



Fairfax Financial Holdings Limited

Annual Financial Supplement December 31, 2022

Readers of this Annual Financial Supplement are advised to read it in conjunction with the Annual Report for the year ended December 31, 2022. This Annual Financial Supplement contains the supplementary financial measure of net favourable or adverse prior year reserve development which is comprised of losses on claims, net (as presented in the company's consolidated statement of earnings) excluding current accident year claims losses and loss adjustment expenses. This measure does not have a prescribed meaning under IFRS and may not be comparable to similar financial measures presented by other issuers. Additional information relating to the company, including its Annual Information Form and Annual Report, can be found on SEDAR at www.sedar.com. Additional information can also be accessed from the company's website www.fairfax.ca.

Provision for Losses and Loss Adjustment Expenses ("LAE")

The provision for losses and loss adjustment expenses ("LAE") (often called "loss reserves" or "provision for claims") is established by the company's insurance companies using the case method when claims are initially reported. The provisions are subsequently adjusted as additional information on the estimated ultimate amount of a claim becomes known during the course of its settlement. The company's reinsurance companies rely on initial and subsequent premium and loss information received from ceding companies to establish estimates of their provisions for losses. In determining the provision to cover the estimated ultimate liability for all of the company's insurance and reinsurance loss reserves, a provision is also made for management's calculation of factors affecting the future development of losses including incurred but not reported losses based on the volume of business currently in force, the historical experience on claims and potential changes, such as changes in the underlying book of business, in law and in cost factors.

As time passes, more information about claims becomes known and the provision for losses may consequently be adjusted upward or downward. Because of the various elements of estimation encompassed in this process, and the time it takes to settle many of the more substantial claims, several years may be required before a meaningful comparison of actual losses to the original estimates can be developed.

The development of the provision for losses is often measured as the difference between estimates of reserves as of the initial year-end and the re-estimated reserves at each subsequent year-end. This is based on actual payments in full or partial settlement of claims, plus re-estimates of the reserves required for claims still open or claims still unreported. Favourable development (or redundancies) means that subsequent reserve estimates are lower than originally indicated, while adverse development (or deficiencies) means that the original reserve estimates were lower than subsequently indicated. The net favourable prior year reserve development in the two tables that follow excludes the net favourable (adverse) prior year reserve development of a subsidiary in the year it is acquired. In the second table below, a subsidiary's provision for losses balance at December 31 in the year of acquisition is included in the line "Provision for losses and LAE of companies acquired and reinsurance transactions during the year at December 31", whereas the net favourable prior year reserve development as set out in the Sources of Net Earnings section in Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2022 and the Consolidated Financial Statements for the year ended December 31, 2022 includes the net favourable or adverse prior year reserve development of a subsidiary from its acquisition date.

| | Favourable/(Adverse) | |
|--|-----------------------------|--------------|
| | 2022 | 2021 |
| North American Insurers | 77.2 | 103.7 |
| Northbridge | 33.1 | 29.2 |
| Crum & Forster | 0.5 | 3.7 |
| Zenith National | 43.6 | 70.8 |
| Global Insurers and Reinsurers | 21.1 | 201.4 |
| Allied World | (30.5) | (18.8) |
| Odyssey Group | 49.9 | 120.1 |
| Brit | 1.7 | 100.1 |
| International Insurers and Reinsurers | 97.9 | 43.6 |
| Fairfax Asia ⁽¹⁾ | 44.0 | 17.5 |
| Other ⁽²⁾ | 53.9 | 26.1 |
| Property and Casualty Insurance and Reinsurance | 196.2 | 348.7 |
| Run-off | (147.2) | (224.6) |
| Total net favourable prior year reserve development | 49.0 | 124.1 |

(1) Excludes net favourable prior year reserve development of companies acquired in 2021 – Singapore Re (\$4.0).

(2) Excludes net favourable prior year reserve development of companies acquired in 2021 – Eurolife General (\$2.9).

Changes in provision for losses and loss adjustment expenses recorded on the consolidated balance sheets and the related effect on losses on claims, net recorded in the consolidated statements of earnings for the years ended December 31 were as shown in the following table:

Reconciliation of Provision for Losses and LAE - Consolidated

| | 2022 | 2021 |
|---|-----------------|-----------------|
| Provision for losses and LAE at January 1 - net | 25,474.5 | 22,856.5 |
| Foreign exchange effect of change in provision for claims | (442.4) | (236.8) |
| Losses on claims for claims occurring: | | |
| in the current year | 13,648.9 | 10,756.5 |
| in the prior years - net favourable development | (49.0) | (124.1) |
| Paid on claims occurring during: | | |
| the current year | (2,973.4) | (2,380.6) |
| the prior years | (6,593.5) | (5,594.7) |
| Provision for losses and LAE of companies acquired and reinsurance transactions during the year, at December 31 | 3.8 | 210.0 |
| Divestitures during the year | — | (12.3) |
| Provision for losses and LAE at December 31 before the undernoted CTR Life ⁽¹⁾ | 29,068.9 | 25,474.5 |
| | 4.4 | 4.4 |
| Provision for losses and LAE at December 31 - net | 29,073.3 | 25,478.9 |
| Reinsurers' share of provision for losses and LAE at December 31 | 9,245.9 | 8,943.9 |
| Provision for losses and LAE at December 31 - gross | <u>38,319.2</u> | <u>34,422.8</u> |

(1) *Guaranteed minimum death benefit retrocessional business written by Compagnie Transcontinentale de Réassurance ("CTR Life"), a wholly owned subsidiary of the company that was transferred to Wentworth and placed into run-off in 2002.*

Foreign exchange effect and other principally reflected the decrease of reserves denominated in the Canadian dollar, British pound, euro and Argentinian peso which weakened against the U.S. dollar. The company generally manages foreign currency risk on claims liabilities by investing in financial instruments and other assets denominated in the same currency as the liabilities to which they relate.

The tables that follow show the reserve reconciliation and the reserve development of North American Insurers (comprised of Northbridge, Crum & Forster and Zenith National), Global Insurers and Reinsurers (comprised of Allied World, Odyssey Group and Brit) and International Insurers and Reinsurers (comprised of Fairfax Asia and Insurance and Reinsurance - Other's operating companies Group Re, Bryte Insurance, Fairfax Latin America, Fairfax Central and Eastern Europe and Eurolife General) and Run-off's net provision for claims. As business is written in multiple geographic locations and currencies, there will necessarily be some distortions caused by foreign currency fluctuations. Northbridge tables are presented in Canadian dollars, while the remaining property and casualty insurance and reinsurance companies and Run-off tables are presented in U.S. dollars.

The company endeavours to establish adequate provisions for losses and loss adjustment expenses at the original valuation date, with the objective of achieving net favourable prior year reserve development at subsequent valuation dates. The reserves will always be subject to upward or downward development in the future and future development could be significantly different from the past due to many unknown factors.

The tables that follow show calendar year claims reserve development; in any year when there is a redundancy or reserve strengthening related to a prior year, the amount of the change in favourable (adverse) development reflected for that prior year is also reflected in the favourable (adverse) development for each year thereafter.

The accident year claims reserve development tables that follow for Northbridge, Odyssey Group, Crum & Forster and Zenith National show the development of the provision for losses and loss adjustment expenses by accident year commencing in 2012, with the re-estimated amount of each accident year's reserve development shown in subsequent years up to December 31, 2022. All claims are attributed back to the year of loss, regardless of when they were reported or adjusted. For example, accident year 2014 represents all claims with a date of loss between January 1, 2014 and December 31, 2014. The initial reserves set up at the end of the accident year are re-evaluated over time to determine their redundancy or deficiency based on actual payments in full or partial settlements of claims, plus current estimates of the reserves for claims still open or claims still unreported.

North American Insurers

Northbridge

The following table shows for Northbridge the provision for losses and LAE as originally and as currently estimated for the years 2022 and 2021. The favourable development from prior years has been credited to each year's earnings.

Reconciliation of Provision for Losses and LAE - Northbridge

| | 2022 | 2021 |
|---|---------------------------------------|---------|
| | <i>(In Cdn\$ except as indicated)</i> | |
| Provision for losses and LAE at January 1 | 2,682.2 | 2,308.6 |
| Losses on claims and LAE | | |
| For current accident year's claims | 1,494.2 | 1,300.8 |
| Decrease for prior accident years' claims | (43.1) | (36.6) |
| Foreign exchange effect on claims | 7.3 | (0.7) |
| Total losses on claims and LAE | 1,458.4 | 1,263.5 |
| Payments for losses on claims and LAE | | |
| Payments on current accident year's claims | (554.3) | (460.8) |
| Payments on prior accident years' claims | (496.9) | (429.1) |
| Total payments for losses on claims and LAE | (1,051.2) | (889.9) |
| Provision for losses and LAE at December 31 | 3,089.4 | 2,682.2 |
| <i>Exchange rate</i> | 0.7380 | 0.7917 |
| Provision for losses and LAE at December 31 converted to U.S. dollars | 2,280.0 | 2,123.5 |

The following table shows for Northbridge the original provision for losses and LAE at each calendar year-end commencing in 2012, the subsequent cumulative payments made on account of these years and the subsequent re-estimated amount of these reserves.

Northbridge Calendar Year Claims Reserve Development

| As at December 31 | Calendar year | | | | | | | | | | |
|------------------------------------|-------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| | <i>(In Cdn\$)</i> | | | | | | | | | | |
| Provision for claims including LAE | 2,077.2 | 2,016.9 | 1,982.4 | 1,950.8 | 1,936.1 | 1,956.8 | 1,996.5 | 2,095.5 | 2,308.6 | 2,682.2 | 3,089.4 |
| Cumulative payments as of: | | | | | | | | | | | |
| One year later | 397.7 | 368.4 | 371.7 | 362.0 | 402.9 | 414.4 | 444.8 | 446.1 | 429.1 | 496.9 | |
| Two years later | 633.8 | 600.8 | 600.4 | 581.4 | 618.2 | 655.7 | 681.7 | 688.4 | 688.4 | | |
| Three years later | 821.4 | 773.9 | 770.4 | 741.2 | 793.1 | 833.1 | 860.1 | 889.3 | | | |
| Four years later | 946.9 | 901.5 | 885.9 | 869.7 | 920.2 | 965.4 | 1,005.9 | | | | |
| Five years later | 1,035.6 | 977.1 | 982.4 | 964.6 | 1,010.1 | 1,061.9 | | | | | |
| Six years later | 1,090.1 | 1,047.9 | 1,048.7 | 1,020.9 | 1,069.3 | | | | | | |
| Seven years later | 1,136.4 | 1,086.7 | 1,079.9 | 1,058.0 | | | | | | | |
| Eight years later | 1,162.5 | 1,107.3 | 1,105.2 | | | | | | | | |
| Nine years later | 1,176.5 | 1,124.3 | | | | | | | | | |
| Ten years later | 1,188.3 | | | | | | | | | | |
| Reserves re-estimated as of: | | | | | | | | | | | |
| One year later | 1,925.1 | 1,903.0 | 1,881.2 | 1,796.8 | 1,807.8 | 1,828.1 | 1,901.9 | 2,042.8 | 2,270.9 | 2,645.2 | |
| Two years later | 1,822.3 | 1,794.6 | 1,724.8 | 1,669.9 | 1,674.1 | 1,733.3 | 1,849.4 | 2,027.6 | 2,225.6 | | |
| Three years later | 1,728.2 | 1,651.3 | 1,604.2 | 1,552.0 | 1,581.6 | 1,693.3 | 1,842.6 | 1,989.2 | | | |
| Four years later | 1,619.0 | 1,543.7 | 1,490.5 | 1,459.8 | 1,544.0 | 1,693.2 | 1,801.1 | | | | |
| Five years later | 1,529.8 | 1,447.5 | 1,416.3 | 1,426.1 | 1,542.5 | 1,654.5 | | | | | |
| Six years later | 1,453.6 | 1,375.7 | 1,392.4 | 1,434.5 | 1,511.0 | | | | | | |
| Seven years later | 1,398.5 | 1,361.4 | 1,412.5 | 1,401.6 | | | | | | | |
| Eight years later | 1,389.6 | 1,390.6 | 1,384.0 | | | | | | | | |
| Nine years later | 1,422.6 | 1,365.3 | | | | | | | | | |
| Ten years later | 1,401.9 | | | | | | | | | | |
| Favourable development | 675.3 | 651.6 | 598.4 | 549.2 | 425.1 | 302.3 | 195.4 | 106.3 | 83.0 | 37.0 | |

The net favourable prior year reserve development in 2022 of Cdn\$37.0 reflected in the table preceding this paragraph was comprised of net favourable reserve development of Cdn\$43.1, partially offset by net unfavourable foreign currency movements of Cdn\$6.1 related to the translation of U.S. dollar-denominated claims reserves (principally in the technical risks and transportation segments). The net favourable prior year reserve development in 2022 of Cdn\$43.1 reflected net favourable emergence primarily related to commercial automobile for accident years 2017 through 2020 and net favourable loss emergence on latent abuse claims from Northbridge's legacy business due to increased reinsurance recoveries.

The following table is derived from the "Northbridge Calendar Year Claims Reserve Development" table above. It summarizes the effect of re-estimating prior year claims reserves by accident year.

Northbridge Accident Year Claims Reserve Development

| As at December 31 | 2012 & Prior | Accident year | | | | | | | | | |
|----------------------------------|--------------|-------------------|--------|--------|-------|-------|-------|-------|-------|--------|-------|
| | | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| | | <i>(In Cdn\$)</i> | | | | | | | | | |
| End of first year | 2,077.2 | 489.6 | 447.8 | 441.4 | 501.3 | 551.9 | 582.8 | 638.4 | 711.8 | 840.5 | 941.0 |
| One year later | 1,925.1 | 478.4 | 454.9 | 443.7 | 499.9 | 556.9 | 583.0 | 638.2 | 689.5 | 848.7 | |
| Two years later | 1,822.3 | 464.1 | 441.9 | 437.4 | 484.1 | 554.7 | 570.4 | 629.8 | 682.5 | | |
| Three years later | 1,728.2 | 429.9 | 428.8 | 433.3 | 483.8 | 552.3 | 563.8 | 632.9 | | | |
| Four years later | 1,619.0 | 411.6 | 411.3 | 415.3 | 479.9 | 553.7 | 561.0 | | | | |
| Five years later | 1,529.8 | 391.6 | 408.9 | 405.4 | 469.9 | 546.3 | | | | | |
| Six years later | 1,453.6 | 374.9 | 399.4 | 393.8 | 471.4 | | | | | | |
| Seven years later | 1,398.5 | 369.5 | 390.2 | 389.4 | | | | | | | |
| Eight years later | 1,389.6 | 365.7 | 387.0 | | | | | | | | |
| Nine years later | 1,422.6 | 361.1 | | | | | | | | | |
| Ten years later | 1,401.9 | | | | | | | | | | |
| Favourable (adverse) development | 32.5 % | 26.2 % | 13.6 % | 11.8 % | 6.0 % | 1.0 % | 3.7 % | 0.9 % | 4.1 % | (1.0)% | |

Accident year 2021 experienced net adverse loss emergence in the table above principally related to the strengthening of the U.S. dollar in 2022. Accident years 2019 and 2020 experienced net favourable loss emergence principally related to commercial automobile and commercial property claims reserves. Accident years 2017 and 2018 experienced net favourable loss emergence principally related to commercial automobile, partially offset by net adverse loss emergence related to general liability claims reserves. Accident years 2013 through 2016 experienced net favourable loss emergence across most major lines of business. Accident years 2012 and prior experienced net favourable loss emergence across most major lines of business.

Crum & Forster

The following table shows for Crum & Forster the provision for losses and LAE as originally and as currently estimated for the years 2022 and 2021. First Mercury was included in Crum & Forster beginning in 2011. The favourable development from prior years has been credited to each year's earnings.

Reconciliation of Provision for Losses and LAE - Crum & Forster

| | 2022 | 2021 |
|---|-----------|-----------|
| Provision for losses and LAE at January 1 | 2,880.1 | 2,834.6 |
| Losses on claims and LAE | | |
| For current accident year's claims ⁽¹⁾ | 2,145.6 | 1,793.0 |
| Decrease for prior accident years' claims | (0.5) | (3.7) |
| Total losses on claims and LAE | 2,145.1 | 1,789.3 |
| Payments for losses on claims and LAE | | |
| Payments on current accident year's claims | (570.4) | (489.2) |
| Payments on prior accident years' claims ⁽¹⁾ | (1,051.6) | (1,254.6) |
| Total payments for losses on claims and LAE | (1,622.0) | (1,743.8) |
| Provision for losses and LAE at December 31 | 3,403.2 | 2,880.1 |

(1) Effective October 1, 2021 Crum & Forster completed a loss portfolio transfer with Resolution Group Reinsurance (Barbados) Limited, a company within the Life insurance and Run-off reporting segment, to reinsure all net reserves for risks predominantly comprised of property, liability and workers' compensation exposures relating to accident years 2014 and prior (the "fourth quarter 2021 intercompany reinsurance transaction"). This transaction resulted in Crum & Forster ceding \$358.1 of net insurance contract liabilities in exchange for consideration of \$358.1 which was recorded as a reduction in net premiums written, net premiums earned and losses on claims of \$358.1, and eliminated within Fairfax's consolidated financial reporting. Losses on claims and LAE for the current accident year and payments on prior accident years' claims in the table above have been increased by \$358.1 to adjust for the ceding of claims which related to prior accident years which were included within the provision for losses and LAE at December 31, 2020 and is included within the cumulative payments as of one year later in the 2020 column in the table below.

The following table shows for Crum & Forster the original provision for losses and LAE at each calendar year-end commencing in 2012, the subsequent cumulative payments made on account of these years and the subsequent re-estimated amounts of these reserves.

Crum & Forster Calendar Year Claims Reserve Development

| As at December 31 | Calendar year | | | | | | | | | | |
|------------------------------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Provision for claims including LAE | 1,933.1 | 1,941.8 | 2,005.1 | 2,438.2 | 2,539.5 | 2,588.8 | 2,564.0 | 2,621.2 | 2,834.6 | 2,880.1 | 3,403.2 |
| Cumulative payments as of: | | | | | | | | | | | |
| One year later | 681.5 | 592.0 | 311.3 | 731.8 | 806.1 | 905.0 | 901.7 | 885.9 | 1,254.6 | 1,051.6 | |
| Two years later | 1,108.2 | 713.8 | 807.8 | 1,247.8 | 1,385.2 | 1,473.3 | 1,451.0 | 1,778.6 | 1,953.2 | | |
| Three years later | 1,109.2 | 1,073.0 | 1,190.3 | 1,644.1 | 1,768.1 | 1,849.6 | 2,174.5 | 2,261.4 | | | |
| Four years later | 1,365.2 | 1,347.2 | 1,445.1 | 1,882.3 | 2,015.1 | 2,453.2 | 2,507.6 | | | | |
| Five years later | 1,560.2 | 1,522.2 | 1,607.9 | 2,044.1 | 2,527.1 | 2,660.6 | | | | | |
| Six years later | 1,689.2 | 1,633.5 | 1,725.8 | 2,515.3 | 2,672.4 | | | | | | |
| Seven years later | 1,778.0 | 1,726.7 | 2,418.9 | 2,628.6 | | | | | | | |
| Eight years later | 1,855.3 | 2,079.1 | 2,235.7 | | | | | | | | |
| Nine years later | 2,155.9 | 2,151.3 | | | | | | | | | |
| Ten years later | 2,214.0 | | | | | | | | | | |
| Reserves re-estimated as of: | | | | | | | | | | | |
| One year later | 1,941.4 | 1,941.8 | 2,005.1 | 2,430.0 | 2,529.3 | 2,584.9 | 2,557.8 | 2,616.0 | 2,830.9 | 2,879.6 | |
| Two years later | 1,990.5 | 1,930.7 | 1,998.4 | 2,415.2 | 2,522.0 | 2,567.0 | 2,579.8 | 2,740.6 | 2,952.9 | | |
| Three years later | 1,996.6 | 1,950.5 | 1,996.1 | 2,420.5 | 2,519.6 | 2,617.0 | 2,734.0 | 2,854.1 | | | |
| Four years later | 2,027.7 | 1,946.6 | 2,016.5 | 2,429.9 | 2,560.6 | 2,769.7 | 2,811.6 | | | | |
| Five years later | 2,036.6 | 1,972.3 | 2,049.2 | 2,475.4 | 2,694.5 | 2,812.4 | | | | | |
| Six years later | 2,068.7 | 2,003.4 | 2,085.3 | 2,575.2 | 2,710.9 | | | | | | |
| Seven years later | 2,097.2 | 2,031.4 | 2,171.8 | 2,588.0 | | | | | | | |
| Eight years later | 2,125.6 | 2,101.3 | 2,175.8 | | | | | | | | |
| Nine years later | 2,177.7 | 2,090.8 | | | | | | | | | |
| Ten years later | 2,167.3 | | | | | | | | | | |
| Favourable (adverse) development | (234.2) | (149.0) | (170.7) | (149.8) | (171.4) | (223.6) | (247.6) | (232.9) | (118.3) | 0.5 | |

The net favourable prior year reserve development in 2022 of \$0.5 reflected net favourable loss emergence principally related to accident and health claims reserves, partially offset by net adverse loss emergence on its commercial auto liability claims reserves.

The following table is derived from the “Crum & Forster Calendar Year Claims Reserve Development” table above. It summarizes the effect of re-estimating prior year claims reserves by accident year.

Crum & Forster Accident Year Claims Reserve Development

| As at December 31 | 2012 & Prior | Accident year | | | | | | | | | |
|----------------------------------|--------------|---------------|--------|-------|--------|--------|--------|-------|---------|---------|---------|
| | | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| End of first year | 1,933.1 | 682.0 | 655.3 | 744.3 | 841.4 | 865.6 | 884.2 | 965.2 | 1,104.4 | 1,303.8 | 1,575.1 |
| One year later | 1,941.4 | 632.9 | 666.4 | 742.9 | 845.9 | 869.0 | 895.8 | 938.0 | 976.1 | 1,181.3 | |
| Two years later | 1,990.5 | 615.6 | 639.8 | 730.4 | 833.3 | 853.5 | 867.9 | 908.3 | 984.7 | | |
| Three years later | 1,996.6 | 604.3 | 641.4 | 715.2 | 821.4 | 862.5 | 869.4 | 944.2 | | | |
| Four years later | 2,027.7 | 591.5 | 636.2 | 692.0 | 817.0 | 881.2 | 904.3 | | | | |
| Five years later | 2,036.6 | 585.0 | 637.7 | 701.4 | 851.2 | 907.6 | | | | | |
| Six years later | 2,068.7 | 587.8 | 645.9 | 714.6 | 854.7 | | | | | | |
| Seven years later | 2,097.2 | 587.3 | 662.5 | 723.4 | | | | | | | |
| Eight years later | 2,125.6 | 605.1 | 676.9 | | | | | | | | |
| Nine years later | 2,177.7 | 605.1 | | | | | | | | | |
| Ten years later | 2,167.3 | | | | | | | | | | |
| Favourable (adverse) development | (12.1)% | 11.3 % | (3.3)% | 2.8 % | (1.6)% | (4.9)% | (2.3)% | 2.2 % | 10.8 % | 9.4 % | |

Accident year 2021 experienced net favourable loss emergence, principally related to accident and health as well as non-admitted casualty. Accident year 2020 experienced net favourable loss emergence principally related to both primary and excess liability and workers' compensation claims reserves. Accident year 2019 experienced net favourable loss emergence principally related to workers' compensation claims reserves, partially offset by net adverse loss emergence on commercial auto liability claims reserves. Accident years 2014, 2016, 2017 and 2018 experienced net adverse loss emergence principally related

to commercial auto liability claims reserves, partially offset by net favourable loss emergence on workers' compensation claims reserves. Accident years 2013 and 2015 experienced net favourable loss emergence on general liability, workers' compensation and group accident and health claims reserves. Accident years 2012 and prior experienced net adverse loss emergence principally related to the strengthening of asbestos and other mass tort claims reserves through December 2011, and the strengthening of construction liability claims reserves post December 2011.

Zenith National

The following table shows for Zenith National the provision for losses and LAE as originally and as currently estimated for the years 2022 and 2021. The favourable development from prior years has been credited to each year's earnings.

Reconciliation of Provision for Losses and LAE - Zenith National

| | 2022 | 2021 |
|---|----------------|----------------|
| Provision for losses and LAE at January 1 | <u>1,011.5</u> | <u>1,028.2</u> |
| Losses on claims and LAE | | |
| For current accident year's claims | 439.3 | 427.5 |
| Decrease for prior accident years' claims | <u>(43.6)</u> | <u>(70.8)</u> |
| Total losses on claims and LAE | <u>395.7</u> | <u>356.7</u> |
| Payments for losses on claims and LAE | | |
| Payments on current accident year's claims | (131.3) | (128.6) |
| Payments on prior accident years' claims | <u>(257.7)</u> | <u>(244.8)</u> |
| Total payments for losses on claims and LAE | <u>(389.0)</u> | <u>(373.4)</u> |
| Provision for losses and LAE at December 31 | <u>1,018.2</u> | <u>1,011.5</u> |

The following table shows for Zenith National the original provision for losses and LAE at each calendar year-end commencing in 2012, the subsequent cumulative payments made on account of these years and the subsequent re-estimated amounts of these reserves.

Zenith National Calendar Year Claims Reserve Development

| As at December 31 | Calendar year | | | | | | | | | | |
|------------------------------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Provision for claims including LAE | 1,125.2 | 1,166.2 | 1,160.7 | 1,181.6 | 1,153.1 | 1,147.1 | 1,108.4 | 1,053.2 | 1,028.2 | 1,011.5 | 1,018.2 |
| Cumulative payments as of: | | | | | | | | | | | |
| One year later | 272.8 | 269.6 | 224.7 | 261.0 | 269.5 | 271.5 | 260.9 | 238.6 | 244.8 | 257.7 | |
| Two years later | 431.3 | 389.6 | 372.6 | 413.4 | 410.2 | 441.8 | 389.9 | 377.1 | 386.8 | | |
| Three years later | 492.8 | 483.7 | 466.5 | 497.6 | 495.5 | 490.2 | 471.6 | 466.9 | | | |
| Four years later | 554.4 | 544.4 | 521.5 | 552.4 | 545.9 | 539.6 | 526.9 | | | | |
| Five years later | 595.9 | 583.6 | 561.0 | 585.9 | 579.6 | 580.9 | | | | | |
| Six years later | 625.3 | 613.9 | 588.0 | 610.3 | 605.2 | | | | | | |
| Seven years later | 650.6 | 634.8 | 606.2 | 629.9 | | | | | | | |
| Eight years later | 669.0 | 649.1 | 622.4 | | | | | | | | |
| Nine years later | 680.5 | 662.8 | | | | | | | | | |
| Ten years later | 692.4 | | | | | | | | | | |
| Reserves re-estimated as of: | | | | | | | | | | | |
| One year later | 1,089.2 | 1,093.6 | 1,071.1 | 1,080.6 | 1,076.7 | 1,061.8 | 1,026.3 | 979.1 | 957.4 | 967.9 | |
| Two years later | 1,051.9 | 1,039.2 | 1,001.7 | 1,030.4 | 1,020.3 | 1,010.4 | 971.8 | 948.5 | 934.5 | | |
| Three years later | 1,013.9 | 992.1 | 966.2 | 989.6 | 983.8 | 967.5 | 944.8 | 925.7 | | | |
| Four years later | 978.2 | 967.6 | 939.9 | 963.3 | 952.6 | 947.3 | 920.0 | | | | |
| Five years later | 960.8 | 947.9 | 922.2 | 938.8 | 932.0 | 930.2 | | | | | |
| Six years later | 945.6 | 933.4 | 903.1 | 919.5 | 917.7 | | | | | | |
| Seven years later | 935.2 | 917.9 | 884.7 | 906.9 | | | | | | | |
| Eight years later | 923.1 | 901.5 | 874.9 | | | | | | | | |
| Nine years later | 907.7 | 893.2 | | | | | | | | | |
| Ten years later | 900.9 | | | | | | | | | | |
| Favourable development | 224.3 | 273.0 | 285.8 | 274.7 | 235.4 | 216.9 | 188.4 | 127.5 | 93.7 | 43.6 | |

Zenith National experienced net favourable prior year reserve development of \$43.6 in 2022 primarily related to net favourable loss development trends in accident years 2015 through 2021, partially offset by adverse development on Agribusiness P&C reserves.

The following table is derived from the “Zenith National Calendar Year Claims Reserve Development” table above. It summarizes the effect of re-estimating prior year claims reserves by accident year.

Zenith National Accident Year Claims Reserve Development

| As at December 31 | Accident year | | | | | | | | | | |
|------------------------|---------------|--------|--------|--------|--------|--------|--------|-------|--------|-------|-------|
| | 2012 & Prior | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| End of first year | 1,125.2 | 349.7 | 336.8 | 335.2 | 333.5 | 339.7 | 318.1 | 287.8 | 287.7 | 298.9 | 307.9 |
| One year later | 1,089.2 | 314.4 | 301.6 | 303.5 | 307.4 | 310.9 | 287.4 | 268.2 | 247.5 | 278.2 | |
| Two years later | 1,051.9 | 298.0 | 279.2 | 288.8 | 291.7 | 296.1 | 275.8 | 264.5 | 247.4 | | |
| Three years later | 1,013.9 | 286.7 | 268.2 | 274.4 | 281.4 | 284.4 | 269.0 | 266.5 | | | |
| Four years later | 978.2 | 279.6 | 261.6 | 265.8 | 274.7 | 284.8 | 261.3 | | | | |
| Five years later | 960.8 | 275.0 | 258.4 | 260.4 | 273.4 | 281.9 | | | | | |
| Six years later | 945.6 | 271.0 | 254.8 | 259.5 | 271.8 | | | | | | |
| Seven years later | 935.2 | 267.5 | 252.8 | 256.7 | | | | | | | |
| Eight years later | 923.1 | 266.5 | 251.3 | | | | | | | | |
| Nine years later | 907.7 | 265.1 | | | | | | | | | |
| Ten years later | 900.9 | | | | | | | | | | |
| Favourable development | 19.9 % | 24.2 % | 25.4 % | 23.4 % | 18.5 % | 17.0 % | 17.9 % | 7.4 % | 14.0 % | 6.9 % | |

All accident years have experienced net favourable loss emergence principally related to favourable trends on workers’ compensation claims reserves.

Global Insurers and Reinsurers

Allied World

The following table shows for Allied World the provision for losses and LAE as originally and as currently estimated for the years 2022 and 2021. The favourable or adverse development from prior years has been credited or charged to each year’s earnings.

Reconciliation of Provision for Losses and LAE - Allied World

| | 2022 | 2021 |
|---|-----------|-----------|
| Provision for losses and LAE at January 1 | 6,014.8 | 5,226.9 |
| Losses on claims and LAE | | |
| For current accident year's claims | 2,925.9 | 2,458.4 |
| Increase for prior accident years' claims | 30.5 | 18.8 |
| Foreign exchange effect on claims | (43.6) | (22.5) |
| Total losses on claims and LAE | 2,912.8 | 2,454.7 |
| Payments for losses on claims and LAE | | |
| Payments on current accident year's claims | (334.3) | (308.0) |
| Payments on prior accident years' claims | (1,540.3) | (1,346.5) |
| Total payments for losses on claims and LAE | (1,874.6) | (1,654.5) |
| Divestitures during the year ⁽¹⁾ | — | (12.3) |
| Provision for losses and LAE at December 31 | 7,053.0 | 6,014.8 |

(1) Sale of Vault Insurance on March 1, 2021.

The following table shows for Allied World the original provision for losses and LAE at each calendar year-end commencing in 2017, the subsequent cumulative payments made on account of these years and the subsequent re-estimated amounts of these reserves.

Allied World Calendar Year Claims Reserve Development

| As at December 31 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Provision for claims including LAE | 5,581.1 | 5,300.7 | 5,055.1 | 5,226.9 | 6,014.8 | 7,053.0 |
| Cumulative payments as of: | | | | | | |
| One year later | 1,641.7 | 1,604.6 | 1,413.6 | 1,346.5 | 1,540.3 | |
| Two years later | 2,703.3 | 2,565.6 | 2,286.5 | 2,475.7 | | |
| Three years later | 3,441.9 | 3,229.4 | 3,159.5 | | | |
| Four years later | 3,907.9 | 3,854.0 | | | | |
| Five years later | 4,348.9 | | | | | |
| Reserves re-estimated as of: | | | | | | |
| One year later | 5,475.4 | 5,297.4 | 5,042.1 | 5,212.7 | 5,966.8 | |
| Two years later | 5,428.8 | 5,234.7 | 5,009.1 | 5,363.6 | | |
| Three years later | 5,384.5 | 5,248.4 | 5,162.4 | | | |
| Four years later | 5,410.6 | 5,342.7 | | | | |
| Five years later | 5,487.6 | | | | | |
| Favourable (adverse) development | 93.5 | (42.0) | (107.3) | (136.7) | 48.0 | |

The net favourable prior year reserve development in 2022 of \$48.0 was comprised of \$30.5 of net unfavourable prior year reserve development, offset by \$78.5 of net favourable foreign currency movements related to the translation of non-U.S. dollar-denominated claims reserves. The net unfavourable prior year reserve development in 2022 of \$30.5 was principally reflecting unfavourable loss emergence on late reported 2021 catastrophe losses, partially offset by net favourable prior year reserve development on non-catastrophe U.S. property and defense base act lines.

Odyssey Group

The following table shows for Odyssey Group the provision for losses and LAE as originally and as currently estimated for the years 2022 and 2021. The favourable development from prior years has been credited to each year's earnings.

Reconciliation of Provision for Losses and LAE - Odyssey Group

| | 2022 | 2021 |
|---|------------------|------------------|
| Provision for losses and LAE at January 1 | <u>6,783.3</u> | <u>5,869.2</u> |
| Losses on claims and LAE | | |
| For current accident year's claims | 3,971.5 | 3,108.2 |
| Decrease for prior accident years' claims | (49.9) | (120.1) |
| Foreign exchange effect on claims | <u>(152.1)</u> | <u>(109.5)</u> |
| Total losses on claims and LAE | <u>3,769.5</u> | <u>2,878.6</u> |
| Payments for losses on claims and LAE | | |
| Payments on current accident year's claims | (858.2) | (586.4) |
| Payments on prior accident years' claims | <u>(1,749.7)</u> | <u>(1,378.1)</u> |
| Total payments for losses on claims and LAE | <u>(2,607.9)</u> | <u>(1,964.5)</u> |
| Provision for losses and LAE at December 31 | <u>7,944.9</u> | <u>6,783.3</u> |

The following table shows for Odyssey Group the original provision for losses and LAE at each calendar year-end commencing in 2012, the subsequent cumulative payments made on account of these years and the subsequent re-estimated amount of these reserves.

Odyssey Group Calendar Year Claims Reserve Development

| As at December 31 | Calendar year | | | | | | | | | | |
|------------------------------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Provision for claims including LAE | 4,842.7 | 4,812.8 | 4,589.1 | 4,319.6 | 4,238.3 | 4,654.9 | 4,872.1 | 5,264.3 | 5,869.2 | 6,783.3 | 7,944.9 |
| Cumulative payments as of: | | | | | | | | | | | |
| One year later | 1,066.1 | 1,010.1 | 1,038.1 | 960.9 | 914.8 | 1,021.1 | 1,247.8 | 1,371.7 | 1,378.1 | 1,749.7 | |
| Two years later | 1,642.9 | 1,601.7 | 1,625.2 | 1,454.8 | 1,431.1 | 1,591.4 | 1,913.1 | 2,077.9 | 2,270.0 | | |
| Three years later | 2,040.8 | 2,004.8 | 1,960.1 | 1,791.5 | 1,801.4 | 1,980.6 | 2,315.8 | 2,668.4 | | | |
| Four years later | 2,330.3 | 2,237.2 | 2,186.9 | 2,029.1 | 2,057.6 | 2,242.8 | 2,692.2 | | | | |
| Five years later | 2,488.9 | 2,399.8 | 2,358.5 | 2,196.0 | 2,260.0 | 2,477.0 | | | | | |
| Six years later | 2,608.9 | 2,527.7 | 2,477.7 | 2,338.0 | 2,404.6 | | | | | | |
| Seven years later | 2,705.6 | 2,646.1 | 2,586.7 | 2,413.9 | | | | | | | |
| Eight years later | 2,801.1 | 2,753.7 | 2,654.6 | | | | | | | | |
| Nine years later | 2,897.0 | 2,816.0 | | | | | | | | | |
| Ten years later | 2,950.8 | | | | | | | | | | |
| Reserves re-estimated as of: | | | | | | | | | | | |
| One year later | 4,628.0 | 4,623.7 | 4,355.8 | 4,053.1 | 3,950.2 | 4,309.2 | 4,642.5 | 5,044.8 | 5,749.1 | 6,733.4 | |
| Two years later | 4,439.1 | 4,399.4 | 4,118.9 | 3,783.6 | 3,719.2 | 4,098.3 | 4,448.9 | 4,913.8 | 5,700.1 | | |
| Three years later | 4,262.3 | 4,212.2 | 3,905.2 | 3,574.6 | 3,543.6 | 3,911.1 | 4,343.4 | 4,953.0 | | | |
| Four years later | 4,138.7 | 4,025.7 | 3,739.9 | 3,420.1 | 3,379.0 | 3,811.6 | 4,366.7 | | | | |
| Five years later | 4,002.1 | 3,886.1 | 3,620.2 | 3,282.5 | 3,313.3 | 3,814.5 | | | | | |
| Six years later | 3,882.5 | 3,786.8 | 3,511.0 | 3,223.1 | 3,293.8 | | | | | | |
| Seven years later | 3,821.2 | 3,678.3 | 3,458.1 | 3,174.2 | | | | | | | |
| Eight years later | 3,729.1 | 3,623.4 | 3,402.9 | | | | | | | | |
| Nine years later | 3,676.1 | 3,562.0 | | | | | | | | | |
| Ten years later | 3,618.9 | | | | | | | | | | |
| Favourable development | 1,223.8 | 1,250.8 | 1,186.2 | 1,145.4 | 944.5 | 840.4 | 505.4 | 311.3 | 169.1 | 49.9 | |

Odyssey Group experienced net favourable prior year reserve development of \$49.9 in 2022, attributable to net favourable loss emergence on its non-U.S. reinsurance (\$110.4) and non-U.S. insurance (\$23.2) segments primarily related to both property and casualty claims reserves, partially offset by net adverse prior year reserve development on U.S. reinsurance segment (\$77.0) and U.S. insurance (\$6.7) primarily related to casualty claims. The net favourable prior year reserve development of \$49.9 principally related property catastrophe claims reserves (\$70.4) partially offset by adverse development of non-property catastrophe claims reserves (\$20.5).

The following table is derived from the “Odyssey Group Calendar Year Claims Reserve Development” table above. It summarizes the effect of re-estimating prior year claims reserves by accident year.

Odyssey Group Accident Year Claims Reserve Development

| As at December 31 | Accident Year | | | | | | | | | | |
|----------------------------------|---------------|---------|--------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2012 & Prior | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| End of first year | 4,842.7 | 1,251.0 | 975.5 | 1,001.9 | 1,146.1 | 1,619.5 | 1,584.0 | 1,869.6 | 2,196.2 | 2,412.4 | 2,961.1 |
| One year later | 4,628.0 | 1,250.7 | 966.4 | 972.3 | 1,127.5 | 1,504.9 | 1,565.4 | 1,843.7 | 2,207.0 | 2,411.5 | |
| Two years later | 4,439.1 | 1,203.2 | 916.8 | 916.5 | 1,105.5 | 1,469.5 | 1,559.0 | 1,818.3 | 2,118.8 | | |
| Three years later | 4,262.3 | 1,139.5 | 889.6 | 872.8 | 1,084.4 | 1,446.9 | 1,553.0 | 1,834.1 | | | |
| Four years later | 4,138.7 | 1,089.6 | 863.9 | 838.1 | 1,057.4 | 1,413.2 | 1,573.4 | | | | |
| Five years later | 4,002.1 | 1,069.8 | 843.5 | 809.6 | 1,051.0 | 1,435.5 | | | | | |
| Six years later | 3,882.5 | 1,031.7 | 842.8 | 803.1 | 1,080.5 | | | | | | |
| Seven years later | 3,821.2 | 1,015.3 | 844.9 | 809.4 | | | | | | | |
| Eight years later | 3,729.1 | 1,013.4 | 850.9 | | | | | | | | |
| Nine years later | 3,676.1 | 1,009.2 | | | | | | | | | |
| Ten years later | 3,618.9 | | | | | | | | | | |
| Favourable (adverse) development | 25.3 % | 19.3 % | 12.8 % | 19.2 % | 5.7 % | 11.4 % | 0.7 % | 1.9 % | 3.5 % | — % | |

Improvements in competitive conditions, reduced claim trends, and an improved economic environment beginning in the early 2000s resulted in a continued downward trend on re-estimated reserves for accident years 2003 through 2012. Initial loss estimates for those accident years did not fully anticipate the impact of improvements in market conditions and the impact of decreasing frequency and severity trends would have on claims costs. In addition, accident years 2012 through 2019 benefited from net favourable loss emergence on catastrophe and other short tail lines claims reserves.

Brit

The following table shows for Brit the provision for losses and LAE as originally and as currently estimated for the years 2022 and 2021. The favourable development from prior years has been credited to each year's earnings.

Reconciliation of Provision for Losses and LAE - Brit

| | 2022 | 2021 |
|---|-------------|-------------|
| Provision for losses and LAE at January 1 | 3,255.3 | 3,308.0 |
| Losses on claims and LAE | | |
| For current accident year's claims ⁽¹⁾ | 1,818.3 | 1,334.4 |
| Decrease for prior accident years' claims | (1.7) | (100.1) |
| Foreign exchange effect on claims | (17.3) | (50.4) |
| Total losses on claims and LAE | 1,799.3 | 1,183.9 |
| Payments for losses on claims and LAE | | |
| Payments on current accident year's claims | (165.2) | (130.2) |
| Payments on prior accident years' claims ⁽¹⁾ | (876.9) | (1,106.4) |
| Total payments for losses on claims and LAE | (1,042.1) | (1,236.6) |
| Provision for losses and LAE at December 31 | 4,012.5 | 3,255.3 |

(1) Effective October 1, 2021 Brit completed a loss portfolio transfer with a third party, to reinsure net reserves for certain risks relating to prior accident years. This transaction resulted in Brit ceding \$379.1 of net insurance contract liabilities for consideration of \$344.1 which was recorded as a \$344.1 reduction in net premiums written and net premiums earned, and a \$379.1 reduction in losses on claims, including net favourable prior year reserve development of \$35.0. Refer to the Brit section of the MD&A in the company's Annual Report for the year ended December 31, 2022 for details related to this transaction. In the table above, losses on claims and LAE for the current accident year has been increased by \$352.8 to adjust for the ceding of claims which related to prior accident years and payments on prior accident years' claims have been increased by \$332.2 to reflect the ceding of losses which were included within the provision for losses and LAE at December 31, 2020 and is included within the cumulative payments as of one year later in the 2020 column in the table below.

The following table shows for Brit the original provision for losses and LAE at each calendar year-end commencing in 2015, the subsequent cumulative payments made on account of these years and the subsequent re-estimated amounts of these reserves.

Brit Calendar Year Claims Reserve Development

| As at December 31 | Calendar year | | | | | | | |
|------------------------------------|---------------|---------|---------|---------|---------|---------|---------|---------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Provision for claims including LAE | 2,645.6 | 2,695.5 | 3,019.9 | 2,910.6 | 2,983.4 | 3,308.0 | 3,255.3 | 4,012.5 |
| Cumulative payments as of: | | | | | | | | |
| One year later | 544.3 | 673.3 | 780.1 | 752.1 | 723.1 | 1,106.4 | 876.9 | |
| Two years later | 953.6 | 1,123.8 | 1,156.9 | 1,258.6 | 1,503.6 | 1,705.4 | | |
| Three years later | 1,243.8 | 1,352.6 | 1,473.9 | 1,834.7 | 1,902.9 | | | |
| Four years later | 1,377.8 | 1,591.1 | 1,830.8 | 2,098.4 | | | | |
| Five years later | 1,552.9 | 1,793.8 | 1,997.3 | | | | | |
| Six years later | 1,653.4 | 1,843.3 | | | | | | |
| Seven years later | 1,637.0 | | | | | | | |
| Reserves re-estimated as of: | | | | | | | | |
| One year later | 2,520.1 | 2,802.1 | 2,721.0 | 2,874.0 | 2,963.3 | 3,236.8 | 3,230.6 | |
| Two years later | 2,575.1 | 2,529.9 | 2,676.7 | 2,940.0 | 2,946.2 | 3,210.5 | | |
| Three years later | 2,296.6 | 2,469.6 | 2,657.7 | 2,934.3 | 2,875.8 | | | |
| Four years later | 2,229.4 | 2,463.2 | 2,615.1 | 2,825.4 | | | | |
| Five years later | 2,217.8 | 2,420.3 | 2,566.4 | | | | | |
| Six years later | 2,163.2 | 2,386.1 | | | | | | |
| Seven years later | 2,079.8 | | | | | | | |
| Favourable (adverse) development | 565.8 | 309.4 | 453.5 | 85.2 | 107.6 | 97.5 | 24.7 | |

The net favourable prior year reserve development in 2022 of \$24.7 was comprised of \$1.7 of net favourable prior year reserve development, with an additional \$23.0 of net favourable foreign currency movements related to the translation of non-U.S. dollar-denominated claims reserves. The net favourable prior year reserve development in 2022 of \$1.7 was principally related to property and specialty claims reserves, partially offset by net adverse loss emergence on its casualty segments.

International Insurers and Reinsurers

Fairfax Asia

The following table shows for Fairfax Asia the provision for losses and LAE as originally and as currently estimated for the years 2022 and 2021. The favourable development from prior years has been credited to each year's earnings.

Reconciliation of Provision for Losses and LAE - Fairfax Asia

| | 2022 | 2021 |
|--|-------------|-------------|
| Provision for losses and LAE at January 1 | 348.1 | 200.3 |
| Losses on claims and LAE | | |
| For current accident year's claims | 203.9 | 147.0 |
| Decrease for prior accident years' claims | (44.0) | (17.5) |
| Foreign exchange effect on claims | (10.9) | (4.4) |
| Total losses on claims and LAE | 149.0 | 125.1 |
| Payments for losses on claims and LAE | | |
| Payments on current accident year's claims | (80.0) | (55.6) |
| Payments on prior accident years' claims | (71.4) | (61.4) |
| Total payments for losses on claims and LAE | (151.4) | (117.0) |
| Insurance subsidiaries acquired during the year ⁽¹⁾ | — | 139.7 |
| Provision for losses and LAE at December 31 | 345.7 | 348.1 |

(1) During 2021 the company increased its ownership in Singapore Re to 100% and consolidated the assets, liabilities and results of operations upon obtaining control.

The following table shows for Fairfax Asia the original provision for losses and LAE at each calendar year-end commencing in 2012, the subsequent cumulative payments made on account of these years and the subsequent re-estimated amount of these reserves. The following Fairfax Asia subsidiaries' reserves are included from the respective years in which such subsidiaries were acquired or control was obtained:

| | Year acquired or control obtained |
|--|--|
| Falcon Insurance | 1998 |
| Pacific Insurance (including MCIS effective 2015 and Prudential Assurance Malaysia effective 2017) | 2011 |
| AMAG Insurance (including Fairfax Indonesia effective 2014) | 2016 |
| Fairfirst Insurance (including Union Assurance effective 2015) | 2016 |
| Singapore Re | 2021 |

Fairfax Asia Calendar Year Claims Reserve Development

| As at December 31 | Calendar year | | | | | | | | | | |
|------------------------------------|---------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Provision for claims including LAE | 318.8 | 360.0 | 372.6 | 396.3 | 395.0 | 175.8 | 169.6 | 182.4 | 200.3 | 348.1 | 345.7 |
| Cumulative payments as of: | | | | | | | | | | | |
| One year later | 88.3 | 110.3 | 96.1 | 107.9 | 103.6 | 52.6 | 51.0 | 56.6 | 61.4 | 71.4 | |
| Two years later | 135.3 | 157.7 | 132.0 | 141.4 | 122.8 | 75.4 | 77.4 | 87.5 | 86.8 | | |
| Three years later | 164.7 | 178.6 | 147.6 | 149.5 | 134.3 | 86.1 | 87.3 | 101.3 | | | |
| Four years later | 176.8 | 184.3 | 151.8 | 155.1 | 138.1 | 92.9 | 95.8 | | | | |
| Five years later | 176.7 | 186.3 | 153.9 | 155.4 | 141.9 | 97.3 | | | | | |
| Six years later | 177.2 | 187.6 | 153.1 | 157.0 | 143.6 | | | | | | |
| Seven years later | 178.2 | 187.0 | 153.8 | 157.8 | | | | | | | |
| Eight years later | 177.3 | 186.8 | 153.9 | | | | | | | | |
| Nine years later | 177.5 | 186.8 | | | | | | | | | |
| Ten years later | 177.5 | | | | | | | | | | |
| Reserves re-estimated as of: | | | | | | | | | | | |
| One year later | 293.8 | 330.3 | 318.4 | 345.5 | 361.5 | 148.7 | 142.3 | 163.0 | 178.8 | 276.7 | |
| Two years later | 275.5 | 287.9 | 274.9 | 300.8 | 339.6 | 130.1 | 132.4 | 152.5 | 163.6 | | |
| Three years later | 248.5 | 258.5 | 241.2 | 284.7 | 325.4 | 123.4 | 124.6 | 142.9 | | | |
| Four years later | 230.6 | 235.3 | 231.5 | 275.2 | 320.2 | 116.9 | 118.5 | | | | |
| Five years later | 216.9 | 230.7 | 226.8 | 272.4 | 316.5 | 112.7 | | | | | |
| Six years later | 215.0 | 227.9 | 225.3 | 270.4 | 313.9 | | | | | | |
| Seven years later | 214.2 | 227.4 | 224.8 | 269.4 | | | | | | | |
| Eight years later | 213.5 | 227.0 | 224.4 | | | | | | | | |
| Nine years later | 213.1 | 226.7 | | | | | | | | | |
| Ten years later | 212.8 | | | | | | | | | | |
| Favourable development | 106.0 | 133.3 | 148.2 | 126.9 | 81.1 | 63.1 | 51.1 | 39.5 | 36.7 | 71.4 | |

The net favourable prior year reserve development in 2022 of \$71.4 was comprised of \$44.0 of net favourable prior year reserve development and \$27.4 of net favourable foreign currency movements related to the translation of non-U.S. dollar-denominated claims reserves. The net favourable prior year reserve development of \$44.0 includes favourable development of \$24.1 at Singapore Re, principally related to property and accident lines of business. The net favourable prior year reserve development in 2022 excluding Singapore Re of \$19.9, principally reflected net favourable loss emergence on automobile, accident & health, property and marine lines of business.

Insurance and Reinsurance - Other

The following table shows for Insurance and Reinsurance - Other the provision for losses and LAE as originally and as currently estimated for the years 2022 and 2021. The favourable development from prior years has been credited to each year's earnings.

Reconciliation of Provision for Losses and LAE - Insurance and Reinsurance - Other

| | 2022 | 2021 |
|--|-------------|-------------|
| Provision for losses and LAE at January 1 | 1,178.2 | 983.3 |
| Losses on claims and LAE | | |
| For current accident year's claims | 1,002.7 | 808.8 |
| Decrease for prior accident years' claims | (53.9) | (26.1) |
| Foreign exchange effect on claims | (66.8) | (60.5) |
| Total losses on claims and LAE | 882.0 | 722.2 |
| Payments for losses on claims and LAE | | |
| Payments on current accident year's claims | (413.8) | (345.6) |
| Payments on prior accident years' claims | (275.1) | (252.0) |
| Total payments for losses on claims and LAE | (688.9) | (597.6) |
| Insurance subsidiaries acquired during the year ⁽¹⁾ | — | 70.3 |
| Provision for losses and LAE at December 31 excluding CTR Life | 1,371.3 | 1,178.2 |
| CTR Life | 4.4 | 4.4 |
| Provision for losses and LAE at December 31 | 1,375.7 | 1,182.6 |

(1) *Eurolife General in 2021.*

The following table shows for the Insurance and Reinsurance - Other reporting segment the original provision for losses and LAE at each calendar year-end commencing in 2012, the subsequent cumulative payments made on account of these years and the subsequent re-estimated amount of these reserves.

Insurance and Reinsurance - Other Calendar Year Claims Reserve Development

| As at December 31 | Calendar Year | | | | | | | | | | |
|-------------------------------------|---------------|-------|-------|-------|-------|---------|---------|-------|-------|---------|---------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Provisions for claims including LAE | 1,046.5 | 966.6 | 877.1 | 796.9 | 828.4 | 1,060.8 | 1,032.2 | 905.9 | 983.3 | 1,178.2 | 1,371.3 |
| Cumulative payments as of: | | | | | | | | | | | |
| One year later | 262.3 | 204.5 | 174.8 | 187.7 | 230.6 | 314.9 | 211.1 | 215.6 | 252.0 | 275.1 | |
| Two years later | 403.6 | 322.6 | 274.5 | 293.8 | 383.9 | 412.2 | 293.6 | 309.8 | 365.0 | | |
| Three years later | 481.3 | 388.4 | 344.6 | 394.5 | 437.6 | 452.5 | 346.3 | 368.0 | | | |
| Four years later | 529.5 | 444.2 | 412.3 | 432.6 | 459.0 | 483.5 | 384.5 | | | | |
| Five years later | 572.5 | 495.5 | 438.8 | 448.1 | 476.0 | 506.3 | | | | | |
| Six years later | 616.2 | 518.1 | 451.0 | 462.3 | 493.8 | | | | | | |
| Seven years later | 635.5 | 528.5 | 463.9 | 477.5 | | | | | | | |
| Eight years later | 644.9 | 539.9 | 476.6 | | | | | | | | |
| Nine years later | 655.3 | 551.1 | | | | | | | | | |
| Ten years later | 665.7 | | | | | | | | | | |
| Reserves re-estimated as of: | | | | | | | | | | | |
| One year later | 996.6 | 866.8 | 745.8 | 737.7 | 828.5 | 934.3 | 956.5 | 836.0 | 917.8 | 1,078.9 | |
| Two years later | 915.5 | 772.8 | 701.2 | 734.0 | 781.3 | 896.2 | 920.8 | 775.1 | 888.9 | | |
| Three years later | 848.4 | 736.9 | 706.2 | 718.4 | 770.1 | 885.7 | 892.2 | 755.7 | | | |
| Four years later | 820.5 | 748.9 | 686.4 | 712.0 | 766.6 | 868.4 | 884.3 | | | | |
| Five years later | 837.1 | 727.3 | 684.4 | 710.8 | 757.2 | 868.5 | | | | | |
| Six years later | 817.6 | 730.3 | 683.2 | 706.5 | 764.4 | | | | | | |
| Seven years later | 820.7 | 731.4 | 679.8 | 716.5 | | | | | | | |
| Eight years later | 824.3 | 728.5 | 689.7 | | | | | | | | |
| Nine years later | 821.3 | 738.3 | | | | | | | | | |
| Ten years later | 832.1 | | | | | | | | | | |
| Favourable development | 214.4 | 228.3 | 187.4 | 80.4 | 64.0 | 192.3 | 147.9 | 150.2 | 94.4 | 99.3 | |

The net favourable prior year reserve development in 2022 of \$99.3 was comprised of net favourable prior year reserve development of \$53.9 and net favourable foreign currency movements of \$45.4 related to the translation of non-U.S. dollar-denominated claims reserves (principally the translation of the Argentinian, Colombian and Chilean peso-denominated claims reserves at Fairfax Latam, Polish zloty-denominated claims reserves at Polish Re and Colonnade, and South African rand-denominated claims reserves at Bryte). The net favourable prior year reserve development in 2022 of \$53.9 reflects favourable loss emergence across most segments, primarily at Fairfax Latam, Bryte and Colonnade.

Run-off

The following table shows for the Run-off operations the provision for losses and LAE as originally and as currently estimated for the years 2022 and 2021. The adverse development from prior years has been charged to each year's earnings.

Reconciliation of Provision for Losses and LAE - Run-off

| | 2022 | 2021 |
|---|-----------------------|-----------------------|
| Provision for losses and LAE at January 1 | <u>1,928.8</u> | <u>1,620.1</u> |
| Losses on claims and LAE | | |
| For current accident year's claims | (6.7) | 352.2 |
| Increase for prior accident years' claims | 147.2 | 224.6 |
| Foreign exchange effect on claims | (1.4) | 0.2 |
| Total losses on claims and LAE | <u>139.1</u> | <u>577.0</u> |
| Payments for losses on claims and LAE | | |
| Payments on current accident year's claims | 6.7 | 5.9 |
| Payments on prior accident years' claims | (388.9) | (274.2) |
| Total payments for losses on claims and LAE | <u>(382.2)</u> | <u>(268.3)</u> |
| Provision for losses and LAE at December 31 before the undernoted | <u>1,685.7</u> | <u>1,928.8</u> |
| Run-off subsidiaries acquired and reinsurance transactions during the year ⁽³⁾ | <u>3.8</u> | <u>—</u> |
| Provision for losses and LAE at December 31 | <u><u>1,689.5</u></u> | <u><u>1,928.8</u></u> |

Run-off experienced net adverse prior year reserve development in 2022 of \$147.2, principally reflecting net adverse loss emergence on asbestos, pollution and other hazards.