	(127)
Deferred taxes	8,557	10,594	9,118	10,594
Accumulated other comprehensive income (loss), net of tax	\$ (34,615)	\$ (43,058)	\$ (37,171)	\$ (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 and six months ended March 31, 2023 June 30, 2023 and 2022:

Quarter Ended March 31, 2023	Unrealized Gains and Losses on Available for Sale Securities	Foreign Currency Items	Accumulated Other Comprehensive Income (Loss)
------------------------------	--	------------------------	---



Quarter Ended June 30, 2023 (Dollars in thousands)				Unrealized Gains and Losses on Available for Sale Securities	Foreign Currency Items	Accumulated Other Comprehensive Income (Loss)
Beginning balance, net of tax	\$ (42,958)	\$ (100)	\$ (43,058)	\$ (34,314)	\$ (301)	\$ (34,615)
Other comprehensive income (loss) before reclassification, before tax	10,128	(254)	9,874	(3,757)	53	(3,704)
Amounts reclassified from accumulated other comprehensive income, before tax	606	—	606	587	—	587
Other comprehensive income (loss), before tax	10,734	(254)	10,480	(3,170)	53	(3,117)
Income tax benefit	(2,090)	53	(2,037)			
Income tax (expense) benefit				572	(11)	561
Ending balance, net of tax	\$ (34,314)	\$ (301)	\$ (34,615)	\$ (36,912)	\$ (259)	\$ (37,171)

Quarter Ended March 31, 2022 (Dollars in thousands)	Unrealized Gains and Losses on Available for Sale Securities	Foreign Currency Items	Accumulated Other Comprehensive Income			
				Unrealized Gains and Losses on Available for Sale Securities	Foreign Currency Items	Accumulated Other Comprehensive Income (Loss)
Beginning balance, net of tax	\$ 6,519	\$ (115)	\$ 6,404	\$ (12,769)	\$ (3)	\$ (12,772)

Other comprehensive income (loss) before reclassification, before tax	(52,749)	141	(52,608)			
Other comprehensive loss before reclassification, before tax				(26,518)	(287)	(26,805)
Amounts reclassified from accumulated other comprehensive income, before tax	28,764	—	28,764	9,317	—	9,317
Other comprehensive income (loss), before tax	(23,985)	141	(23,844)			
Other comprehensive loss, before tax				(17,201)	(287)	(17,488)
Income tax benefit	4,697	(29)	4,668	3,575	60	3,635
Ending balance, net of tax	<u>\$ (12,769)</u>	<u>\$ (3)</u>	<u>\$ (12,772)</u>	<u>\$ (26,395)</u>	<u>\$ (230)</u>	<u>\$ (26,625)</u>

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	Unrealized Gains and Losses on Available for Sale Securities	Foreign Currency Items	Accumulated Other Comprehensive Income (Loss)
<b>Six Months Ended June 30, 2023</b>			
<b>(Dollars in thousands)</b>			
Beginning balance, net of tax	\$ (42,958)	\$ (100)	\$ (43,058)
Other comprehensive (loss) before reclassification, before tax	6,371	(201)	6,170
Amounts reclassified from accumulated other comprehensive income, before tax	1,193	—	1,193
Other comprehensive income (loss), before tax	7,564	(201)	7,363
Income tax (expense) benefit	(1,518)	42	(1,476)
Ending balance, net of tax	<u>\$ (36,912)</u>	<u>\$ (259)</u>	<u>\$ (37,171)</u>
<b>Six Months Ended June 30, 2022</b>	<b>Unrealized Gains</b>	<b>Foreign Currency</b>	<b>Accumulated Other</b>

(Dollars in thousands)	and Losses on Available for Sale Securities	Items	Comprehensive Income (Loss)
Beginning balance, net of tax	\$ 6,519	\$ (115)	\$ 6,404
Other comprehensive loss before reclassification, before tax	(79,267)	(146)	(79,413)
Amounts reclassified from accumulated other comprehensive income, before tax	38,081	—	38,081
Other comprehensive loss, before tax	(41,186)	(146)	(41,332)
Income tax benefit	8,272	31	8,303
Ending balance, net of tax	\$ (26,395)	\$ (230)	\$ (26,625)

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

(Dollars in thousands)	Amounts Reclassified from Accumulated Other Comprehensive Income			Amounts Reclassified from Accumulated Other Comprehensive Income		
	Details about Accumulated Other Comprehensive Income Components	Quarters Ended March 31,		Affected Line Item in the Consolidated Statements of Operations	Quarters Ended June 30,	
		Affected Line Item in the Consolidated Statements of Operations			Affected Line Item in the Consolidated Statements of Operations	
		2023	2022		2023	2022
Unrealized gains and losses on available for sale securities	Other net realized investment (gains) losses	\$ 606	28,7 \$ 64	Other net realized investment (gains) losses	\$ 587	8,63 \$ 7
	Income tax expense (benefit)		(5,67 9)	Other than temporary impairment losses on investments		680
	Total reclassifications, net of tax	\$ 487	23,0 \$ 85	Total before tax	587	9,31 \$ 7

		Income tax expense (benefit)	(108)	(1,440)
		Total reclassification ns, net of tax	\$ 479	\$ 7
		Amounts Reclassified from Accumulated Other Comprehensive Income Six Months Ended June 30,		
(Dollars in thousands)				
Details about Accumulated Other Comprehensive Income Components	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	\$ 1,193	\$ 11,876	
	Other than temporary impairment losses on investments	—	26,205	
	Total before tax	1,193	\$ 38,081	
	Income tax expense (benefit)	(227)	(7,119)	
	Total reclassifications, net of tax	\$ 966	\$ 30,962	

### Net Realized Investment Gains (Losses)

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

(Dollars in thousands)	Quarters Ended March 31,		Quarters Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022
Fixed maturities:						
Gross realized gains	\$ 5	\$ 206	\$ 9	\$ 456	\$ 14	\$ 662
Gross realized losses	(611)	(28,970)	(596)	(9,773)	(1,207)	(38,743)
Net realized gains (losses)	(606)	(28,764)	(587)	(9,317)	(1,193)	(38,081)
Equity securities:						
Gross realized gains	627	1,806	209	2	784	1,806
Gross realized losses	(1,541)	(3,151)	(383)	(2,417)	(1,872)	(5,566)
Net realized gains (losses)	(914)	(1,345)	(174)	(2,415)	(1,088)	(3,760)
Derivatives:						

Gross realized gains	—	6,088	—	2,872	—	8,960
Gross realized losses	—	(1,364)	—	(1,056)	—	(2,420)
Net realized gains (losses) <sup>(1)</sup>	—	4,724	—	1,816	—	6,540
Total net realized investment gains (losses)	\$ (1,520)	\$ (25,385)	\$ (761)	\$ (9,916)	\$ (2,281)	\$ (35,301)

(1) Includes periodic net interest settlements related to the derivatives of \$1.4 million for the quarters ended March 31, 2022 June 30, 2022 and \$2.5 million for the six months ended June 30, 2022.

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

(Dollars in thousands)	Quarters Ended March 31,		Quarters Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022
Net gains (losses) recognized during the period on equity securities	(91 \$ 4)	(1,34 \$ 5)	(17 \$ 4)	(2,41 \$ 5)	(1,0 \$ 88)	(3,76 \$ 0)
Less: net gains (losses) recognized during the period on equity securities sold during the period	18	11,11 4	—	(498)	18	10,61 6
Unrealized gains (losses) recognized during the reporting period on equity securities	(93 \$ 2)	(12,4 \$ 59)	(17 \$ 4)	(1,91 \$ 7)	(1,1 \$ 06)	(14,3 \$ 76)

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

(Dollars in thousands)	Quarters Ended March 31,		Six Months Ended June 30,	
	2023	2022	2023	2022
Fixed maturities	\$ 44,381	\$ 140,150	\$ 96,890	\$ 829,205
Equity securities	—	86,173	24	88,726

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### Net Investment Income

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

(Dollars in thousands)	Quarters Ended March 31,	
	2023	2022

Fixed maturities	\$	11,460	\$	6,404
Equity securities		190		334
Cash and cash equivalents		263		32
Other invested assets		467		426
Total investment income		12,380		7,196
Investment expense		(372)		(604)
Net investment income	\$	12,008	\$	6,592

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(Dollars in thousands)	Quarters Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Fixed maturities	\$ 12,313	\$ 7,467	\$ 23,773	\$ 13,871
Equity securities	257	275	447	609
Cash and cash equivalents	300	99	563	131
Other invested assets	697	(5,300)	1,164	(4,874)
Total investment income	13,567	2,541	25,947	9,737
Investment expense	(351)	(611)	(723)	(1,215)
Net investment income	\$ 13,216	\$ 1,930	\$ 25,224	\$ 8,522

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

(Dollars in thousands)	Quarters Ended March 31,		Quarters Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022
Net investment income	12,00		13,21		25,22	
	\$ 8	\$ 6,592	\$ 6	\$ 1,930	\$ 4	\$ 8,522
Net realized investment gains (losses)	(1,520)	(25,38 5)				
Net realized investment losses			(761)	(9,916)	(2,281)	(35,30 1)
Change in unrealized holding gains (losses)	10,48 0	(23,84 4)		(17,48 8)		(41,33 2)
Net realized and unrealized investment returns	8,960	(49,22 9)	(3,878)	(27,40 4)	5,082	(76,63 3)
Total investment return	20,96	(42,63 7)		(25,47 4)	30,30	(68,11 1)
	\$ 8	\$ 7)	\$ 9,338	\$ 4)	\$ 6	\$ 1)
Total investment return % (1)	1.6 %	(2.8 %)	0.7 %	(1.8 %)	2.3 %	(4.8 %)

Average investment portfolio (2)	1,344, \$ 886	1,498, \$ 272	1,345, \$ 235	1,395, \$ 519	1,343, \$ 024	1,429, \$ 227
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(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 March 31, 2023 June 30, 2023 and 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 March 31, 2023 June 30, 2023, the Company held insurance enhanced municipal bonds with a market value of approximately \$6.8 6.2 million which represented 0.5% of the Company's total cash and invested assets, net of payable/ receivable for securities purchased and sold. The financial guarantors of the Company's \$6.8 6.2 million municipal bonds include Assured Guaranty Corporation (\$5.3 5.0 million) and Ambac Financial Group (\$1.5 1.2 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 March 31, 2023 June 30, 2023.

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### Bonds Held on Deposit

Certain cash 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 March 31, 2023 June 30, 2023 and December 31, 2022:

(Dollars in thousands)	Estimated Fair Value		Estimated Fair Value	
	March 31, 2023	December 31, 2022	June 30, 2023	December 31, 2022
On deposit with governmental authorities	\$ 19,476	\$ 19,290	\$ 20,983	\$ 19,290
Held in trust pursuant to third party requirements	164,429	161,901	164,845	161,901
Total (1)	\$ 183,905	\$ 181,191	\$ 185,828	\$ 181,191

(1) Includes cash and cash equivalents of \$4.1 9.3 million and \$3.7 million at March 31, 2023 June 30, 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 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 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 \$4.6 million and \$4.8 million as of March 31, 2023, June 30, 2023 and December 31, 2022, respectively. The Company's maximum exposure to loss from this VIE, which factors in future funding commitments, was \$18.8 million and \$19.0 million at March 31, 2023, June 30, 2023 and December 31, 2022, respectively. The carrying value and maximum exposure to loss of a second VIE that invests in Real Estate Investment Trust ("REIT") qualifying assets was \$9.4 million and \$9.8 million as of March 31, 2023, June 30, 2023 and 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 were used by the Company to reduce risks from changes in interest rates and limit exposure to severe equity market changes. The Company 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.

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The following table summarizes the net gains 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 and six months ended March 31, 2023, June 30, 2023 and 2022:

(Dollars in thousands)	Consolidated Statements of Operations	Quarters Ended March 31,		Consolidated Statements of Operations	Quarters Ended June 30,		Six Months Ended June 30,	
		Line	2023		2022	Line	2023	2022



Interest rate swap agreements	Net realized investment gains				Net realized investment gains			
	4,72				1,81			
	(losses)	\$ —	\$ 4		(losses)	\$ —	\$ 6	\$ —
			4,72				1,81	6,54
Total		\$ —	\$ 4		\$ —	\$ 6	\$ —	\$ 0

The Company terminated its outstanding interest rate swaps in the fourth quarter of 2022 and was not utilizing interest rate swap agreements as of December 31, 2022. There are no outstanding amounts related to the interest rate swap agreements on the consolidated balance sheets as of **March 31, 2023** **June 30, 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 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 directly or indirectly.
- Level 3 – inputs are unobservable for the asset, and include situations where there is little, if any, market activity for the asset.

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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.

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The following table presents information about the Company's invested assets measured at fair value on a recurring basis as of **March 31, 2023** **June 30, 2023** and 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
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As of March 31, 2023								
(Dollars in thousands)	Level 1	Level 2	Level 3	Total				
As of June 30, 2023								
(Dollars in thousands)					Level 1	Level 2	Level 3	Total
Assets:								
Fixed maturities:								
U.S. treasuries	332, \$ 306	\$ —	\$ —	332,3 \$ 06	388, \$ 762	\$ —	\$ —	388,7 \$ 62
Obligations of states and political subdivisions		31,8 73		31,87 3		30,6 06		30,60 6
Mortgage-backed securities		61,5 18	964	62,48 2		59,7 17		60,66 6
Commercial mortgage-backed securities		99,0 87		99,08 7		80,4 54		80,45 4
Asset-backed securities		207, 386	319	207,7 05		204, 315		204,3 15
Corporate bonds		339, 338	1,8 22	341,1 60		329, 939	1,7 25	331,6 64
Foreign corporate bonds		182, 744		182,7 44		169, 139		169,1 39
Total fixed maturities	332, 306	921, 946	3,1 05	1,257 ,357	388, 762	874, 170	2,6 74	1,265 ,606
Equity securities		16,1 12	1,2 30	17,34 2		16,0 40	1,1 13	17,15 3
Total assets measured at fair value	332, \$ 306	938, \$ 058	4,3 \$ 35	1,274 \$ ,699	388, \$ 762	890, \$ 210	3,7 \$ 87	1,282 \$ ,759

#### Fair Value Measurements

As of December 31, 2022				
(Dollars in thousands)	Level 1	Level 2	Level 3	Total
Assets:				
Fixed maturities:				
U.S. treasuries	\$ 344,103	\$ —	\$ —	\$ 344,103
Obligations of states and political subdivisions	—	31,595	—	31,595
Mortgage-backed securities	—	61,156	960	62,116
Commercial mortgage-backed securities	—	98,664	—	98,664
Asset-backed securities	—	189,073	327	189,400

Corporate bonds	—	336,767	2,013	338,780
Foreign corporate bonds	—	183,540	—	183,540
Total fixed maturities	344,103	900,795	3,300	1,248,198
Equity securities	—	16,249	1,271	17,520
Total assets measured at fair value	\$ 344,103	\$ 917,044	\$ 4,571	\$ 1,265,718

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

The securities classified as Level 2 in the above tables consist primarily of fixed maturities, and equity 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 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 and six months ended March 31, 2023 June 30, 2023 and 2022:

(Dollars in thousands)	Quarters Ended March 31,		Quarters Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022
Beginning balance	4,5	2,7	4,3	4,2	4,5	2,7
	\$ 71	\$ 69	\$ 35	\$ 88	\$ 71	\$ 69
Total gains (realized / unrealized):						
Included in accumulated other comprehensive income	10	(8)	(3)	23	7	15
			(11	(10	(17	(17
Included in earnings attributable to realized gains / losses	(59)	(68)	3)	2)	2)	0)
		25		60		85
Transfers into level 3	—	0	—	7	—	7
Transfers out of level 3	—	—				
Amortization of bond premium and discount, net	2	—	2	2	4	2

		1,4			11	1,4
Purchases	74	24	39	55	3	79
	(26		(47	(52	(73	(60
Sales	3)	(79)	3)	3)	6)	2)
	<u>4,3</u>	<u>4,2</u>	<u>3,7</u>	<u>4,3</u>	<u>3,7</u>	<u>4,3</u>
Ending balance	<u>35</u>	<u>88</u>	<u>87</u>	<u>50</u>	<u>87</u>	<u>50</u>
Gains (losses) included in earnings attributable to the change in unrealized gains (losses) related to assets still held at end of reporting period			(10		(16	
	\$ (59)	\$ (5)	\$ (3)	\$ (9)	\$ (2)	\$ (14)

### Fair Value of Alternative Investments

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

(Dollars in thousands)	March 31, 2023		December 31, 2022		June 30, 2023		December 31, 2022	
	Future		Future		Future		Future	
	Fair	Funding	Fair	Funding	Fair	Funding	Fair	Funding
	Value	Commitment	Value	Commitment	Value	Commitment	Value	Commitment
European Non-Performing Loan Fund, LP (1)	4,5	14,2	4,8	14,2	4,4	14,2	4,8	14,2
	\$ 72	\$ 14	\$ 32	\$ 14	\$ 06	\$ 14	\$ 32	\$ 14
Mortgage Debt Fund, LP (2)	9,7		9,7		9,3		9,7	
	98	—	71	—	74	—	71	—
Global Debt Fund, LP (3)	23,		23,		23,		23,	
	299	—	573	—	502	—	573	—
Total	37,	14,2	38,	14,2	37,	14,2	38,	14,2
	\$ 669	\$ 14	\$ 176	\$ 14	\$ 282	\$ 14	\$ 176	\$ 14

- (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 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 have the contractual option to redeem its limited partnership interest but receives distributions based on the liquidation of the underlying assets.
- (3) This limited partnership invests in performing, stressed or distressed securities and loans across the global fixed income markets. The Company does have the contractual option to withdraw all or a portion of its limited partnership interest by providing notice to the 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 are booked on a one quarter lag due to non-availability of data at the time the financial statements are prepared. 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 \$0.10.5 million and \$(0.15.3) million for the quarters ended March 31, 2023 June 30, 2023 and 2022, respectively, and \$0.6 million and (\$5.4) million for the six months ended June 30, 2023 and 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.
- 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-back 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. TI 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 securiti

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 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 prices from a second pricing vendor for a sample of securities.

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

## 6. 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.

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

(Dollars in thousands)	Quarters Ended March 31,		Quarters Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022
			3,37			
Beginning balance	\$ 3,322	\$ 2,996	\$ 9	\$ 2,937	\$ 3,322	\$ 2,996
Current period provision for expected credit losses	348	83	1,36			
			9	536	1,717	619
Write-offs	(291)	(142)	(692)	(554)	(983)	(696)
			4,05			
Ending balance	\$ 3,379	\$ 2,937	\$ 6	\$ 2,919	\$ 4,056	\$ 2,919

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 and six months ended March 31, 2023, June 30, 2023 and 2022:

(Dollars in thousands)	Quarters Ended March 31,		Quarters Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022	2023	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

## 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 **March 31, 2023** **June 30, 2023**, the statutory income tax rates of the countries where the Company conducts 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.

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

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

(Dollars in thousands)	Quarters Ended March 31,		Quarters Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022
Deferred income tax expense (benefit):						
U.S. Federal	\$ 573	\$ (3,413)	\$ 2,371	\$ (626)	\$ 2,944	\$ (4,039)
Total deferred income tax expense (benefit)	573	(3,413)	2,371	(626)	2,944	(4,039)
Total income tax expense (benefit)	\$ 573	\$ (3,413)	\$ 2,371	\$ (626)	\$ 2,944	\$ (4,039)

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.

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:

(Dollars in thousands)	Quarters Ended March 31,			
	2023		2022	
	% of Pre-		% of Pre-	
	Amount	Tax Income	Amount	Tax Income
Expected tax provision at weighted average tax rate	\$ 644	21.0 %	\$ (3,819)	21.0 %
Adjustments:				
Dividend exclusion	(17)	(0.5)	(22)	0.1
Change in tax status	—	—	—	—
Parent income treated as partnership for tax	(196)	(6.4)	243	(1.3)
Other	142	4.6	185	(1.0)
Effective income tax expense (benefit)	\$ 573	18.7 %	\$ (3,413)	18.8 %

  

(Dollars in thousands)	Quarters Ended June 30,			
	2023		2022	
	% of Pre-		% of Pre-	
	Amount	Tax Income	Amount	Tax Income
Expected tax provision at weighted average tax rate	\$ 2,459	21.0 %	\$ (2,686)	21.0 %
Adjustments:				
Dividend exclusion	(21)	(0.2)	(24)	0.2
Parent income treated as partnership for tax	(146)	(1.2)	1,827	(14.3)
Other	79	0.7	257	(2.0)
Effective income tax expense (benefit)	\$ 2,371	20.3 %	\$ (626)	4.9 %

The effective income tax expense rate for the quarter ended **March 31, 2023** June 30, 2023 was **18.7** 20.3% compared to an effective income tax benefit rate of **18.8** 4.9% for the quarter ended **March 31, 2022** June 30, 2022. The difference between 2023 and 2022 is primarily due to a change in income or loss at the parent company which is treated as a partnership for tax.

(Dollars in thousands)	Six Months Ended June 30,			
	2023		2022	
	% of Pre-		% of Pre-	
	Amount	Tax Income	Amount	Tax Income
Expected tax provision at weighted average tax rate	\$ 3,103	21.0 %	\$ (6,505)	21.0 %
Adjustments:				
Dividend exclusion	(38)	(0.3)	(46)	0.1
Parent (income) loss treated as partnership for tax	(342)	(2.3)	2,070	(6.7)
Other	221	1.5	442	(1.4)
Effective income tax expense (benefit)	\$ 2,944	19.9 %	\$ (4,039)	13.0 %



The effective income tax expense rate for the six months ended June 30, 2023 was 19.9% compared to an effective income tax benefit rate of 13.0% for the six months ended June 30, 2022. The difference between 2023 and 2022 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 \$109.798.1 million as of March 31, 2023 June 30, 2023, which begins to expire in 2036 based on when the original NOL was generated. The Company's NOL carryforward as of December 31, 2022 was \$116.4 million.

The Company did not have any Section 163(j) ("163(j)") carryforward as March 31, 2023 of June 30, 2023 or 2022. December 31, 2022. The 163(j) carryforward relates to the limitation on the deduction for business interest expense paid or accrued.

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

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

(Dollars in thousands)	Quarters Ended March 31,		Quarters Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022
Balance at beginning of period	832,404	759,904	857,520	770,332	832,404	759,904
Less: Ceded reinsurance receivables	73,021	94,443	73,665	93,194	73,021	94,443
Net balance at beginning of period	759,383	665,461	783,855	677,138	759,383	665,461
Incurred losses and loss adjustment expenses related to:						
Current year	88,001	87,758	78,031	96,189	166,032	183,947
Prior years	—	(3,063)	51	(3,571)	51	(6,634)
Total incurred losses and loss adjustment expenses	88,001	84,695	78,082	92,618	166,083	177,313
Paid losses and loss adjustment expenses related to:						
Current year	9,617	13,315	24,565	29,079	34,184	42,394
Prior years	53,912	59,703	44,354	30,201	98,264	89,904
Total paid losses and loss adjustment expenses	63,529	73,018	68,919	59,280	132,448	132,298
Net balance at end of period	783,855	677,138	793,018	710,476	793,018	710,476

Plus: Ceded reinsurance receivables	73,66		73,93	94,18		
	5	93,194	3	5	73,933	94,185
Balance at end of period	857,5	770,33	866,9	804,6	866,95	804,66
	\$ 20	\$ 2	\$ 51	\$ 61	\$ 1	\$ 1

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.

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During the first second quarter of 2023, the Company's adjustments to increased its prior accident year loss reserves netted to by \$zero 0.1. This million, which consisted of a \$1.5 5.0 million increase related to Commercial Specialty, a \$1.0 million increase related to Reinsurance Operations, and a \$1.5 5.9 million decrease related to Exited Lines.

The \$1.5 5.0 million increase in prior accident year loss reserves related to Commercial Specialty primarily consisted of the following:

- **Property:** A \$0.2 1.0 million increase decrease primarily recognizes higher lower than expected claims severity in the 2018 through 2020 and 2022 accident years, mostly partially offset by a decrease increases in the 2021 2015 accident year reflecting lower than expected claims severity in that year.
- **General Liability:** A \$1.3 6.1 million increase primarily recognizes higher than expected claims severity in the 2017 through 2022 accident years partially offset by decreases in accident years prior to 2005 and the 2013, 2015, 2016, 2019, 2020, and 2022 accident years mainly reflects higher than expected claims severity, partially offset by decreases in the 2011 and 2018 accident years. 2006 primarily related to construction defect.

The \$1.5 1.0 million increase of prior accident year loss reserves related to Reinsurance Operations primarily consisted of the following:

- **Professional:** A \$1.1 million increase in the 2022 accident year recognizes higher prior accident year case incurred emergence than expected.
- **General Liability:** A \$0.1 million decrease based on information received from the cedants.

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

- **Property:** A \$1.0 1.1 million decrease increase primarily in total, mainly Property Brokerage. The increase reflects higher than expected claims severity in one reinsurance treaty the 2014, 2021 and 2022 accident years partially offset by lower than expected severity in the 2017 and 2020 accident years.
- **Reinsurance:** A \$6.2 million decrease in the 2012 and 2015 through 2021 accident years based on the reported information received from the cedant and decreases cedants, primarily 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. treaties.

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- **General Liability:** A \$0.5 0.9 million decrease in total primarily recognizes lower than expected severity in the 2014 through 2017 2019 and 2020 accident years, partially offset by increases an increase in the 2018, 2021, and 2022 2019 accident

years. These prior year reserve loss adjustments were mainly in the specialty property and farm, ranch & stable lines of business year.

During the first second quarter of 2022, the Company decreased its prior accident year loss reserves by \$3.1 3.6 million, which consisted of a \$1.9 2.3 million increase decrease related to Commercial Specialty, a \$1.2 million decrease related to Reinsurance Operations, and a \$4.9 0.1 million decrease related to Exited Lines.

The \$1.9 2.3 million increase decrease of prior accident year loss reserves related to Commercial Specialty primarily consisted of the following:

- **Property:** A \$1.9 3.4 million decrease primarily recognizes lower than expected claims severity in the 2015 and 2018 through 2021 accident years.
- **General Liability:** A \$1.2 million increase reflects higher than expected claims severity in accident years prior to 2005, 2016, 2017, 2019 and 2020 accident years, partially offset by decreases in the 2010 through 2015, 2018 and 2021 accident years.

The \$1.2 million reduction of prior accident year loss reserves related to Reinsurance Operations primarily recognizes 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 \$0.1 million reduction of prior accident year loss reserves related to Exited Lines consisted of the following:

- **Property:** A \$2.0 million increase reflects higher than expected claims severity in the 2015 through 2018 and 2020 accident years, partially offset by a decrease in the 2019 2011 and 2021 accident years.
- **Reinsurance:** A \$2.1 million decrease primarily in the 2017 through the 2021 accident years based on the reported information from cedants.

During the first six months of 2023, the Company increased its prior accident year loss reserves by \$0.1 million, which consisted of a \$6.5 million increase related to Commercial Specialty, a \$1.0 million increase related to Reinsurance Operations, and a \$7.4 million decrease related to Exited Lines.

The \$4.9 6.5 million increase of prior accident year loss reserves related to Commercial Specialty primarily consisted of the following:

- **Property:** A \$0.8 million decrease recognizes lower than expected claims severity in the 2021 accident year, partially offset by increases in the 2015, 2019, 2020, and 2022 accident years.
- **General Liability:** A \$7.3 million increase recognizes higher than expected claims severity in the 2013, 2015, 2017, and 2019 through 2022 accident years, partially offset by decreases in accident years prior to 2006 related to construction defect and the 2011 accident year.

The \$1.0 million increase of prior accident year loss reserves related to Reinsurance Operations primarily consisted of the following:

- **Professional:** A \$1.1 million increase in the 2022 accident year recognizes higher prior accident year case incurred emergence than expected.
- **General Liability:** A \$0.1 million decrease based on information received from the cedants.

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

- **Property:** A \$2.1 1.3 million increase reflects higher than expected claims severity in the 2014, 2021 and 2022 accident years in Property Brokerage, partially offset by lower than expected severity in the 2016, 2017 and 2020 accident years.

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- **Reinsurance:** A \$7.3 million decrease in the 2012 and 2015 through 2021 accident years based on information received from cedants, primarily in the property treaties.
- **General Liability:** A \$1.4 million decrease primarily recognizes lower than expected severity in the 2014 through 2017 accident years, partially offset by an increase in the 2022 accident year.

During the first six months of 2022, the Company decreased its prior accident year loss reserves by \$6.6 million, which consisted of a \$0.4 million decrease related to Commercial Specialty, a \$1.2 million decrease related to Reinsurance Operations, and a \$5.0 million decrease related to Exited Lines.

The \$0.4 million decrease of prior accident year loss reserves related to Commercial Specialty primarily consisted of the following:

- **Property:** A \$1.5 million decrease primarily recognizes lower than expected claims severity in the 2019 and 2021 accident years, partially offset by increases in the 2015 and 2018 accident years.
- **General Liability:** A \$1.2 million increase reflects higher than expected claims severity in accident years prior to 2005, 2010, 2016, 2017, 2019 and 2020 accident years, partially offset by decreases in the 2006, 2007, 2011 through 2015, 2018 and 2021 accident years.

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 \$5.0 million reduction of prior accident year loss reserves related to Exited Lines primarily consisted of the following:

- **Property:** A \$0.2 million decrease primarily in the 2015, 2011, 2018 and 2021 accident years, partially offset by increases in the 2015 through 2017 and 2020 accident years.
- **Reinsurance:** A \$4.3 million decrease primarily in the 2017 through the 2021 accident years based on reported information from the cedants.
- **General Liability:** A \$0.6 million decrease primarily reduction in the 2017, 2019 and 2021 accident years partially offset by an increase in the 2018 accident year.

• **Reinsurance:** A \$2.2 million decrease was primarily from one treaty and in the 2017 through 2021 accident years based on the reported information from the cedant.

## 9. Shareholders' Equity

### *Repurchases of the Company's class A common shares*

On October 21, 2022, Global Indemnity Group, LLC announced it commenced a stock repurchase program beginning in the fourth quarter of 2022. On January 3, 2023, Global Indemnity Group, LLC announced that it had authorized an increase in the aggregate stock purchase program from \$32 million, which was authorized on October 21, 2022, to \$60 million. On June 8, 2023, Global Indemnity Group, LLC's Board of Directors approved an additional increase in the existing share buyback authorization amount of \$60 million to \$135 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 variety of factors, including price, general business and market conditions, and alternative investment opportunities.

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

Period	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 <sup>(2)</sup>			
	Total Number of Shares Purchased	Average Price Paid Per Share			Total Number of Shares Purchased	Average Price Paid Per Share		
(1)	Shares Purchased	Share		Program	Shares Purchased	Share	Program	Programs <sup>(2)</sup>
January 1-31, 2023	3,302	23.3		—	3,302	23.3	—	—
January 1-31, 2023	25,000	25.9		250,000	25,000	25.9	250,000	31,604,066
April 1-30, 2023	20,000	28.0		200,000	20,000	28.0	200,000	101,004,066
June 1-30, 2023	15,582	33.7		—	15,582	33.7	—	101,004,066
Total	25,302	25.8		—	25,302	25.8	—	—

(1) Based on settlement date.

(2) Based on the \$60.135 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 quarter six months ended March 31, 2022 June 30, 2022:

Period (1)	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program				Total Number of Shares Purchased as Part of Publicly Announced Plan or Program			
	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
January 1-31, 2022	4,781	25.13	—	—	4,781	25.13	—	—
June 1-30, 2022	11,173	26.28	—	—	11,173	26.28	—	—
Total	4,781	25.13	—	—	15,954	25.94	—	—

(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.

There were no class B common shares that were surrendered or repurchased during the quarters and six months ended March 31, 2023, June 30, 2023 or 2022.

Each class A common share has one vote and each class B common share has ten votes.

As of March 31, 2023, June 30, 2023, Global Indemnity Group, LLC's class A common shares were held by approximately 145,140 shareholders of record. There were 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 March 31, 2023, June 30, 2023. Global Indemnity Group, LLC's preferred shares were held by 1 holder of record, an affiliate of Fox Paine & Company, LLC, as of March 31, 2023, June 30, 2023.

Please see Note 16 of the notes to the consolidated financial statements in Item 8 Part II of the Company's 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 quarter six months ended March 31, 2023 June 30, 2023 as follows:

	Total Distributions				Total Distributions		
			Declared				Declared
Approval Date	Record Date	Payment Date	(Dollars in thousands)	Record Date	Payment Date		(Dollars in thousands)
March 2, 2023	March 24, 2023	March 31, 2023	\$ 3,410	March 24, 2023	March 31, 2023	\$	3,410
June 1, 2023				June 23, 2023	June 30, 2023		3,375
Various (1)	Various	Various	(64)	Various	Various		(21)
Total			\$ 3,346			\$	6,764

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

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Distribution payments of \$0.25 per common share were declared during the quarter six months ended March 31, 2022 June 30, 2022 as follows:

	Total Distributions			Total Distributions		
			Declared			Declared
Approval Date	Record Date	Payment Date	(Dollars in thousands)	Record Date	Payment Date	(Dollars in thousands)
March 3, 2022	March 21, 2022	March 31, 2022	\$ 3,597	March 21, 2022	March 31, 2022	\$ 3,597
June 2, 2022				June 20, 2022	June 30, 2022	3,602
Various (1)	Various	Various	50	Various	Various	190
Total			\$ 3,647			\$ 7,389

(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 March 31, 2023 June 30, 2023 and 2022 and \$0.2 million in each of the six months ended June 30, 2023 and 2022.

Accrued distributions on unvested shares, which were included in other liabilities on the consolidated balance sheets, were \$0.5 0.3 million and \$1.1 million as of March 31, 2023 June 30, 2023 and December 31, 2022, respectively. Accrued preferred distributions

were less than \$0.1 million as of both **March 31, 2023** **June 30, 2023** and December 31, 2022 and were included in other liabilities on the consolidated balance sheets.

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

## 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. (the "Fox Paine 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 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 **83.6** **83.9**% of the voting power of Global Indemnity Group, LLC as of **March 31, 2023** **June 30, 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.

Management fee expense of \$0.8 million and \$0.7 million were incurred during the quarters ended **March 31, 2023** **June 30, 2023** and **2022**, respectively, and management fee expense of \$1.5 million and \$1.4 million were incurred during the six months ended **June 30, 2023** and **2022**, respectively. Prepaid management fees, which were included in other assets on the consolidated balance sheets, were **\$1.3** **0.5** million and \$2.1 million as of **March 31, 2023** **June 30, 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

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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).

## 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

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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.

## **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 **March 31, 2023** **June 30, 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.

## **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 10 above for additional information pertaining to this management agreement.

## **12. Share-Based Compensation Plans**

### **Share Incentive Plan**

On June 14, 2023, the Company's Shareholders approved the Global Indemnity Group, LLC 2023 Share Incentive Plan ("the 2023 Plan"). The primary purpose of the 2023 Plan is to provide Global Indemnity a competitive advantage in attracting, retaining, and motivating officers, employees, consultants and non-employee directors, and to position Global Indemnity to offer incentives linked to the financial results of the Company's business and increases in shareholder value. Under the 2023 Plan, the Company may issue up to 2.5 million class A common shares pursuant to awards granted under the Plan. The 2023 Plan replaced the Global Indemnity Group, LLC 2018 Share Incentive Plan, as amended and restated on August 28, 2020 which expired pursuant to its terms on March 4, 2023.

### **Options**

No stock options were awarded during the quarters **and six months** ended **March 31, 2023** **June 30, 2023** or 2022. No unvested stock options were forfeited during the quarters **and six months** ended **March 31, 2023** **June 30, 2023** or 2022.

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## **Restricted Shares / Restricted Stock Units**

There were no restricted class A common shares or restricted stock units granted to key employees during the quarters **and six months** ended **March 31, 2023** **June 30, 2023** and 2022. There were no restricted class A common shares or restricted stock units forfeited during the quarter **and six months** ended **March 31, 2023**. There were 395,777 restricted class A common shares **June 30, 2023** and **318,958** restricted stock units that were forfeited during the quarter ended **March 31, 2022**. **2022**.

There were 25,913 49,628 and 35,442 restricted stock units that vested during the quarter quarters ended March 31, 2023 June 30, 2023 and 2022, respectively, and 26,080 75,541 and 61,522 restricted stock units that vested during the quarter six months ended March 31, 2022. June 30, 2023 and 2022, respectively Upon vesting, the restricted stock units converted to restricted class A common shares.

During the quarters ended March 31, 2023 June 30, 2023 and 2022, the Company granted 26,426 22,279 and 24,810 25,760 class A common shares, respectively, at a weighted average grant date value of \$25.46 30.20 and \$25.64 25.96 per share, respectively, to non-employee directors of the Company under the Plan. During the six months ended June 30, 2023 and 2022, the Company granted 48,705 and 50,570 class A common shares, respectively, at a weighted average grant date value of \$27.63 and \$25.80 per share, respectively, to non-employee directors of the Company under the Plan. The Company previously granted 157,139 shares to a non-employee director with deferred vesting. These shares vested during the quarter ended March 31, 2023 on January 13, 2023. All other shares granted to non-employee directors of the Company are fully vested but are subject to certain restrictions.

### Rule 10b5-1 Trading Plans

26 The Company did not have any Rule 10b5-1 Trading Plans in place during the six months ended June 30, 2023 and 2022.

## 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		Quarters Ended		Six Months Ended	
	March 31,		June 30,		June 30,	
	2023	2022	2023	2022	2023	2022
Numerator:						
Net income (loss)	\$ 2,494	\$ (14,773)	\$ 9,337	\$ (12,162)	\$ 11,831	\$ (26,935)
Less: preferred stock distributions	110	110	110	110	220	220
Net income (loss) available to common shareholders	<u>\$ 2,384</u>	<u>\$ (14,883)</u>	<u>\$ 9,227</u>	<u>\$ (12,272)</u>	<u>\$ 11,611</u>	<u>\$ (27,155)</u>
Denominator:						
Weighted average shares for basic earnings per share	13,670,732	14,514,950	13,478,014	14,543,234	13,573,841	14,529,170
Non-vested restricted stock units	103,407	—	61,579	—	58,571	—
Options	155,007	—	168,391	—	161,809	—

Weighted average shares for diluted earnings per share <sup>(1)</sup>	13,929, 146	14,514, 950	13,707, 984	14,543, 234	13,794, 221	14,529, 170
Earnings per share - Basic	\$ 0.17	\$ (1.03)	\$ 0.68	\$ (0.84)	\$ 0.86	\$ (1.87)
Earnings per share - Diluted	\$ 0.17	\$ (1.03)	\$ 0.67	\$ (0.84)	\$ 0.84	\$ (1.87)

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

If the Company had not incurred a loss in the quarter ended March 31, 2022 June 30, 2022, 14,701,350 14,749,370 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 June 30, 2022 would have included 91,435 110,417 shares of non-vested restricted stock units and 94,965 95,719 share equivalents for options.

If the Company had not incurred a loss in the six months ended June 30, 2022, 14,728,182 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

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the diluted calculation for the six months ended June 30, 2022 would have included 103,670 shares of non-vested restricted stock units and 95,342 share equivalents for options.

The weighted average shares outstanding used to determine dilutive earnings per share does not include 346,667 shares for both the quarter and six months ended June 30, 2023 and 393,333 shares for both the quarters quarter and six months ended March 31, 2023 and 2022, respectively, June 30, 2022, which were deemed to be anti-dilutive.

## 14. Segment Information

During the fourth quarter of 2022, the Company decided to restructure restructured its insurance operations in an effort to strengthen its market presence and enhance its focus on GBL's core Wholesale Commercial Package Specialty and InsurTech Targeted Specialty 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 its Farm, Ranch & Stable business for 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. 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 segment. In addition, a decision was made in the fourth quarter of 2022 to reclassify several smaller reinsurance treaties from Reinsurance Operations to Commercial Specialty. Management believes these 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. Accordingly, the segment results for the quarter and six months ended March 31, 2022 June 30, 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 Package Specialty and InsurTech Targeted Specialty product offerings. 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

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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.

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

Quarter Ended March 31, 2023 (Dollars in thousands)	Reinsura							
	Commerc ial Specialty	nce Operatio ns	(1)	Exited Lines	Total			
Quarter Ended June 30, 2023 (Dollars in thousands)					Reinsura			
	Commer cial Specialty	nce Operatio ns	(1)	Exited Lines	Total	Commer cial Specialty	nce Operatio ns	Exited Lines
<b>Revenues:</b>								
Gross written premiums	95,5 \$ 08	23,4 \$ 16	4,06 \$ 1	122, \$ 985		95,3 \$ 47	14,8 \$ 44	110, \$ (91)
Net written premiums	91,2 \$ 34	23,4 \$ 16	1,21 \$ 1	115, \$ 861		91,8 \$ 96	14,8 \$ 44	105, \$ (744)
Net earned premiums	93,1 \$ 82	34,8 \$ 47	12,0 \$ 43	140, \$ 072		93,4 \$ 08	29,5 \$ 85	129, \$ 3
Other income (loss)	267	(9)	77	335				
Other income						266	9	26
Total revenues	93,4 49	34,8 38	12,1 20	140, 407		93,6 74	29,5 94	129, 9
<b>Losses and Expenses:</b>								
Net losses and loss adjustment expenses	60,1 19	21,2 63	6,61 9	88,0 01		58,6 62	19,5 12	78,0 (92)
Acquisition costs and other underwriting expenses	35,5 26	12,8 16	5,13 6	53,4 78		33,9 72	10,7 37	47,1 2

Income (loss) from segments	(2,1			(1,07	1,04		3,88	4,27
	\$ 96)	\$ 759	\$ 365	\$ 2)	\$ 0	\$ (655)	\$ 9	\$ 4
<b>Unallocated Items:</b>								
Net investment income				12,08				13,216
Net realized investment losses				(1,520)				(761)
Other income				19				
Other loss								(19)
Corporate and other operating expenses				(6,368)				(4,990)
Interest expense								(12)
Income before income taxes				3,067				11,708
Income tax expense				(573)				(2,371)
Net income				2,494				9,337
				\$ 4				\$ 7
Segment assets	985,	368,	249,	1,603,61	999,	383,	222,	1,604,80
	\$ 557	\$ 751	\$ 302	\$ 0	\$ 271	\$ 040	\$ 491	\$ 2
Corporate assets				173,668				169,200
Total assets				1,777,27				1,774,00
				\$ 8				\$ 2

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

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Quarter Ended March 31, 2022 (Dollars in thousands)	Reinsura				
	Commerc	nce	Exited		Total
	ial Specialty	Operatio ns	(1)	Lines	

Quarter Ended June 30, 2022					Commerc ial Specialty	Reinsura nce Operatio ns	Exited Lines <sup>(1)</sup>	Total
(Dollars in thousands)								
<b>Revenues:</b>								
Gross written premiums	102, \$ 848	40,9 \$ 96	47,1 \$ 39	190, \$ 983	105, \$ 010	46,5 \$ 24	45,2 \$ 89	196, \$ 823
Net written premiums	98,1 \$ 63	40,9 \$ 96	20,3 \$ 23	159, \$ 482	99,6 \$ 67	46,5 \$ 24	20,9 \$ 67	167, \$ 158
Net earned premiums	91,1 \$ 97	34,2 \$ 98	23,3 \$ 28	148, \$ 823	93,9 \$ 97	39,1 \$ 62	22,5 \$ 90	155, \$ 749
Other income (loss)	259	(20)	200	439	260	20	(196)	84
Total revenues	91,4 56	34,2 78	23,5 28	149, 262	94,2 57	39,1 82	22,3 94	155, 833
<b>Losses and Expenses:</b>								
Net losses and loss adjustment expenses	53,6 59	21,0 59	9,97 7	84,6 95	52,8 04	22,7 93	17,0 21	92,6 18
Acquisition costs and other underwriting expenses	33,5 26	11,9 61	11,2 05	56,6 92	35,5 43	14,5 53	11,0 02	61,0 98
Income from segments	4,27 \$ 1	1,25 \$ 8	2,34 \$ 6	7,87 \$ 5				
Income (loss) from segments					5,91 \$ 0	1,83 \$ 6	(5,6 \$ 29)	2,11 \$ 7
<b>Unallocated Items:</b>								
Net investment income				6,59 2				1,93 0
Net realized investment losses				(25,3 85)				(9,91 6)
Other loss				(13)				
Other income								13
Corporate and other operating expenses				(4,66 0)				(2,99 3)
Interest expense				(2,59 5)				(410)
Loss on extinguishment of debt								(3,52 9)

Loss before income taxes				(18,186)				(12,788)
Income tax benefit				3,413				626
Net loss				(14,773)				(12,162)
Segment assets				1,628,411	1,002,123			1,713,915
Corporate assets				331,085				147,864
Total assets				1,959,496				1,861,779

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

#### Six Months Ended June 30, 2023

(Dollars in thousands)

#### Revenues:

	Commercial Specialty	Reinsurance Operations	(1) Exited Lines	Total
Gross written premiums	\$ 190,855	\$ 38,260	\$ 3,970	\$ 233,085
Net written premiums	\$ 183,130	\$ 38,260	\$ 467	\$ 221,857
Net earned premiums	\$ 186,590	\$ 64,432	\$ 18,206	\$ 269,228
Other income	533	—	103	636
Total revenues	187,123	64,432	18,309	269,864

#### Losses and Expenses:

Net losses and loss adjustment expenses	118,781	40,775	6,527	166,083
Acquisition costs and other underwriting expenses	69,498	23,553	7,528	100,579
Income (loss) from segments	\$ (1,156)	\$ 104	\$ 4,254	\$ 3,202

#### Unallocated Items:

Net investment income				25,224
Net realized investment losses				(2,281)
Corporate and other operating expenses				(11,358)
Interest expense				(12)
Income before income taxes				14,775
Income tax expense				(2,944)
Net income				\$ 11,831

Segment assets	\$ 999,271	\$ 383,040	\$ 222,491	\$ 1,604,802
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Corporate assets	169,200
Total assets	<u>\$ 1,774,002</u>

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

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Six Months Ended June 30, 2022	Commercial	Reinsurance		
(Dollars in thousands)	Specialty	Operations	(1) Exited Lines	Total
<b>Revenues:</b>				
Gross written premiums	\$ 207,858	\$ 87,520	\$ 92,428	\$ 387,806
Net written premiums	\$ 197,830	\$ 87,520	\$ 41,290	\$ 326,640
Net earned premiums	\$ 185,194	\$ 73,460	\$ 45,918	\$ 304,572
Other income	519	—	4	523
Total revenues	185,713	73,460	45,922	305,095
<b>Losses and Expenses:</b>				
Net losses and loss adjustment expenses	106,463	43,852	26,998	177,313
Acquisition costs and other underwriting expenses	69,069	26,514	22,207	117,790
Income (loss) from segments	\$ 10,181	\$ 3,094	\$ (3,283)	\$ 9,992
<b>Unallocated Items:</b>				
Net investment income				8,522
Net realized investment losses				(35,301)
Corporate and other operating expenses				(7,653)
Interest expense				(3,005)
Loss on extinguishment of debt				(3,529)
Loss before income taxes				(30,974)
Income tax benefit				4,039
Net loss				<u>\$ (26,935)</u>
Segment assets	\$ 1,002,120	\$ 326,804	\$ 384,991	\$ 1,713,915
Corporate assets				147,864
Total assets				<u>\$ 1,861,779</u>

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

## 15. New Accounting Pronouncements

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

## 16. Subsequent Events

### Share Repurchases

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 total of 1,357,082 shares with average purchase price of \$25.05



per share were repurchased under the share repurchase program that was initially authorized on October 21, 2022.

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## 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, 2022.

### Recent Developments

### Financial Highlights

#### Stock Repurchase 2023 Second Quarter Results of Operations

- From Net income of \$9.3 million, an additional 200,000 shares with an average cost of \$28.00 or \$0.68 per share were rep April 1, part basic and \$0.67 per share diluted 2023 through May 1, 2023
- Net earned premium of \$129.2 million; Property: 31% and Casualty: 69%
- Continuing Lines accident year combined ratio of 94.9% for the quarter ended June 30, 2023 compared to 96.8% for the san period in 2022. Continuing Lines' accident year combined ratio is comprised of the share repurchase program. Including the purchases, a total accident year ratios of 1,357,082 shares with average purchase price of \$25.05 per share were repurchas under the share repurchase program that Company's Commercial Specialty and Reinsurance Operations segments.
- o The accident year combined ratio was initially authorized on October 21, 2022.

#### 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 24, 2023. Distributions paid to common shareholders were \$3.9 million 93.7% for Commer Specialty's and 98.9% for Reinsurance Operations during the quarter ended March 31, 2023 June 30, 2023. In addition distributions of \$0.1 million were paid to Global Indemnity Group, LLC's preferred shareholder

- o The accident year combined ratio was 96.4% for Commercial Specialty's and 97.9% for Reinsurance Operations during the quarter ended March 31, 2023 June 30, 2022.
- Net investment income of \$13.2 million. Book yield on the fixed maturities portfolio was 3.8%.
- Net realized investment losses of \$0.8 million
- Operating cash flows of \$14.2 million

## Overview 2023 Second Quarter Consolidated Financial Condition

- The Total investments of \$1.3 billion; fixed maturities and manages its business through three business segments: Commercial Specialty, Reinsurance Operations, short-term securities comprise 96% of total investments operates
- Total assets of \$1.8 billion
- No third party debt
- Total capital returned to shareholders of \$602.6 million, comprising \$522.2 million of share repurchases and Exited Lines.

The Company's Commercial Specialty products are distributed through approximately 365 wholesale general agent and wholesale broker offices. The Company's wholesale general agents have limited quoting and binding authority. Commercial Specialty offers specialty property and casualty products designed for GBLI's Wholesale Commercial and InsurTech product offerings. These product lines are offered primarily \$80.4 million of distributions / dividends. This includes \$9.1 million of capital returned in the excess and surplus lines 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 second quarter of 2023 which meet the Company's risk tolerance and return thresholds. To support future growth in Company's Commercial Specialty segment and provide capital for business initiatives including is comprised of \$5.6 million of 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 and \$3.5 million of the Company's overall business prospectively. distributions.

- The Shareholders' equity of business that are no longer being written or are in runoff. Exited Lines includes specialty Commercial Specialty and property and casualty products such as manufactured home, dwelling, motorcycle, watercraft, certain homebased business, property brokerage, property and catastrophe reinsurance treaties, several smaller casualty lines, and and equine business. These insurance products were distributed through wholesale general agents, wholesale broker offices and retail agents. \$626.4 million segment represents lines

- The Book value per common share of fees paid for investment management services. The amount of insurance premium Company receives is a function of the amount and type of policies it writes, as well as prevailing market prices.

derives its

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revenues

primarily The Company's expenses include losses and loss adjustment expenses, acquisition costs and other underwriting from 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 at 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 on insurance policies it writes. The ultimate losses and loss adjustment expenses will depend on the actual costs to the Company from insurance policies it writes. Acquisition costs consist principally of commissions and premium taxes that are typically a percentage of the premium written and 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

income operating expenses are comprised primarily of outside legal fees, other professional and accounting fees, direct generated management fees & advisory fees, and salaries and benefits for company personnel whose services relate to the by its corporate activities. Interest expense is primarily comprised of amounts due on outstanding debt.

investment

portfolio,

net

### Critical Accounting Estimates and Policies

The Company's consolidated financial statements are prepared in conformity with GAAP, which require it to make assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the 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 losses and loss adjustment expenses, recoverability of reinsurance receivables, investments, fair value measurements and intangible assets, deferred acquisition costs, and taxation. For a detailed discussion on each of these policies, see the Company's Annual Report on Form 10-K for the year ended 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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\$46.03

### Results of Operations

During the quarter ended June 30, 2023, net income of \$9.3 million was realized. The \$9.3 million of net income is significantly better than the \$12.2 million net loss realized in the same period in 2022 and net income of \$2.5 million from the quarter ended March 31, 2023. Post March 31, 2023, actions have been taken to reduce exposures at commercial vacant properties. The Continuing Lines accident year underwriting income<sup>(1)</sup> for the quarter ended June 30, 2023 was \$6.5 million and the accident year combined ratio<sup>(1)</sup> was 94.9%. Net investment income significantly increased in the second quarter of 2023 compared to the same period in 2022. Book yield of the fixed income investment portfolio was 3.8% at June 30, 2023.

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compared to 2.2% at December 31, 2021. Actions taken to focus on Continuing Lines and to reposition the investment portfolio in early 2022 are improving results.

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

(Dollars in thousands)	Quarters Ended			Quarters Ended			Six Months Ended		
	March 31,		%	June 30,		%	June 30,		%
	2023	2022	Change	2023	2022	Change	2023	2022	Change
Gross written premiums		190		110	196		233	387	
	122,	,98	(35	,10	,82	(44	,08	,80	(39
	\$ 985	\$ 3	.6 %)	\$ 0	\$ 3	.1 %)	\$ 5	\$ 6	.9 %)

Net written premiums	115, \$ 861	159, \$ 2	(27 .4 %)	105, \$ 6	167, \$ 8	(36 .6 %)	221, \$ 7	326, \$ 0	(32 .1 %)
Net earned premiums	140, \$ 072	148, \$ 3	(5. 9 %)	129, \$ 6	155, \$ 9	(17 .1 %)	269, \$ 8	304, \$ 2	(11 .6 %)
Other income	335	439	(23 .7 %)	301	84	8.3 %	636	523	21. 6 %
Total revenues	140, 407	149, 26 2	(5. 9 %)	129, 45 7	155, 83 3	(16 .9 %)	269, 86 4	305, 09 5	(11 .5 %)
Losses and expenses:									
Net losses and loss adjustment expenses	88,0 01	84, 695	3.9 %	78, 082	92, 618	(15 .7 %)	166, 08 3	177, 31 3	(6. 3 %)
Acquisition costs and other underwriting expenses	53,4 78	56, 692	(5. 7 %)	47, 101	61, 098	(22 .9 %)	100, 57 9	117, 79 0	(14 .6 %)
Underwriting income (loss)	(1,0 72)	7,8 75	(11 3.6 %)						
Underwriting income				4,2 74	2,1 17	10 1.9 %	3,2 02	9,9 92	(68 .0 %)
Net investment income	12,0 08	6,5 92	82. 2 %	13, 216	1,9 30	NM	25, 224	8,5 22	19 6.0 %
Net realized investment losses	(1,5 20)	(25, 385)	(94 .0 %)	(76 1)	(9,9 16)	(92 .3 %)	(2,2 81)	(35, 301)	(93 .5 %)
Other income (loss)	19	(13)	NM	(19)	13	6.2 %	—	—	—
Corporate and other operating expenses	(6,3 68)	(4,6 60)	36. 7 %	(4,9 90)	(2,9 93)	66. 7 %	(11, 358)	(7,6 53)	48. 4 %
Interest expense	—	(2,5 95)	(10 0.0 %)	(12)	(41 0)	(97 .1 %)	(3,0 12)	(99 05)	(.6 %)
Loss on extinguishment of debt					(3,5 29)	(10 0.0 %)		(3,5 29)	(10 0.0 %)
Income (loss) before income taxes	3,06 7	(18, 186)	(11 6.9 %)	11, 708	(12, 788)	(19 1.6 %)	14, 775	(30, 974)	(14 7.7 %)

Income tax expense (benefit)	(3,4	(11	2,3	(62	2,9	(4,0	(17
	573	13)	71	6)	NM	44	39)
Net income (loss)	2,49	(14,	9,3	(12,	(17	11,	(26,
	\$ 4	\$ 773)	\$ 37	\$ 162)	6.8 %)	\$ 831	\$ 935)
Underwriting Ratios:							
Loss ratio (1):	56.						
	62.8 %	9 %					
Expense ratio (2)	38.						
	38.2 %	1 %					
Combined ratio (3)	101.	95.					
	0 %	0 %					
Loss ratio (2):			60.	59.	61.	58.	
			5 %	5 %	7 %	2 %	
Expense ratio (3)			36.	39.	37.	38.	
			5 %	2 %	4 %	7 %	
Combined ratio (4)			97.	98.	99.	96.	
			0 %	7 %	1 %	9 %	

NM (1)The Continuing Lines accident year underwriting income of \$6.5 million is a non-GAAP measure which excludes the impact of prior accident year losses and loss adjustment expenses and prior accident year contingent commission expenses totaling \$6.1 million. The Company's most directly comparable GAAP measure is the Continuing Lines underwriting income of \$0.4 million. The Continuing Lines accident year combined ratio of 94.9% is a non-GAAP ratio which excludes the impact of prior accident year losses and loss adjustment expenses and prior accident year contingent commission expenses totaling 5.1%. The Company's most directly comparable GAAP ratio is the Continuing Lines combined ratio of 100.0%. The Company believes the non-GAAP measures or ratios are useful to investors when evaluating the Company's underwriting performance as trends within Continuing Lines may be obscured by prior accident year adjustments. These non-GAAP measures or ratios should not be meaningful

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.

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

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

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

NM – not meaningful

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## Premiums

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

Quarters Ended	Quarters Ended	Six Months Ended
March 31,	June 30,	June 30,

(Dollars in thousands)	% Change			% Change			% Change		
	2023	2022		2023	2022		2023	2022	
Gross written premiums <sup>(1)</sup>									
Commercial Specialty	95,508	102,848	(7.1 %)	95,347	105,010	(9.2 %)	190,855	207,858	(8.2 %)
Reinsurance Operations <sup>(3)</sup>	23,416	40,996	(42.9 %)	14,844	46,524	(68.1 %)	38,260	87,520	(56.3 %)
Continuing Lines	118,924	143,844	(17.3 %)	110,191	151,534	(27.3 %)	229,115	295,378	(22.4 %)
Exited Lines	4,061	47,139	(91.4 %)	(91)	45,289	(100.2 %)	3,970	92,428	(95.7 %)
Total gross written premiums	122,985	190,983	(35.6 %)	110,100	196,823	(44.1 %)	233,085	387,806	(39.9 %)
Ceded written premiums									
Commercial Specialty	4,274	4,685	(8.8 %)	3,451	5,343	(35.4 %)	7,725	10,028	(23.0 %)
Reinsurance Operations <sup>(3)</sup>	—	—	—	—	—	—	—	—	—
Continuing Lines	4,274	4,685	(8.8 %)	3,451	5,343	(35.4 %)	7,725	10,028	(23.0 %)
Exited Lines	2,850	26,816	(89.4 %)	653	24,322	(97.3 %)	3,503	51,138	(93.1 %)
Total ceded written premiums	7,124	31,501	(77.4 %)	4,104	29,665	(86.2 %)	11,228	61,166	(81.6 %)
Net written premiums <sup>(2)</sup>									
Commercial Specialty	91,234	98,163	(7.1 %)	91,896	99,667	(7.8 %)	183,130	197,830	(7.4 %)
Reinsurance Operations <sup>(3)</sup>	23,416	40,996	(42.9 %)	14,844	46,524	(68.1 %)	38,260	87,520	(56.3 %)
Continuing Lines	114,650	139,159	(17.6 %)	106,740	146,191	(27.0 %)	221,390	285,350	(22.4 %)

Exited Lines	1,21	20,3	(94.		20,9	(103		41,2	(98.
	1	23	0 %)	(744)	67	.5 %)	467	90	9 %)
Total net written premiums	115,	159,	(27.	105,	167,	(36.	221,	326,	(32.
	\$ 861	\$ 482	4 %)	\$ 996	\$ 158	6 %)	\$ 857	\$ 640	1 %)
Net earned premiums									
Commercial Specialty	93,1	91,1		93,4	93,9		186,	185,	
	\$ 82	\$ 97	2.2 %	\$ 08	\$ 97	(0.6 %)	\$ 590	\$ 194	0.8 %
Reinsurance Operations (3)	34,8	34,2		29,5	39,1	(24.	64,4	73,4	(12.
	47	98	1.6 %	85	62	5 %)	32	60	3 %)
Continuing Lines	128,029	125,495	2.0 %	122,993	133,159	(7.6 %)	251,022	258,654	(3.0 %)
Exited Lines	12,043	23,328	(48.4 %)	6,163	22,590	(72.7 %)	18,206	45,918	(60.4 %)
Total net earned premiums	140,	148,		129,	155,	(17.	269,	304,	(11.
	\$ 072	\$ 823	(5.9 %)	\$ 156	\$ 749	1 %)	\$ 228	\$ 572	6 %)

- (1) Gross written premiums represent the amount received or to be received for insurance policies written without reduction for reinsurance costs, ceded premiums, or of 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 decreased by 35.6% 44.1% and 39.9% for the quarter and six months ended March 31, 2023 June 30, 2023 as compared to same period periods in 2022. The decrease in gross written premiums is 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 non-renewal of a casualty treaty within Reinsurance Operations, the non-renewal of a restaurant book of business within Commercial Specialty, and actions taken within Commercial Specialty to improve underwriting results by not renewing underperforming business. These decreases were partially offset by increased pricing within 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	Point
March 31,	

	2023	2022	Change
Loss ratio			
Commercial Specialty	64.5 %	58.9 %	5.6
Reinsurance Operations	61.0 %	61.4 %	(0.4)
Continuing Lines	63.6 %	59.5 %	4.1
Exited Lines	55.0 %	42.8 %	12.2
Total loss ratio	62.8 %	56.9 %	5.9
Expense ratio			
Commercial Specialty	38.1 %	36.8 %	1.3
Reinsurance Operations	36.8 %	34.9 %	1.9
Continuing Lines	37.8 %	36.2 %	1.6
Exited Lines	42.6 %	48.0 %	(5.4)
Total expense ratio	38.2 %	38.1 %	0.1
Combined ratio			
Commercial Specialty	102.6 %	95.7 %	6.9
Reinsurance Operations	97.8 %	96.3 %	1.5
Continuing Lines	101.4 %	95.7 %	5.7
Exited Lines	97.6 %	90.8 %	6.8
Total combined ratio	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			Quarters Ended			Six Months Ended		
	March 31,		Point Change	June 30,		Point Change	June 30,		Point Change
	2023	2022		2023	2022		2023	2022	
Commercial Specialty	95.5 %	95.4 %	0.1	96.4 %	94.9 %	1.5	96.0 %	95.2 %	0.8
Reinsurance Operations	100.0 %	100.0 %	—	100.0 %	100.0 %	—	100.0 %	100.0 %	—
Continuing Lines	96.4 %	96.7 %	(0.3)	96.9 %	96.5 %	0.4	96.6 %	96.6 %	0.0
Exited Lines	29.8 %	43.1 %	(13.3)	817.6 %	46.3 %	771.3	11.8 %	44.7 %	(32.9)
Total	94.2 %	83.5 %	10.7	96.3 %	84.9 %	11.4	95.2 %	84.2 %	11.0



The net premium retention for the quarter and six months ended March 31, 2023 June 30, 2023 increased by 10.7 11.4 points and 11.1 points, respectively, as compared to the same period periods in 2022. While the Company still has ceding arrangements in place related to the sale of 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 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 2022 Annual Report on Form 10-K for additional information on the sale of renewal rights related to the Company's manufactured and dwelling homes business and the Company's Farm, Ranch & Stable business.

### Net Earned Premiums

Net earned premiums within the Commercial Specialty segment increased decreased by 2.2% 0.6% for the quarter ended March 31, 2023 June 30, 2023 as compared to the same period in 2022 primarily due to the reduction in premiums written in 2023 as a result of actions taken within Commercial Specialty to improve underwriting results by not renewing underperforming business as well as the non-renewal of a restaurant book of business. Net earned premiums within the Commercial Specialty segment increased by 0.8% for the six months ended June 30, 2023 as compared to the same period in 2022. The This increase in net earned premiums was primarily due to the growth in premiums written in the prior year as a result of organic growth from existing agents and pricing increases. Property net earned premiums were \$37.7 million \$35.8 million and \$34.3 million \$36.5 million for the quarters ended March 31, 2023 June 30, 2023 and 2022, respectively, and \$73.5 million and \$70.9 million for the six months ended June 30, 2023 and 2022, respectively. Casualty net earned premiums were \$55.5 million \$57.6 million and \$56.9 million \$57.5 million for the quarters ended March 31, 2023 June 30, 2023 and 2022, respectively, and \$113.1 million and \$114.3 million for the six months ended June 30, 2023 and 2022, respectively.

Net earned premiums within the Reinsurance Operations segment increased decreased by 1.6% 24.5% and 12.3% for the quarter and six months ended March 31, 2023 June 30, 2023, respectively, as compared to the same period periods in 2022 primarily due to organic growth the non-renewal of existing a casualty treaties experienced in prior years. treaty. There were no property net earned premiums for the quarter quarters and six months ended March 31, 2023. Property net earned premiums were less than \$0.1 million for the quarter ended March 31, 2022. June 30, 2023 and 2022. Casualty net earned premiums were \$34.8 million \$29.6 million and \$34.3 million \$39.2 million for the quarters ended March 31, 2023 June 30, 2023 and 2022, respectively, and \$64.4 million and \$73.5 million for the six months ended June 30, 2023 and 2022, respectively.

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Net earned premiums within the Exited Lines segment decreased by 48.4% 72.7% and 60.4% for the quarter and six months ended March 31, 2023 June 30, 2023, respectively, as compared to the same period periods in 2022 primarily due to the sale of renewal rights related to the Company's Farm, Ranch & Stable business on August 8, 2022. The decrease in net earned premiums is also due to exiting lines of business unrelated to the Company's continuing businesses. Property net earned premiums were \$8.7 million \$4.0 million and \$18.8 million \$17.6 million for the quarters ended March 31, 2023 June 30, 2023 and 2022, respectively, and \$12.7 million and \$36.4 million for the six months ended June 30, 2023 and 2022, respectively. Casualty net earned premiums were \$3.4 million \$2.2 million and \$4.5 million \$5.0 million for the quarters ended March 31, 2023 June 30, 2023 and 2022, respectively, and \$5.5 million and \$9.5 million for the six months ended June 30, 2023 and 2022, respectively.

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## Reserves

Management's best estimate at **March 31, 2023** **June 30, 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 **\$857.5 million** **\$867.0 million** and **\$783.9 million** **\$793.0 million**, respectively, as of **March 31, 2023** **June 30, 2023**. A breakout of the Company's gross and net reserves, as of **March 31, 2023** **June 30, 2023**, is as follows:

(Dollars in thousands)	Gross Reserves			Gross Reserves		
	Case	IBNR <sup>(1)</sup>	Total	Case	IBNR <sup>(1)</sup>	Total
Commercial						
Specialty	\$ 168,430	\$ 335,871	\$ 504,301	\$ 173,460	\$ 333,469	\$ 506,929
Reinsurance						
Operations	9,419	192,036	201,455	22,866	195,507	218,373
Continuing Lines	177,849	527,907	705,756	196,326	528,976	725,302
Exited Lines	70,441	81,323	151,764	63,052	78,597	141,649
Total	\$ 248,290	\$ 609,230	\$ 857,520	\$ 259,378	\$ 607,573	\$ 866,951

  

(Dollars in thousands)	Net Reserves <sup>(2)</sup>			Net Reserves <sup>(2)</sup>		
	Case	IBNR <sup>(1)</sup>	Total	Case	IBNR <sup>(1)</sup>	Total
Commercial						
Specialty	\$ 150,240	\$ 305,591	\$ 455,831	\$ 157,512	\$ 301,260	\$ 458,772
Reinsurance						
Operations	9,419	192,036	201,455	22,866	195,507	218,373
Continuing Lines	159,659	497,627	657,286	180,378	496,767	677,145
Exited Lines	53,237	73,332	126,569	44,876	70,997	115,873
Total	\$ 212,896	\$ 570,959	\$ 783,855	\$ 225,254	\$ 567,764	\$ 793,018

(1) Losses incurred but not reported, including the expected future emergence of case reserves.

(2) Does not include reinsurance 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 **\$88.0 million** **\$166.0 million** for claims occurring during the **quarter** **six months ended** **March 31, 2023** **June 30, 2023**:

### Severity Change

(Dollars in thousands)		-10%	-5%	0%	5%	10%
Frequency Change	-5%	(12,760)	(8,580)	(4,400)	(220)	3,960
	-3%	(11,176)	(6,908)	(2,640)	1,628	5,896
	-2%	(10,384)	(6,072)	(1,760)	2,552	6,864
	-1%	(9,592)	(5,236)	(880)	3,476	7,832
	0%	(8,800)	(4,400)	—	4,400	8,800
	1%	(8,008)	(3,564)	880	5,324	9,768
	2%	(7,216)	(2,728)	1,760	6,248	10,736
	3%	(6,424)	(1,892)	2,640	7,172	11,704
	5%	(4,840)	(220)	4,400	9,020	13,640

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		Severity Change				
(Dollars in thousands)		-10%	-5%	0%	5%	10%
Frequency Change	-5%	(24,075)	(16,188)	(8,302)	(415)	7,471
	-3%	(21,086)	(13,034)	(4,981)	3,072	11,124
	-2%	(19,592)	(11,456)	(3,321)	4,815	12,950
	-1%	(18,097)	(9,879)	(1,660)	6,558	14,777
	0%	(16,603)	(8,302)	—	8,302	16,603
	1%	(15,109)	(6,724)	1,660	10,045	18,430
	2%	(13,615)	(5,147)	3,321	11,788	20,256
	3%	(12,120)	(3,570)	4,981	13,532	22,082
	5%	(9,132)	(415)	8,302	17,018	25,735

The Company's net reserves for losses and loss adjustment expenses of \$783.9 million \$793.0 million as of March 31, 2023 June 30, 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.

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## Underwriting Results

### Commercial Specialty

Commercial Specialty's results for the quarter ended June 30, 2023 are reflective of actions taken to improve profitability. Actions were taken to cease writing business which was not providing an acceptable return on capital. As a result, accident year underwriting income<sub>(1)</sub> improved to \$6.1 million for the quarter ended June 30, 2023 from an accident year underwriting loss<sub>(1)</sub> of \$0.6 million for the quarter ended March 31, 2023.

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

(Dollars in thousands)	Quarters Ended			Quarters Ended			Six Months Ended		
	March 31,		%	June 30,		%	June 30,		%
	2023	2022	Change	2023	2022	Change	2023	2022	Change
Gross written premiums	95,508	102,848	(7.1%)	95,347	105,010	(9.2%)	190,855	207,855	(8.2%)
Net written premiums	91,234	98,163	(7.1%)	91,896	99,667	(7.8%)	183,130	197,830	(7.4%)
Net earned premiums	93,182	91,197	2.2%	93,408	93,997	(0.6%)	186,590	185,194	0.8%
Other income	267	259	3.1%	266	260	2.3%	533	519	2.7%
Total revenues	93,449	91,456	2.2%	93,674	94,257	(0.6%)	187,123	185,713	0.8%
Losses and expenses:									
Net losses and loss adjustment expenses	60,119	53,659	12.0%	58,662	52,804	11.1%	118,781	106,463	11.6%
Acquisition costs and other underwriting expenses	35,526	33,526	6.0%	33,972	35,543	(4.4%)	69,498	69,069	0.6%
Underwriting income (loss)	(2,196)	4,271	(15.1%)	1,040	5,910	(8.2%)	(1,156)	10,181	(11.4%)

Underwriting Ratios:	Quarters Ended			Quarters Ended			Six Months Ended		
	March 31,		Point	June 30,		Point	June 30,		Point
	2023	2022	Change	2023	2022	Change	2023	2022	Change

Loss ratio:									
Current accident year	62.9%	56.8%	6.1	57.5%	58.6%	(1.1)	60.2%	57.7%	2.5
Prior accident year	1.6%	2.1%	(0.5)	5.3%	(2.4%)	7.7	3.5%	(0.2%)	3.7
Calendar year loss ratio	64.5%	58.9%	5.6	62.8%	56.2%	6.6	63.7%	57.5%	6.2
Expense ratio	38.1%	36.8%	1.3	36.4%	37.8%	(1.4)	37.2%	37.3%	(0.1)
Combined ratio	102.6%	95.7%	6.9	99.2%	94.0%	5.2	100.9%	94.8%	6.1
Accident year combined ratio				93.7%	96.4%		97.3%	95.0%	
(2)				7%	4%		3%	0%	

(1) The Commercial Specialty accident year underwriting income (loss) of \$6.1 million and (\$0.6) million for the quarters ended June 30, 2023 and March 31, 2023, respectively, is a non-GAAP measure which excludes the impact of prior accident year losses and loss adjustment expenses and prior accident year contingent commission expenses totaling \$5.1 million and \$1.6 million for the quarters ended June 30, 2023 and March 31, 2023, respectively. The Company's most directly comparable GAAP measure is the Commercial Specialty underwriting income (loss) of \$1.0 million and (\$2.2) million for the quarters ended June 30, 2023 and March 31, 2023, respectively. The Company believes the non-GAAP measures 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 should not be considered as a substitute for its most directly comparable GAAP measure and does not reflect the overall underwriting profitability of the Company.

(2) The accident year combined ratio excludes the impact of prior accident year losses and loss adjustment expenses and prior accident year contingent commission expenses.

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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.

	Quarters Ended				Quarters Ended				Six Months Ended			
	March 31,				June 30,				June 30,			
	2023		2022		2023		2022		2023		2022	
	Losses	Ratio	Losses	Ratio	Losses	Ratio	Losses	Ratio	Losses	Ratio	Losses	Ratio
(Dollars in thousands)												

<b>Property</b>												
Non catastrophe property losses and ratio excluding the effect of prior accident year <sup>(1)</sup>					1		1					
		5		5	6,	4	8,	4		5		5
	22	9	17	0	1	4	1	9	38	2	35	0
	,5	.	,3	.	0	.	5	.	,6	.	,4	.
	\$ 76	9%	\$ 34	5%	\$ 0	9%	\$ 9	7%	\$ 76	6%	\$ 93	1%
Effect of prior accident year		(			(1	(	(3	(		(		(
	(1	3	1,	5	,4	4	,1	8	(2,	3	(1,	1
	,2	.	82	.	3	.	3	.	69	.	30	.
	59)	4%)	3	3%	6)	0%)	0)	6%)	5)	7%)	7)	9%)
Non catastrophe property losses and ratio <sup>(2)</sup>		5		5	1		1					
		5		5	4,	4	5,	4		4		4
	21	6	19	5	6	0	0	1	35	8	34	8
	,3	.	,1	.	6	.	2	.	,9	.	,1	.
	\$ 17	5%	\$ 57	8%	\$ 4	9%	\$ 9	1%	\$ 81	9%	\$ 86	2%
Catastrophe losses and ratio excluding the effect of prior accident year <sup>(1)</sup>					4,	1	3,			1		
	3,	8	2,	6	0	1	0	8	7,	0	5,	7
	32	.	15	.	8	.	5	.	41	.	20	.
	\$ 8	8%	\$ 2	3%	\$ 7	4%	\$ 4	4%	\$ 5	1%	\$ 6	3%
Effect of prior accident year								(				(
	1,	3		0	4	1	(3	0	1,	2		0
	42	.		.	2	.	0	.	85	.	(2	.
	2	8%	74	2%	9	2%	2)	8%)	1	6%	28)	3%)
Catastrophe losses and ratio <sup>(2)</sup>		1			4,	1	2,			1		
	4,	2	2,	6	5	2	7	7	9,	2	4,	7
	75	.	22	.	1	.	5	.	26	.	97	.
	\$ 0	6%	\$ 6	5%	\$ 6	6%	\$ 2	6%	\$ 6	7%	\$ 8	0%
Total property losses and ratio excluding the effect of prior accident year <sup>(1)</sup>		6		5	2		2			6		5
		6		5	0,	5	1,	5		6		5
	25	8	19	6	1	6	2	8	46	2	40	7
	,9	.	,4	.	8	.	1	.	,0	.	,6	.
	\$ 04	7%	\$ 86	8%	\$ 7	3%	\$ 3	1%	\$ 91	7%	\$ 99	4%
Effect of prior accident year					(1	(	(3	(		(		(
		0	1,	5	,0	2	,4	9		1	(1,	2
	16	.	89	.	0	.	3	.	(8	.	53	.
	3	4%	7	5%	7)	8%)	2)	4%)	44)	1%)	5)	2%)

Total property losses and ratio <sup>(2)</sup>					1		1					
	6		6		9,	5	7,	4		6		5
	26	9	21	2	1	3	7	8	45	1	39	5
	,0	.	,3	.	8	.	8	.	,2	.	,1	.
	\$ 67	1%	\$ 83	3%	\$ 0	5%	\$ 1	7%	\$ 47	6%	\$ 64	2%
<b>Casualty</b>												
Total casualty losses and ratio					3		3					
excluding the effect of prior	5		5		3,	5	3,	5		5		5
accident year <sup>(1)</sup>	32	9	32	6	4	8	8	9	66	8	66	7
	,7	.	,2	.	9	.	8	.	,2	.	,1	.
	\$ 37	0%	\$ 87	8%	\$ 6	2%	\$ 1	0%	\$ 33	6%	\$ 68	9%
Effect of prior accident year					(	5,	1	1,				
	1,	2		0	9	0	1	2	7,	6	1,	1
	31	.	(1	.	8	.	4	.	30	.	13	.
	5	4%	1)	0%)	6	4%	2	0%	1	5%	1	0%
Total casualty losses and ratio <sup>(2)</sup>					3		3					
	6		5		9,	6	5,	6		6		5
	34	1	32	6	4	8	0	1	73	5	67	8
	,0	.	,2	.	8	.	2	.	,5	.	,2	.
	\$ 52	4%	\$ 76	8%	\$ 2	6%	\$ 3	0%	\$ 34	1%	\$ 99	9%
<b>Total</b>												
Total net losses and loss					5		5					
adjustment expense and total	6		5		3,	5	5,	5	11	6	10	5
loss ratio excluding the effect of	58	2	51	6	6	7	0	8	2,	0	6,	7
prior accident year <sup>(1)</sup>	,6	.	,7	.	8	.	9	.	32	.	86	.
	\$ 41	9%	\$ 73	8%	\$ 3	5%	\$ 4	6%	\$ 4	2%	\$ 7	7%
Effect of prior accident year					4,		(2	(				(
	1,	1	1,	2	9	5	,2	2	6,	3		0
	47	.	88	.	7	.	9	.	45	.	(4	.
	8	6%	6	1%	9	3%	0)	4%)	7	5%	04)	2%)
Total net losses and loss					5		5					
adjustment expense and total	6		5		8,	6	2,	5	11	6	10	5
loss ratio <sup>(2)</sup>	60	4	53	8	6	2	8	6	8,	3	6,	7
	,1	.	,6	.	6	.	0	.	78	.	46	.
	\$ 19	5%	\$ 59	9%	\$ 2	8%	\$ 4	2%	\$ 1	7%	\$ 3	5%

(1) Non-GAAP measure / ratio

(2) Most directly comparable GAAP measure / ratio

## Premiums

See "Results of Operations" above for a discussion on consolidated premiums.

## Other Income

Other income was \$0.3 million for each of the quarters ended **March 31, 2023** **June 30, 2023** and 2022 and \$0.5 million for each of the **six months ended June 30, 2023** and 2022. Other income is primarily comprised of fee income.

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## Loss Ratio

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

(Dollars in thousands)	Quarters Ended			Quarters Ended			Six Months Ended		
	March 31,		% Chang	June 30,		% Chang	June 30,		% Chang
	2023	2022		2023	2022		2023	2022	
Property losses									
Non-catastrophe	22,576	17,334	30.2 %	16,100	18,159	(11.3 %)	38,676	35,493	9.0 %
Catastrophe	3,328	2,152	54.7 %	4,087	3,054	33.8 %	7,415	5,206	42.4 %
Property losses	25,904	19,486	32.9 %	20,187	21,213	(4.8 %)	46,091	40,699	13.2 %
Casualty losses	32,737	32,287	1.4 %	33,496	33,881	(1.1 %)	66,233	66,168	0.1 %
Total accident year losses	58,641	51,773	13.3 %	53,683	55,094	(2.6 %)	112,324	106,867	5.1 %

	Quarters Ended			Quarters Ended			Six Months Ended		
	March 31,		Point Change	June 30,		Point Change	June 30,		Point Change
	2023	2022		2023	2022		2023	2022	
<b>Current accident year loss ratio:</b>									
Property									



Non-catastrophe	59. 9%	50. 5%	9.4	44. 9%	49. 7%	(4.8)	52. 6%	50. 1%	2.5
Catastrophe	8.8%	6.3%	2.5	11. 4%	10. 8.4%	3.0	10. 1%	7.3%	2.8
Property loss ratio	68. 7%	56. 8%	11.9	56. 3%	58. 1%	(1.8)	62. 7%	57. 4%	5.3
Casualty loss ratio	59. 0%	56. 8%	2.2	58. 2%	59. 0%	(0.8)	58. 6%	57. 9%	0.7
Total accident year loss ratio	62. 9%	56. 8%	6.1	57. 5%	58. 6%	(1.1)	60. 2%	57. 7%	2.5

The current accident year non-catastrophe property loss ratio improved by 4.8 points during the quarter ended June 30, 2023 as compared to the same period in 2022 reflecting lower claims frequency in the second accident quarter compared to last year.

The current accident year non-catastrophe property loss ratio increased by 9.4 2.5 points during the quarter six months ended March 31, 2023 June 30, 2023 as compared to the same period in 2022 reflecting higher claims severity mainly due to fire losses in the first accident quarter compared to last year.

The current accident year catastrophe loss ratio increased by 2.5 3.0 points during the quarter ended March 31, 2023 June 30, 2023 as compared to the same period in 2022 recognizing higher claims severity in the calendar quarter compared to last year.

The current accident year catastrophe loss ratio increased by 2.8 points during the six months ended June 30, 2023 as compared to the same period in 2022 recognizing higher claims frequency and severity in the first accident quarter six months compared to last year.

The current accident year casualty loss ratio increased improved by 2.2 0.8 points during the quarter ended March 31, 2023 June 30, 2023 as compared to the same period in 2022 reflecting lower claims frequency in the calendar quarter compared to last year.

The current accident year casualty loss ratio increased by 0.7 points during the six months ended June 30, 2023 as compared to the same period in 2022 recognizing higher claims severity in the first accident quarter six months compared to last year.

The calendar year loss ratio for the quarter and six months ended March 31, 2023 June 30, 2023 includes an increase of \$1.5 million \$5.0 million, or 1.6 5.3 percentage points, and an increase of \$6.5 million, or 3.5 percentage points, respectively, related to reserve development on prior accident years. The calendar year loss ratio for the quarter and six months ended March 31, 2022 June 30, 2022 includes an increase a decrease of \$1.9 million \$2.3 million, or 2.1 2.4 percentage points, and a decrease of \$0.4 million, or 0.2 percentage points, respectively, related to reserve development on prior accident years. Please see Note 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 Commercial Specialty segment increased improved by 1.3 1.4 points from 36.8% 37.8% for the quarter ended March 31, 2022 June 30, 2022 to 38.1% 36.4% for the quarter ended March 31, 2023 . The increase in the expense ratio is June 30, 2023 primarily due to an increase a reduction in compensation cost commission expenses and advertising expense.the recovery of medical premiums in 2023 due to lower than expected medical costs in 2022.

The expense ratio for the Company's Commercial Specialty segment improved by 0.1 points from 37.3% for the six months ended June 30, 2022 to 37.2% for the six months ended June 30, 2023.

### Reinsurance Operations

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

(Dollars in thousands)	Quarters Ended			Quarters Ended			Six Months Ended		
	March 31,		%	June 30,		%	June 30,		%
	2023 (1)	2022 (1)	Change	2023 (1)	2022 (1)	Change	2023 (1)	2022 (1)	Change
Gross written premiums	23, \$ 416	40, \$ 996	(42 .9 %)	14, \$ 844	46, \$ 524	(68 .1 %)	38, \$ 260	87, \$ 520	(56 .3 %)
Net written premiums	23, \$ 416	40, \$ 996	(42 .9 %)	14, \$ 844	46, \$ 524	(68 .1 %)	38, \$ 260	87, \$ 520	(56 .3 %)
Net earned premiums	34, \$ 847	34, \$ 298	1.6 %	29, \$ 585	39, \$ 162	(24 .5 %)	64, \$ 432	73, \$ 460	(12 .3 %)
Other loss	(9)	(20)	(55 .0 %)						
Other income				9	20	(55 .0 %)	—	—	—
Total revenues	34, 838	34, 278	1.6 %	29, 594	39, 182	(24 .5 %)	64, 432	73, 460	(12 .3 %)
Losses and expenses:									
Net losses and loss adjustment expenses	21, 263	21, 059	1.0 %	19, 512	22, 793	(14 .4 %)	40, 775	43, 852	(7. 0 %)
Acquisition costs and other underwriting expenses	12, 816	11, 961	7.1 %	10, 737	14, 553	(26 .2 %)	23, 553	26, 514	(11 .2 %)

Underwriting income		1,2	(39					
	\$ 759	\$ 58	.7 %)					
Underwriting income				(65	1,8	(13	3,0	(96
(loss)				\$ 5)	\$ 36	5.7 %)	\$ 104	\$ 94
								.6 %)

	Quarters Ended			Quarters Ended			Six Months Ended		
	March 31,		Point Chang e	June 30,		Point Chang e	June 30,		Point Chang e
	2023	2022		2023	2022		2023	2022	
Underwriting Ratios:									
Loss ratio:									
Current accident year (2)	61.0 %	61.5 %	(0.5)	62.6 %	61.3 %	1.3	61.7 %	61.4 %	0.3
Prior accident year	— %	(0.1 %)	0.1	3.4 %	(3.1 %)	6.5	1.6 %	(1.7 %)	3.3
Calendar year loss ratio (3)	61.0 %	61.4 %	(0.4)	66.0 %	58.2 %	7.8	63.3 %	59.7 %	3.6
Expense ratio	36.8 %	34.9 %	1.9	36.3 %	37.2 %	(0.9)	36.6 %	36.1 %	0.5
Combined ratio	97.8 %	96.3 %	1.5	102.3 %	95.4 %	6.9	99.9 %	95.8 %	4.1
Accident year combined ratio (4)				98.9 %	97.9 %		98.3 %	97.2 %	

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

(2) Non-GAAP ratio

(3) Most directly comparable GAAP ratio

(4) The accident year combined ratio excludes the impact of prior accident year losses and loss adjustment expenses and prior accident year contingent commission expenses.

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

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Other Loss Income

The Company recognized a loss other income of less than \$0.1 million during each of the quarters ended March 31, 2023 June 30, 2023 and 2022. There was no other income recognized during the six months ended June 30, 2023 and 2022. Other loss income is primarily comprised of foreign exchange gains and losses.

Loss Ratio

The current accident year loss ratio improved increased by 0.5 1.3 points during the quarter ended March 31, 2023 June 30, 2023 as compared to the same period in 2022 primarily reflecting a mix of business change as more earned premium is from a treaty with a lower an increase in the excess professional liability expected loss ratio. The current accident year loss ratio increased by 0.3 points during the six months ended June 30, 2023 as compared to last year the same period in 2022 primarily reflecting an increase in the excess professional liability expected loss ratio.

The calendar year loss ratios for the quarter and six months ended March 31, 2023 did not include any June 30, 2023 includes an increase of \$1.0 million, or 3.4 percentage points, and an increase of \$1.0 million, or 1.6 percentage points, respectively, related to reserve development on prior accident years. The calendar year loss ratios for the quarter and six months ended March 31, 2022 June 30, 2022 includes a decrease of less than \$0.1 million \$1.2 million, or 0.1 3.1 percentage, and a decrease of \$1.2 million, or 1.7 point percentage, respectively, related to reserve development on prior accident years. Please see Note 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 1.9 improved 0.9 points from 34.9% 37.2% for the quarter ended March 31, 2022 June 30, 2022 to 36.8% 36.3% for the quarter ended March 31, 2023. This increase June 30, 2023 primarily due to a reduction in the staff and professional services to align expenses with business being written. The expense ratio was for the Company's Reinsurance Operations segment increased 0.5 points from 36.1% for the six months ended June 30, 2022 to 36.6% for the six months ended June 30, 2023 primarily due to an increase in commission expense.

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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:

Quarters Ended	
March 31,	%

(Dollars in thousands)	2023	2022	Change
Gross written premiums	\$ 4,061	\$ 47,139	(91.4 %)
Net written premiums	\$ 1,211	\$ 20,323	(94.0 %)
Net earned premiums	\$ 12,043	\$ 23,328	(48.4 %)
Other income	77	200	(61.5 %)
Total revenues	12,120	23,528	(48.5 %)
Losses and expenses:			
Net losses and loss adjustment expenses	6,619	9,977	(33.7 %)
Acquisition costs and other underwriting expenses	5,136	11,205	(54.2 %)
Underwriting income	\$ 365	\$ 2,346	(84.4 %)
	Quarters Ended		
	March 31,		Point
	2023	2022	Change
Underwriting Ratios:			
Loss ratio:			
Current accident year	67.2 %	63.9 %	3.3
Prior accident year	(12.2 %)	(21.1 %)	8.9
Calendar year loss ratio	55.0 %	42.8 %	12.2
Expense ratio	42.6 %	48.0 %	(5.4)
Combined ratio	97.6 %	90.8 %	6.8

	Quarters Ended			Six Months Ended		
	June 30,		%	June 30,		%
(Dollars in thousands)	2023	2022	Change	2023	2022	Change
Gross written premiums	\$ (91)	\$ 45,289	(100.2 %)	\$ 3,970	\$ 92,428	(95.7 %)
Net written premiums	\$ (744)	\$ 20,967	(103.5 %)	\$ 467	\$ 41,290	(98.9 %)
Net earned premiums	\$ 6,163	\$ 22,590	(72.7 %)	\$ 18,206	\$ 45,918	(60.4 %)
Other income (loss)	26	(196)	(113.3 %)	103	4	NM
Total revenues	6,189	22,394	(72.4 %)	18,309	45,922	(60.1 %)
Losses and expenses:						
Net losses and loss adjustment expenses	(92)	17,021	(100.5 %)	6,527	26,998	(75.8 %)

Acquisition costs and other underwriting expenses	2,392	11,002	(78.3 %)	7,528	22,207	(66.1 %)
Underwriting income (loss)	\$ 3,889	\$ (5,629)	(169.1 %)	\$ 4,254	\$ (3,283)	229.6 %

	Quarters Ended			Six Months Ended		
	June 30,		Point	June 30,		Point
	2023	2022	Change	2023	2022	Change
Underwriting Ratios:						
Loss ratio:						
Current accident year	94.7 %	75.6 %	19.1	76.5 %	69.7 %	6.8
Prior accident year	(96.2 %)	(0.3 %)	(95.9)	(40.6 %)	(10.9 %)	(29.7)
Calendar year loss ratio	(1.5 %)	75.3 %	(76.8)	35.9 %	58.8 %	(22.9)
Expense ratio	38.8 %	48.7 %	(9.9)	41.3 %	48.4 %	(7.1)
Combined ratio	37.3 %	124.0 %	(86.7)	77.2 %	107.2 %	(30.0)
Accident year combined ratio <sup>(1)</sup>	144.6 %	119.1 %		119.4 %	111.3 %	

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(1) The accident year combined ratio excludes the impact of prior accident year losses and loss adjustment expenses and prior accident year contingent commission expenses.

NM – not meaningful

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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				Quarters Ended				Six Months Ended			
	March 31,				June 30,				June 30,			
	2023		2022		2023		2022		2023		2022	
	Loss		Loss		Loss		Loss		Loss		Loss	
	Ratio		Ratio		Ratio		Ratio		Ratio		Ratio	
(Dollars in thousands)	es	o	es	o	es	o	es	o	es	o	es	o

Property												
Non catastrophe					1							
property losses and ratio	1				7 9							
excluding the effect of	3,	0,			3,	9,			,	,		
prior accident year <sup>(1)</sup>	6	4	2	5	4	8	3	5	0	5	5	5
	5	2.	6	4.	2	5.	3	2.	7	5.	9	3.
	\$ 2	0%	\$ 1	6%	\$ 1	8%	\$ 5	9%	\$ 3	8%	\$ 6	8%
Effect of prior accident					(							
year					1 3							
	(1	(3			,							
	,1	(1	,8	(2	(4	(1	6	6		(1	2	
	6	3.	6	0.	7	1.	1	3.	3	2.	5	(8
	5)	4%)	7)	6%)	2)	8%)	5	5%	7)	9%)	2)	.9%)
Non catastrophe					1							
property losses and ratio					5 6							
<sup>(2)</sup>	2,	6,			2,	9,			,	,		
	4	2	3	3	9	7	9	5	4	4	3	4
	8	8.	9	4.	4	4.	5	6.	3	2.	4	4.
	\$ 7	6%	\$ 4	0%	\$ 9	0%	\$ 0	4%	\$ 6	9%	\$ 4	9%
Catastrophe losses and					3 7							
ratio excluding the effect	2,	2,			1,	5,			,	,		
of prior accident year <sup>(1)</sup>	1	2	1	1	0	2	3	3	1	2	4	2
	4	4.	5	1.	1	5.	2	0.	5	4.	7	0.
	\$ 2	7%	\$ 2	4%	\$ 3	4%	\$ 7	2%	\$ 5	9%	\$ 9	5%
Effect of prior accident					(							
year					4 1							
					(4	(1			,	,		
	1	(4			,3	0	(6	1		(3	1	
	4	1.	7	(2	2	8.	4	(3	7	2.	1	(3
	9	7%	1)	.5%)	4)	4%)	8)	.7%)	5)	9%)	9)	.1%)
Catastrophe losses and					(							
ratio <sup>(2)</sup>					1 6							
	2,	1,			(3	4,			,	,		
	2	2	6		,3	(8	6	2	0		3	1
	9	6.	8	8.	1	3.	7	6.	2	(8	6	7.
	\$ 1	4%	\$ 1	9%	\$ 1)	0%)	\$ 9	5%	\$ 0)	.0%)	\$ 0	4%

Total property losses and ratio excluding the effect of prior accident year <sup>(1)</sup>	5,794	66.1%	2,416	6.0%	4,433	14.1%	4,688	1.3%	8,121	7.7%	5,077	3.3%
Effect of prior accident year	(1,011)	(1.1%)	(4,383)	(3.3%)	(4,739)	(1.2%)	(3,000)	(.8%)	(58)	(.1%)	(3,724)	(.2%)
Total property losses and ratio <sup>(2)</sup>	4,777	5.0%	8,000	9.9%	(36)	(.0%)	1,688	.4%	8,063	7.6%	1,353	.9%
<b>Casualty</b>												
Total casualty losses and ratio excluding the effect of prior accident year <sup>(1)</sup>	2,303	68.0%	2,409	5.5%	1,400	6.4%	2,408	4.8%	3,807	6.7%	4,091	5.1%
Effect of prior accident year	(466)	(1.3%)	(531)	(1.1%)	(1,133)	(3.0%)	(2,000)	(.5%)	(1)	(.0%)	(636)	(.5%)
Total casualty losses and ratio <sup>(2)</sup>	1,837	9.4%	1,878	2.2%	267	.4%	408	.8%	3,806	3.7%	3,455	2.6%
<b>Total</b>												



Total net losses and loss adjustment expense and total loss ratio excluding the effect of prior accident year <sup>(1)</sup>	1				1				1			
	8,				5,				,			
	0				8				9			
	9				3				3			
	\$ 7				\$ 4				\$ 1			
Effect of prior accident year	(1				(5				(			
	,4				,9				4			
	7				2				0			
	8)				6)				4)			
Total net losses and loss adjustment expense and total loss ratio <sup>(2)</sup>	6,				(9				2			
	6				(9				4			
	1				(9				4			
	\$ 9				\$ 2)				\$ 7			

(1) Non-GAAP measure / ratio

(2) Most directly comparable GAAP measure / ratio

## Premiums

See "Results of Operations" above for a discussion on consolidated premiums.

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## Other Income (Loss)

The Company recognized income of less than \$0.1 million and a loss of \$0.2 million for the quarters ended March 31, 2023 June 30, 2023 and 2022, respectively, and income of \$0.1 million and income of less than \$0.1 million for the six months ended June 30, 2023 and 2022, respectively. Other income (loss) is primarily comprised of fee income net of bank fees.

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## Loss Ratio

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

(Dollars in thousands)	Quarters Ended			Quarters Ended			Six Months Ended		
	March 31,		%	June 30,		%	June 30,		%
			Chang			Chang			Chang
	2023	2022	e	2023	2022	e	2023	2022	e

Property losses									
Non-catastrophe	3,6	10,2	(64.	3,4	9,3	(63	7,0	19,	(63
	\$ 52	\$ 61	4%)	\$ 21	\$ 35	.4%)	\$ 73	\$ 596	.9%)
Catastrophe	2,1	2,15		1,0	5,3	(81	3,1	7,4	(57
	42	2	(0.5%)	13	27	.0%)	55	79	.8%)
Property losses	5,7	12,4	(53.	4,4	14,	(69	10,	27,	(62
	94	13	3%)	34	662	.8%)	228	075	.2%)
Casualty losses	2,3	2,49		1,4	2,4	(42	3,7	4,9	(24
	03	3	(7.6%)	00	20	.1%)	03	13	.6%)
Total accident year losses	8,0	14,9	(45.	5,8	17,	(65	13,	31,	(56
	\$ 97	\$ 06	7%)	\$ 34	\$ 082	.8%)	\$ 931	\$ 988	.4%)

	Quarters Ended			Quarters Ended			Six Months Ended		
	March 31,		Point	June 30,		Point	June 30,		Point
	2023	2022	Change	2023	2022	Change	2023	2022	Change
<b>Current accident year loss ratio:</b>									
Property									
Non-catastrophe	42.	54.	(12.		52.	32.	55.	53.	
	0%	6%	6)	85.8%	9%	9	8%	8%	2.0
Catastrophe	24.	11.			30.		24.	20.	
	7%	4%	13.3	25.4%	2%	(4.8)	9%	5%	4.4
Property loss ratio	66.	66.		111.	83.	28.	80.	74.	
	7%	0%	0.7	2%	1%	1	7%	3%	6.4
Casualty loss ratio	68.	55.			48.	15.	67.	51.	15.
	7%	1%	13.6	64.3%	9%	4	0%	8%	2
Total accident year loss ratio	67.	63.			75.	19.	76.	69.	
	2%	9%	3.3	94.7%	6%	1	5%	7%	6.8

The current accident year non-catastrophe property loss ratio improved increased by 12.632.9 points during the quarter ended March 31, 2023 June 30, 2023 as compared to the same period in 2022 reflecting lower higher claims severity in the calendar quarter compared to last year.

The current accident year non-catastrophe property loss ratio increased by 2.0 points during the six months ended June 30, 2023 as compared to the same period in 2022 primarily reflecting higher claims severity in the first accident quarter six months compared to last

year.

The current accident year catastrophe loss ratio increased improved by 13.3 4.8 points during the quarter ended March 31, 2023 June 30, 2023 as compared to the same period in 2022 primarily recognizing lower claims severity in the calendar quarter compared to last year.

The current accident year catastrophe loss ratio increased by 4.4 points during the six months ended June 30, 2023 as compared to the same period in 2022 primarily recognizing higher claims frequency and severity in the first accident quarter six months compared to last year.

The current accident year casualty loss ratio increased by 13.6 15.4 points during the quarter ended March 31, 2023 June 30, 2023 as compared to the same period in 2022 primarily reflecting higher claims frequency severity in farm, ranch & stable lines for the first accident calendar quarter compared to last year and growth in the brokerage divisions which had a higher expected loss ratio. ratios.

The current accident year casualty loss ratio increased by 15.2 points during the six months ended June 30, 2023 as compared to the same period in 2022 primarily reflecting higher claims severity in the first six months compared to last year and growth in the brokerage divisions which had higher expected loss ratios.

The calendar year loss ratio for the quarter and six months ended March 31, 2023 June 30, 2023 includes a decrease of \$1.5 million \$5.9 million, or 12.2 96.2 percentage points, and a decrease of \$7.4 million, or 40.6 percentage points, respectively, related to reserve development on prior accident years. The calendar year loss ratio for the quarter and six months ended March 31, 2022 June 30, 2022 includes a decrease of \$4.9 million

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\$0.1 million, or 0.3 percentage points, and an decrease of \$5.0 million, or 21.1 10.9 percentage points, respectively, related to reserve development on prior accident years. Please see Note 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 decreased improved by 5.4 9.9 points from 48.0% 48.7% for the quarter ended March 31, 2022 June 30, 2022 to 42.6% 38.8% for the quarter ended March 31, 2023 June 30, 2023 and improved by 7.1 points from 48.4% for the six months ended June 30, 2022 to 41.3% for the six months ended June 30, 2023 due to restructuring actions which reduced expenses.

### Unallocated Corporate Items

The Company's fixed income portfolio, excluding cash, continues to maintain high quality with an A average rating and a duration of 1.5 1.4 years.

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### Net Investment Income

Quarters Ended		Quarters Ended		Six Months Ended	
March 31,	%	June 30,	%	June 30,	%

(Dollars in thousands)				Change			Change		
	2023	2022	Change	2023	2022	e	2023	2022	e
Gross investment income <sup>(1)</sup>	12,380	7,196	72.0%	13,567	2,541	433.9%	25,947	9,737	166.5%
Investment expenses	(372)	(604)	(38.4%)	(351)	(611)	(42.6%)	(723)	(151)	(40.5%)
Net investment income	12,008	6,592	82.2%	13,216	1,930	584.8%	25,224	8,522	196.0%

(1) Excludes realized gains and losses

Gross investment income increased by 72.0% 433.9% and 166.5% for the quarter and six months ended March 31, 2023 June 30, 2023, respectively, as compared to the same period periods in 2022. The increase was primarily due to an increase in yield within the fixed maturities portfolio due to the rise in rates. rates and increased returns from alternative investments.

Investment expenses decreased by 38.4% 42.6% and 40.5% for the quarter and six months ended March 31, 2023 June 30, 2023, respectively, as compared to the same period periods in 2022 due to decreased investment management expenses.

At March 31, 2023 June 30, 2023, the Company held agency mortgage-backed securities with a market value of \$3.2 million \$3.0 million. Excluding the agency mortgage-backed securities, the average duration of the Company's fixed maturities portfolio was 1.5 1.4 years as of March 31, 2023 June 30, 2023, compared with 3.2 1.8 years as of March 31, 2022 June 30, 2022. Including cash and short-term investments, the average duration of the Company's fixed maturities portfolio, excluding agency mortgage-backed securities was 1.5 1.3 years and 2.8 1.7 years as of March 31, 2023 June 30, 2023 and March 31, 2022 June 30, 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 3.6% 3.8% as of March 31, 2023 June 30, 2023, compared to 2.6% 2.7% as of March 31, 2022 June 30, 2022. The embedded book yield on the \$31.9 million \$30.6 million of taxable municipal bonds in the Company's portfolio was 3.1% 3.0% at March 31, 2023 June 30, 2023, compared to an embedded book yield of 3.2% 3.1% on the Company's taxable municipal bonds of \$47.0 million \$32.4 million at March 31, 2022 June 30, 2022.

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### Net Realized Investment Gains (Losses)

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

(Dollars in thousands)	Quarters Ended		Quarters Ended		Six Months Ended	
	March 31,		June 30,		June 30,	
	2023	2022	2023	2022	2023	2022
Equity securities	\$ (914)	\$ (1,345)	\$ (174)	\$ (2,415)	\$ (8)	\$ (3,760)

Fixed maturities				(8,63	(1,19	(11,87
	(606)	(3,239)	(587)	7)	3)	6)
Derivatives	—	4,724	—	1,816	—	6,540
Other-than-temporary impairment losses <sup>(1)</sup>		(25,52				(26,20
	—	5)	—	(680)	—	5)
Net realized investment gains (losses)	(1,52	(25,38		(9,91	(2,28	(35,30
	\$ 0)	\$ 5)	\$ (761)	\$ 6)	\$ 1)	\$ 1)

(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. 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 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. As a result of these actions, the Company's book yield increased from rose over time. Book yield was approximately 2.2% at December 31, 2021 to 3.6% and 3.8% at March 31, 2023 June 30, 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 and six months ended March 31, 2023 June 30, 2023 and 2022.

### Corporate and Other Operating Expenses

Corporate and other operating expenses 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 were \$6.4 million \$5.0 million and \$4.7 million \$3.0 million during the quarters ended March 31, 2023 June 30, 2023 and 2022, respectively. Corporate and other operating expenses for the quarter ended June 30, 2022 were lower than normal due to the Company receiving an employee retention credit under the CARES Act of \$2.7 million in May 2022.

Corporate and other operating expenses were \$11.4 million and \$7.7 million during the six months ended June 30, 2023 and 2022, respectively. The increase in corporate and other operating expenses is primarily due to restructuring costs incurred in the first quarter of 2023. In addition, corporate and other operating expenses for 2022 were lower than normal due to the Company receiving an employee retention credit under the CARES Act of \$2.7 million in May 2022.

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### Interest Expense

Interest expense was \$2.6 million \$0.4 million and \$3.0 million during the quarter and six months ended March 31, 2022 June 30, 2022. There was no less than \$0.1 million of interest expense during the quarter and six months ended March 31, 2023 June 30, 2023. The reduction in interest expense was due to the redemption of the 7.875% Subordinated Notes due 2047 on April 15, 2022.

### Income Tax Expense / Benefit

Income tax expense was \$0.6 million \$2.4 million for the quarter ended March 31, 2023 June 30, 2023 compared with income tax benefit of \$3.4 million \$0.6 million for the quarter ended March 31, 2022 June 30, 2022. The increase in income tax expense is primarily due to higher taxable income in the Company's U.S. Subsidiaries in 2023.

Income tax expense was \$2.9 million for the six months ended June 30, 2023 compared with an income tax benefit of \$4.0 million for the six months ended June 30, 2022. The increase in income tax expense is primarily due to higher taxable income in the Company's U.S. Subsidiaries in 2023.

See Note 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 \$2.5 million \$9.3 million and a net loss of \$14.8 million \$12.2 million for the quarters ended March 31, 2023 June 30, 2023 and 2022, respectively, and net income of \$11.8 million and a net loss of \$26.9 million for the six months ended June 30, 2023 and 2022, respectively.

### **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, 2022. There have been no significant changes to any of these policies or underlying methodologies during the current year.

### **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, and 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, 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, and 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 corporate expense obligations and intercompany financing obligations.

As of **March 31, 2023** **June 30, 2023**, the Company also had future funding commitments of \$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

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Principles" in Item 1 of Part I of the Company's 2022 Annual Report on Form 10-K. Key differences relate to, among other

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items, deferred acquisition costs, limitations on deferred income taxes, reserve calculation assumptions and surplus notes. See Note 22 of the notes to the consolidated financial statements in Item 8 of Part II of the Company's 2022 Annual Report on Form 10-K for further information on dividend limitations related to the Insurance Companies. There were no dividend declared or paid during the quarter and six months ended **March 31, 2023** **June 30, 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 are also 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 **\$5.3 million** **\$14.2 million** and **(\$10.1) million** **\$18.5 million** for the **quarters** **six months** ended **March 31, 2023** **June 30, 2023** and 2022, respectively. The **increase** **decrease** in operating cash flows of approximately **\$15.4 million** **\$4.3 million** from the prior year was primarily a net result of the following items:

(Dollars in thousands)	Quarters Ended			Six Months Ended June 30,		
	March 31,					
	2023	2022	Change	2023	2022	Change
Net premiums collected	120,3	132,3	(11,9	237,84	276,20	(38,3
	\$ 97	\$ 67	\$ 70)	\$ 7	\$ 6	\$ 59)
Net losses paid	(63,93	(74,08	10,14	(141,4	(136,7	(4,67
	6)	1)	5	31)	56)	5)
Underwriting and corporate expenses	(64,11	(74,08		(105,9	(130,9	25,00
	6)	7)	9,971	81)	81)	0
Net investment income	12,98					
	1	8,299	4,682	23,748	15,116	8,632
Interest paid	—	(2,560)	2,560	(12)	(5,126)	5,114
Net cash provided by (used for) operating activities	\$ 5,326	\$ 2)	\$ 8			
Net cash provided by operating activities				\$ 14,171	\$ 18,459	\$ 8)

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

### Stock Repurchase

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 authorized an increase in the aggregate stock purchases from \$32 million to \$60 million. On June 8, 2023, the Company's Board of Directors approved an additional increase in the existing share buyback authorization amount of \$60 million to \$135 million.

During the six months ended June 30, 2023, 450,000 shares were repurchased for approximately \$12.1 million at an average purchase price of \$26.83 per share. As a result of these transactions, book value per share increased by \$0.60 per share since December 31, 2022.

From the time of the initial announcement, a 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 since inception of the stock purchase program in October 2022.

## Restructuring



The Company is restructuring restructured its insurance operations in an effort to strengthen its market presence and enhance its focus on GBLI's core Wholesale Commercial Package Specialty and InsurTech Targeted Specialty products. The restructuring plan, which was initiated in the fourth quarter of 2022, was completed in the first quarter of 2023. The Company incurred restructuring charges costs of \$3.4 million in during the fourth quarter of 2022 and \$2.2 million in \$2.1 million during the first quarter six months ended June 30, 2023 for total restructuring costs of 2023 for a total of \$5.6 million \$5.5 million. Post completion of the restructuring, the Company anticipates recurring annual expense savings of \$16.0 million.

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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 24, 2023 and June 23, 2023. Distributions paid to common shareholders were \$3.9 million \$7.5 million during the quarter six months ended March 31, 2023 June 30, 2023. In addition, distributions of \$0.1 million \$0.2 million were paid to Global Indemnity Group, LLC's preferred shareholder during the quarter six months ended March 31, 2023 June 30, 2023.

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

## Capital Resources

There have been no material changes to the Company's capital resources during the quarter and six months ended March 31, 2023 June 30, 2023. Please see Item 7 of Part II in the Company's 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 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 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.

### Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For the quarter ended March 31, 2023 June 30, 2023, global equities rose approximately 8.0% 6.9% with U.S. equities modestly underperforming, outperforming, gaining approximately 7.5% 8.7%. U.S. fixed income gained lost approximately 3.0% 0.8% with the average spread moving wider tighter during the quarter. In March, Market expectations were met in June as the FOMC voted to pause the current tightening cycle, but volatility quickly resumed as the revised dot plots and Federal Reserve Chair Jerome Powell provided Powell's hawkish testimony comments demonstrated that this meeting was not the end of this cycle. The combination of challenges that still exist in his semi-annual assessment of the economy banking industry, the Treasury's need to Congress. This was quickly followed by a shock replenish its General Account and the desire 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, observe additional economic data likely contributed to the more measured approach. Short-dated Treasury yields have been on the rise, leading to the steepest curve inversion since the Fed increased began raising rates while making in March of 2022 and fueling concerns that the clear delineation that it has the tools to manage financial stability while at the same time battling inflation. This has all combined to leave market participants parsing each piece of economic data for indications of the next moves by the FOMC, resulting in continued large swings in interest rates. U.S. will enter a recession later this year.

The Company's investment grade fixed income portfolio continues to maintain high quality with an A average rating and a duration of 1.5 1.3 years. Portfolio purchases were focused within US Treasury and asset backed and investment grade credit securities. These purchases were funded primarily through cash inflows, sales of US Treasury securities and CMBS, as well as maturities and paydowns. During the first second quarter, the portfolio's allocation to asset backed US Treasury securities increased, while the portfolio's exposure to US Treasury investment grade credit and CMBS securities decreased.

Other than the changes described in the preceding paragraph, paragraphs, there have been no other material changes to the Company's market risk since December 31, 2022. Please see Item 7A of Part II in the Company's 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 **March 31, 2023** **June 30, 2023**. Based upon that evaluation, and subject to the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of **March 31, 2023** **June 30, 2023**, the design and operation of the Company's disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

### 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 **March 31, 2023** **June 30, 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 2022 Annual Report on Form 10-K, filed with the SEC on 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 **3,302** **15,558** shares and **18,860** shares surrendered by the Company's employees during the quarter **and six months** ended **March 31, 2023**. **June 30, 2023, respectively**. 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** **200,000** shares and **450,000** shares from third parties under its repurchase program during the quarter **and six months** ended **March 31, 2023**. **June 30, 2023, respectively**. 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.

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### Item 6. Exhibits

31.1+	<a href="#"><u>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.</u></a>
31.2+	<a href="#"><u>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.</u></a>
32.1+	<a href="#"><u>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.</u></a>
32.2+	<a href="#"><u>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.</u></a>
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.

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## 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: May 10, 2023 August 9, 2023

By: /s/ Thomas M. McGeehan  
\_\_\_\_\_  
Thomas M. McGeehan  
Chief Financial Officer  
(Authorized Signatory and Principal Financial and  
Accounting Officer)

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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 a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading in 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, fairly present in material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as 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 be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered 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 that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's independent registered public accounting firm and the audit committee of the 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 the registrant's internal control over financial reporting.

Dated: May 10, 2023 August 9, 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 a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading in 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, fairly present in material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as 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 be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is not known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered 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 that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's independent registered public accounting firm and the audit committee of the 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 the registrant's internal control over financial reporting.

Dated: May 10, 2023 August 9, 2023

/s/ Thomas M. McGeehan

Thomas M. McGeehan

Chief Financial Officer

**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 **March 31, 2023** **June 30, 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; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Dated: **May 10, 2023** **August 9, 2023**

/s/ Joseph W. Brown

Joseph W. Brown

Chief Executive Officer

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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 **March 31, 2023** **June 30, 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; and



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

Dated: May 10, 2023 August 9, 2023

/s/ Thomas M. McGeehan

Thomas M. McGeehan

Chief Financial Officer

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