"The team continues to apply themselves to researching, identifying and responding to opportunities across each of our divisions and the base knowledge of their underlying insurance risk was key to this at every stage of the process."

**Greg Roberts**
CUO

## Underwriting approach

We adhere to the principle that reinsurance underwriting at Conduit was founded on, which is a solid technical understanding of the underlying insurance risk.

Throughout 2023 we continuously improved both our use of technology and its interconnectivity across underwriting, pricing and exposure management.

This relationship with data is achievable due to the cedant partnerships we have formed. In fact, it is a major requirement for us to engage in any business proposal. The sharing of the most granular of insurance exposure information is paramount to understanding with confidence the risks which we are reinsuring.

As an example of our digital data collection, we hold information on over six billion individually identified property locations. This volume of data continues to grow over time. It enables us to allocate and refine the deployment of our capital and make the best underwriting decisions to deliver on our strategy.

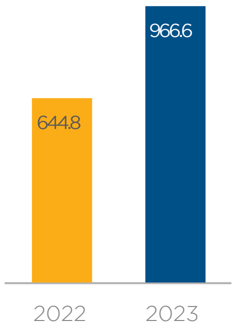
## Broker engagement and distribution

In 2023, we continued expanding on our broker and client relationships. As a result, the overall business volumes and policy count increased across all three of our divisions of property, casualty and specialty. The ability to access both renewal and new business from a wide range of sources, regions and classes, all from our one location in Bermuda, has been key to the delivery of our results.

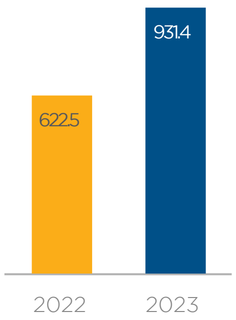
## Underwriting performance

Our estimated ultimate premiums written in 2023 were $966.6 million compared with $644.8 million in 2022 – an increase of 49.9% over the same period. Gross premiums written for the year ended 31 December 2023 were $931.4 million (31 December 2022: $622.5 million).

Estimated ultimate premiums written ($m)




Gross premiums written ($m)




Throughout 2023 we saw a healthy reinsurance marketplace, with rate adequacy remaining generally strong across all three divisions. We observed positive risk-adjusted rate change in property and specialty. Casualty risk-adjusted rate change moved from flat to marginally negative towards the end of the year.

The market has remained generally favourable for us to grow into and our strategy of technical ground up underwriting has served us well in understanding where the better margins lie in the value chain.

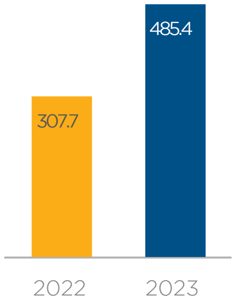
Turning to the broader accumulation management around the business, we continued to purchase outwards reinsurance protection on our portfolio. We grew our panel of reinsurers and increased the limits purchased in line with the growth of the overall portfolio and in line with our plan.

During the year there were a number of industry loss events including a series of severe convective storm losses in the US, floods in New Zealand, the Turkey earthquake and the Maui wildfire losses. None of these events either individually or in the aggregate had a material impact on our business and fell within our broad pricing parameter assumptions. The portfolio was in a strong position to handle these claims through the year.

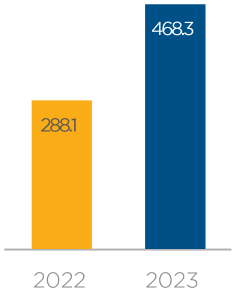
## Property

In property, estimated ultimate premiums written in 2023 were $485.4 million compared with $307.7 million in 2022, representing an increase of 57.8% over 2022. Our risk-adjusted rate change in 2023 in our property division, net of claims inflation, was 30% (2022: 7%). Gross premiums written for the year ended 31 December 2023 were $468.3 million (31 December 2022: $288.1 million).

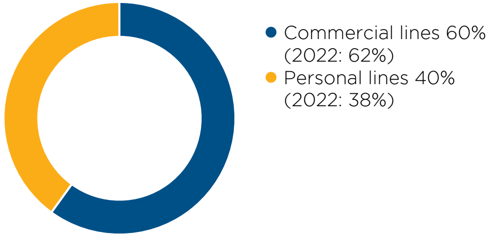
Estimated ultimate premiums written ($m)



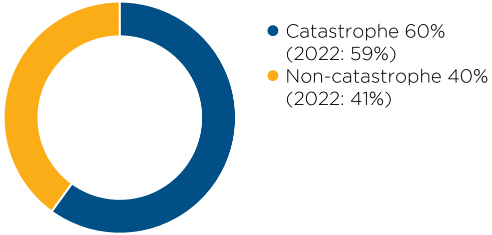

Gross premiums written ($m)




Property estimated ultimate premium split (2023)
(All property)




(All property)




We saw greater opportunities in proportional reinsurance in the US non-admitted (or 'excess & surplus') area of the market, where the rate adequacy was again very strong in 2023. We were able to build on our renewing 2022 book of non-admitted business, which had itself been the beneficiary of rate rises and improvements in policy terms and conditions.

Early in the year, market pressures led to reinsurance treaties within the same programmes being offered for placement with different terms and conditions. As the year progressed, a more orderly approach to acceptable concurrent exclusionary language was applied for all parties.

At the same time, we continued to underwrite other property classes in the US, such as admitted lines and pure catastrophe excess of loss, where our focus was on underwriting business with regionally restricted exposures ahead of the more broad nationwide or multi-country exposed programmes.

This approach results in a portfolio balance with more manageable peak zone accumulations.

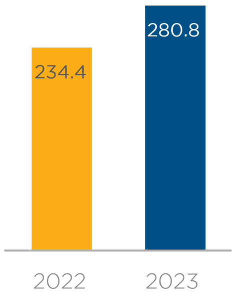
Away from the US, we have deliberately been underweight in our allocation of capacity to Europe since we began underwriting in 2021. However, a number of loss events in Europe, such as storms in Belgium and France, storms and flooding in Italy and the UK, and the earthquake in Turkey all served to stabilise the market making it more attractive to us.

On the excess of loss side, increases in property values continue to drive demand for increased catastrophe limits and, with continued growth in population and urban expansion, it required us as a reinsurer to adapt on a continuing basis our modelling systems to account for the changing trends and shifts in the exposure base. Our cloud-based exposure management software is integral to this endeavour and we believe is a key differentiator of Conduit Re's management of property accumulations across the globe.

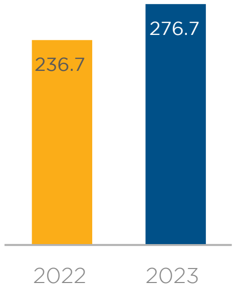
## Casualty

In casualty, estimated ultimate premiums written in 2023 were $280.8 million compared with $234.4 million in 2022, representing an increase of 19.8% over 2022. Our risk-adjusted rate change in 2023 in our casualty division, net of claims inflation, was 0% (2022: 1%). Gross premiums written for the year ended 31 December 2023 were $276.7 million (31 December 2022: $236.7 million).

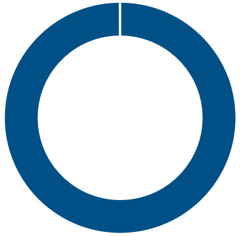
Estimated ultimate premiums written ($m)




Gross premiums written ($m)




Casualty estimated ultimate premium split (2023)
(All casualty)




(All casualty)


The casualty market in 2023 was driven by the continuing effects of the increased economic and social inflationary pressures that emerged in 2022, exacerbated for those insurers with historical portfolios. There were a number of companies that announced significant increases in reserving as they continued to grapple with prior year reserving deterioration, particularly for 2019 and earlier. Consequently, underlying casualty pricing has remained relatively strong overall, although we did see a drop off in underlying risk-adjusted rate in the second half of 2023.

Casualty sub-classes, such as public directors & officers insurance and some professional lines, are examples of where rates have weakened.

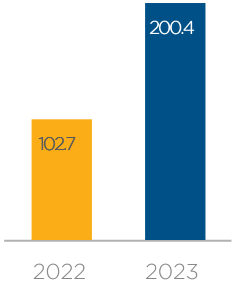
In casualty we see many submissions through the year and continue to have a relatively low ratio of policies bound versus total submissions received, continuing our highly selective approach to supporting the best-in-class cedants. With this approach, we have established a strong group of core casualty cedants that we support and we work closely with to understand how they are responding to the challenges of both increased inflation and litigation. We track closely how they are adapting their risk selection, line size management, limit deployment and pricing approach to mitigate these impacts.

We were pleased to welcome Mario Binetti to our team as Head of Casualty, responsible for both our US and international casualty business.

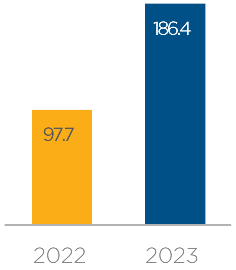
## Specialty

In Specialty, estimated ultimate premiums written in 2023 were $200.4 million compared with $102.7 million in 2022, representing an increase of 95.1% over 2022. Our risk-adjusted rate change in 2023 in our specialty division, net of claims inflation, was 9% (2022: 2%). Gross premiums written for the year ended 31 December 2023 were $186.4 million (31 December 2022: $97.7 million).

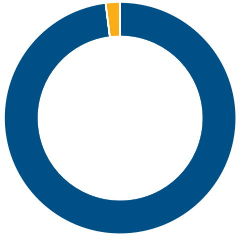
Estimated ultimate premiums written ($m)




Gross premiums written ($m)



Specialty estimated ultimate premium split (2023)
(All specialty)



- Commercial lines 98% (2022: 98%)
- Personal lines 2% (2022: 2%)

(All specialty)

- Energy & Power 29% (2022: 50%)
- Marine 19% (2022: 37%)
- Other 52% (2022: 12%)

The political violence and terror sub-classes remain challenging and we continued to be careful on how we deployed capacity into those spaces through 2023. Globally there were a number of political and socio-economic circumstances and as such the political violence space remained one we watched with a cautious interest.

We secured an increase in cedants in the marine and energy sub-classes, although we saw a range of pricing levels. Marine hull and marine liability remained subdued from a rating perspective and so we allocated less capacity into those lines.

Renewable energy is a growing class generally as investment in the renewable energy industry increases globally. We deployed capacity into the sub-class where the exposure met our risk appetite and margin expectations.

In the aviation classes we had limited involvement, although we did see some positive market movements in rate and a tightening in terms and conditions. The aviation war contracts have shown material rate uplift since Russia's invasion of Ukraine, However, our view was that the base dollar premiums paid for aviation war coverage, while increasing substantially through 2023, were not significant enough for us to allocate our capacity in any meaningful way.

## Looking ahead

As we look forward to 2024, we remain resolute in our underwriting discipline and active cycle management. In 2023 we have shown that discipline in the evolving profile of our portfolio. This is against a complex set of drivers across supply and demand, and a backdrop of elevated inflation. The data we collect supports our analysis whilst our working style and internal metrics allow us to respond efficiently to dynamic conditions, supported by our valued partners from the broking community.

Our successes in 2023, evidenced by the programmes we have greater participation in, the new business we are on and the further strengthening of our team, all support our continuing and unrelenting focus on making data-driven decisions. This positions us well to write our target business which is designed to deliver strong profitability over time. I look forward to 2024.

**Greg Roberts**
CUO
28 February 2024