



Fairfax Financial Holdings Limited

**Annual Financial Supplement
December 31, 2019**

Readers of this Annual Financial Supplement are advised to read it in conjunction with the Annual Report for the year ended December 31, 2019. 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")

Claims provisions are established by the company's primary 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 claims. In determining the provision to cover the estimated ultimate liability for all of the company's insurance and reinsurance obligations, a provision is also made for management's calculation of factors affecting the future development of claims including incurred but not reported claims 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 the claims becomes known and provision estimates are consequently 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 of provision for claims can be developed.

The development of the provision for claims 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 unfavourable development (or deficiencies) means that the original reserve estimates were lower than subsequently indicated. The net favourable reserve development in the two tables that follow excludes the loss reserve development of a subsidiary in the year it is acquired. In the second table below, a subsidiary's provision for claims 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 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, 2019 and the Consolidated Financial Statements for the year ended December 31, 2019 includes the claims reserve development of a subsidiary from its acquisition date.

	Favourable/(Unfavourable)	
	2019 ⁽¹⁾	2018 ⁽¹⁾
Insurance and Reinsurance		
Northbridge	67.1	106.7
Odyssey Group	229.6	345.7
Crum & Forster	6.2	3.9
Zenith National	82.1	85.3
Brit	46.5	99.3
Allied World	(32.0)	96.6
Fairfax Asia	28.3	24.4
Other	51.8	26.9
Operating companies	479.6	788.8
Run-off	(150.5)	(208.4)
Net favourable development	329.1	580.4

(1) Excludes net favourable development of companies acquired during the year. Fairfax Ukraine (\$0.2) in 2019 and Southbridge Uruguay (\$0.2) in 2018.

Changes in provision for losses and loss adjustment expenses recorded on the consolidated balance sheets and the related impact on unpaid claims and loss adjustment expenses for the years ended December 31 were as shown in the following table:

Reconciliation of Provision for Claims - Consolidated

	2019	2018	2017	2016	2015
Provision for losses and LAE at January 1 - net	22,614.6	22,412.4	16,289.4	16,596.3	14,378.2
Foreign exchange effect of change in provision for claims	69.7	(444.6)	463.3	(103.7)	(559.3)
Losses on claims for claims occurring:					
In the current year	8,982.3	8,505.4	6,192.9	5,286.9	4,307.0
In the prior years	(329.1)	(580.4)	(454.6)	(573.7)	(467.5)
Paid on claims during the year related to:					
The current year	(2,293.8)	(2,034.8)	(1,691.3)	(1,304.5)	(1,055.3)
The prior years	(5,927.8)	(5,777.2)	(3,876.8)	(3,695.2)	(2,688.4)
Provision for losses and LAE of companies acquired and reinsurance transactions during the year at December 31	32.7	533.8	5,725.0	83.3	2,681.6
Divestiture of subsidiary	—	—	(235.5)	—	—
Liabilities associated with assets held for sale ⁽¹⁾	(1,590.2)	—	—	—	—
Provision for losses and LAE at December 31 before the undernoted CTR Life ⁽²⁾	21,558.4	22,614.6	22,412.4	16,289.4	16,596.3
CTR Life ⁽²⁾	7.0	8.0	8.7	12.8	14.2
Provision for losses and LAE at December 31 - net	21,565.4	22,622.6	22,421.1	16,302.2	16,610.5
Reinsurers' share of provision for losses and LAE at December 31	6,934.8	6,459.1	6,189.7	3,179.6	3,205.9
Provision for losses and LAE at December 31 - gross	28,500.2	29,081.7	28,610.8	19,481.8	19,816.4

(1) *European Run-off's reinsurance recoverable and provision for losses and loss adjustment expenses are included in assets held for sale and liabilities associated with assets held for sale respectively on the consolidated balance sheet at December 31, 2019. See note 23 (Acquisitions and Divestitures) to the consolidated financial statements for the year ended December 31, 2019.*

(2) *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.*

The foreign exchange effect of change in provision for claims principally related to the impact in 2019 of the strengthening of the Canadian dollar and the British pound relative to the U.S. dollar (principally at Northbridge, Odyssey Group and Brit). 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 Northbridge, Odyssey Group, Crum & Forster, Zenith National, Brit, Allied World, Fairfax Asia, Insurance and Reinsurance - Other (comprised of Group Re, Bryte Insurance, Fairfax Latin America and Fairfax Central and Eastern Europe) and Run-off's net provision for claims. Because 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 and Odyssey Group, Crum & Forster, Zenith National, Brit, Allied World, Fairfax Asia, Insurance and Reinsurance - Other 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 period 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 (unfavourable) development reflected for that prior year is also reflected in the favourable (unfavourable) 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 2009, with the re-estimated amount of each accident year's reserve development shown in subsequent years up to December 31, 2019. All claims are attributed back to the year of loss, regardless of when they were reported or adjusted. For example, accident year 2009 represents all claims with a date of loss between January 1, 2009 and December 31, 2009. 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.

Northbridge

The following table shows for Northbridge the provision for losses and LAE as originally and as currently estimated for the years 2015 through 2019. The favourable or unfavourable development from prior years has been credited or charged to each year's earnings.

Reconciliation of Provision for Claims - Northbridge

	2019	2018	2017	2016	2015
		<i>(In Cdn\$ except as indicated)</i>			
Provision for losses and LAE at January 1	1,996.5	1,956.8	1,936.1	1,950.8	1,982.4
Losses on claims and LAE					
For current accident year's claims	1,130.2	1,039.9	985.8	861.3	754.6
Decrease for prior accident years' claims	(89.1)	(138.2)	(121.3)	(149.2)	(119.9)
Foreign exchange effect on claims	(6.3)	11.0	(7.9)	(4.4)	20.9
Total losses on claims and LAE	1,034.8	912.7	856.6	707.7	655.6
Payments for losses on claims and LAE					
Payments on current accident year's claims	(491.0)	(458.6)	(433.0)	(360.4)	(315.5)
Payments on prior accident years' claims	(444.8)	(414.4)	(402.9)	(362.0)	(371.7)
Total payments for losses on claims and LAE	(935.8)	(873.0)	(835.9)	(722.4)	(687.2)
Provision for losses and LAE at December 31	2,095.5	1,996.5	1,956.8	1,936.1	1,950.8
<i>Exchange rate</i>	0.7712	0.7322	0.7981	0.7457	0.7199
Provision for losses and LAE at December 31 converted to U.S. dollars	1,616.0	1,461.8	1,561.8	1,443.7	1,404.4

The following table shows for Northbridge the original provision for losses and LAE at each calendar year-end commencing in 2009, 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										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	(In Cdn\$)										
Provision for claims including LAE	1,973.3	1,994.3	2,030.7	2,077.2	2,016.9	1,982.4	1,950.8	1,936.1	1,956.8	1,996.5	2,095.5
Cumulative payments as of:											
One year later	472.7	413.5	383.2	397.7	368.4	371.7	362.0	402.9	414.4	444.8	
Two years later	759.9	670.7	655.1	633.8	600.8	600.4	581.4	618.2	655.7		
Three years later	965.9	894.4	844.1	821.4	773.9	770.4	741.2	793.1			
Four years later	1,132.6	1,040.9	990.8	946.9	901.5	885.9	869.7				
Five years later	1,246.4	1,147.6	1,083.3	1,035.6	977.1	982.4					
Six years later	1,327.2	1,210.3	1,146.8	1,090.1	1,047.9						
Seven years later	1,371.8	1,252.6	1,185.3	1,136.4							
Eight years later	1,404.0	1,279.2	1,218.7								
Nine years later	1,424.2	1,305.2									
Ten years later	1,444.1										
Reserves re-estimated as of:											
One year later	1,965.8	1,957.1	1,967.1	1,925.1	1,903.0	1,881.2	1,796.8	1,807.8	1,828.1	1,901.9	
Two years later	1,962.0	1,914.4	1,861.7	1,822.3	1,794.6	1,724.8	1,669.9	1,674.1	1,733.3		
Three years later	1,917.7	1,810.2	1,776.7	1,728.2	1,651.3	1,604.2	1,552.0	1,581.6			
Four years later	1,827.0	1,742.8	1,701.1	1,619.0	1,543.7	1,490.5	1,459.8				
Five years later	1,780.7	1,692.0	1,627.7	1,529.8	1,447.5	1,416.3					
Six years later	1,754.7	1,639.9	1,556.0	1,453.6	1,375.7						
Seven years later	1,716.2	1,584.2	1,487.8	1,398.5							
Eight years later	1,679.2	1,531.5	1,439.7								
Nine years later	1,639.4	1,490.2									
Ten years later	1,605.0										
Favourable (unfavourable) development	368.3	504.1	591.0	678.7	641.2	566.1	491.0	354.5	223.5	94.6	

The net favourable prior year reserve development in 2019 of Cdn\$94.6 reflected in the table preceding this paragraph was comprised of net favourable reserve development of Cdn\$89.1 and net favourable foreign currency movements of Cdn\$5.5 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 2019 of Cdn\$89.1 reflected net favourable emergence on commercial property, commercial automobile and personal automobile claims reserves specifically in respect of accident years 2011 through 2015. The strengthening of the Canadian dollar relative to the U.S. dollar decreased Northbridge's claims reserves in 2019 (expressed in Canadian dollars) by Cdn\$5.5 related to prior years' reserves and Cdn\$0.8 related to the current year's reserves, representing a total decrease of Cdn\$6.3.

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	Accident year										
	2009 & Prior	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	(In Cdn\$)										
End of first year	1,973.3	501.2	487.1	493.3	489.6	447.8	441.4	501.3	551.9	582.8	638.4
One year later	1,965.8	467.9	466.2	446.5	478.4	454.9	443.7	499.9	556.9	583.0	
Two years later	1,962.0	469.4	465.0	428.8	464.1	441.9	437.4	484.1	554.7		
Three years later	1,917.7	455.9	447.4	410.3	429.9	428.8	433.3	483.8			
Four years later	1,827.0	434.8	422.6	374.5	411.6	411.3	415.3				
Five years later	1,780.7	410.0	401.3	357.0	391.6	408.9					
Six years later	1,754.7	396.5	385.3	349.0	374.9						
Seven years later	1,716.2	377.8	369.8	342.0							
Eight years later	1,679.2	364.8	363.0								
Nine years later	1,639.4	357.9									
Ten years later	1,605.0										
Favourable (unfavourable) development	18.7 %	28.6 %	25.5 %	30.7 %	23.4 %	8.7 %	5.9 %	3.5 %	(0.5)%	(0.0)%	

Accident year 2017 experienced net unfavourable emergence principally related to the strengthening of the U.S. dollar relative to the Canadian dollar from 2017 to 2019, as well as higher than expected property losses. Accident years 2013 and 2015 experienced net favourable emergence in each of the general liability and commercial automobile segments. Accident years 2009 and prior experienced net favourable emergence principally related to class action and environmental pollution claims reserves.

Odyssey Group

The following table shows for Odyssey Group the provision for losses and LAE as originally and as currently estimated for the years 2015 through 2019. The favourable or unfavourable development from prior years has been credited or charged to each year's earnings.

Reconciliation of Provision for Claims - Odyssey Group

	2019	2018	2017	2016	2015
Provision for losses and LAE at January 1	4,872.1	4,654.9	4,238.3	4,319.6	4,589.1
Losses on claims and LAE					
For current accident year's claims	2,385.8	2,062.2	1,826.6	1,443.3	1,421.0
Decrease for prior accident years' claims	(229.6)	(345.7)	(288.1)	(266.5)	(233.3)
Foreign exchange effect on claims	7.4	(77.5)	168.2	(27.6)	(141.5)
Total losses on claims and LAE	<u>2,163.6</u>	<u>1,639.0</u>	<u>1,706.7</u>	<u>1,149.2</u>	<u>1,046.2</u>
Payments for losses on claims and LAE					
Payments on current accident year's claims	(523.6)	(400.7)	(375.3)	(269.6)	(277.6)
Payments on prior accident years' claims	(1,247.8)	(1,021.1)	(914.8)	(960.9)	(1,038.1)
Total payments for losses on claims and LAE	<u>(1,771.4)</u>	<u>(1,421.8)</u>	<u>(1,290.1)</u>	<u>(1,230.5)</u>	<u>(1,315.7)</u>
Provision for losses and LAE at December 31	<u>5,264.3</u>	<u>4,872.1</u>	<u>4,654.9</u>	<u>4,238.3</u>	<u>4,319.6</u>

The following table shows for Odyssey Group the original provision for losses and LAE at each calendar year-end commencing in 2009, 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										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Provision for claims including LAE	4,666.3	4,857.2	4,789.5	4,842.7	4,812.8	4,589.1	4,319.6	4,238.3	4,654.9	4,872.1	5,264.3
Cumulative payments as of:											
One year later	988.2	1,403.0	1,132.4	1,066.1	1,010.1	1,038.1	960.9	914.8	1,021.1	1,247.8	
Two years later	2,006.8	2,053.7	1,760.2	1,642.9	1,601.7	1,625.2	1,454.8	1,431.1	1,591.4		
Three years later	2,484.3	2,482.0	2,152.9	2,040.8	2,004.8	1,960.1	1,791.5	1,801.4			
Four years later	2,823.6	2,766.9	2,437.9	2,330.3	2,237.2	2,186.9	2,029.1				
Five years later	3,046.0	2,971.7	2,649.5	2,488.9	2,399.8	2,358.5					
Six years later	3,194.9	3,136.1	2,758.5	2,608.9	2,527.7						
Seven years later	3,327.8	3,209.2	2,844.8	2,705.6							
Eight years later	3,372.3	3,276.4	2,917.1								
Nine years later	3,425.1	3,331.1									
Ten years later	3,469.5										
Reserves re-estimated as of:											
One year later	4,662.7	4,805.8	4,637.5	4,628.0	4,623.7	4,355.8	4,053.1	3,950.2	4,309.2	4,642.5	
Two years later	4,650.4	4,726.6	4,500.3	4,439.1	4,399.4	4,118.9	3,783.6	3,719.2	4,098.3		
Three years later	4,606.6	4,674.1	4,357.3	4,262.3	4,212.2	3,905.2	3,574.6	3,543.6			
Four years later	4,591.2	4,566.5	4,207.7	4,138.7	4,025.7	3,739.9	3,420.1				
Five years later	4,489.4	4,437.3	4,127.3	4,002.1	3,886.1	3,620.2					
Six years later	4,398.4	4,377.0	4,030.7	3,882.5	3,786.8						
Seven years later	4,353.6	4,312.9	3,929.6	3,821.2							
Eight years later	4,309.0	4,233.6	3,883.0								
Nine years later	4,239.6	4,195.3									
Ten years later	4,210.3										
Favourable (unfavourable) development	456.0	661.9	906.5	1,021.5	1,026.0	968.9	899.5	694.7	556.6	229.6	

Odyssey Group experienced net favourable prior year reserve development of \$229.6 in 2019, attributable to net favourable emergence on its non-U.S. reinsurance (\$133.9), U.S. insurance (\$57.2), U.S. reinsurance (\$20.8) and non-U.S. insurance (\$17.7) segments primarily related to both property and casualty claims reserves. The net favourable prior year development of \$229.6 principally related to non-property catastrophe claims reserves (\$148.2 principally in the casualty segments for accident years 2016 and prior and non-U.S. motor) and property catastrophe claims reserves (\$81.4).

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										
	2009 & Prior	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
End of first year	4,666.3	1,182.7	1,386.7	1,337.6	1,251.0	975.5	1,001.9	1,146.1	1,619.5	1,584.0	1,869.6
One year later	4,662.7	1,143.6	1,313.9	1,260.1	1,250.7	966.4	972.3	1,127.5	1,504.9	1,565.4	
Two years later	4,650.4	1,108.2	1,229.2	1,214.2	1,203.2	916.8	916.5	1,105.5	1,469.5		
Three years later	4,606.6	1,071.1	1,193.8	1,187.0	1,139.5	889.6	872.8	1,084.4			
Four years later	4,591.2	1,065.4	1,173.4	1,143.9	1,089.6	863.9	838.1				
Five years later	4,489.4	1,027.1	1,153.3	1,103.9	1,069.8	843.5					
Six years later	4,389.4	1,011.6	1,120.8	1,085.2	1,031.7						
Seven years later	4,353.6	992.1	1,099.0	1,070.6							
Eight years later	4,309.0	982.2	1,090.7								
Nine years later	4,239.6	973.2									
Ten years later	4,210.3										
Favourable (unfavourable) development	9.8%	17.7%	21.3%	20.0%	17.5%	13.5%	16.3%	5.4%	9.3%	1.2%	

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 2009 through 2011. 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 2011 through 2017 benefited from net favourable emergence on catastrophe and other short tail lines claims reserves.

Crum & Forster

The following table shows for the Crum & Forster operations the provision for losses and LAE as originally and as currently estimated for the years 2015 through 2019. First Mercury was included in Crum & Forster beginning in 2011. For the years prior to 2006, Crum & Forster included Fairmont (the business of which was assumed by Crum & Forster effective January 1, 2006 subsequent to the transfer of the Fairmont entities to U.S. Run-off). The favourable or unfavourable development from prior years has been credited or charged to each year's earnings.

Reconciliation of Provision for Claims - Crum & Forster

	2019	2018	2017	2016	2015
Provision for losses and LAE at January 1	2,564.0	2,588.8	2,539.5	2,438.2	2,005.1
Losses on claims and LAE					
For current accident year's claims	1,387.4	1,244.7	1,209.7	1,136.1	975.7
Decrease for prior accident years' claims	(6.2)	(3.9)	(10.2)	(8.3)	—
Total losses on claims and LAE	1,381.2	1,240.8	1,199.5	1,127.8	975.7
Payments for losses on claims and LAE					
Payments on current accident year's claims	(422.3)	(360.6)	(344.1)	(294.7)	(231.3)
Payments on prior accident years' claims	(901.7)	(905.0)	(806.1)	(731.8)	(311.3)
Total payments for losses on claims and LAE	(1,324.0)	(1,265.6)	(1,150.2)	(1,026.5)	(542.6)
Provision for losses and LAE at December 31	2,621.2	2,564.0	2,588.8	2,539.5	2,438.2

The following table shows for Crum & Forster the original provision for losses and LAE at each calendar year-end commencing in 2009, 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										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Provision for claims including LAE	1,789.4	1,624.2	1,742.1	1,933.1	1,941.8	2,005.1	2,438.2	2,539.5	2,588.8	2,564.0	2,621.2
Cumulative payments as of:											
One year later	565.4	838.2	570.1	681.5	592.0	311.3	731.8	806.1	905.0	901.7	
Two years later	1,258.8	1,129.6	1,037.9	1,108.2	713.8	807.8	1,247.8	1,385.2	1,473.3		
Three years later	1,492.4	1,323.7	1,336.8	1,109.2	1,073.0	1,190.3	1,644.1	1,768.1			
Four years later	1,628.0	1,447.0	1,228.6	1,365.2	1,347.2	1,445.1	1,882.3				
Five years later	1,715.3	1,221.0	1,400.4	1,560.2	1,522.2	1,607.9					
Six years later	1,466.3	1,308.2	1,541.5	1,689.2	1,633.5						
Seven years later	1,533.8	1,383.8	1,636.5	1,778.0							
Eight years later	1,592.2	1,438.2	1,711.8								
Nine years later	1,637.2	1,486.3									
Ten years later	1,677.0										
Reserves re-estimated as of:											
One year later	1,800.7	1,661.5	1,796.0	1,941.4	1,941.8	2,005.1	2,430.0	2,529.3	2,584.9	2,557.8	
Two years later	1,833.4	1,662.8	1,830.5	1,990.5	1,930.7	1,998.4	2,415.2	2,522.0	2,567.0		
Three years later	1,836.7	1,639.1	1,876.4	1,996.6	1,950.5	1,996.1	2,420.5	2,519.6			
Four years later	1,819.3	1,630.0	1,884.4	2,027.7	1,946.6	2,016.5	2,429.9				
Five years later	1,812.0	1,637.4	1,916.6	2,036.6	1,972.3	2,049.2					
Six years later	1,821.3	1,645.0	1,923.3	2,068.7	2,003.4						
Seven years later	1,825.7	1,653.8	1,952.9	2,097.2							
Eight years later	1,829.5	1,667.4	1,981.6								
Nine years later	1,838.7	1,685.6									
Ten years later	1,853.4										
Favourable (unfavourable) development	(64.0)	(61.4)	(239.5)	(164.1)	(61.6)	(44.1)	8.3	19.9	21.8	6.2	

Crum & Forster experienced net favourable prior year development of \$6.2 in 2019 principally related to non-construction liability and workers' compensation claims reserves, partially offset by net adverse development on construction liability and 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	Accident year										
	2009 & Prior	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
End of first year	2,053.2	497.9	546.1	707.1	682.0	655.3	744.3	841.4	865.6	884.2	965.2
One year later	2,064.4	502.4	577.7	681.0	632.9	666.4	742.9	845.9	869.0	895.8	
Two years later	2,097.2	520.1	602.0	684.2	615.6	639.8	730.4	833.3	853.5		
Three years later	2,101.8	540.5	634.7	682.2	604.3	641.4	715.2	821.4			
Four years later	2,091.7	544.3	623.5	681.2	591.5	636.2	692.0				
Five years later	2,101.0	542.6	623.7	683.4	585.0	637.7					
Six years later	2,122.0	551.0	618.0	685.9	587.8						
Seven years later	2,145.5	556.4	626.9	685.7							
Eight years later	2,152.4	563.2	633.8								
Nine years later	2,166.4	568.9									
Ten years later	2,182.4										
Favourable (unfavourable) development	(6.3)%	(14.3)%	(16.1)%	3.0%	13.8%	2.7%	7.0%	2.4%	1.4%	(1.3)%	

Accident year 2018 experienced net unfavourable emergence principally related to excess casualty claims reserves. Accident years 2017 and 2016 experienced net favourable emergence principally related to excess and surplus general liability claims reserves, partially offset by commercial automobile liability claims reserves. Accident years 2012 through 2015 experienced net favourable emergence on general liability, workers’ compensation and group accident and health claims reserves. Accident years 2011 and 2010 experienced net unfavourable emergence principally related to construction liability and workers’ compensation claims reserves. Accident years 2009 and prior experienced net unfavourable 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 2015 through 2019. The favourable or unfavourable development from prior years has been credited or charged to each year's earnings.

Reconciliation of Provision for Claims - Zenith National

	2019	2018	2017	2016	2015
Provision for losses and LAE at January 1	1,108.4	1,147.1	1,153.1	1,181.6	1,160.7
Losses on claims and LAE					
For current accident year's claims	423.5	453.4	478.0	459.3	449.0
Decrease for prior accident years' claims	(82.1)	(85.3)	(76.4)	(101.0)	(89.6)
Total losses on claims and LAE	341.4	368.1	401.6	358.3	359.4
Payments for losses on claims and LAE					
Payments on current accident year's claims	(135.7)	(135.3)	(138.1)	(125.8)	(113.8)
Payments on prior accident years' claims	(260.9)	(271.5)	(269.5)	(261.0)	(224.7)
Total payments for losses on claims and LAE	(396.6)	(406.8)	(407.6)	(386.8)	(338.5)
Provision for losses and LAE at December 31	1,053.2	1,108.4	1,147.1	1,153.1	1,181.6

The following table shows for Zenith National the original provision for losses and LAE at each calendar year-end commencing in 2010, 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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Provision for claims including LAE	964.3	1,034.4	1,125.2	1,166.2	1,160.7	1,181.6	1,153.1	1,147.1	1,108.4	1,053.2
Cumulative payments as of:										
One year later	246.3	261.1	272.8	269.6	224.7	261.0	269.5	271.5	260.9	
Two years later	407.3	426.7	431.3	389.6	372.6	413.4	410.2	441.8		
Three years later	516.9	527.9	492.8	483.7	466.5	497.6	495.5			
Four years later	588.1	560.3	554.4	544.4	521.5	552.4				
Five years later	604.6	602.9	595.9	583.6	561.0					
Six years later	637.3	632.8	625.3	613.9						
Seven years later	659.4	654.8	650.6							
Eight years later	677.7	675.0								
Nine years later	694.9									
Reserves re-estimated as of:										
One year later	988.8	1,032.9	1,089.2	1,093.6	1,071.1	1,080.6	1,076.7	1,061.8	1,026.3	
Two years later	1,001.8	1,037.4	1,051.9	1,039.2	1,001.7	1,030.4	1,020.3	1,010.4		
Three years later	1,006.1	1,018.0	1,013.9	992.1	966.2	989.6	983.8			
Four years later	996.4	990.2	978.2	967.6	939.9	963.3				
Five years later	975.3	964.2	960.8	947.9	922.2					
Six years later	954.8	949.1	945.6	933.4						
Seven years later	940.9	936.4	935.2							
Eight years later	930.2	927.2								
Nine years later	922.4									
Favourable (unfavourable) development	41.9	107.2	190.0	232.8	238.5	218.3	169.3	136.7	82.1	

Zenith National experienced net favourable prior year development of \$82.1 in 2019 primarily related to workers' compensation claims reserves for accident years 2013 to 2018.

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									
	2010 & Prior	2011	2012	2013	2014	2015	2016	2017	2018	2019
End of first year	964.3	291.9	353.4	349.7	336.8	335.2	333.5	339.7	318.1	287.8
One year later	988.8	277.4	312.9	314.4	301.6	303.5	307.4	310.9	287.4	
Two years later	1,001.8	277.6	295.0	298.0	279.2	288.8	291.7	296.1		
Three years later	1,006.1	267.8	284.8	286.7	268.2	274.4	281.4			
Four years later	996.4	261.2	275.0	279.6	261.6	265.8				
Five years later	975.3	255.7	272.9	275.0	258.4					
Six years later	954.8	254.4	270.4	271.0						
Seven years later	940.9	252.4	269.0							
Eight years later	930.3	251.1								
Nine years later	922.4									
Favourable (unfavourable) development	4.3%	14.0%	23.9%	22.5%	23.3%	20.7%	15.6%	12.8%	9.7%	

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

Brit

The following table shows for Brit the provision for losses and LAE as originally and as currently estimated for the years 2015 through 2019. The favourable or unfavourable development from prior years has been credited or charged to each year's earnings.

Reconciliation of Provision for Claims - Brit

	2019	2018	2017	2016	2015
Provision for losses and LAE at January 1	2,910.6	3,019.9	2,695.5	2,645.6	—
Losses on claims and LAE					
For current accident year's claims	961.0	982.7	1,117.9	909.6	539.6
Decrease for prior accident years' claims	(46.5)	(99.3)	(9.5)	(53.5)	(19.7)
Foreign exchange effect on claims	15.8	(54.5)	77.8	(72.0)	(32.5)
Total losses on claims and LAE	930.3	828.9	1,186.2	784.1	487.4
Payments for losses on claims and LAE					
Payments on current accident year's claims	(105.4)	(158.1)	(188.5)	(189.9)	(116.6)
Payments on prior accident years' claims	(752.1)	(780.1)	(673.3)	(544.3)	(291.1)
Total payments for losses on claims and LAE	(857.5)	(938.2)	(861.8)	(734.2)	(407.7)
Insurance subsidiaries acquired during the year ⁽¹⁾	—	—	—	—	2,565.9
Provision for losses and LAE at December 31	2,983.4	2,910.6	3,019.9	2,695.5	2,645.6

(1) Brit was acquired on June 5, 2015.

Allied World

The following table shows for Allied World the provision for losses and LAE as originally and as currently estimated for the years 2017 through 2019. The favourable or unfavourable development from prior years has been credited or charged to each year's earnings.

Reconciliation of Provision for Claims - Allied World

	2019	2018	2017
Provision for losses and LAE at January 1	5,300.7	5,581.1	—
Losses on claims and LAE			
For current accident year's claims	1,585.8	1,739.9	1,293.2
Increase (decrease) for prior accident years' claims	32.0	(96.6)	71.9
Foreign exchange effect on claims	2.2	(18.5)	6.6
Total losses on claims and LAE	1,620.0	1,624.8	1,371.7
Payments for losses on claims and LAE			
Payments on current accident year's claims	(261.0)	(263.5)	(220.6)
Payments on prior accident years' claims	(1,604.6)	(1,641.7)	(634.5)
Total payments for losses on claims and LAE	(1,865.6)	(1,905.2)	(855.1)
Insurance subsidiaries acquired during the year ⁽¹⁾	—	—	5,064.5
Provision for losses and LAE at December 31	5,055.1	5,300.7	5,581.1

(1) Allied World was acquired on July 6, 2017.

Fairfax Asia

The following table shows for Fairfax Asia the provision for losses and LAE as originally and as currently estimated for the years 2015 through 2019. The favourable or unfavourable development from prior years has been credited or charged to each year's earnings.

Reconciliation of Provision for Claims - Fairfax Asia

	2019	2018	2017	2016	2015
Provision for losses and LAE at January 1	169.6	175.8	395.0	396.3	372.6
Losses on claims and LAE					
For current accident year's claims	151.3	138.0	263.5	241.0	207.3
Decrease for prior accident years' claims	(28.3)	(24.4)	(53.1)	(50.7)	(35.5)
Foreign exchange effect on claims	1.9	(4.4)	23.7	(6.4)	(24.2)
Total losses on claims and LAE	124.9	109.2	234.1	183.9	147.6
Payments for losses on claims and LAE					
Payments on current accident year's claims	(61.1)	(62.8)	(115.7)	(93.2)	(59.7)
Payments on prior accident years' claims	(51.0)	(52.6)	(103.6)	(107.9)	(96.1)
Total payments for losses on claims and LAE	(112.1)	(115.4)	(219.3)	(201.1)	(155.8)
Insurance subsidiaries acquired during the year ⁽¹⁾	—	—	1.5	15.9	31.9
Divestiture of subsidiary ⁽²⁾	—	—	(235.5)	—	—
Provision for losses and LAE at December 31	182.4	169.6	175.8	395.0	396.3

(1) Prudential Assurance Malaysia in 2017, AMAG Insurance and Fairfirst in 2016 and MCIS Insurance Berhad and Union Assurance General Limited in 2015.

(2) First Capital in 2017.

The following table shows for Fairfax Asia the original provision for losses and LAE at each calendar year-end commencing in 2009, the subsequent cumulative payments made on account of these years and the subsequent re-estimated amount of these reserves. The following Asian Insurance subsidiaries' reserves are included from the respective years in which such subsidiaries were acquired:

	Year acquired
Falcon Insurance	1998
Winterthur (Asia) (now part of First Capital)	2001
First Capital (sold in 2017)	2004
Pacific Insurance	2011
Fairfax Indonesia (now part of AMAG Insurance)	2014
Union Assurance (now part of Fairfirst Insurance)	2015
MCIS (now part of Pacific Insurance)	2015
AMAG Insurance	2016
Fairfirst Insurance	2016
Prudential Assurance Malaysia (now part of Pacific Insurance)	2017

Fairfax Asia Calendar Year Claims Reserve Development

As at December 31	Calendar year										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Provision for claims including LAE	138.7	203.0	266.0	318.8	360.0	372.6	396.3	395.0	175.8	169.6	182.4
Cumulative payments as of:											
One year later	44.6	62.2	82.1	88.3	110.3	96.1	107.9	103.6	52.6	51.0	
Two years later	65.2	92.4	120.0	135.3	157.7	132.0	141.4	122.8	75.4		
Three years later	75.7	106.3	142.9	164.7	178.6	147.6	149.5	134.3			
Four years later	80.5	115.7	160.7	176.8	184.3	151.8	155.1				
Five years later	83.2	123.0	166.4	176.7	186.3	153.9					
Six years later	86.3	124.9	162.8	177.2	187.6						
Seven years later	87.2	119.2	163.1	178.2							
Eight years later	80.5	119.3	163.2								
Nine years later	80.5	119.4									
Ten years later	80.6										
Reserves re-estimated as of:											
One year later	136.3	185.0	260.2	293.8	330.3	318.4	345.5	361.5	148.7	142.3	
Two years later	124.5	177.9	240.6	275.5	287.9	274.9	300.8	339.6	130.1		
Three years later	118.4	165.8	226.8	248.5	258.5	241.2	284.7	325.4			
Four years later	110.1	161.7	212.2	230.6	235.3	231.5	275.2				
Five years later	108.0	153.8	200.4	216.9	230.7	226.8					
Six years later	104.0	146.8	192.7	215.0	227.9						
Seven years later	99.9	141.2	192.2	214.2							
Eight years later	95.3	140.9	191.4								
Nine years later	95.1	140.4									
Ten years later	94.5										
Favourable (unfavourable) development	44.2	62.6	74.6	104.6	132.1	145.8	121.1	69.6	45.7	27.3	

The net favourable prior year reserve development in 2019 of \$27.3 reflected in the table preceding this paragraph was comprised of \$28.3 of net favourable reserve development, partially offset by net unfavourable foreign currency movements of \$1.0 related to the translation of non-U.S. dollar-denominated claims reserves. The net favourable prior year reserve development in 2019 of \$28.3 principally reflected net favourable emergence on automobile, marine and workers' compensation claims reserves. Principally as a result of the strengthening of the Singapore Dollar, the Malaysian Ringgit and the Indonesian Rupiah relative to the U.S. dollar in 2019, the claims reserves of Fairfax Asia (expressed in U.S. dollars) increased by \$1.0 in respect of prior years' reserves and \$0.9 in respect of the current year's reserves, representing a total increase of \$1.9.

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 2015 through 2019. The favourable or unfavourable development from prior years has been credited or charged to each year's earnings.

Reconciliation of Provision for Claims - Insurance and Reinsurance - Other

	2019	2018	2017	2016	2015
Provision for losses and LAE at January 1	1,032.2	1,060.8	828.4	796.9	877.1
Transfer to Run-off ⁽¹⁾	(211.5)				
Losses on claims and LAE					
For current accident year's claims	641.8	684.3	524.4	289.7	297.0
Decrease for prior accident years' claims	(51.8)	(26.9)	(36.3)	(60.4)	(68.3)
Foreign exchange effect on claims	(31.5)	(120.9)	49.5	(0.5)	(72.5)
Total losses on claims and LAE	558.5	536.5	537.6	228.8	156.2
Payments for losses on claims and LAE					
Payments on current accident year's claims	(282.1)	(254.7)	(217.1)	(77.0)	(63.1)
Payments on prior accident years' claims	(211.1)	(314.9)	(230.6)	(187.7)	(174.8)
Total payments for losses on claims and LAE	(493.2)	(569.6)	(447.7)	(264.7)	(237.9)
Insurance subsidiaries acquired during the year ⁽²⁾	19.9	4.5	142.5	67.4	1.5
Provision for losses and LAE at December 31 excluding CTR Life	905.9	1,032.2	1,060.8	828.4	796.9
CTR Life ⁽³⁾	7.0	8.0	8.7	12.8	14.2
Provision for losses and LAE at December 31	912.9	1,040.2	1,069.5	841.2	811.1

(1) Advent transferred to European Run-off within the Run-off reporting segment on January 1, 2019.

(2) ARX Insurance Company, Universalna and an increase in Fairfax Brasil's participation in a Motor pool in 2019, Southbridge Uruguay and an increase in Fairfax Brasil's participation in a Motor pool in 2018, Fairfax Latin America and an increase in Fairfax Brasil's participation in a Motor pool in 2017, Bryte Insurance and increase in Fairfax Brasil's participation in a Motor pool in 2016, QBE's insurance operations in the Ukraine in 2015.

(3) 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.

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 2009, 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										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Provisions for claims including LAE	1,004.1	1,024.4	995.5	1,046.5	966.6	877.1	796.9	828.4	1,060.8	1,032.2	905.9
Cumulative payments as of:											
One year later	240.5	278.8	261.7	262.3	204.5	174.8	187.7	230.6	314.9	211.1	
Two years later	421.8	395.6	437.9	403.6	322.6	274.5	293.8	383.9	412.2		
Three years later	503.7	507.4	535.8	481.3	388.4	344.6	394.5	437.6			
Four years later	578.5	570.1	595.0	529.5	444.2	412.3	432.6				
Five years later	624.9	609.7	630.7	572.5	495.5	438.8					
Six years later	650.3	634.4	665.1	616.2	518.1						
Seven years later	668.9	665.6	691.2	635.5							
Eight years later	688.9	674.1	707.8								
Nine years later	699.5	689.4									
Ten years later	713.0										
Reserves re-estimated as of:											
One year later	989.2	966.2	1,016.9	996.6	866.8	745.8	737.7	828.5	934.3	956.5	
Two years later	939.8	993.1	986.9	915.5	772.8	701.2	734.0	781.3	896.2		
Three years later	959.0	966.9	941.9	848.4	736.9	706.2	718.4	770.1			
Four years later	946.5	929.8	886.0	820.5	748.9	686.4	712.0				
Five years later	915.0	891.1	860.4	837.1	727.3	684.4					
Six years later	882.8	876.9	873.4	817.6	730.3						
Seven years later	876.6	879.4	848.7	820.7							
Eight years later	877.6	865.1	852.1								
Nine years later	866.8	869.1									
Ten years later	870.2										
Favourable (unfavourable) development	133.9	155.3	143.4	225.8	236.3	192.7	84.9	58.3	164.6	75.7	

The net favourable prior year reserve development in 2019 of \$75.7 reflected in the table preceding this paragraph was comprised of net favourable reserve development of \$51.8 and net favourable foreign currency movements of \$23.9 related to the translation of non-U.S. dollar-denominated claims reserves (principally the translation of the Argentine peso-denominated claims reserves at Fairfax Latam). The net favourable prior year reserve development in 2019 of \$51.8 was principally comprised of net favourable emergence at Group Re (property and liability loss reserves), Fairfax CEE (primarily at Colonnade Insurance) and Bryte Insurance (primarily related to property and automobile lines of business). Principally as a result of the strengthening of the U.S. dollar relative to the Argentine peso, the claims reserves of Insurance and Reinsurance - Other (expressed in U.S. dollars) decreased by \$23.9 in respect of prior years' reserves and \$7.6 in respect of the current year's reserves, representing a total decrease of \$31.5.

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 2015 through 2019. The favourable or unfavourable development from prior years has been credited or charged to each year's earnings.

Reconciliation of Provision for Claims - Run-off

	2019	2018	2017	2016	2015
Provision for losses and LAE at January 1	3,244.3	2,635.5	3,026.3	3,474.1	3,693.8
Transfer to Run-off ⁽¹⁾	211.5				
Losses on claims and LAE					
For current accident year's claims ⁽²⁾	594.1	397.6	12.9	156.7	366.1
Increase for prior accident years' claims	150.5	208.4	112.5	79.5	53.1
Foreign exchange effect on claims	(1.4)	(39.8)	52.0	(45.1)	(62.9)
Total losses on claims and LAE	743.2	566.2	177.4	191.1	356.3
Payments for losses on claims and LAE					
Payments on current accident year's claims	(150.2)	(16.3)	—	(10.8)	(26.1)
Payments on prior accident years' claims	(563.3)	(470.4)	(568.2)	(628.1)	(552.4)
Total payments for losses on claims and LAE	(713.5)	(486.7)	(568.2)	(638.9)	(578.5)
Provision for losses and LAE at December 31 before the undernoted	3,485.5	2,715.0	2,635.5	3,026.3	3,471.6
Run-off subsidiaries acquired and reinsurance transactions during the year ⁽³⁾	12.8	529.3	—	—	2.5
Liabilities associated with assets held for sale ⁽⁴⁾	(1,726.9)				
Provision for losses and LAE at December 31	1,771.4	3,244.3	2,635.5	3,026.3	3,474.1

(1) Advent transferred to European Run-off within the Run-off reporting segment on January 1, 2019.

(2) Excludes a gain of \$103.7 related to the Part VII transfer component of the RiverStone (UK) acquisition transactions in 2018 (described in the Run-off segment of the MD&A in the 2018 Annual Report).

(3) Reinsurance transactions in 2019 comprised of the second quarter 2019 Brit reinsurance transaction and the first quarter 2019 reinsurance transaction. Reinsurance transactions in 2018 comprised of the RiverStone (UK) acquisition transactions, the Advent reinsurance transaction, the Brit reinsurance transaction and the Other 2018 reinsurance transactions (collectively the "fourth quarter 2018 reinsurance transactions"). Refer to Runoff section of the MD&A in the 2019 Annual Report for details related to these transactions. In 2015 comprised of two Canadian branches of AXA (which were already in runoff) in 2015.

(4) European Run-off's reinsurance recoverable and provision for losses and loss adjustment expenses are included in assets held for sale and liabilities associated with assets held for sale respectively on the consolidated balance sheet at December 31, 2019. See note 23 (Acquisitions and Divestitures) to the consolidated financial statements for the year ended December 31, 2019. European Run-off's net provision for claims as presented in the table above includes the effects of intercompany reinsurance transactions that are eliminated on consolidation in the consolidated financial statements.

Run-off experienced net unfavourable development of prior years' reserves in 2019 of \$150.5, reflecting net unfavourable prior year reserve development of \$216.4 at U.S. Run-off, partially offset by net favourable prior year reserve development of \$65.9 at European Run-off. Net unfavourable prior year reserve development of \$216.4 at U.S. Run-off principally related to the continued deterioration of APH exposures (\$213.7) and strengthening of other loss reserves (\$6.7), partially offset by net favourable emergence on workers' compensation loss reserves (\$5.5). Net favourable prior year reserve development of \$65.9 at European Run-off principally related to the improvement in RiverStone (UK)'s employers' liability and public liability exposures (\$49.4) and improvement in Advent's marine and property exposures (\$9.5).