



2023 Results and 2024 Forecast

The U.S. economy remains resilient as it moves forward from the post-COVID-19 environment. Real GDP increased at an annualized rate of 1.3% during the first quarter of 2024; real GDP increased 3.4% in the fourth quarter of 2023. The U.S. unemployment rate rose by 0.1% to 4.0% in May 2024, while the underemployment rate was 7.1% in May 2024. As of May 2024, the Consumer Price Index (for all items including food and energy) increased 3.3% over the last twelve months, driven by a 3.7% increase in energy prices.

A.M. Best estimates that net written premium for the U.S. property and casualty industry increased 10.4% in 2023, the fourteenth consecutive year of growth for the industry. A.M. Best notes that the U.S. property and casualty industry posted a \$21.2 billion underwriting loss in 2023 impacted by record severe convective storm losses. Growth in net earned premiums of 9.9% was more than countered by a 10% increase in incurred losses and loss adjustment expenses, a 6.4% increase in other underwriting expenses and a 4.5% increase in policyholder dividends. The P/C industry's estimated combined ratio for 2023 improved to 101.6%, 0.9 points better than the 2022 combined ratio of 102.5%.

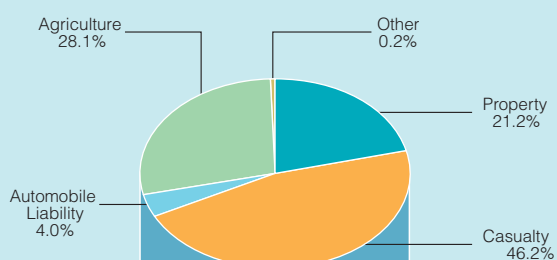
North America non-life reinsurance renewal rate activity began strengthening mid-year 2019 and continued to show improvement through April 1, 2023. S&P noted that January 2023 renewals rivaled those of 2006, following Hurricanes Katrina, Rita, and Wilma. The January 2024 renewal season was considered stable and predictable with a return to supply/demand balance as renewals generally saw price increases that followed claims inflation patterns. Standard & Poor's revised its outlook for the global reinsurance industry to stable from negative, amid expectations that carriers will earn their cost of capital in 2023-2024 based upon favorable P&C reinsurance pricing conditions. A.M. Best revised its outlook for the global reinsurance industry from stable to positive, citing an expectation of robust reinsurer profit margins and saying it expects underwriting discipline will be maintained.

Toa Re America's 2023 gross premiums written decreased 6.8% from 2022. Toa Re America developed a GAAP combined ratio of 110.6% for 2023. Non-catastrophe loss development from accident years 2022 and prior contributed 15.0 points to the combined ratio. Property catastrophe activity provided 0.9-point savings to the combined ratio. U.S. GAAP comprehensive income was \$46.5 million (driven by unrealized gains on bonds and net income) and net cash flow from operations generated \$41.4 million during 2023. For the year, the market value of Toa Re America's cash and invested assets increased by \$81.5 million or 4.6%. Toa Re America's bond portfolio (81.6% of invested assets) had an overall gross return of 7.1% for 2023. Shareholders' equity increased 9.5% to \$525.8 million during 2023.

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		
	2023	2022	Percentage Change
Summary of Operations			
Gross Premiums Written	\$ 532,521	\$ 571,956	(6.8)%
Net Premiums Written	444,025	554,432	(19.9)
Pre-Tax Net Income (Loss)	10,781	(85,571)	(112.5)
After-Tax Net Income (Loss)	10,984	(66,187)	(116.5)
Balance Sheets			
Total Assets	2,278,152	2,227,961	2.2
Total Liabilities	1,752,307	1,747,844	0.2
Total Stockholders' Equity	525,845	480,117	9.5
Cash Flows			
Net Cash from Operations	41,461	30,155	37.4