

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2022
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 001-36052

SIRIUSPOINT LTD.

(Exact name of registrant as specified in its charter)

Bermuda

98-1599372

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

Point Building
3 Waterloo Lane
Pembroke HM 08, Bermuda
+1 441 542-3300

(Address of Principal Executive Offices) (Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Shares, \$0.10 par value	SPNT	New York Stock Exchange
8.00% Resetable Fixed Rate Preference Shares, Series B, \$0.10 par value, \$25.00 liquidation preference per share	SPNT PB	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒

No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐

As of October 31, 2022, the registrant had 162,168,711 common shares issued and outstanding.

SiriusPoint Ltd.

INDEX

	<u>Page</u>
PART I. FINANCIAL INFORMATION	<u>1</u>
Item 1. Financial Statements	<u>1</u>
Consolidated Balance Sheets as of September 30, 2022 (unaudited) and December 31, 2021	<u>1</u>
Consolidated Statements of Income (Loss) for the three and nine months ended September 30, 2022 and 2021 (unaudited)	<u>2</u>
Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended September 30, 2022 and 2021 (unaudited)	<u>3</u>
Consolidated Statements of Shareholders' Equity for the three and nine months ended September 30, 2022 and 2021 (unaudited)	<u>4</u>
Consolidated Statements of Cash Flows for the three and nine months ended September 30, 2022 and 2021 (unaudited)	<u>5</u>
Notes to the Consolidated Financial Statements	
Note 1. Organization	<u>6</u>
Note 2. Significant accounting policies	<u>6</u>
Note 3. Acquisition of Sirius Group	<u>7</u>
Note 4. Segment reporting	<u>9</u>
Note 5. Cash, cash equivalents, restricted cash and restricted investments	<u>15</u>
Note 6. Fair value measurements	<u>15</u>
Note 7. Investments	<u>22</u>
Note 8. Total realized and unrealized investment gains (losses) and net investment income	<u>28</u>
Note 9. Investments in unconsolidated entities	<u>29</u>
Note 10. Derivatives	<u>30</u>
Note 11. Variable interest entities	<u>32</u>
Note 12. Loss and loss adjustment expense reserves	<u>36</u>
Note 13. Allowance for expected credit losses	<u>36</u>
Note 14. Debt and letter of credit facilities	<u>37</u>
Note 15. Income taxes	<u>38</u>
Note 16. Shareholders' equity	<u>39</u>
Note 17. Earnings (loss) per share available to SiriusPoint common shareholders	<u>40</u>
Note 18. Related party transactions	<u>40</u>
Note 19. Commitments and contingencies	<u>43</u>
Note 20. Subsequent event	<u>44</u>
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	<u>45</u>
Item 3. Quantitative and Qualitative Disclosures About Market Risk	<u>72</u>
Item 4. Controls and Procedures	<u>73</u>
PART II. OTHER INFORMATION	<u>73</u>
Item 1. Legal Proceedings	<u>74</u>
Item 1A. Risk Factors	<u>74</u>
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	<u>74</u>
Item 3. Defaults Upon Senior Securities	<u>75</u>
Item 4. Mine Safety Disclosures	<u>75</u>
Item 5. Other Information	<u>75</u>
Item 6. Exhibits	<u>76</u>

PART I - Financial Information

ITEM 1. Financial Statements

SIRIUSPOINT LTD. CONSOLIDATED BALANCE SHEETS (UNAUDITED) As of September 30, 2022 and December 31, 2021 (expressed in millions of U.S. dollars, except per share and share amounts)

	September 30, 2022	December 31, 2021
Assets		
Debt securities, trading, at fair value (cost - \$1,811.5; 2021 - \$2,099.3)	\$ 1,697.1	\$ 2,085.6
Debt securities, available for sale, at fair value, net of allowance for credit losses of \$0.0 (2021 - N/A) (cost - \$1,371.8; 2021 - N/A)	1,324.0	—
Short-term investments, at fair value (cost - \$2,009.9; 2021 - \$1,076.0)	1,991.6	1,075.8
Investments in related party investment funds, at fair value	309.0	909.6
Other long-term investments, at fair value (cost - \$407.8; 2021 - \$443.0) (includes affiliated investments at fair value of \$242.1 (2021 - \$258.2))	414.9	456.1
Equity securities, trading, at fair value (cost - \$1.7; 2021 - \$4.5)	1.4	2.8
Total investments	5,738.0	4,529.9
Cash and cash equivalents	647.3	999.8
Restricted cash and cash equivalents	144.2	948.6
Redemption receivable from related party investment fund	—	250.0
Due from brokers	20.2	15.9
Interest and dividends receivable	17.0	8.3
Insurance and reinsurance balances receivable, net	1,952.7	1,708.2
Deferred acquisition costs and value of business acquired, net	278.6	218.8
Unearned premiums ceded	379.1	242.8
Loss and loss adjustment expenses recoverable, net	1,309.2	1,215.3
Deferred tax asset	197.6	182.0
Intangible assets	165.9	171.9
Assets held for sale	20.9	—
Other assets	127.4	126.8
Total assets	\$ 10,998.1	\$ 10,618.3
Liabilities		
Loss and loss adjustment expense reserves	\$ 5,200.5	\$ 4,841.4
Unearned premium reserves	1,572.8	1,198.4
Reinsurance balances payable	793.9	688.3
Deposit liabilities	138.9	150.7
Securities sold, not yet purchased, at fair value	41.7	—
Securities sold under an agreement to repurchase	17.3	—
Due to brokers	16.6	6.5
Accounts payable, accrued expenses and other liabilities	245.8	229.8
Deferred tax liability	66.9	95.4
Liability-classified capital instruments	48.9	87.8
Debt	762.0	816.7
Total liabilities	8,905.3	8,115.0
Commitments and contingent liabilities		
Shareholders' equity		
Series B preference shares (par value \$0.10; authorized and issued: 8,000,000)	200.0	200.0
Common shares (issued and outstanding: 162,312,938; 2021 - 161,929,777)	16.2	16.2
Additional paid-in capital	1,633.2	1,622.7
Retained earnings	288.8	665.0
Accumulated other comprehensive loss, net of tax	(53.7)	(0.2)
Shareholders' equity attributable to SiriusPoint shareholders	2,084.5	2,503.7
Noncontrolling interests	8.3	(0.4)
Total shareholders' equity	2,092.8	2,503.3
Total liabilities, noncontrolling interests and shareholders' equity	\$ 10,998.1	\$ 10,618.3

The accompanying Notes to the Consolidated Financial Statements are
an integral part of the Consolidated Financial Statements.

SIRIUSPOINT LTD.
CONSOLIDATED STATEMENTS OF INCOME (LOSS) (UNAUDITED)
For the three and nine months ended September 30, 2022 and 2021
(expresses in millions of U.S. dollars, except per share and share amounts)

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenues				
Net premiums earned	\$ 612.6	\$ 499.6	\$ 1,710.7	\$ 1,197.1
Net realized and unrealized investment gains (losses)	(56.1)	(11.7)	(236.4)	43.7
Net realized and unrealized investment gains (losses) from related party investment funds	(8.3)	202.4	(199.8)	401.2
Net investment income	36.2	9.1	61.4	18.8
Total realized and unrealized investment gains (losses) and net investment income	(28.2)	199.8	(374.8)	463.7
Other revenues	13.1	33.2	96.1	121.9
Total revenues	597.5	732.6	1,432.0	1,782.7
Expenses				
Loss and loss adjustment expenses incurred, net	497.9	577.3	1,198.3	975.1
Acquisition costs, net	116.8	106.9	348.9	281.5
Other underwriting expenses	44.8	53.3	138.1	120.6
Net corporate and other expenses	70.8	59.9	220.2	194.5
Intangible asset amortization	2.1	2.0	6.0	4.1
Interest expense	9.4	9.7	28.1	24.4
Foreign exchange gains	(51.6)	(16.1)	(127.5)	(16.5)
Total expenses	690.2	793.0	1,812.1	1,583.7
Income (loss) before income tax (expense) benefit	(92.7)	(60.4)	(380.1)	199.0
Income tax (expense) benefit	(0.9)	13.0	17.1	(6.4)
Net income (loss)	(93.6)	(47.4)	(363.0)	192.6
Net (income) loss attributable to noncontrolling interests	(0.8)	3.4	(1.2)	1.8
Net income (loss) available to SiriusPoint	(94.4)	(44.0)	(364.2)	194.4
Dividends on Series B preference shares	(4.0)	(4.0)	(12.0)	(9.5)
Net income (loss) available to SiriusPoint common shareholders	<u>\$ (98.4)</u>	<u>\$ (48.0)</u>	<u>\$ (376.2)</u>	<u>\$ 184.9</u>
Earnings (loss) per share available to SiriusPoint common shareholders				
Basic earnings (loss) per share available to SiriusPoint common shareholders	\$ (0.61)	\$ (0.30)	\$ (2.35)	\$ 1.18
Diluted earnings (loss) per share available to SiriusPoint common shareholders	\$ (0.61)	\$ (0.34)	\$ (2.35)	\$ 1.17
Weighted average number of common shares used in the determination of earnings (loss) per share				
Basic	160,321,270	159,225,772	160,150,911	145,095,270
Diluted	160,321,270	160,240,888	160,150,911	147,597,964

The accompanying Notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

SIRIUSPOINT LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)
For the three and nine months ended September 30, 2022 and 2021
(expresses in millions of U.S. dollars)

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Comprehensive income (loss)				
Net income (loss)	\$ (93.6)	\$ (47.4)	\$ (363.0)	\$ 192.6
Other comprehensive loss, net of tax				
Change in foreign currency translation	(3.6)	(1.8)	(4.0)	(0.3)
Unrealized losses from debt securities held as available for sale investments	(39.7)	—	(49.5)	—
Total other comprehensive loss	(43.3)	(1.8)	(53.5)	(0.3)
Comprehensive income (loss)	(136.9)	(49.2)	(416.5)	192.3
Net (income) loss attributable to noncontrolling interests	(0.8)	3.4	(1.2)	1.8
Comprehensive income (loss) available to SiriusPoint	<u>\$ (137.7)</u>	<u>\$ (45.8)</u>	<u>\$ (417.7)</u>	<u>\$ 194.1</u>

The accompanying Notes to the Consolidated Financial Statements are
an integral part of the Consolidated Financial Statements.

SIRIUSPOINT LTD.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)
For the three and nine months ended September 30, 2022 and 2021
(expresses in millions of U.S. dollars)

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Series B preference shares				
Balance, beginning of period	\$ 200.0	\$ 200.0	\$ 200.0	\$ —
Issuance of preference shares, net	—	—	—	200.0
Balance, end of period	200.0	200.0	200.0	200.0
Common shares				
Balance, beginning of period	16.2	16.2	16.2	9.6
Issuance of common shares, net	—	—	0.1	0.2
Issuance of common shares for Sirius Group acquisition	—	—	—	5.8
Issuance of common shares to related party	—	—	—	0.6
Common shares repurchased and retired	—	—	(0.1)	—
Balance, end of period	16.2	16.2	16.2	16.2
Additional paid-in capital				
Balance, beginning of period	1,630.3	1,609.1	1,622.7	933.9
Issuance of common shares, net	—	(0.1)	—	2.7
Acquisition of Sirius Group	—	—	—	589.7
Issuance of common shares to related party	—	—	—	48.0
Share compensation	2.9	7.8	15.4	42.5
Common shares repurchased and retired	—	—	(4.9)	—
Balance, end of period	1,633.2	1,616.8	1,633.2	1,616.8
Retained earnings				
Balance, beginning of period	387.2	853.3	665.0	620.4
Net income (loss)	(93.6)	(47.4)	(363.0)	192.6
Net (income) loss attributable to noncontrolling interests	(0.8)	3.4	(1.2)	1.8
Dividends on preference shares	(4.0)	(4.0)	(12.0)	(9.5)
Balance, end of period	288.8	805.3	288.8	805.3
Accumulated other comprehensive loss, net of tax				
Balance, beginning of period	(10.4)	1.5	(0.2)	—
Net change in foreign currency translation adjustment				
Balance, beginning of period	(0.6)	1.5	(0.2)	—
Net change in foreign currency translation adjustment	(3.6)	(1.8)	(4.0)	(0.3)
Balance, end of period	(4.2)	(0.3)	(4.2)	(0.3)
Unrealized losses from debt securities held as available for sale investments				
Balance, beginning of period	(9.8)	—	—	—
Unrealized losses from debt securities held as available for sale investments	(39.7)	—	(49.5)	—
Balance, end of period	(49.5)	—	(49.5)	—
Balance, end of period	(53.7)	(0.3)	(53.7)	(0.3)
Shareholders' equity attributable to SiriusPoint shareholders	2,084.5	2,638.0	2,084.5	2,638.0
Noncontrolling interests	8.3	—	8.3	—
Total shareholders' equity	<u>\$ 2,092.8</u>	<u>\$ 2,638.0</u>	<u>\$ 2,092.8</u>	<u>\$ 2,638.0</u>

The accompanying Notes to the Consolidated Financial Statements are
an integral part of the Consolidated Financial Statements.

SIRIUSPOINT LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
For the nine months ended September 30, 2022 and 2021
(expresses in millions of U.S. dollars)

	2022	2021
Operating activities		
Net income (loss)	\$ (363.0)	\$ 192.6
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Share compensation	22.2	17.0
Net interest expense on deposit liabilities	0.4	3.9
Net realized and unrealized (gain) loss on investments and derivatives	205.3	(52.9)
Net realized and unrealized (gain) loss on investment in related party investment funds	199.8	(401.2)
Other revenues	(39.0)	(84.6)
Gain from sale of consolidated subsidiary	—	(5.8)
Amortization of premium and accretion of discount, net	(1.7)	9.4
Amortization of intangible assets	6.0	4.1
Depreciation and other amortization	4.1	4.5
Other items, net	(54.0)	(16.5)
Changes in assets and liabilities:		
Insurance and reinsurance balances receivable, net	(242.4)	27.4
Deferred acquisition costs and value of business acquired, net	(59.8)	(3.7)
Unearned premiums ceded	(136.3)	(38.8)
Loss and loss adjustment expenses recoverable, net	(93.9)	(368.4)
Deferred tax asset/liability	(44.1)	(0.2)
Other assets	(4.7)	63.6
Interest and dividends receivable	(8.7)	0.3
Loss and loss adjustment expense reserves	359.1	626.1
Unearned premium reserves	374.4	30.6
Reinsurance balances payable	105.6	130.1
Accounts payable, accrued expenses and other liabilities	16.0	(110.9)
Net cash provided by operating activities	<u>245.3</u>	<u>26.6</u>
Investing activities		
Proceeds from redemptions from related party investment funds	654.8	—
Contributions to related party investment funds	(4.0)	—
Purchases of investments	(4,648.5)	(2,282.9)
Proceeds from sales and maturities of investments	2,628.0	1,995.0
Change in due to/from brokers, net	5.8	45.5
Acquisition of Sirius Group, net (cash and restricted cash acquired of \$740.3)	—	631.9
Proceeds from sale of consolidated subsidiary, net of cash sold	—	20.5
Net cash provided by (used in) investing activities	<u>(1,363.9)</u>	<u>410.0</u>
Financing activities		
Proceeds from issuance of SiriusPoint common shares, net of costs	—	50.8
Taxes paid on withholding shares	(6.9)	(0.3)
Purchases of SiriusPoint common shares under share repurchase program	(5.0)	—
Proceeds from loans under an agreement to repurchase	17.5	—
Cash dividends paid to preference shareholders	(12.0)	(8.2)
Net payments on deposit liability contracts	(12.7)	(9.4)
Change in total noncontrolling interests, net	0.8	0.1
Net cash provided by (used in) financing activities	<u>(18.3)</u>	<u>33.0</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>(1,136.9)</u>	<u>469.6</u>
Cash, cash equivalents and restricted cash at beginning of period	1,948.4	1,713.9
Change in cash of assets held for sale	(20.0)	—
Cash, cash equivalents and restricted cash at end of period	<u><u>\$ 791.5</u></u>	<u><u>\$ 2,183.5</u></u>

The accompanying Notes to the Consolidated Financial Statements are
an integral part of the Consolidated Financial Statements.

SiriusPoint Ltd.
Notes to the Consolidated Financial Statements (UNAUDITED)
(Expressed in U.S. Dollars)

1. Organization

SiriusPoint Ltd. (together with its consolidated subsidiaries, “SiriusPoint” or the “Company”) was incorporated under the laws of Bermuda on October 6, 2011. Through its subsidiaries, the Company is a provider of global multi-line reinsurance and insurance products and services.

On February 26, 2021, the Company completed the acquisition of Sirius International Insurance Group, Ltd. (“Sirius Group”) and changed its name from Third Point Reinsurance Ltd. to SiriusPoint Ltd. The results of operations and cash flows of Sirius Group are included from the acquisition date of February 26, 2021 forward. All references to SiriusPoint throughout this Quarterly Report on Form 10-Q (“Form 10-Q”) for periods prior to the acquisition date refer to legacy Third Point Reinsurance Ltd., unless otherwise indicated. See Note 3 for additional information.

These unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 in Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete annual financial statements. In addition, the year-end consolidated balance sheet was derived from audited financial statements but does not include all disclosures required by U.S. GAAP. This Form 10-Q should be read in conjunction with the audited financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021 (the “2021 Form 10-K”) filed with the U.S. Securities and Exchange Commission (the “SEC”) on March 1, 2022.

In the opinion of management, these unaudited consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of the Company’s financial position and results of operations as at the end of and for the periods presented. All significant intercompany accounts and transactions have been eliminated.

In the fourth quarter of 2021, the Company began classifying its business into two operating segments: Reinsurance and Insurance & Services. The change in reportable segments had no impact on the Company’s historical consolidated financial position, results of operations or cash flows as previously reported. Where applicable, all prior periods presented have been revised to conform to this new presentation. See Note 4 for additional information.

The results for the nine months ended September 30, 2022 are not necessarily indicative of the results expected for the full calendar year.

Tabular amounts are in U.S. Dollars in millions, except share amounts, unless otherwise noted.

2. Significant accounting policies

Other than described below, there have been no material changes to the Company’s significant accounting policies as described in its 2021 Form 10-K.

Debt securities available for sale

The Company has elected to classify debt securities, other than short-term investments, purchased on or after April 1, 2022 as available for sale (“AFS”). These securities are held at fair value, net of an allowance for credit losses. Any decline in fair value related to AFS debt securities that is believed to arise from factors other than credit is recorded as a separate component of accumulated other comprehensive income (loss) in the consolidated statement of shareholders’ equity.

Recently issued accounting standards

Issued but not yet effective as of September 30, 2022

In June 2022, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2022-03, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions (“ASU 2022-03”). The amendment clarifies the guidance in Topic 820 on the fair value measurement of an equity security that is subject to a contractual sale restriction and requires specific disclosures related to such an equity security. This new pronouncement is not expected to have a material impact on the Company’s consolidated financial statements.

Reclassifications

Certain comparative figures have been reclassified to conform to the current year presentation.

Revision

In the fourth quarter of 2021, the Company identified an understatement of the bargain purchase gain recorded in the first quarter of 2021 related to the acquisition of Sirius Group which understated income before income tax expense and net income available to SiriusPoint common shareholders by \$37.5 million. Amounts for the nine months ended September 30, 2021 were revised to correct for the previously reported understatement of income. This revision had no impact on the previously reported total shareholders' equity attributable to SiriusPoint shareholders.

Management assessed the materiality of the misstatement on the impacted 2021 interim financial statements in accordance with SEC Staff Accounting Bulletin Number 99, Materiality, as codified in ASC 250-10, Accounting Changes and Error Corrections. Management determined that the misstatement was not material to the financial statements of the first quarter in 2021.

3. Acquisition of Sirius Group

Overview

On February 26, 2021, the Company completed its acquisition of Sirius Group for total aggregate consideration valued at \$1,079.8 million. The aggregate consideration for the transaction included the issuance of 58,331,196 SiriusPoint common shares valued at \$595.6 million, \$100.4 million of cash, the issuance of preference shares, warrants, and other contingent value components valued at \$338.3 million, and other transaction-related services valued at \$45.5 million.

We recognized a bargain purchase gain of \$50.4 million, which represents the excess of the fair value of the underlying net assets acquired and liabilities assumed over the purchase price. The gain from bargain purchase is included in other revenues in the consolidated statements of income for the three and nine months ended September 30, 2021. The bargain purchase determination is consistent with the fact that Sirius Group's shares traded at a discount to book value and the need for Sirius Group to quickly diversify its ownership base. Refer to the 2021 Form 10-K for additional information on this acquisition.

Series A Preference Shares

On February 26, 2021, certain holders of Sirius Group shares elected to receive Series A preference shares, par value \$0.10 per share ("Series A Preference Shares"), with respect to the consideration price of the Sirius Group acquisition. The Company issued 11,720,987 Series A Preference Shares. The Series A Preference Shares rank *pari passu* with the Company's common shares with respect to the payment of dividends or distributions. Each Series A Preference Share has voting power equal to the number of Company shares into which it is convertible, and the Series A Preference Shares and Company shares shall vote together as a single class with respect to any and all matters.

During the nine months ended September 30, 2022, the Company did not declare or pay dividends to holders of Series A Preference Shares.

Upon the third anniversary of the closing date of the Sirius Group acquisition, the Series A Preference Shares will be subject to a conversion ratio calculation, which will be based on ultimate COVID-19 losses along with other measurement criteria, to convert to the Company's common shares.

Series A Preference Shares are recorded at fair value in the liability-classified capital instruments line of the consolidated balance sheets. During the three and nine months ended September 30, 2022, the Company recorded gains of \$0.6 million and \$20.0 million, respectively, from the change in fair value of the Series A Preference Shares. As of September 30, 2022, the fair value of the Series A Preference Shares is \$0.4 million.

Merger Warrants

On February 26, 2021, the Company issued certain warrants with respect to the consideration price of the Sirius Group acquisition (the "Merger warrants"). As of September 30, 2022, the Company had reserved for issuance common shares underlying warrants to purchase, in the aggregate, up to 21,009,324 common shares, to previous Sirius Group common shareholders.

The Merger warrants are recorded at fair value in the liability-classified capital instruments line of the consolidated balance sheets. During the three and nine months ended September 30, 2022, the Company recorded gains of \$2.8 million and \$25.6 million, respectively, from the change in fair value of the Merger warrants. As of September 30, 2022, the estimated fair value of the Merger warrants is \$6.9 million.

Sirius Group Private Warrants

On February 26, 2021, the Company entered into an assumption agreement pursuant to which the Company agreed to assume all of the warrants issued on November 5, 2018 and November 28, 2018 (the “Private warrants”) by Sirius Group to certain counterparties.

The Private warrants are recorded at fair value in the liability-classified capital instruments line of the consolidated balance sheets. During the three months ended September 30, 2022, there was no change in the fair value of the Private warrants. During the nine months ended September 30, 2022, the Company recorded a gain of \$3.2 million from the change in fair value of the Private warrants. The Private warrants have no estimated fair value as of September 30, 2022.

Sirius Group Public Warrants

Under the merger agreement between Sirius Group and Easterly Acquisition Corporation, each of Easterly’s existing issued and outstanding public warrants was converted into a warrant exercisable for Sirius Group common shares (“Sirius Group Public Warrants”). From February 26, 2021, holders of the Sirius Group Public Warrants have the right to receive the merger consideration that the holder of the Sirius Group Public Warrants would have received if such holder had exercised his, her or its warrants immediately prior to February 26, 2021. Because the exercise price of such Sirius Group Public Warrants of \$18.89 was greater than the per share merger consideration, no such warrants were exercised prior to the completion of the merger and therefore no merger consideration was paid to holders of such warrants. The Sirius Group Public Warrants are no longer listed on any public exchange and will terminate in accordance with their terms.

The Sirius Group Public Warrants are recorded at fair value in the liability-classified capital instruments line of the consolidated balance sheets. During the three months ended September 30, 2022, there was no change in the fair value of the Sirius Group Public Warrants. During the nine months ended September 30, 2022, the Company recorded a gain of \$1.1 million from the change in fair value of the Sirius Group Public Warrants. The Sirius Group Public Warrants have no estimated fair value as of September 30, 2022.

Upside Rights

On February 26, 2021, the Company issued Upside Rights with respect to the consideration price of the Sirius Group acquisition. The Upside Rights expired without any value on February 26, 2022.

Contingent Value Rights

On February 26, 2021, the Company entered into a contingent value rights agreement with respect to the consideration price of the Sirius Group acquisition. The contingent value rights (“CVRs”) are recorded at fair value in the liability-classified capital instruments line of the consolidated balance sheets. During the three and nine months ended September 30, 2022, the Company recorded losses of \$1.5 million and \$10.9 million, respectively, from the change in fair value of the CVRs. As of September 30, 2022, the fair value of the CVRs is \$41.5 million. The CVRs became publicly traded on the OTCQX Best Market during the quarter ended June 30, 2021.

Financial results

The following table summarizes the results of Sirius Group that have been included in the Company's consolidated statement of income for the nine months ended September 30, 2021:

	For the period from February 26, 2021 to September 30, 2021
Total revenues	\$ 933.4
Net loss	\$ (161.5)

Supplemental Pro Forma Information

The following table presents unaudited pro forma consolidated financial information for the three and nine months ended September 30, 2021 and assumes the acquisition of Sirius Group occurred on January 1, 2021. The unaudited pro forma consolidated financial information is provided for informational purposes only and is not necessarily, and should not be assumed to be, an indication of the results that would have been achieved had the transaction been completed as of January 1, 2021 or that may be achieved in the future. The unaudited pro forma consolidated financial information does not give consideration to the impact of possible revenue enhancements, expense efficiencies, synergies or asset dispositions that may result from the acquisition of Sirius Group. In addition, unaudited pro forma consolidated financial information does not include the effects of costs associated with any restructuring or integration activities resulting from the acquisition of Sirius Group, as such costs cannot be determined at this time.

	Three months ended	Nine months ended
	September 30, 2021	September 30, 2021
Total revenues	\$ 732.6	\$ 1,958.8
Net income (loss)	\$ (47.8)	\$ 187.7

Among other adjustments, and in addition to the fair value adjustments and recognition of identifiable intangible assets noted above, other material nonrecurring pro forma adjustments directly attributable to the acquisition of Sirius Group principally included certain adjustments to recognize transaction-related costs, align reserving approach, amortize fair value adjustments, amortize identifiable indefinite lived intangible assets and recognize related tax impacts.

4. Segment reporting

The determination of the Company's business segments is based on the manner in which management monitors the performance of its operations. The Company reports two operating segments: Reinsurance and Insurance & Services. The Company's segments each have managers who are responsible for the overall profitability of their segments and who are directly accountable to the Company's chief operating decision maker, the Chief Executive Officer ("CEO"). The CEO assesses segment operating performance, allocates capital, and makes resource allocation decisions based on Segment income (loss). The Company does not manage its assets by segment; accordingly, total assets are not allocated to the segments.

Reinsurance

The Company is a leading global (re)insurer, which offers both treaty and facultative reinsurance worldwide through its network of local branches. The Company participates in the broker market for reinsurance treaties written in the United States and Bermuda primarily on a proportional and excess of loss basis. For the Company's international business, the book consists of treaty, written on both a proportional and excess of loss basis, facultative, and primary business, primarily in Europe, Asia and Latin America.

The Reinsurance segment provides coverage in the following product lines:

Aviation & Space – Aviation covers loss of or damage to an aircraft and the aircraft operations' liability to passengers, cargo and hull as well as to third parties, and Space covers damage to a satellite during launch and in orbit.

Casualty – covers a cross section of all casualty lines, including general liability, umbrella, auto, workers' compensation, professional liability, and other specialty classes.

Contingency – covers event cancellation and non-appearance. The Company offers this class on a treaty reinsurance basis on a selective basis for a few key clients.

Credit & Bond – covers traditional short-term commercial credit insurance, including pre-agreed domestic and export sales of goods and services with typical coverage periods of 60 to 120 days.

Marine & Energy – Marine covers damage to ships and goods in transit, marine liability lines as well as yacht-owner perils. Energy covers offshore energy industry insurance.

Mortgage – covers credit risks that compensates insureds for losses arising from mortgage loan defaults.

Property – consists of the Company's underwriting lines of business that offer property catastrophe excess reinsurance, agriculture reinsurance and property risk and pro rata on a worldwide basis. Property catastrophe excess of loss reinsurance

treaties cover losses from catastrophic events. Agriculture provides stop-loss reinsurance coverage, including to companies writing U.S. government-sponsored multi-peril crop insurance.

Insurance & Services

The Company provides insurance products to individuals and corporations directly, through agents/brokers or through delegated underwriting agreements with managing general agents (“MGAs”). The Company seeks to work with MGAs that have strong underwriting expertise, deep understanding of the customer/product niches and/or technology-driven approaches, and a sustainable competitive moat.

Insurance & Services offers a comprehensive set of services for startup MGAs and insurance services companies including fronting services, risk capital and equity and debt financing. Furthermore, the Company offers expertise in underwriting, pricing and product development to businesses it partners with. The Company has a stringent screening process to identify and approve partner companies which includes alignment of interests, disciplined management and strong oversight, which are believed to be critical for success. The Insurance & Services segment predominantly provides insurance coverage in addition to receiving fees for services provided within Insurance & Services and to third parties.

The Company makes both controlling and noncontrolling equity investments and debt investments in MGAs and other insurance-related business (collectively, “Strategic Investments”).

The Insurance & Services segment provides coverage in the following product lines:

Accident and Health (“A&H”) – consists of accident and health coverage, and MGA units (which include ArmadaCorp Capital, LLC (“Armada”) and International Medical Group, Inc. (“IMG”). Armada’s products are offered in the United States while IMG offers accident, health and travel products on a worldwide basis.

Environmental – consists of an environmental insurance book in the U.S. comprised of 4 core products that revolve around pollution coverage, which are premises pollution liability, contractor's pollution/pollution liability and professional liability.

Workers’ Compensation – consists of state-mandated insurance coverage that provides medical, disability, survivor, burial, and rehabilitation benefits to employees who are injured or killed due to a work-related injury or illness.

Other – consists of a cross section of property and casualty lines, including but not limited to property, general liability, excess liability, commercial auto, professional liability, directors and officers, cyber and other specialty classes.

Management uses segment income (loss) as the primary basis for assessing segment performance. Segment income (loss) is comprised of two components, underwriting income (loss) and net services income (loss). The Company calculates underwriting income (loss) by subtracting loss and loss adjustment expenses incurred, net, acquisition costs, net, and other underwriting expenses from net premiums earned. Net services income (loss) consists of services revenues (fee for service revenues), services expenses, services noncontrolling (income) loss and net investment gains (losses) from Strategic Investments. This definition of segment income (loss) aligns with how business performance is managed and monitored. We continue to evaluate our segments as our business evolves and may further refine our segments and segment income (loss) measures. Certain items are presented in a different manner for segment reporting purposes than in the consolidated statements of income (loss). These items are reconciled to the consolidated presentation in the segment measure reclass column below and include net investment gains (losses) from Strategic Investments where Insurance & Services holds private equity investments. Also included in Insurance & Services segment income (loss) are services noncontrolling loss (income) attributable to minority shareholders on non-wholly-owned subsidiaries. In addition, services revenues and services expenses are reconciled to other revenues and net corporate and other expenses, respectively.

Segment results are shown prior to corporate eliminations. Corporate eliminations are included in the elimination column below as necessary to reconcile to underwriting income (loss), net services income (loss), and segment income (loss) to the consolidated statements of income (loss).

Corporate includes the results of all runoff business, which represent certain classes of business that the Company no longer actively underwrites, including those that have asbestos and environmental and other latent liability exposures and certain reinsurance contracts that have interest crediting features. In addition, revenue and expenses managed at the corporate level, including realized gains and losses (excluding net investment gains (losses) from Strategic Investments, which are allocated to the segment results), net realized and unrealized investment gains (losses) from related party investment funds, other investment income, non-services-related other revenues, non-services-related net corporate and other expenses, intangible asset amortization, interest expense, foreign exchange (gains) losses and income tax (expense) benefit are reported within

Corporate. The CEO does not manage segment results or allocate resources to segments when considering these items and they are therefore excluded from our definition of segment income (loss).

The following is a summary of the Company's operating segment results for the three and nine months ended September 30, 2022 and 2021:

Three months ended September 30, 2022							
	Reinsurance	Insurance & Services	Core	Eliminations ⁽²⁾	Corporate	Segment Measure Reclass	Total
Gross premiums written	\$ 318.4	\$ 524.9	\$ 843.3	\$ —	\$ 0.5	\$ —	\$ 843.8
Net premiums written	267.1	366.7	633.8	—	0.6	—	634.4
Net premiums earned	304.5	305.4	609.9	—	2.7	—	612.6
Loss and loss adjustment expenses incurred, net	286.3	217.8	504.1	(1.5)	(4.7)	—	497.9
Acquisition costs, net	69.8	81.0	150.8	(34.0)	—	—	116.8
Other underwriting expenses	28.0	15.3	43.3	—	1.5	—	44.8
Underwriting income (loss)	(79.6)	(8.7)	(88.3)	35.5	5.9	—	(46.9)
Services revenue	3.4	52.5	55.9	(35.4)	—	(20.5)	—
Services expenses	—	47.2	47.2	—	—	(47.2)	—
Net services fee income	3.4	5.3	8.7	(35.4)	—	26.7	—
Services noncontrolling loss	—	0.5	0.5	—	—	(0.5)	—
Net investment gains from Strategic Investments	0.3	3.4	3.7	—	—	(3.7)	—
Net services income	3.7	9.2	12.9	(35.4)	—	22.5	—
Segment income (loss)	(75.9)	0.5	(75.4)	0.1	5.9	22.5	(46.9)
Net realized and unrealized investment gains (losses)					(59.8)	3.7	(56.1)
Net realized and unrealized investment losses from related party investment funds					(8.3)	—	(8.3)
Net investment income					36.2	—	36.2
Other revenues					(7.4)	20.5	13.1
Net corporate and other expenses					(23.6)	(47.2)	(70.8)
Intangible asset amortization					(2.1)	—	(2.1)
Interest expense					(9.4)	—	(9.4)
Foreign exchange gains					51.6	—	51.6
Income (loss) before income tax expense	\$ (75.9)	\$ 0.5	(75.4)	0.1	(16.9)	(0.5)	(92.7)
Income tax expense			—	—	(0.9)	—	(0.9)
Net loss			(75.4)	0.1	(17.8)	(0.5)	(93.6)
Net income attributable to noncontrolling interest			—	—	(1.3)	0.5	(0.8)
Net loss attributable to SiriusPoint			\$ (75.4)	\$ 0.1	\$ (19.1)	\$ —	\$ (94.4)
Underwriting Ratios: ⁽¹⁾							
Loss ratio	94.0 %	71.3 %	82.7 %				81.3 %
Acquisition cost ratio	22.9 %	26.5 %	24.7 %				19.1 %
Other underwriting expenses ratio	9.2 %	5.0 %	7.1 %				7.3 %
Combined ratio	126.1 %	102.8 %	114.5 %				107.7 %

(1) Underwriting ratios are calculated by dividing the related expense by net premiums earned.

(2) Insurance & Services MGAs recognize fees for service using revenue from contracts with customers accounting standards, whereas insurance companies recognize acquisition expenses using insurance contract accounting standards. While ultimate revenues and expenses recognized will match, there will be recognition timing differences based on the different accounting standards.

Three months ended September 30, 2021

	Reinsurance	Insurance & Services	Core	Eliminations ⁽²⁾	Corporate	Segment Measure Reclass	Total
Gross premiums written	\$ 395.3	\$ 240.6	\$ 635.9	\$ —	\$ 5.3	\$ —	\$ 641.2
Net premiums written	289.6	183.9	473.5	—	5.3	—	478.8
Net premiums earned	326.4	160.6	487.0	—	12.6	—	499.6
Loss and loss adjustment expenses incurred, net	471.5	91.0	562.5	(0.8)	15.6	—	577.3
Acquisition costs, net	85.4	41.8	127.2	(21.4)	1.1	—	106.9
Other underwriting expenses	32.1	9.8	41.9	—	11.4	—	53.3
Underwriting income (loss)	(262.6)	18.0	(244.6)	22.2	(15.5)	—	(237.9)
Services revenue	—	37.8	37.8	(25.3)	—	(12.5)	—
Services expenses	—	40.4	40.4	—	—	(40.4)	—
Net services fee loss	—	(2.6)	(2.6)	(25.3)	—	27.9	—
Services noncontrolling loss	—	3.4	3.4	—	—	(3.4)	—
Net services income	—	0.8	0.8	(25.3)	—	24.5	—
Segment income (loss)	(262.6)	18.8	(243.8)	(3.1)	(15.5)	24.5	(237.9)
Net realized and unrealized investment losses					(11.7)	—	(11.7)
Net realized and unrealized investment gains from related party investment funds					202.4	—	202.4
Net investment income					9.1	—	9.1
Other revenues					20.7	12.5	33.2
Net corporate and other expenses					(19.5)	(40.4)	(59.9)
Intangible asset amortization					(2.0)	—	(2.0)
Interest expense					(9.7)	—	(9.7)
Foreign exchange gains					16.1	—	16.1
Income (loss) before income tax benefit	\$ (262.6)	\$ 18.8	(243.8)	(3.1)	189.9	(3.4)	(60.4)
Income tax benefit			—	—	13.0	—	13.0
Net income (loss)			(243.8)	(3.1)	202.9	(3.4)	(47.4)
Net loss attributable to noncontrolling interest			—	—	—	3.4	3.4
Net income (loss) available to SiriusPoint			\$ (243.8)	\$ (3.1)	\$ 202.9	\$ —	\$ (44.0)
Underwriting Ratios:⁽¹⁾							
Loss ratio	144.5 %	56.7 %	115.5 %				115.6 %
Acquisition cost ratio	26.2 %	26.0 %	26.1 %				21.4 %
Other underwriting expenses ratio	9.8 %	6.1 %	8.6 %				10.7 %
Combined ratio	<u>180.5 %</u>	<u>88.8 %</u>	<u>150.2 %</u>				<u>147.7 %</u>

(1) Underwriting ratios are calculated by dividing the related expense by net premiums earned.

(2) Insurance & Services MGAs recognize fees for service using revenue from contracts with customers accounting standards, whereas insurance companies recognize acquisition expenses using insurance contract accounting standards. While ultimate revenues and expenses recognized will match, there will be recognition timing differences based on the different accounting standards.

Nine months ended September 30, 2022

	Reinsurance	Insurance & Services	Core	Eliminations⁽²⁾	Corporate	Segment Measure Reclass	Total
Gross premiums written	\$ 1,220.9	\$ 1,442.3	\$ 2,663.2	\$ —	\$ 2.9	\$ —	\$ 2,666.1
Net premiums written	963.5	1,005.6	1,969.1	—	2.2	—	1,971.3
Net premiums earned	931.6	762.5	1,694.1	—	16.6	—	1,710.7
Loss and loss adjustment expenses incurred, net	685.5	506.6	1,192.1	(3.8)	10.0	—	1,198.3
Acquisition costs, net	236.0	198.4	434.4	(86.4)	0.9	—	348.9
Other underwriting expenses	86.8	46.8	133.6	—	4.5	—	138.1
Underwriting income (loss)	(76.7)	10.7	(66.0)	90.2	1.2	—	25.4
Services revenue	3.4	165.9	169.3	(102.9)	—	(66.4)	—
Services expenses	—	135.3	135.3	—	—	(135.3)	—
Net services fee income	3.4	30.6	34.0	(102.9)	—	68.9	—
Services noncontrolling loss	—	0.6	0.6	—	—	(0.6)	—
Net investment gains from Strategic Investments	0.3	2.6	2.9	—	—	(2.9)	—
Net services income	3.7	33.8	37.5	(102.9)	—	65.4	—
Segment income (loss)	(73.0)	44.5	(28.5)	(12.7)	1.2	65.4	25.4
Net realized and unrealized investment gains (losses)					(239.3)	2.9	(236.4)
Net realized and unrealized investment losses from related party investment funds					(199.8)	—	(199.8)
Net investment income					61.4	—	61.4
Other revenues					29.7	66.4	96.1
Net corporate and other expenses					(84.9)	(135.3)	(220.2)
Intangible asset amortization					(6.0)	—	(6.0)
Interest expense					(28.1)	—	(28.1)
Foreign exchange gains					127.5	—	127.5
Income (loss) before income tax benefit	\$ (73.0)	\$ 44.5	(28.5)	(12.7)	(338.3)	(0.6)	(380.1)
Income tax benefit			—	—	17.1	—	17.1
Net loss			(28.5)	(12.7)	(321.2)	(0.6)	(363.0)
Net income attributable to noncontrolling interests			—	—	(1.8)	0.6	(1.2)
Net loss attributable to SiriusPoint			\$ (28.5)	\$ (12.7)	\$ (323.0)	\$ —	\$ (364.2)
Underwriting Ratios: ⁽¹⁾							
Loss ratio	73.6 %	66.4 %	70.4 %				70.0 %
Acquisition cost ratio	25.3 %	26.0 %	25.6 %				20.4 %
Other underwriting expenses ratio	9.3 %	6.1 %	7.9 %				8.1 %
Combined ratio	<u>108.2 %</u>	<u>98.5 %</u>	<u>103.9 %</u>				<u>98.5 %</u>

(1) Underwriting ratios are calculated by dividing the related expense by net premiums earned.

(2) Insurance & Services MGAs recognize fees for service using revenue from contracts with customers accounting standards, whereas insurance companies recognize acquisition expenses using insurance contract accounting standards. While ultimate revenues and expenses recognized will match, there will be recognition timing differences based on the different accounting standards.

Nine months ended September 30, 2021

	Reinsurance	Insurance & Services	Core	Eliminations⁽²⁾	Corporate	Segment Measure Reclass	Total
Gross premiums written	\$ 931.6	\$ 628.0	\$ 1,559.6	\$ —	\$ (13.9)	\$ —	\$ 1,545.7
Net premiums written	773.8	468.5	1,242.3	—	(19.0)	—	1,223.3
Net premiums earned	862.8	334.7	1,197.5	—	(0.4)	—	1,197.1
Loss and loss adjustment expenses incurred, net	773.7	198.6	972.3	(1.7)	4.5	—	975.1
Acquisition costs, net	224.1	97.6	321.7	(42.5)	2.3	—	281.5
Other underwriting expenses	82.6	19.0	101.6	—	19.0	—	120.6
Underwriting income (loss)	(217.6)	19.5	(198.1)	44.2	(26.2)	—	(180.1)
Services revenue	—	89.9	89.9	(52.6)	—	(37.3)	—
Services expenses	—	81.0	81.0	—	—	(81.0)	—
Net services fee income	—	8.9	8.9	(52.6)	—	43.7	—
Services noncontrolling loss	—	1.8	1.8	—	—	(1.8)	—
Net investment gains from Strategic Investments	0.3	41.3	41.6	—	—	(41.6)	—
Net services income	0.3	52.0	52.3	(52.6)	—	0.3	—
Segment income (loss)	(217.3)	71.5	(145.8)	(8.4)	(26.2)	0.3	(180.1)
Net realized and unrealized investment gains					2.1	41.6	43.7
Net realized and unrealized investment gains from related party investment funds					401.2	—	401.2
Net investment income					18.8	—	18.8
Other revenues					84.6	37.3	121.9
Net corporate and other expenses					(113.5)	(81.0)	(194.5)
Intangible asset amortization					(4.1)	—	(4.1)
Interest expense					(24.4)	—	(24.4)
Foreign exchange gains					16.5	—	16.5
Income (loss) before income tax expense	\$ (217.3)	\$ 71.5	(145.8)	(8.4)	355.0	(1.8)	199.0
Income tax expense			—	—	(6.4)	—	(6.4)
Net income (loss)			(145.8)	(8.4)	348.6	(1.8)	192.6
Net loss attributable to noncontrolling interests			—	—	—	1.8	1.8
Net income (loss) available to SiriusPoint			\$ (145.8)	\$ (8.4)	\$ 348.6	\$ —	\$ 194.4
Underwriting Ratios:⁽¹⁾							
Loss ratio	89.7 %	59.3 %	81.2 %				81.5 %
Acquisition cost ratio	26.0 %	29.2 %	26.9 %				23.5 %
Other underwriting expenses ratio	9.6 %	5.7 %	8.5 %				10.1 %
Combined ratio	125.3 %	94.2 %	116.6 %				115.1 %

(1) Underwriting ratios are calculated by dividing the related expense by net premiums earned.

(2) Insurance & Services MGAs recognize fees for service using revenue from contracts with customers accounting standards, whereas insurance companies recognize acquisition expenses using insurance contract accounting standards. While ultimate revenues and expenses recognized will match, there will be recognition timing differences based on the different accounting standards.

5. Cash, cash equivalents, restricted cash and restricted investments

The following table provides a summary of cash and cash equivalents, restricted cash and restricted investments as of September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Cash and cash equivalents	\$ 647.3	\$ 999.8
Restricted cash securing letter of credit facilities (1)	66.9	500.2
Restricted cash securing reinsurance contracts (2)	55.7	431.8
Restricted cash held by managing general underwriters	21.6	16.6
Total cash, cash equivalents and restricted cash (3)	791.5	1,948.4
Restricted investments securing reinsurance contracts and letter of credit facilities (1) (2) (4)	2,076.8	1,107.0
Total cash, cash equivalents, restricted cash and restricted investments	<u>\$ 2,868.3</u>	<u>\$ 3,055.4</u>

- (1) Restricted cash and restricted investments securing letter of credit facilities primarily pertains to letters of credit that have been issued to the Company's clients in support of our obligations under reinsurance contracts. The Company will not be released from the obligation to provide these letters of credit until the reserves underlying the reinsurance contracts have been settled. The time period for which the Company expects each letter of credit to be in place varies from contract to contract, but can last several years.
- (2) Restricted cash and restricted investments securing reinsurance contracts pertain to trust accounts securing the Company's contractual obligations under certain reinsurance contracts that the Company will not be released from until the underlying risks have expired or have been settled. Restricted investments include certain investments in debt securities, short-term investments and limited partnership interests in Third Point Enhanced LP. The time period for which the Company expects these trust accounts to be in place varies from contract to contract, but can last several years.
- (3) Cash, cash equivalents and restricted cash as reported in the Company's consolidated statements of cash flows.
- (4) Restricted investments include required deposits with certain insurance state regulatory agencies in order to maintain insurance licenses.

6. Fair value measurements

U.S. GAAP disclosure requirements establish a framework for measuring fair value, including a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. The three-level hierarchy of inputs is summarized below:

- Level 1 – Quoted prices available in active markets/exchanges for identical investments as of the reporting date.
- Level 2 – Observable inputs to the valuation methodology other than unadjusted quoted market prices for identical assets or liabilities in active markets. Level 2 inputs include, but are not limited to, prices quoted for similar assets or liabilities in active markets/exchanges, prices quoted for identical or similar assets or liabilities in markets that are not active and fair values determined through the use of models or other valuation methodologies.
- Level 3 – Inputs are based all or in part on significant unobservable inputs for the investment, and include situations where there is little, if any, market activity for the investment. The inputs applied in the determination of fair value require significant management judgment and estimation.

Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. For example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable.

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources other than those of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and considers factors specific to the investment.

The following tables present the Company's investments, categorized by the level of the fair value hierarchy as of September 30, 2022 and December 31, 2021:

	September 30, 2022			
	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets				
Asset-backed securities	\$ —	\$ 642.0	\$ —	\$ 642.0
Residential mortgage-backed securities	—	141.2	—	141.2
Commercial mortgage-backed securities	—	117.0	—	117.0
Corporate debt securities	—	404.4	—	404.4
U.S. government and government agency	286.1	11.0	—	297.1
Non-U.S. government and government agency	8.9	83.3	—	92.2
Preferred stocks	—	—	3.2	3.2
Total debt securities, trading	295.0	1,398.9	3.2	1,697.1
Asset-backed securities	—	133.9	—	133.9
Residential mortgage-backed securities	—	212.8	—	212.8
Commercial mortgage-backed securities	—	18.6	—	18.6
Corporate debt securities	—	386.0	—	386.0
U.S. government and government agency	552.3	—	—	552.3
Non-U.S. government and government agency	3.8	16.6	—	20.4
Total debt securities, available for sale	556.1	767.9	—	1,324.0
Fixed income mutual funds	1.3	—	—	1.3
Common stocks	0.1	—	—	0.1
Total equity securities	1.4	—	—	1.4
Short-term investments	1,844.6	147.0	—	1,991.6
Other long-term investments	—	—	324.8	324.8
Derivative assets	—	—	3.1	3.1
	<u>\$ 2,697.1</u>	<u>\$ 2,313.8</u>	<u>\$ 331.1</u>	<u>5,342.0</u>
Investments in funds valued at NAV				399.1
Total assets				<u>\$ 5,741.1</u>
Liabilities				
Total securities sold, not yet purchased	\$ 41.7	\$ —	\$ —	\$ 41.7
Securities sold under an agreement to repurchase	—	17.3	—	17.3
Liability-classified capital instruments	—	48.9	—	48.9
Derivative liabilities	—	—	1.5	1.5
Total liabilities	<u>\$ 41.7</u>	<u>\$ 66.2</u>	<u>\$ 1.5</u>	<u>\$ 109.4</u>

December 31, 2021				
	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets				
Asset-backed securities	\$ —	\$ 513.1	\$ —	\$ 513.1
Residential mortgage-backed securities	—	301.9	—	301.9
Commercial mortgage-backed securities	—	147.3	—	147.3
Corporate debt securities	—	602.6	—	602.6
U.S. Government and government agency	360.9	24.5	—	385.4
Non-U.S. government and government agency	17.8	114.5	—	132.3
U.S. States, municipalities, and political subdivision	—	0.2	—	0.2
Preferred stocks	—	—	2.8	2.8
Total debt securities, trading	378.7	1,704.1	2.8	2,085.6
Fixed income mutual funds	2.1	—	—	2.1
Common stocks	0.7	—	—	0.7
Total equity securities	2.8	—	—	2.8
Short-term investments	1,073.2	2.6	—	1,075.8
Other long-term investments	—	—	336.9	336.9
Derivative assets	0.2	—	0.4	0.6
	<u>\$ 1,454.9</u>	<u>\$ 1,706.7</u>	<u>\$ 340.1</u>	<u>3,501.7</u>
Investments in funds valued at NAV				1,028.8
Total assets				<u>\$ 4,530.5</u>
Liabilities				
Liability-classified capital instruments	\$ —	\$ 30.6	\$ 57.2	\$ 87.8
Derivative liabilities	—	—	3.2	3.2
Total liabilities	<u>\$ —</u>	<u>\$ 30.6</u>	<u>\$ 60.4</u>	<u>\$ 91.0</u>

During the nine months ended September 30, 2022, the Company did not reclassify its assets or liabilities between Levels 2 and 3. (December 31, 2021 - no reclassifications)

Valuation techniques

The Company uses outside pricing services to assist in determining fair values for its investments. For investments in active markets, the Company uses the quoted market prices provided by outside pricing services to determine fair value. The outside pricing services the Company uses have indicated that they will only provide prices where observable inputs are available. In circumstances where quoted market prices are unavailable or are not considered reasonable, the Company estimates the fair value using industry standard pricing models and observable inputs such as benchmark yields, reported trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers, prepayment speeds, reference data including research publications, and other relevant inputs. Given that many debt securities do not trade on a daily basis, the outside pricing services evaluate a wide range of fixed maturity investments by regularly drawing parallels from recent trades and quotes of comparable securities with similar features. The characteristics used to identify comparable debt securities vary by asset type and take into account market convention.

The techniques and inputs specific to asset classes within the Company's debt securities and short-term investments for Level 2 securities that use observable inputs are as follows:

Asset-backed and mortgage-backed securities

The fair value of mortgage and asset-backed securities is primarily priced by pricing services using a pricing model that uses information from market sources and leveraging similar securities. Key inputs include benchmark yields, reported trades, underlying tranche cash flow data, collateral performance, plus new issue data, as well as broker-dealer quotes, issuer

spreads, two-sided markets, benchmark securities, bids, offers and reference data including issuer, vintage, loan type, collateral attributes, prepayment speeds, default rates, recovery rates, cash flow stress testing, credit quality ratings and market research publications.

Corporate debt securities

Corporate debt securities consist primarily of investment-grade debt of a wide variety of U.S. and non-U.S. corporate issuers and industries. The corporate fixed maturity investments are primarily priced by pricing services. When evaluating these securities, the pricing services gather information from market sources regarding the issuer of the security and obtain credit data, as well as other observations, from markets and sector news. Evaluations are updated by obtaining broker dealer quotes and other market information including actual trade volumes, when available. The pricing services also consider the specific terms and conditions of the securities, including any specific features which may influence risk.

U.S. government and government agency

U.S. government and government agency securities consist primarily of debt securities issued by the U.S. Treasury and mortgage pass-through agencies such as the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and the Government National Mortgage Association. Fixed maturity investments included in U.S. government and government agency securities are primarily priced by pricing services. When evaluating these securities, the pricing services gather information from market sources and integrate other observations from markets and sector news. Evaluations are updated by obtaining broker dealer quotes and other market information including actual trade volumes, when available. The fair value of each security is individually computed using analytical models which incorporate option adjusted spreads and other daily interest rate data.

Non-U.S. government and government agency

Non-U.S. government and government agency securities consist of debt securities issued by non-U.S. governments and their agencies along with supranational organizations (also known as sovereign debt securities). Securities held in these sectors are primarily priced by pricing services who employ proprietary discounted cash flow models to value the securities. Key quantitative inputs for these models are daily observed benchmark curves for treasury, swap and high issuance credits. The pricing services then apply a credit spread for each security which is developed by in-depth and real time market analysis. For securities in which trade volume is low, the pricing services utilize data from more frequently traded securities with similar attributes. These models may also be supplemented by daily market and credit research for international markets.

U.S. states, municipalities, and political subdivisions

The U.S. states, municipalities and political subdivisions portfolio contains debt securities issued by U.S. domiciled state and municipal entities. These securities are generally priced by independent pricing services using the techniques for U.S. government and government agency securities.

Preferred stocks

The fair value of preferred stocks is generally priced by independent pricing services using an evaluated pricing model that calculates the appropriate spread over a comparable security for each issue. Key inputs include exchange prices (underlying and common stock of same issuer), benchmark yields, reported trades, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including sector, coupon, credit quality ratings, duration, credit enhancements, early redemption features and market research publications.

Short-term investments

Short-term investments consist of U.S. treasury bills, certificates of deposit and other securities, which, at the time of purchase, mature within a period of greater than three months but less than one year. These investments are generally priced by independent pricing services using the techniques described for U.S. government and government agency securities and Corporate debt securities described above.

Investments measured using Net Asset Value

The Company generally values its investments in limited partnerships, including its investments in related party investment funds, at fair value. The Company has elected the practical expedient for fair value for these investments which is estimated based on the Company's share of the net asset value ("NAV") of the limited partnerships, as provided by the independent

fund administrator, as the Company believes it represents the most meaningful measurement basis for the investment assets and liabilities. The NAV represents the Company's proportionate interest in the members' equity of the limited partnerships.

The fair value of the Company's investments in certain hedge funds and certain private equity funds are also determined using NAV. The hedge fund's administrator provides quarterly updates of fair value in the form of the Company's proportional interest in the underlying fund's NAV, which is deemed to approximate fair value, generally with a three month delay in valuation. The private equity funds provide quarterly or semi-annual partnership capital statements with a three or six month delay which are used as a basis for valuation. These private equity investments vary in investment strategies and are not actively traded in any open markets. Due to a lag in reporting, some of the fund managers, fund administrators, or both, are unable to provide final fund valuations as of the Company's reporting date. In these circumstances, the Company estimates the return of the current period and uses all credible information available. This includes utilizing preliminary estimates reported by its fund managers and using other information that is available to the Company with respect to the underlying investments, as necessary.

In order to assess the reasonableness of the NAVs, the Company performs a number of monitoring procedures on a monthly, quarterly and annual basis, to assess the quality of the information provided by the investment manager and fund administrator underlying the preparation of the NAV. These procedures include, but are not limited to, regular review and discussion of the fund's performance with the investment manager.

These investments are included in investment in funds valued at NAV and excluded from the presentation of investments categorized by the level of the fair value hierarchy.

Level 3 Investments

Level 3 valuations are generated from techniques that use assumptions not observable in the market. These unobservable assumptions reflect the Company's assumptions, that market participants would use in valuing the investment. Generally, certain securities may start out as Level 3 when they are originally issued but as observable inputs become available in the market, they may be reclassified to Level 2.

The Company employs a number of procedures to assess the reasonableness of the fair value measurements for its other long-term investments, including obtaining and reviewing the audited annual financial statements of hedge funds and private equity funds and periodically discussing each fund's pricing with the fund manager. However, since the fund managers do not provide sufficient information to evaluate the pricing inputs and methods for each underlying investment, the inputs are considered to be unobservable.

The fair values of the Company's investments in private equity securities, private debt instruments, certain private equity funds, and certain hedge funds have been classified as Level 3 measurements. Private equity securities and private debt instruments are initially valued based on transaction price and their valuation is subsequently estimated based on available evidence such as a market transaction in similar instruments and other financial information for the issuer.

For Strategic Investments carried at fair value, management either engages a third-party valuation specialist to assist in determination of the fair value based on commonly accepted valuation methods (i.e., income approach, market approach) as of the valuation date or performs valuation internally. In addition, investors' fair value analyses prepared by third party valuation specialists working with Strategic Investment operating management are referenced where available.

See Note 10 for additional information on the fair values of derivative financial instruments used for both risk management and investment purposes.

Underwriting-related derivatives

Underwriting-related derivatives include reinsurance contracts that are accounted for as derivatives. These derivative contracts are initially valued at cost which approximates fair value. In subsequent measurement periods, the fair values of these derivatives are determined using internally developed discounted cash flow models. As the significant inputs used to price these derivatives are unobservable, the fair values of these contracts are classified as Level 3.

The following table presents the reconciliation of all investments at fair value using Level 3 inputs for the three and nine months ended September 30, 2022:

	July 1, 2022	Transfers in to (out of) Level 3	Purchases	Sales	Realized and Unrealized Gains (Losses) ⁽¹⁾	Change in Unrealized Gains (Losses) in OCI	September 30, 2022
Assets							
Preferred stocks	\$ 3.2	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3.2
Other long-term investments	318.1	—	8.9	(6.7)	4.5	—	324.8
Derivative assets	(2.4)	—	—	(0.2)	(0.3)	—	(2.9)
Total assets	<u>\$ 318.9</u>	<u>\$ —</u>	<u>\$ 8.9</u>	<u>\$ (6.9)</u>	<u>\$ 4.2</u>	<u>\$ —</u>	<u>\$ 325.1</u>
Liabilities							
Liability-classified capital instruments	\$ (10.7)	\$ —	\$ —	\$ —	\$ 3.4	\$ —	\$ (7.3)
Derivative liabilities	(5.0)	—	(7.8)	—	(5.7)	—	(18.5)
Total liabilities	<u>\$ (15.7)</u>	<u>\$ —</u>	<u>\$ (7.8)</u>	<u>\$ —</u>	<u>\$ (2.3)</u>	<u>\$ —</u>	<u>\$ (25.8)</u>

	January 1, 2022	Transfers in to (out of) Level 3	Purchases	Sales	Realized and Unrealized Gains (Losses) ⁽¹⁾	Change in Unrealized Gains (Losses) in OCI	September 30, 2022
Assets							
Preferred stocks	\$ 2.8	\$ —	\$ —	\$ —	\$ 0.4	\$ —	\$ 3.2
Other long-term investments	336.9	(40.6)	62.9	(33.0)	(1.4)	—	324.8
Derivative assets	0.4	—	0.6	(2.8)	(1.1)	—	(2.9)
Total assets	<u>\$ 340.1</u>	<u>\$ (40.6)</u>	<u>\$ 63.5</u>	<u>\$ (35.8)</u>	<u>\$ (2.1)</u>	<u>\$ —</u>	<u>\$ 325.1</u>
Liabilities							
Liability-classified capital instruments	\$ (57.2)	\$ —	\$ —	\$ —	\$ 49.9	\$ —	\$ (7.3)
Derivative liabilities	(3.2)	—	(4.7)	—	(10.6)	—	(18.5)
Total liabilities	<u>\$ (60.4)</u>	<u>\$ —</u>	<u>\$ (4.7)</u>	<u>\$ —</u>	<u>\$ 39.3</u>	<u>\$ —</u>	<u>\$ (25.8)</u>

(1) Total change in realized and unrealized gains (losses) recorded on Level 3 financial instruments is included in total realized and unrealized investment gains (losses) and net investment income in the consolidated statements of income (loss). Realized and unrealized gains (losses) related to underwriting-related derivative assets and liabilities are included in other underwriting expenses, net of foreign exchange (gains) losses, in the consolidated statements of income (loss).

The following table presents the reconciliation of all investments measured at fair value using Level 3 inputs for the three and nine months ended September 30, 2021:

	July 1, 2021	Transfers in to (out of) Level 3	Purchases	Assets Acquired	Sales	Realized and Unrealized Gains (Losses) ⁽¹⁾	September 30, 2021
Assets							
Preferred stocks	\$ 12.8	\$ —	\$ 10.0	\$ —	\$ —	\$ —	\$ 22.8
Other long-term investments	322.1	—	7.0	—	(3.5)	2.5	328.1
Derivative assets	5.2	(0.7)	—	—	—	(2.0)	2.5
Loan participations	36.5	—	5.2	—	(42.7)	1.0	—
Total assets	\$ 376.6	\$ (0.7)	\$ 22.2	\$ —	\$ (46.2)	\$ 1.5	\$ 353.4
Liabilities							
Liability-classified capital instruments	\$ (99.3)	\$ —	\$ —	\$ —	\$ —	\$ 22.0	\$ (77.3)
Contingent consideration	(1.5)	—	—	—	1.9	(0.4)	—
Derivative liabilities	(3.7)	0.7	(0.1)	—	—	0.3	(2.8)
Total liabilities	\$ (104.5)	\$ 0.7	\$ (0.1)	\$ —	\$ 1.9	\$ 21.9	\$ (80.1)

	January 1, 2021	Transfers in to (out of) Level 3	Purchases	Assets Acquired	Sales	Realized and Unrealized Gains (Losses) ⁽¹⁾	September 30, 2021
Assets							
Preferred stocks	\$ —	\$ —	\$ 20.0	\$ 2.8	\$ —	\$ —	\$ 22.8
Other long-term investments	4.0	—	34.7	259.0	(9.4)	39.8	328.1
Derivative assets	1.2	(1.2)	—	0.3	—	2.2	2.5
Loan participations	—	—	9.0	32.8	(42.8)	1.0	—
Total assets	\$ 5.2	\$ (1.2)	\$ 63.7	\$ 294.9	\$ (52.2)	\$ 43.0	\$ 353.4
Liabilities							
Liability-classified capital instruments	\$ —	\$ 27.0	\$ (137.6)	\$ —	\$ —	\$ 33.3	\$ (77.3)
Contingent consideration liabilities	—	—	—	(0.7)	1.9	(1.2)	—
Derivative liabilities	(1.0)	1.2	(0.4)	(2.0)	—	(0.6)	(2.8)
Total liabilities	\$ (1.0)	\$ 28.2	\$ (138.0)	\$ (2.7)	\$ 1.9	\$ 31.5	\$ (80.1)

(1) Total change in realized and unrealized gains (losses) recorded on Level 3 financial instruments is included in total realized and unrealized investment gains (losses) and net investment income in the consolidated statements of income (loss). Realized and unrealized gains (losses) related to underwriting-related derivative assets and liabilities are included in other underwriting expenses, net of foreign exchange (gains) losses, in the consolidated statements of income (loss).

For assets and liabilities that were transferred into Level 3 during the period, gains (losses) are presented as if the assets or liabilities had been transferred into Level 3 at the beginning of the period; similarly, for assets and liabilities that were transferred out of Level 3 during the period, gains (losses) are presented as if the assets or liabilities had been transferred out of Level 3 at the beginning of the period.

Financial instruments disclosed, but not carried at fair value

The Company uses various financial instruments in the normal course of its business. The carrying values of cash, accrued investment income, certain other assets, certain other liabilities, and other financial instruments not included in the table below approximated their fair values at September 30, 2022 and December 31, 2021, due to their respective short maturities.

The following table includes financial instruments for which the carrying value differs from the estimated fair values at September 30, 2022 and December 31, 2021. The fair values of the below financial instruments are based on observable inputs and are considered Level 2 measurements.

	September 30, 2022		December 31, 2021	
	Fair Value	Carrying Value	Fair Value	Carrying Value
2017 SEK Subordinated Notes	\$ 242.7	\$ 241.9	\$ 302.3	\$ 296.3
2016 Senior Notes	344.0	405.5	412.8	406.0
2015 Senior Notes	112.1	114.6	120.5	114.4
Series B preference shares	\$ 188.8	\$ 200.0	\$ 220.9	\$ 200.0

7. Investments

The Company's invested assets consist of investment securities and other long-term investments held for general investment purposes. The portfolio of investment securities includes debt securities held for trading, debt securities available for sale, short-term investments, equity securities, and other long-term investments which are classified as trading securities with the exception of debt securities held as available for sale. Realized investment gains and losses on debt securities are reported in pre-tax revenues. Unrealized investment gains and losses on debt securities are reported based on classification. Trading securities flow through pre-tax revenues whereas securities classified as available for sale flow through other comprehensive income (loss).

Debt securities

The following tables provide the cost or amortized cost, gross unrealized investment gains (losses), net foreign currency gains (losses), and fair value of the Company's debt securities as of September 30, 2022 and December 31, 2021:

	September 30, 2022				
	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses ⁽²⁾	Net foreign currency losses	Fair value
Debt securities, trading					
Asset-backed securities	\$ 667.8	\$ —	\$ (25.8)	\$ —	\$ 642.0
Residential mortgage-backed securities	162.7	—	(21.5)	—	141.2
Commercial mortgage-backed securities	133.2	—	(16.2)	—	117.0
Corporate debt securities	439.4	—	(30.9)	(4.1)	404.4
U.S. government and government agency ⁽¹⁾	306.8	—	(9.7)	—	297.1
Non-U.S. government and government agency	99.2	—	(2.2)	(4.8)	92.2
Preferred stocks	2.4	0.8	—	—	3.2
Total debt securities, trading	\$ 1,811.5	\$ 0.8	\$ (106.3)	\$ (8.9)	\$ 1,697.1
Debt securities, available for sale					
Asset-backed securities	\$ 137.8	\$ —	\$ (3.9)	\$ —	\$ 133.9
Residential mortgage-backed securities	223.0	—	(10.2)	—	212.8
Commercial mortgage-backed securities	19.3	—	(0.7)	—	18.6
Corporate debt securities	405.3	0.1	(17.4)	(2.0)	386.0
U.S. government and government agency ⁽¹⁾	564.7	—	(12.4)	—	552.3
Non-U.S. government and government agency	21.7	—	(0.5)	(0.8)	20.4
Total debt securities, available for sale⁽³⁾	\$ 1,371.8	\$ 0.1	\$ (45.1)	\$ (2.8)	\$ 1,324.0

(1) The Company had \$41.7 million of short positions in long duration U.S. Treasuries as of September 30, 2022. These amounts are included in securities sold, not yet purchased, at fair value, in the consolidated balance sheets.

(2) As of September 30, 2022, all debt securities classified as available for sale that are in a gross unrealized loss position have been in a gross unrealized loss position for less than 12 months.

(3) As of September 30, 2022, the Company did not record an allowance for credit losses on the AFS portfolio.

December 31, 2021					
	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Net foreign currency losses	Fair value
Asset-backed securities	\$ 512.6	\$ 0.9	\$ (0.4)	\$ —	\$ 513.1
Residential mortgage-backed securities	306.5	—	(4.6)	—	301.9
Commercial mortgage-backed securities	148.4	0.6	(1.7)	—	147.3
Corporate debt securities	605.5	0.6	(3.5)	—	602.6
U.S. government and government agency ⁽¹⁾	388.1	0.1	(2.8)	—	385.4
Non-U.S. government and government agency	135.4	0.3	(2.6)	(0.8)	132.3
U.S. states, municipalities and political subdivision	0.2	—	—	—	0.2
Preferred stocks	2.6	0.2	—	—	2.8
Total debt securities, trading ⁽²⁾	<u>\$ 2,099.3</u>	<u>\$ 2.7</u>	<u>\$ (15.6)</u>	<u>\$ (0.8)</u>	<u>\$ 2,085.6</u>

(1) The Company had no short positions in long duration U.S. Treasuries as of December 31, 2021.

(2) As of December 31, 2021, there were no debt securities classified as available for sale.

The weighted average duration of the Company's debt securities, net of short positions in U.S. treasuries, as of September 30, 2022 was approximately 1.3 years, including short-term investments, and approximately 2.0 years excluding short-term investments (December 31, 2021 - 1.6 years and 2.3 years, respectively).

The following table provides the cost or amortized cost and fair value of the Company's debt securities bifurcated into debt securities held for trading ("trading") and AFS as of September 30, 2022 and December 31, 2021 by contractual maturity. Actual maturities could differ from contractual maturities because borrowers may have the right to call or prepay certain obligations with or without call or prepayment penalties.

	September 30, 2022				December 31, 2021	
	Debt securities, trading		Debt securities, AFS		Debt securities, trading	
	Cost or amortized cost	Fair value	Cost or amortized cost	Fair value	Cost or amortized cost	Fair value
Due in one year or less	\$ 229.3	\$ 223.5	\$ 34.9	\$ 33.6	\$ 145.6	\$ 145.1
Due after one year through five years	492.6	467.5	866.3	841.2	870.4	862.4
Due after five years through ten years	68.1	58.0	81.7	76.0	69.6	68.6
Due after ten years	55.4	44.6	8.8	7.8	43.6	44.4
Mortgage-backed and asset- backed securities	963.7	900.3	380.1	365.4	967.5	962.3
Preferred stocks	2.4	3.2	—	—	2.6	2.8
Total debt securities ⁽¹⁾	<u>\$ 1,811.5</u>	<u>\$ 1,697.1</u>	<u>\$ 1,371.8</u>	<u>\$ 1,324.0</u>	<u>\$ 2,099.3</u>	<u>\$ 2,085.6</u>

(1) As of December 31, 2021, there were no debt securities classified as available for sale.

The following table summarizes the ratings and fair value of debt securities held in the Company's investment portfolio as of September 30, 2022 and December 31, 2021:

	September 30, 2022		December 31, 2021
	Debt securities, trading	Debt securities, AFS	Debt securities, trading
AAA	\$ 633.0	\$ 126.5	\$ 696.4
AA	571.8	803.9	884.1
A	196.9	166.8	278.5
BBB	187.3	146.6	153.1
Other	108.1	80.2	73.5
Total debt securities ⁽¹⁾⁽²⁾	<u>\$ 1,697.1</u>	<u>\$ 1,324.0</u>	<u>\$ 2,085.6</u>

(1) Credit ratings are assigned based on the following hierarchy: (1) Standard & Poor's ("S&P") and (2) Moody's Investors Service.

(2) As of December 31, 2021, there were no debt securities classified as available for sale.

As of September 30, 2022, the above totals included \$59.5 million of sub-prime securities. Of this total, \$37.4 million was rated AAA, \$10.2 million rated AA, \$1.6 million rated A and \$10.3 million unrated. As of December 31, 2021, the above totals included \$51.8 million of sub-prime securities. Of this total, \$35.1 million was rated AAA, \$16.1 million rated AA and \$0.6 million rated A.

Debt securities classified as available for sale

For debt securities classified as available for sale for which a decline in the fair value between the amortized cost is due to credit-related factors, an allowance is established for the difference between the estimated recoverable value and amortized cost with a corresponding impact to the consolidated statements of income (loss). The allowance is limited to the difference between amortized cost and fair value. A credit losses impairment assessment is performed on securities with both quantitative and qualitative factors. Qualitative factors include significant declines in fair value below amortized cost. Additionally, a qualitative assessment is also performed over debt securities to evaluate potential credit losses. Examples of qualitative indicators include issuer credit downgrades as well as changes to credit spreads.

Declines in fair value related to a debt security that does not relate to a credit loss is recorded as a component of accumulated other comprehensive income (loss).

Equity securities and other long-term investments

The cost or amortized cost, gross unrealized investment gains and losses, net foreign currency gains, and fair values of the Company's equity securities and other long-term investments as of September 30, 2022 and December 31, 2021, were as follows:

	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Net foreign currency gains	Fair value
September 30, 2022					
Equity securities	\$ 1.7	\$ —	\$ (0.4)	\$ 0.1	\$ 1.4
Other long-term investments	\$ 407.8	\$ 29.8	\$ (25.6)	\$ 2.9	\$ 414.9
December 31, 2021					
Equity securities	\$ 4.5	\$ 0.1	\$ (2.0)	\$ 0.2	\$ 2.8
Other long-term investments	\$ 443.0	\$ 28.9	\$ (16.8)	\$ 1.0	\$ 456.1

Equity securities at fair value consisted of the following as of September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Fixed income mutual funds	\$ 1.3	\$ 2.1
Common stocks	0.1	0.7
Total equity securities	<u>\$ 1.4</u>	<u>\$ 2.8</u>

The carrying value of other long-term investments as of September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Hedge funds and private equity funds ⁽¹⁾	\$ 106.2	\$ 195.7
Strategic Investments ⁽²⁾	258.3	215.3
Limited liability companies and private equity securities ⁽²⁾	50.4	45.1
Total other long-term investments	<u>\$ 414.9</u>	<u>\$ 456.1</u>

(1) Includes \$85.1 million of investments carried at NAV (December 31, 2021 - \$115.2 million) and \$21.1 million of investments classified as Level 3 (December 31, 2021 - \$80.5 million) within the fair value hierarchy.

(2) As of September 30, 2022, the Company had \$9.8 million of unfunded commitments relating to these investments (December 31, 2021 - \$13.8 million).

Hedge funds and private equity funds

The Company holds investments in hedge funds and private equity funds, which are included in other long-term investments. The following table summarizes investments in hedge funds and private equity interests by investment objective and sector as of September 30, 2022 and December 31, 2021:

	September 30, 2022		December 31, 2021	
	Fair value	Unfunded commitments	Fair value	Unfunded commitments
Hedge funds				
Long/short multi-sector	\$ 8.4	\$ —	\$ 19.8	\$ —
Distressed mortgage credit	—	—	24.6	—
Private credit	23.9	—	24.2	—
Other	0.2	—	1.7	—
Total hedge funds	<u>32.5</u>	<u>—</u>	<u>70.3</u>	<u>—</u>
Private equity funds				
Energy infrastructure & services	32.1	5.2	48.4	19.0
Multi-sector	6.0	4.8	10.1	5.1
Healthcare	16.0	0.3	31.0	2.2
Life settlement	14.1	—	12.9	—
Manufacturing/Industrial	—	—	19.9	—
Private equity secondaries	0.5	0.4	0.5	0.4
Other	5.0	—	2.6	—
Total private equity funds	<u>73.7</u>	<u>10.7</u>	<u>125.4</u>	<u>26.7</u>
Total hedge and private equity funds included in other long-term investments	<u>\$ 106.2</u>	<u>\$ 10.7</u>	<u>\$ 195.7</u>	<u>\$ 26.7</u>

(1) The table excludes the Company's investments in TP Enhanced Fund and TP Venture Fund. See "Investments in related party investment funds" below for additional information.

Redemption of investments in certain hedge funds is subject to restrictions including lock-up periods where no redemptions or withdrawals are allowed, restrictions on redemption frequency, and advance notice periods for redemptions. Amounts requested for redemptions remain subject to market fluctuations until the redemption effective date, which generally falls at the end of the defined redemption period.

The following summarizes the September 30, 2022 fair value of hedge funds subject to restrictions on redemption frequency and advance notice period requirements for investments in active hedge funds:

Redemption Frequency	Notice Period					Total
	1-29 days notice	30-59 days notice	60-89 days notice	90-119 days notice	120+ days notice	
Quarterly	\$ —	\$ 0.1	\$ 8.4	\$ —	\$ —	\$ 8.5
Semi-annual	—	—	0.1	—	—	0.1
Annual	—	—	—	0.1	23.8	23.9
Total	\$ —	\$ 0.1	\$ 8.5	\$ 0.1	\$ 23.8	\$ 32.5

Certain of the hedge fund and private equity fund investments in which the Company is invested are no longer active and are in the process of disposing of their underlying investments. Distributions from such funds are remitted to investors as the fund's underlying investments are liquidated. As of September 30, 2022, \$14.9 million in distributions were outstanding from these investments.

Investments in private equity and other investment funds may be subject to a lock-up or commitment period during which investors may not request a redemption prior to the expected termination date. Distributions prior to the expected termination date of the fund may be limited to dividends or proceeds arising from the liquidation of the fund's underlying investments. In addition, certain private equity funds provide an option to extend the lock-up or commitment periods at either the sole discretion of the fund manager or upon agreement between the fund and the investors.

As of September 30, 2022, investments in private equity funds were subject to lock-up periods as follows:

	1 - 3 years	3 - 5 years	5 - 10 years	Total
Private equity funds – expected lock-up or commitment period remaining	\$ 41.5	\$ 16.0	\$ 16.2	\$ 73.7

Investments in related party investment funds

The following table provides the fair value of the Company's investments in related party investment funds as of September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Third Point Enhanced LP	\$ 280.3	\$ 878.2
Third Point Venture Offshore Fund I LP	28.7	31.4
Investments in related party investment funds, at fair value	\$ 309.0	\$ 909.6

Investment in Third Point Enhanced LP

On February 23, 2022, the Company entered into the Fourth Amended and Restated Exempted Limited Partnership Agreement of Third Point Enhanced LP ("TP Enhanced Fund") with Third Point Advisors LLC ("TP GP") and the other parties thereto (the "2022 LPA"), which amended and restated the Third Amended and Restated Exempted Limited Partnership Agreement dated August 6, 2020 (the "2020 LPA").

The TP Enhanced Fund investment strategy, as implemented by Third Point LLC, is intended to achieve superior risk-adjusted returns by deploying capital in both long and short investments with favorable risk/reward characteristics across select asset classes, sectors and geographies. Third Point LLC identifies investment opportunities via a bottom-up, value-oriented approach to single security analysis supplemented by a top-down view of portfolio and risk management. Third Point LLC seeks dislocations in certain areas of the capital markets or in the pricing of particular securities and supplements single security analysis with an approach to portfolio construction that includes sizing each investment based on upside/downside calculations, all with a view towards appropriately positioning and managing overall exposures.

The 2020 LPA was amended and restated to, among other things:

- add the right to withdraw the Company's capital accounts in TP Enhanced Fund as of any month-end in accordance with an agreed withdrawal schedule to be reinvested in, or contractually committed to, the Third Point Optimized Credit portfolio (the "TPOC Portfolio"), or other Third Point strategies ("TPE Withdrawn Amounts");
- remove restrictions on the Company's withdrawal rights following a change of control with respect to the Company;

- authorize the Company's Chief Investment Officer to exercise all decisions under the 2022 LPA, without the need for separate approval from the Investment Committee of the Company's Board of Directors;
- provide that the Company may amend the investment guidelines of the 2022 LPA from time to time for risk management purposes in consultation with TP GP;
- provide that the Company and TP GP may discuss the adoption of new risk parameters for TP Enhanced Fund from time to time, and TP GP will work with the Company to create additional risk management guidelines responsive to the Company's needs that do not fundamentally alter the general investment strategy or investment approach of TP Enhanced Fund;
- provide that the Company may increase or decrease TP Enhanced Fund's leverage targets upon reasonable prior notice to meet the business needs of the Company; and
- revise the "cause event" materiality qualifier with respect to violations of law related to Third Point LLC's investment-related business and Third Point LLC being subject to regulatory proceedings to include events that will likely have a material adverse effect on Third Point LLC's ability to provide investment management services to TP Enhanced Fund and/or the TPOC Portfolio.

All other material terms of the 2022 LPA remain consistent with the 2020 LPA.

Amended and Restated Investment Management Agreement

On February 23, 2022, the Company entered into an Amended and Restated Investment Management Agreement (the "2022 IMA") with Third Point LLC and the other parties thereto, which amended and restated the Investment Management Agreement dated August 6, 2020.

Pursuant to the 2022 IMA, Third Point LLC provides discretionary investment management services with respect to a newly established TPOC Portfolio, subject to investment and risk management guidelines, and continues to provide certain non-discretionary investment advisory services to the Company. The Company agreed to contribute to the TPOC Portfolio amounts withdrawn from TP Enhanced Fund on January 31, 2022 that were not invested or committed for investment in other Third Point strategies. The 2022 IMA contains revised term and termination rights, withdrawal rights, incentive fees, management fees, investment guidelines and advisory fees.

For the investment management services provided in respect of the TPOC Portfolio, the Company will pay Third Point LLC, from the assets of each sub-account, an annual incentive fee equal to 15% of outperformance over a specified benchmark. The Company will also pay Third Point LLC a monthly management fee equal to one twelfth of 0.50% (0.50% per annum) of the TPOC Portfolio, net of any expenses, and a fixed advisory fee for the advisory services equal to 1/4 of \$1,500,000 per quarter.

Under the 2022 IMA, the Company may withdraw any amount from the TPOC Portfolio as of any month-end up to (i) the full balance of any sub-account established in respect of any capital contribution not in respect of TPE Withdrawn Amounts and (ii) any net profits in respect of any other sub-account. The Company may withdraw the TPOC Portfolio in full on March 31, 2026, and each successive anniversary of such date. The Company will have the right to withdraw funds monthly from the TPOC Portfolio upon the occurrence of certain events specified in the 2022 IMA, including, within 120 days following the occurrence of a Cause Event (as defined in the 2022 LPA), to meet capital adequacy requirements, to prevent a negative credit rating, for risk management purposes, underperformance of the TPOC Portfolio relative to investment funds managed by third-party managers and pursuing the same or substantially similar investment strategy as the TPOC Portfolio (i.e., which measure performance relative to the benchmark) for two or more consecutive calendar years or a Key Person Event (as defined in the 2022 LPA), subject to certain limitations on such withdrawals as specified in the 2022 IMA. The Company is also entitled to withdraw funds from the TPOC Portfolio in order to satisfy its risk management guidelines, upon prior written notice to Third Point LLC, in an amount not to exceed the Risk Management Withdrawable Amount (as defined in the 2022 LPA).

As of September 30, 2022, the Company had no unfunded commitments related to TP Enhanced Fund.

Investment in Third Point Venture Offshore Fund I LP

On March 1, 2021, SiriusPoint Bermuda entered into the Amended and Restated Exempted Limited Partnership Agreement ("2021 Venture LPA") of Third Point Venture Offshore Fund I LP ("TP Venture Fund") which became effective on March 1,

2021. In accordance with the 2021 Venture LPA, Third Point Venture GP LLC (“TP Venture GP”) serves as the general partner of TP Venture Fund.

The TP Venture Fund investment strategy, as implemented by Third Point LLC, is to generate attractive risk-adjusted returns through a concentrated portfolio of investments in privately-held companies, primarily in the expansion through late/pre-IPO stage. The TP Venture Fund may also invest in early stage companies. Due to the nature of the fund, withdrawals are not permitted. Distributions prior to the expected termination date of the fund include, but are not limited to, dividends or proceeds arising from the liquidation of the fund's underlying investments.

As of September 30, 2022, the Company had \$9.5 million of unfunded commitments related to TP Venture Fund. As of September 30, 2022, the Company holds interests of approximately 16.7% of the net asset value of TP Venture Fund.

8. Total realized and unrealized investment gains (losses) and net investment income

Total realized and unrealized investment gains (losses) and net investment income for the three and nine months ended September 30, 2022 and 2021 consisted of the following:

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Debt securities, trading	\$ (21.2)	\$ 2.4	\$ (141.4)	\$ 12.6
Debt securities, available for sale	12.5	—	15.4	—
Short-term investments	(6.1)	(5.6)	(8.7)	(4.2)
Other long-term investments	7.1	11.5	5.5	73.4
Equity securities	(0.1)	(1.4)	(0.5)	(1.4)
Net realized and unrealized investment gains (losses) from related party investment funds	(8.3)	202.4	(199.8)	401.2
Realized and unrealized investment gains (losses) and net investment income before other investment expenses and investment loss on cash and cash equivalents	(16.1)	209.3	(329.5)	481.6
Other investment expenses	(6.9)	(7.8)	(14.5)	(12.3)
Net investment loss on cash and cash equivalents	(5.2)	(1.7)	(30.8)	(5.6)
Total realized and unrealized investment gains (losses) and net investment income	<u>\$ (28.2)</u>	<u>\$ 199.8</u>	<u>\$ (374.8)</u>	<u>\$ 463.7</u>

Net realized and unrealized gains (losses) on investments

Net realized and unrealized investment gains (losses) for the three and nine months ended September 30, 2022 and 2021 consisted of the following:

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Gross realized gains	\$ 23.6	\$ 8.3	\$ 47.0	\$ 32.8
Gross realized losses	(45.9)	(2.6)	(107.1)	(9.8)
Net realized gains (losses) on investments	(22.3)	5.7	(60.1)	23.0
Net unrealized gains (losses) on investments	(33.8)	(17.4)	(176.3)	20.7
Net realized and unrealized gains (losses) on investments (1) (2)	<u>\$ (56.1)</u>	<u>\$ (11.7)</u>	<u>\$ (236.4)</u>	<u>\$ 43.7</u>

(1) Excludes realized and unrealized gains (losses) on the Company's investments in related party investment funds and unrealized gains (losses) from available for sale investments, net of tax.

(2) Includes net realized and unrealized gains of \$0.2 million and \$1.0 million from affiliated investments included in other long-term investments for the three and nine months ended September 30, 2022, respectively (2021 - \$5.1 million and \$49.4 million, respectively).

Net realized investment gains (losses)

Net realized investment gains (losses) for the three and nine months ended September 30, 2022 and 2021 consisted of the following:

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Debt securities, trading	\$ (29.6)	\$ 5.3	\$ (51.8)	\$ 13.3
Debt securities, available for sale	1.8	—	2.0	—
Short-term investments	(0.4)	(1.6)	(0.5)	(1.6)
Equity securities	—	—	(2.3)	—
Other long-term investments	5.0	1.2	3.2	11.8
Net investment income (loss) on cash and cash equivalents	0.9	0.8	(10.7)	(0.5)
Net realized investment gains (losses) (1)	<u>\$ (22.3)</u>	<u>\$ 5.7</u>	<u>\$ (60.1)</u>	<u>\$ 23.0</u>

(1) Includes realized gains (losses) due to foreign currency of \$(22.3) million and \$(35.0) million for the three and nine months ended September 30, 2022, respectively (2021 - \$2.6 million and \$1.1 million, respectively).

Net unrealized investment gains (losses)

Net unrealized investment gains (losses) for the three and nine months ended September 30, 2022 and 2021 consisted of the following:

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Debt securities, trading (1)	\$ (7.5)	\$ (15.2)	\$ (128.6)	\$ (23.4)
Short-term investments	(14.3)	(6.8)	(18.9)	(6.3)
Equity securities	(0.1)	(1.4)	1.7	(1.3)
Other long-term investments	(2.3)	4.9	(5.1)	54.0
Net investment income (loss) on cash and cash equivalents	(9.6)	1.1	(25.4)	(2.4)
Net unrealized investment gains (losses) (2)	<u>\$ (33.8)</u>	<u>\$ (17.4)</u>	<u>\$ (176.3)</u>	<u>\$ 20.7</u>

(1) Includes unrealized losses excluding foreign currency, of \$(1.1) million and \$(105.0) million for the three and nine months ended September 30, 2022, respectively (2021 - \$(5.5) million and \$(9.3) million, respectively).

(2) Includes unrealized losses due to foreign currency of \$(23.3) million and \$(51.5) million for the three and nine months ended September 30, 2022, respectively (2021 - \$(11.2) million and \$(17.4) million, respectively).

The following table summarizes the amount of total gains included in earnings attributable to unrealized investment gains – Level 3 investments for the three and nine months ended September 30, 2022 and 2021:

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Debt securities, trading	\$ 0.1	\$ —	\$ 0.6	\$ —
Other long-term investments	2.6	2.0	0.3	40.3
Total unrealized investment gains – Level 3 investments	<u>\$ 2.7</u>	<u>\$ 2.0</u>	<u>\$ 0.9</u>	<u>\$ 40.3</u>

9. Investments in unconsolidated entities

The Company's investments in unconsolidated entities are included within other long-term investments and consist of investments in common equity securities or similar instruments, which give the Company the ability to exert significant influence over the investee's operating and financial policies. Such investments may be accounted for under either the equity method ("equity method investments") or, alternatively, the Company may elect to account for them under the fair value option ("equity method eligible unconsolidated entities").

The following table presents the components of other long-term investments as of September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Equity method eligible unconsolidated entities, using the fair value option ^{(1) (3)}	\$ 211.5	\$ 225.3
Equity method investments	22.6	26.7
Other unconsolidated investments, at fair value ⁽²⁾	122.4	198.0
Other unconsolidated investments, at cost ⁽³⁾	58.4	6.0
Total other long-term investments	<u>\$ 414.9</u>	<u>\$ 456.1</u>

(1) Excludes the Company's investments in TP Enhanced Fund and TP Venture Fund which are equity method eligible but are carried outside of other long-term investments. See Notes 7 and 11 for additional information on these related party investment funds.

(2) Includes other long-term investments that are not equity method eligible and are measured at fair value.

(3) The Company has elected to apply the cost less impairment measurement alternative to investments that do not meet the criteria to be accounted for under the equity method, in which the investment is measured at cost and remeasured to fair value when impaired or upon observable transaction prices.

The Company has historically elected the fair value option to account for its equity method eligible investments in order to be consistent with the remainder of its investments portfolio which was accounted for at fair value. Prospectively, the Company no longer expects to exercise the fair value option for the majority of its new equity method eligible investments. The following table presents the Company's significant equity method investee entities under fair value option in which it holds 20 percent or more (5 percent or more for limited partnerships and limited liability companies) of the ownership interest as of September 30, 2022:

Investee ⁽¹⁾	September 30, 2022		December 31, 2021		Instrument held
	Fair value	Ownership interest	Fair value	Ownership interest	
BE Reinsurance Limited	\$ 15.1	24.9 %	\$ 15.2	24.9 %	Common shares
BioVentures Investors (Offshore) IV LP	16.0	73.0 %	16.6	73.0 %	Units
Diamond LS I LP	8.8	15.3 %	7.1	15.3 %	Units
Gateway Fund LP	5.2	18.1 %	4.0	18.1 %	Units
Monarch Alternative Capital, LP	5.1	12.8 %	5.7	12.8 %	Units
New Energy Capital Infrastructure Credit Fund LP	14.2	18.3 %	20.1	18.3 %	Units
New Energy Capital Infrastructure Offshore Credit Fund LP	9.5	12.2 %	13.4	12.2 %	Units
Great Bay LLC	1.0	11.1 %	1.0	11.1 %	Units
Tuckerman Capital V LP	—	— %	11.3	42.1 %	Units
Tuckerman Capital V Co-Investment I LP	\$ —	— %	\$ 8.6	47.3 %	Units

(1) The table excludes the Company's investments in TP Enhanced Fund and TP Venture Fund. See Notes 7 and 11 for additional information on these related party investment funds.

10. Derivatives

The Company holds derivative financial instruments for both risk management and investment purposes.

Foreign currency risk derivatives

The Company executes foreign currency forwards, call options, swaps, and futures to manage foreign currency exposure. The foreign currency risk derivatives are not designated or accounted for under hedge accounting. Changes in fair value are presented within foreign exchange gains. The fair value of the swaps and forwards are estimated using a single broker quote, and accordingly, are classified as a Level 3 measurement. The fair value of the futures is widely available and have quoted prices in active markets, and accordingly, were classified as a Level 1 measurement. The Company did not provide or hold any collateral associated with the foreign currency risk derivatives.

Weather derivatives

The Company holds assets and assumes liabilities related to weather and weather contingent risk management products. Weather and weather contingent derivative contracts are entered into with the objective of generating profits in normal climatic conditions. Accordingly, the Company's weather and weather contingent derivatives are not designed to meet the

criteria for hedge accounting under U.S. GAAP. The Company receives payment of premium at the contract inception in exchange for bearing the risk of variations in a quantifiable weather index. Changes in fair value are presented within other revenues. Management uses available market data and internal pricing models based upon consistent statistical methodologies to estimate the fair value. Because of the significance of the unobservable inputs used to estimate the fair value of the Company's weather risk contracts, the fair value measurements of the contracts are deemed to be Level 3 measurements in the fair value hierarchy as of September 30, 2022. The Company does not provide or hold any collateral associated with the weather derivatives.

Equity warrants

The Company holds restricted equity warrants as part of its investment strategy. The equity warrants are not designated or accounted for under hedge accounting. Changes in fair value are presented within net realized and unrealized investment gains (losses). The fair value of the equity warrants is estimated using a single broker quote and accordingly, classified as a Level 3 measurement. The Company did not provide or hold any collateral associated with the equity warrants.

Interest rate cap

The Company entered into an interest rate swap ("Interest rate cap") that matured on June 30, 2022 with two financial institutions where it paid an upfront premium and in return receives a series of quarterly payments based on the 3-month London Interbank Offered Rate ("LIBOR") at the time of payment. Changes in fair value are recognized as unrealized gains or losses and are presented within net investment income.

The following table summarizes information on the classification and amount of the fair value of derivatives not designated as hedging instruments within the Company's consolidated balance sheets as at September 30, 2022:

Derivatives not designated as hedging instruments	September 30, 2022			December 31, 2021		
	Derivative assets at fair value ⁽¹⁾	Derivative liabilities at fair value ⁽²⁾	Notional Value	Derivative assets at fair value ⁽¹⁾	Derivative liabilities at fair value ⁽²⁾	Notional Value
Foreign currency forwards	\$ —	\$ (14.8)	\$ 118.8	\$ —	\$ 1.3	\$ 83.6
Foreign currency futures contracts	—	—	303.2	0.2	—	133.9
Weather derivatives	—	(2.6)	9.9	—	0.8	6.2
Foreign currency swaps	—	—	—	—	1.7	40.0
Equity warrants	—	—	—	0.1	—	0.1
Interest rate cap	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 250.0

(1) Derivative assets are classified within other assets in the Company's consolidated balance sheets.

(2) Derivative liabilities are classified within accounts payable, accrued expenses and other liabilities in the Company's consolidated balance sheets.

The following table summarizes information on the classification and net impact on earnings, recognized in the Company's consolidated statements of income (loss) relating to derivatives during the three and nine months ended September 30, 2022 and 2021:

Derivatives not designated as hedging instruments	Classification of gains (losses) recognized in earnings	Three months ended		Nine months ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Foreign currency forwards	Foreign exchange gains	\$ (7.5)	\$ (0.7)	\$ (14.3)	\$ (0.6)
Foreign currency futures contracts	Foreign exchange gains	(22.0)	(2.8)	(52.8)	(4.7)
Weather derivatives	Other revenues	0.1	—	(0.3)	1.4
Equity warrants	Net realized and unrealized investment gains (losses)	—	(0.2)	(0.1)	(0.1)
Foreign currency swaps	Foreign exchange (gains) losses	—	1.1	—	—
Foreign currency call options	Foreign exchange (gains) losses	\$ —	\$ —	\$ —	\$ 0.4

Underwriting-related derivatives

The following table identifies the listing currency, fair value and notional amounts of underwriting-related derivatives included in the consolidated balance sheets as of September 30, 2022 and December 31, 2021:

Derivative assets	Listing currency	September 30, 2022		December 31, 2021	
		Fair Value	Notional Amounts ⁽¹⁾	Fair Value	Notional Amounts ⁽¹⁾
Reinsurance contracts accounted for as derivative assets	British Pound	\$ 3.1	\$ 155.6	\$ 1.2	\$ 49.3
Derivative liabilities					
Reinsurance contracts accounted for as derivative liabilities	British Pound	\$ 1.5	\$ 81.4	\$ 0.1	\$ 37.4

(1) The absolute notional exposure represents the Company's derivative activity as of September 30, 2022 and December 31, 2021, which is representative of the volume of derivatives held during the period.

11. Variable interest entities

The Company consolidates the results of operations and financial position of every voting interest entity ("VOE") in which it has a controlling financial interest and variable interest entities ("VIE") in which it is considered to be the primary beneficiary in accordance with guidance in ASC 810, Consolidation. The consolidation assessment, including the determination as to whether an entity qualifies as a VOE or VIE, depends on the facts and circumstances surrounding each entity.

Consolidated variable interest entities

Alstead Re

Alstead Reinsurance Ltd. ("Alstead Re") is considered a VIE and the Company has concluded that it is the primary beneficiary of Alstead Re because the Company can exercise control over the activities that most significantly impact the economic performance of Alstead Re. As a result, the Company has consolidated the results of Alstead Re in its consolidated financial statements. As of September 30, 2022, Alstead Re's assets and liabilities included in the Company's consolidated balance sheets were \$11.2 million and \$5.9 million, respectively (December 31, 2021 - \$9.8 million and \$5.5 million, respectively).

Arcadian

Arcadian Risk Capital Ltd. ("Arcadian") is considered a VIE and the Company has concluded that it is the primary beneficiary of Arcadian because the Company can exercise control over the activities that most significantly impact the economic performance of Arcadian. As a result, the Company has consolidated the results of Arcadian in its consolidated financial statements. The Company's ownership in Arcadian as of September 30, 2022 was 49%, and its financial exposure to Arcadian is limited to its investment in Arcadian's common shares and other financial support up to \$18.0 million through an unsecured promissory note. As of September 30, 2022, Arcadian's assets and liabilities, after intercompany eliminations, included in the Company's consolidated balance sheets were \$42.2 million and \$6.5 million, respectively (December 31, 2021 - \$29.0 million and \$7.0 million, respectively).

Joyn

Joyn Insurance Services Inc. ("Joyn") is considered a VIE and the Company has concluded that it is the primary beneficiary of Joyn because the Company can exercise control over the activities that most significantly impact the economic performance of Joyn. As a result, the Company has consolidated the results of Joyn in its consolidated financial statements. As of September 30, 2022, the Company owned 1,175,000 preferred equity shares of Joyn at a cost of \$3.5 million, comprising 50% of Joyn's fully-diluted share capital, and held certain secured and unsecured promissory notes issued by Joyn, which totaled \$13.4 million in aggregate principal and accrued interest.

As of September 30, 2022, Joyn's assets and liabilities, after intercompany eliminations, included in the Company's consolidated balance sheets were \$3.6 million and \$5.8 million, respectively (December 31, 2021 - \$7.8 million and \$4.1 million, respectively). During the three and nine months ended September 30, 2022, the Company recognized a pre-tax loss of \$9.0 million and \$14.4 million, respectively, related to Joyn. As of September 30, 2022, the Company has recognized the losses previously allocated to the Joyn noncontrolling interest shareholders. This has resulted in a pre-tax loss during the

three and nine months ended September 30, 2022 of \$6.7 million, recorded in other revenues in the Company's consolidated statements of income (loss).

Consolidated voting interest entities

Alta Signa

On June 30, 2022, the Company entered into a strategic partnership with Alta Signa Holdings ("Alta Signa"), a European MGA specializing in financial and professional lines insurance. The Company's ownership in Alta Signa as of September 30, 2022 was 75.1%. Alta Signa is considered a VOE and the Company holds a majority of the voting interests through its seats on Alta Signa's board of directors. As a result, the Company has consolidated the results of Alta Signa in its consolidated financial statements. As of September 30, 2022, Alta Signa's assets and liabilities, after intercompany eliminations, included in the Company's consolidated balance sheets were \$7.9 million and \$1.5 million, respectively.

Noncontrolling interests

Noncontrolling interests represent the portion of equity in consolidated subsidiaries not attributable, directly or indirectly, to the Company. The following table is a reconciliation of the beginning and ending carrying amount of noncontrolling interests for the three and nine months ended September 30, 2022 and 2021:

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Balance, beginning of period	\$ 0.8	\$ 3.3	\$ (0.4)	\$ 1.4
Sirius Group acquisition and other business combinations (1)	—	—	0.8	0.3
Net income (loss) attributable to noncontrolling interests	0.8	(3.4)	1.2	(1.8)
Contributions (Redemptions)	—	0.1	—	0.1
Derecognition of noncontrolling interest (2)	6.7	—	6.7	—
Balance, end of period	<u>\$ 8.3</u>	<u>\$ —</u>	<u>\$ 8.3</u>	<u>\$ —</u>

(1) See Note 3 for additional information related to the acquisition of Sirius Group.

(2) See above for additional information on the derecognition of noncontrolling interest.

Non-consolidated variable interest entities

The Company is a passive investor in certain third-party-managed hedge and private equity funds, some of which are VIEs. The Company is not involved in the design or establishment of these VIEs, nor does it actively participate in the management of the VIEs. The exposure to loss from these investments is limited to the carrying value of the investments at the balance sheet date.

The Company calculates maximum exposure to loss to be (i) the amount invested in the debt or equity of the VIE, (ii) the notional amount of VIE assets or liabilities where the Company has also provided credit protection to the VIE with the VIE as the referenced obligation, and (iii) other commitments and guarantees to the VIE. The Company does not have any VIEs that it sponsors nor any VIEs where it has recourse to it or has provided a guarantee to the VIE interest holders.

The following table presents total assets of unconsolidated VIEs in which the Company holds a variable interest, as well as the maximum exposure to loss associated with these VIEs as of September 30, 2022 and December 31, 2021:

	Maximum Exposure to Loss			
	Total VIE Assets	On-Balance Sheet	Off-Balance Sheet	Total
September 30, 2022				
Other long-term investments ⁽¹⁾	\$ 276.5	\$ 149.2	\$ 2.0	\$ 151.2
December 31, 2021				
Other long-term investments ⁽¹⁾	\$ 326.2	\$ 177.5	\$ 2.1	\$ 179.6

(1) Excludes the Company's investments in TP Enhanced Fund and TP Venture Fund which are also VIEs and are discussed separately below.

Third Point Enhanced LP

As of September 30, 2022, the Company and TP GP hold interests of approximately 89.4% and 10.6%, respectively, of the net asset value of TP Enhanced Fund. As a result, both entities hold significant financial interests in TP Enhanced Fund. However, TP GP controls all of the investment decision-making authority and the Company does not have the power to direct the activities which most significantly impact the economic performance of TP Enhanced Fund. As a result, the Company is not considered the primary beneficiary and does not consolidate TP Enhanced Fund. The Company's maximum exposure to loss corresponds to the value of its investments in TP Enhanced Fund.

As a result of the Company's holdings in TP Enhanced Fund and its contribution to the Company's overall financial results, the Company includes the following summarized income statement of the TP Enhanced Fund for the three and nine months ended September 30, 2022 and 2021, and summarized balance sheet as of September 30, 2022 and December 31, 2021.

This summarized income statement of TP Enhanced Fund reflects the main components of total investment income and expenses of TP Enhanced Fund. This summarized income statement is not a breakdown of the Company's proportional investment income in TP Enhanced Fund as presented in the Company's consolidated statements of income (loss).

TP Enhanced Fund summarized income statement	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Investment income (loss)				
Net realized gain (loss) from securities, derivative contracts and foreign currency translations	\$ (8.6)	\$ 38.3	\$ 98.2	\$ 298.4
Net change in unrealized gain (loss) on securities, derivative contracts and foreign currency translations	(3.4)	244.2	(327.2)	268.4
Net income (loss) from currencies	0.2	0.4	1.3	—
Dividend and interest income	3.6	8.1	23.7	22.8
Other income	0.1	—	0.3	—
Total investment income (loss)	\$ (8.1)	\$ 291.0	(203.7)	589.6
Expenses				
Management fees	\$ 0.9	4.1	\$ 4.9	12.1
Interest	0.8	1.5	3.7	4.4
Dividends on securities sold, not yet purchased	0.2	1.5	1.3	4.5
Administrative and professional fees	—	0.6	1.2	2.0
Other expenses	0.2	1.3	1.0	4.7
Total expenses	2.1	9.0	12.1	27.7
Net income (loss)	\$ (10.2)	\$ 282.0	\$ (215.8)	\$ 561.9

The following table is a summarized balance sheet of TP Enhanced Fund as of September 30, 2022 and December 31, 2021 and reflects the underlying assets and liabilities of TP Enhanced Fund. This summarized balance sheet is not a breakdown of the Company's proportional interests in the underlying assets and liabilities of TP Enhanced Fund.

TP Enhanced Fund summarized balance sheet	September 30, 2022	December 31, 2021
Assets		
Total investments in securities and affiliated funds	\$ 378.3	\$ 1,623.5
Cash and cash equivalents	0.1	0.1
Due from brokers	131.1	524.0
Derivative assets, at fair value	11.1	46.5
Interest and dividends receivable	1.2	3.1
Other assets	0.1	1.5
Total assets	\$ 521.9	\$ 2,198.7
Liabilities		
Accounts payable and accrued expenses	\$ 0.7	\$ 1.1
Securities sold, not yet purchased, at fair value	56.6	290.4
Securities sold under agreement to repurchase	13.7	33.6
Due to brokers	134.1	493.6
Derivative liabilities, at fair value	3.0	8.4
Withdrawals payable to General Partner	—	139.5
Redemptions payable to SiriusPoint	—	250.0
Interest and dividends payable	0.2	0.7
Management fee payable	—	0.2
Total liabilities	208.3	1,217.5
Total partners' capital	\$ 313.6	\$ 981.2

Investment in Third Point Venture Offshore Fund I LP

TP Venture GP controls all of the investment decision-making authority of the TP Venture Fund. The Company does not have the power to direct the activities which most significantly impact the economic performance of the TP Venture Fund. The Company's maximum exposure to loss corresponds to the value of its investment in the TP Venture Fund. See Note 7 for additional information on the Company's investment in the TP Venture Fund.

12. Loss and loss adjustment expense reserves

The following table represents the activity in the loss and loss adjustment expense reserves for the nine months ended September 30, 2022 and 2021:

	September 30, 2022	September 30, 2021
Gross reserves for loss and loss adjustment expenses, beginning of period	\$ 4,841.4	\$ 1,310.1
Less: loss and loss adjustment expenses recoverable, beginning of period	(1,215.3)	(14.4)
Less: deferred charges on retroactive reinsurance contracts	(1.4)	(6.0)
Net reserves for loss and loss adjustment expenses, beginning of period	3,624.7	1,289.7
Increase (decrease) in net loss and loss adjustment expenses incurred in respect of losses occurring in:		
Current year	1,215.5	1,001.0
Prior years	(17.2)	(25.9)
Total incurred loss and loss adjustment expenses	1,198.3	975.1
Net loss and loss adjustment expenses paid in respect of losses occurring in:		
Current year	(180.4)	(152.3)
Prior years	(616.1)	(543.9)
Total net paid losses	(796.5)	(696.2)
Foreign currency translation	(136.3)	(19.5)
Amounts acquired as a result of Sirius Group acquisition ⁽¹⁾	—	2,467.8
Net reserves for loss and loss adjustment expenses, end of period	3,890.2	4,016.9
Plus: loss and loss adjustment expenses recoverable, end of period	1,309.2	843.5
Plus: deferred charges on retroactive reinsurance contracts ⁽²⁾	1.1	1.9
Gross reserves for loss and loss adjustment expenses, end of period	\$ 5,200.5	\$ 4,862.3

(1) Represents the fair value of Sirius Group's reserves for claims and claim expenses, net of reinsurance recoverables, acquired at February 26, 2021. See Note 3 for additional information related to the acquisition of Sirius Group.

(2) Deferred charges on retroactive contracts are recorded in other assets on the Company's consolidated balance sheets.

The Company's prior year reserve development arises from changes to estimates of losses and loss adjustment expenses related to loss events that occurred in previous calendar years.

For the nine months ended September 30, 2022, the Company recorded \$17.2 million of net favorable prior year loss reserve development driven by favorable development due to loss reductions in COVID-19 and A&H reserves due to better than expected loss experience, with the most significant offsetting movements being reserve strengthening in direct Workers' Compensation reserves based on reported loss emergence, and in the Property lines, driven by the current elevated level of inflation.

For the nine months ended September 30, 2021, the Company recorded \$25.9 million of net favorable prior year loss reserve development. This was driven by net favorable loss reserve development of \$27.0 million from the legacy Sirius Group companies, primarily due to better than expected loss reserve emergence in the Property lines, mainly on European-related exposures covering multiple accident years, of \$15.6 million, and favorable loss reserve development in the A&H lines of \$6.9 million.

13. Allowance for expected credit losses

The Company is exposed to credit losses primarily through sales of its insurance and reinsurance products and services. The financial assets in scope of the current expected credit losses impairment model primarily include the Company's insurance and reinsurance balances receivable and loss and loss adjustment expenses recoverable. The Company pools these amounts by counterparty credit rating and applies a credit default rate that is determined based on the studies published by the rating agencies (e.g., AM Best, S&P). In circumstances where ratings are unavailable, the Company applies an internally developed default rate based on historical experience, reference data including research publications, and other relevant inputs.

The Company's assets in scope of the current expected credit loss assessment as of September 30, 2022 and December 31, 2021 are as follows:

	September 30, 2022	December 31, 2021
Insurance and reinsurance balances receivable, net	\$ 1,952.7	\$ 1,708.2
Loss and loss adjustment expenses recoverable, net	1,309.2	1,215.3
Other assets ⁽¹⁾	43.2	14.5
Total assets in scope	<u>\$ 3,305.1</u>	<u>\$ 2,938.0</u>

(1) Relates to MGA trade receivables (included in other assets in the Company's consolidated balance sheets), loans receivables (included in other long-term investments in the Company's consolidated balance sheets) and interest and dividend receivables.

The Company's allowance for expected credit losses was \$31.5 million as of September 30, 2022 (December 31, 2021 - \$21.6 million). For the three and nine months ended September 30, 2022, the Company recorded current expected credit (gains) losses of \$(0.7) million and \$10.0 million, respectively (2021 - \$(0.3) million and \$15.3 million, respectively). These amounts are included in net corporate and other expenses in the consolidated statements of income (loss).

The Company monitors counterparty credit ratings and macroeconomic conditions, and considers the most current AM Best and S&P credit ratings to determine the allowance each quarter. As of September 30, 2022, approximately 57% of the total gross assets in scope were balances with counterparties rated by either AM Best or S&P and, of the total rated, 81% were rated A- or better.

14. Debt and letter of credit facilities

Debt obligations

The following table represents a summary of the Company's debt obligations on its consolidated balance sheets as of September 30, 2022 and December 31, 2021:

	September 30, 2022		December 31, 2021	
	Amount	Effective rate ⁽¹⁾	Amount	Effective rate ⁽¹⁾
2017 SEK Subordinated Notes, at face value	\$ 247.7	5.1 %	\$ 303.1	4.1 %
Unamortized discount	(5.8)		(6.8)	
2017 SEK Subordinated Notes, carrying value	<u>241.9</u>		<u>296.3</u>	
2016 Senior Notes, at face value	400.0	4.5 %	400.0	4.5 %
Unamortized premium	5.5		6.0	
2016 Senior Notes, carrying value	<u>405.5</u>		<u>406.0</u>	
2015 Senior Notes, at face value	115.0	7.0 %	115.0	7.0 %
Unamortized issuance costs	(0.4)		(0.6)	
2015 Senior Notes, carrying value	<u>114.6</u>		<u>114.4</u>	
Total debt	<u>\$ 762.0</u>		<u>\$ 816.7</u>	

(1) Effective rate considers the effect of the debt issuance costs, discount, and premium.

The Company was in compliance with all debt covenants as of and for the periods ended September 30, 2022 and December 31, 2021.

Standby letter of credit facilities

As of September 30, 2022, the Company had entered into the following letter of credit facilities:

	September 30, 2022			
	Letters of Credit		Collateral	
	Committed Capacity	Issued	Cash and Cash Equivalents	Debt securities
Committed - Secured letters of credit facilities	\$ 330.0	\$ 279.0	\$ 20.2	\$ 190.4
Uncommitted - Secured letters of credit facilities	n/a	953.5	46.7	1,045.1
		<u>\$ 1,232.5</u>	<u>\$ 66.9</u>	<u>\$ 1,235.5</u>

The Company's secured letter of credit facilities are bilateral agreements that generally renew on an annual basis. The letters of credit issued under the secured letter of credit facilities are fully collateralized. The above referenced facilities are subject to various affirmative, negative and financial covenants that the Company considers to be customary for such borrowings, including certain minimum net worth and maximum debt to capitalization standards. See Note 5 for additional information.

Revolving credit facility

In addition to the letter of credit facilities above, the Company entered into a three-year, \$300.0 million senior unsecured revolving credit facility (the "Facility") with JPMorgan Chase Bank, N.A. as administrative agent, effective February 26, 2021. The Facility includes an option, subject to satisfaction of certain conditions including agreement of lenders representing greater than a majority of commitments, for the Company to request an extension by such lenders of the maturity date of the Facility by an additional 12 months. The Facility provides access to loans for working capital and general corporate purposes, and letters of credit to support obligations under insurance and reinsurance agreements, retrocessional agreements and for general corporate purposes. Loans and letters of credit under the Facility will become available, subject to customary conditions precedent. As of September 30, 2022, there were no outstanding borrowings under the Facility.

15. Income taxes

The Company provides for income tax expense or benefit based upon pre-tax income or loss reported in the consolidated statements of income (loss) and the provisions of currently enacted tax laws. The Company and its Bermuda-domiciled subsidiaries are incorporated under the laws of Bermuda and are subject to Bermuda law with respect to taxation. Under current Bermuda law, the Company and its Bermuda-domiciled subsidiaries are not subject to any income or capital gains taxes in Bermuda. In the event that such taxes are imposed, the Company and its Bermuda-domiciled subsidiaries would be exempted from any such taxes until March 2035 under the Tax Assurance Certificates issued to such entities pursuant to the Bermuda Exempted Undertakings Tax Protection Act of 1966, as amended. The Company has subsidiaries and branches that operate in various other jurisdictions around the world that are subject to tax in the jurisdictions in which they operate. The jurisdictions in which the Company's subsidiaries and branches are subject to tax are Australia, Belgium, Canada, Germany, Hong Kong (China), Ireland, Luxembourg, Malaysia, Singapore, Sweden, Switzerland, the United Kingdom, and the United States.

For the three and nine months ended September 30, 2022, the Company recorded income tax (expense) benefit of \$(0.9) million and \$17.1 million, respectively (2021 - \$13.0 million and \$(6.4) million, respectively) on pre-tax income (loss) of \$(92.7) million and \$(380.1) million, respectively (2021 - \$(60.4) million and \$199.0 million, respectively). The effective tax rates for the three and nine months ended September 30, 2022 were (1.0)% and 4.5%, respectively. The difference between the effective tax rate on income (losses) from continuing operations and the Bermuda statutory tax rate of 0.0% is primarily because of losses recognized in jurisdictions with higher tax rates than Bermuda, and adjustments pursuant to applicable U.S. GAAP guidance on interim period financial reporting of taxes, which are based on the annual estimated effective tax rate.

In arriving at the estimated annual effective tax rate for the nine months ended September 30, 2022 and 2021, the Company took into consideration all year-to-date income and expense items including the change in unrealized investment gains (losses) and realized investment gains (losses) and such items on a forecasted basis for the remainder of each year. Based on applicable U.S. GAAP guidance, jurisdictions with a projected loss for the full year where no tax benefit can be recognized are excluded from the estimation of the annual effective tax rate.

On August 16, 2022, the U.S. enacted the Inflation Reduction Act of 2022, which, among other things, implements a 15% minimum tax on book income of certain large corporations, a 1% excise tax on net stock repurchases and several tax incentives to promote clean energy. Based on our current analysis of these provisions, the Company does not believe this legislation will have a material impact on its income taxes.

Uncertain tax positions

Recognition of the benefit of a given tax position is based upon whether a company determines that it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. In evaluating the more likely than not recognition threshold, the Company must presume that the tax position will be subject to examination by a taxing authority with full knowledge of all relevant information. If the recognition threshold is met, then the tax position is measured at the largest amount of benefit that is more than 50% likely of being realized upon ultimate settlement.

As of September 30, 2022, the total reserve for unrecognized tax benefits is \$2.5 million (December 31, 2021 - \$10.7 million). The reduction in the reserve is attributable to a change in the technical merits of a transfer pricing issue. If the

Company determines in the future that its reserves for unrecognized tax benefits on permanent differences and interest and penalties are not needed, the reversal of \$1.7 million of such reserves as of September 30, 2022 would be recorded as an income tax benefit and would impact the effective tax rate. The remaining balance is accrued interest and penalties.

16. Shareholders' equity

Common shares

The following table presents a summary of the common shares issued and outstanding and shares repurchased as of and for the nine months ended September 30, 2022 and 2021:

	2022	2021
Common shares issued and outstanding, beginning of period	161,929,777	95,582,733
Issuance of common shares, net of forfeitures and shares withheld	1,078,208	3,185,798
Shares repurchased	(695,047)	—
Options exercised	—	220,000
Performance restricted shares granted, net of forfeitures and shares withheld	—	(1,464,532)
Issuance of common shares for Sirius Group acquisition	—	58,331,196
Issuance of common shares to related party	—	6,093,842
Common shares issued and outstanding, end of period	162,312,938	161,949,037

The Company's authorized share capital consists of 300,000,000 common shares with a par value of \$0.10 each. During the nine months ended September 30, 2022 and 2021, the Company did not pay any dividends to its common shareholders.

Preference shares

The Company's authorized share capital also consists of 30,000,000 preference shares with a par value of \$0.10 each.

Series B preference shares

The Company has 8,000,000 of Series B preference shares outstanding, par value \$0.10. Dividends on the Series B preference shares will be cumulative and payable quarterly in arrears at an initial rate of 8.0% per annum. The preference shareholders will have no voting rights with respect to the Series B preference shares unless dividends have not been paid for six dividend periods, whether or not consecutive, in which case the holders of the Series B preference shares will have the right to elect two directors.

The dividend rate will reset on each five-year anniversary of issuance at a rate equal to the five-year U.S. treasury rate at such time plus 7.298%. The Series B preference shares are perpetual and have no fixed maturity date. The Series B preference shares will provide for redemption rights by the Company (i) in whole, or in part, on each five-year anniversary of issuance at 100%, (ii) in whole, but not in part, (a) upon certain rating agency events, at 102%, (b) upon certain capital disqualification events, at 100%, and (c) upon certain tax events, at 100%.

On June 28, 2021 and August 12, 2021, the Company entered into Underwriting Agreements with the Series B preference shareholders (the "Selling Shareholders") pursuant to which the Selling Shareholders sold to the public market an aggregate of 8,000,000 Series B preference shares. The Company did not receive any proceeds from the sale of the Series B preference shares by the Selling Shareholders. The transaction did not change the underlying conditions of the Series B preference shares. The Series B preference shares are listed on the New York Stock Exchange under the symbol "SPNT PB".

During the three and nine months ended September 30, 2022, the Company declared and paid dividends of \$4.0 million and \$12.0 million, respectively, to the Series B preference shareholders (2021 - \$4.0 million and \$8.1 million, respectively).

Share repurchases

On February 28, 2018, the Company's Board of Directors authorized the repurchase of an additional \$148.3 million common shares, which together with the authorized amount remaining under the previously announced share repurchase program would allow the Company to repurchase up to \$200.0 million of the Company's outstanding common shares in the aggregate. On August 5, 2021, the Company's Board of Directors expanded the scope of the prior authority to include the repurchase of outstanding CVRs and warrants. Under the common share repurchase program, the Company may repurchase shares from

time to time in privately negotiated transactions or in open-market purchases in accordance with all applicable securities laws and regulations, including Rule 10b-18 of the Securities Exchange Act of 1934, as amended.

During the three months ended September 30, 2022, the Company did not repurchase any of its common shares in the open market.

During the nine months ended September 30, 2022, the Company repurchased 695,047 of its common shares in the open market for \$5.0 million at a weighted average cost, including commissions, of \$7.17 per share. Common shares repurchased by the Company during the period were retired.

As of September 30, 2022 the Company was authorized to repurchase up to an aggregate of \$56.3 million of outstanding common shares, CVRs and warrants under its repurchase program.

17. Earnings (loss) per share available to SiriusPoint common shareholders

The following sets forth the computation of basic and diluted earnings (loss) per share available to SiriusPoint common shareholders for the three and nine months ended September 30, 2022 and 2021:

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Weighted-average number of common shares outstanding:				
Basic number of common shares outstanding	160,321,270	159,225,772	160,150,911	145,095,270
Dilutive effect of options	—	—	—	196,414
Dilutive effect of warrants	—	—	—	38,525
Dilutive effect of restricted share units	—	—	—	1,252,639
Dilutive effect of Series A preference shares	—	1,015,116	—	1,015,116
Diluted number of common shares outstanding	160,321,270	160,240,888	160,150,911	147,597,964
Basic earnings (loss) per common share:				
Net income (loss) available to SiriusPoint common shareholders	\$ (98.4)	\$ (48.0)	\$ (376.2)	\$ 184.9
Net income allocated to SiriusPoint participating common shareholders	—	—	—	(13.7)
Net income (loss) allocated to SiriusPoint common shareholders	\$ (98.4)	\$ (48.0)	\$ (376.2)	\$ 171.2
Basic earnings (loss) per share available to SiriusPoint common shareholders	\$ (0.61)	\$ (0.30)	\$ (2.35)	\$ 1.18
Diluted earnings (loss) per common share:				
Net income (loss) available to SiriusPoint common shareholders	\$ (98.4)	\$ (48.0)	\$ (376.2)	\$ 184.9
Net income allocated to SiriusPoint participating common shareholders	—	—	—	(2.8)
Change in carrying value of Series A preference shares	—	(7.2)	—	(9.6)
Net income (loss) allocated to SiriusPoint common shareholders	\$ (98.4)	\$ (55.2)	\$ (376.2)	\$ 172.5
Diluted earnings (loss) per share available to SiriusPoint common shareholders	\$ (0.61)	\$ (0.34)	\$ (2.35)	\$ 1.17

For the three and nine months ended September 30, 2022, options of 3,684,094 and 4,030,922, respectively, and warrants of 31,123,755 and 31,123,755, respectively, were excluded from the computation of diluted loss per share available to SiriusPoint common shareholders.

For the three and nine months ended September 30, 2021, options of 10,808,025 and 4,487,807, respectively, warrants of 34,618,734 and 31,123,755, respectively, and Upside Rights of 10,000,000 and 10,000,000, respectively, were excluded from the computation of diluted earnings per share available to SiriusPoint common shareholders.

18. Related party transactions

In addition to the transactions disclosed in Notes 7 and 11 to these consolidated financial statements, the following transactions are classified as related party transactions, as the counterparties have either a direct or indirect shareholding in the Company or the Company has an investment in such counterparty.

(Re)insurance contracts

Insurance and reinsurance contracts with certain of the Company's insurance and MGA affiliates resulted in gross written premiums of \$144.9 million and \$262.9 million during the three and nine months ended September 30, 2022, respectively (2021 - \$69.3 million and \$151.3 million, respectively). As of September 30, 2022, the Company had total receivables from affiliates of \$224.6 million and payables of \$0.1 million (2021 - \$65.3 million receivables and no payables).

Unfunded commitments in Third Point Venture Offshore Fund II LP

On June 30, 2022, SiriusPoint Bermuda entered into the Amended and Restated Exempted Limited Partnership Agreement ("2022 Venture II LPA") of Third Point Venture Offshore Fund II LP ("TP Venture Fund II"). In accordance with the 2022 Venture II LPA, Third Point Venture GP II LLC ("TP Venture GP II") serves as the general partner of TP Venture Fund II.

As of September 30, 2022, the Company has not funded the investment and has \$25.0 million of unfunded commitments related to TP Venture Fund II.

Investments managed by related parties

The following table provides the fair value of the Company's investments managed by related parties as of September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Third Point Enhanced LP	\$ 280.3	\$ 878.2
Third Point Venture Offshore Fund I LP	28.7	31.4
Investments in related party investment funds, at fair value	309.0	909.6
Third Point Optimized Credit Portfolio (1)	500.7	—
Total investments managed by related parties	<u>\$ 809.7</u>	<u>\$ 909.6</u>

(1) The Third Point Optimized Credit Portfolio is reported in debt securities available for sale and trading in the consolidated balance sheets.

As of September 30, 2022, \$350.0 million of withdrawals from the TP Enhanced Fund remain to be reinvested in, or contractually committed to, the TPOC Portfolio or other Third Point strategies, pursuant to the 2022 LPA.

Management, advisory and performance fees to related parties

The total management, advisory and performance fees to related parties for the three and nine months ended September 30, 2022 and 2021 were as follows:

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Management and advisory fees	\$ 0.9	\$ 5.3	\$ 6.1	\$ 14.1
Performance fees	—	50.3	(1.3)	99.7
Total management, advisory and performance fees to related parties	<u>\$ 0.9</u>	<u>\$ 55.6</u>	<u>\$ 4.8</u>	<u>\$ 113.8</u>

Management and advisory fees

Third Point Enhanced LP

Effective January 1, 2019, SiriusPoint and SiriusPoint Bermuda entered into the Second Amended and Restated Exempted Limited Partnership Agreement (the "2019 LPA") of TP Enhanced Fund. Pursuant to the 2019 LPA, Third Point LLC is entitled to receive monthly management fees. Management fees are charged at the TP Enhanced Fund level and are calculated based on 1.25% of the investment in TP Enhanced Fund and multiplied by an exposure multiplier computed by dividing the average daily investment exposure leverage of the TP Enhanced Fund by the average daily investment exposure leverage of the Third Point Offshore Master Fund L.P. ("Offshore Master Fund"). Third Point LLC also serves as the investment manager for the Offshore Master Fund.

The 2020 LPA, effective February 26, 2021, removed the adjustment for investment exposure leverage in the management fee calculation, as previously adjusted for under the 2019 LPA. The 2020 LPA did not amend the management fee rate of 1.25% per annum.

The 2022 LPA, effective February 23, 2022, did not amend the management fee rate of 1.25% per annum.

Third Point Venture Offshore Fund I LP

No management fees are payable by the Company under the 2021 Venture LPA.

Third Point Venture Offshore Fund II LP

Pursuant to the 2022 Venture II LPA, management fees are charged at the TP Venture Fund II level and are calculated based on 0.1875% per quarter (0.75% per annum).

Third Point Insurance Portfolio Solutions and Third Point Optimized Credit

Effective February 26, 2021, Third Point LLC, Third Point Insurance Portfolio Solutions (“TPIPS”) and the Company entered into an Investment Management Agreement (the “TPIPS IMA”), pursuant to which TPIPS will serve as investment manager to the Company and provide investment advice with respect to the investable assets of the Company, other than assets that the Company may withdraw from time to time as working capital. The Amended and Restated Collateral Assets Investment Management Agreement was terminated at the effective date of the TPIPS IMA.

Pursuant to the TPIPS IMA, the Company will pay Third Point LLC a fixed management fee, payable monthly in advance, equal to 1/12 of 0.06% of the fair value of assets managed (other than assets invested in TP Enhanced Fund).

On February 23, 2022, the Company entered into the 2022 IMA with Third Point LLC and the other parties thereto, which amended and restated the TPIPS IMA.

Pursuant to the 2022 IMA, effective February 23, 2022, the Company will also pay Third Point LLC a monthly management fee equal to one twelfth of 0.50% (0.50% per annum) of the TPOC Portfolio, net of any expenses, and a fixed advisory fee of \$1,500,000 per annum.

Performance fees

Third Point Enhanced LP

Pursuant to the 2019 LPA, TP GP receives a performance fee allocation equal to 20% of the Company’s investment income in the related party investment fund. The performance fee is included as part of “Investments in related party investment fund, at fair value” on the Company’s consolidated balance sheets since the fees are charged at the TP Enhanced Fund level.

The performance fee is subject to a loss carryforward provision pursuant to which TP GP is required to maintain a loss recovery account, which represents the sum of all prior period net loss amounts and not subsequently offset by prior year net profit amounts, and that is allocated to future profit amounts until the loss recovery account has returned to a positive balance. Until such time, no performance fees are payable, provided that the loss recovery account balance shall be reduced proportionately to reflect any withdrawals from TP Enhanced Fund. The 2019 LPA preserves the loss carryforward attributable to our investment in TP Enhanced Fund when contributions to TP Enhanced Fund are made within nine months of certain types of withdrawals from TP Enhanced Fund.

Pursuant to the 2020 LPA, the performance of certain fixed income and other investments managed by Third Point LLC were included when calculating the performance fee allocation and loss recovery account amounts under the terms of the 2019 LPA for the year ended December 31, 2020 only. There are no other changes to the performance fee calculation under the 2020 LPA.

The 2022 LPA did not amend the performance fee calculation.

Third Point Venture Offshore Fund I LP

Pursuant to the 2021 Venture LPA, TP Venture GP receives a performance fee allocation equal to 20% of the Company’s investment income in the related party investment fund.

Third Point Venture Offshore Fund II LP

Pursuant to the 2022 Venture II LPA, TP Venture GP II receives a performance fee allocation equal to 20% of the Company's investment income in the related party investment fund.

Third Point Optimized Credit

Pursuant to the 2022 IMA, the Company will pay Third Point LLC, from the assets of each sub-account, an annual incentive fee equal to 15% of outperformance over a specified benchmark. The performance fee is included as part of "Net investment income" on the Company's consolidated statements of income (loss).

19. Commitments and contingencies

Financing

See Note 14 for additional information related to the Company's debt obligations.

Letters of credit

See Note 14 for additional information related to the Company's letter of credit facilities.

Liability-classified capital instruments

See Note 3 for additional information related to the contingent value consideration components of the Sirius Group acquisition.

Promissory notes & loan agreement

On September 16, 2020, the Company entered into an Unsecured Promissory Note agreement with Arcadian, pursuant to which the Company has committed to loan up to \$18.0 million. Interest shall accrue and be computed on the aggregate principal amount drawn and outstanding at a rate of 8.0% per annum. No amounts were drawn as of September 30, 2022.

On July 2, 2021, the Company entered into a loan and security agreement with Joyn, pursuant to which the Company has lent Joyn \$11.5 million. Interest shall accrue and be computed on the aggregate principal amount drawn and outstanding at a rate of 8.0% per annum. In the three and nine months ended September 30, 2022, \$0.8 million of unsecured promissory notes were issued by Joyn to the Company.

On March 7, 2022, the Company entered into an Unsecured Convertible Promissory Note agreement with Player's Health, pursuant to which the Company has lent \$8.0 million. Interest shall accrue and be computed on the aggregate principal amount drawn and outstanding at a rate of 6.0% per annum.

Litigation

From time to time in the normal course of business, the Company may be involved in formal and informal dispute resolution processes, which may include arbitration or litigation, the outcomes of which determine the rights and obligations under the Company's reinsurance and insurance contracts and other contractual agreements. In some disputes, the Company may seek to enforce its rights under an agreement or to collect funds owed to it. In other matters, the Company may resist attempts by others to collect funds or enforce alleged rights. The Company may also be involved, from time to time in the normal course of business, in formal and informal dispute resolution processes that do not arise from, or are not directly related to, claims activity. The Company believes that no individual litigation or arbitration to which it is presently a party is likely to have a material adverse effect on its results of operations, financial condition, business or operations.

Leases

The Company operates in Bermuda, the United States, Canada, Europe and Asia, and leases office space under various non-cancelable operating lease agreements.

During the three and nine months ended September 30, 2022, the Company recognized operating lease expense of \$2.9 million and \$8.6 million, respectively (2021 - \$3.1 million and \$7.6 million, respectively), including property taxes and routine maintenance expense as well as rental expenses related to short term leases.

The following table presents the lease balances within the consolidated balance sheets as of September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Operating lease right-of-use assets (1)	\$ 19.8	\$ 27.4
Operating lease liabilities (2)	\$ 24.6	\$ 32.5
Weighted average lease term (years)	5.0	5.0
Weighted average discount rate	2.2 %	2.4 %

(1) Operating lease right-of-use assets are included in other assets on the Company's consolidated balance sheets.

(2) Operating lease liabilities are included in accounts payable, accrued expenses and other liabilities on the Company's consolidated balance sheets.

Future minimum rental commitments as of September 30, 2022 under these leases are expected to be as follows:

	Future Payments
Remainder of 2022	\$ 2.6
2023	7.7
2024	4.4
2025	3.1
2026 and thereafter	8.0
Total future annual minimum rental payments	25.8
Less: present value discount	(1.2)
Total lease liability as of September 30, 2022	<u>\$ 24.6</u>

The above table does not include future minimum rental commitments of one material lease that has not yet commenced as of September 30, 2022. The minimum rental commitment under this lease is approximately \$9.4 million.

20. Subsequent event

Restructuring and Transformation Plan

On November 2, 2022, the Company announced that it is restructuring its underwriting platform to support the future shape of its business. As part of its ongoing strategy to strengthen underwriting results and align the Company's operating platform to its business portfolio, the Company will be making changes to the structure and composition of its international branch network (the "Restructuring Plan"). The Company will reduce the locations from which it underwrites property catastrophe reinsurance. As a result, the Company will close its offices in Hamburg, Miami and Singapore, and reduce its footprint in Liege and Toronto. Following the anticipated closures and scaling of its operating platform, the Company will continue to serve clients and underwrite North American property catastrophe business from Bermuda, and international property catastrophe business from Stockholm. The Company's initial estimate is that it will incur approximately \$30.0 million to \$35.0 million of total costs, primarily in the fourth quarter of 2022, to implement the Restructuring Plan.

ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis is intended to help the reader understand our business, financial condition, results of operations, liquidity and capital resources. You should read this discussion in conjunction with our unaudited consolidated financial statements and the related notes contained elsewhere in this Quarterly Report on Form 10-Q (“Form 10-Q”). The terms “we,” “our,” “us,” and the “Company,” as used in this report, refer to SiriusPoint Ltd. (“SiriusPoint”) and its directly and indirectly owned subsidiaries as a combined entity, except where otherwise stated or where it is clear that the terms mean only SiriusPoint exclusive of its subsidiaries.

The statements in this discussion regarding business outlook, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements in this discussion are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2021 (the “2021 Form 10-K”), as updated by this Form 10-Q, and in “Cautionary Note Regarding Forward-Looking Statements” below. Our actual results may differ materially from those contained in or implied by any forward-looking statements.

Acquisition of Sirius International Insurance Group, Ltd.

On February 26, 2021, we completed the acquisition of Sirius International Insurance Group, Ltd. (“Sirius Group”) and changed our name from Third Point Reinsurance Ltd. to SiriusPoint Ltd. See Note 3 “Acquisition of Sirius Group” in our unaudited consolidated financial statements included elsewhere in this Form 10-Q for a more detailed discussion on the Sirius Group acquisition.

Our results of operations and financial condition for the nine months ended September 30, 2021 include Sirius Group for the period from February 26, 2021 through September 30, 2021. The following discussion and analysis of our results of operations for the three and nine months ended September 30, 2022, compared to the three and nine months ended September 30, 2021, should be read in that context.

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this Form 10-Q may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, without limitation, statements regarding prospects for our industry, our business strategy, plans, goals and expectations concerning our market position, international expansion, investment portfolio expectations, future operations, margins, profitability, efficiencies, capital expenditures, liquidity and capital resources and other non-historical financial and operating information. When used in this discussion, the words “believes,” “intends,” “seeks,” “anticipates,” “plans,” “estimates,” “expects,” “assumes,” “continues,” “should,” “could,” “will,” “may” and the negative of these or similar terms and phrases are intended to identify forward-looking statements.

Forward-looking statements reflect our current expectations regarding future events, results or outcomes. These expectations may or may not be realized. Although we believe the expectations reflected in the forward-looking statements are reasonable, we can give you no assurance these expectations will prove to have been correct. Some of these expectations may be based upon assumptions, data or judgments that prove to be incorrect. Actual events, results and outcomes may differ materially from our expectations due to a variety of known and unknown risks, uncertainties and other factors. Although it is not possible to identify all of these risks and factors, they include, among others, the following:

- our ability to attract and retain key senior management;
- a downgrade or withdrawal of our financial ratings;
- our ability to execute on our strategic transformation, including changing the mix of business between insurance and reinsurance and restructuring our underwriting platform;
- the impact of the novel coronavirus (“COVID-19”) pandemic or other unpredictable catastrophic events including uncertainties with respect to current and future COVID-19 losses across many classes of insurance business and the amount of insurance losses that may ultimately be ceded to the reinsurance market, supply chain issues, labor shortages and related increased costs, changing interest rates, equity market volatility and ongoing business and financial market impacts of COVID-19;
- the costs, expenses and difficulties of the integration of the operations of Sirius Group;
- fluctuations in our results of operations;

- inadequacy of loss and loss adjustment expense reserves, the lack of availability of capital, and periods characterized by excess underwriting capacity and unfavorable premium rates;
- the performance of financial markets, impact of inflation, and foreign currency fluctuations;
- legal restrictions on certain of SiriusPoint's insurance and reinsurance subsidiaries' ability to pay dividends and other distributions to SiriusPoint;
- our ability to compete successfully in the (re)insurance market and the effect of consolidation in the (re)insurance industry;
- technology breaches or failures, including those resulting from a malicious cyber-attack on us, our business partners or service providers;
- the effects of global climate change, including increased severity and frequency of weather-related natural disasters and catastrophes and increased coastal flooding in many geographic areas;
- our ability to retain highly-skilled employees and the effects of potential labor disruptions due to COVID-19 or otherwise;
- the outcome of legal and regulatory proceedings, regulatory constraints on our business, including legal restrictions on certain of our insurance and reinsurance subsidiaries' ability to pay dividends and other distributions to us, and losses from unfavorable outcomes from litigation and other legal proceedings;
- reduced returns or losses in SiriusPoint's investment portfolio;
- our concentrated exposure in funds and accounts managed by Third Point LLC, our lack of control over Third Point LLC, our limited ability to withdraw our capital accounts and conflicts of interest among various members of Third Point Advisors LLC ("TP GP"), Third Point Enhanced LP ("TP Enhanced Fund"), Third Point LLC and us;
- our potential exposure to U.S. federal income and withholding taxes and our significant deferred tax assets, which could become devalued if we do not generate future taxable income or applicable corporate tax rates are reduced;
- risks associated with delegating authority to third party managing general agents ("MGAs");
- future strategic transactions such as acquisitions, dispositions, investments, mergers or joint ventures; and
- other risks and factors listed under "Risk Factors" in our 2021 Form 10-K, as updated by this Form 10-Q, and other subsequent periodic reports filed with the Securities and Exchange Commission.

Any one of these factors or a combination of these factors could materially affect our financial condition or future results of operations and could influence whether any forward-looking statements contained in this report ultimately prove to be accurate. Our forward-looking statements are not guarantees of future performance, and you should not place undue reliance on them. All forward-looking statements speak only as of the date made and we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

In addition, while we do, from time to time, communicate with security analysts, it is against our policy to disclose to them any material non-public information or other confidential information. Accordingly, shareholders should not assume that we agree with any statement or report issued by any analyst irrespective of the content of the statement or report. Thus, to the extent that reports issued by securities analysts contain any projections, forecasts, or opinions, such reports are not our responsibility.

Overview

We are a holding company domiciled in Bermuda. Through our subsidiaries, we provide multi-line insurance and reinsurance products and services on a worldwide basis. We aim to be a highly diversified business with a sustainable and scalable underwriting platform, and a portfolio of insurance-related businesses. We seek to leverage our underwriting talent and capabilities, proven management expertise and geographical footprint, to build on our existing portfolio and identify new opportunities to create value. We intend to allocate our capital to the best opportunities and react quickly to new risks. We are focused on optimizing capital allocation and rebalancing towards insurance and higher margin and growth lines. We have embarked on a series of strategic partnerships which we see as a key differentiator and a means by which we can add value and drive disruptive change in the industry, responding to consumers' insurance needs.

We have licenses to write property, casualty and accident & health insurance and reinsurance globally, including admitted & non-admitted licensed companies in the United States, a Bermuda Class 4 company, a Lloyd's of London ("Lloyd's") syndicate and managing agency, and an internationally licensed company domiciled in Sweden and operating through a global branch network, predominately in Europe.

Products and Services

The acquisition of Sirius Group created a highly diversified portfolio with expanded underwriting capabilities, geographical footprint and product offerings. In the fourth quarter of 2021, we began classifying our business into two reportable segments - Reinsurance and Insurance & Services. Where applicable, all prior periods presented have been revised to conform to this new presentation. Each segment is described below.

Reinsurance Segment

We provide reinsurance products to insurance and reinsurance companies, government entities, and other risk bearing vehicles on a treaty or facultative basis. We participate in the broker market for reinsurance treaties written in the United States and Bermuda primarily on a proportional and excess of loss basis. Our international book of business consists of treaty, written on both a proportional and excess of loss basis, facultative, and primary business, primarily in Europe, Asia and Latin America.

The Reinsurance segment provides coverage in the following product lines: Aviation & Space, Casualty, Contingency, Credit & Bond, Marine & Energy, Mortgage and Property.

Insurance & Services Segment

The Insurance & Services segment predominantly provides insurance coverage in addition to receiving fees for services provided within Insurance & Services and to third parties. Insurance & Services revenues allows us to diversify our traditional reinsurance portfolio and generally has lower capital requirements. We make both controlling and noncontrolling equity investments and debt investments in MGAs and other insurance-related business (collectively, “Strategic Investments”). In addition, service fees from MGAs and their insurance provided are generally not as prone to the volatile underwriting cycle that is common in reinsurance marketplace. The Insurance & Services segment provides coverage in the following product lines: Accident & Health (“A&H”), Environmental, Workers’ Compensation, and other lines of business including a cross section of Property and Casualty lines.

Investment Management

We continue to reposition our investment portfolio to better align with our underwriting strategy, while leveraging our strategic partnership with Third Point LLC. We believe that this repositioning will result in lower volatility, while taking advantage of opportunities to improve risk-adjusted returns across asset classes.

Under our investment strategy, our fixed income investments, which comprise the majority of our portfolio, are outsourced to a diversified range of third-party asset managers. This includes the Third Point Optimized Credit fixed income strategy, which is predominately investment grade and managed by Third Point LLC, to which we are contractually obligated to reinvest all or part of TP Enhanced Fund withdrawals to date. Third Point LLC continues to manage a significant portion of our alternative investments, including TP Enhanced Fund, Third Point Venture Offshore Fund I LP (“TP Venture Fund”) and Third Point Venture Offshore Fund II LP (“TP Venture Fund II”), as well as working with us on asset-liability management strategies that are tailored to our risk and capital considerations.

Our investment objective is to maximize long-term after-tax total return while (1) limiting the investment risk within prudent risk tolerance thresholds, (2) maintaining adequate liquidity, and (3) complying with the regulatory, rating agency, and internal risk and capital management requirements, all in support of the company goal of meeting policyholder obligations.

Recent Developments

Restructuring and Transformation Plan

We are restructuring our underwriting platform to support the future shape of our business. As part of our ongoing strategy to strengthen underwriting results and align our operating platform to our business portfolio, SiriusPoint will be making changes to the structure and composition of our international branch network. SiriusPoint will reduce the locations from which we underwrite property catastrophe reinsurance. As a result, SiriusPoint will close our offices in Hamburg, Miami and Singapore, and reduce our footprint in Liege and Toronto. Following the anticipated closures and scaling of our operating platform, we will continue to serve clients and underwrite North American property catastrophe business from Bermuda, and international property catastrophe business from Stockholm.

Interest Rates and Inflation

We continue to see rising interest rates as a result of central banks' monetary policies across the globe. While the rise in interest rates negatively affects the fair value of current debt security holdings, it also provides higher reinvestment rates upon maturity or sales of our existing portfolio. Additionally, our 2017 SEK Subordinated Notes bear interest at a variable rate based on the Stockholm Interbank Offered Rate plus a margin.

As inflation continues to increase we have evaluated the impact on our underwriting results and reserves. We proactively adjusted trend assumptions in our pricing. As of September 30, 2022, we believe our estimate of the impact of inflation is within our established reserves given the existing provisions for uncertainty that we previously established. As the inflationary environment is dynamic with a relatively high degree of uncertainty, we will continue to monitor and analyze the inflationary environment and its effect on our portfolio in order to maintain adequate pricing and reserving estimates.

Russia/Ukraine Conflict

Following Russia's invasion of Ukraine in February 2022, the U.S., the U.K., and the European Union governments, among others, have developed coordinated financial and economic sanctions targeting Russia that, in various ways, constrain transactions with numerous Russian entities, including major Russian banks, and individuals; transactions in Russian sovereign debt; and investment, trade and financing to, from, or in certain regions of Ukraine. The effect of the Russia/Ukraine conflict with respect to exposures and coverage interpretations is highly uncertain. We are closely monitoring the developments relating to the Russia/Ukraine conflict and assessing its impact on our business and the insurance and reinsurance sectors. The degree to which companies may be affected depends largely on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The conflict also created heightened cyber-security threats to our information technology infrastructure. For additional discussion on risks relating to cybersecurity, see *"Risks Relating to Our Business — Technology breaches or failures, including those resulting from a malicious cyber-attack on us or our business partners and service providers, could disrupt or otherwise negatively impact our business"* in Part I, Item 1A of our 2021 Form 10-K.

Our current underwriting loss estimate of \$18.2 million as of September 30, 2022 has changed minimally from our initial loss estimates in the first quarter of 2022; however the ultimate impact on our business remains highly uncertain.

While the economic uncertainty resulting from the conflict has impacted global financial markets, the Company's investment portfolio does not have meaningful direct exposure to investments in Russia or Ukraine.

Other impacts due to this evolving situation are currently unknown and could potentially subject our business to materially adverse consequences should the situation escalate beyond its current scope, including, among other potential impacts, the geographic proximity of the situation relative to the rest of Europe, where a material portion of our business is carried out.

S&P CreditWatch

On September 28, 2022, S&P removed the Company and its core subsidiaries' ratings from CreditWatch with negative implications, where S&P had placed them on June 28, 2022.

Key Performance Indicators

We believe that the following key financial indicators are the most important in evaluating our performance:

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
(\$ in millions, except for per share data and ratios)				
Combined ratio	107.7 %	147.7 %	98.5 %	115.1 %
Core underwriting loss (1)	\$ (88.3)	\$ (244.6)	\$ (66.0)	\$ (198.1)
Core net services income (1)	\$ 12.9	\$ 0.8	\$ 37.5	\$ 52.3
Core loss (1)	\$ (75.4)	\$ (243.8)	\$ (28.5)	\$ (145.8)
Core combined ratio (1)	114.5 %	150.2 %	103.9 %	116.6 %
Annualized return on average common shareholders' equity attributable to SiriusPoint common shareholders	(20.1)%	(7.8)%	(24.0)%	12.3 %
Basic book value per share (1) (2)	\$ 11.75	\$ 14.46	\$ 11.75	\$ 14.46
Tangible basic book value per share (1) (2)	\$ 10.71	\$ 13.38	\$ 10.71	\$ 13.38
Diluted book value per share (1) (2)	\$ 11.61	\$ 14.33	\$ 11.61	\$ 14.33
Tangible diluted book value per share (1) (2)	\$ 10.58	\$ 13.27	\$ 10.58	\$ 13.27

(1) Core underwriting loss, Core net services income, Core loss and Core combined ratio are non-GAAP financial measures. See definitions in "Non-GAAP Financial Measures" and reconciliations in "Segment Results" below and Note 4 "Segment reporting" in our unaudited consolidated financial statements included elsewhere in this Form 10-Q. Basic book value per share, tangible basic book value per share, diluted book value per share and tangible diluted book value per share are non-GAAP financial measures. See definitions and reconciliations in "Non-GAAP Financial Measures".

(2) Prior year comparatives represent amounts as of December 31, 2021.

Core Results

See "Segment Results" below for additional information.

Annualized Return on Average Common Shareholders' Equity Attributable to SiriusPoint Common Shareholders

Annualized return on average common shareholders' equity attributable to SiriusPoint common shareholders is calculated by dividing annualized net income (loss) available to SiriusPoint common shareholders for the period by the average common shareholders' equity determined using the common shareholders' equity balances at the beginning and end of the period.

Annualized return on average common shareholders' equity attributable to SiriusPoint common shareholders for the three and nine months ended September 30, 2022 and 2021 was calculated as follows:

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
(\$ in millions)				
Net income (loss) available to SiriusPoint common shareholders	\$ (98.4)	\$ (48.0)	\$ (376.2)	\$ 184.9
Common shareholders' equity attributable to SiriusPoint common shareholders - beginning of period	2,023.3	2,480.1	2,303.7	1,563.9
Common shareholders' equity attributable to SiriusPoint common shareholders - end of period	1,884.5	2,438.0	1,884.5	2,438.0
Average common shareholders' equity attributable to SiriusPoint common shareholders	\$ 1,953.9	\$ 2,459.1	\$ 2,094.1	\$ 2,001.0
Annualized return on average common shareholders' equity attributable to SiriusPoint common shareholders	(20.1)%	(7.8)%	(24.0)%	12.3 %

The decrease in annualized return on average common shareholders' equity attributable to SiriusPoint common shareholders for the three months ended September 30, 2022 was due to a higher net loss during the three months ended September 30, 2022, primarily as a result of catastrophe losses for Hurricane Ian and other third quarter catastrophe events and realized and unrealized investment losses, compared to catastrophe losses for the European floods and Hurricane Ida, partially offset by realized and unrealized investment gains for the three months ended September 30, 2021.

The decrease in annualized return on average common shareholders' equity attributable to SiriusPoint common shareholders for the nine months ended September 30, 2022 was due to a net loss during the nine months ended September 30, 2022, primarily as a result of realized and unrealized investment losses and catastrophe losses for Hurricane Ian and other catastrophe events, including South African floods and French hail storms, compared to realized and unrealized investment gains for the nine months ended September 30, 2021, partially offset by catastrophe losses for the European floods, Hurricane Ida, June windstorms and winter storm Uri in the prior year period.

Basic and Tangible Basic Book Value Per Share

Basic book value per share and tangible basic book value per share are non-GAAP financial measures and there are no comparable U.S. GAAP measures. See "Non-GAAP Financial Measures" for an explanation and reconciliations.

As of September 30, 2022, basic book value per share was \$11.75, representing a decrease of \$0.87 per share, or 6.9%, from \$12.62 per share as of June 30, 2022. As of September 30, 2022, tangible basic book value per share was \$10.71, representing a decrease of \$0.87 per share, or 7.5%, from \$11.58 per share as of June 30, 2022. The decreases were primarily due to a net loss in the current period.

As of September 30, 2022, basic book value per share was \$11.75, representing a decrease of \$2.71 per share, or 18.7%, from \$14.46 per share as of December 31, 2021. As of September 30, 2022, tangible basic book value per share was \$10.71, representing a decrease of \$2.67 per share, or 20.0%, from \$13.38 per share as of December 31, 2021. The decreases were primarily due to a net loss in the current period.

Diluted and Tangible Diluted Book Value Per Share

Diluted book value per share and tangible diluted book value per share are non-GAAP financial measures and there are no comparable U.S. GAAP measures. See "Non-GAAP Financial Measures" for an explanation and reconciliations.

As of September 30, 2022, diluted book value per share was \$11.61, representing a decrease of \$0.87 per share, or 7.0%, from \$12.48 per share as of June 30, 2022. As of September 30, 2022, tangible diluted book value per share was \$10.58, representing a decrease of \$0.87 per share, or 7.6%, from \$11.45 per share as of June 30, 2022. The decreases were primarily due to a net loss in the current period.

As of September 30, 2022, diluted book value per share was \$11.61, representing a decrease of \$2.72 per share, or 19.0%, from \$14.33 per share as of December 31, 2021. As of September 30, 2022, tangible diluted book value per share was \$10.58, representing a decrease of \$2.69 per share, or 20.3%, from \$13.27 per share as of December 31, 2021. The decreases were primarily due to a net loss in the current period.

Consolidated Results of Operations—Three and nine months ended September 30, 2022 and 2021:

The following table sets forth the key items discussed in the consolidated results of operations section, and the period over period change, for the three and nine months ended September 30, 2022 and 2021:

	Three months ended			Nine months ended		
	September 30, 2022	September 30, 2021	Change	September 30, 2022	September 30, 2021	Change
	(\$ in millions)					
Total underwriting income (loss)	\$ (46.9)	\$ (237.9)	\$ 191.0	\$ 25.4	\$ (180.1)	\$ 205.5
Total realized and unrealized investment gains (losses) and net investment income	(28.2)	199.8	(228.0)	(374.8)	463.7	(838.5)
Other revenues	13.1	33.2	(20.1)	96.1	121.9	(25.8)
Net corporate and other expenses	(70.8)	(59.9)	(10.9)	(220.2)	(194.5)	(25.7)
Intangible asset amortization	(2.1)	(2.0)	(0.1)	(6.0)	(4.1)	(1.9)
Interest expense	(9.4)	(9.7)	0.3	(28.1)	(24.4)	(3.7)
Foreign exchange gains	51.6	16.1	35.5	127.5	16.5	111.0
Income tax (expense) benefit	(0.9)	13.0	(13.9)	17.1	(6.4)	23.5
Net income (loss)	<u>\$ (93.6)</u>	<u>\$ (47.4)</u>	<u>\$ (46.2)</u>	<u>\$ (363.0)</u>	<u>\$ 192.6</u>	<u>\$ (555.6)</u>

The key changes in our consolidated results for the three and nine months ended September 30, 2022 compared to the prior year periods are discussed below.

Underwriting results

The improvement in net underwriting results for the three months ended September 30, 2022 was driven by lower catastrophe losses compared to the prior year period. Catastrophe losses, net of reinsurance and reinstatement premiums, were \$114.6 million, or 18.7 percentage points on the combined ratio, for the three months ended September 30, 2022, compared to \$286.5 million, or 57.3 percentage points on the combined ratio, for the three months ended September 30, 2021. The lower catastrophe losses were a result of our significant reduction in catastrophe exposed business.

The improvement in net underwriting results for the nine months ended September 30, 2022 was driven by lower catastrophe losses compared to the prior year period. Catastrophe losses, net of reinsurance and reinstatement premiums, were \$137.7 million, or 8.0 percentage points on the combined ratio, for the nine months ended September 30, 2022, compared to \$304.9 million, or 25.5 percentage points on the combined ratio, for the nine months ended September 30, 2021. The lower catastrophe losses were a result of our significant reduction in catastrophe exposed business.

See “Segment Results” below for additional information.

Investments

Investment Portfolio

The following is a summary of our total investments, cash and cash equivalents and restricted cash and cash equivalents as of September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
	(\$ in millions)	
Debt securities, trading	\$ 1,697.1	\$ 2,085.6
Debt securities, available for sale	1,324.0	—
Total debt securities ⁽¹⁾	3,021.1	2,085.6
Short-term investments	1,991.6	1,075.8
Investments in related party investment funds ⁽²⁾	309.0	909.6
Other long-term investments	414.9	456.1
Equity securities	1.4	2.8
Total investments	5,738.0	4,529.9
Cash and cash equivalents	647.3	999.8
Restricted cash and cash equivalents ⁽³⁾	144.2	948.6
Total invested assets and cash	<u>\$ 6,529.5</u>	<u>\$ 6,478.3</u>

(1) Includes \$500.7 million of investments in the Third Point Optimized Credit portfolio (“TPOC Portfolio”).

(2) Consists of our investments in TP Enhanced Fund and TP Venture Fund.

(3) Primarily consists of cash and fixed income securities such as U.S. Treasuries, money markets funds, and sovereign debt, securing our contractual obligations under certain (re)insurance contracts that we will not be released from until the underlying risks have expired or have been settled.

The main driver for the increase in total investments as of September 30, 2022 was the deployment of our cash to short-term investments to take advantage of rising interest rates. Additionally, total investments also increased as there was an increase in investment purchases to cover short positions and securities under repurchase agreements. These increases were offset by losses in related party investment funds, primarily from the decline in fair value of our investment in the TP Enhanced Fund, in addition to net realized and unrealized investment losses, due to rising interest rates and widening credit spreads. We withdrew \$404.0 million from the TP Enhanced Fund during the nine months ended September 30, 2022, as we continue our plan to diversify and reduce the volatility of our portfolio.

Fixed income assets are positioned with a shorter duration than liabilities to capitalize on a rising rate environment. Our fixed income portfolio returned (0.6)% on an original currency basis, despite the interest rate increase in the third quarter, as we have positioned our fixed income portfolio, short duration relative to our liabilities, at 1.3 years excluding cash and cash equivalents. We believe that our duration positioning, as well as allocation to cash and short term investments, will also enable us to benefit from increased interest income in the remainder of 2022 as we continue to deploy the portfolio.

The Company has elected to classify debt securities purchased on or after April 1, 2022 as available for sale (“AFS”). This election was made as the AFS model more accurately reflects the investment strategy as we do not actively trade individual securities within our investment portfolio. The AFS portfolio has been funded by sales of the trading portfolio and reallocation of investments from the TP Enhanced Fund during the three and nine months ended September 30, 2022.

Investment Results

The following is a summary of the results from investments and cash for the three and nine months ended September 30, 2022 and 2021:

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(\$ in millions)			
Net realized and unrealized investment gains (losses)	\$ (56.1)	\$ (11.7)	\$ (236.4)	\$ 43.7
Net realized and unrealized investment gains (losses) from related party investment funds	(8.3)	202.4	(199.8)	401.2
Net investment income	36.2	9.1	61.4	18.8
Total realized and unrealized investment gains (losses) and net investment income	<u>\$ (28.2)</u>	<u>\$ 199.8</u>	<u>\$ (374.8)</u>	<u>\$ 463.7</u>

The following is a summary of net investment income (loss) by investment classification, for the three and nine months ended September 30, 2022 and 2021:

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(\$ in millions)			
Debt securities, trading	\$ (21.2)	\$ 2.4	\$ (141.4)	\$ 12.6
Debt securities, available for sale	12.5	—	15.4	—
Short-term investments	(6.1)	(5.6)	(8.7)	(4.2)
Other long-term investments	7.1	11.5	5.5	73.4
Equity securities	(0.1)	(1.4)	(0.5)	(1.4)
Net realized and unrealized investment gains (losses) from related party investment funds	(8.3)	202.4	(199.8)	401.2
Realized and unrealized investment gains (losses) and net investment income before other investment expenses and investment loss on cash and cash equivalents	(16.1)	209.3	(329.5)	481.6
Other investment expenses	(6.9)	(7.8)	(14.5)	(12.3)
Net investment loss on cash and cash equivalents	(5.2)	(1.7)	(30.8)	(5.6)
Total realized and unrealized investment gains (losses) and net investment income	<u>\$ (28.2)</u>	<u>\$ 199.8</u>	<u>\$ (374.8)</u>	<u>\$ 463.7</u>

Investment Returns

The following is a summary of the net returns for our investments on a U.S. Dollar and local currency basis for the three and nine months ended September 30, 2022 and 2021:

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
TP Enhanced Fund	(3.2)%	16.3 %	(28.2)%	38.3 %
TP Venture Fund	0.5 %	5.5 %	(16.9)%	10.0 %
SiriusPoint total fixed income investments ⁽¹⁾⁽²⁾				
In U.S. dollars	(1.2)%	(0.1)%	(4.7)%	(0.1)%
In local currencies	(0.6)%	10.0 %	(3.6)%	0.4 %
SiriusPoint total equity securities and other long-term investments				
In U.S. dollars	1.4 %	1.5 %	0.7 %	12.6 %
In local currencies	1.6 %	1.5 %	1.1 %	12.7 %

(1) Fixed income investments exclude cash and cash equivalents.

(2) Includes returns of (0.8)% and (3.8)% from investments in the TPOC Portfolio for the three and nine months ended September 30, 2022, respectively.

Total realized and unrealized investment losses and net investment income for the three months ended September 30, 2022 was primarily attributable to losses on the fixed income portfolio of \$8.7 million, or a (1.2)% return, on our debt securities primarily due to rising interest rates and to a lesser extent foreign currency movements and widening credit spreads. Our fixed income portfolio is positioned shorter than liabilities however our results have been impacted by foreign exchange losses due to strengthening of the U.S. dollar against global currencies. We also recognized a net investment loss of \$8.4 million from our investment in the TP Enhanced Fund, corresponding to a (3.2)% return. The return was attributable to losses from short event/fundamental equities; long activist positions; corporate credit; and late stage private positions. These losses were partially offset by income from interest rate hedges, long event/fundamental equities, activist hedges and structured credit positions.

Total realized and unrealized investment losses and net investment income for the nine months ended September 30, 2022 was primarily attributable to a net investment loss of \$194.0 million from our investment in the TP Enhanced Fund, corresponding to a (28.2)% return. The return was attributable to losses from long event/fundamental and activist equities; credit, including corporate credit and structured credit; and late stage private positions. These losses were partially offset by income from interest rate hedges and short equity positions. In addition to losses on the TP Enhanced Fund, we recognized losses of \$126.0 million, or a (4.7)% return, on our debt securities and \$5.0 million, or a 0.7% return, on our equity securities and other long-term investment portfolios, primarily due to rising interest rates and to a lesser extent foreign currency movements and widening credit spreads.

Total realized and unrealized investment gains and net investment income for the three months ended September 30, 2021 was primarily attributable to net investment income of \$201.0 million from our investment in the TP Enhanced Fund, corresponding to a 16.3% return. The return was primarily attributable to long event/fundamental and activist equities, in particular strong performance from the fund's largest positions: Upstart Holdings Inc., SentinelOne Inc., and Prudential PLC. In addition, we recognized net investment income of \$6.9 million on fixed maturity, short term, equity and alternative investments. This was mainly attributable to unrealized gains of \$4.9 million resulting from market appreciation on alternative investments and offset by unfavorable foreign exchange developments.

Total realized and unrealized investment gains and net investment income for the nine months ended September 30, 2021 was primarily attributable to net investment income of \$398.8 million from our investment in the TP Enhanced Fund, corresponding to a 38.3% return. The return was primarily attributable to long event/fundamental equities, in particular Upstart Holdings Inc. and SentinelOne Inc. In addition, we recognized an unrealized gain of \$35.4 million from our investment in Pie Insurance and \$18.1 million in unrealized gains in other private equity and hedge fund investments for the nine months ended September 30, 2021.

Refer to Part I, Item 3. "Quantitative and Qualitative Disclosures about Market Risks" of this Form 10-Q for a discussion of certain risks and factors that could adversely impact our investments results.

Other Revenues

For the three months ended September 30, 2022, other revenues primarily consisted of \$20.5 million of service fee revenue from MGAs, \$1.8 million of changes in the fair value of liability-classified capital instruments and a \$6.7 million impairment loss related to our investment in Joyn. For the three months ended September 30, 2021, other revenues consisted of \$18.8 million of changes in the fair value of liability-classified capital instruments, \$12.5 million of service fee revenue from MGAs and a bargain purchase gain of \$2.0 million. The decrease in other revenues for the three months ended September 30, 2022 compared to the three months ended September 30, 2021 is driven by the decrease in gain from the decline in the fair value of the liability-classified capital instruments in line with a less significant decline in share price, partially offset by higher services fee revenue from International Medical Group, Inc. (“IMG”) due to improved market conditions.

For the nine months ended September 30, 2022, other revenues primarily consisted of \$66.4 million of service fee revenue from MGAs, \$39.0 million of changes in the fair value of liability-classified capital instruments and a \$6.7 million impairment loss related to our investment in Joyn. For the nine months ended September 30, 2021, other revenues consisted of \$50.4 million of bargain purchase gain, \$37.3 million of service fee revenue from MGAs and \$34.3 million of changes in the fair value of liability-classified capital instruments. The decrease in other revenues is driven by the bargain purchase gain recorded in 2021, partially offset by an increase in service fee revenue primarily resulting from IMG and ArmadaCorp Capital, LLC (“Armada”) fee revenue reflecting only a partial quarter in the first quarter of 2021 and a gain from the decline in the fair value of liability-classified capital instruments.

The bargain purchase gain represents the excess of the fair value of the underlying net assets acquired and liabilities assumed over the purchase price. The bargain purchase determination is consistent with the fact that Sirius Group was acquired at a discount to book value.

Net Corporate and Other Expenses

Net corporate and other expenses include services expenses, costs associated with operating as a publicly-traded company, non-underwriting activities, including service fee expenses from our MGA subsidiaries, and expected credit losses from our insurance and reinsurance balances receivable and loss and loss adjustment expenses recoverable. In addition, for the three and nine months ended September 30, 2021, net corporate and other expenses included costs related to the acquisition of Sirius Group.

The increase in net corporate and other expenses for the three months ended September 30, 2022 compared to the three months ended September 30, 2021 was primarily driven by increased services expenses from continued business growth in IMG, as well as severance, compensation related expenses and professional fees associated with the recent executive changes.

The increase in net corporate and other expenses for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 was primarily driven by increased services expense from IMG compared to expenses only from the date of acquisition of Sirius Group for the nine months of 2021, as well as severance, compensation related expenses and professional fees associated with the recent executive changes. This was partially offset by \$49.5 million of expenses associated with the acquisition of Sirius Group, certain professional and advisory fees and compensation-related expenses, which were incurred in the nine months ended September 30, 2021.

For the three months ended September 30, 2022, we recorded current expected credit expense losses (gains) of \$0.7 million (2021 - \$(0.3) million). For the nine months ended September 30, 2022, we recorded current expected losses of \$10.0 million (2021 - \$15.3 million) primarily due to credit exposure from Russian (re)insurers and cedents and downgrades of certain Florida catastrophe exposed insurers. In the nine months ended September 30, 2021, we recognized an allowance for credit losses of \$16.8 million as a result of the acquisition of Sirius Group. We recorded an expense to re-establish Sirius Group’s expected credit losses provision from the pre-merger period. See Note 13 “Allowance for expected credit losses” in our unaudited consolidated financial statements included elsewhere in this Form 10-Q for a more detailed discussion on the credit loss methodology.

Amortization of Intangible Assets

Amortization of intangible assets for the three months ended September 30, 2022 was \$2.1 million (2021 - \$2.0 million). The increase in amortization for the three months ended September 30, 2022 was due to the use of amortization patterns which are

based on the period over which they are expected to generate future net cash inflows from the use of the underlying intangible assets.

Amortization of intangible assets for the nine months ended September 30, 2022 was \$6.0 million (2021 - \$4.1 million). The increase is driven by the nine months ended September 30, 2021 reflecting only a partial quarter of expense from the legacy Sirius Group companies in the first quarter of 2021.

Interest Expense

Interest expense and finance costs are related to interest due on our senior and subordinated notes. Total interest expense for the three months ended September 30, 2022 was \$9.4 million (2021 - \$9.7 million). The decrease in interest expense for the three months ended September 30, 2022 was due to interest payments made in Swedish Krona on the 2017 SEK Subordinated Notes, which weakened as compared to the U.S. Dollar.

Total interest expense for the nine months ended September 30, 2022 was \$28.1 million (2021 - \$24.4 million). The increase is driven by the nine months ended September 30, 2021 reflecting only a partial quarter of expense on the senior notes and 2017 SEK Subordinated Notes from the legacy Sirius Group companies in the first quarter of 2021, partially offset by interest payments made in Swedish Krona on the 2017 SEK Subordinated Notes, which weakened as compared to the U.S. Dollar.

Foreign Currency Translation

Except for the Canadian reinsurance operations of SiriusPoint America and certain subsidiaries of IMG, the U.S. dollar is the functional currency for SiriusPoint's business. Assets and liabilities are remeasured into the functional currency using current exchange rates; revenues and expenses are remeasured into the functional currency using the average exchange rate for the period. The remeasurement process results in foreign exchange gains (losses) in the consolidated results of operations. Foreign exchange (gains) losses exclude investment generated net realized and unrealized investment gains (losses) as addressed in *Investment Results* above.

The foreign exchange gains of \$51.6 million for the three months ended September 30, 2022, were primarily due to \$51.9 million of foreign exchange gains from our international operations and \$19.2 million of foreign currency effects from the 2017 SEK Subordinated Notes, as a result of the strengthening of the U.S. Dollar. These gains were partially offset by losses on foreign currency derivatives intended to reduce foreign currency exposure.

The foreign exchange gains of \$127.5 million for the nine months ended September 30, 2022, were primarily due to \$114.5 million of foreign exchange gains from our international operations and \$54.3 million of foreign currency effects from the 2017 SEK Subordinated Notes, as a result of the strengthening of the U.S. Dollar. These gains were partially offset by losses on foreign currency derivatives intended to reduce foreign currency exposure.

The foreign exchange gains of \$16.1 million and \$16.5 million for the three and nine months ended September 30, 2021, respectively, were primarily due to the Company's international operations and from the foreign currency effects of the 2017 SEK Subordinated Notes.

Additional foreign currency gains (losses) were recorded as part of the investments results. See Note 8 "Total realized and unrealized investment gains (losses) and net investment income" in our unaudited consolidated financial statements included elsewhere in this Form 10-Q.

On an aggregate basis, the effects of foreign exchange resulted in a benefit to net income of \$25.6 million and \$66.2 million and comprehensive income of \$16.6 million and \$54.1 million for the three and nine months ended September 30, 2022, respectively.

Income Tax Expense

Income tax expense for the three months ended September 30, 2022 compared to income tax benefit for the three months ended September 30, 2021 is due to losses in taxable jurisdictions in the prior periods and includes an adjustment based on re-estimating the annual effective tax rate for both periods.

Income tax benefit for the nine months ended September 30, 2022 compared to income tax expense the nine months ended September 30, 2021 is due to losses in taxable jurisdictions in the current period.

Segment Results — Three and nine months ended September 30, 2022 and 2021

The determination of our reportable segments is based on the manner in which management monitors the performance of our operations. In the fourth quarter of 2021, we began classifying our business into two reportable segments - Reinsurance and Insurance & Services. Collectively, the sum of these two segments constitute “Core” results.

Corporate includes the results of all runoff business, which represent certain classes of business that we no longer actively underwrite, including those that have asbestos and environmental and other latent liability exposures and certain reinsurance contracts that have interest crediting features.

The following tables set forth the operating segment results and ratios for the three months ended September 30, 2022 and 2021:

Three months ended September 30, 2022							
	Reinsurance	Insurance & Services	Core	Eliminations ⁽²⁾	Corporate	Segment Measure Reclass	Total
	(\$ in millions)						
Gross premiums written	\$ 318.4	\$ 524.9	\$ 843.3	\$ —	\$ 0.5	\$ —	\$ 843.8
Net premiums written	267.1	366.7	633.8	—	0.6	—	634.4
Net premiums earned	304.5	305.4	609.9	—	2.7	—	612.6
Loss and loss adjustment expenses incurred, net	286.3	217.8	504.1	(1.5)	(4.7)	—	497.9
Acquisition costs, net	69.8	81.0	150.8	(34.0)	—	—	116.8
Other underwriting expenses	28.0	15.3	43.3	—	1.5	—	44.8
Underwriting income (loss)	(79.6)	(8.7)	(88.3)	35.5	5.9	—	(46.9)
Services revenue	3.4	52.5	55.9	(35.4)	—	(20.5)	—
Services expenses	—	47.2	47.2	—	—	(47.2)	—
Net services fee income	3.4	5.3	8.7	(35.4)	—	26.7	—
Services noncontrolling loss	—	0.5	0.5	—	—	(0.5)	—
Net investment gains from Strategic Investments	0.3	3.4	3.7	—	—	(3.7)	—
Net services income	3.7	9.2	12.9	(35.4)	—	22.5	—
Segment income (loss)	\$ (75.9)	\$ 0.5	\$ (75.4)	\$ 0.1	\$ 5.9	\$ 22.5	\$ (46.9)
Underwriting Ratios: ⁽¹⁾							
Loss ratio	94.0 %	71.3 %	82.7 %				81.3 %
Acquisition cost ratio	22.9 %	26.5 %	24.7 %				19.1 %
Other underwriting expenses ratio	9.2 %	5.0 %	7.1 %				7.3 %
Combined ratio	126.1 %	102.8 %	114.5 %				107.7 %

(1) Underwriting ratios are calculated by dividing the related expense by net premiums earned.

(2) Insurance & Services MGAs recognize fees for service using revenue from contracts with customers accounting standards, whereas insurance companies recognize acquisition expenses using insurance contract accounting standards. While ultimate revenues and expenses recognized will match, there will be recognition timing differences based on the different accounting standards.

Three months ended September 30, 2021							
	Reinsurance	Insurance & Services	Core	Eliminations ⁽²⁾	Corporate	Segment Measure Reclass	Total
	(\$ in millions)						
Gross premiums written	\$ 395.3	\$ 240.6	\$ 635.9	\$ —	\$ 5.3	\$ —	\$ 641.2
Net premiums written	289.6	183.9	473.5	—	5.3	—	478.8
Net premiums earned	326.4	160.6	487.0	—	12.6	—	499.6
Loss and loss adjustment expenses incurred, net	471.5	91.0	562.5	(0.8)	15.6	—	577.3
Acquisition costs, net	85.4	41.8	127.2	(21.4)	1.1	—	106.9
Other underwriting expenses	32.1	9.8	41.9	—	11.4	—	53.3
Underwriting income (loss)	(262.6)	18.0	(244.6)	22.2	(15.5)	—	(237.9)
Services revenue	—	37.8	37.8	(25.3)	—	(12.5)	—
Services expenses	—	40.4	40.4	—	—	(40.4)	—
Net services fee loss	—	(2.6)	(2.6)	(25.3)	—	27.9	—
Services noncontrolling income (loss)	—	3.4	3.4	—	—	(3.4)	—
Net services income	—	0.8	0.8	(25.3)	—	24.5	—
Segment income (loss)	\$ (262.6)	\$ 18.8	\$ (243.8)	\$ (3.1)	\$ (15.5)	\$ 24.5	\$ (237.9)
Underwriting Ratios: ⁽¹⁾							
Loss ratio	144.5 %	56.7 %	115.5 %				115.6 %
Acquisition cost ratio	26.2 %	26.0 %	26.1 %				21.4 %
Other underwriting expenses ratio	9.8 %	6.1 %	8.6 %				10.7 %
Combined ratio	180.5 %	88.8 %	150.2 %				147.7 %

(1) Underwriting ratios are calculated by dividing the related expense by net premiums earned.

(2) Insurance & Services MGAs recognize fees for service using revenue from contracts with customers accounting standards, whereas insurance companies recognize acquisition expenses using insurance contract accounting standards. While ultimate revenues and expenses recognized will match, there will be recognition timing differences based on the different accounting standards.

We measure segment performance as Core income, which is comprised of two components, underwriting income and net services income. Core segment income is the combined total for the Company's two segments, Reinsurance and Insurance & Services.

Core Premium Volume

Gross premiums written increased by \$207.4 million, or 32.6%, for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. Net premiums written increased by \$160.3 million, or 33.9%, for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. Net premiums earned increased by \$122.9 million, or 25.2%, for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. The increases in premium volume were primarily a result of increased contribution from strategic partnerships and growth in our Insurance & Services segment, reflecting strong growth in A&H, while the Reinsurance segment decreased as we shifted the business mix away from Reinsurance to Insurance & Services.

Core Underwriting Results

We generated an underwriting loss of \$88.3 million and a combined ratio of 114.5% for the three months ended September 30, 2022, compared to an underwriting loss of \$244.6 million and a combined ratio of 150.2% for the three months ended September 30, 2021. The improvement in net underwriting results was primarily driven by lower catastrophe losses, partially offset by lower favorable loss reserve development.

For the three months ended September 30, 2022 catastrophe losses, net of reinsurance and reinstatement premiums, were \$114.6 million, or 18.8 percentage points on the combined ratio, including \$80.1 million for Hurricane Ian and \$34.5 million for other third quarter catastrophe events, compared to \$283.5 million, or 58.2 percentage points on the combined ratio,

including \$132 million for the European floods and \$100 million for Hurricane Ida, for the three months ended September 30, 2021.

Losses incurred included \$2.6 million of adverse loss development for the three months ended September 30, 2022, compared to favorable loss development of \$13.9 million for the three months ended September 30, 2021. For the three months ended September 30, 2022, adverse loss development was driven by strengthening of Workers' Compensation reserves based on reported loss emergence, partially offset by favorable development in Property, Casualty and A&H.

Core Services Results

Services revenue was \$55.9 million for the three months ended September 30, 2022 compared to \$37.8 million for the three months ended September 30, 2021.

For the three months ended September 30, 2022, net services fee income increased to \$8.7 million compared to net services fee loss of \$2.6 million for the three months ended September 30, 2021.

We recognized net services income of \$12.9 million for the three months ended September 30, 2022, compared to net services income of \$0.8 million for the three months ended September 30, 2021.

The increases were primarily due to the continued business growth in IMG, which benefited from increased demand for its travel insurance products and services, as well as additional revenue from new MGA relationships compared to the prior year period.

The following tables set forth the operating segment results and ratios for the nine months ended September 30, 2022 and 2021:

	Nine months ended September 30, 2022						
	Reinsurance	Insurance & Services	Core	Eliminations (2)	Corporate	Segment Measure Reclass	Total
	(\$ in millions)						
Gross premiums written	\$ 1,220.9	\$ 1,442.3	\$ 2,663.2	\$ —	\$ 2.9	\$ —	\$ 2,666.1
Net premiums written	963.5	1,005.6	1,969.1	—	2.2	—	1,971.3
Net premiums earned	931.6	762.5	1,694.1	—	16.6	—	1,710.7
Loss and loss adjustment expenses incurred, net	685.5	506.6	1,192.1	(3.8)	10.0	—	1,198.3
Acquisition costs, net	236.0	198.4	434.4	(86.4)	0.9	—	348.9
Other underwriting expenses	86.8	46.8	133.6	—	4.5	—	138.1
Underwriting income (loss)	(76.7)	10.7	(66.0)	90.2	1.2	—	25.4
Services revenue	3.4	165.9	169.3	(102.9)	—	(66.4)	—
Services expenses	—	135.3	135.3	—	—	(135.3)	—
Net services fee income	3.4	30.6	34.0	(102.9)	—	68.9	—
Services noncontrolling loss	—	0.6	0.6	—	—	(0.6)	—
Net investment gains from Strategic Investments	0.3	2.6	2.9	—	—	(2.9)	—
Net services income	3.7	33.8	37.5	(102.9)	—	65.4	—
Segment income (loss)	\$ (73.0)	\$ 44.5	\$ (28.5)	\$ (12.7)	\$ 1.2	\$ 65.4	\$ 25.4
Underwriting Ratios: (1)							
Loss ratio	73.6 %	66.4 %	70.4 %				70.0 %
Acquisition cost ratio	25.3 %	26.0 %	25.6 %				20.4 %
Other underwriting expenses ratio	9.3 %	6.1 %	7.9 %				8.1 %
Combined ratio	108.2 %	98.5 %	103.9 %				98.5 %

(1) Underwriting ratios are calculated by dividing the related expense by net premiums earned.

(2) Insurance & Services MGAs recognize fees for service using revenue from contracts with customers accounting standards, whereas insurance companies recognize acquisition expenses using insurance contract accounting standards. While ultimate revenues and expenses recognized will match, there will be recognition timing differences based on the different accounting standards.

Nine months ended September 30, 2021

	Reinsurance	Insurance & Services	Core	Eliminations⁽²⁾	Corporate	Segment Measure Reclass	Total
	(\$ in millions)						
Gross premiums written	\$ 931.6	\$ 628.0	\$ 1,559.6	\$ —	\$ (13.9)	\$ —	\$ 1,545.7
Net premiums written	773.8	468.5	1,242.3	—	(19.0)	—	1,223.3
Net premiums earned	862.8	334.7	1,197.5	—	(0.4)	—	1,197.1
Loss and loss adjustment expenses incurred, net	773.7	198.6	972.3	(1.7)	4.5	—	975.1
Acquisition costs, net	224.1	97.6	321.7	(42.5)	2.3	—	281.5
Other underwriting expenses	82.6	19.0	101.6	—	19.0	—	120.6
Underwriting income (loss)	(217.6)	19.5	(198.1)	44.2	(26.2)	—	(180.1)
Services revenue	—	89.9	89.9	(52.6)	—	(37.3)	—
Services expenses	—	81.0	81.0	—	—	(81.0)	—
Net services fee income	—	8.9	8.9	(52.6)	—	43.7	—
Services noncontrolling income (loss)	—	1.8	1.8	—	—	(1.8)	—
Net investment gains from Strategic Investments	0.3	41.3	41.6	—	—	(41.6)	—
Net services income	0.3	52.0	52.3	(52.6)	—	0.3	—
Segment income (loss)	\$ (217.3)	\$ 71.5	\$ (145.8)	\$ (8.4)	\$ (26.2)	\$ 0.3	\$ (180.1)

Underwriting Ratios: ⁽¹⁾

Loss ratio	89.7 %	59.3 %	81.2 %				81.5 %
Acquisition cost ratio	26.0 %	29.2 %	26.9 %				23.5 %
Other underwriting expenses ratio	9.6 %	5.7 %	8.5 %				10.1 %
Combined ratio	125.3 %	94.2 %	116.6 %				115.1 %

(1) Underwriting ratios are calculated by dividing the related expense by net premiums earned.

(2) Insurance & Services MGAs recognize fees for service using revenue from contracts with customers accounting standards, whereas insurance companies recognize acquisition expenses using insurance contract accounting standards. While ultimate revenues and expenses recognized will match, there will be recognition timing differences based on the different accounting standards.

We measure segment performance as Core income, which is comprised of two components, underwriting income and net services income. Core segment income is the combined total for the Company's two segments, Reinsurance and Insurance & Services.

Core Premium Volume

Gross premiums written increased by \$1,103.6 million, or 70.8%, for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. Net premiums written increased by \$726.8 million, or 58.5%, for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. Net premiums earned increased by \$496.6 million, or 41.5%, for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. The increases in premium volume were primarily as a result of growth across Insurance & Services segment, reflecting strong growth in A&H and an increased contribution from strategic partnerships for the nine months ended September 30, 2022, as well as the nine months ended September 30, 2021 reflecting only a partial quarter from the legacy Sirius Group companies in the first quarter of 2021.

Core Underwriting Results

We incurred an underwriting loss of \$66.0 million and a combined ratio of 103.9% for the nine months ended September 30, 2022, compared to an underwriting loss of \$198.1 million and a combined ratio of 116.6% for the nine months ended September 30, 2021. The increase in net underwriting results was primarily driven by lower catastrophe losses.

For the nine months ended September 30, 2022 catastrophe losses, net of reinsurance and reinstatement premiums, were \$137.7 million, or 8.1 percentage points on the combined ratio, including \$80.1 million for Hurricane Ian and \$57.6 million for other catastrophe events, including South African floods and French hail storms, compared to \$301.9 million, or 25.2 percentage points on the combined ratio, including \$132 million for the European floods and \$100 million for Hurricane Ida, as well as \$40 million from June windstorms and winter storm Uri, for the nine months ended September 30, 2021. For the nine months ended September 30, 2022, losses from the Russia/Ukraine conflict, including losses from the political risk, trade credit, and aviation lines of business, were \$12.9 million, or 0.8 percentage points on the combined ratio.

Losses incurred included \$3.9 million of favorable loss development for the nine months ended September 30, 2022 compared to favorable loss development of \$16.4 million for the nine months ended September 30, 2021. For the nine months ended September 30, 2022, favorable loss development was due to loss reductions in COVID-19 and A&H reserves due to better than expected loss experience, with the most significant offsetting movements being reserve strengthening in direct Workers' Compensation reserves based on reported loss emergence, and in the Property lines, driven by the current elevated level of inflation.

Core Services Results

Services revenue was \$169.3 million for the nine months ended September 30, 2022 compared to \$89.9 million for the nine months ended September 30, 2021. The increase was primarily due to higher services revenue in IMG from increased demand for travel insurance products and services, as well as continued growth in Arcadian Risk Capital Ltd. ("Arcadian"). The nine months ended September 30, 2021 reflected only a partial quarter in the first quarter of 2021 from the legacy Sirius Group companies.

We recognized net services income of \$37.5 million for the nine months ended September 30, 2022, compared to net services income of \$52.3 million for the nine months ended September 30, 2021. The decrease is primarily driven by the gain from our investment in Pie Insurance included in the nine months ended September 30, 2021, partially offset by higher margins achieved in our IMG business for the nine months ended September 30, 2022.

For the nine months ended September 30, 2022, net services fee income increased to \$34.0 million compared to net services fee income of \$8.9 million for the nine months ended September 30, 2021. The increase is primarily due to increased services revenues from IMG, Armada and Arcadian for the nine months ended September 30, 2022, as well as the nine months ended September 30, 2021 reflected only a partial quarter in the first quarter of 2021 from the legacy Sirius Group companies.

Reinsurance Segment

Reinsurance consists of our underwriting lines of business which offer Aviation & Space, Casualty, Contingency, Credit & Bond, Marine & Energy, Mortgage, and Property on a worldwide basis. The following table sets forth underwriting results and ratios, and the period over period changes for the Reinsurance segment, for the three and nine months ended September 30, 2022 and 2021:

	Three months ended			Nine months ended		
	September 30, 2022	September 30, 2021	Change	September 30, 2022	September 30, 2021	Change
	(\$ in millions)					
Gross premiums written	\$ 318.4	\$ 395.3	\$ (76.9)	\$ 1,220.9	\$ 931.6	\$ 289.3
Net premiums written	267.1	289.6	(22.5)	963.5	773.8	189.7
Net premiums earned	304.5	326.4	(21.9)	931.6	862.8	68.8
Loss and loss adjustment expenses incurred, net	286.3	471.5	(185.2)	685.5	773.7	(88.2)
Acquisition costs, net	69.8	85.4	(15.6)	236.0	224.1	11.9
Other underwriting expenses	28.0	32.1	(4.1)	86.8	82.6	4.2
Underwriting loss	(79.6)	(262.6)	183.0	(76.7)	(217.6)	140.9
Services revenues	3.4	—	3.4	3.4	—	3.4
Net services fee income	3.4	—	3.4	3.4	—	3.4
Net investment gains from Strategic Investments	0.3	—	0.3	0.3	0.3	—
Segment loss	\$ (75.9)	\$ (262.6)	\$ 186.7	\$ (73.0)	\$ (217.3)	\$ 144.3
Underwriting ratios: ⁽¹⁾						
Loss ratio	94.0 %	144.5 %	(50.5)%	73.6 %	89.7 %	(16.1)%
Acquisition cost ratio	22.9 %	26.2 %	(3.3)%	25.3 %	26.0 %	(0.7)%
Other underwriting expense ratio	9.2 %	9.8 %	(0.6)%	9.3 %	9.6 %	(0.3)%
Combined ratio	126.1 %	180.5 %	(54.4)%	108.2 %	125.3 %	(17.1)%

(1) Underwriting ratios are calculated by dividing the related expense by net premiums earned.

Premium Volume

Gross premiums written in the Reinsurance segment decreased by \$76.9 million for the three months ended September 30, 2022 compared to the three months ended September 30, 2021, driven by both Property and Casualty lines as we rebalance the portfolio towards Insurance & Services.

Gross premiums written in the Reinsurance segment increased by \$289.3 million for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by a full quarter of legacy Sirius Group premiums in the first quarter of 2022, partially offset by lower premiums written on Casualty lines as we rebalance the portfolio towards Insurance & Services.

Underwriting Results

The Reinsurance segment incurred an underwriting loss of \$79.6 million and a combined ratio of 126.1% for the three months ended September 30, 2022, compared to an underwriting loss of \$262.6 million and a combined ratio of 180.5% for the three months ended September 30, 2021. The increase in net underwriting results for the three months ended September 30, 2022, compared to the three months ended September 30, 2021, was due to lower catastrophe losses and higher favorable loss reserve development.

The Reinsurance segment incurred an underwriting loss of \$76.7 million and a combined ratio of 108.2% for the nine months ended September 30, 2022, compared to an underwriting loss of \$217.6 million and a combined ratio of 125.3% for the nine months ended September 30, 2021. The increase in net underwriting results for the nine months ended September 30, 2022, compared to the nine months ended September 30, 2021, was due primarily to lower catastrophe losses and higher favorable loss reserve development.

For the three months ended September 30, 2022, catastrophe losses, net of reinsurance and reinstatement premiums, were \$114.6 million, including \$80.1 million from Hurricane Ian and \$34.5 million from other third quarter catastrophe losses, compared to \$283.5 million, including \$132 million for the European floods and \$100 million for Hurricane Ida, for the three months ended September 30, 2021. For the nine months ended September 30, 2022, catastrophe losses, net of reinsurance and reinstatement premiums, were \$137.7 million including \$80.1 million for Hurricane Ian and \$57.6 million for other catastrophe events, including South African floods and French hail storms, compared to \$301.9 million, including \$132 million for the European floods, \$100 million for Hurricane Ida and \$40 million for the June windstorms and winter storm Uri, for the nine months ended September 30, 2021.

Net favorable prior year loss reserve development was \$16.3 million for the three months ended September 30, 2022 compared to net favorable prior year loss reserve development of \$5.7 million for the three months ended September 30, 2021. The favorable loss reserve development for the three months ended September 30, 2022 was primarily due to lower than expected reported losses in the property lines. Net favorable prior year loss reserve development was \$11.8 million for the nine months ended September 30, 2022 compared to net favorable prior year loss reserve development of \$6.7 million for the nine months ended September 30, 2021. The favorable loss reserve development for the nine months ended September 30, 2022 was primarily due to COVID-19 reserve releases.

Insurance & Services Segment

Insurance & Services offers a comprehensive set of services for startup MGAs and insurance services companies including fronting services, risk capital and equity and debt financing. Furthermore, we offer expertise in underwriting, pricing and product development to businesses with whom we partner. The Insurance & Services segment predominantly provides insurance coverage in addition to receiving fees for services provided within Insurance & Services and to third parties. The Insurance & Services segment provides coverage in the following product lines: A&H (including business generated by IMG and Armada), Environmental, Workers' Compensation, and other lines of business including a cross section of Property and Casualty lines.

The following table sets forth underwriting results, net MGA results, and ratios for the segment results, and the period over period changes, for the three and nine months ended September 30, 2022 and 2021:

	Three months ended			Nine months ended		
	September 30, 2022	September 30, 2021	Change	September 30, 2022	September 30, 2021	Change
	(\$ in millions)					
Gross premiums written	\$ 524.9	\$ 240.6	\$ 284.3	\$ 1,442.3	\$ 628.0	\$ 814.3
Net premiums written	366.7	183.9	182.8	1,005.6	468.5	537.1
Net premiums earned	305.4	160.6	144.8	762.5	334.7	427.8
Loss and loss adjustment expenses incurred, net	217.8	91.0	126.8	506.6	198.6	308.0
Acquisition costs, net	81.0	41.8	39.2	198.4	97.6	100.8
Other underwriting expenses	15.3	9.8	5.5	46.8	19.0	27.8
Underwriting income (loss)	(8.7)	18.0	(26.7)	10.7	19.5	(8.8)
Services revenue	52.5	37.8	14.7	165.9	89.9	76.0
Services expenses	47.2	40.4	6.8	135.3	81.0	54.3
Net services fee income (loss)	5.3	(2.6)	7.9	30.6	8.9	21.7
Services noncontrolling loss	0.5	3.4	(2.9)	0.6	1.8	(1.2)
Net investment gains from Strategic Investments	3.4	—	3.4	2.6	41.3	(38.7)
Net services income	9.2	0.8	8.4	33.8	52.0	(18.2)
Segment income	\$ 0.5	\$ 18.8	\$ (18.3)	\$ 44.5	\$ 71.5	\$ (27.0)
Underwriting ratios: ⁽¹⁾						
Loss ratio	71.3 %	56.7 %	14.6 %	66.4 %	59.3 %	7.1 %
Acquisition cost ratio	26.5 %	26.0 %	0.5 %	26.0 %	29.2 %	(3.2)%
Other underwriting expense ratio	5.0 %	6.1 %	(1.1)%	6.1 %	5.7 %	0.4 %
Combined ratio	102.8 %	88.8 %	14.0 %	98.5 %	94.2 %	4.3 %

(1) Underwriting ratios are calculated by dividing the related expense by net premiums earned.

Premium Volume

Gross premiums written in the Insurance & Services segment increased by \$284.3 million, or 118.2%, for the three months ended September 30, 2022 compared to the three months ended September 30, 2021, primarily driven by growth in our property & casualty strategic partnerships with Corvus Insurance, Pie Insurance and Arcadian, as well as growth in A&H.

Gross premiums written in the Insurance & Services segment increased by \$814.3 million, or 129.7%, for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by growth across Insurance & Services and growth in premiums from strategic partnerships, mainly Arcadian and Corvus Insurance, and A&H, as well as the nine months ended September 30, 2021 reflecting only a partial quarter in the first quarter of 2021 from the legacy Sirius Group companies.

Underwriting Results

The Insurance & Services segment incurred an underwriting loss of \$8.7 million and a combined ratio of 102.8% for the three months ended September 30, 2022, compared to underwriting income of \$18.0 million and a combined ratio of 88.8% for the three months ended September 30, 2021. The decline in underwriting results for the 2022 period was primarily driven by the adverse loss development.

The Insurance & Services segment generated underwriting income of \$10.7 million and a combined ratio of 98.5% for the nine months ended September 30, 2022, compared to underwriting income of \$19.5 million and a combined ratio of 94.2% for the nine months ended September 30, 2021. The decline in underwriting results for the 2022 period was primarily driven by the adverse loss development.

Net adverse prior year loss reserve development was \$18.9 million for the three months ended September 30, 2022, compared to favorable prior year loss reserve development of \$8.2 million for the three months ended September 30, 2021, which was primarily driven by worse than expected reported loss emergence in the direct Workers' Compensation line of business. Net adverse prior year loss reserve development was \$7.9 million for the nine months ended September 30, 2022, compared to favorable prior year loss reserve development of \$9.7 million for the nine months ended September 30, 2021, which was primarily driven by worse than expected reported loss emergence in the direct Workers' Compensation line of business.

Services Results

Services revenue was \$52.5 million for the three months ended September 30, 2022 compared to \$37.8 million for the three months ended September 30, 2021. The increase was primarily due to higher services revenue in IMG, which benefited from increased demand for its travel products and services.

Services revenue was \$165.9 million for the nine months ended September 30, 2022 compared to \$89.9 million for the nine months ended September 30, 2021. The increase was primarily due to higher services revenue in IMG from increased demand for its travel products and services, as well as continued growth in Arcadian. The nine months ended September 30, 2021 reflected only a partial quarter in the first quarter of 2021 from the legacy Sirius Group companies.

We generated net services income of \$9.2 million for the three months ended September 30, 2022 compared to net services income of \$0.8 million for the three months ended September 30, 2021. The increase is primarily driven by higher margins achieved in our IMG business.

We generated net services income of \$33.8 million for the nine months ended September 30, 2022 compared to net services income of \$52.0 million for the nine months ended September 30, 2021. The decrease is primarily driven by the gain from our investment in Pie Insurance included in the nine months ended September 30, 2021, partially offset by higher margins achieved in our IMG business for the nine months ended September 30, 2022.

Corporate

Corporate includes the results of all runoff business, which represent certain classes of business that we no longer actively underwrite, including those that have asbestos and environmental and other latent liability exposures and certain reinsurance contracts that have interest crediting features. The following table sets forth underwriting results and the period over period changes for the three and nine months ended September 30, 2022 and 2021:

	Three months ended			Nine months ended		
	September 30, 2022	September 30, 2021	Change	September 30, 2022	September 30, 2021	Change
	(\$ in millions)					
Gross premiums written	\$ 0.5	\$ 5.3	\$ (4.8)	\$ 2.9	\$ (13.9)	\$ 16.8
Net premiums written	0.6	5.3	(4.7)	2.2	(19.0)	21.2
Net premiums earned	2.7	12.6	(9.9)	16.6	(0.4)	17.0
Loss and loss adjustment expenses incurred, net	(4.7)	15.6	(20.3)	10.0	4.5	5.5
Acquisition costs, net	—	1.1	(1.1)	0.9	2.3	(1.4)
Other underwriting expenses	1.5	11.4	(9.9)	4.5	19.0	(14.5)
Underwriting income (loss)	\$ 5.9	\$ (15.5)	\$ 21.4	\$ 1.2	\$ (26.2)	\$ 27.4

Underwriting income for the three months ended September 30, 2022 is primarily due to favorable loss development of \$7.9 million due to runoff surety exposures compared to an underwriting loss for the three months ended September 30, 2021 driven by accelerated expenses related to interest crediting features in certain reinsurance and deposit contracts.

Underwriting income for the nine months ended September 30, 2022 is primarily due to favorable loss development of \$13.3 million, due to runoff surety exposures and property losses partially offset by the Russian/Ukraine conflict losses of \$5.3 million, compared to an underwriting loss for the nine months ended September 30, 2021 driven by the non-recurring impact of the restructuring of one retroactive reinsurance contract, which was previously written and earned, and accelerated expenses related to interest crediting features in certain reinsurance and deposit contracts.

Non-GAAP Financial Measures

We have included certain financial measures that are not calculated under standards or rules that comprise U.S. GAAP. Such measures, including Core underwriting income, Core net services income, Core income, Core combined ratio, basic book value per share, tangible basic book value per share, diluted book value per share and tangible diluted book value per share, are referred to as non-GAAP financial measures. These non-GAAP financial measures may be defined or calculated differently by other companies. We believe these measures allow for a more complete understanding of our underlying business. These measures are used by management to monitor our results and should not be viewed as a substitute for those determined in accordance with U.S. GAAP. Reconciliations of non-GAAP measures to the most comparable U.S. GAAP measures are included below.

Core Results

Collectively, the sum of the Company's two segments, Reinsurance and Insurance & Services, constitute "Core" results. Core underwriting income, Core net services income, Core income and Core combined ratio are non-GAAP financial measures. We believe it is important to review Core results as it better reflects how management views the business and reflects our decision to exit the runoff business. The sum of Core results and Corporate results are equal to the consolidated results of operations.

Core underwriting income - calculated by subtracting loss and loss adjustment expenses incurred, net, acquisition costs, net, and other underwriting expenses from net premiums earned.

Core net services income - consists of services revenues which include commissions, brokerage and fee income related to consolidated MGAs, and other revenues, services expenses which include direct expenses related to consolidated MGAs, services noncontrolling income which represent minority ownership interests in consolidated MGAs, and net investment gains from Strategic Investments which are net investment gains/losses from investment in our strategic partners. Net services income is a key indicator of the profitability of the Company's services provided, including investment returns on non-consolidated investment positions held.

Core income - consists of two components, core underwriting income and core net services income. Core income is a key measure of our segment performance.

Core combined ratio - calculated by dividing the sum of Core loss and loss adjustment expenses incurred, net, acquisition costs, net and other underwriting expenses by Core net premiums earned. This ratio is a key indicator of our underwriting profitability.

See Note 4 "Segment reporting" to our unaudited consolidated financial statements included elsewhere in this Form 10-Q for additional information and a calculation of Core income (loss).

Basic Book Value Per Share, Tangible Basic Book Value Per Share, Diluted Book Value Per Share, Tangible Diluted Book Value Per Share

Basic book value per share, as presented, is a non-GAAP financial measure and is calculated by dividing common shareholders' equity attributable to SiriusPoint common shareholders by the number of common shares outstanding, excluding the total number of issued unvested restricted shares, at period end. While restricted shares are outstanding, they are excluded from Basic book value per share because they are unvested.

Tangible basic book value per share, as presented, is a non-GAAP financial measure and is calculated by dividing tangible common shareholders' equity attributable to SiriusPoint common shareholders by the number of common shares outstanding, excluding the total number of unvested restricted shares, at period end. Management believes that effects of intangible assets are not indicative of underlying underwriting results or trends and make book value comparisons to less acquisitive peer companies less meaningful. The Company's management believes tangible book value per share is useful to investors because it provides a more accurate measure of the realizable value of shareholder returns, excluding the impact of intangible assets.

Diluted book value per share and tangible diluted book value per share, as presented, are non-GAAP financial measures and are calculated similar to the treasury stock method. Under the treasury stock method, we assume that proceeds received from in-the-money options and/or warrants exercised are used to repurchase common shares in the market. The dilutive effect of restricted shares, restricted share units and options are calculated in a manner consistent with how dilution is calculated using the treasury stock method for earnings per share. We have also followed a similar approach for calculating dilution for warrants, Series A preference shares, Upside Rights and other potentially dilutive securities issued as part of our acquisition

of Sirius Group. Management believes these measures are useful to investors because they measure the realizable value of shareholder returns in a manner consistent with how dilution is calculated using the treasury stock method for earnings per share. Management believes that effects of intangible assets are not indicative of underlying underwriting results or trends and make book value comparisons to less acquisitive peer companies less meaningful. Also, the tangible diluted book value per share is useful because it provides a more accurate measure of the realizable value of shareholder returns, excluding intangible assets.

The following table sets forth the computation of basic book value per share, tangible basic book value per share, diluted book value per share and tangible diluted book value per share as of September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
	(\$ in millions, except share and per share amounts)	
Basic and diluted book value per share numerator:		
Shareholders' equity attributable to SiriusPoint shareholders	\$ 2,084.5	\$ 2,503.7
Less: Series B preference shares	(200.0)	(200.0)
Common shareholders' equity attributable to SiriusPoint common shareholders - basic	1,884.5	2,303.7
Plus: carrying value of Series A preference shares issued in merger	—	20.4
Common shareholders' equity attributable to SiriusPoint common shareholders - diluted	1,884.5	2,324.1
Less: intangible assets	(165.9)	(171.9)
Tangible common shareholders' equity attributable to SiriusPoint common shareholders - basic	1,718.6	2,131.8
Tangible common shareholders' equity attributable to SiriusPoint common shareholders - diluted	\$ 1,718.6	\$ 2,152.2
Basic and diluted book value per share denominator:		
Common shares outstanding	162,312,938	161,929,777
Unvested restricted shares	(1,890,932)	(2,590,194)
Basic book value per share denominator	160,422,006	159,339,583
Effect of dilutive Series A preference shares issued in merger ⁽¹⁾	—	—
Effect of dilutive warrants ⁽²⁾	—	—
Effect of dilutive stock options, restricted shares and restricted share units issued to directors and employees	1,963,861	2,898,237
Diluted book value per share denominator	162,385,867	162,237,820
Basic book value per share	\$ 11.75	\$ 14.46
Tangible basic book value per share	\$ 10.71	\$ 13.38
Diluted book value per share	\$ 11.61	\$ 14.33
Tangible diluted book value per share	\$ 10.58	\$ 13.27

(1) As of September 30, 2022 and December 31, 2021 there was no dilution as the conversion would result in the forfeiture of all of the Series A preference shares.

(2) As of September 30, 2022 and December 31, 2021 there was no dilution as a result of the Company's share price being under the lowest exercise price for warrants.

Liquidity and Capital Resources

Liquidity Requirements

Liquidity is a measure of a company's ability to generate cash flows sufficient to meet short-term and long-term cash requirements of its business operations. SiriusPoint's insurance and reinsurance operations are subject to regulation and supervision in each of the jurisdictions where they are domiciled and licensed to conduct business. Generally, regulatory authorities have broad supervisory and administrative powers over such matters as licenses, standards of solvency, premium rates, policy forms, investments, security deposits, methods of accounting, form and content of financial statements, reserves for unpaid loss and loss adjustment expenses, reinsurance, minimum capital and surplus requirements, dividends and other distributions to shareholders, periodic examinations and annual and other report filings. In general, such regulation is for the protection of policyholders rather than shareholders. SiriusPoint manages its liquidity needs primarily through the maintenance of a short duration and high quality fixed income portfolio.

SiriusPoint is a holding company and has no substantial operations of its own and its assets consist primarily of its investments in subsidiaries. Its cash needs primarily consist of the payment of corporate expenses, interest payments on senior and subordinated notes, strategic investment opportunities and dividends to preference shareholders. SiriusPoint may also require cash to fund share repurchases. Cash at the subsidiaries is used primarily to pay loss and loss adjustment expenses, reinsurance premiums, acquisition costs, interest expense, taxes, general and administrative expenses and to purchase investments. The insurance and reinsurance business of our operating subsidiaries inherently provide liquidity, as premiums are received in advance of the time losses are paid. However, the amount of cash required to fund loss payments can fluctuate significantly from period to period, due to the low frequency/high severity nature of certain types of business we write.

For additional commitments and contingencies that may affect our liquidity requirements see Note 19 “Commitments and contingencies” in our unaudited consolidated financial statements included elsewhere in this Form 10-Q for additional information.

Dividend Capacity

We are subject to regulatory and other constraints that affect our ability to pay dividends. For the three and nine months ended September 30, 2022, SiriusPoint did not pay any dividends to its common shareholders.

During the three and nine months ended September 30, 2022, SiriusPoint declared and paid dividends of \$4.0 million and \$12.0 million, respectively, to the Series B preference shareholders (2021 - \$4.0 million and \$8.1 million, respectively).

For the three and nine months ended September 30, 2022, SiriusPoint received \$20.0 million and \$95.0 million, respectively, (2021 - \$45.0 million and \$58.0 million, respectively) of distributions from SiriusPoint Bermuda Insurance Company Ltd. (“SiriusPoint Bermuda”), its immediate wholly-owned subsidiary. We believe the dividend/distribution capacity of SiriusPoint’s subsidiaries, which was approximately \$844.4 million as of December 31, 2021, provides SiriusPoint with sufficient liquidity for the foreseeable future. For a further discussion of the various restrictions on SiriusPoint Bermuda’s ability to pay dividends, see Part I, Item 1 “Business - Regulation” in our 2021 Form 10-K.

In addition to the regulatory and other contractual constraints to paying dividends, we manage the capital of the group and each of our operating subsidiaries to support our current ratings from AM Best, Fitch, and Standard & Poor’s. This could further reduce the ability and amount of dividends that could be paid from subsidiaries to SiriusPoint.

Safety Reserve

Subject to certain limitations under Swedish law, SiriusPoint International Insurance Corporation (“SiriusPoint International”) is permitted to transfer pre-tax income amounts into a reserve referred to as a “Safety Reserve”. Under local statutory requirements, an amount equal to the deferred tax liability on SiriusPoint International’s Safety Reserve is included in Solvency Capital. Access to the Safety Reserve is generally restricted to cover insurance and reinsurance losses and to cover a breach of the Solvency Capital Requirement.

Similar to the approach taken by Swedish regulatory authorities, most major rating agencies generally take into account the Safety Reserve in SiriusPoint International’s regulatory capital when assessing SiriusPoint International and SiriusPoint’s financial strength.

As of September 30, 2022, SiriusPoint International’s Safety Reserve was SEK 6.0 billion, or \$540.7 million (based on the September 30, 2022 SEK to USD exchange rate). Under GAAP, an amount equal to the Safety Reserve, net of a related deferred tax liability established at the Swedish tax rate, is classified as common shareholders’ equity. Generally, this deferred tax liability (\$111.4 million based on the September 30, 2022 SEK to USD exchange rate) is required to be paid by SiriusPoint International if it fails to maintain prescribed levels of premium writings and loss reserves in future years. As a result of the indefinite deferral of these taxes, the related deferred tax liability is not taken into account by Swedish regulatory authorities for purposes of calculating Solvency Capital under Swedish insurance regulations.

Sources of Liquidity

Our operating subsidiaries sources of liquidity have primarily consisted of net premiums written, reinsurance recoveries, investment income and proceeds from sales of or dividends or distributions attributable to investments.

Effective February 26, 2021, the Company entered into a 3-year, \$300.0 million senior unsecured revolving credit facility (the “Facility”) with JPMorgan Chase Bank, N.A. as administrative agent. The Facility includes an option, subject to

satisfaction of certain conditions including agreement of lenders representing greater than a majority of commitments, for the Company to request an extension by such lenders of the maturity date of the Facility by an additional 12 months. The Facility provides access to loans for working capital and general corporate purposes, and letters of credit to support obligations under insurance and reinsurance agreements, retrocessional agreements and for general corporate purposes. Loans and letters of credit under the Facility will become available, subject to customary conditions precedent. As of September 30, 2022, there were no outstanding borrowings under the Facility.

On February 23, 2022, the Company entered into the Fourth Amended and Restated Exempted Limited Partnership Agreement of TP Enhanced Fund with TP GP and the other parties thereto (the “2022 LPA”). Under the 2022 LPA, in addition to other withdrawal rights, we are permitted to withdraw from the TP Enhanced Fund, as of each month end, a cumulative amount in each calendar year equal to the following (in certain circumstances, a greater amount may be withdrawn in each calendar year under the terms of the 2022 LPA):

Fiscal Year	2022	2023	2024	2025
Minimum Withdrawal	\$300 million	\$200 million	\$200 million	\$50 million

We withdrew \$404.0 million from the TP Enhanced Fund during the nine months ended September 30, 2022, as we continue our plan to diversify and reduce the volatility of our portfolio. As of September 30, 2022, \$350.0 million of withdrawals from the TP Enhanced Fund remain to be reinvested in, or contractually committed to, the TPOC Portfolio or other Third Point strategies. Under the Amended and Restated Investment Management Agreement, dated February 23, 2022, among the Company, Third Point LLC and other parties thereto (the “2022 IMA”), we may withdraw net profits from the TPOC Portfolio or any amounts invested that were not withdrawn from TP Enhanced Fund, in each case as of any month-end. We may withdraw the TPOC Portfolio in full on March 31, 2026, and each successive anniversary of such date.

Under the 2022 IMA, we may withdraw any amount from the TPOC Portfolio as of any month-end up to (i) the full balance of any sub-account established in respect of any capital contribution not in respect of the TPOC Portfolio or other Third Point strategies and (ii) any net profits in respect of any other sub-account. We have the right to withdraw funds monthly from the TPOC Portfolio upon the occurrence of certain events specified in the 2022 IMA, including, within 120 days following the occurrence of a Cause Event (as defined in the 2022 LPA), to meet capital adequacy requirements, to prevent a negative credit rating, for risk management purposes, underperformance of the TPOC Portfolio relative to investment funds managed by third-party managers and pursuing the same or substantially similar strategy as the TPOC Portfolio (i.e., which measure performance relative to the benchmark) for at least two consecutive calendar years or a Key Person Event (as defined in the 2022 LPA), subject to certain limitations on such withdrawals as specified in the 2022 IMA. The Company is also entitled to withdraw funds from the TPOC Portfolio in order to satisfy its risk management guidelines, upon prior written notice to Third Point LLC, in an amount not to exceed the Risk Management Withdrawable Amount (as defined in the 2022 LPA). The Risk Management Withdrawable Amount is currently \$220.0 million and will be reduced by withdrawals from both the TPOC Portfolio and the TP Enhanced Fund.

For more information, please refer to the 2022 LPA and the 2022 IMA, which are attached as Exhibit 10.43 and Exhibit 10.44, respectively, to our 2021 Form 10-K.

Financing

We expect that our cash and cash equivalents on the balance sheet and cash flow from operations will provide us with the financial flexibility to execute our strategic objectives. Our ability to generate cash, however, is subject to our performance, general economic conditions, industry trends and other factors. To the extent cash and cash equivalents on the balance sheet, investment returns and cash flow from operations are insufficient to fund our future activities and requirements, we may need to raise additional funds through public or private equity or debt financing. If we issue equity securities in order to raise additional funds, substantial dilution to existing shareholders may occur. If we raise cash through the issuance of additional indebtedness, we may be subject to additional contractual restrictions on our business. There is no assurance that we would be able to raise the additional funds on favorable terms or at all.

The following table represents a summary of our debt obligations as of September 30, 2022 and December 31, 2021:

	September 30, 2022		December 31, 2021	
	Amount	Effective rate ⁽¹⁾	Amount	Effective rate ⁽¹⁾
2017 SEK Subordinated Notes, at face value	\$ 247.7	5.1 %	\$ 303.1	4.1 %
Unamortized discount	(5.8)		(6.8)	
2017 SEK Subordinated Notes, carrying value	241.9		296.3	
2016 Senior Notes, at face value	400.0	4.5 %	400.0	4.5 %
Unamortized premium	5.5		6.0	
2016 Senior Notes, carrying value	405.5		406.0	
2015 Senior Notes, at face value	115.0	7.0 %	115.0	7.0 %
Unamortized issuance costs	(0.4)		(0.6)	
2015 Senior Notes, carrying value	114.6		114.4	
Total debt	<u>\$ 762.0</u>		<u>\$ 816.7</u>	

(1) Effective rate considers the effect of the debt issuance costs, discount, and premium.

For further details and discussion with respect to the 2017 SEK Subordinated Notes, 2016 Senior Notes and 2015 Senior Notes, please refer to Note 16 “Debt and letter of credit facilities” of Part II, Item 8. “Financial Statements and Supplementary Data” included in our 2021 Form 10-K.

Debt Covenants

As of September 30, 2022, SiriusPoint was in compliance with all of the covenants under the 2017 SEK Subordinated Notes, the 2016 Senior Notes, the 2015 Senior Notes, and the Facility.

Series A Preference Shares

On February 26, 2021, certain holders of Sirius Group shares elected to receive Series A preference shares as consideration with respect to the Sirius Group acquisition. The Company issued 11,720,987 of designated Series A preference shares, with a par value of \$0.10 per share. The Series A preference shares rank *pari passu* with the Company’s common shares with respect to the payment of dividends or distributions. Each Series A preference share has voting power equal to the number of Company shares into which it is convertible, and the Series A preference shares and Company shares vote together as a single class with respect to any and all matters.

As of September 30, 2022, the estimated fair value of the Series A preference shares was \$0.4 million based upon a stochastic model and is reflected in liability-classified capital instruments in the consolidated balance sheets. During the nine months ended September 30, 2022, the Company did not declare or pay dividends to Series A preference shareholders.

For further details and discussion with respect to the Series A preference shares, see Note 3 “Acquisition of Sirius Group” in our unaudited consolidated financial statements included elsewhere in this Form 10-Q.

Series B Preference Shares

The Company has 8,000,000 of Series B preference shares outstanding, par value \$0.10, of the Company. Dividends on the Series B preference shares will be cumulative and payable quarterly in arrears at an initial rate of 8.0%. The preference shareholders will have no voting rights with respect to the Series B preference shares unless dividends have not been paid for six dividend periods, whether or not consecutive, in which case the holders of the Series B preference shares will have the right to elect two directors.

On June 28, 2021 and August 12, 2021, the Company entered into Underwriting Agreements with the Series B preference shareholders (the “Selling Shareholders”) pursuant to which the Selling Shareholders sold to the public market an aggregate of 8,000,000 Series B preference shares. The Company did not receive any proceeds from the sale of the Series B preference shares by the Selling Shareholders. The transaction did not change the underlying conditions of the Series B preference shares. The Series B preference shares are listed on the New York Stock Exchange under the symbol “SPNT PB”.

As of September 30, 2022, the carrying value of the Series B preference shares was \$200.0 million and reflected in shareholders’ equity attributable to SiriusPoint shareholders in the consolidated balance sheets. During the three and nine

months ended September 30, 2022, the Company declared and paid dividends of \$4.0 million and \$12.0 million, respectively, to the Series B preference shareholders.

For further details and discussion with respect to the Series B preference shares, see Note 16 “Shareholders' equity” in our unaudited consolidated financial statements included elsewhere in this Form 10-Q.

Letter of Credit Facilities

As of September 30, 2022, \$1,232.5 million of letters of credit had been issued. Each of the facilities contain customary events of default and restrictive covenants, including but not limited to, limitations on liens on collateral, transactions with affiliates, mergers and sales of assets, as well as solvency and maintenance of certain minimum pledged equity requirements and a minimum rating from rating agencies. Each restricts issuance of any debt without the consent of the letter of credit provider. Additionally, if an event of default exists under any of the letter of credit facilities, our subsidiaries could be prohibited from paying dividends. We were in compliance with all of the covenants under the aforementioned letter of credit facilities as of September 30, 2022.

For further details and discussion with respect to letter of credit facilities, see Note 14 “Debt and letter of credit facilities” in our unaudited consolidated financial statements included elsewhere in this Form 10-Q.

Cash Secured Letter of Credit Agreements

Under the cash secured letter of credit facilities, we provide collateral that consists of cash and cash equivalents and debt securities. As of September 30, 2022, total cash and cash equivalents and debt securities with a fair value of \$1,302.4 million were pledged as collateral against the letters of credit issued.

We believe that we have adequate capacity between our existing cash secured letter of credit agreements as well as available investments to post in reinsurance trusts to meet our collateral obligations under our existing and future reinsurance business.

For further details and discussion with respect to cash secured letter of credit agreements, see Note 14 “Debt and letter of credit facilities” in our unaudited consolidated financial statements included elsewhere in this Form 10-Q.

Cash, Restricted Cash and Cash Equivalents and Restricted Investments

Cash and cash equivalents consist of cash held in banks and other short-term, highly liquid investments with original maturity dates of ninety days or less. We invest a portion of the collateral securing certain reinsurance contracts in U.S. treasury securities and sovereign debt. This portion of the collateral is included in debt securities in the consolidated balance sheets and is disclosed as part of restricted investments. In addition, restricted investments also pertain to limited partnership interests in Third Point funds securing the Company’s contractual obligations under certain reinsurance contracts that the Company will not be released from until the underlying risks have expired or have been settled.

Restricted cash and cash equivalents and restricted investments increased by \$165.4 million, or 8.0%, to \$2,221.0 million as of September 30, 2022 from \$2,055.6 million as of December 31, 2021. The increase was due to an increase in investments securing reinsurance contracts and letters of credit.

For additional information on restricted cash, cash equivalents and investments, see Note 5 “Cash, cash equivalents, restricted cash and restricted investments” in our unaudited consolidated financial statements included elsewhere in this Form 10-Q.

Cash Flows

Our cash flows from operations generally represent the difference between: (1) premiums collected and investment income and (2) loss and loss expenses paid, reinsurance purchased, underwriting and other expenses paid. Cash flows from operations may differ substantially from net income (loss) and may be volatile from period to period depending on the underwriting opportunities available to us and other factors. Due to the nature of our underwriting portfolio, claim payments can be unpredictable and may need to be made within relatively short periods of time. Claim payments can also be required several months or years after premiums are collected. In addition, as discussed above, SiriusPoint has access to the \$300.0 million Facility that provides access to loans for working capital and general corporate purposes, and letters of credit to support obligations under insurance and reinsurance agreements and retrocessional agreements.

Operating, investing and financing cash flows for the nine months ended September 30, 2022 and 2021 were as follows:

	2022	2021
	(\$ in millions)	
Net cash provided by operating activities	\$ 245.3	\$ 26.6
Net cash provided by (used in) investing activities	(1,363.9)	410.0
Net cash provided by (used in) financing activities	(18.3)	33.0
Net increase (decrease) in cash, cash equivalents and restricted cash	(1,136.9)	469.6
Cash, cash equivalents and restricted cash at beginning of period	1,948.4	1,713.9
Change in cash of assets held for sale	(20.0)	—
Cash, cash equivalents and restricted cash at end of period	<u>\$ 791.5</u>	<u>\$ 2,183.5</u>

Operating Activities

Cash flows provided by operating activities can fluctuate due to timing differences between the collection of premiums and reinsurance recoverables, the payment of losses and loss expenses, and the payment of premiums to reinsurers. The change in cash flows in operating activities for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 was primarily due to increased premium volume.

Investing Activities

Cash flows used in investing activities for the nine months ended September 30, 2022 primarily relates to the increase in purchases of debt securities during the period resulting from increased premium volume. Cash flows provided by investing activities for the nine months ended September 30, 2021 primarily relates to the acquisition of Sirius Group, which comprised of \$740.3 million of cash and restricted cash acquired, partially offset by \$108.4 million of cash consideration. The increase in investing activity was also impacted by our increased purchases of short term investments to take advantage of rising interest rates.

Financing Activities

Cash flows used in financing activities for the nine months ended September 30, 2022 primarily consisted of \$12.7 million for payments on deposit liability contracts, \$12.0 million for cash dividends paid to preference shareholders, \$6.9 million for taxes paid on withholding shares and \$5.0 million for shares repurchased. Cash flows provided by financing activities for the nine months ended September 30, 2021 primarily consisted of cash receipts of \$48.6 million from the issuance of SiriusPoint common shares pursuant to the equity commitment letter between the Company, Third Point Opportunities Master Fund Ltd. and Daniel S. Loeb in connection with closing of the acquisition of Sirius Group.

See Note 3 “Acquisition of Sirius Group” in our unaudited consolidated financial statements included elsewhere in this Form 10-Q for a more detailed discussion on the Sirius Group acquisition.

Financial Condition

As of September 30, 2022, total shareholders’ equity was \$2,092.8 million, compared to \$2,503.3 million as of December 31, 2021. The decrease was primarily due to a net loss of \$376.2 million in the nine months ended September 30, 2022.

Contractual Obligations

There have been no material changes to our contractual obligations from our 2021 Form 10-K.

Critical Accounting Policies and Estimates

For a summary of our significant accounting and reporting policies, please refer to Note 2 “Significant accounting policies” of Part II, Item 8. “Financial Statements and Supplementary Data” included in our 2021 Form 10-K.

Our consolidated financial statements are prepared in accordance with U.S. GAAP, which requires management to make estimates and assumptions. As of December 31, 2021, the accounting policies that required the most significant judgments and estimations by management were: (1) premium revenue recognition, including evaluation of risk transfer, (2) loss and loss adjustment expense reserves and (3) fair value measurements related to our investments, (4) valuation of loss and adjustment expenses reserves and intangible assets relating to the Value of Business Acquired and other intangible assets as

part of the Sirius Group acquisition, and (5) income taxes. If actual events differ significantly from the underlying judgments or estimates used by management in the application of these accounting policies, there could be a material adverse effect on our results of operations and financial condition. Refer to Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” included in our 2021 Form 10-K.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Our consolidated balance sheets include a substantial amount of assets and liabilities whose fair values are subject to market risk. The term market risk refers to the risk of loss arising from adverse changes in interest rates, credit spreads, equity markets prices, and other relevant market rates and prices. Due to our sizable investment portfolio, market risk can have a significant effect on our consolidated financial position.

We believe we are principally exposed to the following types of market risk:

- interest rate risk;
- equity securities and other investments price risk; and
- foreign currency exchange risk.

Interest Rate Risk

Interest rate risk is the price sensitivity of a security to changes in interest rates. Our investment portfolio includes fixed income investments, whose fair values will fluctuate with changes in interest rates. Increases and decreases in prevailing interest rates generally translate into decreases and increases in fair values of fixed income investments, respectively. Additionally, fair values of interest rate sensitive instruments may be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument, and other market factors.

We generally manage the interest rate risk associated with our portfolio of fixed income investments by monitoring the average of investment-grade corporate securities; U.S. government and agency securities; foreign government, agency and provincial obligations; preferred stocks; asset-backed and mortgage-backed securities; and municipal obligations.

The following table summarizes the estimated effects of hypothetical increases and decreases in market interest rates on our debt securities as of September 30, 2022:

	Fair value	Assumed change in interest rate	Estimated fair value after change in interest rate	Pre-tax increase (decrease) in carrying value
		(\$ in millions)		
Debt securities	\$ 3,021.1	300 bp decrease	\$ 3,169.3	\$ 148.2
		200 bp decrease	3,120.0	98.9
		100 bp decrease	3,070.7	49.6
		50 bp decrease	3,046.0	24.9
		50 bp increase	2,989.0	(32.1)
		100 bp increase	2,956.7	(64.4)
		200 bp increase	2,892.1	(129.0)
		300 bp increase	\$ 2,827.6	\$ (193.5)

The magnitude of the fair value decrease in rising rates scenarios may be more significant than the fair value increase in comparable falling rates scenarios. This can occur because (i) the analysis floors interest rates at a de minimis level in falling rate scenarios, muting price increases, (ii) portions of the fixed income investment portfolio may be callable, muting price increases in falling interest rate scenarios and/or (iii) portions of the fixed income investment portfolio may experience cash flow extension in higher interest rate environments, which generally results in lower fixed income asset prices.

Interest payments on our 2017 SEK Subordinated Notes are required to be serviced in Swedish kronor by reference to Stockholm Interbank Offered Rate, a floating interest rate benchmark. This benchmark rate has increased year to date and it is possible that it will continue to do so, which could result in increasing our interest expense in U.S. dollars.

Equity Securities and Other Investments Price Risk

Equity Securities and Other Long-term Investments Price Risk

The carrying values of our equity securities and other long-term investments are based on quoted market prices or management's estimates of fair value as of the balance sheet date. Market prices of equity securities, in general, are subject to fluctuations. These fluctuations could cause the amount realized upon sale or exercise of these instruments to differ significantly from the current reported value. The fluctuations may result from perceived changes in the underlying economic characteristics of the investment, the relative price of alternative investments, supply and demand imbalances for a particular security, or other market factors. Assuming a hypothetical 10% and 30% increase or decrease in the value of our equity securities and other long-term investments as of September 30, 2022, the carrying value of our equity securities and other long-term investments would have increased or decreased by approximately \$41.6 million and \$124.9 million, pre-tax, respectively.

Investments in Related Party Investment Funds

The carrying values of our investments in related party investment funds, including TP Enhanced Fund and TP Venture Fund are carried at fair value. We have elected the practical expedient for fair value for these investments which is estimated based on our share of the net asset value of the respective limited partnership, as provided by the independent fund administrator. Market prices of the underlying investment securities, in general, are subject to fluctuations. Assuming a hypothetical 10% and 30% increase or decrease in the value of our investments in related party investment funds as of September 30, 2022, the carrying value of these investments would have increased or decreased by approximately \$30.9 million and \$92.7 million, pre-tax, respectively.

Foreign Currency Exchange Risk

In the ordinary course of business, we hold non-U.S. dollar denominated assets and liabilities, which are valued using period-end exchange rates. Non-U.S. dollar denominated foreign revenues and expenses are valued using average exchange rates over the period. Foreign currency exchange-rate risk is the risk that we will incur losses on a U.S. dollar basis due to adverse changes in foreign currency exchange rates.

The following table summarizes the estimated effects of a hypothetical 10% increase and decrease in the value of the U.S. dollar against select foreign currencies would have had on the carrying value of our net assets as of September 30, 2022:

	10% increase		10% decrease	
	(\$ in millions)			
Euro to U.S. dollar	\$	0.9	\$	(0.9)
Swedish Krona to U.S. dollar		8.0		(8.0)
British Pound to U.S. dollar		2.2		(2.2)
South African Rand to U.S. Dollar		0.6		(0.6)
Canadian Dollar to U.S. dollar	\$	(1.5)	\$	1.5

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Management, with the participation of our Chief Executive Officer and Principal Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended) (the "Exchange Act") as of September 30, 2022. Based upon this evaluation, our Chief Executive Officer and Principal Financial Officer has concluded that our disclosure controls and procedures were effective as of September 30, 2022.

Changes in Internal Control Over Financial Reporting

There have been no changes to our internal control over financial reporting in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) under the Exchange Act during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - Other Information

ITEM 1. Legal Proceedings

The Company and its subsidiaries are subject to lawsuits and regulatory actions in the normal course of business that do not arise from or directly relate to claims on reinsurance treaties or contracts or direct surplus lines insurance policies. In the Company's industry, business litigation may involve allegations of underwriting or claims-handling errors or misconduct, disputes relating to the scope of, or compliance with, the terms of delegated underwriting agreements, employment claims, regulatory actions or disputes arising from the Company's business ventures. The Company's operating subsidiaries are subject to claims litigation involving, among other things, disputed interpretations of policy coverages. Generally, the Company's direct insurance operations are subject to greater frequency and diversity of claims and claims-related litigation than its reinsurance operations and, in some jurisdictions, may be subject to direct actions by allegedly injured persons or entities seeking damages from policyholders. These lawsuits, which involve or arise out of claims on policies issued by the Company's subsidiaries, are typical to the insurance industry in general and in the normal course of our business. These claims are considered in the Company's loss and loss expense reserves. In addition, the Company may from time to time engage in litigation or arbitration related to its claims for payment in respect of ceded reinsurance, including disputes that challenge the Company's ability to enforce its underwriting intent. Such matters could result, directly or indirectly, in providers of protection not meeting their obligations to the Company or not doing so on a timely basis. The Company may also be subject to other disputes from time to time, relating to operational or other matters distinct from insurance or reinsurance claims. Any litigation or arbitration, or regulatory process, contains an element of uncertainty, and the value of an exposure or a gain contingency related to a dispute is difficult to estimate. The Company believes that no individual litigation or arbitration to which it is presently a party is likely to have a material adverse effect on its results of operations, financial condition, business or operations.

ITEM 1A. Risk Factors

There have been no material changes to the Company's risk factors disclosed in Part I, Item 1A of our 2021 Form 10-K, except as noted below:

If we do not successfully manage the transition associated with the recent management changes, it may be viewed negatively by our rating agencies and shareholders and could have an adverse impact on our business.

Following a search process, Scott Egan was appointed permanent Chief Executive Officer of the Company, effective September 21, 2022. Following David Junius's resignation as Chief Financial Officer of the Company, Steve Yendall was appointed Chief Financial Officer of the Company, effective October 31, 2022. Leadership transitions can be inherently difficult to manage, and an inadequate transition may cause disruption to our business due to, among other things, diverting management's attention away from the Company's financial and operational goals or causing a deterioration in morale. Failure to attract and retain key senior management may negatively impact our credit ratings and impact our client, MGA and other third-party relationships, which may adversely impact our financial and operational goals and strategic plans, as well as our financial performance.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table summarizes our repurchase of common shares during the three months ended September 30, 2022:

	(a) Total number of shares purchased	(b) Average price paid per share (1)	(c) Total number of shares purchased as part of publicly announced plans or programs	(d) Maximum number of shares that may yet be purchased under the plans or programs (2)
July 1, 2022 - July 31, 2022	—	\$ —	—	\$ 56,309,722
August 1, 2022 - August 31, 2022	—	—	—	56,309,722
September 1, 2022 - September 30, 2022	—	—	—	56,309,722
Total	—	\$ —	—	\$ 56,309,722

(1) Including commissions.

(2) On February 28, 2018, the Company's Board of Directors authorized the repurchase of an additional \$148.3 million common shares, which, together with the amount remaining under the share repurchase program previously authorized on May 4, 2016, will allow the Company to repurchase up to \$200.0 million of the Company's outstanding common shares in the aggregate.

On August 5, 2021, the Company's Board of Directors expanded the scope of the prior authority to include the repurchase of outstanding contingent value rights ("CVRs") and warrants, which will allow the Company to repurchase up to \$56.3 million of the Company's outstanding common shares, CVRs and warrants.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

Not applicable.

ITEM 6. Exhibits

- 10.1* [Scott Egan Employment Letter, dated as of September 6, 2022 \(incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on September 7, 2022\).](#)
- 10.2* [Steve Yendall Employment Letter, dated as of October 7, 2022 \(incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on October 12, 2022\).](#)
- 31.1 [Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14\(a\), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 31.2 [Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14\(a\), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 32.1** [Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 32.2** [Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 101.INS XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
- 101.SCH Inline XBRL Taxonomy Extension Schema Document
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.LAB Inline XBRL Taxonomy Extension Labels Linkbase Document
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL with applicable taxonomy extension information contained in Exhibits 101)
- * Management contracts or compensatory plans or arrangements
- ** This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 2, 2022

SiriusPoint Ltd.

/s/ Scott Egan

Scott Egan

Chief Executive Officer

(Principal Executive Officer and Principal Financial Officer)

/s/ Anthony L. LeHan

Anthony L. LeHan

Chief Accounting Officer

(Principal Accounting Officer)