



## 2022 Results and 2023 Forecast

The U.S. economy continues to recover and adapt to the post-COVID-19 environment. Real GDP increased at an annualized rate of 1.1% during the first quarter of 2023, real GDP increased 2.6% in the fourth quarter of 2022. The U.S. unemployment rate rose by 0.3% to 3.7% in May 2023, while the underemployment rate was 6.6% in May 2023. As of May 2023, the Consumer Price Index (for all items including food and energy) increased 2.1% over the last twelve months, driven by a 9.0% increase in energy prices.

A.M. Best estimates that net written premium for the U.S. property and casualty industry increased 8.4% in 2022, the thirteenth consecutive year of growth for the industry. A.M. Best notes that the U.S. property and casualty industry posted a \$26.5 billion underwriting loss in 2022 due to personal auto losses and losses from Hurricane Ian. Premium growth and a large decrease in policyholder dividends could not counter the 14% increase in incurred losses and loss adjustment expenses. The P/C industry's estimated combined ratio for 2022 rose to 102.7%, 3 points above its 2021 level of 99.7%.

North America non-life reinsurance renewal rate activity began strengthening mid-year 2019 and has continued to show improvement through April 1, 2023. S&P noted that January 2023 renewals rivaled those of 2006, following Hurricanes Katrina, Rita, and Wilma. Standard & Poor's maintains its negative outlook for the global reinsurance industry as the sector has been unable to earn its cost of capital, but expects reinsurance pricing to continue to strengthen in 2023. A.M. Best has a stable outlook for the global reinsurance industry based in part on positive pricing momentum and growing demand, as well as heightened catastrophe activity.

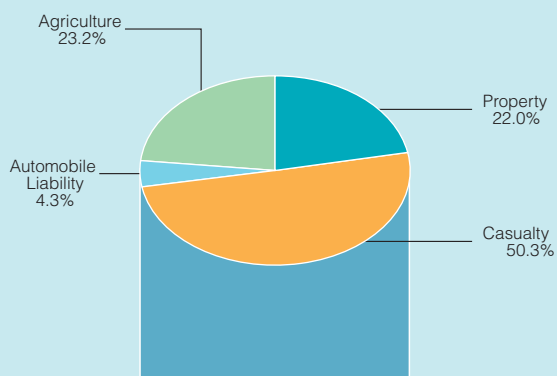
Toa Re America's 2022 gross premiums written decreased 9.3% from 2021. Toa Re America developed a GAAP combined ratio of 114.8% for 2022.

Non-catastrophe loss development from accident years 2021 and prior contributed 17.4 points to the combined ratio. Property catastrophe activity had a 3.7-point impact on the combined ratio. U.S. GAAP comprehensive income was a loss of \$255.8 million (driven by unrealized losses on bonds) and net cash flow from operations generated \$30.1 million during 2022. For the year, the market value of Toa Re America's cash and invested assets decreased by \$212.8 million or (10.7%). Toa Re America's bond portfolio (83.4% of invested assets) had an overall gross return of (12.10%) while equities had a gross return of (29.54%) for 2022. Shareholders' equity decreased 26.2% to \$480.1 million during 2022.

Toa Re America seeks to write a diversified and well-balanced portfolio of reinsurance risks in the North American marketplace for P&C business, and worldwide for agricultural reinsurance. Toa Re America evaluates diversification by customer type, product line, peril, and geography. Toa Re America pursues a balanced relationship between classes of business underwritten and premium to limits exposed. Central to Toa Re America's approach is a well-defined underwriting philosophy based on risk selection, exposure evaluation, limit management, and pricing. Through our efforts, Toa Re America endeavors to access business opportunities at the correct exposure adjusted price for risk transfer. Toa Re America's desired portfolio consists of clients who understand and appreciate that reinsurance transactions must represent a fair trade for both parties.

While it is our intention to be a market of choice, Toa Re America will not put continuity of offer ahead of profitability. Toa Re America must generate acceptable returns to honor the commitments made to all of our stakeholders. Toa Re America will consistently apply a set of objective standards to business under consideration to make certain it conforms to our profitability targets while seeking to minimize our exposure to natural catastrophe perils, through all available means.

## Gross Premiums by Class



## Financial Highlights

Years ended 31st December	U.S. GAAP Thousands of U.S. dollars		Percentage Change
	2022	2021	
<b>Summary of Operations</b>			
Gross Premiums Written	\$ 571,956	\$ 630,924	(9.3)%
Net Premiums Written	554,432	629,364	(11.9)
Pre-Tax Net Income (Loss)	(85,571)	(14,516)	489.4
After-Tax Net Income (Loss)	(66,187)	(12,695)	421.3
<b>Balance Sheets</b>			
Total Assets	2,227,961	2,362,264	(5.6)
Total Liabilities	1,747,844	1,711,340	2.1
Total Stockholders' Equity	480,117	650,924	(26.2)
<b>Cash Flows</b>			
Net Cash from Operations	30,155	104,196	(71.0)