EEB Energy Re Ltd.

(Incorporated in Bermuda)

Financial Statements
December 31, 2020
(expressed in U.S. dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of EEB Energy Re Ltd.

We have audited the accompanying financial statements of EEB Energy Re Ltd. (the "Company"), which comprise the statement of financial position as of December 31, 2020 and the related statements of income and comprehensive income, changes in shareholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EEB Energy Re Ltd. as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

KPMG

Other matter

The accompanying financial statements of EEB Energy Re Ltd. as of December 31, 2019 and for the year then ended were audited by other auditors whose report thereon dated February 7, 2020, expressed an unmodified opinion on those financial statements.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
February 25, 2021

EEB Energy Re Ltd.

Statement of Financial Position

As at December 31, 2020

(expressed in U.S. dollars)

	December 31, 2020 $	December 31, 2019 $
Assets		
Cash and cash equivalents (note 3)	10,009,326	4,306,807
Short term investments	-	5,000,000
Accrued interest on investments	-	23,001
Insurance balances receivable (note 9)	263,356	1,162,753
Funds withheld	616,988	12,276
Recoverable for losses and loss related expenses (notes 4 and 5)	6,491,007	6,929,737
Deferred reinsurance premium (note 10)	1,504,208	144,404
Deferred acquisition costs	22,592	-
Total assets	18,907,477	17,578,978
Liabilities		
Accrued liabilities (note 8)	75,737	60,201
Reinsurance balance payable (note 9)	856,799	1,033,619
Losses payable (note 8)	196,798	196,801
Reserve for losses and loss expenses (notes 4 and 5)	6,491,007	6,929,737
Unearned premium reserve (note 10)	1,504,208	147,649
Deferred commission	264,461	14,765
Funds withheld payable	-	8,325
Total liabilities	9,389,010	8,391,097
Shareholder's equity		
Share capital – Authorized, issued and fully paid common shares of par value $1 each (note 6)	120,000	120,000
Retained earnings	9,398,467	9,067,881
Total shareholder's equity	9,518,467	9,187,881
Total liabilities and shareholder's equity	18,907,477	17,578,978

Approved by the Board of Directors

______________________ Director ______________________ Director

______________________ Date ______________________ Date

The accompanying notes are an integral part of these financial statements.

EEB Energy Re Ltd.

Statement of Income and Comprehensive Income

For the year ended December 31, 2020

(expressed in U.S. dollars)

	2020 **$**	**2019** **$**
UNDERWRITING INCOME:		
Gross written premium	4,265,079	1,138,982
Ceded written premium	(4,265,989)	(1,031,129)
Net written premium	(910)	107,853
Net change in unearned premium reserve	(1,356,559)	2,831,627
Net change in deferred reinsurance premium	1,359,804	(2,624,502)
Net premium earned	2,335	314,978
Brokerage costs	(77,158)	(66,500)
Ceding commission income	512,142	376,023
	437,319	624,501
UNDERWRITING EXPENSES:		
Gross claims paid (note 4)	1,663,525	3,735,279
Reinsurance recoveries (note 4)	(1,663,525)	(3,735,279)
Change in reserve for losses and loss expenses	(438,730)	(8,096,480)
Change in recoverable for losses and loss expenses	438,730	8,096,480
UNDERWRITING INCOME	437,319	624,501
NET INVESTMENT INCOME	58,276	161,223
FOREIGN EXCHANGE INCOME	78	-
GENERAL AND ADMINISTRATIVE EXPENSES	(165,087)	(149,011)
NET INCOME	330,586	636,713
TOTAL COMPREHENSIVE INCOME	330,586	636,713

The accompanying notes are an integral part of these financial statements.

EEB Energy Re Ltd.
Statement of Changes in Shareholder’s Equity
For the year ended December 31, 2020

(expressed in U.S. dollars)

	Share capital $	Contributed surplus $	Retained earnings $	Total Shareholder's equity $
December 31, 2018	120,000	-	8,431,168	8,551,168
Comprehensive income for the year	-	-	636,713	636,713
December 31, 2019	120,000	-	9,067,881	9,187,881
Comprehensive income for the year	-	-	330,586	330,586
December 31, 2020	120,000	-	9,398,467	9,518,467

The accompanying notes are an integral part of these financial statements.

EEB Energy Re Ltd.

Statement of Cash Flows

For the year ended December 31, 2020

(expressed in U.S. dollars)

	2020 $	2019 $
Cash flows from operating activities		
Net income for the year	330,586	636,713
Change in non-cash balances relating to operations:		
Insurance balances receivable	899,397	(738)
Recoverable from losses and loss related expenses	438,730	4,497,266
Deferred Acquisition Cost	(22,592)	-
Fund Withheld – Assumed	(604,712)	7,997
Fund Withheld – Ceded	(8,325)	(6,291)
Deferred reinsurance premium	(1,359,804)	2,624,501
Reinsurance balance payable	(176,820)	(19,677)
Losses payable	(2)	(38,274)
Accrued liabilities	15,535	13,427
Accrued Interest on Investments	23,001	17,680
Reserve for losses and loss expenses	(438,730)	(4,497,266)
Unearned premium reserve	1,356,559	(2,831,627)
Deferred commission	249,696	(262,126)
Net cash provided by operating activities	702,519	141,585
Cash flows from investment activities		
Maturity of Short-term Investments	5,000,000	-
Net increase in cash and cash equivalents	5,702,519	141,585
Cash and cash equivalents at beginning of year	4,306,807	4,165,222
Cash and cash equivalents at end of year	10,009,326	4,306,807

The accompanying notes are an integral part of these financial statements.

(expressed in U.S. dollars)

1. *The Company and its affiliates*

EEB Energy Re Ltd. (“The Company” or “EEB”) was incorporated under the laws of Bermuda on January 7, 2013 and is registered as a Class 1 insurer under the Insurance Act, 1978. The Company is a wholly-owned subsidiary of Grupo Energia Bogota S.A. E.S.P. (“The parent” or “GEB”), a company incorporated in Colombia. The Company’s registered office is Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda.

The principal activity of the Company is the insurance of risks of its parent and affiliated companies. This includes property material damage and business interruption, general liability, sabotage and terrorism and business interruption and construction all risk exposures. All coverages are fronted by commercial insurers with an A.M. Best security rating or equivalent of A- or higher.

The property material damage coverage is provided on a claims incurred basis, incepting on May 5th, 2013. The Company provides coverage of $190m in respect of Calidda and Contugas (Peru), $100m in respect of Transpontadora de Gas Internacional, $35m in respect of Grupo Energia Bogota S.A. E.S.P. (Colombia) and $12m in respect of Trecsa and EBBIS (Guatemala) combined single limit in excess of the deductibles. The property material damage deductibles are between 2% and 10% of the loss and/or 5 monthly minimum salary according to Colombian legislation (“SMMLY”) or $500 each and every loss depending on location and coverage and for business interruption it is between 15 and 21 days depending on location. At renewal 2020, the company provides capacity for 40% of the aforementioned limits. This coverage is retroceded to reinsurers with an A.M. Best security rating or equivalent of A- or higher.

The sabotage and terrorism coverage is provided on a claims incurred basis, incepting on March 5th, 2013. The Company provides coverage of $100m in respect of Calidda and Contugas and Transpontadora de Gas Internacional, $35m in respect of Grupo Energia Bogota S.A. E.S.P. de Bogota and $12m in respect of Trecsa combined single limit in excess of the deductibles. The Sabotage and Terrorism deductibles are between 5% and 10% of the loss and/or minimum $500 each and every loss depending on location and coverage and for business interruption. This coverage is retroceded to reinsurers with an A.M. Best security rating or equivalent of A- or higher.

The general liability coverage is provided on a claims incurred basis incepting on September 18, 2015. This program expired in 2019 and is currently in run-off. The Company provides coverage of $10m in respect of Trecsa with deductibles of 10% for each and every loss minimum $15,000. This coverage is retroceded to reinsurers with an A.M. Best security rating or equivalent of A- or higher.

The construction all risk coverage for the Cusiana project of Transportadora de Gas Internacional was incepted on December 11, 2015. The Company provides property coverage up to $23,229,243 in excess of deductibles, combine limit and every loss. The risks covered include a myriad of risks for energy and energy-related businesses that are inherent in construction projects, from inception to completion and for one year following completion. This coverage is 100% retroceded to reinsurers with an A.M. Best security rating or equivalent of A- or higher.

2. *Summary of significant accounting policies*

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

(a) **Statement of compliance**

The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and interpretations as issued by the International Accounting Standards Board (IASB). The statement of financial position is presented in order of liquidity.
The financial statements were authorised for issue by the Board of Directors on February 25, 2021.

(expressed in U.S. dollars)

2. Summary of significant accounting policies (cont'd)

(b) **Basis of presentation**

The Company's financial statements have been prepared under the historical cost basis, except for investments, which are recorded at amortized cost, and reserves for losses and loss expenses, which are estimated.

The Company has prepared its financial statements in conformity with IFRS 4 "Insurance Contracts", effective January 1, 2006 and believes it is in compliance with the requirements as prescribed by the IASB in its first phase of the standard. IFRS 4 is an interim measure until the IASB completes the second phase of its project on insurance contracts.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of accounting polices and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

(c) **Functional currency**

The financial statements are presented in United States dollars, which is the Company's functional currency.

(d) **Premiums written and acquisition costs**

Premiums written are recognized and acquisition costs are expensed on a pro rata basis over the terms of the policies. Certain of the policies provide for premium adjustments based on the results of premium base reviews. The Company has considered such adjustments using estimates of the ultimate premiums, and in the opinion of management, future adjustments to premiums will not have a material effect on the financial position of the Company.

(e) **Reserve for losses and loss related expenses**

The reserve for losses and loss related expenses include estimates for outstanding claims and settlement expenses incurred at the balance sheet date including an estimate for the cost of claims incurred but not reported at that date. Such reserve is based on loss adjusters' evaluations and management's best estimates on an undiscounted basis and, in the opinion of management, is adequate. Future adjustments to the amounts recorded as of December 31, 2020, resulting from the continual review process, as well as differences between estimates and ultimate settlements, will be reflected in the Company's statements of comprehensive income of future years when such adjustments become known.

The major assumptions include loss development factors, trend factors and the expected loss ratios, using market data such as loss development factors from Lloyd's of London (from Xchanging) to determine the estimates. This market data provides EEB's actuaries with worldwide industry data that together with the Company's limited historical losses data allows them to establish supported loss assumptions. There is substantial uncertainty regarding the impact of COVID-19 on the level and nature of business activity. Exposures, claim frequency, and claim severity will likely be affected in ways that actuaries can not estimate at this time. It is important to recognize that actual losses may emerge significantly higher or lower than the estimates in this analysis.

(expressed in U.S. dollars)

2. Summary of significant accounting policies (cont'd)

(f) **Reinsurance**

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outwards reinsurance premiums are accounted for in the same period as the related premiums for the direct or inwards reinsurance business being reinsured.

Reinsurance liabilities comprise premiums payable for outwards reinsurance contracts and are recognized as an expense when due.

Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses. Reinsurance assets are measured consistently with the amounts associated with the underlying insurance contracts and in accordance with the terms of the reinsurance contract.

(g) **Translation of foreign currencies**

Monetary assets and liabilities originating in other currencies are translated into United States dollars (the functional currency) at the rates of exchange in effect at the reporting date. Non-monetary items originating in other currencies are translated into United States dollars at the rates of exchange in effect at the dates when the transactions occurred. Revenue and expense items are translated into United States dollars at the rate of exchange prevailing at the time of the transaction. The resulting exchange gains or losses are recognized in net income.

(h) **Cash and cash equivalents**

Cash and cash equivalents include amounts held in banks (money market funds and deposits with financial institutions that can be withdrawn without prior notice or penalty).

(i) **Investments**

The Company's investments consist of time deposits with maturities between 90 days and 360 days and carried at amortized cost.

(j) **New Standards, interpretations and amendments to published standards that have been adopted by the Company**

<u>New and revised IFRSs in issue-adopted</u>

No new standards to adopt in the current financial year.

<u>New and revised IFRSs in issue-Not yet adopted</u>

IFRS 9 Financial Instruments

In July 2014, the IASB issued IFRS 9 – Financial Instruments ("IFRS 9"), which brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39.

Classification and measurement – Financial assets are classified and measured based on the business model within which they are managed and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified in a similar manner as under IAS 39 except that for financial liabilities measured at fair value will have fair value changes resulting from changes in the Company's credit risk recognized in Other Comprehensive Income ("OCI") instead of net income, unless this would create an accounting mismatch.

(expressed in U.S. dollars)

2. Summary of significant accounting policies (cont'd)

Impairment – The measurement of impairment of financial assets is based on an expected credit loss model. It is no longer necessary for a triggering event to have occurred before credit losses are recognized. IFRS 9 also includes new disclosure requirements about expected credit losses and credit risk.

Hedge accounting – The new general hedge accounting model more closely aligns hedge accounting with risk management activities undertaken by entities when hedging their financial and non-financial risk exposures. It will provide more opportunities to apply hedge accounting to reflect their actual risk management activities.

The Directors of the Company are currently assessing the impact this standard will have on future financial statements and related disclosures and do not anticipate that the application of this standard will have a material impact on the Company's financial statements.

The company has elected to apply the deferral approach permitted by IFRS 4 (with the result that the Standard will be considered alongside IFRS 17).

For an insurer to apply this deferral:

(i) Total liabilities related to insurance must exceed 90% of total liabilities; or
(ii) Total liabilities related to insurance are greater than 80% of total liabilities but less than 90% of total liabilities so long as the insurer does not engage in significant activity unconnected to insurance.

The Company's liabilities related to insurance as at December 31, 2020 were 100% of total liabilities; the Company therefore qualifies to defer IFRS 9.

IFRS 17 Insurance Contracts

In May 2018, the IASB published IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 that was issued in 2005. IFRS 17 applies to all types of insurance contracts as well as to certain guarantees and financial instruments with discretionary participation features. In contrast to the requirements in IFRS 4, which are largely based on grandfathering of previous local accounting policies, IFRS 17 provides a comprehensive and consistent approach to insurance contracts. The core of IFRS 17 is the general model, supplemented by a specific adaption for contracts with direct participation features (the variable fee approach) and a simplified approach (the premium allocation approach) mainly for short-duration contracts.

The main features of the new accounting model for insurance contracts are, as follows: the measurement of the present value of future cash flows incorporating an explicit risk adjustment and remeasured every reporting period (the fulfilment cash flows); a contractual service margin that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (coverage period); the presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of insurance services provided during the period; and extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

The impact of the adoption of IFRS 17 has yet to be fully assessed by the Company but it is expected there will be significant impacts relating to the measurement and presentation of the contracts in scope of the standard. This standard applies to annual reporting periods beginning on or after 1 January 2023.

(expressed in U.S. dollars)

3. *Cash and cash equivalents*

	2020	2019
	$	$
Cash at banks	10,009,326	4,306,807
	10,009,326	4,306,807

Interest rates during the year were 0.2% (2019 – 0.1%) for the cash account.

4. *Reserve for losses and loss expenses*

The activity in reserve for losses and loss related expenses as at December 31, 2020 and 2019 is summarized as follows:

	Gross		Reinsurer's share		Net	
	2020	2019	2020	2019	2020	2019
	$	$	$	$	$	$
Balance at January 1	6,929,737	15,026,217	(6,929,737)	(15,026,217)	-	-
Incurred losses related to:						
Current Year	2,069,007	1,339,443	(2,069,007)	(1,339,443)	-	-
Prior Year	(844,212)	(5,700,644)	844,212	5,700,644	-	-
	1,224,795	(4,361,201)	(1,224,795)	4,361,201	-	-
Paid losses related to						
Current Year	-	-	-	-	-	-
Prior Year	(1,663,525)	(3,735,279)	1,663,525	3,735,279	-	-
	(1,663,525)	(3,735,279)	1,663,525	3,735,279	-	-
Balance at December 31	6,491,007	6,929,737	(6,491,007)	(6,929,737)	-	-

As at December 31, 2020, the Company recorded a gross and net reserve for losses and loss expenses of $6,491,007 (2019 – $6,929,737) and nil (2019 – nil), respectively.

Claim development

The estimation of claim development involves assessing the future behaviour of claims, taking into consideration the consistency of the Company's claim handling procedures, the amount of information available, the characteristics of the line of business from which the claim arises and historical delays in reporting claims. In general, the longer the term required for the settlement of a group of claims the more variable the estimates. Short settlement term claims are those which are expected to be substantially paid within a year of being reported.

(expressed in U.S. dollars)

4. Reserve for losses and loss expenses (cont'd)

The Company provides information on the gross and net claims development. The table that follow illustrate the development of claims payments and the estimated ultimate cost of claims for the claim year 2016 to 2020. The upper half of the table shows the cumulative amounts paid or estimated to be paid during successive years, related to each claim year. The original estimates will be increased or decreased, as more information becomes available about the original claims and overall claim frequency and severity.

The Company considers that there is no significant uncertainty with regard to claims that were incurred more than five years before the reporting period.

Claims development on a net basis is $ Nil and the claims development on a gross basis on all of the coverage is shown below:

	Prior 2016	2016	2017	2018	2019	2020	Total
Estimate of ultimate claims							
- At end of year	2,357,024	3,930,677	4,476,413	2,855,342	*173,835*	1,997,828	
- One year later	3,566,907	9,719,808	4,180,111	3,449,890	32,212	-	
- Two years later	4,531,949	9,076,434	1,652,169	3,636,627	-	-	
- Three years later	5,574,217	6,204,709	1,403,755	-	-	-	
- Four years later	5,790,301	6,043,543	-	-	-	-	
- Five years later	5,310,555	-	-	-	-	-	
Current estimate of ultimate claims	5,310,555	6,043,543	1,403,755	3,636,627	32,212	1,997,828	**18,424,520**
Less: Cumulative payments to date	4,918,183	5,645,494	1,211,864	157,972	-	-	**11,933,513**
Loss Reserves recognised in the Balance Sheet	392,372	398,049	191,891	3,478,655	32,212	1,997,828	**6,491,007**

5. Reinsurance

Reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honour their obligations could result in losses to the Company; consequently, allowances would be established for amounts deemed uncollectible. The Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the reinsurers to minimize its exposure to significant losses from reinsurer insolvencies. Loss reserves considered recoverable from reinsurers were $6,491,007 and $6,929,737 at December 31, 2020 and 2019, respectively.

Deferred reinsurance premiums of $1,504,208 and $ 144,404 as of December 31, 2020 and 2019, respectively were associated with several reinsurers, all having an A.M. Best rating or equivalent of A- or above. At December 31, 2020, no provision for uncollectible amounts was considered necessary.

6. Share capital

Share capital consists of 120,000 common shares with a par value of $1, which were authorized, issued and fully paid as at December 31, 2020 and 2019.

(expressed in U.S. dollars)

7. Related Party Transactions

Parties are considered to be related when one party has the ability to control the other party or exercises significant influence over the other party in making financial or operational decisions or by virtue of material contracts in existence during the year. Management has determined that all dealings with related parties are in accordance with underlying agreements in place or approval of the Board of Directors.

As per note 1 above, the Company provides insurance to subsidiaries within GEB's group of companies. Currently, all reinsurance business assumed by the Company is considered related as such business is ceded to the Company by GEB's affiliates.

	2020	**2019**
	$	**$**
Insurance balance receivable	263,356	1,162,753
Funds withheld	616,988	12,276
Losses payable	196,798	196,800
Outstanding loss reserves	3,484,215	4,012,501

	2020	**2019**
	$	**$**
Premium written	4,265,079	1,138,982
Losses paid	1,633,525	3,735,279

Payments to key management personnel for 2020 and 2019 are detailed as follows:

	2020	**2019**
	$	**$**
Directors Fees	30,000	23,000

8. Financial risk management

The Company is exposed to credit risk, liquidity risk, interest rate risk, and currency risk among others, arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below.

Credit risk and concentration of credit risk

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk.

Credit risk arises from the failure of the counterparty to perform according to the terms of a contract.

Management key areas where the Company is exposed to credit risk are:

- Cash and cash equivalents
- Insurance balances receivable
- Recoverable for outstanding losses and loss related expenses

The Company does not require collateral or other security to support financial instruments with credit risk.

(expressed in U.S. dollars)

8. Financial risk management (cont'd)

The Company is party to financial instruments with concentration and credit risks in the normal course of business. All of the Company's cash were on deposit with high credit quality financial institutions. As of December 31, 2020 and 2019, the Company had deposited, with a financial institution, a total of $10,009,326 and $4,306,807 respectively. They company had as at December 31, 2019 a short-term deposit of $ 5,000,000.

The Company's outstanding losses and loss related expenses recoverable from reinsurers are due from various reinsurers including various Lloyds' market syndicates. In the opinion of the Company's management, this diversification of purchased reinsurance will limit the concentration of credit risk affecting the Company. As of December 31, 2020 and 2019, recoverable for losses and loss related expenses were $6,491,007 and $6,929,737, respectively. All coverages are fronted by commercial insurers with an A.M. Best security rating or equivalent of A- or higher.

Reinsurance is used to manage insurance risk. This does not however discharge the Company's liability as a primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policy holder.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Company manages this risk by investing significantly in highly liquid short-term investments which are classified as cash and cash equivalents.

The following tables detail the Company's remaining contractual maturity for its financial liabilities.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Less than 3 months $	3 months to 1 year $	1 to 5 years $	Total $
Financial liabilities:				
2020				
Accrued liabilities	75,737	-	-	75,737
Reinsurance balance payable	-	856,799	-	856,799
Reserves for losses and loss related expenses	-	-	6,491,007	6,491,007
Losses payable	-	196,798	-	196,798
	75,737	1,053,597	6,491,007	7,620,341
2019				
Accrued liabilities	59,001	-	1,200	60,201
Reinsurance balance payable	757,762	249,712	26,145	1,033,619
Reserves for losses and loss related expenses	-	7,126,538	-	7,126,538
	816,763	7,376,251	27,345	8,220,358

(expressed in U.S. dollars)

8. *Financial risk management (cont'd)*

The following table details the Company's expected maturity for its financial assets. The tables below have been drawn up based on undiscounted contractual maturities of the financial assets except where the Company anticipates that the cash flow will occur in a different period.

	Less than 3 months $	3 months to 1 year $	1 to 5 years $	Total $
Financial assets:				
2020				
Insurance balance receivable	-	263,356	-	263,356
Funds withheld	-	616,988	-	616,988
Recoverable for losses and loss related expenses		-	6,491,007	6,491,007
	-	880,344	6,491,007	7,371,351
2019				
Insurance balance receivable	-	937,378	225,375	1,162,753
Funds withheld	-	9,237	3,039	12,276
Recoverable for losses and loss related expenses	-	562,544	6,367,193	6,929,737
	-	1,509,159	6,595,607	8,104,766

Insurance Risk

The Company accepts insurance risk through its insurance contracts where it assumes the risk of loss from the ultimate Parent and its affiliates that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

9. *Insurance balance receivable / reinsurance balance payable*

At December 31, 2020, the Company had insurance balances receivable of $ 263,356 (2019: $1,162,753) related to the premium to be received for the Property - Gas & Energy and Sabotage and Terrorism - Gas & Energy policies.

At December 31, 2020, the Company had insurance balances payable of $ 856,799 (2019: $1,033,619) related to the Property - Gas & Energy and Sabotage and Terrorism - Gas & Energy policies.

(expressed in U.S. dollars)

10. Unearned premium reserve

The following table shows the premiums movement during the year ended December 31, 2020 and 2019:

	2020			2019		
	Gross $	**Reinsurance $**	**Net $**	**Gross $**	**Reinsurance $**	**Net $**
Balance deferred at 1 January	147,649	(144,404)	3,245	2,979,276	(2,768,905)	210,371
Premiums written	4,265,079	(4,265,989)	(910)	1,138,982	(1,031,129)	107,853
Premiums earned through the income statement	(2,908,520)	2,906,185	(2,335)	(3,970,609)	3,655,630	(314,979)
Balance deferred at 31 December	1,504,208	(1,504,208)	-	147,649	(144,404)	3,245

11. Capital risk management and statutory financial reporting

The Company is required by its licence to comply with various provisions of the Insurance Act, 1978 of Bermuda ("The Act") regarding solvency and liquidity. These provisions have been met. The required minimum statutory capital and surplus under the Act as of December 31, 2020 and 2019, was $120,000 and $120,000, respectively. As of December 31, 2020 and 2019, the Company's actual statutory capital and surplus under the Act was $9,518,467 and $9,187,881, respectively, and accordingly there is no restriction on the amount of retained earnings available for the payment of dividends to shareholders. Actual statutory capital and surplus, as determined using statutory principles, is as follows:

	2020 $	**2019 $**
Total shareholder's equity	9,518,467	9,187,881
Less: Non-admitted assets:		
Deferred acquisition costs	22,592	-
Statutory capital and surplus	9,495,875	9,187,881

12. Taxation

Under current Bermuda law the Company is not required to pay any taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda that in the event of any such taxes being imposed the Company will be exempted from taxation until the year 2035.

13. Subsequent events

No subsequent events were noted by management as of the date the issuance of the financial statements.